



1997 SENATE BILL 340

November 4, 1997 - Introduced by Senators MOORE and GEORGE, cosponsored by Representatives WILLIAMS, L. YOUNG, TURNER, R. YOUNG, RILEY, BOCK and COGGS. Referred to Committee on Economic Development, Housing and Government Operations.

- 1 **AN ACT to amend** 20.143 (1) (c) and 20.143 (1) (ie) of the statutes; **relating to:**
2 a loan to a bank holding company and making an appropriation.

Analysis by the Legislative Reference Bureau

This bill authorizes the department of commerce, until December 31, 1998, to make a loan from the Wisconsin development fund appropriation to a bank holding company. The bank holding company must be located in the city of Milwaukee, be at least 51% owned and controlled by minority group members, have been in existence at least 5 years and serve a significant number of residents, small businesses and community-based organizations in an area that has high unemployment and low average income. The loan may not exceed \$5,000,000 and the term of the loan must be at least 12 years, with a possible extension. The bank holding company must submit a plan detailing the proposed use of the loan proceeds and the secretary of commerce must approve the plan before any loan is issued. The secretary is required to approve a plan submitted if: 1) the bank holding company proposes to use the loan proceeds to capitalize a local development corporation and a bank subsidiary that is at least 51% owned and controlled by minority group members; 2) the bank holding company specifies that none of the proceeds will be used for salaries or administrative costs; and 3) the secretary determines that the proposed use of the proceeds is likely to stimulate and retain business investment and jobs in an area that has high unemployment and low average income.

If the department of commerce makes a loan, the bank holding company must annually submit a report to the department until the loan is fully repaid. In addition to any information that the bank holding company and the department agree on during the negotiations for the loan, the report must contain information about the ability of the bank holding company's bank subsidiary to satisfy its capital reserve requirements and about the activities of the bank holding company's local development corporation subsidiary.

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.** 20.143 (1) (c) of the statutes, as affected by 1997 Wisconsin Act 27,
2 is amended to read:

3 20.143 (1) (c) (title) *Wisconsin development fund; grants, loans,*
4 *reimbursements and assistance.* Biennially, the amounts in the schedule for grants
5 under s. 560.615; for grants and loans under ss. 560.62, 560.63 and 560.66; for grants
6 under s. 560.16; for reimbursements under s. 560.167; for providing assistance under
7 s. 560.06; for the loan under 1997 Wisconsin Act 27, section 9110 (7f); for the loan
8 under 1997 Wisconsin Act (this act), section 3; and for the grants under 1995
9 Wisconsin Act 27, section 9116 (7gg), 1995 Wisconsin Act 119, section 2 (1), and 1997
10 Wisconsin Act 27, section 9110 (6g). Of the amounts in the schedule, \$50,000 shall
11 be allocated in each of fiscal years 1997-98, 1998-99 and 1999-2000 for providing
12 the assistance under s. 560.06. Notwithstanding s. 560.62 (4), of the amounts in the
13 schedule, \$125,000 shall be allocated in each of 4 consecutive fiscal years, beginning
14 with fiscal year 1998-99, for grants and loans under s. 560.62 (1) (a).

15 **SECTION 2.** 20.143 (1) (ie) of the statutes, as affected by 1997 Wisconsin Act 27,
16 is amended to read:

17 20.143 (1) (ie) *Wisconsin development fund, repayments.* All moneys received
18 in repayment of grants or loans under s. 560.085 (4) (b), 1985 stats., s. 560.16, 1995
19 stats., s. 560.165, 1993 stats., subch. V of ch. 560 except s. 560.65, 1989 Wisconsin
20 Act 336, section 3015 (1m), 1989 Wisconsin Act 336, section 3015 (2m), 1989
21 Wisconsin Act 336, section 3015 (3gx), and 1997 Wisconsin Act 27, section 9110 (7f),

1 and 1997 Wisconsin Act ... (this act), section 3, to be used for grants and loans under
2 subch. V of ch. 560 except s. 560.65, for grants under s. 560.16, for the loan under
3 1997 Wisconsin Act 27, section 9110 (7f), and for reimbursements under s. 560.167.

4 **SECTION 3. Nonstatutory provisions.**

5 (1) BANK HOLDING COMPANY LOAN.

6 (a) In this subsection:

7 1. "Department" means the department of commerce.

8 2. "Local development corporation" has the meaning given in section 560.80 (7)

9 (b) of the statutes.

10 3. "Minority group member" has the meaning given in s. 560.036 (1) (f) of the
11 statutes.

12 4. "Secretary" means the secretary of commerce.

13 (b) Subject to paragraph (f), from the appropriation under section 20.143 (1) (c)
14 of the statutes, as affected by this act, the department may make a loan that does not
15 exceed \$5,000,000 to a bank holding company if all of the following apply:

16 1. The bank holding company is located in the city of Milwaukee.

17 2. The bank holding company is at least 51% owned and controlled by minority
18 group members and has been in existence for at least 5 years.

19 3. The bank holding company submits to the department documentation that
20 its charter and recapitalization plan, if applicable, have been approved by the
21 appropriate regulatory authorities.

22 4. The bank holding company and any subsidiary of the bank holding company
23 that is owned by minority group members serve a significant number of residents,
24 small businesses and community-based organizations in an area that has high
25 unemployment and low average income.

1 5. The bank holding company submits to the department a plan detailing the
2 proposed use of the loan proceeds and the secretary approves the plan.

3 6. The secretary believes that it is reasonably likely that the bank holding
4 company will be able to repay the loan in full.

5 7. The bank holding company enters into a written agreement with the
6 department specifying the term of the loan, which shall be at least 12 years and may
7 be extended by an agreement between the secretary and the bank holding company,
8 and establishing the other terms of the loan, including reporting and auditing
9 requirements.

10 (c) The secretary shall approve a plan submitted under paragraph (b) 5. if all
11 of the following are satisfied:

12 1. In the plan, the bank holding company proposes to use the loan proceeds to
13 capitalize a bank subsidiary that is at least 51% owned and controlled by minority
14 group members and to capitalize a subsidiary that is a local development
15 corporation.

16 2. In the plan, the bank holding company specifies that none of the loan
17 proceeds will be used for salaries or administrative costs.

18 3. On the basis of the plan, the secretary determines that the proposed use of
19 the loan proceeds is likely to stimulate and retain business investment and jobs in
20 an area that has high unemployment and low average income.

21 (d) Beginning no later than 12 months after a loan under this subsection is
22 issued, a bank holding company that receives a loan under this subsection shall
23 submit to the department, until the loan is repaid in full, an annual report that
24 consists of all of the following information:

