

2001 DRAFTING REQUEST

Bill

Received: **10/09/2001**

Received By: **kahlepj**

Wanted: **Today**

Identical to LRB:

For: **Jeff Stone (608) 266-8590**

By/Representing: **himself**

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

Drafter: **kahlepj**

May Contact:

Addl. Drafters:

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

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Stone@legis.state.wi.us**

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

WHEDA loan guarantee program for airlines

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 10/10/2001	wjackson 10/10/2001		_____			State
/1	kahlepj 10/10/2001	wjackson 10/10/2001	kfollet 10/10/2001	_____	lrb_docadmin 10/10/2001		State
			kfollet 10/10/2001	_____			

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/2	kahlepj 10/10/2001		kfollet 10/10/2001	_____	lrb_docadmin 10/10/2001	lrb_docadmin 10/11/2001	lrb_docadmin 10/11/2001

<END>

FE Sent For:

10-11-01
("1/2")

Rush
(see attached)

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/?	kahlepj 10/10/2001	wjackson 10/10/2001		_____			State
/1	kahlepj 10/10/2001	wjackson 10/10/2001	kfollet 10/10/2001	_____	lrb_docadmin 10/10/2001		
			kfollet 10/10/2001	_____			
		cm# 10/10/01	kl 10/10		kl/cmh 10/10		

Vers. Drafted Reviewed Typed Proofed Submitted Jacketed Required

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1?	kahlepj	1 WLj 10/10	KJ 10/10	KJ/F/ck 10/10			

FE Sent For:

<END>

M Best
Michael Best

Nels J
Flynn - bond
attorney
for
WHEDA

DRAFT #2 10/9/01

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

SECTION 1. 234.265(2) of the statutes is amended to read:

234.265(2) Records or portions of records consisting of personal or financial information provided by a person seeking a grant or loan under s. 234.08, 234.49, 234.59, 234.61, 234.65, 234.67, 234.80, 234.83, 234.84, 234.90, 234.905, 234.907, 234.91, 234.932, or 234.933, seeking a loan under ss. 234.621 to 234.626, seeking financial assistance under s. 234.66, seeking a loan guarantee under subchapter II of Chapter 234, seeking investment of funds under s. 234.03(18m), or in which the authority has invested funds under s. 234.03(18m), unless the person consents to disclosure of the information.

SECTION 2. 234.51(2)(d) of the statutes is created to read:

234.51(2)(d) To make the transfer under 2001 Wisconsin Act (this act), section 8, to the Wisconsin development reserve fund under s. 234.93

SECTION 3. 234.51(2)(d) of the statutes, as created by 2001 Wisconsin Act (this act), is repealed.

SECTION 4. 234.80 of the statutes is created to read:

234.80 Airlinc loan garantecs. (1) GUARANTEE REQUIREMENTS. The authority may use money from the Wisconsin development reserve fund to guarantee a loan under this section if all of the following apply:

- (a) The borrower qualifies as an eligible borrower under sub. (2).
- (b) The lender enters into an agreement under s. 234.93(2)(a).

(2) ELIGIBLE BORROWER. Any of the following qualifies as an eligible borrower:

(a) Any person engaged in the business of transportation in aircraft of persons for hire on regularly scheduled flights, which is headquartered in this state.

(b) Any person engaged in the business of air delivery of personal property or packages, which is headquartered in this state.

(c) Any person engaged in the business of the operation of aircraft for the benefit of agribusiness, which is headquartered in this state.

(3) ELIGIBLE LOANS. A loan is eligible for guarantee of collection from the Wisconsin development reserve fund under s. 234.93 if all of the following apply:

(a) The borrower uses the loan proceeds for working capital or the purchase or improvement of land, buildings, machinery, equipment, or inventory.

(b) The interest rate on the loan, including any origination fees or other charges, is approved by the authority.

(c) The lender obtains a security interest in the physical plant, equipment, machinery, or other assets.

(d) The lender believes that it is reasonably likely that the borrower will be able to repay the loan in full with interest.

(e) The lender agrees to the percentage of guarantee established for the loan by the authority.

(f) The loan is closed on or before the 7th month beginning after the effective date of this section [revisor inserts date].

(g) The total principal amount of all loans to any borrower described in par. (2)(a) under this section does not exceed \$2,500,000, *as compared to Discretion*

→ \$5,500,000

-2- \$1 to \$4.5

(h) The total principal amount of all loans to any borrower described in par. (2)(b) or (2)(c) under this section does not exceed \$100,000.

(4) GUARANTEE OF COLLECTION. (a) Subject to par. (b), on or before the first day of the 7th month beginning after the effective date of this paragraph [revisor inserts date], the authority shall guarantee collection of a percentage, not exceeding 90%, of the principal of any loan eligible for a guarantee under this section. The authority shall establish the percentage of the principal of an eligible loan that will be guaranteed, using the procedures described in the agreement under s. 234.93(2)(a). The authority may establish a single percentage for all guaranteed loans or establish different percentages for eligible loans on an individual basis.

(b) Except as provided in s. 234.93(3), the total outstanding guaranteed principal amount of all loans that the authority may guarantee under par. (a) may not exceed ^{12,375,000} \$6,000,000.

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

234.93(1)(ct) Any moneys transferred under 2001 Wisconsin Act (this act), section 8, from the housing rehabilitation loan program administration fund.

SECTION 6. 234.93(4)(a)2. of the statutes is created to read:

234.93(4)(a)2. To fund guarantees under all of the programs guaranteed by funds from the Wisconsin development reserve fund, except for the program under s. 234.935, 1997 stats., and the program under s. 234.80, 2001 stats., at a ratio of \$1 of reserve funding to \$4.50 of total outstanding principal and outstanding guaranteed principal that the authority may guarantee under all of those programs.

SECTION 7. 234.93(4)(a)4. of the statutes is created to read:

234.93(4)(a)4. To fund guarantees under the program under s. 234.80, 2001 stats., at a ratio of \$1 of reserve funding to \$1 of total principal and outstanding guaranteed principal that the authority may guarantee under that program.

SECTION 8. Nonstatutory provisions; Housing and Economic Development Authority.

(1) TRANSFER TO WISCONSIN DEVELOPMENT RESERVE FUND. In fiscal year 2001-02, the Housing and Economic Development Authority shall transfer from the housing rehabilitation loan program administration fund to the Wisconsin development reserve fund \$1,750,000.

SECTION 9. Effective date; Housing and Economic Development Authority.

(1) This act takes effect on the day after publication.

(2) The repeal of section 234.51(2)(d) of the statutes takes effect on July 1, 2002.

(End)

Melson Flynn 283-2243

10-10

Michael, Bet & Fried.

in addition to \$1,750,000

change \$1,000,000 from dev fund
(20.143 (1)(c))

increase total guarantees under WDRF to
\$61,875,000

increase ~~(a)~~ (4)(g) 234.80 (4)(g)
in instruction to \$5,500,000

increase \$6,000,000 to \$12,375,000 for
guarantee limit under program



State of Wisconsin
2001 - 2002 LEGISLATURE

4005/1
LRB-2002
PJK:wlj:bj

2001 BILL

NOW

Regenerate
↓

airline

1 AN ACT to repeal 20.490 (7); to amend 20.143 (1) (c), 20.143 (1) (c), 234.265 (2)
2 and 600.01 (1) (b) 8.; and to create 20.490 (7), 234.80 and 234.934 of the
3 statutes; relating to: an ~~air carrier~~ loan guarantee program and making an
4 appropriation.

Analysis by the Legislative Reference Bureau

The Wisconsin Housing and Economic Development Authority (WHEDA) administers a number of loan guarantee programs under which WHEDA guarantees collection of a percentage of the outstanding principal amounts of loans made by private lenders to qualified borrowers for various business and agricultural purposes. The majority of the programs are guaranteed with funds from the Wisconsin development reserve fund. The limit on the amount of outstanding guaranteed loan principal that WHEDA may guarantee under all of the programs guaranteed by the Wisconsin development reserve fund is \$49,500,000, although WHEDA may request the joint committee on finance to approve an increase or a decrease in that guarantee limit. On June 30 each year, WHEDA must transfer to the general fund any balance remaining in the Wisconsin development reserve fund after deducting an amount that is sufficient for paying outstanding claims and funding guarantees at a ratio of \$1 of reserve funding to \$4.50 of total outstanding guaranteed principal that WHEDA may guarantee under all of the programs.

