

Assembly Hearing Slip

(Please print plainly)

Date: Feb. 9, 1995
Bill No. AB-56
Or
Subject

Name: Alan Tracy, Secretary
Street Address or Route Number: 2811 Agriculture Dr.
City & Zip Code: Madison, WI 53708
Representing: DATCP

- Speaking in favor:
- Speaking against:
- Registering in favor:
- Registering against:
- Speaking for information only; Neither for nor against:

Please return this slip to a messenger promptly.

Assembly Sergeant at Arms
Room 210 West
State Capitol
Madison, WI 53702

Assembly Hearing Slip

(Please print plainly)

Date: 2/9/95
Bill No. AB54
Or
Subject

Name: Rep. Al Ott
Street Address or Route Number: 318 N Capitol
City & Zip Code: Madison
Representing: Author of bill

- Speaking in favor:
- Speaking against:
- Registering in favor:
- Registering against:
- Speaking for information only; Neither for nor against:

Please return this slip to a messenger promptly.

Assembly Sergeant at Arms
Room 210 West
State Capitol
Madison, WI 53702

Assembly Hearing Slip

(Please print plainly)

Date: 2-9-95
Bill No. AB56
Or
Subject

Name: John Mansker
Street Address or Route Number: 30 W. M. Afflin
City & Zip Code: Madison, WI 53703
Representing: WI Federation of Co-ops

- Speaking in favor:
- Speaking against:
- Registering in favor:
- Registering against:
- Speaking for information only; Neither for nor against:

Please return this slip to a messenger promptly.

Assembly Sergeant at Arms
Room 210 West
State Capitol
Madison, WI 53702

Assembly Hearing Slip

(Please print plainly)

Date: Feb. 8, 1995

Bill No. AB 56
Or

Subject: Rep. Judy Kusman
(Name)

(Street Address or Route Number)

(City & Zip Code)

(Representing)

- Speaking in favor:
- Speaking against:
- Registering in favor:
- Registering against:
- Speaking for information only; Neither for nor against:

Please return this slip to a messenger promptly.

Assembly Sergeant at Arms
Room 210 West
State Capitol
Madison, WI 53702

Assembly Hearing Slip

(Please print plainly)

Date: 2/9/95

Bill No. AB 56
Or

Subject: Sen. Caldwell
(Name)

2811 Agriculture Drive
(Street Address or Route Number)

Madison 53708
(City & Zip Code)

WATCP
(Representing)

- Speaking in favor:
- Speaking against:
- Registering in favor:
- Registering against:
- Speaking for information only; Neither for nor against:

Please return this slip to a messenger promptly.

Assembly Sergeant at Arms
Room 210 West
State Capitol
Madison, WI 53702

Assembly Hearing Slip

(Please print plainly)

Date: 2/9/95

Bill No. AB 56
Or

Subject: CROP Renewal
(Name)

(Street Address or Route Number)

(City & Zip Code)

(Representing)

- Speaking in favor:
- Speaking against:
- Registering in favor:
- Registering against:

~~Speaking for information only; Neither for nor against:~~

Please return this slip to a messenger promptly.

Assembly Sergeant at Arms
Room 210 West
State Capitol
Madison, WI 53702

Assembly Hearing Slip

(Please print plainly)

Date: 2/9/95

Bill No. A.B. 56

Or Subject Richard Longbaugh / Dave Lepak

(Name) R. S. Pinkney

(Street Address or Route Number) WISCON. 53092

(City & Zip Code) WHEDA

(Representing)

Speaking in favor:

Speaking against:

Registering in favor:

Registering against:

Speaking for information only; Neither for nor against:

Please return this slip to a messenger promptly.

Assembly Sergeant at Arms
Room 210 West
State Capitol
Madison, WI 53702

Assembly Hearing Slip

(Please print plainly)

Date: 2/9/95

Bill No. AB-56

Or Subject Paul Zimmerman

(Name) 7010 Mineral Point Road

(Street Address or Route Number) Madison WI 53705

(City & Zip Code) Farm Bureau

(Representing)

Speaking in favor:

Speaking against:

Registering in favor:

Registering against:

Speaking for information only; Neither for nor against:

Please return this slip to a messenger promptly.

