



State of Wisconsin
2017 - 2018 LEGISLATURE

LRB-4840/1
MDK:emw

2017 ASSEMBLY BILL 862

January 19, 2018 - Introduced by Representatives SHANKLAND, BARCA, ANDERSON, BERCEAU, KOLSTE, MEYERS, OHNSTAD, SARGENT, SINICKI, SPREITZER, SUBECK, C. TAYLOR, WACHS and ZAMARRIPA, cosponsored by Senators MILLER, RINGHAND, L. TAYLOR and VINEHOUT. Referred to Committee on Energy and Utilities. Referred to Joint Survey Committee on Tax Exemptions.

1 **AN ACT to amend** 7.33 (1) (c), 13.172 (1), 13.62 (2), 13.94 (4) (a) 1., 13.95 (intro.),
2 16.002 (2), 16.004 (4), 16.004 (5), 16.004 (12) (a), 16.01 (1), 16.045 (1) (a), 16.41
3 (4), 16.417 (1) (b), 16.52 (7), 16.528 (1) (a), 16.53 (2), 16.54 (9) (a) 1., 16.70 (2),
4 16.75 (1m), 16.765 (1), 16.765 (2), 16.765 (5), 16.765 (6), 16.765 (7) (intro.),
5 16.765 (7) (d), 16.765 (8), 16.838 (1) (b), 16.85 (2), 16.865 (8), 23.175 (1) (b), 71.26
6 (1) (be), 77.54 (9a) (a), 100.45 (1) (dm), 106.16 (2), 106.16 (3), 230.03 (3), 238.10
7 (1), 281.75 (4) (b) 3., 285.59 (1) (b) and 706.11 (1) (c) 2.; and **to create** 13.94 (1)
8 (w), 19.42 (10) (qm), 20.498, 25.17 (3) (b) 14., 40.02 (54) (k), 66.0603 (1m) (a) 3v.,
9 70.11 (38o), 71.05 (1) (c) 7m., 71.26 (1m) (o), 71.45 (1t) (n), 219.09 (1) (h), chapter
10 235 and 600.01 (1) (b) 8m. of the statutes; **relating to:** creating the Wisconsin
11 Renewable Energy Development Authority to participate in and guarantee

ASSEMBLY BILL 862

- 1 certain energy-related loans, implement other energy-related programs, and
2 make certain grants and making an appropriation.

Analysis by the Legislative Reference Bureau

This bill creates the Wisconsin Renewable Energy Development Authority and authorizes WREDA to implement programs for developing renewable resources, reducing energy consumption, and improving energy efficiency. An authority is a public body created by state law that is not a state agency. Under this bill, the board of directors of WREDA consists of 11 members. Five members of the board are appointed by the governor with the advice and consent of the senate to four-year terms. One of those members must be a commercial lender and four must represent “eligible businesses,” as defined in the bill and discussed below. The other members are the following or their designees: the secretary of natural resources; the secretary of agriculture, trade and consumer protection; the chief executive officer of the Wisconsin Economic Development Corporation; the chair of the public service commission; the dean of the University of Wisconsin–Madison College of Agriculture and Life Sciences; and the director of the Wisconsin Alumni Research Foundation. The board must appoint an executive director and, subject to a maximum limit, determine the executive director’s compensation.

The bill authorizes WREDA to issue bonds to carry out its functions, except that WREDA may generally have no more than \$500,000,000 in outstanding bonds at any time. WREDA’s bonds are not state debt. The bill creates an individual and corporate income tax exemption for interest on bonds issued by WREDA. Also, WREDA’s purchases are exempt from sales tax. The bill also makes an appropriation from the general fund to WREDA and requires WREDA to enter into an agreement with the secretary of administration for repaying the appropriation from any surpluses.

Because WREDA is not a state agency, numerous requirements that apply to state agencies do not apply to WREDA. However, the bill treats WREDA like a state agency for the purpose of specified requirements, including the following: 1) WREDA is subject to the open meetings laws; 2) WREDA is subject to auditing by the Legislative Audit Bureau; 3) WREDA is treated like a state agency for purposes of requirements regarding lobbying; 4) the code of ethics for public officials and employees applies to WREDA; and 5) employees of WREDA are considered state employees for the purposes of state retirement benefits and health insurance coverage. WREDA is also subject to the open records law, except that personal and financial information provided by a person seeking financial assistance from WREDA is confidential.

As discussed below, the bill allows WREDA to implement programs for participating in loans, guaranteeing loans, and making grants. The bill also allows WREDA to implement other programs.

Loan participation. The bill allows WREDA to participate in loans made by lenders to eligible borrowers. The bill defines “eligible borrower” as an individual

ASSEMBLY BILL 862

residing in this state, or a partnership or corporation operating in this state, who demonstrates a need for a loan for one of the following: 1) capital or operating expenses of an eligible business; or 2) any expenses of an eligible project. An “eligible business” is defined as a commercial entity that either 1) produces energy, fuels, chemicals, or products primarily from renewable resources or agricultural, forestry, plant, or other biological materials; or 2) provides services related to reducing energy consumption or improving energy efficiency. “Eligible project” is defined as a project for reducing energy consumption or improving energy efficiency of a commercial entity. In addition, the project must involve constructing any new plant, equipment, property, or facilities, or extending, improving, or adding to an existing plant, equipment, property, or facilities. To qualify as an “eligible borrower,” a person must demonstrate the ability to repay a loan. In addition, if the borrower is an individual, he or she must be in compliance with any applicable child support and related requirements.

The bill limits WREDA’s participation in a loan to financing not more than 50 percent, or \$25,000,000, whichever is less, of the principal of the loan. In addition, the lender must apply to WREDA for approval and enter into a participation agreement with WREDA. Also, WREDA must ensure that it obtains a security interest for the loan. The bill specifies other requirements, including requirements for collateral, length of terms, and fees, and allows WREDA to adopt guidelines and policies for loan participation.

Loan guarantees. The bill allows WREDA to establish programs with lenders for guaranteeing repayment of loans for financing either 1) capital or operating expenses of eligible businesses; or 2) expenses of eligible projects. “Eligible business” and “eligible project” are defined as described above. A loan is eligible for guarantee if the borrower does not meet the lender’s minimum standards of creditworthiness. Also, new or expanded business must result for the commercial entity whose eligible business or project is the subject of the loan. In addition, if the borrower is an individual, he or she must be in compliance with any applicable child support and related requirements. The bill allows WREDA to guarantee repayment of not more than 90 percent of the principal of a loan. Other requirements apply to interest rates, security interests, length and extension of terms, business insurance, origination fees, refinancing, and guarantee agreements between WREDA and lenders. Also, the total outstanding amount of all loans to a borrower may not exceed \$25,000,000, or a lesser amount determined by WREDA.

The bill establishes a Wisconsin clean and renewable energy reserve fund under WREDA’s control, which is used for the guarantees described above. The bill prohibits WREDA from using any other moneys for the guarantees. WREDA may deposit into the reserve fund an amount that it determines from the appropriation the bill makes to WREDA from the general fund. The reserve fund also consists of income from WREDA’s investment of reserve fund moneys, loan guarantee origination fees, and moneys received from other sources. In addition, the bill expresses the legislature’s expectation that it will make appropriations to meet demands for funds guaranteed by the reserve fund. The bill generally limits WREDA to guaranteeing no more than \$25,000,000 in total loans, except that the bill allows

ASSEMBLY BILL 862

the Joint Committee on Finance to increase or decrease that limit. The bill also requires WREDA to ensure that the cash balance in the reserve fund is sufficient for the following purposes: 1) paying outstanding claims; and 2) maintaining a ratio of \$1 of reserve funding to \$4.50 of total outstanding guarantees. If the cash balance exceeds the amount required for those purposes, the bill requires WREDA annually to transfer the excess to the general fund.

Grant program. The bill authorizes WREDA to make grants to eligible business and projects, as defined above, as well as to persons engaged in the commercialization of biological fuel, power, or products. WREDA must adopt guidelines for making the grants. The guidelines must provide for a committee to make determinations regarding grants, and the committee must consist of the secretary of agriculture, trade and consumer protection, the secretary of natural resources, and the chief executive officer of the Wisconsin Economic Development Corporation. The guidelines may also allow the committee to make the grants on behalf of WREDA.

Other programs. The bill allows WREDA to implement the following to promote eligible businesses and projects, as defined above: 1) a revolving loan fund program to finance eligible businesses or projects; 2) an equity financing program for renewable energy generation businesses of agricultural producers; 3) a trading program for environmental credits related to clean and renewable energy production; 4) a technical assistance program for eligible businesses and certain community-based projects; and 5) a program for WREDA to obtain licenses and royalties on technologies developed with the assistance of WREDA.

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the 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 subch. II of ch. 114 or ch. 231, 232, 233, 234, 235,
4 or 237.

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

6 13.172 (1) In this section, “agency” means an office, department, agency,
7 institution of higher education, association, society, or other body in state

ASSEMBLY BILL 862

1 government created or authorized to be created by the constitution or any law, that
2 is entitled to expend moneys appropriated by law, including the legislature and the
3 courts, and any authority created in subch. II of ch. 114 or in ch. 231, 233, 234, 235,
4 238, or 279.

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

6 13.62 (2) "Agency" means any board, commission, department, office, society,
7 institution of higher education, council, or committee in the state government, or any
8 authority created in subch. II of ch. 114 or in ch. 231, 232, 233, 234, 235, 237, 238,
9 or 279, except that the term does not include a council or committee of the legislature.

10 **SECTION 4.** 13.94 (1) (w) of the statutes is created to read:

11 13.94 (1) (w) Annually conduct a financial audit of the Wisconsin Renewable
12 Energy Development Authority. The legislative audit bureau shall file a copy of each
13 audit report under this paragraph with the distributees specified in par. (b).

14 **SECTION 5.** 13.94 (4) (a) 1. of the statutes is amended to read:

15 13.94 (4) (a) 1. Every state department, board, examining board, affiliated
16 credentialing board, commission, independent agency, council or office in the
17 executive branch of state government; all bodies created by the legislature in the
18 legislative or judicial branch of state government; any public body corporate and
19 politic created by the legislature including specifically the Fox River Navigational
20 System Authority, the Lower Fox River Remediation Authority, the Wisconsin
21 Aerospace Authority, the Wisconsin Renewable Energy Development Authority, the
22 Wisconsin Economic Development Corporation, a professional baseball park district,
23 a local professional football stadium district, a local cultural arts district and a
24 long-term care district under s. 46.2895; every Wisconsin works agency under subch.
25 III of ch. 49; every provider of medical assistance under subch. IV of ch. 49; technical

ASSEMBLY BILL 862**SECTION 5**

1 college district boards; every county department under s. 51.42 or 51.437; every
2 nonprofit corporation or cooperative or unincorporated cooperative association to
3 which moneys are specifically appropriated by state law; and every corporation,
4 institution, association or other organization which receives more than 50 percent
5 of its annual budget from appropriations made by state law, including subgrantee or
6 subcontractor recipients of such funds.

7 **SECTION 6.** 13.95 (intro.) of the statutes is amended to read:

8 **13.95 Legislative fiscal bureau.** (intro.) There is created a bureau to be
9 known as the “Legislative Fiscal Bureau” headed by a director. The fiscal bureau
10 shall be strictly nonpartisan and shall at all times observe the confidential nature
11 of the research requests received by it; however, with the prior approval of the
12 requester in each instance, the bureau may duplicate the results of its research for
13 distribution. Subject to s. 230.35 (4) (a) and (f), the director or the director’s
14 designated employees shall at all times, with or without notice, have access to all
15 state agencies, the University of Wisconsin Hospitals and Clinics Authority, the
16 Wisconsin Aerospace Authority, the Wisconsin Renewable Energy Development
17 Authority, the Lower Fox River Remediation Authority, the Wisconsin Economic
18 Development Corporation, and the Fox River Navigational System Authority, and to
19 any books, records, or other documents maintained by such agencies or authorities
20 and relating to their expenditures, revenues, operations, and structure.

21 **SECTION 7.** 16.002 (2) of the statutes is amended to read:

22 16.002 (2) “Departments” means constitutional offices, departments, and
23 independent agencies and includes all societies, associations, and other agencies of
24 state government for which appropriations are made by law, but not including

ASSEMBLY BILL 862

1 authorities created in subch. II of ch. 114 or in ch. 231, 232, 233, 234, 235, 237, 238,
2 or 279.

3 **SECTION 8.** 16.004 (4) of the statutes is amended to read:

4 16.004 (4) FREEDOM OF ACCESS. The secretary and such employees of the
5 department as the secretary designates may enter into the offices of state agencies
6 and authorities created under subch. II of ch. 114 and under chs. 231, 233, 234, 235,
7 237, 238, and 279, and may examine their books and accounts and any other matter
8 that in the secretary's judgment should be examined and may interrogate the
9 agency's employees publicly or privately relative thereto.

10 **SECTION 9.** 16.004 (5) of the statutes is amended to read:

11 16.004 (5) AGENCIES AND EMPLOYEES TO COOPERATE. All state agencies and
12 authorities created under subch. II of ch. 114 and under chs. 231, 233, 234, 235, 237,
13 238, and 279, and their officers and employees, shall cooperate with the secretary
14 and shall comply with every request of the secretary relating to his or her functions.

15 **SECTION 10.** 16.004 (12) (a) of the statutes is amended to read:

16 16.004 (12) (a) In this subsection, "state agency" means an association,
17 authority, board, department, commission, independent agency, institution, office,
18 society, or other body in state government created or authorized to be created by the
19 constitution or any law, including the legislature, the office of the governor, and the
20 courts, but excluding the University of Wisconsin Hospitals and Clinics Authority,
21 the Wisconsin Aerospace Authority, the Wisconsin Renewable Energy Development
22 Authority, the Lower Fox River Remediation Authority, the Wisconsin Economic
23 Development Corporation, and the Fox River Navigational System Authority.

24 **SECTION 11.** 16.01 (1) of the statutes is amended to read:

ASSEMBLY BILL 862**SECTION 11**

1 16.01 (1) In this section, “agency” means any office, department, agency,
2 institution of higher education, association, society or other body in state
3 government created or authorized to be created by the constitution or any law which
4 is entitled to expend moneys appropriated by law, including the legislature and the
5 courts, and any authority created under subch. II of ch. 114 or ch. 231, 233 ~~or~~ 234,
6 or 235.

7 **SECTION 12.** 16.045 (1) (a) of the statutes is amended to read:

8 16.045 (1) (a) “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, that
11 is entitled to expend moneys appropriated by law, including the legislature and the
12 courts, but not including an authority created in subch. II of ch. 114 or in ch. 231, 232,
13 233, 234, 235, 237, 238, or 279.

