



2003 ASSEMBLY BILL 684

December 1, 2003 - Introduced by Representatives OTT, AINSWORTH, MUSSER, SUDER, OLSEN, JENSEN, PLOUFF, LOEFFELHOLZ, TOWNS, HAHN, FREESE, GIELOW, ALBERS, MCCORMICK, HINES, BIES, OWENS, WEBER, VRUWINK, LOTHIAN, ZEPNICK, HUNDERTMARK, KESTELL, GUNDERSON, BALOW, PETROWSKI, MOLEPSKE, HEBL, M. WILLIAMS and MILLER, cosponsored by Senators SCHULTZ, S. FITZGERALD, WELCH, A. LASEE, BROWN, HARSDFORF, ROESSLER and LASSA. Referred to Committee on Agriculture.

1 **AN ACT to amend** 7.33 (1) (c), 13.172 (1), 13.62 (2), 13.94 (4) (a) 1., 16.002 (2),
2 16.004 (4), 16.004 (5), 16.01 (1), 16.045 (1) (a), 16.41 (4), 16.417 (1) (b), 16.52 (7),
3 16.528 (1) (a), 16.53 (2), 16.54 (9) (a) 1., 16.70 (2), 16.75 (1m), 16.838 (1) (b), 16.85
4 (2), 16.865 (8), 23.175 (1) (b), 77.54 (9a) (a), 100.45 (1) (dm), 101.177 (1) (d),
5 106.16 (2), 106.16 (3), 230.03 (3), 234.66 (2), 234.90 (4), 234.907 (3), 234.91 (5)
6 (a), 281.75 (4) (b) 3., 285.59 (1) (b), 560.032 (1) and 706.11 (1) (c) 2.; and **to create**
7 19.42 (10) (q), 40.02 (54) (j), 71.05 (1) (c) 7., 71.26 (1m) (h), 71.45 (1t) (h), 219.09
8 (1) (g), chapter 238 and 600.01 (1) (b) 7m. of the statutes; **relating to:** creating
9 the Wisconsin Rural Finance Authority, authorizing the Wisconsin Rural
10 Finance Authority to operate certain agricultural programs, and eliminating
11 the authority of the Wisconsin Housing and Economic Development Authority

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- 1 to guarantee certain loans made for agricultural purposes and to operate a loan
2 program for beginning farmers.

Analysis by the Legislative Reference Bureau

Wisconsin Rural Finance Authority

This bill creates the Wisconsin Rural Finance Authority (WRFA) and authorizes WRFA to operate certain programs related to agriculture. An authority is a public body created by state law that is not a state agency. The bill does not provide any funding for WRFA.

Under this bill, the board of directors of WRFA consists of 11 members. Eight members of the board are appointed by the governor with the advice and consent of the senate for four-year terms. Three of those members must be agricultural producers, three must be commercial lenders, and two must be individuals who are not agricultural producers or commercial lenders. The other board members are the secretary of commerce, the secretary of agriculture, trade and consumer protection, and the executive director of the Wisconsin Housing and Economic Development Authority (WHEDA), or their designees. The executive director of WRFA is appointed by the secretary of agriculture, trade and consumer protection.

The bill authorizes WRFA to issue bonds to carry out its functions. WRFA's bonds are not state debt. The bill authorizes WRFA to have no more than \$26,000,000 in outstanding bonds at any one time, excluding bonds for the Beginning Farmer Program (described below). The bill creates an individual and corporate income tax exemption for interest on bonds issued by WRFA.

Because WRFA is not a state agency, numerous laws that apply to state agencies do not apply to WRFA. However, WRFA is treated like a state agency in the following respects, among others: 1) it is subject to the open meetings laws; 2) it is subject to auditing by the Legislative Audit Bureau; 3) it is treated like a state agency for purposes of the law regulating lobbying; 4) the Code of Ethics for Public Officials and Employees covers WRFA; and 5) employees of WRFA are considered state employees for the purposes of state retirement benefits and health insurance coverage. WRFA is subject to the open records law, except that personal and financial information provided by a person seeking financial assistance from WRFA is confidential.

Agricultural loan programs

The bill authorizes WRFA to operate four agricultural loan programs. Under these programs, WRFA participates in loans made by private lenders to eligible borrowers. An eligible borrower is a natural person who resides in this state or a partnership or family farm corporation that operates in this state with a net worth below amounts specified in the bill. The limits on net worth may be adjusted by a two-thirds vote of the board. WRFA may establish additional requirements for eligible borrowers. The interest rate that WRFA charges for its portion of a loan must be less than the interest rate charged by the private lender. WRFA must ensure that

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its interest in the security for a loan has a higher priority than the private lender's interest.

One type of agricultural loan in which WRFA may participate is a loan for the purchase of farm property in this state. The seller of the property must partially finance the purchase by lending the eligible borrower the amount by which the purchase price exceeds the principal of the farm purchase loan plus any downpayment. WRFA may not finance more than 45% or \$125,000, subject to adjustment by a two-thirds vote of the board, of the principal of a farm purchase assistance loan.

Another type of agricultural loan in which WRFA may participate is a loan to an eligible borrower for agricultural improvements, including the purchase and construction or installation of improvements to land or buildings and including facilities for generating energy from wind or animal waste. The collateral for a loan must include a first mortgage on farm real estate. WRFA may not finance more than 45% or \$125,000, subject to adjustment by a two-thirds vote of the board, of the principal of an agricultural improvement loan.

The bill also authorizes WRFA to participate in a loan to an eligible borrower for the purchase of stock or other interest in a cooperative that owns and operates, or proposes to build or purchase and operate, a facility for processing an agricultural commodity or a byproduct of an agricultural commodity. The eligible borrower must produce the commodity that will be processed or the byproduct of which will be processed at the facility. WRFA may not finance more than 45% or \$24,000, subject to adjustment by a two-thirds vote of the board, of the principal of an agricultural cooperative stock loan.

The final type of loan in which the bill authorizes WRFA to participate is a loan to an eligible borrower that raises livestock for improvements to land or buildings or other permanent structures that are useful for the purpose of raising livestock. The collateral for a loan must include a first mortgage on farm real estate. WRFA may not finance more than 45% or \$250,000, subject to adjustment by a two-thirds vote of the board, of the principal of a livestock operation modernization loan.

Loan guarantee programs and program for beginning farmers

Current law authorizes the Wisconsin Housing and Economic Development Authority (WHEDA) to operate three agricultural loan guarantee programs and a Beginning Farmer Program. Under the loan guarantee programs, WHEDA guarantees repayment of a percentage of the outstanding principal amounts of loans made by private lenders to qualified borrowers. This bill eliminates the authority of WHEDA to make new loan guarantees under these programs and to issue bonds for the Beginning Farmer Program beginning one year after this bill is enacted. The bill gives authority to WRFA to operate similar programs.

The bill authorizes WRFA to operate an Agricultural Production Loan Guarantee Program, which is similar to the program currently operated by WHEDA that is commonly known as the Credit Relief Outreach Program (CROP). This program provides guarantees to lenders for loans to farmers to finance the purchase of seed, feed, tillage services, or other services or consumable goods necessary to produce an agricultural commodity. Generally, to be eligible for a loan guarantee, a

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farmer must not meet the lender's minimum standards of creditworthiness to receive the loan without the guarantee and the farmer's debts must total at least 40% of the amount of the farmer's assets. The total outstanding amount of all loans to a borrower that are guaranteed under the program may not exceed an amount set by WRFA that may not exceed \$100,000 (the maximum is \$50,000 under CROP). The term of a loan may not extend after March 31 of the calendar year following the calendar year in which the loan was made.

The bill authorizes WRFA to operate a Farm Assets Reinvestment Management Loan Guarantee Program. This program provides guarantees to lenders for loans to farmers to finance the acquisition of agricultural assets or the improvement of facilities or land. To be eligible for a loan guarantee, the amount of the farmer's debts may not exceed 85% of the farmer's assets. The total outstanding amount of all loans to a borrower that are guaranteed under the program may not exceed \$300,000, or \$150,000 if any of the loans is affected by any other state or federal credit assistance program. The term of a loan guarantee may not exceed five years, except that the term of a loan guarantee for the acquisition of land or facilities may not exceed ten years.

The bill authorizes WRFA to operate an Agricultural Development Loan Guarantee Program. This program provides guarantees to lenders for loans for working capital, physical plant, or machinery and equipment used to process or market a product from a raw agricultural commodity produced in this state. The loan must result in new or more viable methods for processing or marketing the product from a raw agricultural commodity. To be eligible for a loan guarantee, a borrower must not meet the lender's minimum standards of creditworthiness to receive the loan without the guarantee and the borrower's principal place of operations must be in a city, village, or town with a population of less than 50,000. The total outstanding amount of all loans to a borrower that are guaranteed under the program may not exceed \$750,000. The term of a loan guarantee may not exceed 15 years unless the loan is extended by WRFA.

The bill authorizes WRFA to operate a Nutrient Technology Loan Guarantee Program. There is no similar program under current law. Under this program, WRFA would provide guarantees to lenders for loans for nutrient management or odor mitigation technology on farms. The bill authorizes WRFA to establish maximum terms for loans that are guaranteed and other eligibility requirements for the program.

The bill provides for a Wisconsin agricultural reserve fund which would consist of funds to guarantee loans, but the bill does not provide funding for the reserve fund. The bill authorizes WRFA to guarantee loans up to a total principal amount of \$25,000,000, but this amount may be increased or decreased by the Joint Committee on Finance. The bill requires WRFA to ensure that the cash balance in the reserve fund is sufficient to maintain a ratio of \$1 of reserve funding to \$4.50 of total outstanding principal of loans guaranteed.