Assembly Sergeant at Arms
Room 210 West
State Capitol
Madison, WI 53702

Assembly Hearing Slip

(Please print plainly)

Date: Feb 9 - 95

Bill No. RB 56

Or Subject Rep Brandeau

(Name) (Street Address or Route Number)

(City & Zip Code) (Representing)

(Representing)

Speaking in favor:

Speaking against:

Registering in favor:

Registering against:

Speaking for information only; Neither for nor against:

Please return this slip to a messenger promptly.

Assembly Sergeant at Arms
Room 210 West
State Capitol
Madison, WI 53702

Assembly Hearing Slip

(Please print plainly)

Date: 2-2-93

Bill No. AB 56
Or
Subject CROPP Extension

Russ Weisenel
(Name)

2317 Enghelung Lane
(Street Address or Route Number)

Madison WI 53704
(City & Zip Code)

WI Agri ~~Business~~ Council
(Representing) business

Speaking in favor:

Speaking against:

Registering in favor:

Registering against:

Speaking for information only;
Neither for nor against:

Please return this slip to a messenger promptly.

Assembly Sergeant at Arms
Room 210 West
State Capitol
Madison, WI 53702

Assembly Hearing Slip

(Please print plainly)

Date: 3/9/95

Bill No. AB 56
Or
Subject _____

BES WAHEFIELD
(Name)

ONE EAST MAIN STREET, SUITE 200
(Street Address or Route Number)

MADISON 53703
(City & Zip Code)

Wis. BANKER'S ASS
(Representing)

Speaking in favor:

Speaking against:

Registering in favor:

Registering against:

Speaking for information only;
Neither for nor against:

Please return this slip to a messenger promptly.

Assembly Sergeant at Arms
Room 210 West
State Capitol
Madison, WI 53702

ALSO IN SUPPORT OF
AMEND. 019211-LEB

No. Position on 0191/1-WAB

Assembly Committee on Agriculture

DATE 2/9/95

Moved by Ainsworth Seconded by Reynolds

AB 56 SB _____ Clearinghouse Rule _____

AJR _____ SJR _____ Appointment _____

A _____ SR _____ Other _____

A/S Amdt 1 _____

A/S Amdt _____ to A/S Amdt _____

A/S Sub Amdt _____

A/S Amdt _____ to A/S Sub Amdt _____

A/S Amdt _____ to A/S Amdt _____ to A/S Sub Amdt _____

Be recommended for:

- Passage
- Introduction
- Adoption
- Rejection

- Indefinite Postponement
- Tabling
- Concurrence
- Nonconcurrence
- Confirmation

	Committee Member	Aye	No	Absent	Not Voting
1.	Ott, Alvin (Chair)	X			
2.	Ward, David (Vice-Chair)	X			
3.	Ainsworth, John	X			
4.	Zukowski, Robert	X			
5.	Otte, Clifford		X		
6.	Skindrud, Richard	X			
7.	Hahn, Eugene	X			
8.	Olsen, Luther	X			
9.	Gronemus, Barbara		X		
10.	Baldus, Al		X		
11.	Reynolds, Martin	X			
12.	Springer, Thomas		X		
13.	Wilder, Michael	X			
14.	Dueholm, Robert	X			
15.					
16.					
17.					
18.					
Totals		10	4	0	0

MOTION CARRIED

MOTION FAILED

Assembly Committee on Agriculture

DATE 2/9/95

Moved by Ainsworth Seconded by Reynolds

AB 56 SB _____ Clearinghouse Rule _____

AJR _____ SJR _____ Appointment _____

A _____ SR _____ Other _____

A/S Amdt 1

A/S Amdt _____ to A/S Amdt _____

A/S Sub Amdt _____

A/S Amdt _____ to A/S Sub Amdt _____

A/S Amdt _____ to A/S Amdt _____ to A/S Sub Amdt _____

Be recommended for:

Passage

Introduction

Adoption

Rejection

Indefinite Postponement

Tabling

Concurrence

Nonconcurrence

Confirmation

	Committee Member	Aye	No	Absent	Not Voting
1.	Ott, Alvin (Chair)	X			
2.	Ward, David (Vice-Chair)	X			
3.	Ainsworth, John	X			
4.	Zukowski, Robert	X			
5.	Otte, Clifford		X		
6.	Skindrud, Richard		X		
7.	Hahn, Eugene	X			
8.	Olsen, Luther	X			
9.	Gronemus, Barbara		X		
10.	Baldus, Al		X		
11.	Reynolds, Martin	X			
12.	Springer, Thomas		X		
13.	Wilder, Michael	X			
14.	Dueholm, Robert	X			
15.					
16.					
17.					
18.					
Totals		9	5	0	0

