

1999 DRAFTING REQUEST

Assembly Amendment (AA-AB133)

Received: **05/18/99**

Received By: **kahlepj**

Wanted: **Soon**

Identical to LRB:

For: **Legislative Fiscal Bureau 6-8849**

By/Representing: **Shanovich (DH)**

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

Drafter: **kahlepj**

May Contact:

Alt. Drafters:

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

Extra Copies:

Pre Topic:

LFB:.....Shanovich (DH) -

Topic:

Loans under the rural economic development program to businesses located in counties with low median household incomes

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 05/18/99	gilfokm 05/18/99		_____			
/1			martykr 05/20/99	_____	lrb_docadmin 05/20/99		

FE Sent For:

<END>

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1?	kahlepj	1-5-18-99 KMLG	<i>[Handwritten Signature]</i>	<i>[Handwritten Signature]</i>			

FE Sent For:

<END>



State of Wisconsin
1999 - 2000 LEGISLATURE

LRBb0334/1

PSK King

LFB:.....Shanovich (DH) - Loans under the rural economic development program to businesses located in counties with low median household incomes

FOR 1999-01 BUDGET - NOT READY FOR INTRODUCTION

LFB AMENDMENT

TO 1999 ASSEMBLY BILL 133 AND 1999 SENATE BILL 45

*SOON
(5-18-99)
D. vote*

1 At the locations indicated, amend the bill as follows:

2

(END)

*#. Page 1276, line 16: after that
line insert:*



BILL

located in a county that has a lower median household income than the state median household income or, if the rural municipality is located in a county that has a higher median household income than the state median household income, the rural municipality must have a lower median household income than the county median household income. The business operations may not involve metallic mining activities. The owner of the business must attend a class that provides instruction in how to write a business plan, how to make a business loan application and how to manage a business. The loan proceeds may be used for the purchase or improvement of land; the purchase of buildings, fixed assets or inventory; job training costs; employe relocation costs; or working capital. The department of commerce must ensure that a business that receives a loan for employe relocation costs gives an employe the option of accepting or declining relocation assistance and that the compensation and benefits terms of employment offered at the new location are as favorable as the compensation and benefits terms offered at the previous location. Finally, instead of the required contribution of at least 25% of the cost of the project, the board determines whether, and the extent to which, a business that receives a loan must contribute to the cost of the project. The board may not require the business to pay more than 20% of the cost.

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 *4* " SECTION *2955 m* 560.17 (5r) of the statutes is created to read:
- 2 560.17 (5r) (a) Under this subsection, the board may award to a business a loan
- 3 that does not exceed \$50,000 if all of the following apply:
- 4 1. The business, together with any affiliate, subsidiary or parent entity, has
- 5 fewer than 50 employes.
- 6 2. The business is or will be located in a rural municipality.
- 7 3. The rural municipality in which the business is or will be located satisfies
- 8 either of the following criteria:
- 9 a. The rural municipality is located in a county that has a median household
- 10 income that is lower than the state median household income.



State of Wisconsin
1999 - 2000 LEGISLATURE

LRB-2055/2
PJK:cmh&jlg:km

1999 BILL

1 AN ACT to renumber and amend 560.17 (6m); to amend 560.17 (7) (a); and to
2 create 560.17 (5r) and 560.17 (6m) (b) of the statutes; relating to: the rural
3 economic development program and making an appropriation.

Analysis by the Legislative Reference Bureau

Under the rural economic development program in current law, which is administered by the department of commerce, the rural economic development board (board) makes three different types of awards. One type is a grant that may be awarded to a business that has fewer than 50 employees and that is located in a rural municipality (a city, village or town that has a population of 6,000 or less or that is located in a county with a population density of less than 150 persons per square mile). The grant must be used for professional services related to starting or expanding the business or for management assistance continuing after starting or expanding the business. A second type of award is a grant that may be awarded to a person or business proposing to start up, modernize or expand a dairy farm in this state. The third type of award is a grant or loan that may be awarded to a business that has fewer than 50 employees and that is located in a rural municipality for working capital, fixed asset financing or employee relocation costs. For all grant and loan awards, the recipient must contribute at least 25% of the cost of the project in cash.

This bill creates a fourth type of award under the program. The board may award a loan that does not exceed \$50,000 to a business with fewer than 50 employees that is or will be located in a rural municipality. The rural municipality must be

BILL

1 b. If the rural municipality is located in a county that has a median household
2 income that is higher than the state median household income, the rural
3 municipality has a median household income that is lower than the county median
4 household income.

5 4. The business is starting or expanding its operations.

6 5. The operations of the business do not involve metallic mining activities.

7 6. The owner of the business attends a class that provides instruction in writing
8 a business plan, making a business loan application and managing a start-up
9 business.

10 (b) A business applying for a loan under this subsection must submit an
11 application package that includes a business plan and such personal and business
12 financial information as the board requires to enable the board to assess sufficiently
13 the potential viability of the business. The department shall assist a business in
14 preparing an application.

15 (c) A business that receives a loan under this subsection may use the loan
16 proceeds for any of the following purposes:

17 1. The purchase or improvement of land.

18 2. The purchase of buildings, furniture, fixtures, machinery, equipment or
19 inventory.

20 3. Job training costs.

21 4. Employee relocation costs.

22 5. Working capital.

23 (d) If a business that receives a loan under this subsection uses the loan
24 proceeds for employee relocation costs under par. (c) 4., the department shall ensure
25 all of the following:

BILL

1 1. That an employe of the business has the option of accepting or declining any
2 relocation assistance that is available as a result of the loan.

