

1999 DRAFTING REQUEST

Bill

Received: **11/11/98**

Received By: **kahlepj**

Wanted: **Soon**

Identical to LRB:

For: **Administration-Budget 6-7329**

By/Representing: **Justus**

This file may be shown to any legislator: **NO**

Drafter: **kahlepj**

May Contact:

Alt. Drafters:

Subject: **Econ. Development - bus. dev.**
Econ. Development - misc.

Extra Copies: **RAC**

Topic:

DOA:.....Justus - Using Indian gaming revenue for WIIEDA loan guarantccs (Indian gaming initiative)

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	kahlepj 11/13/98	gilfokm 11/23/98		_____			State
/P1			lpaasch 11/25/98	_____	lrb_docadmin 11/25/98		State
/1	kahlepj 11/30/98	gilfokm 12/8/98	martykr 12/9/98	_____	lrb_docadmin 12/9/98		State
/2	kahlepj 12/10/98	gilfokm 12/10/98	hhagen 12/11/98	_____	lrb_docadmin 12/11/98		State
/3	kahlepj 01/13/99	gilfokm 01/18/99	lpaasch 01/19/99	_____	lrb_docadmin 01/19/99		State

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typist</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/4	kahlepj 01/25/99	gilfokm 01/25/99	lpaasch 01/26/99	_____	lrb_docadmin 01/26/99		

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Page 2

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/2	kahlepj 12/10/98	gilfokm 12/10/98	hhagen 12/11/98	_____	lrb_docadmin 12/11/98		

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Econ. Development - misc.

Extra Copies: RAC

Topic:

DOA:.....Justus - Using Indian gaming revenue for WHEDA loan guarantees and eliminating the cultural and architectural landmark loan guarantee program (Indian gaming initiative)

Instructions:

See Attached

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/1	kahlepj 11/30/98	gilfokm 12/8/98	martykr 12/9/98	_____	lrb_docadmin 12/9/98		

FE Sent For: 1/3-12-8 kmg
 1/24 L.P.
 1/21/11
 1/12/11
 SEND 2/2/11
 Km

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dm 12/9 *JF* *dm 12/9*

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1?	kahlepj	1/11-11-23 KMG	11-24LP	11-24LP JS			

FE Sent For:


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CORRESPONDENCE MEMORANDUM

STATE OF WISCONSIN
Department of Administration

Date: November 9, 1998

To: Steve Miller
Chief, Legislative Reference Bureau

From: Sarah Justus 
State Budget Office

Subject: Drafting Request; WHEDA-Wisconsin Development Reserve Fund

Indian Gaming Initiative

Appropriate \$2,500,000 in FY01 from the appropriation under 20.505 (8) (h) to the WDRF to be used to assist businesses effected by gaming. Under the Small Business Development Loan Guarantee program (s. 234.83), create a subsection to establish loan guarantees to businesses located in the same county as a Native American casino. Maintain the WDRF reserve ratio of 4.5:1 for these loan guarantees. Increase the guarantee to 100% for these loan guarantees only. Also, create an interest subsidy similar to the tourism loan interest subsidy under 95-96 statutes s. 234.82 (6). Maintain the rate of 3.5% on the subsidy.

CROP and FARM

✓ Increase the maximum loan guarantee amount under the CROP program from \$20,000 to \$30,000 under 234.90 (2) (b). Under s. 234.91 (2) (c), increase the maximum loan amount from \$100,000 to \$200,000 or \$100,000 if any of the loans is affected by any other state or federal credit assistance program.

Cultural and Architectural Landmark Loan Guarantees

WHEDA recommended the following language to repeal the authority to make loans under the program but recognize the 4.0:1 reserve ratio for the existing Taliesin loan guarantee:

✓ 234.93 (4) (a) 3. Of the statutes is amended to read:

To fund guarantees under the program under s. 234.935, 1991 stats., at a ratio of \$1 of reserve funding to \$4 of total principal and outstanding guaranteed principal that the authority may guarantee under that program.

✓ Section 234.935 of the statutes is repealed.

assume some outstanding prin.

As an alternative, if we don't need any language maintaining the reserve ratio for the Taliesin loan, we can just repeal the section and its reference in 234.93 (4) (a) 3.

Please let me know if you have any questions.
Thank You.



State of Wisconsin
1999 - 2000 LEGISLATURE

LRB-0821/1
PJK...

PI

img

DOA:.....Justus – Using Indian gaming revenue for ^{////}Wheda loan guarantees and eliminating the cultural and architectural landmark loan guarantee program

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

SOON
(Fri. the 3rd)
D-note

do not
get cut

1 AN ACT relating to: using Indian gaming revenue to guarantee loans by the
2 Wisconsin Housing and Economic Development Authority, increasing
3 guarantee authority, eliminating a loan guarantee program and making an
4 appropriation.

Analysis by the Legislative Reference Bureau
COMMERCE AND ECONOMIC DEVELOPMENT

ECONOMIC DEVELOPMENT

The Wisconsin Housing and Economic Development Authority (WHEDA) administers a number of loan guarantee programs. Under the small business development loan guarantee program, WHEDA may guarantee up to 80% or \$200,000, whichever is less, of the principal of a loan made to a business that employs 50 or fewer full-time employees (small business), or to the elected governing body of an American Indian tribe or band in this state, for certain business development projects. The total outstanding guaranteed principal amount of all loans that WHEDA may guarantee under the program is \$9,900,000. The bill adds a new type of eligible borrower to the program. Under the bill, WHEDA may guarantee a loan that is made to small business that is located in the same county as a casino that is

a

operated by an American Indian tribe or band. For such a loan, WHEDA may guarantee up to 100% or \$200,000, whichever is less, of the loan principal. In addition, for such a loan WHEDA annually may pay to the financial institution that made the loan up to 3.5% of the outstanding balance of the loan as an interest subsidy. The bill increases the total outstanding guaranteed principal amount of all loans that WHEDA may guarantee under the program from \$9,900,000 to \$21,150,000. The bill also transfers to the Wisconsin development reserve fund moneys from the appropriation to the department of administration (DOA) into which Indian gaming receipts are deposited. WHEDA uses Wisconsin development reserve fund moneys to fund loan guarantees under all of its loan guarantee programs. The moneys transferred from the Indian gaming receipts appropriation, however, may be used only for guarantees and interest subsidies under the small business development loan guarantee program for loans made to businesses located in the same counties as American Indian casinos.

Under the agricultural production loan guarantee program in current law, WHEDA guarantees loans made to farmers to finance production of an agricultural commodity, such as milk. A farmer may have no more than \$20,000 in outstanding principal under all of the loans to the farmer that are guaranteed under the program. The bill changes the maximum amount of outstanding principal to no more than \$30,000.

Under the farm assets reinvestment management loan guarantee program in current law, WHEDA guarantees loans made to farmers to finance the acquisition of agricultural assets or the cost of improvements to facilities or land. A farmer may have no more than \$100,000 in outstanding principal under all of the loans to the farmer that are guaranteed under the program. The maximum amount is \$50,000 if any of the loans is affected by any other state or federal credit assistance program. The bill changes the maximum amount of outstanding principal to no more than \$200,000, or \$100,000 if any loan is affected by another credit assistance program.

Finally, the bill eliminates the cultural and architectural landmark loan guarantee program, under which WHEDA may guarantee a loan to an organization for acquiring, constructing, improving or rehabilitating a property that is an architectural masterpiece and that has historical significance.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

that a farmer may have

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

- 1 **SECTION 1.** 20.490 (5) (kg) of the statutes is created to read:
- 2 20.490 (5) (kg) *Indian gaming transfer to Wisconsin development reserve fund.*
- 3 All moneys transferred from the appropriation account under s. 20.505 (8) (h) to be

because of a delayed effective date.

1 transferred to the Wisconsin development reserve fund under s. 234.93 for
2 guarantees under s. 234.83 (4) (am) and interest subsidies under s. 234.83 (5).

*Component
is changed*

NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, states

NOTE: delay

but should not

auto ref A

3 SECTION 2. 20.505 (8) (h) of the statutes is amended to read:

4 20.505 (8) (h) *General program operations; Indian gaming.* The amounts in the
5 schedule for general program operations under ch. 569. All Indian gaming receipts,
6 as defined in s. 569.01 (1m), less the amounts appropriated under s. 20.455 (2) (gc),
7 shall be credited to this appropriation account. Annually, of the moneys received
8 under this appropriation account, an amount equal to 50% of the amount in the
9 schedule under s. 20.435 (7) (kg) shall be transferred to the appropriation account
10 under s. 20.435 (7) (kg). Of the moneys received under this appropriation account,
11 \$2,500,000 shall be transferred in fiscal year 2001-02 to the appropriation account
12 under s. 20.490 (5) (kg).

History: 1971 c. 108, 125, 215; 1971 c. 270 s. 104; 1973 c. 90 and supp., 157, 305; 1975 c. 39 ss. 179 to 184f, 735 (5); 1975 Ex. Order No. 24; 1975 c. 224, 397; 1977 c. 29; 1977 c. 196 ss. 70, 131; 1977 c. 377 s. 30; 1977 c. 418 s. 929 (1), (55); 1979 c. 32 s. 92 (5); 1979 c. 34, 175, 221; 1979 c. 355 s. 241; 1979 c. 361; 1981 c. 20 ss. 400b to 421, 2202 (57) (b); 1981 c. 44 s. 3; 1981 c. 62, 121; 1981 c. 202 s. 23; 1981 c. 314, 374, 391; 1983 a. 27 ss. 439 to 456, 2202 (1); 1983 a. 36, 187, 282, 371, 393; 1985 a. 29, 31, 57, 120, 296, 297, 332; 1987 a. 27 ss. 296n, 296q, 297b, 297d, 299a to 299r, 300a, 301a, 418 to 432; 1987 a. 142, 147, 342, 399; 1989 a. 31, 56, 107, 122, 336, 339, 345, 366; 1991 a. 39 s. 469, 593q to 614; 1991 a. 105, 269, 315; 1993 a. 16 ss. 470g, 470m, 470r, 488 to 506m; 1993 a. 33, 75, 193, 349, 358, 374, 414, 437, 477, 491; 1995 a. 27, 56, 201, 216, 225, 227, 370, 403; 1997 a. 3; 1997 a. 27 ss. 199, 227 to 229m, 233, 666g to 692; 1997 a. 237, 283.

13 SECTION 3. 20.505 (8) (h) of the statutes, as affected by 1999 Wisconsin Act

auto ref B

14 (this act), is amended to read:

15 20.505 (8) (h) *General program operations; Indian gaming.* The amounts in the
16 schedule for general program operations under ch. 569. All Indian gaming receipts,
17 as defined in s. 569.01 (1m), less the amounts appropriated under s. 20.455 (2) (gc),
18 shall be credited to this appropriation account. Annually, of the moneys received
19 under this appropriation account, an amount equal to 50% of the amount in the
20 schedule under s. 20.435 (7) (kg) shall be transferred to the appropriation account
21 under s. 20.435 (7) (kg). ~~Of the moneys received under this appropriation account,~~

1 ~~\$2,500,000 shall be transferred in fiscal year 2001-02 to the appropriation account~~
2 ~~under s. 20.490 (5) (kg).~~

History: 1971 c. 108, 125, 215; 1971 c. 270 s. 104; 1973 c. 90 and supp., 157, 305; 1975 c. 39 ss. 179 to 184f, 735 (5); 1975 Ex. Order No. 24; 1975 c. 224, 397; 1977 c. 29; 1977 c. 196 ss. 70, 131; 1977 c. 377 s. 30; 1977 c. 418 s. 929 (1), (55); 1979 c. 32 s. 92 (5); 1979 c. 34, 175, 221; 1979 c. 355 s. 241; 1979 c. 361; 1981 c. 20 ss. 400b to 421, 2202 (57) (b); 1981 c. 44 s. 3; 1981 c. 62, 121; 1981 c. 202 s. 23; 1981 c. 314, 374, 391; 1983 a. 27 ss. 439 to 456, 2202 (1); 1983 a. 36, 187, 282, 371, 393; 1985 a. 29, 31, 57, 120, 296, 297, 332; 1987 a. 27 ss. 296n, 296q, 297b, 297d, 299a to 299r, 300a, 301a, 418 to 432; 1987 a. 142, 147, 342, 399; 1989 a. 31, 56, 107, 122, 336, 339, 345, 366; 1991 a. 39 s. 469, 593q to 614; 1991 a. 105, 269, 315; 1993 a. 16 ss. 470g, 470m, 470r, 488 to 506m; 1993 a. 33, 75, 193, 349, 358, 374, 414, 437, 477, 491; 1995 a. 27, 56, 201, 216, 225, 227, 370, 403; 1997 a. 3; 1997 a. 27 ss. 199, 227 to 229m, 233, 666g to 692; 1997 a. 237, 283.

3 **SECTION 4. 70.11 (35) of the statutes is amended to read:**

4 **70.11 (35) CULTURAL AND ARCHITECTURAL LANDMARKS.** Property described in s.
5 **234.935 (1), 1997 stats.**

History: 1971 c. 152, 154, 312; 1973 c. 90; 1973 c. 333 s. 201m; 1973 c. 335 s. 13; 1975 c. 39; 1975 c. 94 s. 91 (10); 1975 c. 199; 1977 c. 29 ss. 745m, 1646 (3), 1647 (5), (7); 1977 c. 83 s. 26; 1977 c. 273, 282, 391, 418, 447; 1979 c. 34 s. 2102 (39) (g); 1979 c. 221, 225; 1979 c. 310 s. 12; 1981 c. 20; 1983 a. 27 ss. 1177, 1178, 1179f; 1983 a. 189 s. 329 (16); 1983 a. 201, 327; 1985 a. 26, 29, 316, 332; 1987 a. 10, 27, 395, 399; 1987 a. 403 s. 256; 1989 a. 25, 31, 307; 1991 a. 37, 39, 269; 1993 a. 263, 307, 399, 490; 1995 a. 27 ss. 3344 to 3348m, 9126 (19); 1995 a. 201, 227, 247, 366; 1997 a. 27, 35, 134, 147, 164, 184, 237.

6 **SECTION 5. 71.05 (1) (c) 2. of the statutes is amended to read:**

7 **71.05 (1) (c) 2.** The Wisconsin housing and economic development authority, if
8 the bonds are to fund a loan under s. **234.935, 1997 stats.**

History: 1987 a. 312; 1987 a. 411 ss. 42, 43, 45, 47 to 49, 51 to 53; 1989 a. 31, 46; 1991 a. 2, 37, 39, 269; 1993 a. 16, 112, 204, 263, 437; 1995 a. 27, 56, 209, 227, 261, 371, 403, 453; 1997 a. 27, 35, 39, 237. History: 1987 a. 312; 1987 a. 411 ss. 42, 43, 45, 47 to 49, 51 to 53; 1989 a. 31, 46; 1991 a. 2, 37, 39, 269; 1993 a. 16, 112, 204, 263, 437; 1995 a. 27, 56, 209, 227, 261, 371, 403, 453; 1997 a. 27, 35, 39, 237.

9 **SECTION 6. 234.83 (1) (intro.) of the statutes is amended to read:**

10 **234.83 (1) GUARANTEE REQUIREMENTS FOR SMALL BUSINESSES.** (intro.) The
11 authority may use money from the Wisconsin development reserve fund to guarantee
12 a loan under ~~this section~~ **sub. (4) (a)** if all of the following apply:

History: 1991 a. 39; 1993 a. 394; 1997 a. 27.

13 **SECTION 7. 234.83 (1) (a) of the statutes is amended to read:**

14 **234.83 (1) (a)** The borrower qualifies as an eligible borrower under sub. (2) (a)
15 **or (b).**

History: 1991 a. 39; 1993 a. 394; 1997 a. 27.

16 **SECTION 8. 234.83 (1m) of the statutes is created to read:**

17 **234.83 (1m) GUARANTEE REQUIREMENTS FOR BUSINESSES AFFECTED BY GAMING.**
18 The authority may use money from the Wisconsin development reserve fund to
19 guarantee a loan under sub. (4) (am) if all of the following apply:

20 (a) The borrower qualifies as an eligible borrower under sub. (2) (c).

1 (b) The loan qualifies as an eligible loan under sub. (3). ✓

2 (c) The lender enters into an agreement under s. 234.93 (2) (a). ✓

3 SECTION 9. 234.83 (2) (c) of the statutes is created to read:

4 234.83 (2) (c) A business to which the conditions under par. (a) 1., 2. and 3. ~~and~~
5 and that is located in this state in a county in which is located a casino that is
6 operated by an American Indian tribe or band.

Handwritten notes:
A scribbled-out word above "and".
An arrow pointing from the scribble to the word "and" which has been crossed out.
The word "stat" circled below.

7 SECTION 10. 234.83 (4) (am) of the statutes is created to read:

8 234.83 (4) (am) Subject to par. (b), the authority may guarantee repayment of
9 an amount of the principal of any loan eligible for a guarantee under sub. (1m). The
10 amount that may be guaranteed may not exceed 100% of the principal of the loan or
11 \$200,000, whichever is less. The authority shall establish the amount of the
12 principal of an eligible loan that will be guaranteed, using the procedures described
13 in the agreement under s. 234.93 (2) (a). ✓ The authority may establish a single
14 amount for all guaranteed loans that do not exceed \$200,000 and a single amount for
15 all guaranteed loans that exceed \$200,000 or establish on an individual basis
16 different amounts for eligible loans that do not exceed \$200,000 and different
17 amounts for eligible loans that exceed \$200,000.

18 SECTION 11. 234.83 (4) (b) of the statutes is amended to read:

19 234.83 (4) (b) Except as provided in s. 234.93 (3), the total outstanding
20 guaranteed principal amount of all loans that the authority may guarantee under
21 ~~par. (a) this section~~ may not exceed ~~\$9,900,000~~ \$21,150,000.

History: 1991 a. 39; 1993 a. 394; 1997 a. 27.

22 SECTION 12. 234.83 (5) of the statutes is created to read:

23 234.83 (5) INTEREST SUBSIDY FOR BUSINESSES AFFECTED BY GAMING. Annually,
24 from the Wisconsin development reserve fund, the authority may pay a financial

1 institution that makes a loan to a borrower under sub. (2) (c) that is guaranteed
2 under sub. (4) (am) an amount equal to up to 3.5% of the outstanding balance of the
3 loan.

4 **SECTION 13.** 234.90 (2) (b) of the statutes is amended to read:

5 234.90 (2) (b) The total outstanding principal amount of all loans to the
6 borrower that are guaranteed under this section will not exceed ~~\$20,000~~ \$30,000.

7 History: 1985 a. 9, 29, 153, 332, 334; 1987 a. 7, 27, 178, 421; 1989 a. 1, 10, 31, 336; 1991 a. 4, 39, 221; 1993 a. 1; 1995 a. 5, 150, 404.

7 **SECTION 14.** 234.91 (2) (c) of the statutes is amended to read:

8 234.91 (2) (c) The total outstanding guaranteed principal amount of all loans
9 made to the borrower that are guaranteed under this section will not exceed ~~\$100,000~~
10 \$200,000, or ~~\$50,000~~ \$100,000 if any of the loans is affected by any other state or
11 federal credit assistance program.

12 History: 1995 a. 150.

12 **SECTION 15.** 234.93 (1) (f) of the statutes is created to read:

13 234.93 (1) (f) To be used for guaranteeing loans under s. 234.83 (4) (am) and
14 paying interest subsidies under s. 234.83 (5), moneys appropriated to the authority
15 under s. 20.490 (5) (kg).

16 **SECTION 16.** 234.93 (4) (a) 2. of the statutes is amended to read:

17 234.93 (4) (a) 2. To fund guarantees under all of the programs guaranteed by
18 funds from the Wisconsin development reserve fund, except for the program under
19 s. 234.935, 1997 stats., at a ratio of \$1 of reserve funding to \$4.50 of total outstanding
20 principal and outstanding guaranteed principal that the authority may guarantee
21 under all of those programs.

22 History: 1991 a. 39, 221; 1993 a. 16, 394; 1995 a. 5, 150; 1997 a. 27.

22 **SECTION 17.** 234.93 (4) (a) 3. of the statutes is amended to read:

1 234.93 (4) (a) 3. To fund guarantees under the program under s. 234.935, 1997
2 stats., at a ratio of \$1 of reserve funding to \$4 of total principal and outstanding
3 guaranteed principal that the authority may guarantee under that program.

4 History: 1991 a. 39, 221; 1993 a. 16, 394; 1995 a. 5, 150; 1997 a. 27.

4 **SECTION 18.** 234.935 of the statutes is repealed.

~~70.11(15)~~ ~~71.05(1)(c)3.~~ ~~73.02(1)(a)1.~~

5 **SECTION 9425. Effective dates; Housing and Economic Development**

6 **Authority.**

7 (1) **LOAN GUARANTEES FOR BUSINESSES AFFECTED BY GAMING.** The treatment of
8 sections 20.490 (5) (kg), 20.505 (8) (h) (by SECTION), 234.83 (1) (intro.) and (a), (1m),
9 (2) (c), (4) (am) and (b) and (5) and 234.93 (1) (f) of the statutes takes effect on July
10 1, 2001.

auto ref A

11 (2) **ELIMINATION OF GAMING TRANSFER LANGUAGE.** The treatment of section 20.505
12 (8) (h) (by SECTION) of the statutes takes effect on July 1, 2002.

↑
auto ref B

(END)

D-note

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-0821/7dn
PJK/KMG..

P1

in this draft,

1. I made s. 20.490 (5) (kg) continuing. Okay?

→ 2. I realize that s. 20.505 (8) (h) is going to be affected by numerous "hits" for different Indian gaming revenue purposes. For now, s. 20.505 (8) (h) appears as if completely unaffected by any other draft. One question I have, however, is ~~should~~ the transfer in this draft be subject to any proration that other transfers might be subject to or should this transfer be effected before any proration takes place?

Pamela J. Kahler
Senior Legislative Attorney
266-2682

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-0821/P1dn
PJK:kmg:lp

November 24, 1998

1. I made s. 20.490 (5) (kg) continuing. Okay?
2. I realize that s. 20.505 (8) (h) is going to be affected by numerous "hits" for different Indian gaming revenue purposes. For now, in this draft, s. 20.505 (8) (h) appears as if completely unaffected by any other draft. One question I have, however, is should the transfer in this draft be subject to any proration that other transfers might be subject to or should this transfer be effected before any proration takes place?

Pamela J. Kahler
Senior Legislative Attorney
266-2682

CORRESPONDENCE MEMORANDUM

**STATE OF WISCONSIN
Department of Administration**

Date: November 30, 1998

To: Steve Miller
Chief, Legislative Reference Bureau

From: Sarah Justus
State Budget Office

Subject: Modification to draft #821

Please modify draft #821, Indian gaming revenue for WHEDA, to add the following language to allow a transfer of HILP surplus funds to the WDRF.

s. 234.51 (2) (b): change the language to read as follows:
 For transfer to the Wisconsin Development Reserve Fund under s. 234.93, to the extent that the chairperson of the authority certifies that such funds are no longer required for the program.

Create s. 234.93(1) (f) to read:
 Any moneys transferred from the housing rehabilitation loan program administration fund under 234.51.

Call me with any questions.
 Thanks,
 Sarah

Post-it* Fax Note	7671	Date	11/30	# of pages	1
To	Steve Miller &	From	Sarah		
Co./Dept.	Pam Kahler	Co.	DOA - SBO		
Phone #		Phone #	6-7339		
Fax #	4-8522	Fax #			



State of Wisconsin
1999 - 2000 LEGISLATURE

LRB-0821/01

PJK:kmg:lp

rmis run

DOA:.....Justus - Using Indian gaming revenue for WHEDA loan guarantees and eliminating the cultural and architectural landmark loan guarantee program (Indian gaming initiative)

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

SOON
(11-30)
J-note

do not
you cut

transferring moneys from
the housing rehabilitation
loan program administration
funds

1 AN ACT relating to: using Indian gaming revenue to guarantee loans by the
2 Wisconsin Housing and Economic Development Authority, increasing
3 guarantee authority, eliminating a loan guarantee program and making an
4 appropriation.

Analysis by the Legislative Reference Bureau

COMMERCE AND ECONOMIC DEVELOPMENT

ECONOMIC DEVELOPMENT

The Wisconsin Housing and Economic Development Authority (WHEDA) administers a number of loan guarantee programs. Under the small business development loan guarantee program, WHEDA may guarantee up to 80% or \$200,000, whichever is less, of the principal of a loan made to a business that employs 50 or fewer full-time employees (small business), or to the elected governing body of an American Indian tribe or band in this state for certain business development projects. The total outstanding guaranteed principal amount of all loans that WHEDA may guarantee under the program is \$9,900,000. The bill adds a new type of eligible borrower to the program. Under the bill, WHEDA may guarantee a loan that is made to a small business that is located in the same county as a casino that

is operated by an American Indian tribe or band. For such a loan, WHEDA may guarantee up to 100% or \$200,000, whichever is less, of the loan principal. In addition, for such a loan WHEDA annually may pay to the financial institution that made the loan up to 3.5% of the outstanding balance of the loan as an interest subsidy. The bill increases the total outstanding guaranteed principal amount of all loans that WHEDA may guarantee under the program from \$9,900,000 to \$21,150,000. The bill also transfers to the Wisconsin development reserve fund moneys from the appropriation to the department of administration (DOA) into which Indian gaming receipts are deposited. WHEDA uses Wisconsin development reserve fund moneys to fund loan guarantees under all of its loan guarantee programs. The moneys transferred from the Indian gaming receipts appropriation, however, may be used only for guarantees and interest subsidies under the small business development loan guarantee program for loans made to businesses located in the same counties as American Indian casinos.

Insert 2-A

Under the agricultural production loan guarantee program in current law, WHEDA guarantees loans made to farmers to finance production of an agricultural commodity, such as milk. A farmer may have no more than \$20,000 in outstanding principal under all of the loans to the farmer that are guaranteed under the program. The bill changes the maximum amount of outstanding principal that a farmer may have to no more than \$30,000.

Under the farm assets reinvestment management loan guarantee program in current law, WHEDA guarantees loans made to farmers to finance the acquisition of agricultural assets or the cost of improvements to facilities or land. A farmer may have no more than \$100,000 in outstanding principal under all of the loans to the farmer that are guaranteed under the program. The maximum amount is \$50,000 if any of the loans is affected by any other state or federal credit assistance program. The bill changes the maximum amount of outstanding principal that a farmer may have to no more than \$200,000, or \$100,000 if any loan is affected by another credit assistance program.

Finally, the bill eliminates the cultural and architectural landmark loan guarantee program, under which WHEDA may guarantee a loan to an organization for acquiring, constructing, improving or rehabilitating a property that is an architectural masterpiece and that has historical significance.

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. 20.490(5) of the statutes is created to read:
- 2 20.490(5) Indian gaming transfer to Wisconsin development reserve fund.
- 3 All moneys transferred from the appropriation account under 20.505(8) to be

(hm) b.p.
p

1 transferred to the Wisconsin development reserve fund under s. 234.93 for
2 guarantees under s. 234.83 (4) (am) and interest subsidies under s. 234.83 (5).

****NOTE: This SECTION involves a change in an appropriation, but should not be reflected in the revised schedule in s. 20.005, stats., because of a delayed effective date.

3 SECTION 2. 20.505 (8) (h) of the statutes is amended to read:

4 20.505 (8) (h) *General program operations; Indian gaming.* The amounts in the
5 schedule for general program operations under ch. 569. All Indian gaming receipts,
6 as defined in s. 569.01 (1m), less the amounts appropriated under s. 20.455 (2) (gc),
7 shall be credited to this appropriation account. Annually, of the moneys received
8 under this appropriation account, an amount equal to 50% of the amount in the
9 schedule under s. 20.435 (7) (kg) shall be transferred to the appropriation account
10 under s. 20.435 (7) (kg). Of the moneys received under this appropriation account,
11 \$2,500,000 shall be transferred in fiscal year 2001-02 to the appropriation account
12 under s. 20.490 (5) (kg).

13 SECTION 3. 20.505 (8) (h) of the statutes, as affected by 1999 Wisconsin Act ...
14 (this act), is amended to read:

15 20.505 (8) (h) *General program operations; Indian gaming.* The amounts in the
16 schedule for general program operations under ch. 569. All Indian gaming receipts,
17 as defined in s. 569.01 (1m), less the amounts appropriated under s. 20.455 (2) (gc),
18 shall be credited to this appropriation account. Annually, of the moneys received
19 under this appropriation account, an amount equal to 50% of the amount in the
20 schedule under s. 20.435 (7) (kg) shall be transferred to the appropriation account
21 under s. 20.435 (7) (kg). Of the moneys received under this appropriation account,
22 \$2,500,000 shall be transferred in fiscal year 2001-02 to the appropriation account
23 under s. 20.490 (5) (kg).

Insert 3-2 →

1 SECTION 4. 70.11 (35) of the statutes is amended to read:

2 70.11 (35) CULTURAL AND ARCHITECTURAL LANDMARKS. Property described in s.
3 234.935 (1), 1997 stats.

4 SECTION 5. 71.05 (1) (c) 2. of the statutes is amended to read:

5 71.05 (1) (c) 2. The Wisconsin housing and economic development authority, if
6 the bonds are to fund a loan under s. 234.935, 1997 stats.

Insert 4-6 →

7 SECTION 6. 234.83 (1) (intro.) of the statutes is amended to read:

8 234.83 (1) GUARANTEE REQUIREMENTS FOR SMALL BUSINESSES. (intro.) The
9 authority may use money from the Wisconsin development reserve fund to guarantee
10 a loan under ~~this section~~ sub. (4) (a) if all of the following apply:

11 SECTION 7. 234.83 (1) (a) of the statutes is amended to read:

12 234.83 (1) (a) The borrower qualifies as an eligible borrower under sub. (2) (a)
13 or (b).

14 SECTION 8. 234.83 (1m) of the statutes is created to read:

15 234.83 (1m) GUARANTEE REQUIREMENTS FOR BUSINESSES AFFECTED BY GAMING.

16 The authority may use money from the Wisconsin development reserve fund to
17 guarantee a loan under sub. (4) (am) if all of the following apply:

18 (a) The borrower qualifies as an eligible borrower under sub. (2) (c).

19 (b) The loan qualifies as an eligible loan under sub. (3).

20 (c) The lender enters into an agreement under s. 234.93 (2) (a).

21 SECTION 9. 234.83 (2) (c) of the statutes is created to read:

22 234.83 (2) (c) A business to which the conditions under par. (a) 1, 2, and 3 apply
23 and that is located in this state in a county in which is located a casino that is
24 operated by an American Indian tribe or band.

25 SECTION 10. 234.83 (4) (am) of the statutes is created to read:

1 234.83 (4) (am) Subject to par. (b), the authority may guarantee repayment of
2 an amount of the principal of any loan eligible for a guarantee under sub. (1m). The
3 amount that may be guaranteed may not exceed 100% of the principal of the loan or
4 \$200,000, whichever is less. The authority shall establish the amount of the
5 principal of an eligible loan that will be guaranteed, using the procedures described
6 in the agreement under s. 234.93 (2) (a). The authority may establish a single
7 amount for all guaranteed loans that do not exceed \$200,000 and a single amount for
8 all guaranteed loans that exceed \$200,000 or establish on an individual basis
9 different amounts for eligible loans that do not exceed \$200,000 and different
10 amounts for eligible loans that exceed \$200,000.

11 **SECTION 11.** 234.83 (4) (b) of the statutes is amended to read:

12 234.83 (4) (b) Except as provided in s. 234.93 (3), the total outstanding
13 guaranteed principal amount of all loans that the authority may guarantee under
14 par. (a) ~~this section~~ may not exceed ~~\$9,900,000~~ \$21,150,000.

15 **SECTION 12.** 234.83 (5) of the statutes is created to read:

16 234.83 (5) INTEREST SUBSIDY FOR BUSINESSES AFFECTED BY GAMING. Annually,
17 from the Wisconsin development reserve fund, the authority may pay a financial
18 institution that makes a loan to a borrower under sub. (2) (c) that is guaranteed
19 under sub. (4) (am) an amount equal to up to 3.5% of the outstanding balance of the
20 loan.

21 **SECTION 13.** 234.90 (2) (b) of the statutes is amended to read:

22 234.90 (2) (b) The total outstanding principal amount of all loans to the
23 borrower that are guaranteed under this section will not exceed ~~\$20,000~~ \$30,000.