MOTION CARRIED

MOTION FAILED

Assembly Committee on Agriculture

DATE 2/9/95

Moved by Hahn Seconded by Gronemus

AB 56 SB _____ Clearinghouse Rule _____

AJR _____ SJR _____ Appointment _____

A _____ SR _____ Other _____

A/S Amdt. _____

A/S Amdt. _____ to A/S Amdt. _____

A/S Sub Amdt. _____

A/S Amdt. _____ to A/S Sub Amdt. _____

A/S Amdt. _____ to A/S Amdt. _____ to A/S Sub Amdt. _____

Be recommended for:

- Passage
- Introduction
- Adoption
- Rejection

- Indefinite Postponement
- Tabling
- Concurrence
- Nonconcurrence
- Confirmation

	Committee Member	Aye	No	Absent	Not Voting
1.	Ott, Alvin (Chair)	X			
2.	Ward, David (Vice-Chair)	X			
3.	Ainsworth, John	X			
4.	Zukowski, Robert	X			
5.	Otte, Clifford	X			
6.	Skindrud, Richard		X		
7.	Hahn, Eugene	X			
8.	Olsen, Luther	X			
9.	Gronemus, Barbara	X			
10.	Baldus, Al	X			
11.	Reynolds, Martin	X			
12.	Springer, Thomas	X			
13.	Wilder, Michael	X			
14.	Dueholm, Robert	X			
15.					
16.					
17.					
18.					
Totals		13	1		

MOTION CARRIED

MOTION FAILED

LRB or Bill No. **2228** AB 56
 Amendment No. if Applicable

FISCAL ESTIMATE
 DOA-2048 N(R10/94)

ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

Subject

Extending the Agricultural Production Loan Guarantee Program

Fiscal Effect

State: No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

Increase Costs - May be possible to Absorb Within Agency's Budget Yes No

- Increase Existing Appropriation Increase Existing Revenues
- Decrease Existing Appropriation Decrease Existing Revenues
- Create New Appropriation

Decrease Costs

Local: No local government costs

- 1. Increase Costs
 Permissive Mandatory
- 2. Decrease Costs
 Permissive Mandatory

- 3. Increase Revenues
 Permissive Mandatory
- 4. Decrease Revenues
 Permissive Mandatory

5. Types of Local Governmental Units Affected:
- Towns Villages Cities
 - Counties Others _____
 - School Districts WTCS Districts

Fund Sources Affected

GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

Assumptions Used in Arriving at Fiscal Estimate

The Agricultural Production Loan Guarantee Program, or CROP, is administered by the Wisconsin Housing and Economic Development Authority (WHEDA) to guarantee repayment of 90% of the principal of loans made by private lenders to eligible farmers for goods and services needed to produce agricultural products. CROP is not a permanent program and, under current law, WHEDA may not guarantee CROP loans made after December 31, 1994. Assembly Bill 56 would extend CROP permanently.

Pursuant to §234.93 (3m), WHEDA is required to prepare certain fiscal estimates in the following manner:

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

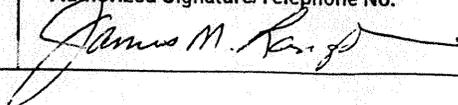
The following table compare the projected amounts remaining in the Wisconsin development reserve fund on June 30, 1995 under current law (no extension of CROP) and under passage of AB 56 (extension of CROP):

Long-Range Fiscal Implications

Agency/Prepared by: (Name & Phone No.)

WHEDA/James M. Langdon 6-7666

Authorized Signature/Telephone No.