The bill authorizes WRFA to administer a program to assist beginning farmers to purchase agricultural land. The program provides below-market interest rate financing to new farmers through the use of a federal tax exemption provided to

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lenders. The bill authorizes WRFA to issue up to \$17,500,000 in bonds for this program. Beginning farmer bonds are limited obligations of WRFA, payable solely out of the revenue derived from loan agreements. The lender assumes all risk of default on a loan under this program.

Additional powers

The bill authorizes WRFA, in consultation with the Department of Commerce, to implement the following programs for the purpose of promoting the development of agricultural business:

1. A revolving loan fund program for loans to finance agricultural businesses.
2. An equity financing program under which WRFA acts as an intermediary to facilitate investments in agricultural businesses.
3. A conservation trading program under which WRFA acts as an intermediary in the aggregation and trading of environmental credits related to agricultural production.

This bill will be referred to the Joint Survey Committee on Tax Exemptions for a detailed analysis, which will be printed as an appendix to this bill.

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.** 7.33 (1) (c) of the statutes is amended to read:

2 7.33 (1) (c) "State agency" has the meaning given under s. 20.001 (1) and
3 includes an authority created under ch. 231, 232, 233, 234, ~~or 237~~, or 238.

4 **SECTION 2.** 13.172 (1) of the statutes is amended to read:

5 13.172 (1) In this section, "agency" means an office, department, agency,
6 institution of higher education, association, society or other body in state
7 government created or authorized to be created by the constitution or any law, which
8 is entitled to expend moneys appropriated by law, including the legislature and the
9 courts, and any authority created in ch. 231, 233 ~~or~~, 234, or 238.

10 **SECTION 3.** 13.62 (2) of the statutes is amended to read:

11 13.62 (2) "Agency" means any board, commission, department, office, society,
12 institution of higher education, council or committee in the state government, or any

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1 authority created in ch. 231, 232, 233, 234, ~~or 237, or 238~~, except that the term does
2 not include a council or committee of the legislature.

3 **SECTION 4.** 13.94 (4) (a) 1. of the statutes is amended to read:

4 13.94 (4) (a) 1. Every state department, board, examining board, affiliated
5 credentialing board, commission, independent agency, council or office in the
6 executive branch of state government; all bodies created by the legislature in the
7 legislative or judicial branch of state government; any public body corporate and
8 politic created by the legislature including specifically the Fox River Navigational
9 System Authority and the Wisconsin Rural Finance Authority, a professional
10 baseball park district, a local professional football stadium district, a local cultural
11 arts district and a family care district under s. 46.2895; every Wisconsin works
12 agency under subch. III of ch. 49; every provider of medical assistance under subch.
13 IV of ch. 49; technical college district boards; development zones designated under
14 s. 560.71; every county department under s. 51.42 or 51.437; every nonprofit
15 corporation or cooperative to which moneys are specifically appropriated by state
16 law; and every corporation, institution, association or other organization which
17 receives more than 50% of its annual budget from appropriations made by state law,
18 including subgrantee or subcontractor recipients of such funds.

19 **SECTION 5.** 16.002 (2) of the statutes is amended to read:

20 16.002 (2) "Departments" means constitutional offices, departments and
21 independent agencies and includes all societies, associations and other agencies of
22 state government for which appropriations are made by law, but not including
23 authorities created in chs. 231, 232, 233, 234, 235, and 237, and 238.

24 **SECTION 6.** 16.004 (4) of the statutes is amended to read:

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1 16.004 (4) FREEDOM OF ACCESS. The secretary and such employees of the
2 department as the secretary designates may enter into the offices of state agencies
3 and authorities created under chs. 231, 233, 234, ~~and 237,~~ and 238, and may examine
4 their books and accounts and any other matter which in the secretary's judgment
5 should be examined and may interrogate the agency's employees publicly or
6 privately relative thereto.

7 **SECTION 7.** 16.004 (5) of the statutes is amended to read:

8 16.004 (5) AGENCIES AND EMPLOYEES TO COOPERATE. All state agencies and
9 authorities created under chs. 231, 233, 234, ~~and 237,~~ and 238, and their officers and
10 employees, shall cooperate with the secretary and shall comply with every request
11 of the secretary relating to his or her functions.

12 **SECTION 8.** 16.01 (1) of the statutes is amended to read:

13 16.01 (1) In this section, "agency" means any office, department, agency,
14 institution of higher education, association, society or other body in state
15 government created or authorized to be created by the constitution or any law which
16 is entitled to expend moneys appropriated by law, including the legislature and the
17 courts, and any authority created under ch. 231, 233 ~~or~~, 234, or 238.

18 **SECTION 9.** 16.045 (1) (a) of the statutes is amended to read:

19 16.045 (1) (a) "Agency" means an office, department, independent agency,
20 institution of higher education, association, society or other body in state
21 government created or authorized to be created by the constitution or any law, which
22 is entitled to expend moneys appropriated by law, including the legislature and the
23 courts, but not including an authority created in ch. 231, 232, 233, 234, 235, ~~or 237,~~
24 or 238.

25 **SECTION 10.** 16.41 (4) of the statutes is amended to read:

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1 16.41 (4) In this section, “authority” means a body created under ch. 231, 233,
2 234, ~~or 237,~~ or 238.

3 **SECTION 11.** 16.417 (1) (b) of the statutes is amended to read:

4 16.417 (1) (b) “Authority” means a body created under ch. 231, 232, 233, 234,
5 235 ~~or, 237,~~ or 238.

6 **SECTION 12.** 16.52 (7) of the statutes is amended to read:

7 16.52 (7) PETTY CASH ACCOUNT. With the approval of the secretary, each agency
8 which is authorized to maintain a contingent fund under s. 20.920 may establish a
9 petty cash account from its contingent fund. The procedure for operation and
10 maintenance of petty cash accounts and the character of expenditures therefrom
11 shall be prescribed by the secretary. In this subsection, “agency” means an office,
12 department, independent agency, institution of higher education, association,
13 society or other body in state government created or authorized to be created by the
14 constitution or any law, which is entitled to expend moneys appropriated by law,
15 including the legislature and the courts, but not including an authority created in
16 ch. 231, 233, 234, ~~or 237,~~ or 238.

17 **SECTION 13.** 16.528 (1) (a) of the statutes is amended to read:

18 16.528 (1) (a) “Agency” means an office, department, independent agency,
19 institution of higher education, association, society or other body in state
20 government created or authorized to be created by the constitution or any law, which
21 is entitled to expend moneys appropriated by law, including the legislature and the
22 courts, but not including an authority created in ch. 231, 233, 234, ~~or 237,~~ or 238.

23 **SECTION 14.** 16.53 (2) of the statutes is amended to read:

24 16.53 (2) IMPROPER INVOICES. If an agency receives an improperly completed
25 invoice, the agency shall notify the sender of the invoice within 10 working days after

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1 it receives the invoice of the reason it is improperly completed. In this subsection,
2 “agency” means an office, department, independent agency, institution of higher
3 education, association, society or other body in state government created or
4 authorized to be created by the constitution or any law, which is entitled to expend
5 moneys appropriated by law, including the legislature and the courts, but not
6 including an authority created in ch. 231, 233, 234, ~~or 237~~, or 238.

7 **SECTION 15.** 16.54 (9) (a) 1. of the statutes is amended to read:

8 16.54 (9) (a) 1. “Agency” means an office, department, independent agency,
9 institution of higher education, association, society or other body in state
10 government created or authorized to be created by the constitution or any law, which
11 is entitled to expend moneys appropriated by law, including the legislature and the
12 courts, but not including an authority created in ch. 231, 233, 234, ~~or 237~~, or 238.

13 **SECTION 16.** 16.70 (2) of the statutes is amended to read:

14 16.70 (2) “Authority” means a body created under ch. 231, 232, 233, 234, 235,
15 ~~or 237~~, or 238.

16 **SECTION 17.** 16.75 (1m) of the statutes is amended to read:

17 16.75 (1m) The department shall award each order or contract for materials,
18 supplies or equipment on the basis of life cycle cost estimates, whenever such action
19 is appropriate. Each authority other than the University of Wisconsin Hospitals and
20 Clinics Authority and the Wisconsin Rural Finance Authority shall award each order
21 or contract for materials, supplies or equipment on the basis of life cycle cost
22 estimates, whenever such action is appropriate. The terms, conditions and
23 evaluation criteria to be applied shall be incorporated in the solicitation of bids or
24 proposals. The life cycle cost formula may include, but is not limited to, the
25 applicable costs of energy efficiency, acquisition and conversion, money,

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1 transportation, warehousing and distribution, training, operation and maintenance
2 and disposition or resale. The department shall prepare documents containing
3 technical guidance for the development and use of life cycle cost estimates, and shall
4 make the documents available to local governmental units.

5 **SECTION 18.** 16.838 (1) (b) of the statutes is amended to read:

6 16.838 (1) (b) “Authority” means a body created under ch. 231, 232, 233, 234,
7 235, ~~or 237,~~ or 238.

