



1995 SENATE BILL 324

September 6, 1995 – Introduced by Senators PETAK, RUDE, FARROW and BUETTNER, cosponsored by Representatives FOTI and VRAKAS. Referred to Committee on Business, Economic Development and Urban Affairs.

1 **AN ACT to amend** 234.265 (2), 234.93 (1) (a) and 600.01 (1) (b) 8.; and **to create**
2 20.143 (4) (kd), 20.490 (5) (b), 20.490 (5) (k) and 234.84 of the statutes; **relating**
3 **to:** creating a job training loan guarantee program and making an
4 appropriation.

Analysis by the Legislative Reference Bureau

Under current law, the Wisconsin Housing and Economic Development Authority (WHEDA) guarantees collection of loans from the Wisconsin development reserve fund (fund) for the recycling, stratospheric ozone protection, clean air, small business, business improvement, targeted development, nonpoint source pollution abatement and agricultural chemical cleanup, agricultural production, agricultural production drought assistance, agricultural development and cultural and architectural landmark loan guarantee programs. This bill creates a job training loan guarantee program.

The bill authorizes WHEDA to guarantee collection from the fund of up to a percentage of the principal of, as well as all interest and any other amounts outstanding on, eligible loans made to eligible borrowers by private lenders. The specific percentage of principal that may be guaranteed is to be established by the department of development (DOD) for all loans or on a case-by-case basis. An eligible borrower is any employer in this state. An eligible loan is one that will be used for expenses related to employe training or retraining or for purchasing equipment or upgrading facilities for purposes related to employe training or retraining. The original loan term may not exceed 3 years if the loan is for training or retraining, or 5 years if the loan is for the purchase of equipment or upgrading facilities. The total outstanding principal amount of loans to an individual borrower that WHEDA may guarantee may not exceed \$250,000. The total outstanding principal amount of all loans that WHEDA may guarantee under the program may not exceed \$9,333,300.

The program will be administered by DOD. DOD and WHEDA must enter into a memorandum of understanding regarding the respective responsibilities of each with regard to the program.

The bill also transfers general purpose revenue to WHEDA for deposit in the fund in an amount that equals the amount, up to \$2,000,000, that will lapse to the general fund from moneys that were encumbered under the appropriation to DOD for development fund programs but are no longer needed for the purpose for which they were encumbered. If the amount that lapses to the general fund is less than \$2,000,000, the secretary of administration may transfer the difference from other appropriations to DOD based on preferences indicated by DOD. The appropriation preferences for the transfer must be approved by the joint committee on finance.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 20.143 (4) (kd) of the statutes is created to read:

2 20.143 (4) (kd) *Transfer of unappropriated balances.* All moneys transferred
3 from program revenue and program revenue-service appropriation accounts under
4 1995 Wisconsin Act ... (this act), section 8 (1) (b), for the purpose of funding the
5 transfer under 1995 Wisconsin Act ... (this act), section 8 (1) (a).

6 **SECTION 2.** 20.490 (5) (b) of the statutes is created to read:

7 20.490 (5) (b) *Job training loan guarantee transfer to Wisconsin development*
8 *reserve fund.* A sum sufficient in an amount equal to the amount, not to exceed
9 \$2,000,000, that was encumbered before July 1, 1995, under the appropriation under
10 s. 20.143 (1) (c) and that will lapse to the general fund after July 1, 1995, and before
11 July 1, 1997, because the moneys are unexpended and no longer needed for the
12 purposes for which they were encumbered, to be transferred to the Wisconsin
13 development reserve fund under s. 234.93.

14 **SECTION 3.** 20.490 (5) (k) of the statutes is created to read:

1 20.490 (5) (k) *Department of development appropriations transfer to Wisconsin*
2 *development reserve fund. All moneys transferred under 1995 Wisconsin Act (this*
3 *act), section 8 (1) (a) to be transferred to the Wisconsin development reserve fund*
4 *under s. 234.93.*

5 **SECTION 4.** 234.265 (2) of the statutes is amended to read:

6 234.265 (2) Records or portions of records consisting of personal or financial
7 information provided by a person seeking a grant or loan under s. 234.08, 234.49,
8 234.59, 234.65, 234.67, 234.68, 234.69, 234.70, 234.765, 234.82, 234.83, 234.84,
9 234.87, 234.90, 234.905 or 234.907, seeking a loan under ss. 234.621 to 234.626,
10 seeking financial assistance under s. 234.66 or under ss. 234.75 to 234.802, seeking
11 investment of funds under s. 234.03 (18m) or in which the authority has invested
12 funds under s. 234.03 (18m), unless the person consents to disclosure of the
13 information.

14 **SECTION 5.** 234.84 of the statutes is created to read:

15 **234.84 Job training loan guarantee program. (1) DEFINITION.** In this
16 section, “department” means the department of development.

17 **(2) GUARANTEE REQUIREMENTS.** The authority may use money from the
18 Wisconsin development reserve fund to guarantee a loan under this section if, at the
19 time application is made for the loan, all of the following apply:

20 (a) The borrower is an employer in this state, regardless of the number of
21 employes.

22 (b) The loan qualifies as an eligible loan under sub. (3).

23 (c) The lender is a financial institution that enters into an agreement under s.
24 234.93 (2) (a).

1 **(3) ELIGIBLE LOANS.** A loan is eligible for guarantee of collection from the
2 Wisconsin development reserve fund under s. 234.93 if all of the following apply:

3 (a) The borrower certifies that it will use the loan proceeds for expenses related
4 to employe training or retraining or for purchasing equipment or upgrading facilities
5 for purposes related to employe training or retraining.

6 (b) The borrower certifies that loan proceeds will not be used to refinance
7 existing debt or for operating or entertainment expenses.