14 **SECTION 13.** 16.41 (4) of the statutes is amended to read:

15 16.41 (4) In this section, “authority” means a body created under subch. II of
16 ch. 114 or under ch. 231, 233, 234, 235, 237, 238, or 279.

17 **SECTION 14.** 16.417 (1) (b) of the statutes is amended to read:

18 16.417 (1) (b) “Authority” means a body created under subch. II of ch. 114 or
19 ch. 231, 232, 233, 234, 235, 237, 238, or 279.

20 **SECTION 15.** 16.52 (7) of the statutes is amended to read:

21 16.52 (7) **PETTY CASH ACCOUNT.** With the approval of the secretary, each agency
22 that is authorized to maintain a contingent fund under s. 20.920 may establish a
23 petty cash account from its contingent fund. The procedure for operation and
24 maintenance of petty cash accounts and the character of expenditures therefrom
25 shall be prescribed by the secretary. In this subsection, “agency” means an office,

ASSEMBLY BILL 862

1 department, independent agency, institution of higher education, association,
2 society, or other body in state government created or authorized to be created by the
3 constitution or any law, that is entitled to expend moneys appropriated by law,
4 including the legislature and the courts, but not including an authority created in
5 subch. II of ch. 114 or in ch. 231, 233, 234, 235, 237, 238, or 279.

6 **SECTION 16.** 16.528 (1) (a) of the statutes is amended to read:

7 16.528 (1) (a) “Agency” means an office, department, independent agency,
8 institution of higher education, association, society, or other body in state
9 government created or authorized to be created by the constitution or any law, that
10 is entitled to expend moneys appropriated by law, including the legislature and the
11 courts, but not including an authority created in subch. II of ch. 114 or in ch. 231, 233,
12 234, 235, 237, 238, or 279.

13 **SECTION 17.** 16.53 (2) of the statutes is amended to read:

14 16.53 (2) IMPROPER INVOICES. If an agency receives an improperly completed
15 invoice, the agency shall notify the sender of the invoice within 10 working days after
16 it receives the invoice of the reason it is improperly completed. In this subsection,
17 “agency” means an office, department, independent agency, institution of higher
18 education, association, society, or other body in state government created or
19 authorized to be created by the constitution or any law, that is entitled to expend
20 moneys appropriated by law, including the legislature and the courts, but not
21 including an authority created in subch. II of ch. 114 or in ch. 231, 233, 234, 235, 237,
22 238, or 279.

23 **SECTION 18.** 16.54 (9) (a) 1. of the statutes is amended to read:

24 16.54 (9) (a) 1. “Agency” means an office, department, independent agency,
25 institution of higher education, association, society or other body in state

ASSEMBLY BILL 862**SECTION 18**

1 government created or authorized to be created by the constitution or any law, which
2 is entitled to expend moneys appropriated by law, including the legislature and the
3 courts, but not including an authority created in subch. II of ch. 114 or in ch. 231, 233,
4 234, 235, 237, 238, or 279.

5 **SECTION 19.** 16.70 (2) of the statutes is amended to read:

6 16.70 (2) "Authority" means a body created under subch. II of ch. 114 or under
7 ch. 231, 232, 233, 234, 235, 237, or 279.

8 **SECTION 20.** 16.75 (1m) of the statutes is amended to read:

9 16.75 (1m) The department shall award each order or contract for materials,
10 supplies or equipment on the basis of life cycle cost estimates, whenever such action
11 is appropriate. Each authority other than the University of Wisconsin Hospitals and
12 Clinics Authority, the Lower Fox River Remediation Authority, and the Wisconsin
13 Aerospace Authority, and the Wisconsin Renewable Energy Development Authority
14 shall award each order or contract for materials, supplies or equipment on the basis
15 of life cycle cost estimates, whenever such action is appropriate. The terms,
16 conditions and evaluation criteria to be applied shall be incorporated in the
17 solicitation of bids or proposals. The life cycle cost formula may include, but is not
18 limited to, the applicable costs of energy efficiency, acquisition and conversion,
19 money, transportation, warehousing and distribution, training, operation and
20 maintenance and disposition or resale. The department shall prepare documents
21 containing technical guidance for the development and use of life cycle cost
22 estimates, and shall make the documents available to local governmental units.

23 **SECTION 21.** 16.765 (1) of the statutes is amended to read:

24 16.765 (1) Contracting agencies, the University of Wisconsin Hospitals and
25 Clinics Authority, the Fox River Navigational System Authority, the Wisconsin

ASSEMBLY BILL 862

1 Aerospace Authority, the Wisconsin Renewable Energy Development Authority, the
2 Lower Fox River Remediation Authority, the Wisconsin Economic Development
3 Corporation, and the Bradley Center Sports and Entertainment Corporation shall
4 include in all contracts executed by them a provision obligating the contractor not
5 to discriminate against any employee or applicant for employment because of age,
6 race, religion, color, handicap, sex, physical condition, developmental disability as
7 defined in s. 51.01 (5), sexual orientation as defined in s. 111.32 (13m), or national
8 origin and, except with respect to sexual orientation, obligating the contractor to take
9 affirmative action to ensure equal employment opportunities.

10 **SECTION 22.** 16.765 (2) of the statutes is amended to read:

11 16.765 (2) Contracting agencies, the University of Wisconsin Hospitals and
12 Clinics Authority, the Fox River Navigational System Authority, the Wisconsin
13 Aerospace Authority, the Wisconsin Renewable Energy Development Authority, the
14 Lower Fox River Remediation Authority, the Wisconsin Economic Development
15 Corporation, and the Bradley Center Sports and Entertainment Corporation shall
16 include the following provision in every contract executed by them: "In connection
17 with the performance of work under this contract, the contractor agrees not to
18 discriminate against any employee or applicant for employment because of age, race,
19 religion, color, handicap, sex, physical condition, developmental disability as defined
20 in s. 51.01 (5), sexual orientation or national origin. This provision shall include, but
21 not be limited to, the following: employment, upgrading, demotion or transfer;
22 recruitment or recruitment advertising; layoff or termination; rates of pay or other
23 forms of compensation; and selection for training, including apprenticeship. Except
24 with respect to sexual orientation, the contractor further agrees to take affirmative
25 action to ensure equal employment opportunities. The contractor agrees to post in

ASSEMBLY BILL 862**SECTION 22**

1 conspicuous places, available for employees and applicants for employment, notices
2 to be provided by the contracting officer setting forth the provisions of the
3 nondiscrimination clause”.

4 **SECTION 23.** 16.765 (5) of the statutes is amended to read:

5 16.765 (5) The head of each contracting agency and the boards of directors of
6 the University of Wisconsin Hospitals and Clinics Authority, the Fox River
7 Navigational System Authority, the Wisconsin Aerospace Authority, the Wisconsin
8 Renewable Energy Development Authority, the Lower Fox River Remediation
9 Authority, the Wisconsin Economic Development Corporation, and the Bradley
10 Center Sports and Entertainment Corporation shall be primarily responsible for
11 obtaining compliance by any contractor with the nondiscrimination and affirmative
12 action provisions prescribed by this section, according to procedures recommended
13 by the department. The department shall make recommendations to the contracting
14 agencies and the boards of directors of the University of Wisconsin Hospitals and
15 Clinics Authority, the Fox River Navigational System Authority, the Wisconsin
16 Aerospace Authority, the Wisconsin Renewable Energy Development Authority, the
17 Lower Fox River Remediation Authority, the Wisconsin Economic Development
18 Corporation, and the Bradley Center Sports and Entertainment Corporation for
19 improving and making more effective the nondiscrimination and affirmative action
20 provisions of contracts. The department shall promulgate such rules as may be
21 necessary for the performance of its functions under this section.

22 **SECTION 24.** 16.765 (6) of the statutes is amended to read:

23 16.765 (6) The department may receive complaints of alleged violations of the
24 nondiscrimination provisions of such contracts. The department shall investigate
25 and determine whether a violation of this section has occurred. The department may

ASSEMBLY BILL 862

1 delegate this authority to the contracting agency, the University of Wisconsin
2 Hospitals and Clinics Authority, the Fox River Navigational System Authority, the
3 Wisconsin Aerospace Authority, the Wisconsin Renewable Energy Development
4 Authority, the Lower Fox River Remediation Authority, the Wisconsin Economic
5 Development Corporation, or the Bradley Center Sports and Entertainment
6 Corporation for processing in accordance with the department's procedures.

7 **SECTION 25.** 16.765 (7) (intro.) of the statutes is amended to read:

8 16.765 (7) (intro.) When a violation of this section has been determined by the
9 department, the contracting agency, the University of Wisconsin Hospitals and
10 Clinics Authority, the Fox River Navigational System Authority, the Wisconsin
11 Aerospace Authority, the Wisconsin Renewable Energy Development Authority, the
12 Lower Fox River Remediation Authority, the Wisconsin Economic Development
13 Corporation, or the Bradley Center Sports and Entertainment Corporation, the
14 contracting agency, the University of Wisconsin Hospitals and Clinics Authority, the
15 Fox River Navigational System Authority, the Wisconsin Aerospace Authority, the
16 Wisconsin Renewable Energy Development Authority, the Lower Fox River
17 Remediation Authority, the Wisconsin Economic Development Corporation, or the
18 Bradley Center Sports and Entertainment Corporation shall:

19 **SECTION 26.** 16.765 (7) (d) of the statutes is amended to read:

20 16.765 (7) (d) Direct the violating party to take immediate steps to prevent
21 further violations of this section and to report its corrective action to the contracting
22 agency, the University of Wisconsin Hospitals and Clinics Authority, the Fox River
23 Navigational System Authority, the Wisconsin Aerospace Authority, the Wisconsin
24 Renewable Energy Development Authority, the Lower Fox River Remediation

ASSEMBLY BILL 862**SECTION 26**

1 Authority, the Wisconsin Economic Development Corporation, or the Bradley Center
2 Sports and Entertainment Corporation.

3 **SECTION 27.** 16.765 (8) of the statutes is amended to read:

4 16.765 (8) If further violations of this section are committed during the term
5 of the contract, the contracting agency, the Fox River Navigational System Authority,
6 the Wisconsin Aerospace Authority, the Wisconsin Renewable Energy Development
7 Authority, the Lower Fox River Remediation Authority, the Wisconsin Economic
8 Development Corporation, or the Bradley Center Sports and Entertainment
9 Corporation may permit the violating party to complete the contract, after complying
10 with this section, but thereafter the contracting agency, the Fox River Navigational
11 System Authority, the Wisconsin Aerospace Authority, the Wisconsin Renewable
12 Energy Development Authority, the Lower Fox River Remediation Authority, the
13 Wisconsin Economic Development Corporation, or the Bradley Center Sports and
14 Entertainment Corporation shall request the department to place the name of the
15 party on the ineligible list for state contracts, or the contracting agency, the Fox River
16 Navigational System Authority, the Wisconsin Aerospace Authority, the Wisconsin
17 Renewable Energy Development Authority, the Lower Fox River Remediation
18 Authority, the Wisconsin Economic Development Corporation, or the Bradley Center
19 Sports and Entertainment Corporation may terminate the contract without liability
20 for the uncompleted portion or any materials or services purchased or paid for by the
21 contracting party for use in completing the contract.

22 **SECTION 28.** 16.838 (1) (b) of the statutes is amended to read:

23 16.838 (1) (b) "Authority" means a body created under subch. II of ch. 114 or
24 ch. 231, 232, 233, 234, 235, or 237.

25 **SECTION 29.** 16.85 (2) of the statutes is amended to read:

ASSEMBLY BILL 862

1 16.85 (2) To furnish engineering, architectural, project management, and other
2 building construction services whenever requisitions therefor are presented to the
3 department by any agency. The department may deposit moneys received from the
4 provision of these services in the account under s. 20.505 (1) (kc) or in the general
5 fund as general purpose revenue — earned. In this subsection, “agency” means an
6 office, department, independent agency, institution of higher education, association,
7 society, or other body in state government created or authorized to be created by the
8 constitution or any law, which is entitled to expend moneys appropriated by law,
9 including the legislature and the courts, but not including an authority created in
10 subch. II of ch. 114 or in ch. 231, 233, 234, 235, 237, 238, or 279.

11 **SECTION 30.** 16.865 (8) of the statutes is amended to read:

12 16.865 (8) Annually in each fiscal year, allocate as a charge to each agency a
13 proportionate share of the estimated costs attributable to programs administered by
14 the agency to be paid from the appropriation under s. 20.505 (2) (k). The department
15 may charge premiums to agencies to finance costs under this subsection and pay the
16 costs from the appropriation on an actual basis. The department shall deposit all
17 collections under this subsection in the appropriation account under s. 20.505 (2) (k).
18 Costs assessed under this subsection may include judgments, investigative and
19 adjustment fees, data processing and staff support costs, program administration
20 costs, litigation costs, and the cost of insurance contracts under sub. (5). In this
21 subsection, “agency” means an office, department, independent agency, institution
22 of higher education, association, society, or other body in state government created
23 or authorized to be created by the constitution or any law, that is entitled to expend
24 moneys appropriated by law, including the legislature and the courts, but not

ASSEMBLY BILL 862**SECTION 30**

1 including an authority created in subch. II of ch. 114 or in ch. 231, 232, 233, 234, 235,
2 237, 238, or 279.

3 **SECTION 31.** 19.42 (10) (qm) of the statutes is created to read:

4 19.42 (10) (qm) The executive director and members of the board of directors
5 of the Wisconsin Renewable Energy Development Authority.

6 **SECTION 32.** 20.005 (3) (schedule) of the statutes: at the appropriate place,
7 insert the following amounts for the purposes indicated:

2017-18 2018-19

8 **20.498 Wisconsin Renewable Energy**

9 **Development Authority**

10 (1) AUTHORITY OPERATIONS

11 (a) General program operations GPR C 1,400,000 -0-

12 **SECTION 33.** 20.498 of the statutes is created to read:

13 **20.498 Wisconsin Renewable Energy Development Authority.** There is
14 appropriated to the Wisconsin Renewable Energy Development Authority for the
15 following program:

16 (1) AUTHORITY OPERATIONS. (a) *General program operations.* As a continuing
17 appropriation, the amounts in the schedule for purposes of ch. 235.

18 **SECTION 34.** 23.175 (1) (b) of the statutes is amended to read:

19 23.175 (1) (b) "State agency" means any office, department, agency, institution
20 of higher education, association, society or other body in state government created
21 or authorized to be created by the constitution or any law which is entitled to expend
22 moneys appropriated by law, including any authority created under subch. II of ch.
23 114 or ch. 231, 233, 234, 235, or 237 but not including the legislature or the courts.