8 **SECTION 19.** 16.85 (2) of the statutes is amended to read:

9 16.85 (2) To furnish engineering, architectural, project management and other
10 building construction services whenever requisitions therefor are presented to the
11 department by any agency. The department may deposit moneys received from the
12 provision of these services in the account under s. 20.505 (1) (kc) or in the general
13 fund as general purpose revenue — earned. In this subsection, “agency” means an
14 office, department, independent agency, institution of higher education, association,
15 society or other body in state government created or authorized to be created by the
16 constitution or any law, which is entitled to expend moneys appropriated by law,
17 including the legislature and the courts, but not including an authority created in
18 ch. 231, 233, 234, ~~or 237,~~ or 238.

19 **SECTION 20.** 16.865 (8) of the statutes is amended to read:

20 16.865 (8) Annually in each fiscal year, allocate as a charge to each agency a
21 proportionate share of the estimated costs attributable to programs administered by
22 the agency to be paid from the appropriation under s. 20.505 (2) (k). The department
23 may charge premiums to agencies to finance costs under this subsection and pay the
24 costs from the appropriation on an actual basis. The department shall deposit all
25 collections under this subsection in the appropriation account under s. 20.505 (2) (k).

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1 Costs assessed under this subsection may include judgments, investigative and
2 adjustment fees, data processing and staff support costs, program administration
3 costs, litigation costs and the cost of insurance contracts under sub. (5). In this
4 subsection, “agency” means an office, department, independent agency, institution
5 of higher education, association, society or other body in state government created
6 or authorized to be created by the constitution or any law, which is entitled to expend
7 moneys appropriated by law, including the legislature and the courts, but not
8 including an authority created in ch. 231, 232, 233, 234, 235, ~~or 237~~, or 238.

9 **SECTION 21.** 19.42 (10) (q) of the statutes is created to read:

10 19.42 **(10)** (q) The chief executive officer and members of the board of directors
11 of the Wisconsin Rural Finance Authority.

12 **SECTION 22.** 23.175 (1) (b) of the statutes is amended to read:

13 23.175 **(1)** (b) “State agency” means any office, department, agency, institution
14 of higher education, association, society or other body in state government created
15 or authorized to be created by the constitution or any law which is entitled to expend
16 moneys appropriated by law, including any authority created under ch. 231, 233,
17 234, ~~or 237~~, or 238 but not including the legislature or the courts.

18 **SECTION 23.** 40.02 (54) (j) of the statutes is created to read:

19 40.02 **(54)** (j) The Wisconsin Rural Finance Authority.

20 **SECTION 24.** 71.05 (1) (c) 7. of the statutes is created to read:

21 71.05 **(1)** (c) 7. The Wisconsin Rural Finance Authority.

22 **SECTION 25.** 71.26 (1m) (h) of the statutes is created to read:

23 71.26 **(1m)** (h) Those issued under s. 238.08.

24 **SECTION 26.** 71.45 (1t) (h) of the statutes is created to read:

25 71.45 **(1t)** (h) Those issued under s. 238.08.

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1 **SECTION 27.** 77.54 (9a) (a) of the statutes is amended to read:

2 77.54 **(9a)** (a) This state or any agency thereof, the University of Wisconsin
3 Hospitals and Clinics Authority, the Wisconsin Rural Finance Authority, and the Fox
4 River Navigational System Authority.

5 **SECTION 28.** 100.45 (1) (dm) of the statutes is amended to read:

6 100.45 **(1)** (dm) “State agency” means any office, department, agency,
7 institution of higher education, association, society or other body in state
8 government created or authorized to be created by the constitution or any law which
9 is entitled to expend moneys appropriated by law, including the legislature and the
10 courts, the Wisconsin Housing and Economic Development Authority, the Bradley
11 Center Sports and Entertainment Corporation, the University of Wisconsin
12 Hospitals and Clinics Authority, the Wisconsin Health and Educational Facilities
13 Authority, the Wisconsin Rural Finance Authority, and the Fox River Navigational
14 System Authority.

15 **SECTION 29.** 101.177 (1) (d) of the statutes is amended to read:

16 101.177 **(1)** (d) “State agency” means any office, department, agency,
17 institution of higher education, association, society or other body in state
18 government created or authorized to be created by the constitution or any law which
19 is entitled to expend moneys appropriated by law, including the legislature and the
20 courts, the Wisconsin Housing and Economic Development Authority, the Bradley
21 Center Sports and Entertainment Corporation, the University of Wisconsin
22 Hospitals and Clinics Authority, the Wisconsin Rural Finance Authority, and the
23 Wisconsin Health and Educational Facilities Authority.

24 **SECTION 30.** 106.16 (2) of the statutes is amended to read:

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1 106.16 (2) Any company that receives a loan or grant from a state agency or
2 an authority under ch. 231 ~~or~~, 234, or 238 shall notify the department and the local
3 workforce development board established under 29 USC 2832, of any position in the
4 company that is related to the project for which the grant or loan is received to be
5 filled in this state within one year after receipt of the loan or grant. The company
6 shall provide this notice at least 2 weeks prior to advertising the position.

7 **SECTION 31.** 106.16 (3) of the statutes is amended to read:

8 106.16 (3) A state agency or an authority under ch. 231 ~~or~~, 234, or 238 shall
9 notify the department of commerce if it makes a loan or grant to a company.

10 **SECTION 32.** 219.09 (1) (g) of the statutes is created to read:

11 219.09 (1) (g) The Wisconsin Rural Finance Authority.

12 **SECTION 33.** 230.03 (3) of the statutes is amended to read:

13 230.03 (3) “Agency” means any board, commission, committee, council, or
14 department in state government or a unit thereof created by the constitution or
15 statutes if such board, commission, committee, council, department, unit, or the
16 head thereof, is authorized to appoint subordinate staff by the constitution or
17 statute, except a legislative or judicial board, commission, committee, council,
18 department, or unit thereof or an authority created under chs. 231, 232, 233, 234,
19 235, ~~or~~ 237, or 238. “Agency” does not mean any local unit of government or body
20 within one or more local units of government that is created by law or by action of
21 one or more local units of government.

22 **SECTION 34.** 234.66 (2) of the statutes is amended to read:

23 234.66 (2) The On or before the effective date of this subsection [revisor
24 inserts date], the authority may ~~establish and~~ administer a beginning farmer
25 program to assist beginning farmers to purchase agricultural land, agricultural

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1 improvements, and depreciable agricultural property, as defined in 26 USC 144 (a)
2 (11) (B).

3 **SECTION 35.** 234.90 (4) of the statutes is amended to read:

4 234.90 (4) GUARANTEE. The On or before the effective date of this subsection
5 [revisor inserts date], the authority shall may guarantee repayment of 90% of the
6 principal of any agricultural production loan eligible for guarantee under sub. (2)
7 made to a farmer eligible for a guaranteed loan under sub. (3) or (3g).

8 **SECTION 36.** 234.907 (3) of the statutes is amended to read:

9 234.907 (3) GUARANTEE OF COLLECTION. The On or before the effective date of
10 this subsection [revisor inserts date], the authority shall may guarantee collection
11 of a percentage, not exceeding 90%, of the principal of any loan eligible for a
12 guarantee under sub. (2). The authority shall establish the percentage of the unpaid
13 principal of an eligible loan that will be guaranteed, using the procedures described
14 in the guarantee agreement under s. 234.93 (2) (a). The authority may establish a
15 single percentage for all guaranteed loans or establish different percentages for
16 eligible loans on an individual basis.

17 **SECTION 37.** 234.91 (5) (a) of the statutes is amended to read:

18 234.91 (5) (a) The On or before the effective date of this paragraph [revisor
19 inserts date], the authority shall may guarantee collection of a percentage of the
20 principal of a loan eligible for a guarantee under sub. (2). The principal amount of
21 an eligible loan that the authority may guarantee may not exceed the borrower's net
22 worth or 25% of the total loan amount, whichever is less, calculated at the time the
23 loan is made.

24 **SECTION 38.** Chapter 238 of the statutes is created to read:

ASSEMBLY BILL 684**CHAPTER 238****WISCONSIN****RURAL FINANCE AUTHORITY**

238.01 Definitions. In this chapter:

(1) "Authority" means the Wisconsin Rural Finance Authority.

(2) "Board" means the board of directors of the authority.

(3) "Bond" means a bond, note, or other obligation of the authority issued under this chapter, including a refunding bond.

(4) "Bond resolution" means a resolution of the board authorizing the issuance of, or providing terms and conditions related to, bonds and includes, when appropriate, any trust agreement, trust indenture, indenture of mortgage, or deed of trust providing terms and conditions for the bonds.

238.02 Creation and organization. (1) (a) There is created a public body politic and corporate to be known as the "Wisconsin Rural Finance Authority." The board of the authority shall consist of the following members:

1. Three agricultural producers.

2. Three commercial lenders.

3. Two individuals who are not agricultural producers or commercial lenders.

4. The secretary of commerce or his or her designee.

5. The secretary of agriculture, trade and consumer protection or his or her designee.

6. The executive director of the Wisconsin Housing and Economic Development Authority or his or her designee.

(b) The members under par. (a) 1. to 3. shall be nominated by the governor, and with the advice and consent of the senate appointed, for 4-year terms.

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1 (c) Members of the board shall be residents of the state, and not more than 4
2 of the members under par. (a) 1. to 3. may be members of the same political party.

3 (d) The terms of the members appointed under par. (a) 1. to 3. expire on July
4 1. Each member's appointment remains in effect until a successor is appointed.

5 (e) Annually, the governor shall appoint one member as chairperson and the
6 board shall elect one member as vice chairperson.