Under this bill, for approximately six months, WHEDA is required to guarantee collection of loans made by private lenders to air carrier companies that operate hub facilities in this State. A hub facility is defined in the bill either as a facility at an

BILL

2

anal insert 1

airport from which an air carrier company operated at least 45 common carrier departing flights each weekday in the prior year and from which it transported passengers to at least 15 nonstop destinations or as an airport or any combination of airports in this state from which an air carrier company with headquarters in this state cumulatively operated at least 20 common carrier departing flights each weekday in the prior year. The loan proceeds must be used for the purchase or improvement of land, buildings, machinery, equipment, or inventory. The lender must take a security interest in the assets purchased with the loan and must believe that it is reasonably likely that the borrower will be able to repay the loan with interest. WHEDA must approve the loan's interest rate and may guarantee up to 90% of the outstanding loan principal. The total outstanding guaranteed principal amount of all loans that WHEDA may guarantee under the program may not exceed ~~the amount of~~ \$12,375,000.

working capital or

90%

~~The bill creates a Wisconsin air carrier assistance reserve fund exclusively for guaranteeing the loans made under the air carrier loan guaranteed program and transfers to that fund \$2,500,000 from a department of commerce general purpose revenue appropriation that funds various economic development and technology loan and grant programs (commonly known as the Wisconsin development fund).~~

~~Consistent with the other loan guarantee programs that WHEDA administers, WHEDA must enter into a guarantee agreement with any private lender that makes a guaranteed loan under the program; must ensure that the cash balance in the Wisconsin air carrier assistance reserve fund is sufficient to pay all outstanding claims under the program; may request the joint committee on finance to allow WHEDA to increase or decrease the total outstanding guaranteed principal amount that it may guarantee under the program; must annually report on the number and total dollar amount of guaranteed loans under the program, as well as the default rate on the loans; and every June 30 must transfer to the general fund any balance remaining in the Wisconsin air carrier assistance reserve fund after deducting an amount that is sufficient to pay all outstanding claims and to fund guarantees at a ratio of \$1 of reserve funding to \$4 of total outstanding guaranteed principal that is guaranteed under the program.~~

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. 20.005 (3) (schedule) of the statutes: at the appropriate place, insert
- 2 the following amounts for the purposes indicated:

anal insert 2

anal insert 3

anal insert 4

BILL

2001-02 2002-03

**20.490 Wisconsin housing and economic
development authority**

(7) WISCONSIN ^{(C⁵) AIRLINE} ~~DEVELOPMENT~~ LOAN GUARANTEES

(k) Development fund transfer to ~~the~~

~~the~~ reserve fund

PR-S A

1,000,000
↑
~~2,500,000~~

-0-

SECTION 2. 20.143 (1) (c) of the statutes, as affected by 2001 Wisconsin Act 16,
is amended to read:

20.143 (1) (c) *Wisconsin development fund; grants, loans, reimbursements, and
assistance.* Biennially, the amounts in the schedule for grants under ss. 560.145,
560.16, 560.175, and 560.26; for grants and loans under ss. 560.62, 560.63, and
560.66; for loans under s. 560.147; for reimbursements under s. 560.167; for
providing assistance under s. 560.06; for the costs specified in s. 560.607; for the loan
under 1999 Wisconsin Act 9, section 9110 (4); for the grants under 1995 Wisconsin
Act 27, section 9116 (7gg), 1995 Wisconsin Act 119, section 2 (1), 1997 Wisconsin Act
27, section 9110 (6g), and 1999 Wisconsin Act 9, section 9110 (5) ; and for providing
up to \$100,000 annually for the continued development of a manufacturing and
advanced technology training center in Racine; and to transfer to the appropriation
account under s. 20.490 (7) (k) in fiscal year 2001-02 the amounts in the schedule
under s. 20.490 (7) (k). Of the amounts in the schedule, \$50,000 shall be allocated
in each of fiscal years 1997-98 and 1998-99 for providing the assistance under s.
560.06 (1). Notwithstanding s. 560.607, of the amounts in the schedule, \$125,000
shall be allocated in each of 4 consecutive fiscal years, beginning with fiscal year
1998-99, for grants and loans under s. 560.62 (1) (a).

BILL

1 SECTION 3. 20.143 (1) (c) of the statutes, as affected by 2001 Wisconsin Act
2 (this act), is amended to read:

3 20.143 (1) (c) *Wisconsin development fund; grants, loans, reimbursements, and*
4 *assistance.* Biennially, the amounts in the schedule for grants under ss. 560.145,
5 560.16, 560.175, and 560.26; for grants and loans under ss. 560.62, 560.63, and
6 560.66; for loans under s. 560.147; for reimbursements under s. 560.167; for
7 providing assistance under s. 560.06; for the costs specified in s. 560.607; for the loan
8 under 1999 Wisconsin Act 9, section 9110 (4); for the grants under 1995 Wisconsin
9 Act 27, section 9116 (7gg), 1995 Wisconsin Act 119, section 2 (1), 1997 Wisconsin Act
10 27, section 9110 (6g), and 1999 Wisconsin Act 9, section 9110 (5) ; and for providing
11 up to \$100,000 annually for the continued development of a manufacturing and
12 advanced technology training center in Racine; ~~and to transfer to the appropriation~~
13 ~~account under s. 20.490 (7) (k) in fiscal year 2001-02 the amounts in the schedule~~
14 ~~under s. 20.490 (7) (k).~~ Of the amounts in the schedule, \$50,000 shall be allocated
15 in each of fiscal years 1997-98 and 1998-99 for providing the assistance under s.
16 560.06 (1). Notwithstanding s. 560.607, of the amounts in the schedule, \$125,000
17 shall be allocated in each of 4 consecutive fiscal years, beginning with fiscal year
18 1998-99, for grants and loans under s. 560.62 (1) (a).

