

1991 Assembly Bill 205

Date of enactment: **March 19, 1991**

Date of publication\*: **April 2, 1991**

## 1991 WISCONSIN ACT 4

AN ACT *to repeal* 234.90 (7m) (a) 2; *to amend* 20.490 (3) (a) 2, 20.490 (3) (b) 2, 234.90 (2) (b), 234.90 (2) (g), 234.90 (2) (i), 234.90 (3m) (b), 234.90 (4) (a), 234.90 (4) (b) 1, 234.90 (4) (b) 2, 234.90 (6) (am), 234.90 (7m) (a) (intro.), 1 and 3, 234.90 (9), 234.905 (5), 234.905 (6) (a), 234.905 (7m) (a), 234.905 (9) and 234.905 (10); and *to create* 234.90 (3n) and 234.905 (3m) of the statutes, **relating to:** the agricultural production loan guarantee program, the agricultural production drought assistance loan guarantee program and making an appropriation.

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

**SECTION 1.** 20.490 (3) (a) 2. of the statutes is amended to read:

20.490 (3) (a) 2. Subdivision 1 does not apply after December 31, ~~1991~~ 1993.

**SECTION 2.** 20.490 (3) (b) 2. of the statutes is amended to read:

20.490 (3) (b) 2. Subdivision 1 does not apply after December 31, ~~1991~~ 1993.

**SECTION 5.** 234.90 (2) (b) of the statutes is amended to read:

234.90 (2) (b) The total of the outstanding principal amounts amount of all loans extended to the borrower that are guaranteed under this section during a single calendar year does will not exceed \$20,000.

**SECTION 8.** 234.90 (2) (g) of the statutes is amended to read:

234.90 (2) (g) ~~The~~ Unless waived by the authority, the borrower procures an insurance policy which protects the agricultural commodity to be financed with the proceeds of the loan against risk of loss, and the proceeds of which are payable to the participating lender.

**SECTION 11.** 234.90 (2) (i) of the statutes is amended to read:

234.90 (2) (i) The proceeds of the loan may not be applied to the outstanding balance of any other loan,

except that the proceeds may be used to refinance a loan under this section, subject to sub. (3n).

**SECTION 15.** 234.90 (3m) (b) of the statutes is amended to read:

234.90 (3m) (b) If a participating lender determines that a farmer is unable to repay a guaranteed loan described in sub. (3g) because the farmer has not been paid for milk provided to an insolvent or bankrupt dairy plant, the participating lender may extend the loan until no later than June 30, ~~1991~~ 1993.

**SECTION 16.** 234.90 (3n) of the statutes is created to read:

234.90 (3n) REFINANCING. (a) Except as provided in par. (b), proceeds of a guaranteed loan may be used to refinance a guaranteed loan no more than one time.

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

**SECTION 17.** 234.90 (4) (a) of the statutes is amended to read:

234.90 (4) (a) Except as provided in par. (b), the authority shall guarantee repayment of 90% of the principal of any agricultural production loan eligible for guarantee under sub. (2) made to a farmer eligible for a guaranteed loan under sub. (3) or (3g) during the period beginning on January 1, 1991, and ending on December 31, 1992.

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**SECTION 18.** 234.90 (4) (b) 1. of the statutes is amended to read:

234.90 (4) (b) 1. Except as provided in subd. 2, the total outstanding principal amounts amount of all loans made during the period beginning on January 1, 1989, and ending on December 31, 1989, which the authority may guarantee under par. (a) may not exceed \$30,000,000. ~~Except as provided in subd. 2, the total principal amounts of all loans made during the period beginning on January 1, 1990, and ending on December 31, 1990, which the authority may guarantee under par. (a) may not exceed \$30,000,000.~~

**SECTION 19.** 234.90 (4) (b) 2. of the statutes is amended to read:

234.90 (4) (b) 2. The authority may request permission from the secretary of administration to increase the total outstanding principal amounts amount of all loans it may guarantee. The secretary of administration may authorize the increase if the secretary determines that the agricultural production loan fund contains sufficient funds to guarantee loans in the requested total outstanding principal amount. If the secretary authorizes the increase, the secretary shall notify the joint committee on finance in writing. The authority may proceed with the proposed increase if within 14 working days after notification the committee does not schedule a meeting to review the proposed increase. If the committee schedules a meeting to review the proposed increase, the increase may not take effect unless the committee approves it.