7 **(2)** The secretary of agriculture, trade and consumer protection, after
8 consultation with the board, shall appoint an executive director who may not be a
9 member of the board and who shall serve at the pleasure of the secretary. The board
10 shall determine the compensation of the executive director, except that the
11 compensation of the executive director may not exceed the maximum of the salary
12 range established under s. 20.923 (1) for positions assigned to executive salary group
13 4 and the compensation of each other employee of the authority may not exceed the
14 maximum of the salary range established under s. 20.923 (1) for positions assigned
15 to executive salary group 3. The executive director or another person designated by
16 resolution of the board shall keep a record of the proceedings of the authority and
17 shall be custodian of all books, documents, and papers filed with the authority, the
18 minute book or journal of the authority, and its official seal. The executive director,
19 or other person may cause copies to be made of all minutes and other records and
20 documents of the authority and may give certificates under the official seal of the
21 authority to the effect that the copies are true copies, and all persons dealing with
22 the authority may rely upon the certificates.

23 **(3)** Six members of the board constitute a quorum. The affirmative vote of a
24 majority of all of the members of the board is necessary for any action taken by the
25 authority. A vacancy in the membership of the board does not impair the right of a

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1 quorum to exercise all of the rights and perform all of the duties of the authority.
2 Each meeting of the board shall be open to the public. Notice of meetings, or waivers
3 thereof, shall be as provided in the bylaws of the authority. Resolutions of the
4 authority need not be published or posted. The board may delegate by resolution to
5 one or more of its members or the executive director the powers and duties that it
6 considers proper.

7 (5) The members of the board shall receive no compensation for the
8 performance of their duties as members, but each member shall be reimbursed for
9 the member's actual and necessary expenses while engaged in the performance of the
10 member's duties.

11 **238.03 Powers of authority.** The authority has all of the powers necessary
12 or convenient to carry out the purposes and provisions of this chapter. In addition
13 to all other powers granted by this chapter, the authority may do any of the following:

14 (1) Adopt bylaws and rules for the regulation of its affairs and the conduct of
15 its business.

16 (2) Sue and be sued.

17 (3) Hire employees, define their duties, and fix their rate of compensation,
18 subject to s. 238.02 (2).

19 (4) Have a seal and alter the seal at pleasure; have perpetual existence; and
20 maintain an office.

21 (5) Appoint any technical or professional advisory committee that the
22 authority finds necessary to assist the authority in exercising its duties and powers;
23 define the duties of any committee; and provide reimbursement for the expenses of
24 any committee.

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1 (6) Enter into contracts with 3rd parties as are necessary for the conduct of its
2 business.

3 (7) Accept gifts, grants, and other funding for the conduct of its business.

4 (8) Charge fees for services that the authority provides.

5 (9) Procure insurance against any loss in connection with its assets and procure
6 insurance on its debt obligations.

7 **238.05 Political activities.** (1) No employee of the authority may directly
8 or indirectly solicit or receive subscriptions or contributions for any partisan political
9 party or any political purpose while engaged in his or her official duties as an
10 employee. No employee of the authority may engage in any form of political activity
11 calculated to favor or improve the chances of any political party or any person seeking
12 or attempting to hold partisan political office while engaged in his or her official
13 duties as an employee or engage in any political activity while not engaged in his or
14 her official duties as an employee to such an extent that the person's efficiency during
15 working hours will be impaired or that he or she will be tardy or absent from work.
16 Any violation of this section is adequate grounds for dismissal.

17 (2) If an employee of the authority declares an intention to run for partisan
18 political office, the employee shall be placed on a leave of absence for the duration
19 of the election campaign and if elected shall no longer be employed by the authority
20 on assuming the duties and responsibilities of such office.

21 (3) An employee of the authority may be granted, by the chief executive officer,
22 a leave of absence to participate in partisan political campaigning.

23 (4) Persons on leave of absence under sub. (2) or (3) are not subject to the
24 restrictions of sub. (1), except as they apply to the solicitation of assistance,
25 subscription, or support from any other employee in the authority.

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1 **238.06 Cooperation.** To enhance the efficiency and effectiveness of the
2 authority, the authority shall use staff and other resources of state agencies,
3 including the University of Wisconsin System, and state agencies shall, to the extent
4 possible given their staff and other resources, provide assistance to the authority.

5 **238.08 Issuance of bonds.** (1) The authority may issue bonds for any
6 corporate purpose. All bonds are negotiable for all purposes, notwithstanding their
7 payment from a limited source.

8 (2) The bonds of each issue shall be payable from sources specified in the bond
9 resolution under which the bonds are issued.

10 (3) The authority may not issue bonds unless the issuance is first authorized
11 by a bond resolution. Bonds shall bear the dates, mature at the times not exceeding
12 30 years from their dates of issue, bear interest at the rates, be payable at the times,
13 be in the denominations, be in the form, carry the registration and conversion
14 privileges, be executed in the manner, be payable in lawful money of the United
15 States at the places, and be subject to the terms of redemption, that the bond
16 resolution provides. The bonds shall be executed by the manual or facsimile
17 signatures of the officers of the authority designated by the board. The bonds may
18 be sold at public or private sale at the price, in the manner, and at the time
19 determined by the board. Pending preparation of definitive bonds, the authority may
20 issue interim receipts or certificates that the authority shall exchange for the
21 definitive bonds.

22 (4) Any bond resolution may contain provisions, that shall be a part of the
23 contract with the holders of the bonds that are authorized by the bond resolution,
24 regarding any of the following:

25 (a) Pledging or assigning specified assets or revenues of the authority.

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1 (b) Setting aside reserves or sinking funds, and the regulation, investment, and
2 disposition of these funds.

3 (c) Limitations on the purpose to which or the investments in which the
4 proceeds of the sale of any issue of bonds may be applied.

5 (d) Limitations on the issuance of additional bonds, the terms upon which
6 additional bonds may be issued and secured, and the terms upon which additional
7 bonds may rank on a parity with, or be subordinate or superior to, the bonds
8 authorized by the bond resolution.

9 (e) Funding, refunding, advance refunding, or purchasing outstanding bonds.

10 (f) Procedures by which the terms of any contract with bondholders may be
11 amended, the amount of bonds the holders of which must consent to the amendment,
12 and the manner in which this consent may be given.

13 (g) Defining the acts or omissions to act that constitute a default in the duties
14 of the authority to the bondholders, and providing the rights and remedies of the
15 bondholders in the event of a default.

16 (h) Other matters relating to the bonds that the board considers desirable.

17 **(5)** Neither the members of the board nor any person executing the bonds is
18 liable personally on the bonds or subject to any personal liability or accountability
19 by reason of the issuance of the bonds, unless the personal liability or accountability
20 is the result of willful misconduct.

21 **238.09 Bond security.** The authority may secure any bonds issued under this
22 chapter by a trust agreement, trust indenture, indenture of mortgage, or deed of
23 trust by and between the authority and one or more corporate trustees. The bond
24 resolution providing for the issuance of bonds so secured shall pledge some or all of
25 the revenues to be received by the authority, and may contain provisions for

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1 protecting and enforcing the rights and remedies of the bondholders that are
2 reasonable and proper and not in violation of law. A bond resolution may contain any
3 other provisions that are determined by the board to be reasonable and proper for
4 the security of the bondholders.

5 **238.10 Bonds not public debt.** (1) The state is not liable on bonds of the
6 authority and the bonds are not a debt of the state. Each bond of the authority shall
7 contain a statement to this effect on the face of the bond. The issuance of bonds under
8 this chapter does not, directly, indirectly, or contingently, obligate the state or any
9 political subdivision of the state to levy any tax or to make any appropriation for
10 payment of the bonds. Nothing in this section prevents the authority from pledging
11 its full faith and credit to the payment of bonds issued under this chapter.

12 (2) Nothing in this chapter authorizes the authority to create a debt of the state,
13 and all bonds issued by the authority under this chapter are payable, and shall state
14 that they are payable, solely from the funds pledged for their payment in accordance
15 with the bond resolution authorizing their issuance or in any trust indenture or deed
16 of trust executed as security for the bonds. The state is not liable for the payment
17 of the principal of or interest on any bonds of the authority or for the performance
18 of any pledge, mortgage, obligation, or agreement which may be undertaken by the
19 authority. The breach of any pledge, mortgage, obligation, or agreement undertaken
20 by the authority does not impose any pecuniary liability upon the state or any charge
21 upon its general credit or against its taxing power.

22 **238.11 State pledge.** The state pledges to and agrees with the holders of
23 bonds, and persons that enter into contracts with the authority under this chapter,
24 that the state will not limit or alter the rights vested in the authority by this chapter
25 before the authority has fully met and discharged the bonds, and any interest due

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1 on the bonds, and has fully performed its contracts, unless adequate provision is
2 made by law for the protection of the bondholders or those entering into contracts
3 with the authority.

4 **238.16 Refunding bonds.** (1) The authority may issue bonds to fund or
5 refund any outstanding bond, including the payment of any redemption premium on
6 the outstanding bond and any interest accrued or to accrue to the earliest or any
7 subsequent date of redemption, purchase, or maturity.

8 (2) The authority may apply the proceeds of any bond issued to fund or refund
9 any outstanding bond to purchase, retire at maturity, or redeem any outstanding
10 bond. The authority may, pending application, place the proceeds in escrow to be
11 applied to the purchase, retirement at maturity, or redemption of any outstanding
12 bond at any time.

13 **238.18 Limit on amount of outstanding bonds.** The authority may not
14 have outstanding at any one time bonds in an aggregate principal amount exceeding
15 \$26,000,000, excluding bonds issued to refund outstanding bonds.