19 SECTION 4. 20.490 (7) of the statutes is created to read:

20 20.490 (7) WISCONSIN ^{③ AIRLINE} ~~ASSISTANCE~~ LOAN GUARANTEES. (k) *Development fund*
21 *transfer to ~~the~~ reserve fund.* The amounts in the schedule to be transferred
22 to the Wisconsin ~~development~~ ^{development} reserve fund under s. 234.93 ~~to~~ All moneys
23 transferred from the appropriation account under s. 20.143 (1) (c) shall be credited
24 to this appropriation account.

→ development

BILL

1 **SECTION 5.** 20.490 (7) of the statutes, as created by 2001 Wisconsin Act (this
2 act), is repealed.

3 **SECTION 6.** 234.265 (2) of the statutes is amended to read:

4 234.265 (2) Records or portions of records consisting of personal or financial
5 information provided by a person seeking a grant or loan under s. 234.08, 234.49,
6 234.59, 234.61, 234.65, 234.67, 234.80, 234.83, 234.84, 234.90, 234.905, 234.907, or
7 234.91, seeking a loan under ss. 234.621 to 234.626, seeking financial assistance
8 under s. 234.66, seeking investment of funds under s. 234.03 (18m), or in which the
9 authority has invested funds under s. 234.03 (18m), unless the person consents to
10 disclosure of the information.

Insert 5-10

11 **SECTION 7.** 234.80 of the statutes is created to read:

12 **234.80 ~~Air carrier~~ loan guarantees.** (1) **GUARANTEE REQUIREMENTS.** The
13 authority may use money from the Wisconsin ~~air carrier assistance~~ reserve fund to
14 guarantee a loan under this section if all of the following apply:

development

15 (a) ~~The borrower is an air carrier company, as defined in s. 70.11 (42)(a) 1., that~~
16 ~~operates a hub facility, as defined in s. 70.11 (42)(a) 2., in this state.~~

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 (3) **ELIGIBLE LOANS.** A loan is eligible for guarantee of collection from the
20 Wisconsin ~~air carrier assistance~~ reserve fund under s. ~~234.93~~ if all of the following
21 apply:

22 (a) The borrower uses the loan proceeds for ^{development} the purchase or improvement of
23 land, buildings, machinery, equipment, or inventory.

24 (b) The interest rate on the loan, including any origination fees or other
25 charges, is approved by the authority.

Insert 5-16

Insert 5-18

3 234.93(2)(a)

234.93

working capital or

BILL

1 (c) The lender obtains a security interest in the physical plant, equipment,
2 machinery, or other assets.

3 (d) The lender believes that it is reasonably likely that the borrower will be able
4 to repay the loan in full with interest.

5 (e) The lender agrees to the percentage of guarantee established for the loan
6 by the authority.

Insert 6-6

7 **GUARANTEE OF COLLECTION.** (a) Subject to par. (b), on or before the first day
8 of the 7th month beginning after the effective date of this paragraph [revisor
9 inserts date], the authority shall guarantee collection of a percentage, not exceeding
10 ~~10%~~ ^{90%} of the principal of any loan eligible for a guarantee under this section. The
11 authority shall establish the percentage of the principal of an eligible loan that will
12 be guaranteed, using the procedures described in the agreement under s. 234.934 ² (a)

13 (a). The authority may establish a single percentage for all guaranteed loans or
14 establish different percentages for eligible loans on an individual basis.

15 (b) ~~Except as provided in s. 234.934~~ the total outstanding guaranteed
16 principal amount of all loans that the authority may guarantee under par. (a) may
17 not exceed ~~\$10,000,000~~ ^{\$12,375,000}

SECTION 8. 234.934 of the statutes is created to read:

234.934 Wisconsin air carrier assistance reserve fund. (1) DEFINITION.

In this section, "air carrier loan guarantee program" means the program under s.
234.80.

(2) ESTABLISHMENT OF FUND. There is established under the jurisdiction and

control of the authority, for the purpose of providing funds for guaranteeing loans
under the air carrier loan guarantee program, a Wisconsin air carrier assistance
reserve fund, consisting of all of the following:

* * delete pp 7+8

BILL

1 1. The amounts required to pay outstanding claims and to fund guarantees
2 under the air carrier loan guarantee program on June 30 of that year.

3 2. An explanation of how each amount under subd. 1. was calculated or
4 otherwise determined.

5 3. The amount of the balance, if any, that remained in the Wisconsin air carrier
6 assistance reserve fund after deducting the amounts under subd. 1. and that was
7 transferred to the general fund under par. (a).

8 4. A projection of what the amounts under subds. 1. and 3. will be on June 30
9 in each of the next 2 years.

10 (6) ANNUAL REPORT. Annually, the authority shall report on the number and
11 total dollar amount of guaranteed loans under the air carrier loan guarantee
12 program, the default rate on the loans, and any other information on the program
13 that the authority determines is significant.

14 (7) MORAL OBLIGATION. Recognizing its moral obligation, the legislature
15 expresses its expectation that, if called upon to do so, it shall make an appropriation
16 to meet all demands for funds guaranteed by the Wisconsin air carrier assistance
17 reserve fund.

Insert 9-17

18 **SECTION 9.** 600.01 (1) (b) 8. of the statutes is amended to read:

19 600.01 (1) (b) 8. Guarantees of the Wisconsin Housing and Economic
20 Development Authority under s. 234.68, 1995 stats., s. 234.69, 1995 stats., s.
21 234.765, 1995 stats., s. 234.82, 1995 stats., s. 234.87, 1995 stats., and ss. 234.67,
22 234.80, 234.83, 234.84, 234.90, 234.905, 234.907, and 234.91.

Insert 9-22

23 **SECTION 10. Effective dates.** This act takes effect on the day after publication,
24 except as follows:

BILL

remove space

1 (1) The repeal of section 20.490 (7) of the statutes and the amendment of section
2 20.143 (1) (c) (by SECTION 3) of the statutes take effect on July 1, 2003.

3 (END)

NONSTATS

*(2) The repeal of section 234.51 (2)(d) of
the statutes takes effect on July 1, 2002*

2001-2002 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-4005/?ins
PJK:.....

ANAL INSERT 1

no 91 certain airline companies, ^{which are} described in the bill as those transporting persons on regularly scheduled flights, those delivering personal property or packages by aircraft, and those operating aircraft for the benefit of agribusiness

(END OF ANAL INSERT 1)

ANAL INSERT 2

no 41 the total principal amount of all guaranteed loans to a borrower under the program may not exceed amounts specified in the bill. WHEDA

(END OF ANAL INSERT 2)

ANAL INSERT 3

41 The loans guaranteed under the new airline loan guarantee program are guaranteed with funds from the Wisconsin development reserve fund, and the total outstanding guaranteed principal amount that WHEDA may guarantee under all of the programs guaranteed under that fund is increased to \$61,875,000, subject to the guarantee limit for the airline loan guarantee program. The bill directs WHEDA to transfer \$1,750,000 from its housing rehabilitation loan program administration fund to the Wisconsin development reserve fund. In addition, the bill transfers \$1,000,000 to the Wisconsin development reserve fund

(END OF ANAL INSERT 3)

ANAL INSERT 4

no 41 WHEDA may not request the joint committee on finance to increase or decrease the guarantee limit for the airline loan guarantee program, and when WHEDA annually transfers to the general fund the balance remaining in the Wisconsin development reserve fund after deducting amounts for paying claims and funding guarantees, WHEDA must deduct an amount sufficient for funding guarantees under the airline loan guarantee program at a ratio of \$1 of reserve funding to \$1 of total outstanding guaranteed principal that WHEDA may guarantee under that program

(END OF ANAL INSERT 4)

2001-2002 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-4005/?ins
PJK:.....

INSERT 5-10

1 SECTION ~~4~~ 234.51 (2) (d) of the statutes is created to read:

2 234.51 (2) (d) To make the transfer under 2001 Wisconsin Act (this act),
3 section ~~4~~, to the Wisconsin development reserve fund under s. 234.93.