24 **SECTION 14.** 234.91 (2) (c) of the statutes is amended to read:

Insert 6-4

1 234.91 (2) (c) The total outstanding guaranteed principal amount of all loans
2 made to the borrower that are guaranteed under this section will not exceed \$100,000
3 \$200,000, or ~~\$50,000~~ \$100,000 if any of the loans is affected by any other state or
4 federal credit assistance program.

5 SECTION 15. 234.93 (1) (f) of the statutes is created to read:

6 234.93 (1) (f) To be used for guaranteeing loans under s. 234.83 (4) (am) and
7 paying interest subsidies under s. 234.83 (5), moneys appropriated to the authority
8 under s. 20.490 (5) (1~~st~~). *→ Kp*

9 SECTION 16. 234.93 (4) (a) 2. of the statutes is amended to read:

10 234.93 (4) (a) 2. To fund guarantees under all of the programs guaranteed by
11 funds from the Wisconsin development reserve fund, except for the program under
12 s. 234.935, 1997 stats., at a ratio of \$1 of reserve funding to \$4.50 of total outstanding
13 principal and outstanding guaranteed principal that the authority may guarantee
14 under all of those programs.

15 SECTION 17. 234.93 (4) (a) 3. of the statutes is amended to read:

16 234.93 (4) (a) 3. To fund guarantees under the program under s. 234.935, 1997
17 stats., at a ratio of \$1 of reserve funding to \$4 of total principal and outstanding
18 guaranteed principal that the authority may guarantee under that program.

19 SECTION 18. 234.935 of the statutes is repealed.

20 SECTION 9425. Effective dates; Housing and Economic Development
21 Authority.

22 (1) LOAN GUARANTEES FOR BUSINESSES AFFECTED BY GAMING. The treatment of
23 sections ~~20.505 (8) (b)~~ *hmv* 20.505 (8) (b) *intro of A* (by SECTION 2), 234.83 (1) (intro.) and (a), (1m),
24 (2) (c), (4) (am) and (b) and (5) and 234.93 (1) (f) of the statutes ~~take~~ effect on July
25 1, ~~2001~~ *→ 2000*.

and the creation of sections 20,490(5)(Kp) and 20.505(8)(hmv) 6th of the statutes take

- 1
- 2
- 3

(2) ELIMINATION OF GAMING TRANSFER LANGUAGE. The treatment of section 20.505
 (8) (b) (by SECTION 3) of the statutes ~~take~~ effect on July 1, 2001. → 2001

auto ref B
 (intr.)

(END)

and the repeal of sections 20.490(5)(k) ^(P) and 20.505(8)(hm) ^(P) of the statutes take

D-note

This redraft does all of the following:

1. Changes the appropriation to conform to the Indian gaming initiative format.
2. Moves up the delayed effective dates by one year.
3. Adds the transfer from the housing rehabilitation

loan program administration fund. ~~the money~~
 Notice that ~~what gets~~ transferred from that fund will be transferred to the general fund anyway (under s. 234.93(4)) if ~~the~~ the money are not needed to guarantee loans.

the money

PJK

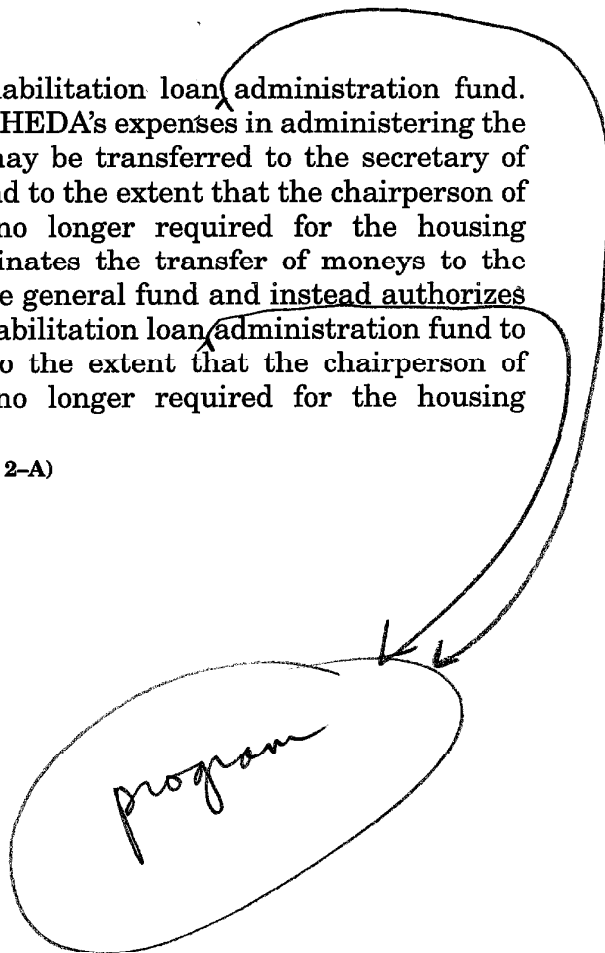
1999-2000 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-0821/lins
PJK:kmg:lp

INSERT 2-A

WHEDA administers the housing rehabilitation loan administration fund. Moneys in the fund may be used to pay for WHEDA's expenses in administering the housing rehabilitation loan program and may be transferred to the secretary of administration for deposit in the general fund to the extent that the chairperson of WHEDA certifies that the moneys are no longer required for the housing rehabilitation loan program. The bill eliminates the transfer of moneys to the secretary of administration for deposit in the general fund and instead authorizes the transfer of moneys from the housing rehabilitation loan administration fund to the Wisconsin development reserve fund to the extent that the chairperson of WHEDA certifies that the moneys are no longer required for the housing rehabilitation loan program.

(END OF INSERT 2-A)



1999-2000 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-0821/lins
PJK:kmg:lp

INSERT 3-2 ✓

***NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

SECTION 1. 20.490 (5) (k) ^P of the statutes ^{as created by 1999 Wisconsin Act ... (this act),} is repealed.

***NOTE: This SECTION involves a change in an appropriation, but should not be reflected in the revised schedule in s. 20.005, stats., because of a delayed effective date.

***NOTE: The creation and repeal of s. 20.490 (5) (k) ^P are based on the creation of s. 20.505 (8) (hm) in LRB-0757. If LRB-0757 is not included in the budget bill, s. 20.490 (5) (k) ^P will have to be redrafted.

auto ref A → SECTION 2. 20.505 (8) (hm) ^(intro.) of the statutes, as created by 1999 Wisconsin Act

... (this act), is amended to read:

Insert 3-2-A → SECTION 3. 20.505 (8) (hm) ^(intro.) of the statutes, as affected by 1999 Wisconsin Act

... (this act), section ^{auto ref A}, is amended to read:

Insert 3-2-B → SECTION 4. 20.505 (8) (hm) 6 ^P of the statutes is created to read:

20.505 (8) (hm) 6 ^P. The amount transferred to s. 20.490 (5) (k) ^P shall be \$2,500,000 in fiscal year 2000-01.

SECTION 5. 20.505 (8) (hm) 6 ^P of the statutes, as created by 1999 Wisconsin Act ... (this act), is repealed.

***NOTE: The creation and repeal of s. 20.505 (8) (hm) 6 ^P are based on the creation of s. 20.505 (8) (hm) in LRB-0757. If LRB-0757 is not included in the budget bill, s. 20.505 (8) (hm) 6 ^P will have to be redrafted.

(END OF INSERT 3-2)

see next 2 pages

Insert 3-2-A (Intro.)

1 20.505 (8) (hm) *Indian gaming receipts.* (All moneys received as Indian gaming
 2 receipts, as defined in s. 569.01 (1m), less the amounts appropriated under par. (h)
 3 and s. 20.455 (2) (gc), for the purpose of funding the amounts that are required to be
 4 transferred to the appropriation accounts specified in subs. ?? to ?? *On* November
 5 15 of each year, the following amounts shall be transferred to the following
 6 appropriation accounts, unless otherwise provided under s. 16.49: *to be filled in.*

7 ****NOTE: The question marks will have to be filled in.*
 8 1. The amount transferred to s. 20.??? (?) (?) shall be the amount in the schedule
 under s. 20.??? (?) (?)

*****NOTE: Sherrie: Here is the model that we will be using to transfer the Indian gaming moneys to the other appropriations. Also, please note that in this draft I have not dealt with the issue of transferring moneys to the appropriation for the compulsive gambling program. When I receive the instructions from DOA to deal with the funding of this program, I will make the necessary changes in current law to allow for full funding of the program from the Indian gaming proceeds. In this regard, ss. 20.435 (7) (kg), 20.505 (8) (g) and 20.566 (8) (q) will need amending.*

9 **SECTION 4.** 569.01 (1m) (d) of the statutes is created to read:

10 569.01 (1m) (d) Moneys received by the state from Indian tribes pursuant to
 11 an Indian gaming compact, except moneys received as direct reimbursements to the
 12 department of justice. p

*****NOTE: Sherrie: It is necessary to amend this subsection to permit the crediting of the Indian gaming moneys to the appropriation account under s. 20.505 (8) (hm). I modeled this after the other paragraphs in s. 569.01 (1m). Are there any other moneys out there that you want to bring in as Indian gaming receipts?*

13 **SECTION 5.** 569.06 of the statutes is amended to read:

14 **569.06 Indian gaming receipts.** Indian gaming receipts shall be credited to
 15 the appropriation accounts under ss. 20.455 (2) (gc) and 20.505 (8) (h) and (hm) as
 16 specified under ss. 20.455 (2) (gc) and 20.505 (8) (h) and (hm).

17

(END) *ins 3-2-A*

Except as provided in subd. 6 only on

Insert 3-2-B

(Intro.)

1 20.505 (8) (hm) *Indian gaming receipts.* All moneys received as Indian gaming
 2 receipts, as defined in s. 569.01 (1m), less the amounts appropriated under par. (h)
 3 and s. 20.455 (2) (gc), for the purpose of funding the amounts that are required to be
 4 transferred to the appropriation accounts specified in subs. ?? to ?? *November*
 5 15 of each year, the following amounts shall be transferred to the following
 6 appropriation accounts, unless otherwise provided under s. 16.49:

*Except as provided in subcl. Amend off
DN*

7 1. The amount transferred to s. 20.??? (?) (?) shall be the amount in the schedule
 8 under s. 20.??? (?) (?)

~~****NOTE: Sherrie: Here is the model that we will be using to transfer the Indian gaming moneys to the other appropriations. Also, please note that in this draft I have not dealt with the issue of transferring moneys to the appropriation for the compulsive gambling program. When I receive the instructions from DOA to deal with the funding of this program, I will make the necessary changes in current law to allow for full funding of the program from the Indian gaming proceeds. In this regard, ss. 20.435 (7) (kg), 20.505 (8) (g) and 20.566 (8) (q) will need amending.~~

9 SECTION 4. 569.01 (1m) (d) of the statutes is created to read:

10 569.01 (1m) (d) Moneys received by the state from Indian tribes pursuant to
 11 an Indian gaming compact, except moneys received as direct reimbursements to the
 12 department of justice.

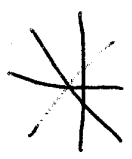
6p.

~~****NOTE: Sherrie: It is necessary to amend this subsection to permit the crediting of the Indian gaming moneys to the appropriation account under s. 20.505 (8) (hm). I modeled this after the other paragraphs in s. 569.01 (1m). Are there any other moneys out there that you want to bring in as Indian gaming receipts?~~

13 SECTION 5. 569.06 of the statutes is amended to read:

14 569.06 **Indian gaming receipts.** Indian gaming receipts shall be credited to
 15 the appropriation accounts under ss. 20.455 (2) (gc) and 20.505 (8) (h) and (hm) as
 16 specified under ss. 20.455 (2) (gc) and 20.505 (8) (h) and (hm).

(END)



**** NOTE: The question marks will have to be filled in at a later date. Additionally, the amendments depend on LRB-0757 being in the budget bill.*

of s. 20.505 (8) (hm) (Intro.)

(end of ins. 3-2-B)

1999-2000 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-0821/lins
PJK:kmg:lp

INSERT 4-6 ✓

SECTION 1. 234.51 (2) (b) of the statutes is amended to read:

234.51 (2) (b) For transfer, upon request, to the secretary of administration for deposit in the state general fund to the Wisconsin development reserve fund under s. 234.93, to the extent that the chairperson of the authority certifies that such funds are no longer required for the program.

History: 1977 c. 418; 1981 c. 349; 1985 a. 29.

(END OF INSERT 4-6)

INSERT 6-4 ✓

SECTION 2. 234.93 (1) (cm) of the statutes is created to read:

234.93 (1) (cm) Any moneys transferred from the housing rehabilitation loan program administration fund (under s. 234.51 (2) (b))

(END OF INSERT 6-4)

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-0821/1dn
PJK:kmg:lp

1. This redraft does all of the following:
 - a. Changes the appropriation to conform to the Indian gaming initiative format.
 - b. Moves up the delayed effective dates by one year.
 - c. Adds the transfer from the housing rehabilitation loan program administration fund.
2. Notice that the moneys transferred to the Wisconsin development reserve fund will be transferred to the general fund anyway (under s. 234.93 (4)) if the moneys are not needed to guarantee loans.
3. Take a look at ss. 234.52 (2) and 234.55 (3). The language refers to a transfer to the housing rehabilitation loan program administration fund *only for the purpose of deposit in the state general fund*. Is this a problem in light of the change to s. 234.51 (2) (b)? Are the deposits under ss. 234.52 (2) and 234.55 (3) the deposit that was authorized under s. 234.51 (2) (b) before the change?

Pamela J. Kahler
Senior Legislative Attorney
266-2682

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-0821/1dn
PJK:kmg:km

December 9, 1998

1. This redraft does all of the following:
 - a. Changes the appropriation to conform to the Indian gaming initiative format.
 - b. Moves up the delayed effective dates by one year.
 - c. Adds the transfer from the housing rehabilitation loan program administration fund.
2. Notice that the moneys transferred to the Wisconsin development reserve fund will be transferred to the general fund anyway (under s. 234.93 (4)) if the moneys are not needed to guarantee loans.
3. Take a look at ss. 234.52 (2) and 234.55 (3). The language refers to a transfer to the housing rehabilitation loan program administration fund *only for the purpose of deposit in the state general fund*. Is this a problem in light of the change to s. 234.51 (2) (b)? Are the deposits under ss. 234.52 (2) and 234.55 (3) the deposit that was authorized under s. 234.51 (2) (b) before the change?

Pamela J. Kahler
Senior Legislative Attorney
266-2682



State of Wisconsin
1999 - 2000 LEGISLATURE

LRB-0821/
PJK:kmg:km

pm is run

DOA:.....Justus - Using Indian gaming revenue for WHEDA loan guarantees and ~~eliminating the capital and ~~landmark~~ landmark loan guarantee program~~ (Indian gaming initiative)

FOR 1999-01 BUDGET - NOT READY FOR INTRODUCTION

*SOON
(12-10)
A-note*

*do not
pvcut*

- 1 AN ACT **relating to:** using Indian gaming revenue to guarantee loans by the
- 2 Wisconsin Housing and Economic Development Authority, ~~increasing~~
- 3 ~~guarantee authority, transferring money from the housing rehabilitation loan~~
- 4 ~~program administration fund, eliminating a loan guarantee program and~~
- 5 making an appropriation.

**Analysis by the Legislative Reference Bureau
COMMERCE AND ECONOMIC DEVELOPMENT**

ECONOMIC DEVELOPMENT

The Wisconsin Housing and Economic Development Authority (WHEDA) administers a number of loan guarantee programs. Under the small business development loan guarantee program, WHEDA may guarantee up to 80% or \$200,000, whichever is less, of the principal of a loan made to a business that employs 50 or fewer full-time employees (small business), or to the elected governing body of an American Indian tribe or band in this state, for certain business development projects. The total outstanding guaranteed principal amount of all loans that WHEDA may guarantee under the program is \$9,900,000. The bill adds a new type

2
in a county that is adjacent to such a county

of eligible borrower to the program. Under the bill, WHEDA may guarantee a loan that is made to a small business that is located in the same county as a casino that is operated by an American Indian tribe or band. For such a loan, WHEDA may guarantee up to 100% or \$200,000, whichever is less, of the loan principal. In addition, for such a loan WHEDA annually may pay to the financial institution that made the loan up to 3.5% of the outstanding balance of the loan as an interest subsidy. The bill increases the total outstanding guaranteed principal amount of all loans that WHEDA may guarantee under the program from \$9,900,000 to \$21,150,000. The bill also transfers to the Wisconsin development reserve fund moneys from the appropriation to the department of administration (DOA) into which Indian gaming receipts are deposited. WHEDA uses Wisconsin development reserve fund moneys to fund loan guarantees under all of its loan guarantee programs. The moneys transferred from the Indian gaming receipts appropriation, however, may be used only for guarantees and interest subsidies under the small business development loan guarantee program for loans made to businesses located in the same counties as American Indian casinos.

in counties adjacent to those counties

WHEDA administers the housing rehabilitation loan program administration fund. Moneys in the fund may be used to pay for WHEDA's expenses in administering the housing rehabilitation loan program and may be transferred to the secretary of administration for deposit in the general fund to the extent that the chairperson of WHEDA certifies that the moneys are no longer required for the housing rehabilitation loan program. The bill eliminates the transfer of moneys to the secretary of administration for deposit in the general fund and instead authorizes the transfer of moneys from the housing rehabilitation loan program administration fund to the Wisconsin development reserve fund to the extent that the chairperson of WHEDA certifies that the moneys are no longer required for the housing rehabilitation loan program.

Under the agricultural production loan guarantee program in current law, WHEDA guarantees loans made to farmers to finance production of an agricultural commodity, such as milk. A farmer may have no more than \$20,000 in outstanding principal under all of the loans to the farmer that are guaranteed under the program. The bill changes the maximum amount of outstanding principal that a farmer may have to no more than \$30,000.

Under the farm assets reinvestment management loan guarantee program in current law, WHEDA guarantees loans made to farmers to finance the acquisition of agricultural assets or the cost of improvements to facilities or land. A farmer may have no more than \$100,000 in outstanding principal under all of the loans to the farmer that are guaranteed under the program. The maximum amount is \$50,000 if any of the loans is affected by any other state or federal credit assistance program. The bill changes the maximum amount of outstanding principal that a farmer may have to no more than \$200,000, or \$100,000 if any loan is affected by another credit assistance program.

Finally, the bill eliminates the cultural and architectural landmark loan guarantee program, under which WHEDA may guarantee a loan to an organization

~~for acquiring, constructing, improving or rehabilitating a property that is an architectural masterpiece and that has historical significance.~~

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. 20.490 (5) (kp) of the statutes is created to read:

2 20.490 (5) (kp) *Indian gaming transfer to Wisconsin development reserve fund.*

3 All moneys transferred from the appropriation account under s 20.505 (8) (hm) 6p.

4 to be transferred to the Wisconsin development reserve fund under s. 234.93 for

5 guarantees under s. 234.83 (4) (am) and interest subsidies under s. 234.83 (5).

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

6 SECTION 2. 20.490 (5) (kp) of the statutes, as created by 1999 Wisconsin Act

7 (this act), is repealed.

****NOTE: This SECTION involves a change in an appropriation, but should not be reflected in the revised schedule in s. 20.005, stats., because of a delayed effective date.

****NOTE: The creation and repeal of s. 20.490 (5) (kp) are based on the creation of s. 20.505 (8) (hm) in LRB-0757. If LRB-0757 is not included in the budget bill, s. 20.490 (5) (kp) will have to be redrafted.

8 SECTION 3. 20.505 (8) (hm) (intro.) of the statutes, as created by 1999 Wisconsin

9 Act (this act), is amended to read:

10 20.505 (8) (hm) *Indian gaming receipts.* (intro.) All moneys received as Indian
11 gaming receipts, as defined in s. 569.01 (1m), less the amounts appropriated under
12 par. (h) and s. 20.455 (2) (gc), for the purpose of funding the amounts that are
13 required to be transferred to the appropriation accounts specified in subds. ?? to ??.

14 ~~On~~ Except as provided in subd. 6p., on November 15 of each year, the following
15 amounts shall be transferred to the following appropriation accounts, unless
16 otherwise provided under s. 16.49:

auto ref
B ✓

****NOTE: The question marks will have to be filled in.

1

SECTION 4. 20.505 (8) (hm) (intro.) of the statutes, as affected by 1999 Wisconsin

2

Act (this act), section 3, is amended to read:

3

20.505 (8) (hm) *Indian gaming receipts.* (intro.) All moneys received as Indian gaming receipts, as defined in s. 569.01 (1m), less the amounts appropriated under

4

par. (h) and s. 20.455 (2) (gc), for the purpose of funding the amounts that are

5

required to be transferred to the appropriation accounts specified in subds. ?? to ??.

6

~~Except as provided in subd. 6p., on~~ On November 15 of each year, the following

7

amounts shall be transferred to the following appropriation accounts, unless

8

otherwise provided under s. 16.49:

9

****NOTE: The question marks will have to be filled in at a later date. Additionally, the amendments of s. 20.505 (8) (hm) (intro.) depend on LRB-0757 being in the budget bill.

10

SECTION 5. 20.505 (8) (hm) 6p. of the statutes is created to read:

11

20.505 (8) (hm) 6p. The amount transferred to s. 20.490 (5) (kp) shall be

12

\$2,500,000 in fiscal year 2000-01.

13

SECTION 6. 20.505 (8) (hm) 6p. of the statutes, as created by 1999 Wisconsin Act

14

.... (this act), is repealed.

****NOTE: The creation and repeal of s. 20.505 (8) (hm) 6p. are based on the creation of s. 20.505 (8) (hm) in LRB-0757. If LRB-0757 is not included in the budget bill, s. 20.505 (8) (hm) 6p. will have to be redrafted.

15

SECTION 7. 70.11 (35) of the statutes is amended to read:

16

70.11 (35) CULTURAL AND ARCHITECTURAL LANDMARKS. Property described in s.

17

~~234.935 (1), 1997 stats.~~

18

SECTION 8. 71.05 (1) (c) 2. of the statutes is amended to read:

19

71.05 (1) (c) 2. The Wisconsin housing and economic development authority, if

20

the bonds are to fund a loan under s. ~~234.935, 1997 stats.~~

21

SECTION 9. 234.51 (2) (b) of the statutes is amended to read:

1 ~~234.51 (2) (b) For transfer, upon request, to the secretary of administration for~~
 2 ~~deposit in the state general fund to the Wisconsin development reserve fund under~~
 3 ~~s. 234.93, to the extent that the chairperson of the authority certifies that such funds~~
 4 ~~are no longer required for the program.~~

5 SECTION 10. 234.83 (1) (intro.) of the statutes is amended to read:

6 234.83 (1) GUARANTEE REQUIREMENTS FOR SMALL BUSINESSES. (intro.) The
 7 authority may use money from the Wisconsin development reserve fund to guarantee
 8 a loan under ~~this section~~ sub. (4) (a) if all of the following apply:

9 SECTION 11. 234.83 (1) (a) of the statutes is amended to read:

10 234.83 (1) (a) The borrower qualifies as an eligible borrower under sub. (2) (a)
 11 or (b).

12 SECTION 12. 234.83 (1m) of the statutes is created to read:

13 234.83 (1m) GUARANTEE REQUIREMENTS FOR ^{SMALL} BUSINESSES AFFECTED BY GAMING.

14 The authority may use money from the Wisconsin development reserve fund to
 15 guarantee a loan under sub. (4) (am) if all of the following apply:

16 (a) The borrower qualifies as an eligible borrower under sub. (2) (c).

17 (b) The loan qualifies as an eligible loan under sub. (3).

18 (c) The lender enters into an agreement under s. 234.93 (2) (a).

19 SECTION 13. 234.83 (2) (c) of the statutes is created to read:

20 234.83 (2) (c) A business to which the conditions under par. (a) 1., 2. and 3. apply
 21 and that is located ~~in this state~~ in a county in which is located a casino that is
 22 operated by an American Indian tribe or band.

23 SECTION 14. 234.83 (4) (am) of the statutes is created to read:

24 234.83 (4) (am) Subject to par. (b), the authority may guarantee repayment of
 25 an amount of the principal of any loan eligible for a guarantee under sub. (1m). The

in this state, or in a county in this state that is adjacent to a county in this state,

1 amount that may be guaranteed may not exceed 100% of the principal of the loan or
2 \$200,000, whichever is less. The authority shall establish the amount of the
3 principal of an eligible loan that will be guaranteed, using the procedures described
4 in the agreement under s. 234.93 (2) (a). The authority may establish a single
5 amount for all guaranteed loans that do not exceed \$200,000 and a single amount for
6 all guaranteed loans that exceed \$200,000 or establish on an individual basis
7 different amounts for eligible loans that do not exceed \$200,000 and different
8 amounts for eligible loans that exceed \$200,000.

9 SECTION 15. 234.83 (4) (b) of the statutes is amended to read:

10 234.83 (4) (b) Except as provided in s. 234.93 (3), the total outstanding
11 guaranteed principal amount of all loans that the authority may guarantee under
12 ~~par. (a) this section may not exceed \$9,900,000~~ \$21,150,000.

13 SECTION 16. 234.83 (5) of the statutes is created to read:

14 234.83 (5) INTEREST SUBSIDY FOR BUSINESSES AFFECTED BY GAMING. Annually,
15 from the Wisconsin development reserve fund, the authority may pay a financial
16 institution that makes a loan to a borrower under sub. (2) (c) that is guaranteed
17 under sub. (4) (am) an amount equal to up to 3.5% of the outstanding balance of the
18 loan.

19 SECTION 17. 234.90 (2) (b) of the statutes is amended to read:

20 234.90 (2) (b) The total outstanding principal amount of all loans to the
21 borrower that are guaranteed under this section will not exceed ~~\$20,000~~ \$30,000.

22 SECTION 18. 234.91 (2) (e) of the statutes is amended to read:

23 234.91 (2) (c) The total outstanding guaranteed principal amount of all loans
24 made to the borrower that are guaranteed under this section will not exceed \$100,000

1 \$200,000, or \$50,000-\$100,000 if any of the loans is affected by any other state or
2 federal credit assistance program.

3 SECTION 19. 234.93 (1) (cm) of the statutes is created to read:

4 234.93 (1) (cm) Any moneys transferred under s. 234.51 (2) (b) from the housing
5 rehabilitation loan program administration fund.

6 SECTION 20. 234.93 (1) (f) of the statutes is created to read:

7 234.93 (1) (f) To be used for guaranteeing loans under s. 234.83 (4) (am) and
8 paying interest subsidies under s. 234.83 (5), moneys appropriated to the authority
9 under s. 20.490 (5) (kp).

10 SECTION 21. 234.93 (4) (a) 2. of the statutes is amended to read:

11 234.93 (4) (a) 2. To fund guarantees under all of the programs guaranteed by
12 funds from the Wisconsin development reserve fund, except for the program under
13 s. 234.935, 1997 stats., at a ratio of \$1 of reserve funding to \$4.50 of total outstanding
14 principal and outstanding guaranteed principal that the authority may guarantee
15 under all of those programs.

16 SECTION 22. 234.93 (4) (a) 3. of the statutes is amended to read:

17 234.93 (4) (a) 3. To fund guarantees under the program under s. 234.935, 1997
18 stats., at a ratio of \$1 of reserve funding to \$4 of total principal and outstanding
19 guaranteed principal that the authority may guarantee under that program.

20 SECTION 23. 234.935 of the statutes is repealed.

21 SECTION 9425. Effective dates; Housing and Economic Development
22 Authority.

23 (1) LOAN GUARANTEES FOR BUSINESSES AFFECTED BY GAMING.

24 (a) The treatment of sections 20.505 (8) (hm) (intro.) (by SECTION 3), 234.83 (1)
25 (intro.) and (a), (1m), (2) (c), (4) (am) and (b) and (5) and 234.93 (1) (f) of the statutes

1 and the creation of sections 20.490 (5) (kp) and 20.505 (8) (hm) 6p. of the statutes take
2 effect on July 1, 2000.

3 (b) The treatment of section 20.505 (8) (hm) (intro.) by SECTION 3 of the
4 statutes and the repeal of sections 20.490 (5) (kp) and 20.505 (8) (hm) 6p. of the
5 statutes take effect on July 1, 2001.

6 (END)

auto ref B ✓

✓ 3

D - note



DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-0821/2dn[✓]
PJK:kmg:km

This redraft takes out everything but the Indian gaming revenue loan guarantee program. The redraft also adds that a business that is eligible for a loan guarantee may be located in a county that is adjacent to a county in which a casino is located.

Pamela J. Kahler
Senior Legislative Attorney
266-2682

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-0821/2dn
PJK:kmg:hmh

Friday, December 11, 1998

This redraft takes out everything but the Indian gaming revenue loan guarantee program. The redraft also adds that a business that is eligible for a loan guarantee may be located in a county that is adjacent to a county in which a casino is located.

Pamela J. Kahler
Senior Legislative Attorney
266-2682

Kahler, Pam

From: Justus, Sarah [sarah.justus@doa.state.wi.us]
Sent: Wednesday, January 13, 1999 10:50 AM
To: Kahler, Pam
Subject: draft changes

Draft #820 - Indian Gaming Revenue for Tourism: ^{3,000,000}

✓ -Gaming transfer for tourism programs: provide \$3,000,000 in FY00 and \$3,500,000 in FY01 and beyond. ^{4,500,000}

-I'd like to define area near gaming as the county in which the casino is located or an adjacent county

✓ -Brown County Grant: provide \$500,000 in FY00 and \$1,000,000 in FY01 and that's all.

✓ -Add under eligible uses of the \$3,000,000 gaming money the LCVB program laid out in draft #0994. I'd like to add this to #820 as opposed to doing another draft. Delete section 2 in the #994 draft because we set the match for JEM in #820 at 75% for businesses near gaming. Keep section 3 in there.

-Answers to ****notes in draft #994:
pg 4, line 2, I think twice annually would be good
pg 4, line 9, I think it's ok to let the department set a deadline for receiving applications each time they solicit them in the paper
pg 5, line 5, give me a call and lets discuss this one
pg 5, line 8, I think the name and address of the organization is sufficient

Lets limit grants under this program to a total of \$1,500,000 in each fiscal year. Can we leave it up to the department to make a rule as to how much could go to any one recipient? If it would be better to specify in the draft, give me a call to discuss the formula, the one they have using hotel rooms doesn't make much sense to me.

Commerce gaming drafts:
start the grants/loans to effected businesses in FY00 instead of FY01 but leave the grants/loans for economic diversification to start in FY01.

← 824

✓ Wheda gaming draft:
Put the one time transfer of funds in FY00 instead of FY01

← 821

Call me with questions.
Thanks,
Sarah
Sarah Justus
State Budget Office
266-7329

3 places -
change analysis too



State of Wisconsin
1999 - 2000 LEGISLATURE

LRB-0821/3
PJK:kmg:hmh
rmis ren

DOA:.....Justus - Using Indian gaming revenue for WHEDA loan guarantees (Indian gaming initiative)

FOR 1999-01 BUDGET - NOT READY FOR INTRODUCTION

*SOON
(1-13)
A-vote*

*do not
get cut*

- 1 AN ACT relating to: using Indian gaming revenue to guarantee loans by the
- 2 Wisconsin Housing and Economic Development Authority and making an
- 3 appropriation.

**Analysis by the Legislative Reference Bureau
COMMERCE AND ECONOMIC DEVELOPMENT**

ECONOMIC DEVELOPMENT

The Wisconsin Housing and Economic Development Authority (WHEDA) administers a number of loan guarantee programs. Under the small business development loan guarantee program, WHEDA may guarantee up to 80% or \$200,000, whichever is less, of the principal of a loan made to a business that employs 50 or fewer full-time employees (small business), or to the elected governing body of an American Indian tribe or band in this state, for certain business development projects. The total outstanding guaranteed principal amount of all loans that WHEDA may guarantee under the program is \$9,900,000. The bill adds a new type of eligible borrower to the program. Under the bill, WHEDA may guarantee a loan that is made to a small business that is located in the same county as a casino that is operated by an American Indian tribe or band or in a county that is adjacent to such a county. For such a loan, WHEDA may guarantee up to 100% or \$200,000, whichever is less, of the loan principal. In addition, for such a loan WHEDA annually

may pay to the financial institution that made the loan up to 3.5% of the outstanding balance of the loan as an interest subsidy. The bill increases the total outstanding guaranteed principal amount of all loans that WHEDA may guarantee under the program from \$9,900,000 to \$21,150,000. The bill also transfers to the Wisconsin development reserve fund moneys from the appropriation to the department of administration (DOA) into which Indian gaming receipts are deposited. WHEDA uses Wisconsin development reserve fund moneys to fund loan guarantees under all of its loan guarantee programs. The moneys transferred from the Indian gaming receipts appropriation, however, may be used only for guarantees and interest subsidies under the small business development loan guarantee program for loans made to businesses located in the same counties as American Indian casinos or in counties adjacent to those counties.

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. 20.490 (5) (kp) of the statutes is created to read:

2 20.490 (5) (kp) *Indian gaming transfer to Wisconsin development reserve fund.*
3 All moneys transferred from the appropriation account under s 20.505 (8) (hm) 6p.
4 to be transferred to the Wisconsin development reserve fund under s. 234.93 for
5 guarantees under s. 234.83 (4) (am) and interest subsidies under s. 234.83 (5).

....NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

6 SECTION 2. 20.490 (5) (kp) of the statutes, as created by 1999 Wisconsin Act....
7 (this act), is repealed. *note: bud*

....NOTE: This SECTION involves a change in an appropriation, but should not be reflected in the revised schedule in s. 20.005, stats, because of a delayed effective date.

....NOTE: The creation ~~of~~ of s. 20.490 (5) (kp) *is* based on the creation of s. 20.505 (8) (hm) in LRB-0757. If LRB-0757 is not included in the budget bill, s. 20.490 (5) (kp) will have to be redrafted.

8 SECTION 3. 20.505 (8) (hm) (intro.) of the statutes, as created by 1999 Wisconsin
9 Act, (this act) is ~~repealed~~ *created* to read:
10 20.505 (8) (hm) *Indian gaming receipts.* (intro.) All moneys received as Indian
11 gaming receipts, as defined in s. 569.01 (1m), less the amounts appropriated under

1 par. (h) and s. 20.455 (2) (gc) for the purpose of funding the amounts that are
 2 required to be transferred to the appropriation accounts specified in subs. ?? to ??.
 3 ~~Except as provided in subd. 6p., on November 15 of each year, the following~~
 4 ~~amounts shall be transferred to the following appropriation accounts, unless~~
 5 ~~otherwise provided under s. 16.49.~~

****NOTE: The question marks will have to be filled in.

6 SECTION 4. 20.505 (8) (hm) (intro.) of the statutes, as ~~repealed~~ ^{created} by 1999 Wisconsin
 7 Act ... (this act) ~~is~~ ^{is} amended to read:

8 20.505 (8) (hm) *Indian gaming receipts.* (intro.) All moneys received as Indian
 9 gaming receipts as defined in s. 509.01 (1m), less the amounts appropriated under
 10 par. (h) and s. 20.455 (2) (gc) for the purpose of funding the amounts that are
 11 required to be transferred to the appropriation accounts specified in subs. ?? to ??.
 12 ~~Except as provided in subd. 6p., on~~ ^{On} November 15 of each year, the following
 13 amounts shall be transferred to the following appropriation accounts, unless
 14 otherwise provided under s. 16.49:

****NOTE: The question marks will have to be filled in at a later date. Additionally,
 the ~~amounts~~ of s. 20.505 (8) (hm) (intro.) depend on LRB-0757 being in the budget
 bill.

15 SECTION 5. 20.505 (8) (hm) 6p. of the statutes is created to read:

16 20.505 (8) (hm) 6p. The amount transferred to s. 20.490 (5) (kp) shall be
 17 \$2,500,000 ~~per year~~ ^{per year}.

18 SECTION 6. 20.505 (8) (hm) 6p. of the statutes, as created by 1999 Wisconsin Act

19 (this act), is repealed.

****NOTE: The creation and repeal of s. 20.505 (8) (hm) 6p. are based on the creation
 of s. 20.505 (8) (hm) in LRB-0757. If LRB-0757 is not included in the budget bill, s. 20.505
 (8) (hm) 6p. will have to be redrafted.

20 SECTION 7. 234.83 (1) (intro.) of the statutes is amended to read:

1 ~~234.83 (1) GUARANTEE REQUIREMENTS FOR SMALL BUSINESSES~~ (intro.) The
2 authority may use money from the Wisconsin development reserve fund to guarantee
3 a loan under this section sub. (4) (a) if all of the following apply:

4 SECTION 8. 234.83 (1) (a) of the statutes is amended to read:

5 234.83 (1) (a) The borrower qualifies as an eligible borrower under sub. (2) (a)
6 or (b).

7 SECTION 9. 234.83 (1m) of the statutes is created to read:

8 234.83 (1m) GUARANTEE REQUIREMENTS FOR SMALL BUSINESSES AFFECTED BY
9 GAMING. The authority may use money from the Wisconsin development reserve fund
10 to guarantee a loan under sub. (4) (am) if all of the following apply:

11 (a) The borrower qualifies as an eligible borrower under sub. (2) (c).

12 (b) The loan qualifies as an eligible loan under sub. (3).

13 (c) The lender enters into an agreement under s. 234.93 (2) (a).

14 SECTION 10. 234.83 (2) (c) of the statutes is created to read:

15 234.83 (2) (c) A business to which the conditions under par. (a) 1., 2. and 3. apply
16 and that is located in a county in this state, or in a county in this state that is adjacent
17 to a county in this state, in which is located a casino that is operated by an American
18 Indian tribe or band.

19 SECTION 11. 234.83 (4) (am) of the statutes is created to read:

20 234.83 (4) (am) Subject to par. (b), the authority may guarantee repayment of
21 an amount of the principal of any loan eligible for a guarantee under sub. (1m). The
22 amount that may be guaranteed may not exceed 100% of the principal of the loan or
23 \$200,000, whichever is less. The authority shall establish the amount of the
24 principal of an eligible loan that will be guaranteed, using the procedures described
25 in the agreement under s. 234.93 (2) (a). The authority may establish a single

1 amount for all guaranteed loans that do not exceed \$200,000 and a single amount for
2 all guaranteed loans that exceed \$200,000 or establish on an individual basis
3 different amounts for eligible loans that do not exceed \$200,000 and different
4 amounts for eligible loans that exceed \$200,000.

5 SECTION 12. 234.83 (4) (b) of the statutes is amended to read:

6 234.83 (4) (b) Except as provided in s. 234.93 (3), the total outstanding
7 guaranteed principal amount of all loans that the authority may guarantee under
8 par. (a) ~~this section~~ may not exceed ~~\$9,900,000~~ \$21,150,000.

9 SECTION 13. 234.83 (5) of the statutes is created to read:

10 234.83 (5) INTEREST SUBSIDY FOR BUSINESSES AFFECTED BY GAMING. Annually,
11 from the Wisconsin development reserve fund, the authority may pay a financial
12 institution that makes a loan to a borrower under sub. (2) (c) that is guaranteed
13 under sub. (4) (am) an amount equal to up to 3.5% of the outstanding balance of the
14 loan.

15 SECTION 14. 234.93 (1) (f) of the statutes is created to read:

16 234.93 (1) (f) To be used for guaranteeing loans under s. 234.83 (4) (am) and
17 paying interest subsidies under s. 234.83 (5), moneys appropriated to the authority
18 under s. 20.490 (5) (kp).

19 SECTION 9425. Effective dates; Housing and Economic Development
20 Authority.

21 (1) LOAN GUARANTEES FOR BUSINESSES AFFECTED BY GAMING.

22 (a) The treatment of sections 20.505 (8) (hm) (intro.) (by SECTION 3), 234.83 (1)
23 (intro.) and (a), (1m), (2) (s), (4) (am) and (b) and (5) and 234.93 (1) (f) of the statutes
24 and the creation of sections 20.490 (5) (kp) and 20.505 (8) (hm) 6p. of the statutes take
25 effect on July 1, 2000.

[Handwritten scribbles]

*Insert
5-21 (over)
next page*

Amendment 5-21

now

1 The treatment of section 20.505 (8) (hm) (and so) by section 1 of the
 2 statutes and the repeal of section 20.490 (8) (hm) and 20.505 (8) (hm) 6p. of the
 3 statutes take effect on July 1, 2000

4

(END)

and the amendment of
 section 20.490 (8) (hm) of the
 statutes

D-note

~~Insert 3-5~~

~~WPA Additionally, because the creation
of S. 20.505 (8)(km) in LRB-0757
has the same effective date (now)
as the ~~amendment~~ "creation"
of S. 20.505 (8)(km) (intro.) in this
draft, the language conflict
will have to be resolved
either in a compiled bill
that goes into the budget or
as part of our general
reconciliation process of
the budget.~~

~~(end of ins. 3-5)~~

**1999-2000 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-0821/3ins
PJK:krj/ab

INSERT 5-18 ✓

SECTION 1. 234.93 (1) (f) of the statutes, as created by 1999 Wisconsin Act
(this act), is amended to read:

234.93 (1) (f) To be used for guaranteeing loans under s. 234.83 (4) (am) and
paying interest subsidies under s. 234.83 (5), moneys appropriated to the authority
under s. 20.490 (5) (kp), 1999 stats.

(END OF INSERT 5-18)

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-0821/3dn
PJK:kmg:hmh

Sarah:

2000
This redraft moves up the gaming revenue transfer for the WHEDA program one year, to FY~~00~~, and eliminates the amendments to s. 20.505 (8) (hm) (intro.) (created in LRB-0757), since the transfer of Indian gaming receipts no longer takes place annually on November 15. I also added the amendment to s. 234.93 (1) (f).

Pamela J. Kahler
Senior Legislative Attorney
266-2682

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-0821/3dn
PJK:kmg:lp

January 19, 1999

Sarah:

This redraft moves up the gaming revenue transfer for the WHEDA program one year, to FY2000, and eliminates the amendments to s. 20.505 (8) (hm) (intro.) (created in LRB-0757), since the transfer of Indian gaming receipts no longer takes place annually on November 15.

Pamela J. Kahler
Senior Legislative Attorney
266-2682



State of Wisconsin
1999 - 2000 LEGISLATURE

LRB-0821/4
PJK:kmg:lp

r m g r m

DOA:.....Justus - Using Indian gaming revenue for WHEDA loan guarantees (Indian gaming initiative)

FOR 1999-01 BUDGET - NOT READY FOR INTRODUCTION

*SOON
(1-25)
0-10-98*

*do not
get cut*

1 AN ACT relating to: using Indian gaming revenue to guarantee loans by the
2 Wisconsin Housing and Economic Development Authority and making an
3 appropriation.