ASSEMBLY BILL 862

1 **SECTION 35.** 25.17 (3) (b) 14. of the statutes is created to read:

2 25.17 (3) (b) 14. Bonds issued by the Wisconsin Renewable Energy
3 Development Authority.

4 **SECTION 36.** 40.02 (54) (k) of the statutes is created to read:

5 40.02 (54) (k) The Wisconsin Renewable Energy Development Authority.

6 **SECTION 37.** 66.0603 (1m) (a) 3v. of the statutes is created to read:

7 66.0603 (1m) (a) 3v. Bonds issued by the Wisconsin Renewable Energy
8 Development Authority.

9 **SECTION 38.** 70.11 (38o) of the statutes is created to read:

10 70.11 (38o) WISCONSIN RENEWABLE ENERGY DEVELOPMENT AUTHORITY.
11 Notwithstanding the provisions of s. 70.11 (intro.) that relate to leased property or
12 that impose other limitations, all property owned or leased by the Wisconsin
13 Renewable Energy Development Authority, provided that use of the property is
14 primarily related to the purposes of the authority.

15 **SECTION 39.** 71.05 (1) (c) 7m. of the statutes is created to read:

16 71.05 (1) (c) 7m. The Wisconsin Renewable Energy Development Authority.

17 **SECTION 40.** 71.26 (1) (be) of the statutes is amended to read:

18 71.26 (1) (be) *Certain authorities.* Income of the University of Wisconsin
19 Hospitals and Clinics Authority, of the Fox River Navigational System Authority, of
20 the Wisconsin Economic Development Corporation, and of the Wisconsin Aerospace
21 Authority, and of the Wisconsin Renewable Energy Development Authority.

22 **SECTION 41.** 71.26 (1m) (o) of the statutes is created to read:

23 71.26 (1m) (o) Those issued under s. 235.06.

24 **SECTION 42.** 71.45 (1t) (n) of the statutes is created to read:

25 71.45 (1t) (n) Those issued under s. 235.06.

ASSEMBLY BILL 862**SECTION 43**

1 **SECTION 43.** 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 Aerospace Authority, the Wisconsin
4 Renewable Energy Development Authority, the Wisconsin Economic Development
5 Corporation, and the Fox River Navigational System Authority.

6 **SECTION 44.** 100.45 (1) (dm) of the statutes is amended to read:

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

17 **SECTION 45.** 106.16 (2) of the statutes is amended to read:

18 106.16 **(2)** Any company that receives a loan or grant from a state agency or
19 an authority under ch. 231 ~~or~~, 234, or 235 shall notify the department and the local
20 workforce development board established under 29 USC 2832, of any position in the
21 company that is related to the project for which the grant or loan is received to be
22 filled in this state within one year after receipt of the loan or grant. The company
23 shall provide this notice at least 2 weeks prior to advertising the position.

24 **SECTION 46.** 106.16 (3) of the statutes is amended to read:

ASSEMBLY BILL 862**SECTION 49**

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

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

7 (5) “Eligible business” means a commercial entity that does any of the
8 following:

9 (a) Produces energy, fuels, chemicals, or products primarily from renewable
10 resources or agricultural, forestry, plant, or other biological materials.

11 (b) Provides services related to reducing energy consumption or improving
12 energy efficiency.

13 (6) “Eligible project” means a project of a commercial entity to construct any
14 new plant, equipment, property, or facilities, or extend, improve, or add to any
15 existing plant, equipment, property, or facilities, for the purpose of reducing energy
16 consumption or improving energy efficiency of the commercial entity.

17 (7) “Lender” does not include a seller under a land contract.

18 (8) “Renewable resource” has the meaning given in s. 196.378 (1) (h).

19 **235.02 Creation and organization.** (1) (a) There is created a public body
20 politic and corporate to be known as the “Wisconsin Renewable Energy Development
21 Authority.” The board of the authority shall consist of the following members:

22 1. Four persons representing eligible businesses.

23 2. One commercial lender.

24 3. The secretary of natural resources or his or her designee.

ASSEMBLY BILL 862

1 4. The secretary of agriculture, trade and consumer protection or his or her
2 designee.

3 5. The chief executive officer of the Wisconsin Economic Development
4 Corporation or his or her designee.

5 6. The chairperson of the public service commission or his or her designee.

6 7. The dean of the College of Agricultural and Life Sciences of the University
7 of Wisconsin-Madison or his or her designee.

8 8. The director of the Wisconsin Alumni Research Foundation or his or her
9 designee.

10 (b) The members under par. (a) 1. and 2. shall be nominated by the governor,
11 and with the advice and consent of the senate appointed, for 4-year terms. Except
12 for the initial members under par. (a) 1. and 2., before nominating the members
13 under par. (a) 1. and 2., the governor shall obtain and consider the board's
14 recommendations for nominees.

15 (c) Members of the board shall be residents of this state.

16 (d) The terms of the members appointed under par. (a) 1. and 2. expire on July
17 1. Each member's appointment remains in effect until a successor is appointed.

18 **(2)** The board shall appoint an executive director who may not be a member of
19 the board and who shall serve at the pleasure of the board. The board shall determine
20 the compensation of the executive director, except that the compensation of the
21 executive director may not exceed the maximum of the salary range established
22 under s. 20.923 (1) for positions assigned to executive salary group 4 and the
23 compensation of each other employee of the authority may not exceed the maximum
24 of the salary range established under s. 20.923 (1) for positions assigned to executive
25 salary group 3. The executive director or another person designated by resolution

ASSEMBLY BILL 862**SECTION 49**

1 of the board shall keep a record of the proceedings of the authority and shall be
2 custodian of all books, documents, and papers filed with the authority, the minute
3 book or journal of the authority, and its official seal. The executive director, or other
4 person, may cause copies to be made of all minutes and other records and documents
5 of the authority and may give certificates under the official seal of the authority to
6 the effect that the copies are true copies, and all persons dealing with the authority
7 may rely upon the certificates.

8 (3) Six members of the board constitute a quorum. The affirmative vote of a
9 majority of all of the members of the board is necessary for any action taken by the
10 authority. A vacancy in the membership of the board does not impair the right of a
11 quorum to exercise all of the rights and perform all of the duties of the authority. All
12 meetings of the board are subject to subch. V of ch. 19. Resolutions of the authority
13 need not be published or posted. The board may delegate by resolution to one or more
14 of its members or the executive director the powers and duties that it considers
15 proper.

16 (4) The members of the board shall receive no compensation for the
17 performance of their duties as members, but each member shall be reimbursed for
18 the member's actual and necessary expenses while engaged in the performance of the
19 member's duties.

20 (5) No cause of action of any nature may arise against and no civil liability may
21 be imposed upon a member of the board for any act or omission in the performance
22 of his or her powers and duties under this chapter, unless the person asserting
23 liability proves that the act or omission constitutes willful misconduct.

ASSEMBLY BILL 862

1 **235.03 Powers of authority.** The authority has all of the powers necessary
2 or convenient to carry out the purposes and provisions of this chapter. In addition
3 to all other powers granted by this chapter, the authority may do any of the following:

4 (1) Adopt bylaws, policies, and procedures for the regulation of its affairs and
5 the conduct of its business.

6 (2) Sue and be sued.

7 (3) Hire employees, define their duties, and fix their rate of compensation,
8 subject to s. 235.02 (2).

9 (4) Have a seal and alter the seal at pleasure, have perpetual existence, and
10 maintain an office.