Date

February 3, 1995

June 30, 1995 Projections**Current Law****Enactment of AB 56**

WDRF Balance	\$14,927,516	\$14,927,516
Less: Amounts Required to Pay Outstanding Claims*		
Ag Chem Cleanup Fund	0	0
Agribusiness Fund	0	0
CROP (1) (2)	3,236,360	0
Clean Air Fund	0	0
Contract Fund	0	0
Nonpoint Source Pollution Fund	0	0
Ozone Protection Fund	0	0
Recycling Fund	0	0
Taliesin	0	0
Target Area Fund	0	0
Tourism Fund	0	0
Total Amounts Required to Pay Outstanding Claims	3,236,360	0
Less: Amounts Required to Fund Guarantees**		
Ag Chem Cleanup Fund	162,500	162,500
Agribusiness Fund	1,250,000	1,250,000
CROP	0	7,500,000
Clean Air Fund	250,000	250,000
Contract Fund	500,000	500,000
Nonpoint Source Pollution Fund	212,500	212,500
Ozone Protection Fund	125,000	125,000
Recycling Fund	370,739	370,739
Taliesin	1,800,000	1,800,000
Target Area Fund	2,500,000	2,500,000
Tourism Fund	<u>2,000,000</u>	<u>2,000,000</u>
Total Amounts Required to Fund Guarantees	9,170,739	16,770,739
Gross Remaining WDRF Balance	\$2,520,418	(\$1,743,223)

* Calculated at 1:1 for all loan guarantee claims, loans in forbearance and other nonperforming loans.

** Calculated at 4:1 for statutory loan guarantee authority

(1) Assumes all forbearance and guarantee requests for 1994 loans are known prior to 6/30/95. Lenders actually have until 7/31/95 to request a forbearance or guarantee payment.

(2) Assumes 6% of 1994 loans will be in forbearance or a guarantee payment is requested, and loan in forbearance prior to 1994.

In the case of AB 56, an additional calculation must be made to accommodate interest rate subsidy payments made in 1995 for loans guaranteed during 1994. WHEDA will disburse approximately \$320,000 to participating 1994 lenders to pay the cost of the 2 percent interest rate subsidy under the program. Therefore, the current law calculations required under §234.93 (3m) must be extended as follows:

Gross Remaining WDRF Balance	\$2,520,418
Less: Projected Interest Rate Subsidy Cost	<u>320,000</u>
Net Remaining WDRF Balance	\$2,200,418

Under these projections, WHEDA would expect to return **\$2,200,418** to the general fund on June 30, 1995 if current law is maintained. Additional amounts not exceeding **\$3,236,360** would be returned to the general fund after June 30, 1995 in accordance with §234.93 (4).



WISCONSIN HOUSING & ECONOMIC DEVELOPMENT AUTHORITY

Richard J. Longabaugh
Executive Director

Tommy G. Thompson
Governor

Wayne R. Peters
Chairman

**ASSEMBLY BILL 56
TESTIMONY OF RICHARD J. LONGABAUGH, EXECUTIVE DIRECTOR, WHEDA
ASSEMBLY COMMITTEE ON AGRICULTURE
FEBRUARY 9, 1995**

Chairperson Ott and members of the Assembly Committee on Agriculture, thank you for this opportunity to testify regarding Assembly Bill 56, a measure to permanently extend the Agricultural Production Loan Guarantee Program, also known as CROP.

As background, the Wisconsin Legislature passed legislation in 1984-85 establishing a fund and authorizing WHEDA to provide guarantee loans and interest subsidies made to Wisconsin farmers through CROP. Program loans are used to purchase seed, fuel, fertilizer, crop insurance, feed or other goods and services needed to produce an agricultural commodity. WHEDA guarantees 90% of each qualifying loan and also provides an interest subsidy of 2 percent on the loan made by a local lender. CROP was originally proposed to be a one-year program. However, it has subsequently been extended several times. It was last extended in March 1993 when Governor Thompson signed Assembly Bill 37, introduced by then-Chairman Gronemus.

CROP has played an increasing role in Wisconsin's farm economy. New records for loan volume have been set during each of the past four calendar years. Also, net default rates remain low. The following table demonstrates program performance since CROP's introduction in 1985:

<u>Year</u>	<u>Number of Loans</u>	<u>Total Amount</u>	<u>Average Loan</u>	<u>Default Rate</u>
1985	883	\$11,158,424	\$12,637	6.83%
1986	1,369	\$17,745,967	\$12,963	3.49%
1987	1,535	\$19,488,213	\$12,696	2.03%
1988	1,786	\$23,246,443	\$13,016	2.08%
1989	1,675	\$22,660,831	\$13,529	1.25%
1990	1,587	\$21,386,814	\$13,476	2.30%
1991	1,977	\$24,941,018	\$12,616	1.45%
1992	2,002	\$26,485,593	\$13,230	1.47%
1993	2,017	\$27,223,979	\$13,497	0.54%
1994	2,040	\$28,344,020	\$13,894	n/a

Over the years, WHEDA has become an effective administrator of CROP. We work with a statewide network of lenders to provide loan guarantees with a minimum of red tape. Further, we have not experienced problems with program administration and would not anticipate future problems if the program is extended.

**TESTIMONY OF RICHARD J. LONGBAUGH, EXECUTIVE DIRECTOR, WHEDA
FEBRUARY 9, 1995
PAGE TWO**

We appreciate that the author and sponsors of Assembly Bill 56 have seen fit to endorse a permanent extension for CROP. The main disadvantages of biennial extensions are the program has lacked continuity, and extension legislation was required to be passed immediately in the new legislative session if the program was to be effective during the first calendar year of the extension. A permanent extension would make the program a more trusted resource for Wisconsin's agricultural community.

Because Assembly Bill 56 would extend CROP permanently, WHEDA is more interested than ever in the financial stability of the program. As background, the Wisconsin Development Reserve Fund, or WDRF, is a pool of money administered by WHEDA that supports the CROP Program and nine other loan guarantee programs in three ways.

1. The fund pays out on claims when loans guaranteed by WHEDA go into default.
2. Interest earned on the fund is used to pay for the administrative costs of operating the various programs.
3. Interest earned on the fund is used to pay interest rate subsidies to borrowers under CROP and, to a far lesser extent, the Tourism Fund.

Each of these are an expense and have an impact on the health of the WDRF. In turn, the health of the WDRF determines the health of the loan guarantee programs we operate.

Should CROP be extended permanently, we recommend that the Legislature remove the 2 percent interest rate subsidy from the program. When CROP was introduced in 1985, interest rates on loans available to state farmers were very high. Likewise, the interest earned on the balance of the WDRF was sufficient to pay interest subsidies of 2 percent.

Today's environment of lower interest rates has had various effects on CROP. Farm loans are more affordable and the main benefit of the program to farmers today is the credit enhancement provided through the guarantee. However, the lower rate of interest earned on the WDRF is no longer sufficient to pay both the program's operating expenses and 2 percent interest subsidies. CROP interest subsidies of approximately \$325,000 per year are eroding the WDRF itself. This in turn threatens the long-term health of CROP and all other loan guarantee funds supported by the WDRF.

WHEDA has a duty to the state and taxpayers to promote the financial viability of the WDRF for the benefit of the businesses and farmers it serves. The removal of the interest rate subsidy would improve the health of the WDRF for the benefit of CROP and all other WHEDA loan guarantee funds.

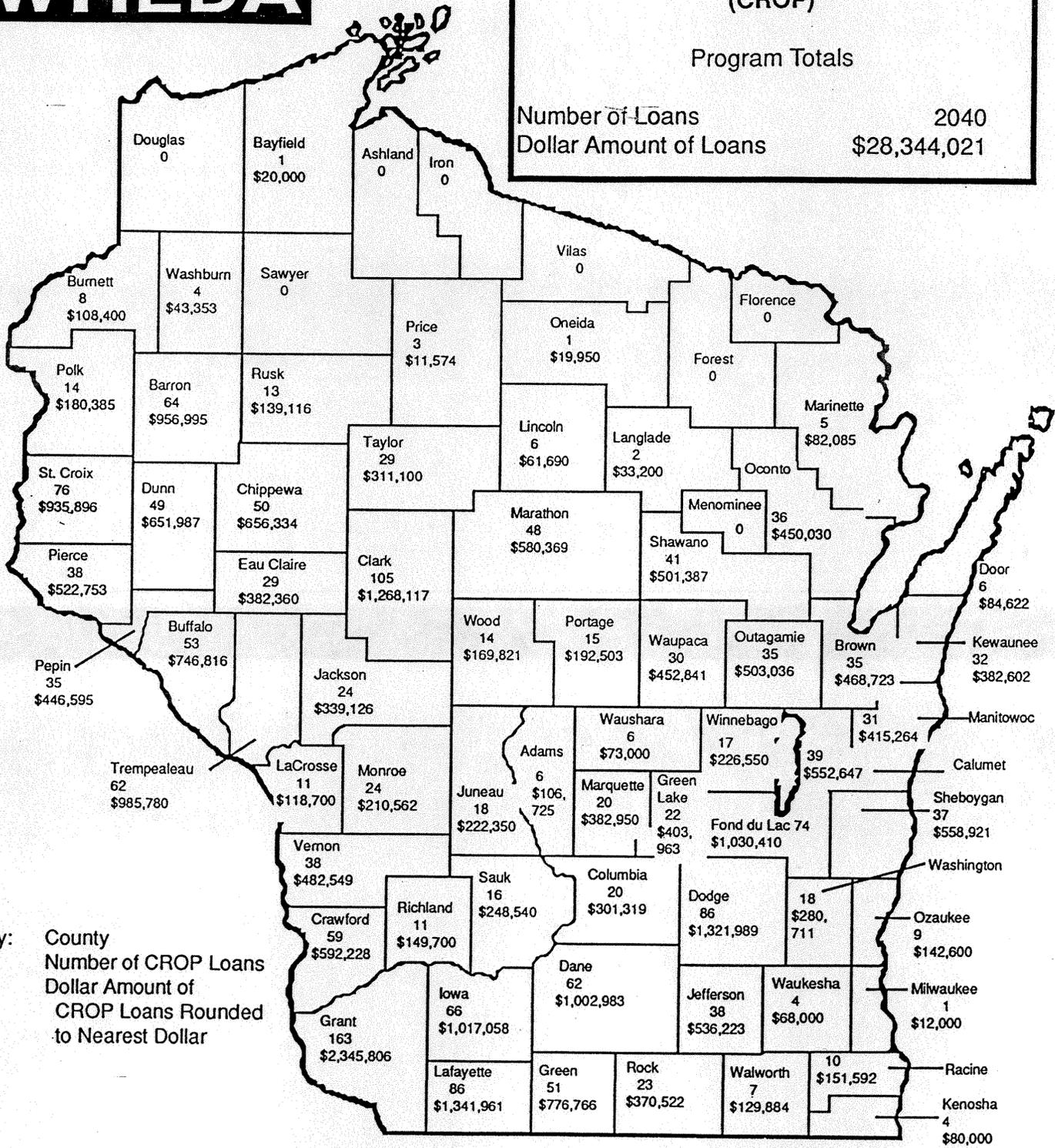
Thank you for this opportunity to speak. I would be pleased to answer any questions.



1994 CREDIT RELIEF OUTREACH PROGRAM (CROP)

Program Totals

Number of Loans	2040
Dollar Amount of Loans	\$28,344,021



Key: County
 Number of CROP Loans
 Dollar Amount of CROP Loans Rounded to Nearest Dollar



ALVIN R. OTT

State Representative
3rd Assembly District

Testimony on 1995 Assembly Bill 56

State Representative Al Ott
February 9th, 1995

The Credit Relief Outreach Program (CROP) which is administered by the Wisconsin Housing and Economic Development Authority (WHEDA) is a loan guarantee and interest rate subsidy for agricultural production loans. It began in 1985 as a one-year program. Since that time, CROP has been renewed several times and always given a sunset date. Under current law, WHEDA cannot guarantee loans made after December 31st, 1994.

I think the time has come to recognize the popularity of the program among Wisconsin's farming and lending communities and make it permanent. AB 56 extends the program indefinitely by removing the dates between which a loan must be made in order for WHEDA to guarantee its repayment.

In 1985, 833 CROP loans were guaranteed. In 1994, this number rose to 2,040. From 1985 through 1994, CROP has guaranteed more than 16,000 loans for over \$215 million.

CROP loans are very beneficial to the young farmer who may still have a heavy debt load and is unable to get conventional financing at a lender's standard rate. The loans are also helpful to farmers in the spring when a large cash flow is necessary but not accessible through normal financing avenues.

As we will hear in later testimony, there have been suggestions to eliminate the 2% interest rate subsidy in the CROP program. I think this issue needs to be debated by the committee. I have had two amendments drafted regarding this issue for which I will bring forth motions to have the committee consider the amendments.

Please vote for passage of AB 56 so that we may permanently renew the CROP program and avoid further timely and burdensome hassles for farmers and lenders.



Office:
318 North
P.O. Box 8953, State Capitol
(608) 266-5831

**Toll-free
Legislative Hotline:**
1 (800) 362-9472

Home:
P.O. Box 112
Forest Junction, Wisconsin 54123
(414) 989-1240

Ranking Member: Agriculture, Forestry and Rural Affairs / **Member:** Environmental Resources; Labor and Job Training

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