

State of Wisconsin



1995 Assembly Bill 583

Date of enactment: **December 18, 1995**

Date of publication*: **January 3, 1996**

1995 WISCONSIN ACT 116

(Vetoed in Part)

AN ACT to amend 234.265 (2) and 600.01 (1) (b) 8.; and to create 20.143 (4) (hs), 20.143 (4) (kd), 20.490 (6), 234.84 and 234.932 of the statutes; relating to: creating a job training loan guarantee program, creating a Wisconsin job training reserve fund and making an appropriation.

Vetoed
In Part

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

SECTION 1. 20.005 (3) (schedule) of the statutes: at the appropriate place, insert the following amounts for the purposes indicated:

		1995-96	1996-97	
20.143	Development, department of			
(4)	EXECUTIVE AND ADMINISTRATIVE SERVICES			
(hs)	Job training loan guarantee program administration	PR	A	
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Vetoed
In Part

Vetoed In Part **SECTION 1c.** 20.143 (4) (hs) of the statutes is created to read:

20.143 (4) (hs) *Job training loan guarantee program administration.* The amounts in the schedule for administering the job training loan guarantee program under s. 234.84. All moneys received from the Wisconsin housing and economic development authority under s. 234.84 (5) (a) in reimbursement of administrative costs and from premiums, fees or other charges imposed by the department under s. 234.84 (5) (b) shall be credited to this appropriation.

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

20.143 (4) (kd) *Transfer of unappropriated balances.* All moneys transferred from program revenue and program revenue-service appropriation accounts under

1995 Wisconsin Act (this act), section 7 (1) (b), for the purpose of funding the transfer under 1995 Wisconsin Act (this act), section 7 (1) (a).

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

20.490 (6) WISCONSIN JOB TRAINING LOAN GUARANTEES. (a) *Wisconsin job training reserve fund.* A sum sufficient in an amount equal to the amount, not to exceed \$2,000,000, that was encumbered before July 1, 1995, under the appropriation under s. 20.143 (1) (c) and that will lapse to the general fund after July 1, 1995, and before July 1, 1997, because the moneys are unexpended and no longer needed for the purposes for which they were encumbered, to be transferred to the Wisconsin job training reserve fund under s. 234.932.

* Section 991.11, WISCONSIN STATUTES 1993-94: Effective date of acts. "Every act and every portion of an act enacted by the legislature over the governor's partial veto which does not expressly prescribe the time when it takes effect shall take effect on the day after its date of publication as designated" by the secretary of state [the date of publication may not be more than 10 working days after the date of enactment].

(k) *Department of development appropriations transfer to Wisconsin job training reserve fund.* All moneys transferred under 1995 Wisconsin Act (this act), section 7 (1) (a) to be transferred to the Wisconsin job training reserve fund under s. 234.932.

SECTION 3. 234.265 (2) of the statutes is amended to read:

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

SECTION 4. 234.84 of the statutes is created to read:

234.84 Job training loan guarantee program. (1) DEFINITION. In this section, "department" means the department of development.

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

- (a) The borrower is an employer in this state, regardless of the number of employees.
- (b) The loan qualifies as an eligible loan under sub. (3).
- (c) The lender is a financial institution that enters into an agreement under s. 234.932 (3) (a).

(3) **ELIGIBLE LOANS.** A loan is eligible for guarantee of collection from the Wisconsin job training reserve fund under s. 234.932 if all of the following apply:

- (a) The borrower certifies that it will use the loan proceeds for expenses related to employe training or retraining or for purchasing equipment or upgrading facilities for purposes related to employe training or retraining.
- (b) The borrower certifies that loan proceeds will not be used to refinance existing debt or for operating or entertainment expenses.
- (c) The interest rate on the loan, including any origination fees or other charges, is approved by the department.
- (d) The original loan term does not extend beyond 3 years if the loan proceeds are used exclusively for expenses related to instruction or training, or beyond 5 years if the loan proceeds are used for purchasing equipment or upgrading facilities that will be used for instructing or training employes.
- (e) The total outstanding principal amount of all loans to the borrower that are guaranteed under this section does not exceed \$250,000.
- (f) The lender obtains a security interest in the physical plant, equipment or other assets if the loan proceeds

are to be used for purchasing equipment or upgrading facilities that will be used for instructing or training employes.

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

(4) **GUARANTEE OF COLLECTION.** (a) Subject to par. (b), the authority shall guarantee collection of a percentage of the principal of, and all interest and any other amounts outstanding on, any loan eligible for a guarantee under sub. (2). The department shall establish the percentage of the principal of an eligible loan that will be guaranteed, using the procedures described in the agreement under s. 234.932 (3) (a). The department may establish a single percentage for all guaranteed loans or establish different percentages for eligible loans on an individual basis.

(b) Except as provided in s. 234.932 (4), the total outstanding guaranteed principal amount of all loans that the authority may guarantee under par. (a) may not exceed \$8,000,000.

(5) **ADMINISTRATION.** (a) The program under this section shall be administered by the department with the cooperation of the authority. The department shall enter into a memorandum of understanding with the authority setting forth the respective responsibilities of the department and the authority with regard to the administration of the program, including the functions and responsibilities specified in s. 234.932. The memorandum of understanding shall provide for reimbursement to the department by the authority for costs incurred by the department in the administration of the program. **The department shall deposit all moneys received in reimbursement of its administrative costs in the appropriation account under s. 20.143 (4) (hs).**

Vetoed
In Part

(b) The department may charge a premium, fee or other charge to a borrower of a guaranteed loan under this section for the administration of the loan guarantee. **The department shall deposit all moneys received under this paragraph in the appropriation account under s. 20.143 (4) (hs).**

Vetoed
In Part

SECTION 5. 234.932 of the statutes is created to read:
234.932 Wisconsin job training reserve fund. (1) DEFINITION. In this section, "department" means the department of development.