16 **238.19 Annual reports.** (1) The authority shall keep an accurate account of
17 all of its activities and of all of its receipts and expenditures, and shall annually in
18 January make a report of its activities, receipts, and expenditures to the governor
19 and the chief clerk of each house of the legislature, for distribution to the legislature
20 under s. 13.172 (2). The reports shall be in a form approved by the state auditor. The
21 state auditor may investigate the affairs of the authority, may examine the
22 properties and records of the authority, and may prescribe methods of accounting
23 and the rendering of periodical reports in relation to activities undertaken by the
24 authority.

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1 (2) The authority, annually on July 1, shall file with the department of
2 administration and the joint legislative council a complete and current listing of all
3 forms, reports, and papers required by the authority to be completed by any person,
4 other than a governmental body, as a condition of obtaining the approval of the
5 authority or for any other reason. The authority shall attach a blank copy of each
6 such form, report, or paper to the listing.

7 **238.21 Confidentiality of certain records.** The authority shall maintain
8 the confidentiality of records or portions of records consisting of personal or financial
9 information provided by a person seeking a loan, loan guarantee, or other financial
10 assistance from the authority.

11 **238.30 Agricultural loan programs; general provisions. (1) DEFINITIONS.**
12 In this section and ss. 238.32 to 238.38:

13 (a) "Agricultural commodity" has the meaning given in s. 94.67 (2).

14 (b) "Agricultural improvements" means improvements to a farm that are useful
15 for and intended to be used for farming purposes, including the purchase and
16 construction or installation of improvements to land or buildings or other permanent
17 structures, including equipment incorporated into or permanently affixed to the land
18 or buildings or other structures. "Agricultural improvements" includes wind energy
19 conversion facilities that have an output capacity of 2 megawatts or less each, as
20 shown by the nameplate capacity, and facilities for deriving energy from animal
21 waste. "Agricultural improvements" does not include equipment that is not affixed
22 to land or improvements, or additions to equipment that is not affixed to land or
23 improvements.

24 (c) "Agricultural loan programs" means the programs under ss. 238.32 to
25 238.38.

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1 (d) “Eligible borrower” means a person to which all of the following apply:

2 1. The person is a natural person who resides in this state or a partnership or
3 family farm corporation that operates in this state.

4 2. The person’s net worth, including the assets and liabilities of the person’s
5 spouse and dependents if the person is a natural person, does not exceed \$275,000,
6 or \$450,000 for the program under s. 238.38, subject to adjustment under sub. (5) (b).

7 3. The person demonstrates a need for the loan.

8 4. The person demonstrates an ability to repay the loan.

9 5. If the person is a natural person, the natural person’s name does not appear,
10 and if the person is a corporation, no shareholder’s name appears, and, if the person
11 is a partnership, no partner’s name appears on the statewide support lien docket
12 under s. 49.854 (2) (b) or, if the name of the natural person, a shareholder, or partner
13 appears on that docket, the natural person, shareholder, or partner provides to the
14 authority a payment agreement that has been approved by the county child support
15 agency under s. 59.53 (5) and that is consistent with rules promulgated under s.
16 49.858 (2) (a).

17 6. The person satisfies any other requirements prescribed by the authority.

18 (e) “Farm credit service” includes a production credit association, federal land
19 credit association, and agricultural credit association.

20 (f) “Farm purchase assistance loan” means a loan made by a participating
21 lender to an eligible borrower under s. 238.32.

22 (fm) “Livestock” means cattle, horses, swine, sheep, goats, farm-raised deer,
23 as defined in s. 95.001 (1) (ag), poultry, and other animals used or to be used in the
24 production of food, fiber, or other commercial products.

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1 (g) "Nameplate capacity" means the designation by a unit's manufacturer of the
2 approximate generating capability of the unit.

3 (h) "Participating lender" means a bank, farm credit service, credit union,
4 savings bank, savings and loan association, or other person, other than a seller under
5 a land contract, that has been approved by the authority to make loans to eligible
6 borrowers under one or more agricultural loan programs and that has entered into
7 a participation agreement with the authority under sub. (2).

8 (i) "Wind energy conversion facility" means any device, such as a windcharger,
9 windmill, or wind turbine, that converts wind energy to a form of usable energy.

10 **(2) PARTICIPATION AGREEMENT WITH LENDER.** A lender seeking to make a loan in
11 which the authority may participate under an agricultural loan program shall apply
12 to the authority for approval. If the lender is approved for making loans under one
13 or more of the agricultural loan programs, the lender and the authority shall enter
14 into a participation agreement that shall provide for the contractual obligations of
15 the lender and the authority with respect to any loan transaction in which the
16 authority participates, the terms and conditions of loans in which the authority
17 participates, and other matters related to the lender's involvement in the
18 agricultural loan programs.

19 **(3) PARTICIPATION IN LOANS.** The authority may participate, to the extent
20 provided in ss. 238.32 (2) (a), 238.34 (2), 238.36 (2) (a), and 238.38 (2), in a loan made
21 by a participating lender under an agricultural loan program. Subject to s. 238.36
22 (2) (b), the interest rate that the authority charges for its portion of a loan shall be
23 less than the interest rate charged by the participating lender. Subject to any
24 requirements under ss. 238.32 to 238.38, the authority may impose repayment or
25 other terms for its portion of a loan that are different from the participating lender's

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1 loan terms. The authority shall ensure that it obtains an interest in the participating
2 lender's security for the loan in the same proportion as its participation in the loan.
3 The authority shall ensure that its interest in the security has a higher priority than
4 the participating lender's interest in the security.

5 (4) FEES. The authority shall charge a fee for assistance provided under the
6 agricultural loan programs to cover the costs of administrating the agricultural loan
7 programs, including legal fees.

8 (5) RULES AND PROCEDURES. The authority shall adopt rules and establish
9 procedures for administering the agricultural loan programs, including rules or
10 procedures related to all of the following:

11 (a) Application procedures for eligible borrowers and for lenders seeking to
12 make loans under the agricultural loan programs.

13 (b) Approval requirements for lenders and additional eligibility requirements
14 for eligible borrowers, including any adjustments in net worth requirements. Any
15 adjustment in net worth requirements shall include, at a minimum, an adjustment
16 based on changes in the index of prices paid by farmers published by the federal
17 department of agriculture. The authority may only adjust net worth requirements
18 if the adjustment is approved by a two-thirds vote of the board.

19 (c) Adjustments in the maximum amount of an agricultural loan that the
20 authority may finance. Any adjustment under this paragraph shall include, at a
21 minimum, an adjustment based on changes in the index of prices paid by farmers
22 published by the federal department of agriculture. The authority may only make
23 an adjustment under this paragraph if the adjustment is approved by a two-thirds
24 vote of the board.

25 (d) The terms of participation agreements under sub. (2).

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- 1 (e) Repayment and security interest requirements.
- 2 (f) Procedural requirements for the authority's participation in loans.
- 3 (g) Auditing, inspection, and reporting requirements.
- 4 (h) Any other relevant matters.

5 **238.32 Farm purchase assistance loans. (1)** Subject to sub. (2) (a), the
6 authority may participate as provided in s. 238.30 (3) in a farm purchase assistance
7 loan for the purchase of farm property in this state if all of the following apply:

8 (a) The eligible borrower:

9 1. Will be the principal operator of the farm being purchased and certifies that
10 he or she intends to use the farm only for agricultural purposes and to make farming
11 his or her principal future occupation.

12 2. Has sufficient education, training, or experience to succeed in the type of
13 farming that he or she intends to undertake.

14 3. Agrees to enroll and continue, for the first 5 years of the loan, in a farm
15 business management program that is approved by the authority, if such a program
16 is available within 45 miles of the eligible borrower's residence.

17 4. Agrees to consult with a land conservation committee under s. 92.06 or a local
18 office of the federal natural resources conservation service.

19 5. Agrees to obtain credit life insurance in the amount of the total debt incurred
20 to purchase the property.

21 (b) The seller of the property:

22 1. Is a natural person, a partnership, or a family farm corporation.

23 2. Partially finances the purchase of the property by loaning to the eligible
24 borrower the amount by which the purchase price exceeds the sum of the principal

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1 of the farm purchase assistance loan and any downpayment made by the eligible
2 borrower.

3 3. Subordinates his or her security interest in the property to the security
4 interests of the participating lender and the authority.

5 (2) (a) The authority may not finance more than 45% or \$125,000, subject to
6 adjustment under s. 238.30 (5) (c), whichever is less, of the principal of a farm
7 purchase assistance loan.

8 (b) A farm purchase assistance loan must be paid in full at the end of 10 years,
9 but may be amortized over a longer period, as negotiated among the participating
10 lender, authority, and eligible borrower.

11 (c) The terms of the loan made by the seller to the eligible borrower shall be
12 negotiated and determined by the seller and eligible borrower.

13 **238.34 Agricultural improvement loans.** (1) Subject to sub. (2), the
14 authority may participate as provided in s. 238.30 (3) in a loan made by a
15 participating lender to an eligible borrower for agricultural improvements or to
16 finance an existing debt to repair or replace farm driveways, drainage ditches or tile
17 lines, grassed waterways, or agricultural buildings damaged by snow, flooding, or
18 other weather-related causes, if all of the following apply:

19 (a) The eligible borrower is actively engaged in farming.

20 (b) The collateral for the loan includes a first mortgage on farm real estate.

21 (c) The loan does not exceed 80% of the appraised value of the collateral for the
22 loan.

23 (d) The term of the loan does not exceed 10 years.