4 SECTION ~~4~~ 234.51 (2) (d) of the statutes, as created by 2001 Wisconsin Act
5 (this act), is repealed.

(END OF INSERT 5-10)

INSERT 5-16

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

(END OF INSERT 5-16)

INSERT 5-18

7 (2) ELIGIBLE BORROWERS. Any of the following qualifies as an eligible borrower:

8 (a) A person that is engaged in the business of ~~transportation~~ in aircraft ~~for hire~~ for hire,
9 ~~persons for hire~~ on regularly scheduled flights and ~~that~~ ^{STET} is headquartered in this
10 state.

11 (b) A person that is engaged in the business of ~~delivering~~ ^{delivering} personal property
12 or packages and ~~that~~ ^{STET} is headquartered in this state.

13 (c) A person that is engaged in the business of operating aircraft for the benefit
14 of agribusiness and ~~that~~ ^{STET} is headquartered in this state.

(END OF INSERT 5-18)

INSERT 6-6

15 (f) The loan is closed no later than the first day of the 7th month beginning after
16 the effective date of this paragraph [revisor inserts date].

auto
ref A

transporting persons
for hire

in aircraft

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16

1 (g) With respect to a borrower under sub. (2) (a), the total principal amount of
2 all loans to the borrower that are guaranteed under this section does not exceed
3 \$5,500,000.

4 (h) With respect to a borrower under sub. (2) (b) or (c), the total principal
5 amount of all loans to the borrower that are guaranteed under this section does not
6 exceed \$100,000.

(END OF INSERT 6-6)

INSERT 9-17

auto ref A

7 SECTION ~~3~~ 234.93 (1) (cr) of the statutes is created to read:

8 234.93 (1) (cr) Any moneys transferred under 2001 Wisconsin Act ... (this act),
9 section ~~3~~, from the housing rehabilitation loan program administration fund.

10 SECTION ~~4~~ 234.93 (3) (a) of the statutes, as created by 2001 Wisconsin Act 16,
11 is amended to read:

12 234.93 (3) (a) Except as provided in par. (b) and subject to s. 234.80 (4) (b), the
13 total principal amount or total outstanding guaranteed principal amount of all loans
14 that the authority may guarantee under the aggregate of the programs guaranteed
15 by funds from the Wisconsin development reserve fund, excluding the program
16 under s. 234.935, 1997 stats., may not exceed ~~\$49,500,000~~ \$61,875,000.

History: 2001 a. 16.

17 SECTION ~~5~~ 234.93 (3) (b) of the statutes, as affected by 2001 Wisconsin Act 16,
18 is amended to read:

19 234.93 (3) (b) The authority may request the joint committee on finance to take
20 action under s. 13.10 to permit the authority to increase or decrease the total
21 principal amount or total outstanding guaranteed principal amount of loans that it
22 may guarantee under the aggregate of the programs guaranteed by the Wisconsin

excluding the programs under s. 234.935, 1997 stats., and s. 234.80

1 development reserve fund, ~~under s. 234.80~~ s. 234.80. Included with its
2 request, the authority shall provide a projection, for the next June 30, that compares
3 the amounts required on that date to pay outstanding claims and to fund guarantees
4 under the aggregate of the programs guaranteed by funds from the Wisconsin
5 development reserve fund, and the balance remaining in the Wisconsin development
6 reserve fund on that date after deducting such amounts, if the increase or decrease
7 is approved, with such amounts and the balance remaining, if the increase or
8 decrease is not approved.

History: 2001 a. 16.

~~§~~ SECTION ~~6~~ 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~~
12 programs under s. 234.935, 1997 stats., and s. 234.80, at a ratio of \$1 of reserve
13 funding to \$4.50 of total outstanding principal and outstanding guaranteed principal
14 that the authority may guarantee under all of those programs.

History: 1991 a. 39, 221; 1993 a. 16, 394; 1995 a. 5, 150; 1997 a. 27; 1999 a. 9.

~~§~~ SECTION ~~7~~ 234.93 (4) (a) 4. of the statutes is created to read:

16 234.93 (4) (a) 4. To fund guarantees under the program under s. 234.80 at a
17 ratio of \$1 of reserve funding to \$1 of total outstanding guaranteed principal that the
18 authority may guarantee under that program.

19 SECTION ~~8~~ 234.93 (4m) of the statutes, as affected by 2001 Wisconsin Act 16,
20 is amended to read:

21 234.93 (4m) LIMITATION ON LOAN GUARANTEES. The authority shall regularly
22 monitor the cash balance in the Wisconsin development reserve fund. The authority

1 shall ensure that the cash balance in the fund is sufficient for the purposes specified
2 in sub. (4) (a) 1., ~~2., and 3~~ to 4.

History: 2001 a. 16.