11 (5) Appoint any technical or professional advisory committee that the
12 authority finds necessary to assist the authority in exercising its duties and powers,
13 define the duties of any committee, and provide reimbursement for the expenses of
14 any committee.

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

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

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

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

21 **235.04 Political activities.** (1) No employee of the authority may directly or
22 indirectly solicit or receive subscriptions or contributions for any partisan political
23 party or any political purpose while engaged in his or her official duties as an
24 employee. No employee of the authority may engage in any form of political activity
25 calculated to favor or improve the chances of any political party or any person seeking

ASSEMBLY BILL 862**SECTION 49**

1 or attempting to hold partisan political office while engaged in his or her official
2 duties as an employee or engage in any political activity while not engaged in his or
3 her official duties as an employee to such an extent that the person's efficiency during
4 working hours will be impaired or that he or she will be tardy or absent from work.
5 Any violation of this subsection is adequate grounds for dismissal.

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

10 (3) An employee of the authority may be granted, by the executive director, a
11 leave of absence to participate in partisan political campaigning.

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

15 **235.05 Cooperation.** To enhance the efficiency and effectiveness of the
16 authority, the authority shall use staff and other resources of state agencies,
17 including the University of Wisconsin System, and state agencies shall, to the extent
18 possible given their staff and other resources, provide assistance to the authority.

19 **235.06 Issuance of bonds.** (1) The authority may issue bonds for any
20 corporate purpose. All bonds are negotiable for all purposes, notwithstanding their
21 payment from a limited source.

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

24 (3) The authority may not issue bonds unless the issuance is first authorized
25 by a bond resolution. Bonds shall bear the dates, mature at the times not exceeding

ASSEMBLY BILL 862

1 30 years from their dates of issue, bear interest at the rates, be payable at the times,
2 be in the denominations, be in the form, carry the registration and conversion
3 privileges, be executed in the manner, be payable in lawful money of the United
4 States at the places, and be subject to the terms of redemption, that the bond
5 resolution provides. The bonds shall be executed by the manual or facsimile
6 signatures of the officers of the authority designated by the board. The bonds may
7 be sold at public or private sale at the price, in the manner, and at the time
8 determined by the board. Pending preparation of definitive bonds, the authority may
9 issue interim receipts or certificates that the authority shall exchange for the
10 definitive bonds.

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

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

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

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

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

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

ASSEMBLY BILL 862**SECTION 49**

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

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

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

8 (5) Neither the members of the board nor any person executing the bonds is
9 liable personally on the bonds or subject to any personal liability or accountability
10 by reason of the issuance of the bonds, unless the personal liability or accountability
11 is the result of willful misconduct.

12 **235.07 Bond security.** The authority may secure any bonds issued under this
13 chapter by a trust agreement, trust indenture, indenture of mortgage, or deed of
14 trust by and between the authority and one or more corporate trustees. The bond
15 resolution providing for the issuance of bonds so secured shall pledge some or all of
16 the revenues to be received by the authority, and may contain provisions for
17 protecting and enforcing the rights and remedies of the bondholders that are
18 reasonable and proper and not in violation of law. A bond resolution may contain any
19 other provisions that are determined by the board to be reasonable and proper for
20 the security of the bondholders.

21 **235.08 Bonds not public debt.** (1) The state is not liable on bonds of the
22 authority, and the bonds are not a debt of the state. Each bond of the authority shall
23 contain a statement to this effect on the face of the bond. The issuance of bonds under
24 this chapter does not, directly, indirectly, or contingently, obligate the state or any
25 political subdivision of the state to levy any tax or to make any appropriation for

ASSEMBLY BILL 862

1 payment of the bonds. Nothing in this section prevents the authority from pledging
2 its full faith and credit to the payment of bonds issued under this chapter.

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

13 **235.09 State pledge.** The state pledges to and agrees with the holders of
14 bonds, and persons that enter into contracts with the authority under this chapter,
15 that the state will not limit or alter the rights vested in the authority by this chapter
16 before the authority has fully met and discharged the bonds, and any interest due
17 on the bonds, and has fully performed its contracts, unless adequate provision is
18 made by law for the protection of the bondholders or those entering into contracts
19 with the authority.

20 **235.10 Refunding bonds.** (1) The authority may issue bonds to fund or
21 refund any outstanding bond, including the payment of any redemption premium on
22 the outstanding bond and any interest accrued or to accrue to the earliest or any
23 subsequent date of redemption, purchase, or maturity.

24 (2) The authority may apply the proceeds of any bond issued to fund or refund
25 any outstanding bond to purchase, retire at maturity, or redeem any outstanding

ASSEMBLY BILL 862**SECTION 49**

1 bond. The authority may, pending application, place the proceeds in escrow to be
2 applied to the purchase, retirement at maturity, or redemption of any outstanding
3 bond at any time.

4 **235.11 Limit on amount of outstanding bonds.** The authority may not
5 have outstanding at any one time bonds in an aggregate principal amount exceeding
6 \$500,000,000, excluding bonds issued to refund outstanding bonds.

7 **235.12 Annual reports. (1)** The authority shall keep an accurate account of
8 all of its activities and of all of its receipts and expenditures, and shall annually in
9 January make a report of its activities, receipts, and expenditures to the governor
10 and the chief clerk of each house of the legislature, for distribution to the legislature
11 under s. 13.172 (2). The reports shall estimate the number of jobs created or
12 maintained as a result of the authority's activities, as well as the fiscal impacts and
13 savings resulting from those activities. The reporting of receipts and expenditures
14 shall be in a form approved by the state auditor. The state auditor may investigate
15 the affairs of the authority, may examine the properties and records of the authority,
16 and may prescribe methods of accounting and the rendering of periodical reports in
17 relation to activities undertaken by the authority.

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

24 **235.13 Confidentiality of certain records.** The authority shall maintain
25 the confidentiality of records or portions of records consisting of personal or financial

ASSEMBLY BILL 862

1 information provided by a person seeking a loan, loan guarantee, or other financial
2 assistance from the authority.

3 **235.14 Participation in loans. (1) DEFINITION.** In this section, “eligible
4 borrower” means a person to which all of the following apply:

5 (a) The person is an individual who resides in this state or a partnership or
6 corporation that operates in this state.

7 (b) The person demonstrates a need for a loan for one of the following:

8 1. The capital, operating expenses, or both of an eligible business.

9 2. Any expenses of an eligible project.

10 (c) The person demonstrates an ability to repay the loan described in par. (b).

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

19 (e) The person satisfies any other requirements prescribed by the authority.

20 **(2) PARTICIPATION AGREEMENT WITH LENDER.** A lender seeking to make a loan in
21 which the authority may participate under this section shall apply to the authority
22 for approval. If the lender is approved, the lender and the authority shall enter into
23 a participation agreement that shall provide for the contractual obligations of the
24 lender and the authority with respect to any loan transaction in which the authority

ASSEMBLY BILL 862**SECTION 49**

1 participates, the terms and conditions of loans in which the authority participates,
2 and other matters related to the lender's involvement in loans under this section.

3 **(3) PARTICIPATION IN LOANS.** (a) *In general.* The authority may participate, to
4 the extent provided in this subsection, in a loan to an eligible borrower made by a
5 lender with whom the authority enters into a participation agreement under sub. (2).
6 The authority may impose repayment or other terms for its portion of the loan that
7 are different from the lender's loan terms. The authority shall ensure that it obtains
8 a security interest for the loan.

9 (b) *Loans.* The authority may participate in a loan under par. (a) if all of the
10 following apply:

11 1. The collateral for the loan includes physical plant, equipment, machinery,
12 or other assets.

13 2. The loan does not exceed 80 percent of the appraised value of the collateral
14 for the loan.

15 3. The term of the loan does not exceed 10 years or, for the acquisition of land
16 or facilities, does not exceed 20 years.

17 (c) *Maximum amount.* The authority may not finance more than 50 percent or
18 \$25,000,000 whichever is less, of the principal of any loan under par. (a).

19 **(4) FEES.** The authority shall charge a fee for assistance provided under this
20 section to cover the costs of administering this section, including legal fees.

21 **(5) GUIDELINES AND PROCEDURES.** The authority shall adopt guidelines and
22 establish procedures for administering this section, including guidelines or
23 procedures related to all of the following:

24 (a) Application procedures for eligible borrowers and for lenders seeking to
25 make loans in which the authority participates under this section.

ASSEMBLY BILL 862

1 (b) Approval requirements for lenders and additional eligibility requirements
2 for eligible borrowers.

3 (c) The terms of participation agreements under sub. (2).

4 (d) Repayment and security interest requirements.

5 (e) Procedural requirements for the authority's participation in loans.

6 (f) Auditing, inspection, and reporting requirements.

7 (g) Any other relevant matters.

8 **235.15 Loan guarantees. (1) DEFINITIONS.** In this section:

9 (a) "Guaranteed loan" means a loan that is guaranteed by the authority under
10 this section.

11 (b) "Participating lender" means a lender that has entered into a guarantee
12 agreement with the authority under s. 235.16 (2) (a).

13 **(2) ELIGIBLE LOANS.** If the authority establishes a loan guarantee program
14 under s. 235.16 (2) (a) with a participating lender, the authority may guarantee
15 collection from the Wisconsin clean and renewable energy reserve fund for a loan to
16 a borrower under the program if all of the following apply:

17 (a) The loan is for financing one of the following:

18 1. The capital, operating expenses, or both of an eligible business.

19 2. Any expenses of an eligible project.

20 (b) The total outstanding principal amounts of all loans to the borrower that
21 are guaranteed under this section do not exceed an amount set annually by the
22 authority that may not exceed \$25,000,000.

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

ASSEMBLY BILL 862**SECTION 49**

1 (d) The participating lender obtains a security interest in physical plant,
2 equipment, machinery, or other assets.

3 (e) Unless waived by the authority, the borrower procures a business insurance
4 policy that is approved by the authority and the proceeds of that policy are payable
5 to the participating lender.

6 (f) Unless extended by the authority, the loan term does not extend beyond 10
7 years after the date that the participating lender disburses the loan or, if the loan is
8 for the acquisition of land or facilities, the loan term does not extend beyond 20 years
9 after the date that the participating lender disburses the loan.

10 (g) The proceeds of the loan are not applied to the outstanding balance of any
11 other loan, except that, subject to sub. (4), the proceeds may be used to refinance a
12 loan under this section.

13 (h) If the loan is for an eligible business, the loan results in a new eligible
14 business, an expansion of an eligible business, or a new process, product, or service
15 by an eligible business.

16 (i) If the loan is for an eligible project of a commercial entity, the loan results
17 in the creation or expansion of business for the commercial entity.

18 (j) The borrower does not meet the participating lender's minimum standards
19 of creditworthiness to receive the loan in the normal course of the participating
20 lender's business.

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

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

ASSEMBLY BILL 862

1 (m) If the eligible business that is financed by the loan is owned by an
2 individual, or if the eligible project that is financed by the loan is for a plant,
3 equipment, property, or facilities owned by an individual, the individual's name does
4 not appear, and if the person is a corporation, no shareholder's name appears, and,
5 if the person is a partnership, no partner's name appears, on the statewide support
6 lien docket under s. 49.854 (2) (b) or, if the name of the individual, a shareholder, or
7 a partner appears on that docket, the individual, shareholder, or partner provides to
8 the authority a payment agreement that has been approved by the county child
9 support agency under s. 59.53 (5) and that is consistent with rules promulgated
10 under s. 49.858 (2) (a).

11 (3) EXTENSION. A participating lender may extend the term of a guaranteed
12 loan until no later than June 30 of the calendar year following the calendar year in
13 which the participating lender granted the loan.

14 (4) REFINANCING. (a) Except as provided in par. (b), proceeds of a guaranteed
15 loan may be used to refinance a guaranteed loan no more than one time.

16 (b) The proceeds of a guaranteed loan may be used to refinance a guaranteed
17 loan that has been refinanced one time if at least 60 percent of the principal amount
18 of the refinanced guaranteed loan has been repaid.

19 (5) GUARANTEE. The authority may guarantee repayment of no more than 90
20 percent of the principal of a guaranteed loan. The authority shall establish the
21 percentage of the unpaid principal of a guaranteed loan that will be guaranteed,
22 using the procedures described in the guarantee agreement under s. 235.16 (2) (a).
23 The authority may establish a single percentage for all guaranteed loans or establish
24 different percentages for guaranteed loans on an individual basis.

ASSEMBLY BILL 862**SECTION 49**

1 **(6) ORIGINATION FEES.** The authority shall charge a guarantee origination fee
2 on every guaranteed loan. The amount of the fee shall be a percentage, determined
3 by the authority, of each loan's guaranteed principal. The participating lender shall
4 collect the fee and remit it to the authority. The authority shall deposit all fees
5 received under this subsection in the Wisconsin clean and renewable energy reserve
6 fund to be used to guarantee loans under this section.

7 **235.16 Wisconsin clean and renewable energy reserve fund. (1)**
8 **ESTABLISHMENT OF FUND.** There is established under the jurisdiction and control of
9 the authority, for the purpose of providing funds for guaranteeing loans under
10 programs established under sub. (2) (a), a Wisconsin clean and renewable energy
11 reserve fund, consisting of all of the following:

12 (a) From the appropriation under s. 20.498 (1) (a), any amount the authority
13 determines to deposit into the fund.

14 (b) Any income from investment of moneys in the fund by the authority.

15 (c) Fees collected under s. 235.15 (6).

16 (d) Moneys received by the authority for the fund from any source other than
17 those specified in pars. (a) to (c).

18 **(2) LOAN PROGRAMS.** (a) The authority may enter into a guarantee agreement
19 with a lender to establish a loan program guaranteed by the Wisconsin clean and
20 renewable energy reserve fund. The authority may determine all of the following:

21 1. The form of such an agreement.

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

24 3. Any procedures required to carry out such an agreement, including default
25 procedures and procedures for determining the guaranteed percentage of each loan.

ASSEMBLY BILL 862

1 (b) The authority may not use any moneys other than those in the Wisconsin
2 clean and renewable energy reserve fund for programs established under par. (a).

3 (c) The authority may establish an eligibility criteria review panel, consisting
4 of experts in finance and in the subject area of a program established under par. (a),
5 to advise the authority about lending requirements and issues related to a program
6 or programs established under par. (a).

7 **(3) LOAN GUARANTEES; INCREASES OR DECREASES.** (a) Except as provided in par.
8 (b), the total principal amount or total outstanding guaranteed principal amount of
9 all loans that the authority may guarantee under all of the programs established
10 under sub. (2) (a) may not exceed \$25,000,000.

11 (b) The authority may request the joint committee on finance to take action
12 under s. 13.10 to permit the authority to increase or decrease the total principal
13 amount or total outstanding guaranteed principal amount of loans that the authority
14 may guarantee under all of the programs established under sub. (2) (a), and the joint
15 committee on finance may take that action. Included with its request, the authority
16 shall provide a projection, for the next June 30, that compares the amounts required
17 on that date to pay outstanding claims and to fund guarantees under all of the
18 programs established under sub. (2) (a), and the balance remaining in the Wisconsin
19 clean and renewable energy reserve fund on that date after deducting those
20 amounts, if the increase or decrease is approved, with those amounts and the balance
21 remaining, if the increase or decrease is not approved.

22 **(4) BALANCE TRANSFER.** (a) Annually on June 30, until no balance remains, the
23 authority shall transfer to the general fund any balance remaining in the Wisconsin
24 clean and renewable energy reserve fund on that date, after deducting an amount
25 sufficient for all of the following:

ASSEMBLY BILL 862**SECTION 49**

1 1. To pay all outstanding claims under the programs established under sub. (2)

2 (a).

3 2. To fund guarantees under all of the programs established under sub. (2) (a)
4 at a ratio of \$1 of reserve funding to \$4.50 of total outstanding principal and
5 outstanding guaranteed principal that the authority may guarantee under all of the
6 programs.

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

10 1. The amounts on that date that are required to pay outstanding claims and
11 to fund guarantees under the programs established under sub. (2) (a).

12 2. An explanation of how the amounts under subd. 1. were determined.

13 3. The amount of the balance, if any, that remains in the Wisconsin clean and
14 renewable energy reserve fund after deducting the amounts under subd. 1. and the
15 amount that will be transferred to the general fund under par. (a).

16 4. A projection of what the amount under subds. 1. and 3. will be on June 30
17 in each of the next 2 years.

18 **(5) LIMITATION ON LOAN GUARANTEES.** The authority shall regularly monitor the
19 cash balance in the Wisconsin clean and renewable energy reserve fund. The
20 authority shall ensure that the cash balance in the fund is sufficient for the purposes
21 specified in sub. (4) (a) 1. and 2.

22 **(6) ANNUAL REPORT.** On or before November 1 annually, the authority shall
23 submit to the chief clerk of each house of the legislature for distribution under s.
24 13.172 (2) and to the joint committee on finance a report on the number and total
25 dollar amount of guaranteed loans under the programs established under sub. (2) (a),

ASSEMBLY BILL 862

1 the default rate on the loans, and any other information on the programs that the
2 authority determines is significant.

3 (7) MORAL OBLIGATION. Recognizing its moral obligation, the legislature
4 expresses its expectation that, if called upon to do so, it will make an appropriation
5 to meet all demands for funds guaranteed by the Wisconsin clean and renewable
6 energy reserve fund.

7 **235.17 Grant program.** The authority may make grants for eligible projects
8 or grants to eligible businesses or to persons engaged in the commercialization of
9 biological fuel, biological power, or biological products. The authority shall adopt
10 guidelines for making grants under this section. The guidelines shall provide for a
11 committee to make determinations regarding grant recipients and amounts. The
12 committee shall consist of the secretary of agriculture, trade and consumer
13 protection, the secretary of natural resources, and the chief executive officer of the
14 Wisconsin Economic Development Corporation. The guidelines may also allow the
15 committee to make grants on behalf of the authority.

16 **235.18 Additional powers.** The authority may implement any of the
17 following programs for the purpose of promoting eligible businesses or eligible
18 projects in this state:

19 (1) A revolving loan fund program pursuant to which the authority makes
20 loans to finance eligible businesses or eligible projects.

21 (2) An equity financing program to facilitate equity investments in renewable
22 energy generation businesses owned and controlled by agricultural producers.

23 (3) A conservation trading program pursuant to which the authority acts as an
24 intermediary in the aggregation and trading of environmental credits related to
25 clean and renewable energy production.

ASSEMBLY BILL 862**SECTION 49**

1 (4) A program of technical assistance and business services to eligible
2 businesses and community-based projects for reducing energy consumption,
3 improving energy efficiency, or promoting the use of renewable resources.

4 (5) A program for the authority to obtain licenses and royalties on technologies
5 developed with the assistance of the authority.

6 (6) The acceptance of gifts and grants to carry out any of the powers of the
7 authority.

8 **235.19 Repayment to general fund.** The authority shall repay the amounts
9 appropriated under s. 20.498 (1) (a) to the general fund from that portion of the
10 authority's surplus, if any, as is determined pursuant to agreement between the
11 authority and the secretary of administration.

12 **SECTION 50.** 238.10 (1) of the statutes is amended to read:

13 238.10 (1) ALLOCATION. The corporation shall establish under 26 USC 146 and
14 administer a system for the allocation of the volume cap on the issuance of private
15 activity bonds, as defined under 26 USC 141 (a), among all municipalities, as defined
16 in s. 67.01 (5), and any corporation formed on behalf of those municipalities, and
17 among this state, the Wisconsin Health and Educational Facilities Authority, the
18 Wisconsin Aerospace Authority, the Wisconsin Renewable Energy Development
19 Authority, and the Wisconsin Housing and Economic Development Authority.

20 **SECTION 51.** 281.75 (4) (b) 3. of the statutes is amended to read:

21 281.75 (4) (b) 3. An authority created under subch. II of ch. 114 or ch. 231, 233,
22 234, 235, 237, or 238.

23 **SECTION 52.** 285.59 (1) (b) of the statutes is amended to read:

24 285.59 (1) (b) "State agency" means any office, department, agency, institution
25 of higher education, association, society, or other body in state government created

ASSEMBLY BILL 862

1 or authorized to be created by the constitution or any law which is entitled to expend
2 moneys appropriated by law, including the legislature and the courts, the Wisconsin
3 Housing and Economic Development Authority, the Bradley Center Sports and
4 Entertainment Corporation, the University of Wisconsin Hospitals and Clinics
5 Authority, the Fox River Navigational System Authority, the Wisconsin Aerospace
6 Authority, the Wisconsin Renewable Energy Development Authority, the Wisconsin
7 Economic Development Corporation, and the Wisconsin Health and Educational
8 Facilities Authority.

9 **SECTION 53.** 600.01 (1) (b) 8m. of the statutes is created to read:

10 600.01 (1) (b) 8m. Guarantees of the Wisconsin Renewable Energy
11 Development Authority under s. 235.15.

12 **SECTION 54.** 706.11 (1) (c) 2. of the statutes is amended to read:

13 706.11 (1) (c) 2. The Wisconsin Health and Educational Facilities Authority
14 created under ch. 231, the Wisconsin Housing and Economic Development Authority
15 created under ch. 234, the Wisconsin Renewable Energy Development Authority
16 created under ch. 235, or any other authority created by state law.

17 **SECTION 55. Nonstatutory provisions.**

18 (1) TERMS OF INITIAL MEMBERS OF BOARD. Notwithstanding the length of terms
19 specified for the members of the board of directors of the Wisconsin Renewable
20 Energy Development Authority under section 235.02 (1) of the statutes, the initial
21 members of the board shall be appointed for the following terms:

22 (a) One member appointed under section 235.02 (1) (a) 1. of the statutes for a
23 term expiring on July 1, 2021.

24 (b) One member appointed under section 235.02 (1) (a) 1. of the statutes for a
25 term expiring on July 1, 2022.