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1 **(2)** The authority may not finance more than 45% or \$125,000, subject to
2 adjustment under s. 238.30 (5) (c), whichever is less, of the principal of a loan under
3 this section.

4 **238.36 Agricultural cooperative stock loans.** **(1)** Subject to sub. (2) (a),
5 the authority may participate as provided in s. 238.30 (3) in a loan made by a
6 participating lender to an eligible borrower for the purchase of capital stock or other
7 equity interest in a cooperative organized under ch. 185, if all of the following apply:

8 (a) The cooperative owns and operates, or proposes to build or purchase and
9 operate, a facility in this state for processing an agricultural commodity or a
10 byproduct of an agricultural commodity.

11 (b) The eligible borrower produces the agricultural commodity that will be
12 processed at the facility or produces the agricultural commodity the byproduct of
13 which will be processed at the facility.

14 (c) The loan finances no more than 95% of the purchase price of the stock or
15 equity interest to be acquired by the eligible borrower.

16 **(2)** (a) The authority may not finance more than 45% or \$24,000, subject to
17 adjustment under s. 238.30 (5) (c), whichever is less, of the principal of a loan under
18 this section.

19 (b) The interest rate charged by the authority on its portion of a loan under this
20 section may not be more than 50% of the interest rate charged by the participating
21 lender.

22 (c) A loan under this section must be secured by the stock or equity interest
23 acquired with the loan, a personal note executed by the eligible borrower, and any
24 other security required by the authority or participating lender.

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1 **238.38 Livestock operation modernization loans. (1)** Subject to sub. (2),
2 the authority may participate as provided in s. 238.30 (3) in a loan made by a
3 participating lender to an eligible borrower for the purchase and construction or
4 installation of improvements to land or buildings or other permanent structures that
5 are useful for, and intended to be used for, the purpose of raising livestock if all of the
6 following apply:

7 (a) The eligible borrower is engaged in the raising of livestock.

8 (b) The collateral for the loan includes a first mortgage on farm real estate.

9 (c) The loan does not exceed 80% of the appraised value of the collateral for the
10 loan.

11 (d) The term of the loan does not exceed 10 years.

12 **(2)** The authority may not finance more than 45% or \$250,000, subject to
13 adjustment under s. 238.30 (5) (c), whichever is less, of the principal of a loan under
14 this section.

15 **238.40 Beginning Farmer Program. (1)** In this section, “beginning farmer”
16 means a person who engages in farming or wishes to engage in farming and who
17 qualifies as a first-time farmer under 26 USC 147 (c) (2).

18 **(2)** The authority may establish and administer a Beginning Farmer Program
19 to assist beginning farmers to purchase agricultural land, agricultural
20 improvements, and depreciable agricultural property, as defined in 26 USC 144 (a)
21 (11) (B).

22 **(3)** (a) The authority may issue its bonds to finance the Beginning Farmer
23 Program, including funding loans to beginning farmers.

24 (b) The limit in s. 238.18 does not apply to bonds issued under this section.

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1 (c) The authority may not issue more than \$17,500,000 in aggregate principal
2 amount of bonds and notes under this section, excluding bonds and notes issued to
3 refund outstanding bonds and notes issued under this section.

4 (4) Bonds issued under this section are special, limited obligations of the
5 authority payable solely out of the revenue derived from the loan agreement, debt
6 obligation, or sales contract, collateral, or other property received in connection with
7 the Beginning Farmer Program. All assets and liabilities created through the
8 issuance of bonds under this section shall be separate from all other assets and
9 liabilities of the authority. The authority has no moral or legal obligation or liability
10 to any person under this section, except as expressly provided by written contract.
11 The authority may not comingle funds of the Beginning Farmer Program with any
12 other funds of the authority.

13 (5) The authority may charge fees for assistance provided under this section
14 to cover the administrative costs of the Beginning Farmer Program, including legal
15 fees.

16 **238.50 Agricultural production loan guarantees. (1) DEFINITIONS.** In this
17 section:

18 (a) "Agricultural commodity" has the meaning given in s. 94.67 (2).

19 (ad) "Agricultural production loan" means a loan to a farmer to finance the
20 purchase of fertilizer, seed, fuel, pesticides, tillage services, crop insurance, animal
21 feed, or any other service or consumable good necessary to produce an agricultural
22 commodity.

23 (ag) "Dairy plant" has the meaning given in s. 97.20 (1) (a).

24 (b) "Farmer" has the meaning given in s. 102.04 (3).

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1 (c) "Guaranteed loan" means an agricultural production loan that is
2 guaranteed by the authority.

3 (cp) "Milk" has the meaning given in s. 97.22 (1) (e).

4 (d) "Participating lender" means a bank, production credit association, credit
5 union, savings bank, savings and loan association, or other person that makes
6 agricultural production loans and that has entered into an agreement with the
7 authority under s. 238.58 (2) (a).

8 **(2) ELIGIBLE LOANS.** Except as provided in sub. (3j), if the authority implements
9 the program under this section, an agricultural production loan made by a
10 participating lender is eligible for guarantee of collection from the Wisconsin
11 agricultural reserve fund under s. 238.58 if all of the following apply:

12 (a) The loan is to finance production of an agricultural commodity.

13 (b) The total outstanding principal amount of all loans to the borrower that are
14 guaranteed under this section will not exceed an amount set annually by the
15 authority that may not exceed \$100,000.

16 (bm) If the loan is one for which the borrower is eligible under sub. (3g), the
17 amount of that loan does not exceed the amount of the payment, excluding interest
18 or penalties if any, owed to the borrower by the insolvent or bankrupt dairy plant,
19 subject to par. (b).

20 (c) The rate of interest on the loan, including any origination fees or other
21 charges relating to the loan, does not exceed a rate determined by the authority after
22 considering the conditions of the financial market.

23 (d) If the authority will make a payment under sub. (5) with respect to the loan,
24 the rate of interest on the loan for which the borrower is obligated, including any

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1 origination fees or other charges relating to the loan, does not exceed the rate
2 determined under par. (c), minus up to 2%.

3 (e) The participating lender will pay directly any supplier of fertilizer, seed,
4 fuel, pesticides, tillage services, crop insurance, animal feed, or other service or
5 consumable good necessary to produce an agricultural commodity, if the borrower
6 obtains the loan to pay that supplier.

7 (f) The participating lender obtains a security interest for repayment of the
8 loan in the agricultural commodity resulting from use of the loan proceeds.

9 (g) Unless waived by the authority, the borrower procures an insurance policy
10 that protects the agricultural commodity to be financed with the proceeds of the loan
11 against risk of loss, and the proceeds of that policy are payable to the participating
12 lender.

13 (h) The term of the loan does not extend after March 31 of the calendar year
14 following the calendar year in which the participating lender granted the loan.

15 (i) The proceeds of the loan are not applied to the outstanding balance of any
16 other loan, except that the proceeds may be used to refinance a loan under this
17 section, subject to sub. (3n).

18 (j) If the loan is one for which the borrower is eligible under sub. (3g), the terms
19 of the loan require the borrower to pay to the authorized lender, in repayment of the
20 loan, money received from or on behalf of the bankrupt or insolvent dairy plant,
21 immediately upon receipt of the money.

22 **(3) ELIGIBLE FARMERS.** Except as provided in subs. (3g) and (3j), if the authority
23 implements the program under this section, a farmer is eligible for a guaranteed loan
24 if all of the following apply:

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1 (a) The farmer does not meet the participating lender's minimum standards of
2 creditworthiness to receive an agricultural production loan in the normal course of
3 the participating lender's business.

4 (b) The amount of the farmer's debts totals at least 40% of the amount of the
5 farmer's assets.

6 (c) In the judgment of the participating lender, it is reasonably likely that if the
7 farmer receives a guaranteed loan the farmer's assets, cash flow, and managerial
8 ability are sufficient to preclude voluntary or involuntary liquidation before April 1
9 of the calendar year following the calendar year in which the participating lender
10 granted the loan.

11 (d) The farmer's name does not appear on the statewide support lien docket
12 under s. 49.854 (2) (b) or, if the farmer's name appears on that docket, the farmer
13 provides to the authority a payment agreement that has been approved by the county
14 child support agency under s. 59.53 (5) and that is consistent with rules promulgated
15 under s. 49.858 (2) (a).

16 **(3g) ELIGIBLE DAIRY FARMER.** Except as provided in sub. (3j), if the authority
17 implements the program under this section, a farmer is eligible for a guaranteed loan
18 under this subsection if all of the following apply:

19 (a) The farmer has not been paid for milk provided to a dairy plant because of
20 the bankruptcy or insolvency of the dairy plant.

21 (b) In the judgment of the participating lender, it is reasonably likely that if the
22 farmer receives a guaranteed loan the farmer's assets, cash flow, and managerial
23 ability are sufficient to preclude voluntary or involuntary liquidation before April 1
24 of the calendar year following the calendar year in which the participating lender
25 granted the loan.

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1 (c) The farmer's name does not appear on the statewide support lien docket
2 under s. 49.854 (2) (b) or, if the farmer's name appears on that docket, the farmer
3 provides to the authority a payment agreement that has been approved by the county
4 child support agency under s. 59.53 (5) and that is consistent with rules promulgated
5 under s. 49.858 (2) (a).

6 **(3j) EMERGENCY ELIGIBILITY CRITERIA.** The authority may guarantee a loan to
7 a farmer using eligibility criteria determined by the authority that differ from the
8 criteria under subs. (2) to (3g) if all of the following apply:

9 (a) The governor has determined that an emergency situation exists and that
10 the criteria under subs. (2) to (3g) prevent the authority from making an adequate
11 response to the emergency situation.

12 (b) The authority has submitted to the joint committee on finance for review
13 under s. 13.10 the emergency eligibility criteria that it proposes to use, and the joint
14 committee on finance has approved the use of the criteria for the emergency
15 situation.

16 **(3m) EXTENSION.** A participating lender may extend the term of a loan until
17 no later than June 30 of the calendar year following the calendar year in which the
18 participating lender granted the loan.

19 **(3n) REFINANCING.** (a) Except as provided in par. (b), proceeds of a guaranteed
20 loan may be used to refinance a guaranteed loan no more than one time.

21 (b) The proceeds of a guaranteed loan may be used to refinance a guaranteed
22 loan that has been refinanced one time if at least 60% of the principal amount of the
23 refinanced guaranteed loan has been repaid.

24 **(3p) INSTALLMENT PAYMENT OF CERTAIN LOANS.** An authorized lender may require
25 a borrower to repay a loan described in sub. (3g) in installments.

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1 (4) GUARANTEE. The authority may guarantee repayment of no more than 90%
2 of the principal of any agricultural production loan eligible for guarantee under sub.
3 (2) made to a farmer eligible for a guaranteed loan under sub. (3) or (3g).

4 (5) INTEREST REDUCTION. If the authority implements the program under this
5 section and if at the time of origination or extension the interest rate on a guaranteed
6 loan and the prime lending rate as reported by the federal reserve board in federal
7 reserve statistical release H. 15 each equals or exceeds 10%, the authority may pay,
8 from the moneys in the Wisconsin agricultural reserve fund, to the participating
9 lender making the loan, an amount equal to up to 2% of the principal amount of the
10 loan.

11 **238.52 Agricultural Development Loan Guarantee Program. (1)**

12 DEFINITIONS. In this section:

13 (d) “Guaranteed loan” means a loan on which the authority guarantees
14 collection under sub. (3).

15 (e) “Participating lender” means a bank, credit union, savings bank, savings
16 and loan association, or other person, who makes loans for working capital or to
17 finance physical plant needs, equipment, or machinery and who has entered into an
18 agreement with the authority under s. 238.58 (2) (a).

19 (f) “Percentage of guarantee” means the percentage established by the
20 authority under sub. (3).

21 (g) “Raw agricultural commodity” means any agricultural, aquacultural,
22 horticultural, viticultural, vegetable, poultry, or livestock product produced in this
23 state, including milk and milk products, bees and honey products, timbers and wood
24 products, or any class, variety, or utilization of the products, in their natural state.

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1 (h) "Security interest" means an interest in property or other assets which
2 secures payment or other performance of a guaranteed loan.

3 (2) ELIGIBLE LOANS. If the authority implements the program under this
4 section, a loan made by a participating lender is eligible for guarantee of collection
5 from the Wisconsin agricultural reserve fund under s. 238.58 if all of the following
6 apply:

7 (a) The loan is made for working capital or to finance any of the following items,
8 if the working capital or item is necessary to, or used to, process or market a product
9 from a raw agricultural commodity produced in this state.

10 1. Physical plant.

11 2. Machinery or equipment.

12 3. Marketing expenses.

13 (b) The rate of interest on the loan, including any origination fees or other
14 charges, is fixed at a rate determined by the participating lender and approved by
15 the authority.

16 (c) The total principal amount of all loans to the borrower that are guaranteed
17 under this section will not exceed \$750,000.

18 (d) The borrower's principal place of operations for processing or marketing a
19 product from a raw agricultural commodity is located in a city, village, or town in this
20 state with a population of less than 50,000.

21 (e) The participating lender obtains a security interest in physical plant,
22 equipment, machinery, or other assets.

23 (f) The loan term does not extend beyond 15 years after the date that the
24 participating lender disburses the loan unless the loan is extended by the authority.

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1 (g) The proceeds of the loan are not applied to the outstanding balance of any
2 other loan.

3 (h) The loan results in new or more viable methods for the processing or
4 marketing of a product from a raw agricultural commodity.

5 (i) The borrower does not meet the participating lender's minimum standards
6 of creditworthiness to receive a loan for the purposes described in par. (a) in the
7 normal course of the participating lender's business.

8 (j) The participating lender considers the borrower's assets, cash flow, and
9 managerial ability sufficient to preclude voluntary or involuntary liquidation for the
10 loan term granted by the participating lender.

11 (k) The participating lender agrees to the percentage of guarantee established
12 for the loan by the authority.

13 **(3) GUARANTEE OF COLLECTION.** The authority may guarantee collection of a
14 percentage, not exceeding 90%, of the principal of any loan eligible for a guarantee
15 under sub. (2). The authority shall establish the percentage of the unpaid principal
16 of an eligible loan that will be guaranteed, using the procedures described in the
17 guarantee agreement under s. 238.58 (2) (a). The authority may establish a single
18 percentage for all guaranteed loans or establish different percentages for eligible
19 loans on an individual basis.

20 **238.54 Farm Assets Reinvestment Management Loan Guarantee**
21 **Program. (1) DEFINITIONS.** In this section:

22 (a) "Agricultural assets" means machinery, equipment, facilities, land, or
23 livestock.

24 (b) "Farm credit service" includes a production credit association, federal land
25 credit association, and agricultural credit association.

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1 (c) "Farmer" has the meaning given in s. 102.04 (3).

2 (d) "Farm premises" has the meaning given in s. 102.04 (3).

3 (e) "Participating lender" means a bank, farm credit service, credit union,
4 savings bank, savings and loan association, or other person who makes loans for the
5 acquisition or improvement of agricultural assets and who has entered into an
6 agreement with the authority under s. 238.58 (2) (a). The term does not include a
7 seller under a land contract.

8 **(2) ELIGIBLE LOANS.** If the authority implements the program under this
9 section, a loan made by a participating lender is eligible for guarantee of collection
10 from the Wisconsin agricultural reserve fund under s. 238.58 if all of the following
11 apply:

12 (a) The borrower is a farmer who is eligible for a guarantee under sub. (3).

13 (b) The loan is made to finance the acquisition, for agricultural purposes, of
14 agricultural assets or the cost of improvements to facilities or land.

15 (c) The total outstanding guaranteed principal amount of all loans made to the
16 borrower that are guaranteed under this section will not exceed \$300,000, or
17 \$150,000 if any of the loans is affected by any other state or federal credit assistance
18 program.

19 (d) The rate of interest and the loan terms, including any associated fees or
20 charges, are approved by the authority.

21 (e) The participating lender obtains a security interest in assets of the borrower
22 sufficient to secure repayment of the loan.

23 (f) The proceeds of the loan are not applied to the outstanding balance of any
24 other loan or forbearance.

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1 **(3) ELIGIBLE FARMERS.** If the authority implements the program under this
2 section, a farmer is eligible for a guarantee of a loan under this section if all of the
3 following apply at the time the loan is made:

4 (a) The farmer is currently operating farm premises.

5 (b) The amount of the farmer's debts, including the loan, does not exceed 85%
6 of the farmer's assets, including the value of the agricultural assets to be acquired,
7 or the improvements to be made, with the proceeds of the loan.

8 (c) The participating lender considers the farmer's assets, cash flow, and
9 managerial ability sufficient to preclude voluntary or involuntary liquidation during
10 the term of the loan.

11 **(4) ORIGINATION FEES.** The authority shall charge a guarantee origination fee
12 on every loan guaranteed under this section. The amount of the fee shall be 1% of
13 a loan's guaranteed principal. The participating lender shall collect the fee and remit
14 it to the authority. The authority shall deposit all fees received under this subsection
15 in the Wisconsin agricultural reserve fund to be used to guarantee loans under this
16 section.

17 **(5) GUARANTEE OF COLLECTION.** (a) The authority may guarantee collection of
18 a percentage of the principal of a loan eligible for a guarantee under sub. (2). The
19 principal amount of an eligible loan that the authority may guarantee may not
20 exceed the borrower's net worth or 25% of the total loan amount, whichever is less,
21 calculated at the time the loan is made.

22 (b) The term of a loan guarantee for a loan made to finance the acquisition of
23 machinery, equipment, or livestock, or the cost of improvements to facilities or land,
24 may not exceed 5 years. The term of a loan guarantee for a loan made to finance the
25 acquisition of facilities or land may not exceed 10 years.

ASSEMBLY BILL 684**238.56 Nutrient Environmental Technology Loan Guarantee Program.**

(1) DEFINITION. In this section, “nutrient management or odor mitigation technology” includes anaerobic digesters and electricity production systems, separators, lagoon covers, and aeration systems, and reception pits, pipes, and pumps required in animal waste processing.

(2) ELIGIBLE LOANS. If the authority implements the program under this section, a loan made by a participating lender is eligible for guarantee of collection from the Wisconsin agricultural reserve fund under s. 238.58 if all of the following apply:

(a) The loan is made to finance nutrient management or odor mitigation technology on a farm.

(b) The rate of interest on the loan, including any origination fees or other charges, is fixed at a rate determined by the participating lender and approved by the authority.

(c) The participating lender obtains a security interest in assets of the borrower sufficient to secure repayment of the loan.

(d) The proceeds of the loan are not applied to the outstanding balance of any other loan.

(e) The participating lender considers the borrower’s assets, cash flow, and managerial ability sufficient to preclude voluntary or involuntary liquidation for the loan term granted by the participating lender.

(f) The participating lender agrees to the percentage of guarantee established for the loan by the authority.

(g) The term of the loan is not longer than the maximum term established by the authority.

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1 (h) The borrower satisfies requirements concerning the maximum amount of
2 outstanding guaranteed principal of all loans guaranteed under this section and any
3 other requirements specified by the authority for the program under this section.

4 (3) GUARANTEE. The authority may guarantee repayment of no more than 90
5 percent of the principal of any loan that is eligible for guarantee under sub. (2).

6 **238.58 Wisconsin agricultural reserve fund. (1) ESTABLISHMENT OF FUND.**

7 There is established under the jurisdiction and control of the authority, for the
8 purpose of providing funds for guaranteeing loans, a Wisconsin agricultural reserve
9 fund, consisting of all of the following:

10 (a) Moneys appropriated to the authority or received by the authority for the
11 Wisconsin agricultural reserve fund from any other source.

12 (b) Any income from investment of money in the Wisconsin agricultural reserve
13 fund by the authority.

14 (c) To be used for guaranteeing loans under s. 238.54, fees collected under s.
15 238.54 (4).

16 (2) PROGRAM ADMINISTRATION. (a) The authority may enter into a guarantee
17 agreement with any bank, production credit association, credit union, savings bank,
18 savings and loan association or other person who wishes to participate in a loan
19 program guaranteed by the Wisconsin agricultural reserve fund. The authority may
20 determine all of the following, consistent with the terms of the specific loan
21 guarantee program:

22 1. The form of the agreement.

23 2. Any conditions upon which the authority may refuse to enter into such an
24 agreement.

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1 3. Any procedures required to carry out the agreement, including default
2 procedures and procedures for determining the guaranteed percentage of each loan.

3 (c) The authority may not use any moneys other than those in the Wisconsin
4 agricultural reserve fund for programs guaranteed by the Wisconsin agricultural
5 reserve fund.

6 (d) The authority may establish an eligibility criteria review panel, consisting
7 of experts in finance and in the subject area of the loan guarantee program, to advise
8 the authority about lending requirements and issues related to a loan guarantee
9 program.

10 **(3) LOAN GUARANTEES; INCREASES OR DECREASES.** (a) Except as provided in par.
11 (b), the total principal amount or total outstanding guaranteed principal amount of
12 all loans that the authority may guarantee under the programs guaranteed by funds
13 from the Wisconsin agricultural reserve fund may not exceed \$25,000,000.

14 (b) The authority may request the joint committee on finance to take action
15 under s. 13.10 to permit the authority to increase or decrease the total principal
16 amount or total outstanding guaranteed principal amount of loans that it may
17 guarantee under the programs guaranteed by the Wisconsin agricultural reserve
18 fund and the joint committee on finance may take that action. Included with its
19 request, the authority shall provide a projection, for the next June 30, that compares
20 the amounts required on that date to pay outstanding claims and to fund guarantees
21 under the aggregate of the programs guaranteed by funds from the Wisconsin
22 agricultural reserve fund, and the balance remaining in the Wisconsin agricultural
23 reserve fund on that date after deducting those amounts, if the increase or decrease
24 is approved, with those amounts and the balance remaining, if the increase or
25 decrease is not approved.

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1 **(3m)** EXTENSION OF LOAN GUARANTEE PROGRAM. When the authority prepares a
2 fiscal estimate under s. 13.093 (2) (a) with respect to any bill that extends a program
3 that is guaranteed by funds from the Wisconsin agricultural reserve fund, the
4 authority shall include in its fiscal estimate a projection, for the next June 30, that
5 compares the amounts required on that date to pay outstanding claims and to fund
6 guarantees under all of the programs guaranteed by funds from the Wisconsin
7 agricultural reserve fund, and the balance remaining in the Wisconsin agricultural
8 reserve fund on that date after deducting those amounts, if the program is extended,
9 with those amounts and the balance remaining if the program is not extended.

10 **(4)** BALANCE TRANSFER. (a) Annually on June 30, until no balance remains, the
11 authority shall transfer to the general fund any balance remaining in the Wisconsin
12 agricultural reserve fund on that date, after deducting an amount sufficient for all
13 of the following:

14 1. To pay all outstanding claims under the programs guaranteed by funds from
15 the Wisconsin agricultural reserve fund.

16 2. To fund guarantees under all of the programs guaranteed by funds from the
17 Wisconsin agricultural reserve fund at a ratio of \$1 of reserve funding to \$4.50 of total
18 outstanding principal and outstanding guaranteed principal that the authority may
19 guarantee under all of those programs.

20 (b) Annually on August 31, the executive director of the authority shall provide
21 to the secretary of administration and to the joint committee on finance a signed
22 statement that includes all of the following information:

23 1. The amounts required to pay outstanding claims and to fund guarantees
24 under each of the programs guaranteed by funds from the Wisconsin agricultural
25 reserve fund on that date.

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1 2. An explanation of how each amount under subd. 1. was determined.

2 3. The amount of the balance, if any, that remains in the Wisconsin agricultural
3 reserve fund after deducting the amounts under subd. 1. and that will be transferred
4 to the general fund under par. (a).

5 4. A projection of what the amounts under subds. 1. and 3. will be on June 30
6 in each of the next 2 years.

7 **(4m)** LIMITATION ON LOAN GUARANTEES. The authority shall regularly monitor
8 the cash balance in the Wisconsin agricultural reserve fund. The authority shall
9 ensure that the cash balance in the fund is sufficient for the purposes specified in sub.
10 (4) (a) 1. and 2.

11 **(5)** ANNUAL REPORT. On or before November 1 annually, the authority shall
12 submit to the chief clerk of each house of the legislature for distribution under s.
13 13.172 (2) and to the joint committee on finance a report on the number and total
14 dollar amount of guaranteed loans under each of the programs guaranteed by the
15 Wisconsin agricultural reserve fund, the default rate on the loans, and any other
16 information on a program guaranteed by the Wisconsin agricultural reserve fund
17 that the authority determines is significant.

18 **(6)** MORAL OBLIGATION. Recognizing its moral obligation, the legislature
19 expresses its expectation that, if called upon to do so, it will make an appropriation
20 to meet all demands for funds guaranteed by the Wisconsin agricultural reserve
21 fund.

22 **238.65 Agricultural business development; additional powers. (1)** The
23 authority, in consultation with the department of commerce, may implement any of
24 the following programs for the purpose of promoting the development of agricultural
25 business in this state:

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1 (a) A revolving loan fund program pursuant to which the authority makes loans
2 to finance agricultural businesses.

3 (b) An equity financing program pursuant to which the authority acts as an
4 intermediary to facilitate equity investments in agricultural businesses. This
5 paragraph does not permit the authority to invest its own moneys in any agricultural
6 business.

7 (c) A conservation trading program pursuant to which the authority acts as an
8 intermediary in the aggregation and trading of environmental credits related to
9 agricultural production.

10 (2) By July 1 annually, the authority shall file a report with the department
11 of commerce describing the financial condition of and level of participation in any
12 program under sub. (1).

13 **SECTION 39.** 281.75 (4) (b) 3. of the statutes is amended to read:

14 281.75 (4) (b) 3. An authority created under ch. 231, 233, 234, ~~or 237~~, or 238.

15 **SECTION 40.** 285.59 (1) (b) of the statutes is amended to read:

16 285.59 (1) (b) “State agency” means any office, department, agency, institution
17 of higher education, association, society or other body in state government created
18 or authorized to be created by the constitution or any law which is entitled to expend
19 moneys appropriated by law, including the legislature and the courts, the Wisconsin
20 Housing and Economic Development Authority, the Bradley Center Sports and
21 Entertainment Corporation, the University of Wisconsin Hospitals and Clinics
22 Authority, the Fox River Navigational System Authority, the Wisconsin Rural
23 Finance Authority, and the Wisconsin Health and Educational Facilities Authority.

24 **SECTION 41.** 560.032 (1) of the statutes is amended to read:

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1 560.032 (1) ALLOCATION. The department, by rule, shall establish under 26
2 USC 146 and administer a system for the allocation of the volume cap on the issuance
3 of private activity bonds, as defined under 26 USC 141 (a), among all municipalities,
4 as defined in s. 67.01 (5), and any corporation formed on behalf of those
5 municipalities, and among this state, the Wisconsin Health and Educational
6 Facilities Authority, the Wisconsin Rural Finance Authority, and the Wisconsin
7 Housing and Economic Development Authority.

8 **SECTION 42.** 600.01 (1) (b) 7m. of the statutes is created to read:

9 600.01 (1) (b) 7m. Guarantees of the Wisconsin Rural Finance Authority under
10 ss. 238.50, 238.52, and 238.54.

11 **SECTION 43.** 706.11 (1) (c) 2. of the statutes is amended to read:

12 706.11 (1) (c) 2. The Wisconsin Health and Educational Facilities Authority
13 created under ch. 231, the Wisconsin Housing and Economic Development Authority
14 created under ch. 234, the Wisconsin Rural Finance Authority created under ch. 238,
15 or any other authority created by state law.

16 **SECTION 44. Nonstatutory provisions.**

17 (1) TERMS OF INITIAL MEMBERS OF BOARD. Notwithstanding the length of terms
18 specified for the members of the board of the Wisconsin Rural Finance Authority
19 under section 238.02 (1) of the statutes, as created by this act, the initial members
20 of the board shall be appointed for the following terms:

21 (a) One member appointed under section 238.02 (1) (a) 1. of the statutes and
22 one member appointed under section 238.02 (1) (a) 2. of the statutes, for terms
23 expiring on July 1, 2005.