8 (c) The interest rate on the loan, including any origination fees or other charges,
9 is approved by the department.

10 (d) The original loan term does not extend beyond 3 years if the loan proceeds
11 are used exclusively for expenses related to instruction or training, or beyond 5 years
12 if the loan proceeds are used for purchasing equipment or upgrading facilities that
13 will be used for instructing or training employes.

14 (e) The total outstanding principal amount of all loans to the borrower that are
15 guaranteed under this section does not exceed \$250,000.

16 (f) The lender obtains a security interest in the physical plant, equipment or
17 other assets if the loan proceeds are to be used for purchasing equipment or
18 upgrading facilities that will be used for instructing or training employes.

19 (g) The lender confirms that the borrower satisfies all applicable loan
20 underwriting criteria.

21 **(4) GUARANTEE OF COLLECTION.** (a) Subject to par. (b), the authority shall
22 guarantee collection of a percentage of the principal of, and all interest and any other
23 amounts outstanding on, any loan eligible for a guarantee under sub. (2). The
24 department shall establish the percentage of the principal of an eligible loan that will
25 be guaranteed, using the procedures described in the agreement under s. 234.93 (2)

1 (a). The department may establish a single percentage for all guaranteed loans or
2 establish different percentages for eligible loans on an individual basis.

3 (b) Except as provided in s. 234.93 (3), the total outstanding guaranteed
4 principal amount of all loans that the authority may guarantee under par. (a) may
5 not exceed \$9,333,300.

6 **(5) ADMINISTRATION.** (a) The program under this section shall be administered
7 by the department with the cooperation of the authority. The department shall enter
8 into a memorandum of understanding with the authority setting forth the respective
9 responsibilities of the department and the authority with regard to the
10 administration of the program, including the functions and responsibilities specified
11 in s. 234.93. The department may perform any of the functions required of or
12 reserved to the authority under s. 234.93 with respect to the program under this
13 section. The memorandum of understanding shall provide for reimbursement to the
14 department by the authority for costs incurred by the department in the
15 administration of the program. The department shall deposit all moneys received
16 in reimbursement of its administrative costs in the appropriation account under s.
17 20.143 (1) (g).

18 (b) The department may charge a premium, fee or other charge to a borrower
19 of a guaranteed loan under this section for the administration of the loan guarantee.
20 The department shall deposit all moneys received under this paragraph in the
21 appropriation account under s. 20.143 (1) (g).

22 **SECTION 6.** 234.93 (1) (a) of the statutes is amended to read:

23 234.93 (1) (a) Moneys appropriated to the authority under s. 20.490 (5) (a), (b),
24 (k), (q), (r) and (s) or received by the authority for the Wisconsin development reserve
25 fund from any other source.

1 **SECTION 7.** 600.01 (1) (b) 8. of the statutes is amended to read:

2 600.01 (1) (b) 8. Guarantees of the Wisconsin housing and economic
3 development authority under ss. 234.67, 234.68, 234.69, 234.765, 234.82, 234.83,
4 234.84, 234.87, 234.90, 234.905 and 234.907.

5 **SECTION 8. Appropriation changes.**

6 (1) TRANSFER FROM DEPARTMENT OF COMMERCE APPROPRIATIONS.

7 (a) Notwithstanding section 20.001 (3) (a), (b) and (c) of the statutes and subject
8 to the approval of the joint committee on finance under paragraph (c), if the amount
9 that was encumbered before July 1, 1995, under the appropriation under section
10 20.143 (1) (c) of the statutes and that will lapse to the general fund after July 1, 1995,
11 and before July 1, 1997, because the moneys are unexpended and no longer needed
12 for the purposes for which they were encumbered is less than \$2,000,000, on June
13 30, 1997, the secretary of administration shall transfer to the appropriation account
14 under section 20.490 (5) (k) of the statutes, as created by this act, from one or more
15 appropriations made to the department of commerce, the difference between that
16 amount and \$2,000,000. The department of commerce shall indicate its preference
17 for allocation among its appropriations of the amount to be transferred in the plan
18 to be submitted to the joint committee on finance under paragraph (c).

19 (b) If the department desires to include in its allocation preference plan moneys
20 from program revenue or program revenue-service appropriations in excess of the
21 amounts appropriated under those appropriations, the department shall transfer all
22 or a portion of the unappropriated balance in each such appropriation account that
23 it desires to include in its allocation preference plan to the appropriation account
24 under section 20.143 (4) (kd) of the statutes, as created by this act.

1 (c) If paragraph (a) applies, before June 30, 1997, the department of commerce
2 shall submit to the joint committee on finance for review and approval a plan
3 identifying the department's preference for allocation among its appropriations of
4 the amount to be transferred under paragraph (a). If the cochairpersons of the
5 committee do not notify the department that the committee has scheduled a meeting
6 for the purpose of reviewing the proposed plan within 14 working days after the date
7 of the department's submittal, the secretary of administration may transfer the
8 amount under paragraph (a) in conformance with the department's plan. If within
9 14 working days after the date of the department's submittal the cochairpersons of
10 the committee notify the department that the committee has scheduled a meeting for
11 the purpose of reviewing the proposed plan, the secretary of administration may not
12 transfer the amount under paragraph (a) in conformance with the plan until it is
13 approved by the committee, as submitted or as modified.

14 **SECTION 9. Effective dates.** This act takes effect on the day after
15 publication, except as follows:

16 (1) TRANSFER FROM DEPARTMENT OF COMMERCE APPROPRIATIONS. The treatment of
17 sections 20.143 (4) (kd) and 20.490 (5) (k) of the statutes and SECTION 8 of this act
18 take effect on July 1, 1996.

19 (END)