(2) **ESTABLISHMENT OF FUND.** There is established under the jurisdiction and control of the authority, for the purpose of providing funds for guaranteeing loans under s. 234.84, a Wisconsin job training reserve fund, consisting of all of the following:

- (a) Moneys appropriated to the authority under s. 20.490 (6) (a) and (k) or received by the authority for the Wisconsin job training reserve fund from any other source.
- (b) Any income from investment of money in the Wisconsin job training reserve fund by the authority under s. 234.03 (18).

(3) PROGRAM ADMINISTRATION. (a) The authority or department shall enter into a guarantee agreement with any bank, production credit association, credit union, savings bank, savings and loan association or other person who wishes to participate in the loan program guaranteed by the Wisconsin job training reserve fund. The authority or department may determine all of the following, consistent with the terms of the loan guarantee program:

- 1. The form of the agreement.
- 2. Any conditions upon which the authority or department may refuse to enter into such an agreement.
- 3. Any procedures required to carry out the agreement, including default procedures and procedures for determining the guaranteed percentage of each loan.

(b) The authority may not use any moneys other than those in the Wisconsin job training reserve fund for the job training loan guarantee program, and may not use moneys in the Wisconsin job training reserve fund for any programs other than the job training loan guarantee program.

Vetoed In Part (c) The authority or department may establish an eligibility criteria review panel, consisting of experts in finance and in the subject area of the job training loan guarantee program, to provide advice about lending requirements and issues related to the job training loan guarantee program.

(d) The authority shall ensure that the cash balance in the Wisconsin job training reserve fund is sufficient to fund guarantees under the job training loan guarantee program at a ratio of \$1 of reserve funding to \$4 of total outstanding guaranteed principal that the authority may guarantee under the program and to pay all outstanding claims under the program. The authority shall regularly monitor the cash balance in the Wisconsin job training reserve fund to ensure that the cash balance is sufficient for the purposes specified in this paragraph.

(4) INCREASES OR DECREASES IN LOAN GUARANTEES. The authority or department may request the joint committee on finance to take action under s. 13.10 to permit the authority to increase or decrease the total outstanding guaranteed principal amount of loans that it may guarantee under the job training loan guarantee program. Included with its request, the authority or department shall provide a projection, for the next June 30, that compares the amounts required on that date to pay outstanding claims and to fund guarantees under the job training loan guarantee program, and the balance remaining in the Wisconsin job training reserve fund on that date after deducting such amounts, if the increase or decrease is approved, with such amounts and the balance remaining, if the increase or decrease is not approved.

Vetoed In Part (5) ANNUAL REPORT. **On or before November 1** annually, the authority or department shall **submit to the chief clerk of each house of the legislature for distribution under s. 13.172 (2) and to the joint committee on finance an**

annual report on the number and total dollar amount of guaranteed loans under the job training loan guarantee program, the default rate on the loans and any other information on the program that the authority or department determines is significant.

Vetoed In Part

(6) MORAL OBLIGATION. Recognizing its moral obligation, the legislature expresses its expectation that, if called upon to do so, it shall make an appropriation to meet all demands for funds guaranteed by the Wisconsin job training reserve fund.

SECTION 6. 600.01 (1) (b) 8. of the statutes is amended to read:

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

SECTION 7. Appropriation changes.

(1) TRANSFER FROM DEPARTMENT OF COMMERCE APPROPRIATIONS.

(a) Notwithstanding section 20.001 (3) (a), (b) and (c) of the statutes and subject to the approval of the joint committee on finance under paragraph (c), if the amount that was encumbered before July 1, 1995, under the appropriation under section 20.143 (1) (c) of the statutes and that will lapse to the general fund after July 1, 1995, and before July 1, 1997, because the moneys are unexpended and no longer needed for the purposes for which they were encumbered is less than \$2,000,000, on June 30, 1997, the secretary of administration shall transfer to the appropriation account under section 20.490 (6) (k) of the statutes, as created by this act, from one or more appropriations made to the department of commerce, the difference between that amount and \$2,000,000. The department of commerce shall indicate its preference for allocation among its appropriations of the amount to be transferred in the plan to be submitted to the joint committee on finance under paragraph (c).

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

(c) If paragraph (a) applies, before June 30, 1997, the department of commerce shall submit to the joint committee on finance for review and approval a plan identifying the department's preference for allocation among its appropriations of the amount to be transferred under paragraph (a). If the cochairpersons of the committee do not notify the department that the committee has scheduled a meeting for the purpose of reviewing the proposed plan within 14 working days after the date of the

department's submittal, the secretary of administration may transfer the amount under paragraph (a) in conformance with the department's plan. If within 14 working days after the date of the department's submittal the cochairpersons of the committee notify the department that the committee has scheduled a meeting for the purpose of reviewing the proposed plan, the secretary of administration may not transfer the amount under paragraph (a) in

conformance with the plan until it is approved by the committee, as submitted or as modified.

SECTION 8. Effective dates. This act takes effect on the day after publication, except as follows:

(1) TRANSFER FROM DEPARTMENT OF COMMERCE APPROPRIATIONS. The treatment of sections 20.143 (4) (kd) and 20.490 (6) (k) of the statutes and SECTION 7 of this act take effect on July 1, 1996.