**SECTION 22.** 234.90 (6) (am) of the statutes is amended to read:

234.90 (6) (am) Upon default, if there is any deficiency remaining after the participating lender has enforced to the fullest extent possible the security interest taken in the agricultural commodity resulting from use of the loan proceeds and has collected any proceeds payable from the insurance policy, if any, protecting the agricultural commodity resulting from use of the loan proceeds, the participating lender may so notify the authority. The authority may not accept notice of enforcement and deficiency after July 1 of the calendar year following the calendar year in which the participating lender granted the loan, or after 30 days after the termination date of a loan extended under sub. (3m), whichever is later a date determined by the authority.

**SECTION 23.** 234.90 (7m) (a) (intro.), 1 and 3 of the statutes are amended to read:

234.90 (7m) (a) (intro.) No later than June 30, 1991 1993, the authority shall transfer to the general fund any balance remaining in the agricultural production loan fund on that date after deducting an amount ~~equal to the sum~~ sufficient for all of the following:

1. ~~The amount of~~ To pay all claims outstanding on the date of transfer.

3. ~~An amount equal to the moneys in the agricultural production loan fund that are committed to cover~~ To fund

guarantees of small business loans ~~under as provided in~~ s. 234.765 (5), business improvement loans ~~under as provided in~~ s. 234.82 (7) (c), agricultural production drought assistance loans ~~under as provided in~~ s. 234.905 (6) (c) and agricultural development loans ~~under as provided in~~ s. 234.907 (4) (c).

**SECTION 24.** 234.90 (7m) (a) 2. of the statutes is repealed.

**SECTION 26.** 234.90 (9) of the statutes is amended to read:

234.90 (9) PROGRAM TERMINATION. After December 31, 1991 1993, subs. (1) to (8) apply only to outstanding claims unresolved as of that date.

**SECTION 27f.** 234.905 (3m) of the statutes is created to read:

234.905 (3m) EXTENSION. A participating lender may extend the term of a loan until no later than 5 years after the lender granted the loan.

**SECTION 27k.** 234.905 (5) of the statutes is amended to read:

234.905 (5) INTEREST REDUCTION. The authority shall pay, from the moneys in the drought assistance and development loan fund under s. 234.92, to each participating lender an amount equal to 3.5% of the principal amount of any guaranteed loan to reduce interest payments on the guaranteed loan paid by a farmer, except that the authority shall make interest reduction payments for no more than 3 years of the repayment term of any guaranteed loan.

**SECTION 27p.** 234.905 (6) (a) of the statutes is amended to read:

234.905 (6) (a) A participating lender shall determine when a guaranteed loan is in default, except that any guaranteed loan not repaid in full at or before the end of the loan's term is in default unless the term of the loan is extended. Upon default, if there is any deficiency remaining after the participating lender has enforced to the fullest extent possible any security on the guaranteed loan and has followed any procedures required by the authority to secure the guaranteed loan, the participating lender may so notify the authority. The authority may not accept notice of enforcement and deficiency after October 1, 1992 1994.

**SECTION 27s.** 234.905 (7m) (a) of the statutes is amended to read:

234.905 (7m) (a) No later than December 31, 1992 1994, the authority shall transfer to the general fund any balance remaining in the drought assistance and development loan fund on that date, after deducting an amount equal to all claims under this section outstanding on the date of transfer and the amount necessary to fund guarantees of loans under ss. 234.765, 234.82 and 234.907. When the authority makes the transfer under this paragraph, the executive director of the authority shall provide to the secretary of administration a signed statement listing the amount deducted to fund guarantees under ss.

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234.765, 234.82 and 234.907 and explaining how that amount was calculated.

**SECTION 27w.** 234.905 (9) of the statutes is amended to read:

234.905 (9) ANNUAL REPORT. On or before November 1 annually beginning in 1988 and ending in ~~1992~~ 1994, the authority shall submit to the chief clerk of each house of the legislature for distribution under s. 13.172 (2) a report on the number and total dollar amount of guaranteed loans, the default rate on the loans and any

other information on the program under this section which the authority determines is significant. The authority shall submit a final report under this subsection on March 1, ~~1993~~ 1995.

**SECTION 27y.** 234.905 (10) of the statutes is amended to read:

234.905 (10) PROGRAM TERMINATION. After December 31, ~~1992~~ 1994, subs. (1) to (8) apply only to outstanding claims unresolved as of that date.

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