



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

March 18, 1997

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Assembly Bill 152

Attached is a paper, prepared by this office, on AB 152. This bill has been scheduled for executive action by the Joint Committee on Finance on Wednesday, March 19. The meeting is scheduled to begin at 1:30 p.m.

BL/sas
Attachment

AB 152

MO#	<i>Passage as amended w/ emerg. clause</i>		
BURKE	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
DECKER	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
GEORGE	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
JAUCH	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
WINEKE	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
SHIBILSKI	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
COWLES	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
PANZER	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
JENSEN	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
OURADA	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
HARSDORF	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
ALBERS	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
PORTER	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
KAUFERT	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
LINTON	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
2 COGGS	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

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SUBJECT: Assembly Bill 152: Minority Business Development Finance Grant

BACKGROUND

The Department of Commerce administers the Minority Business Development Finance (MBDF) program which consists of minority business early planning grants and minority business development grants and loans. The Minority Business Development Finance program is funded through both a GPR appropriation and a program revenue repayments appropriation. The GPR appropriation is the primary source of funding for the MBDF. The appropriation is biennial and, consequently, funds that are not encumbered at the end of the biennium lapse to the general fund. Loan repayments are placed in the program revenue appropriation and are used to fund MBDF program activities.

Minority business early planning grants fund projects that consist of the preliminary stages of considering and planning the start-up or expansion of a business that will be a minority business. Eligible applicants are individuals who are both minority group members and state residents. Minority group members include Blacks, Hispanics, American Indians, Eskimos, Aleuts, native Hawaiians, Asian-Indians, and persons of Asian-Pacific origin. Commerce may not award more than \$15,000 in a biennium to any one person or for any one project. The total amount of MBF funds that can be awarded for early planning grants are limited to 10% of the amount appropriated for the biennium. Grant recipients may use the funds to perform a business feasibility study and prepare marketing and business plans.

Minority business development grants and loans fund development projects undertaken by minority businesses and provide funding to local development corporations that agree to use the proceeds to make grants or loans to minority group members who are residents of this state.

Eligible applicants are minority group members who are residents of this state, minority businesses, and local development corporations. The Minority Business Development Board makes all determinations of funding under this program. The Board may make awards to local development corporations if certain conditions are met.

The Board or a local development corporation may not award more than \$100,000 in a biennium to any one person or for any one project. Recipients may use awards for working capital, machinery, equipment, land and buildings, to acquire existing businesses and for related expenses.

As noted, the MBDF program is funded through both a biennial GPR appropriation and a program revenue repayments appropriation. The total amount of GPR appropriated for the program is \$479,200 for 1995-96 and \$429,200 for 1996-97. Total expenditure authority for the repayments appropriation is \$190,000 for 1995-96 and \$202,300 for 1996-97. In addition, annual amounts of \$100,000 were transferred from the Wisconsin Development Fund (WDF) program revenue repayments appropriation and placed in a separate program revenue appropriation to provide funding for the MBDF. Consequently, total funding available for the MBDF is \$769,200 in 1995-96 and \$731,500 in 1996-97. Through February 28, 1997, the total amount of MBDF awards was \$472,000 for the 1995-97 biennium.

SUMMARY OF BILL

Assembly Bill 152 would authorize the Department of Commerce to make a grant of up to \$50,000 under the MBDF program from the GPR or program revenue repayments appropriation to the Afrikan American Association for International Trade and Commerce to promote cultural exchange opportunities for Wisconsin minority group members and international trade and commerce with African countries if all of the following applied:

- a. The Association submitted to the Department a detailed plan for the proposed use of the grant that involved the education of minority group members between the ages of 12 and 20 years about African culture, trade and commerce.
- b. The Secretary of Commerce approved the plan.
- c. The Association entered into a written agreement with the Department of Commerce that specified the conditions for the use of grant proceeds, including reporting and auditing requirements.
- d. The Association agreed in writing to submit to the Department, within six months after spending the full amount of the grant, a report detailing how the grant proceeds were used.

Awards could not be made under these provisions after June 30, 1997.

FISCAL EFFECT

Assembly Bill 152 would provide for a one-time grant of up to \$50,000 for a specified purpose. The bill would not affect the total amount of funding appropriated for the MBDF for the 1995-97 biennium; however, the amount of GPR that may lapse to the general fund on June 30, 1997, could be reduced by up to \$50,000.

Prepared by: Ron Shanovich