Analysis by the Legislative Reference Bureau
COMMERCE AND ECONOMIC DEVELOPMENT

ECONOMIC DEVELOPMENT

The Wisconsin Housing and Economic Development Authority (WHEDA) administers a number of loan guarantee programs. Under the small business development loan guarantee program, WHEDA may guarantee up to 80% or \$200,000, whichever is less, of the principal of a loan made to a business that employs 50 or fewer full-time employees (small business), or to the elected governing body of American Indian tribe or band in this state, for certain business development projects. The total outstanding guaranteed principal amount of all loans that WHEDA may guarantee under the program is \$9,900,000. The bill adds a new type of eligible borrower to the program. Under the bill, WHEDA may guarantee a loan that is made to a small business that is located in the same county as a casino that is operated by American Indian tribe or band or in a county that is adjacent to such a county. For such a loan, WHEDA may guarantee up to 100% or \$200,000, whichever is less, of the loan principal. In addition, for such a loan WHEDA annually

*a federally
recognized*

may pay to the financial institution that made the loan up to 3.5% of the outstanding balance of the loan as an interest subsidy. The bill increases the total outstanding guaranteed principal amount of all loans that WHEDA may guarantee under the program from \$9,900,000 to \$21,150,000. The bill also transfers to the Wisconsin development reserve fund moneys from the appropriation to the department of administration (DOA) into which Indian gaming receipts are deposited. WHEDA uses Wisconsin development reserve fund moneys to fund loan guarantees under all of its loan guarantee programs. The moneys transferred from the Indian gaming receipts appropriation, however, may be used only for guarantees and interest subsidies under the small business development loan guarantee program for loans made to businesses located in the same counties as American Indian casinos or in counties adjacent to those counties.

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. 20.490 (5) (kp) of the statutes is created to read:

2 20.490 (5) (kp) *Indian gaming transfer to Wisconsin development reserve fund.*

3 All moneys transferred from the appropriation account under s 20.505 (8) (hm) 6p.

4 to be transferred to the Wisconsin development reserve fund under s. 234.93 for

5 guarantees under s. 234.83 (4) (am) and interest subsidies under s. 234.83 (5).

....NOTE. This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

....NOTE. The creation of s. 20.490 (5) (kp) is based on the creation of s. 20.505 (8) (hm) in LRB-0757. If LRB-0757 is not included in the budget bill, s. 20.490 (5) (kp) will have to be redrafted.

6 SECTION 2. 20.505 (8) (hm) 6p. of the statutes is created to read:

7 20.505 (8) (hm) 6p. The amount transferred to s. 20.490 (5) (kp) shall be
8 \$2,500,000.

9 SECTION 3. 20.505 (8) (hm) 6p. of the statutes, as created by 1999 Wisconsin Act

10 (this act), is repealed.

....NOTE. The creation and repeal of s. 20.505 (8) (hm) 6p. are based on the creation of s. 20.505 (8) (hm) in LRB-0757. If LRB-0757 is not included in the budget bill, s. 20.505 (8) (hm) 6p. will have to be redrafted.

1 SECTION 4. 234.83 (1) (intro.) of the statutes is amended to read:

2 234.83 (1) ~~GUARANTEE REQUIREMENTS FOR SMALL BUSINESSES~~ (intro.) The
3 authority may use money from the Wisconsin development reserve fund to guarantee
4 a loan under ~~this section sub. (4) (a)~~ if all of the following apply:

5 SECTION 5. 234.83 (1) (a) of the statutes is amended to read:

6 234.83 (1) (a) The borrower qualifies as an eligible borrower under sub. (2) (a)
7 or (b).

8 SECTION 6. 234.83 (1m) of the statutes is created to read:

9 234.83 (1m) GUARANTEE REQUIREMENTS FOR SMALL BUSINESSES AFFECTED BY
10 GAMING. The authority may use money from the Wisconsin development reserve fund
11 to guarantee a loan under sub. (4) (am) if all of the following apply:

12 (a) The borrower qualifies as an eligible borrower under sub. (2) (c).

13 (b) The loan qualifies as an eligible loan under sub. (3).

14 (c) The lender enters into an agreement under s. 234.93 (2) (a).

15 SECTION 7. 234.83 (2) (c) of the statutes is created to read:

16 234.83 (2) (c) A business to which the conditions under par. (a) 1., 2. and 3. apply
17 and that is located in a county in this state, or in a county in this state that is adjacent
18 to a county in this state, in which is located a casino that is operated by an American

19 Indian tribe or band *→ in this state*

20 SECTION 8. 234.83 (4) (am) of the statutes is created to read:

21 234.83 (4) (am) Subject to par. (b), the authority may guarantee repayment of
22 an amount of the principal of any loan eligible for a guarantee under sub. (1m). The
23 amount that may be guaranteed may not exceed 100% of the principal of the loan or
24 \$200,000, whichever is less. The authority shall establish the amount of the
25 principal of an eligible loan that will be guaranteed, using the procedures described.

a hereby recognized

1 in the agreement under s. 234.93 (2) (a). The authority may establish a single
2 amount for all guaranteed loans that do not exceed \$200,000 and a single amount for
3 all guaranteed loans that exceed \$200,000 or establish on an individual basis
4 different amounts for eligible loans that do not exceed \$200,000 and different
5 amounts for eligible loans that exceed \$200,000.

6 **SECTION 9.** 234.83 (4) (b) of the statutes is amended to read:

7 234.83 (4) (b) Except as provided in s. 234.93 (3), the total outstanding
8 guaranteed principal amount of all loans that the authority may guarantee under
9 ~~par. (a) this section~~ may not exceed ~~\$9,900,000~~ \$21,150,000.

10 **SECTION 10.** 234.83 (5) of the statutes is created to read:

11 234.83 (5) INTEREST SUBSIDY FOR BUSINESSES AFFECTED BY GAMING. Annually,
12 from the Wisconsin development reserve fund, the authority may pay a financial
13 institution that makes a loan to a borrower under sub. (2) (c) that is guaranteed
14 under sub. (4) (am) an amount equal to up to 3.5% of the outstanding balance of the
15 loan.

16 **SECTION 11.** 234.93 (1) (f) of the statutes is created to read:

17 234.93 (1) (f) To be used for guaranteeing loans under s. 234.83 (4) (am) and
18 paying interest subsidies under s. 234.83 (5), moneys appropriated to the authority
19 under s. 20.490 (5) (kp).

20 **SECTION 9425. Effective dates; Housing and Economic Development**
21 **Authority.**

22 (1) LOAN GUARANTEES FOR BUSINESSES AFFECTED BY GAMING. The repeal of section
23 20.505 (8) (hm) 6p. of the statutes takes effect on July 1, 2000.

24 (END)

operating the casinos
D-vote
This redraft specifies that the American Indian tribes or bands are federally recognized and in this states
PJK

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-0821/4dn
PJK:kmg:lp

January 26, 1999

This redraft specifies that the American Indian tribes on bands operating the casinos are federally recognized and in this state.

Pamela J. Kahler
Senior Legislative Attorney
266-2682



State of Wisconsin
1999 - 2000 LEGISLATURE

LRB-0821/4
PJK:kmg:lp

DOA:.....Justus - Using Indian gaming revenue for WHEDA loan
guarantees (Indian gaming initiative)

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

- 1 **AN ACT ...; relating to:** using Indian gaming revenue to guarantee loans by the
2 Wisconsin Housing and Economic Development Authority and making an
3 appropriation.

Analysis by the Legislative Reference Bureau
COMMERCE AND ECONOMIC DEVELOPMENT

ECONOMIC DEVELOPMENT

The Wisconsin Housing and Economic Development Authority (WHEDA) administers a number of loan guarantee programs. Under the small business development loan guarantee program, WHEDA may guarantee up to 80% or \$200,000, whichever is less, of the principal of a loan made to a business that employs 50 or fewer full-time employees (small business), or to the elected governing body of a federally recognized American Indian tribe or band in this state, for certain business development projects. The total outstanding guaranteed principal amount of all loans that WHEDA may guarantee under the program is \$9,900,000. The bill adds a new type of eligible borrower to the program. Under the bill, WHEDA may guarantee a loan that is made to a small business that is located in the same county as a casino that is operated by a federally recognized American Indian tribe or band or in a county that is adjacent to such a county. For such a loan, WHEDA may guarantee up to 100% or \$200,000, whichever is less, of the loan principal. In

addition, for such a loan WHEDA annually may pay to the financial institution that made the loan up to 3.5% of the outstanding balance of the loan as an interest subsidy. The bill increases the total outstanding guaranteed principal amount of all loans that WHEDA may guarantee under the program from \$9,900,000 to \$21,150,000. The bill also transfers to the Wisconsin development reserve fund moneys from the appropriation to the department of administration (DOA) into which Indian gaming receipts are deposited. WHEDA uses Wisconsin development reserve fund moneys to fund loan guarantees under all of its loan guarantee programs. The moneys transferred from the Indian gaming receipts appropriation, however, may be used only for guarantees and interest subsidies under the small business development loan guarantee program for loans made to businesses located in the same counties as American Indian casinos or in counties adjacent to those counties.

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4 to be transferred to the Wisconsin development reserve fund under s. 234.93 for
5 guarantees under s. 234.83 (4) (am) and interest subsidies under s. 234.83 (5).

 ****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

 ****NOTE: The creation of s. 20.490 (5) (kp) is based on the creation of s. 20.505 (8) (hm) in LRB-0757. If LRB-0757 is not included in the budget bill, s. 20.490 (5) (kp) will have to be redrafted.

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2 234.83 (1) **GUARANTEE REQUIREMENTS FOR SMALL BUSINESSES.** (intro.) The
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4 a loan under ~~this section~~ sub. (4) (a) if all of the following apply:

5 **SECTION 5.** 234.83 (1) (a) of the statutes is amended to read:

6 234.83 (1) (a) The borrower qualifies as an eligible borrower under sub. (2) (a)
7 or (b).

8 **SECTION 6.** 234.83 (1m) of the statutes is created to read:

9 234.83 (1m) **GUARANTEE REQUIREMENTS FOR SMALL BUSINESSES AFFECTED BY**
10 **GAMING.** The authority may use money from the Wisconsin development reserve fund
11 to guarantee a loan under sub. (4) (am) if all of the following apply:

12 (a) The borrower qualifies as an eligible borrower under sub. (2) (c).

13 (b) The loan qualifies as an eligible loan under sub. (3).

14 (c) The lender enters into an agreement under s. 234.93 (2) (a).

15 **SECTION 7.** 234.83 (2) (c) of the statutes is created to read:

16 234.83 (2) (c) A business to which the conditions under par. (a) 1., 2. and 3. apply
17 and that is located in a county in this state, or in a county in this state that is adjacent
18 to a county in this state, in which is located a casino that is operated by a federally
19 recognized American Indian tribe or band in this state.

20 **SECTION 8.** 234.83 (4) (am) of the statutes is created to read:

21 234.83 (4) (am) Subject to par. (b), the authority may guarantee repayment of
22 an amount of the principal of any loan eligible for a guarantee under sub. (1m). The
23 amount that may be guaranteed may not exceed 100% of the principal of the loan or
24 \$200,000, whichever is less. The authority shall establish the amount of the
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17 234.93 (1) (f) To be used for guaranteeing loans under s. 234.83 (4) (am) and
18 paying interest subsidies under s. 234.83 (5), moneys appropriated to the authority
19 under s. 20.490 (5) (kp).

20 **SECTION 9425. Effective dates; Housing and Economic Development**
21 **Authority.**

22 (1) LOAN GUARANTEES FOR BUSINESSES AFFECTED BY GAMING. The repeal of section
23 20.505 (8) (hm) 6p. of the statutes takes effect on July 1, 2000.

24 (END)