

1999 ASSEMBLY BILL 50

January 19, 1999 - Introduced by Representative OTT. Referred to Committee on Agriculture.

1 **AN ACT to amend** 234.90 (2) (intro.), 234.90 (3) (intro.), 234.90 (3j) (intro.), 234.90
2 (3j) (a), 234.90 (3m), 234.90 (4) (a) and 234.90 (4) (b) 1.; and **to create** 234.90
3 (3h) and 234.90 (4) (b) 1m. of the statutes; **relating to:** guaranteeing loans
4 made to swine farmers.

Analysis by the Legislative Reference Bureau

The Wisconsin Housing and Economic Development Authority (WHEDA) administers a number of loan guarantee programs. Under the agricultural production loan guarantee program, WHEDA may guarantee 90% of the principal of a loan made to a farmer to finance the production of an agricultural product. The statutes specify the requirements that both a loan and a farmer must satisfy in order to be eligible for a guarantee under the program. This bill provides for a special loan guarantee category under the agricultural production loan guarantee program for farmers who raise swine. The requirements for a loan guarantee under the special category differ from the requirements for a loan guarantee under the rest of the program in the following ways:

1. Under the special category, the total outstanding principal amount of all loans to the farmer that are guaranteed under the program may not exceed \$50,000, while under the rest of the program, the total outstanding principal amount of all loans to a farmer that are guaranteed under the program may not exceed \$20,000.

2. Under the special category, the term of a loan may not exceed three years, while under the rest of the program, the term of a loan may not extend past March 31 of the calendar year following the calendar year in which the loan is made.

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3. To have a loan guaranteed under the special category, a swine farmer must apply for a loan guarantee no later than July 30, 1999, while under the rest of the program, there is no application deadline.

The total outstanding principal amount of all loans that WHEDA may guarantee under the entire agricultural production loan guarantee program is \$30,000,000 (with a deduction for the total outstanding guaranteed principal under the farm assets reinvestment management loan guarantee program). The bill provides that, of that total outstanding principal amount, \$5,000,000 may be total outstanding principal of loans guaranteed under the special category for farmers who raise swine.

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

1 **SECTION 1.** 234.90 (2) (intro.) of the statutes is amended to read:

2 234.90 **(2)** ELIGIBLE LOANS. (intro.) Except as provided in ~~sub.~~ subs. (3h) and
3 (3j), an agricultural production loan made by a participating lender is eligible for
4 guarantee of collection from the Wisconsin development reserve fund under s. 234.93
5 if all of the following apply:

6 **SECTION 2.** 234.90 (3) (intro.) of the statutes is amended to read:

7 234.90 **(3)** ELIGIBLE FARMERS. (intro.) Except as provided under subs. (3g), (3h)
8 and (3j), a farmer is eligible for a guaranteed loan if all of the following apply:

9 **SECTION 3.** 234.90 (3h) of the statutes is created to read:

10 234.90 **(3h)** GUARANTEE REQUIREMENTS FOR SWINE FARMERS. Except as provided
11 in sub. (3j), the authority may use moneys from the Wisconsin development reserve
12 fund to guarantee an agricultural production loan under this subsection if all of the
13 following apply:

14 (a) The borrower qualifies as an eligible farmer under sub. (3).

15 (b) The borrower raises swine.

16 (c) The loan satisfies the requirements under sub. (2), except for the
17 requirements under sub. (2) (b) and (h).

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1 (d) The total outstanding principal amount of all loans to the borrower that are
2 guaranteed under this section will not exceed \$50,000.

3 (e) The loan term does not extend beyond 3 years after the date on which the
4 lender disburses the loan unless the authority agrees to an extension of the loan
5 term.

6 (f) The borrower applies for a guarantee under this subsection no later July 30,
7 1999.

8 **SECTION 4.** 234.90 (3j) (intro.) of the statutes is amended to read:

9 234.90 **(3j)** EMERGENCY ELIGIBILITY CRITERIA. (intro.) The authority may
10 guarantee a loan to a farmer using eligibility criteria determined by the authority
11 that differ from the criteria under subs. (2) to ~~(3g)~~ (3h) if all of the following apply:

12 **SECTION 5.** 234.90 (3j) (a) of the statutes is amended to read:

13 234.90 **(3j)** (a) The governor has determined that an emergency situation exists
14 and that the criteria under subs. (2) to ~~(3g)~~ (3h) prevent the authority from making
15 an adequate response to the emergency situation.

16 **SECTION 6.** 234.90 (3m) of the statutes is amended to read:

17 234.90 **(3m)** EXTENSION. A Except as provided in sub. (3h) (e), a participating
18 lender may extend the term of a loan until no later than June 30 of the calendar year
19 following the calendar year in which the participating lender granted the loan.

20 **SECTION 7.** 234.90 (4) (a) of the statutes is amended to read:

21 234.90 **(4)** (a) Except as provided in par. (b), the authority shall guarantee
22 repayment of 90% of the principal of any agricultural production loan eligible for
23 guarantee under sub. (2) or (3h) made to a farmer eligible for a guaranteed loan
24 under sub. (3), (3h) or (3g).

25 **SECTION 8.** 234.90 (4) (b) 1. of the statutes is amended to read:

