

**1999 DRAFTING REQUEST**

**Bill**

Received: **12/10/98**

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 - misc.  
Econ. Development - tourism**

Extra Copies:

**Topic:**

DOA:.....Justus - Eliminating the cultural and architectural landmark loan guarantee program

**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 12/10/98	gilfokm 12/11/98		_____			State
/1			lpaasch 12/14/98	_____	lrb_docadmin 12/14/98		State
/2	kahlepj 01/31/99	kgeller 01/31/99	hhagen 01/31/99	_____	lrb_docadmin 01/31/99		

FE Sent For:

<END>

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/?	kahlepj 12/10/98	gilfokm 12/11/98		_____			State
/1		12/31/98 <i>g</i>	lpaasch 12/14/98 <i>OK 1/31</i>	_____	lrh_docadmin 12/14/98 <i>4/1/99</i>		

FE Sent For:

<END>

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**Topic:**

✓  
DOA:.....Justus - Eliminating the cultural and architectural landmark loan guarantee program

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**Instructions:**

See Attached

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**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>
1/?	kahlepj	1-12-11 Hmg	LP 12/14	<del>LP 12/14</del> hmg			

FE Sent For:

<END>



State of Wisconsin  
1999 - 2000 LEGISLATURE

1220/1  
LRB-0821/1  
PJK:Kmg:km  
STET

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  
(12-10)  
D-note

DOA-Bud

do not  
gen-cut

start

- 1 AN ACT relating to: using Indian gaming revenue to guarantee loans by the
- 2 of the Wisconsin Housing and Economic Development Authority, increasing
- 3 guarantee authority, transferring moneys from the housing rehabilitation loan
- 4 program administration fund, and 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

Insert A ↓

Start analysis on p. 2

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.

~~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. Insert B ✓

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

Insert B

Insert A

Start here

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:

\*\*\*\*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  
4 gaming receipts, as defined in s. 569.01 (1m), less the amounts appropriated under  
5 par. (h) and s. 20.455 (2) (gc), for the purpose of funding the amounts that are  
6 required to be transferred to the appropriation accounts specified in subs. ?? to ??.  
7 ~~Except as provided in subd. 6p., on~~ On November 15 of each year, the following  
8 amounts shall be transferred to the following appropriation accounts, unless  
9 otherwise provided under s. 16.49:

          \*\*\*\*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 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

Insert 5-25



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) (c) 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)

*D-note*

*D-note*

This draft contains <sup>IRS</sup> the provisions,  
deleted from LRB-0821. ~~which~~

not related to the Indian gaming revenue  
loan guarantee program that were

PJK

Section #. 234.52 (2) of the statutes is amended to read:

234.52 (2) Subject to agreements with bondholders, the authority shall use moneys in the fund solely for transfer to the housing rehabilitation loan program bond redemption fund in amounts equal to losses on housing rehabilitation loans owned by that fund which are not made good by federal insurance or guarantee payments, and solely for the purposes described in s. 234.55 (2) (a). Any balance remaining after payment or due provision for payment of all outstanding bonds issued under the authority of s. 234.50 shall be transferred to the housing rehabilitation loan program administration fund ~~only for the purpose of deposit in the state general fund.~~

~~History: 1977 c. 418; 1985 a. 29 s. 3200 (28).~~



Ins. 5-25 contd

20/2

Section #. 234.55 (3) of the statutes is amended to read:

234.55 (3) Any balance remaining after satisfaction of all obligations under sub. (2) shall be transferred to the housing rehabilitation loan program administration fund ~~only for the purpose of deposit in the state general fund~~ ○

~~History: 1977 c. 418; 1985 a. 29 s. 3200 (28).~~

(end of ins. 5-25)

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

LRB-1220/1dn  
PJK:kmg:lp

December 14, 1998

This draft contains the provisions not related to the Indian gaming revenue loan guarantee program that were deleted from LRB-0821.

Pamela J. Kahler  
Senior Legislative Attorney  
266-2682



State of Wisconsin  
1999 - 2000 LEGISLATURE

LRB-1220/2  
PJK:kmg:lp

*revision*

DOA:.....Justus - Eliminating the cultural and architectural landmark loan  
guarantee program

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

*now  
(1-31)  
D-date*

*do not  
insert*

1 AN ACT *x*; relating to: increasing guarantee authority of the Wisconsin Housing  
2 and Economic Development Authority, transferring moneys from the housing  
3 rehabilitation loan program administration fund and eliminating a loan  
4 guarantee program.

---

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

**ECONOMIC DEVELOPMENT**

The Wisconsin Housing and Economic Development Authority (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

Insert A-2 ✓

rehabilitation loan program. } WHEDA uses Wisconsin development reserve fund moneys to fund loan guarantees under all of its loan guarantee programs.

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.** 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 2.** 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.

7           **SECTION 3.** 234.51 (2) (b) of the statutes is amended to read:

8           234.51 (2) (b) For transfer, upon request, to the secretary of administration for  
9           ~~deposit in the state general fund~~ to the Wisconsin development reserve fund under



1 s. 234.93, to the extent that the chairperson of the authority certifies that such funds  
2 are no longer required for the program.

3 **SECTION 4.** 234.52 (2) of the statutes is amended to read:

4 234.52 (2) Subject to agreements with bondholders, the authority shall use  
5 moneys in the fund solely for transfer to the housing rehabilitation loan program  
6 bond redemption fund in amounts equal to losses on housing rehabilitation loans  
7 owned by that fund which are not made good by federal insurance or guarantee  
8 payments, and solely for the purposes described in s. 234.55 (2) (a). Any balance  
9 remaining after payment or due provision for payment of all outstanding bonds  
10 issued under the authority of s. 234.50 shall be transferred to the housing  
11 rehabilitation loan program administration fund ~~only for the purpose of deposit in~~  
12 ~~the state general fund.~~

13 **SECTION 5.** 234.55 (3) of the statutes is amended to read:

14 234.55 (3) Any balance remaining after satisfaction of all obligations under  
15 sub. (2) shall be transferred to the housing rehabilitation loan program  
16 administration fund ~~only for the purpose of deposit in the state general fund.~~

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

18 234.90 (2) (b) The total outstanding principal amount of all loans to the  
19 borrower that are guaranteed under this section will not exceed ~~\$20,000~~ \$30,000.

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

21 234.91 (2) (c) The total outstanding guaranteed principal amount of all loans  
22 made to the borrower that are guaranteed under this section will not exceed ~~\$100,000~~  
23 \$200,000, or ~~\$50,000~~ \$100,000 if any of the loans is affected by any other state or  
24 federal credit assistance program.

25 **SECTION 8.** 234.93 (1) (cm) of the statutes is created to read:

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

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

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

9 SECTION 10. 234.93 (4) (a) 3. of the statutes is amended to read:

10 234.93 (4) (a) 3. To fund guarantees under the program under s. 234.935, 1997  
11 stats., at a ratio of \$1 of reserve funding to \$4 of total principal and outstanding  
12 guaranteed principal that the authority may guarantee under that program.

13 SECTION 11. 234.935 of the statutes is repealed.

14 (END)

Insert 4-13

OR number 1999 Wisconsin Act  
... (this act), section  
9125 ( ),  
Auto ref A

Insert A-2

no 4 In addition, the bill requires

WHEOA to transfer at least  $\checkmark$  \$5,100,000

in fiscal year 1999-2000 $\checkmark$  from the  
housing  
housing rehabilitation loan program $\checkmark$

administration fund to the Wisconsin

development reserve fund, regardless

of whether the chairperson makes the

required certification that the moneys are  
no longer necessary.

(end of ins. A-2)

INSERT 4-13

SECTION 9125. <sup>✓</sup>Nonstatutory provisions; Housing and Economic  
Development Authority.

*auto  
ref A*  
(1) TRANSFER TO WISCONSIN DEVELOPMENT RESERVE FUND. *Notwithstanding*  
~~section 234.51(2)(b) of the statutes, as affected by this act,~~ *in* fiscal year 1999-2000,  
the Wisconsin Housing and Economic Development Authority shall transfer at least  
\$5,100,000 from the housing rehabilitation loan program administration fund <sup>✓</sup> to the  
Wisconsin development reserve fund, regardless of whether the chairperson of the  
Wisconsin Housing and Economic Development Authority certifies that the funds  
are no longer required for the housing rehabilitation loan program.

(END OF INSERT 4-13)

*under section  
234.51(2)(b) of the  
statutes, as affected by  
this act*

D-note

# This redraft adds the ~~the~~  
required \$5,100,000 transfer  
from fund to fund. Do we have  
have any problem with agreements with  
~~the~~  
bondholders (contracts)? (See  
S. 234.51 (2) (intro.)) ✓

PJK

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

LRB-1220/2dn  
PJK:kmg:hmh

Sunday, January 31, 1999

This redraft adds the required \$5,100,000 transfer from fund to fund. Do we have any problem with agreements with bondholders (contracts)? (See s. 234.51 (2) (intro..))

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State of Wisconsin  
1999 - 2000 LEGISLATURE

LRB-1220/2  
PJK:kmg:hmh

DOA:.....Justus – Eliminating the cultural and architectural landmark loan  
guarantee program

FOR 1999-01 BUDGET -- NOT READY FOR INTRODUCTION

1     **AN ACT ...; relating to:** increasing guarantee authority of the Wisconsin Housing  
2             and Economic Development Authority, transferring moneys from the housing  
3             rehabilitation loan program administration fund and eliminating a loan  
4             guarantee program.

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

**ECONOMIC DEVELOPMENT**

The Wisconsin Housing and Economic Development Authority (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. In addition, the bill requires WHEDA to transfer at least \$5,100,000 in fiscal year 1999–2000 from the housing rehabilitation loan program administration fund to the Wisconsin development reserve fund, regardless of whether the chairperson makes the required certification that the moneys are no longer necessary. WHEDA uses Wisconsin development reserve fund moneys to fund loan guarantees under all of its loan guarantee programs.

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.

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

- 1           **SECTION 1.** 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 2.** 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.
- 7           **SECTION 3.** 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 4.** 234.52 (2) of the statutes is amended to read:

6           234.52 (2) Subject to agreements with bondholders, the authority shall use  
7           moneys in the fund solely for transfer to the housing rehabilitation loan program  
8           bond redemption fund in amounts equal to losses on housing rehabilitation loans  
9           owned by that fund which are not made good by federal insurance or guarantee  
10          payments, and solely for the purposes described in s. 234.55 (2) (a). Any balance  
11          remaining after payment or due provision for payment of all outstanding bonds  
12          issued under the authority of s. 234.50 shall be transferred to the housing  
13          rehabilitation loan program administration fund ~~only for the purpose of deposit in~~  
14          ~~the state general fund.~~

15          **SECTION 5.** 234.55 (3) of the statutes is amended to read:

16          234.55 (3) Any balance remaining after satisfaction of all obligations under  
17          sub. (2) shall be transferred to the housing rehabilitation loan program  
18          administration fund ~~only for the purpose of deposit in the state general fund.~~

19          **SECTION 6.** 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 7.** 234.91 (2) (c) 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 8.** 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), or under 1999  
5 Wisconsin Act .... (this act), section 9125 (1) from the housing rehabilitation loan  
6 program administration fund.

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

8 234.93 (4) (a) 2. To fund guarantees under all of the programs guaranteed by  
9 funds from the Wisconsin development reserve fund, except for the program under  
10 s. 234.935, 1997 stats., at a ratio of \$1 of reserve funding to \$4.50 of total outstanding  
11 principal and outstanding guaranteed principal that the authority may guarantee  
12 under all of those programs.

13 **SECTION 10.** 234.93 (4) (a) 3. of the statutes is amended to read:

14 234.93 (4) (a) 3. To fund guarantees under the program under s. 234.935, 1997  
15 stats., at a ratio of \$1 of reserve funding to \$4 of total principal and outstanding  
16 guaranteed principal that the authority may guarantee under that program.

17 **SECTION 11.** 234.935 of the statutes is repealed.

18 **SECTION 9125. Nonstatutory provisions; Housing and Economic**  
19 **Development Authority.**

20 (1) TRANSFER TO WISCONSIN DEVELOPMENT RESERVE FUND. In fiscal year  
21 1999-2000, the Wisconsin Housing and Economic Development Authority shall  
22 transfer at least \$5,100,000 from the housing rehabilitation loan program  
23 administration fund to the Wisconsin development reserve fund, regardless of  
24 whether the chairperson of the Wisconsin Housing and Economic Development  
25 Authority certifies that the funds are no longer required for the housing

1 rehabilitation loan program under section 234.51 (2) (b) of the statutes, as affected  
2 by this act.

3 (END)