3 2. That the compensation and benefits terms offered at the new location are at
4 least as favorable as those offered by the business at its previous location.

5 SECTION ~~2~~ ^{2955p} 560.17 (6m) of the statutes is renumbered 560.17 (6m) (a) and
6 amended to read:

7 560.17 (6m) (a) ~~In~~ Except as provided in par. (b), in order to receive a grant or
8 loan under this section a person or business shall contribute cash, from a source other
9 than the state, in an amount that equals at least 25% of the total cost of the project.

10 SECTION ~~3~~ ^{2955q} 560.17 (6m) (b) of the statutes is created to read:

11 560.17 (6m) (b) The board shall determine whether, and the extent to which,
12 in order to receive a loan under sub. (5r), a business must contribute from a source
13 other than the state a portion of the cost of the project, except that the board may not
14 require a business to contribute more than 20% of the cost of the project. The
15 contribution may be in cash or in kind. The board shall determine what services or
16 materials may be used as in-kind contributions.

17 SECTION ~~4~~ ^{2955r} 560.17 (7) (a) of the statutes is amended to read:

18 560.17 (7) (a) Except as provided in par. (am), the department shall designate
19 staff to evaluate applications for grants or loans and assist the board under this
20 section. The board shall act on an application for a grant or loan at its next regularly
21 scheduled meeting after the department determines that the application is complete,
22 except that the board shall act on an application for a loan under sub. (5r) and advise
23 the applicant of its decision within 45 days after the department determines that the
24 application is complete.)) .

25

(END)

D-note

D-note

Ron:

is the

This amendment version of LRB-2055/2.

PJK

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

LRBb0334/1dn
PJK:king:km

May 19, 1999

Ron:

This is the amendment version of LRB-2055/2.

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State of Wisconsin
1999 - 2000 LEGISLATURE

LRBb0334/1
PJK:kmg:km

LFB:.....Shanovich (DH) – Loans under the rural economic development program to businesses located in counties with low median household incomes

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

LFB AMENDMENT

TO 1999 ASSEMBLY BILL 133 AND 1999 SENATE BILL 45

1 At the locations indicated, amend the bill as follows:

2 **1.** Page 1276, line 16: after that line insert:

3 “**SECTION 2955m.** 560.17 (5r) of the statutes is created to read:

4 560.17 (5r) (a) Under this subsection, the board may award to a business a loan
5 that does not exceed \$50,000 if all of the following apply:

6 1. The business, together with any affiliate, subsidiary or parent entity, has
7 fewer than 50 employees.

8 2. The business is or will be located in a rural municipality.

9 3. The rural municipality in which the business is or will be located satisfies
10 either of the following criteria:

1 a. The rural municipality is located in a county that has a median household
2 income that is lower than the state median household income.

3 b. If the rural municipality is located in a county that has a median household
4 income that is higher than the state median household income, the rural
5 municipality has a median household income that is lower than the county median
6 household income.

7 4. The business is starting or expanding its operations.

8 5. The operations of the business do not involve metallic mining activities.

9 6. The owner of the business attends a class that provides instruction in writing
10 a business plan, making a business loan application and managing a start-up
11 business.

12 (b) A business applying for a loan under this subsection must submit an
13 application package that includes a business plan and such personal and business
14 financial information as the board requires to enable the board to assess sufficiently
15 the potential viability of the business. The department shall assist a business in
16 preparing an application.

17 (c) A business that receives a loan under this subsection may use the loan
18 proceeds for any of the following purposes:

19 1. The purchase or improvement of land.

20 2. The purchase of buildings, furniture, fixtures, machinery, equipment or
21 inventory.

22 3. Job training costs.

23 4. Employee relocation costs.

24 5. Working capital.

1 (d) If a business that receives a loan under this subsection uses the loan
2 proceeds for employe relocation costs under par. (c) 4., the department shall ensure
3 all of the following:

4 1. That an employe of the business has the option of accepting or declining any
5 relocation assistance that is available as a result of the loan.

6 2. That the compensation and benefits terms offered at the new location are at
7 least as favorable as those offered by the business at its previous location.

8 **SECTION 2955p.** 560.17 (6m) of the statutes is renumbered 560.17 (6m) (a) and
9 amended to read:

10 560.17 (6m) (a) ~~In~~ Except as provided in par. (b), in order to receive a grant or
11 loan under this section a person or business shall contribute cash, from a source other
12 than the state, in an amount that equals at least 25% of the total cost of the project.

13 **SECTION 2955q.** 560.17 (6m) (b) of the statutes is created to read:

14 560.17 (6m) (b) The board shall determine whether, and the extent to which,
15 in order to receive a loan under sub. (5r), a business must contribute from a source
16 other than the state a portion of the cost of the project, except that the board may not
17 require a business to contribute more than 20% of the cost of the project. The
18 contribution may be in cash or in kind. The board shall determine what services or
19 materials may be used as in-kind contributions.

20 **SECTION 2955r.** 560.17 (7) (a) of the statutes is amended to read:

21 560.17 (7) (a) Except as provided in par. (am), the department shall designate
22 staff to evaluate applications for grants or loans and assist the board under this
23 section. The board shall act on an application for a grant or loan at its next regularly
24 scheduled meeting after the department determines that the application is complete,
25 except that the board shall act on an application for a loan under sub. (5r) and advise

1 the applicant of its decision within 45 days after the department determines that the
2 application is complete.”.

3 (END)