(END OF INSERT 9-17)

INSERT 9-22

auto ref A

3 **SECTION 9. Nonstatutory provisions.**

4 (1) In fiscal year 2001-02, the Wisconsin ~~Housing~~ ^{STET} and ~~Economic~~ ^{STET} ~~Development~~ ^{STET}
5 ~~Authority~~ ^{STET} shall transfer \$1,750,000 from the housing rehabilitation loan program
6 administration fund to the Wisconsin development reserve fund.

(END OF INSERT 9-22)



State of Wisconsin
2001 - 2002 LEGISLATURE

LRB-4005/2

PJK:wj:kjf

rmisun
cmh

2001 BILL

TODAY

reyn

1 AN ACT *to repeal* 20.490 (7) and 234.51 (2) (d); *to amend* 20.143 (1) (c), 20.143
2 (1) (c), 234.265 (2), 234.93 (3) (a), 234.93 (3) (b), 234.93 (4) (a) 2., 234.93 (4m) and
3 600.01 (1) (b) 8.; and *to create* 20.490 (7), 234.51 (2) (d), 234.80, 234.93 (1) (cr)
4 and 234.93 (4) (a) 4. of the statutes; **relating to:** an airline loan guarantee
5 program and making an appropriation.

Analysis by the Legislative Reference Bureau

The Wisconsin Housing and Economic Development Authority (WHEDA) administers a number of loan guarantee programs under which WHEDA guarantees collection of a percentage of the outstanding principal amounts of loans made by private lenders to qualified borrowers for various business and agricultural purposes. The majority of the programs are guaranteed with funds from the Wisconsin development reserve fund. The limit on the amount of outstanding guaranteed loan principal that WHEDA may guarantee under all of the programs guaranteed by the Wisconsin development reserve fund is \$49,500,000, although WHEDA may request the joint committee on finance to approve an increase or a decrease in that guarantee limit. On June 30 each year, WHEDA must transfer to the general fund any balance remaining in the Wisconsin development reserve fund after deducting an amount that is sufficient for paying outstanding claims and funding guarantees at a ratio of \$1 of reserve funding to \$4.50 of total outstanding guaranteed principal that WHEDA may guarantee under all of the programs.

Under this bill, for approximately six months, WHEDA is required to guarantee collection of loans made by private lenders to certain airline companies, which are

BILL

guaranteed

that may be guaranteed

\$10,000,000

described in the bill as those transporting persons on regularly scheduled flights, those delivering personal property or packages by aircraft, and those operating aircraft for the benefit of agribusiness. The loan proceeds must be used for working capital or the purchase or improvement of land, buildings, machinery, equipment, or inventory. The lender must take a security interest in the assets purchased with the loan and must believe that it is reasonably likely that the borrower will be able to repay the loan with interest. WHEDA must approve the loan's interest rate, and the total principal amount of all ~~loans~~ loans to a borrower under the program may not exceed amounts specified in the bill. WHEDA may guarantee up to 90% of the outstanding loan principal. The total outstanding guaranteed principal amount of all loans that WHEDA may guarantee under the program may not exceed

~~\$10,000,000~~
The loans guaranteed under the new airline loan guarantee program are guaranteed with funds from the Wisconsin development reserve fund, and the total outstanding guaranteed principal amount that WHEDA may guarantee under all of the programs guaranteed under that fund is increased to ~~\$10,000,000~~ subject to the guarantee limit for the airline loan guarantee program. The bill directs WHEDA to transfer \$1,750,000 from its housing rehabilitation loan program administration fund to the Wisconsin development reserve fund. In addition, the bill transfers ~~\$1,750,000~~ to the Wisconsin development reserve fund from a department of commerce general purpose revenue appropriation that funds various economic development and technology loan and grant programs (commonly known as the Wisconsin development fund). WHEDA may not request the joint committee on finance to increase or decrease the guarantee limit for the airline loan guarantee program, and when WHEDA annually transfers to the general fund the balance remaining in the Wisconsin development reserve fund after deducting amounts for paying claims and funding guarantees, WHEDA must deduct an amount sufficient for funding guarantees under the airline loan guarantee program at a ratio of \$1 of reserve funding to \$1 of total outstanding guaranteed principal that WHEDA may guarantee under that program.

\$59,500,000

\$475,000

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. 20.005 (3) (schedule) of the statutes: at the appropriate place, insert
- 2 the following amounts for the purposes indicated:

BILL

1

2001-02

2002-03

2

20.490 Wisconsin housing and economic

3

development authority

4

(7) WISCONSIN AIRLINE LOAN GUARANTEES

5

(k) Development fund transfer to

6

reserve fund

PR-S A

475,000
↑
~~200,000~~

-0-

7

SECTION 2. 20.143 (1) (c) of the statutes, as affected by 2001 Wisconsin Act 16,

8

is amended to read:

9

20.143 (1) (c) *Wisconsin development fund; grants, loans, reimbursements, and*

10

assistance. Biennially, the amounts in the schedule for grants under ss. 560.145,

11

560.16, 560.175, and 560.26; for grants and loans under ss. 560.62, 560.63, and

12

560.66; for loans under s. 560.147; for reimbursements under s. 560.167; for

13

providing assistance under s. 560.06; for the costs specified in s. 560.607; for the loan

14

under 1999 Wisconsin Act 9, section 9110 (4); for the grants under 1995 Wisconsin

15

Act 27, section 9116 (7gg), 1995 Wisconsin Act 119, section 2 (1), 1997 Wisconsin Act

16

27, section 9110 (6g), and 1999 Wisconsin Act 9, section 9110 (5); and for providing

17

up to \$100,000 annually for the continued development of a manufacturing and

18

advanced technology training center in Racine; and to transfer to the appropriation

19

account under s. 20.490 (7) (k) in fiscal year 2001-02 the amounts in the schedule

20

under s. 20.490 (7) (k). Of the amounts in the schedule, \$50,000 shall be allocated

21

in each of fiscal years 1997-98 and 1998-99 for providing the assistance under s.

22

560.06 (1). Notwithstanding s. 560.607, of the amounts in the schedule, \$125,000

23

shall be allocated in each of 4 consecutive fiscal years, beginning with fiscal year

24

1998-99, for grants and loans under s. 560.62 (1) (a).

BILL

1 **SECTION 3.** 20.143 (1) (c) of the statutes, as affected by 2001 Wisconsin Act ...
2 (this act), is amended to read:

3 20.143 (1) (c) *Wisconsin development fund; grants, loans, reimbursements, and*
4 *assistance.* Biennially, the amounts in the schedule for grants under ss. 560.145,
5 560.16, 560.175, and 560.26; for grants and loans under ss. 560.62, 560.63, and
6 560.66; for loans under s. 560.147; for reimbursements under s. 560.167; for
7 providing assistance under s. 560.06; for the costs specified in s. 560.607; for the loan
8 under 1999 Wisconsin Act 9, section 9110 (4); for the grants under 1995 Wisconsin
9 Act 27, section 9116 (7gg), 1995 Wisconsin Act 119, section 2 (1), 1997 Wisconsin Act
10 27, section 9110 (6g), and 1999 Wisconsin Act 9, section 9110 (5) ; and for providing
11 up to \$100,000 annually for the continued development of a manufacturing and
12 advanced technology training center in Racine; ~~and to transfer to the appropriation~~
13 ~~account under s. 20.490 (7) (k) in fiscal year 2001-02 the amounts in the schedule~~
14 ~~under s. 20.490 (7) (k).~~ Of the amounts in the schedule, \$50,000 shall be allocated
15 in each of fiscal years 1997-98 and 1998-99 for providing the assistance under s.
16 560.06 (1). Notwithstanding s. 560.607, of the amounts in the schedule, \$125,000
17 shall be allocated in each of 4 consecutive fiscal years, beginning with fiscal year
18 1998-99, for grants and loans under s. 560.62 (1) (a).

19 **SECTION 4.** 20.490 (7) of the statutes is created to read:

20 20.490 (7) WISCONSIN AIRLINE LOAN GUARANTEES. (k) *Development fund transfer*
21 *to reserve fund.* The amounts in the schedule to be transferred to the Wisconsin
22 development reserve fund under s. 234.93. All moneys transferred from the
23 appropriation account under s. 20.143 (1) (c) shall be credited to this appropriation
24 account.

BILL

1 **SECTION 5.** 20.490 (7) of the statutes, as created by 2001 Wisconsin Act (this
2 act), is repealed.

3 **SECTION 6.** 234.265 (2) of the statutes is amended to read:

4 234.265 (2) Records or portions of records consisting of personal or financial
5 information provided by a person seeking a grant or loan under s. 234.08, 234.49,
6 234.59, 234.61, 234.65, 234.67, 234.80, 234.83, 234.84, 234.90, 234.905, 234.907, or
7 234.91, seeking a loan under ss. 234.621 to 234.626, seeking financial assistance
8 under s. 234.66, seeking investment of funds under s. 234.03 (18m), or in which the
9 authority has invested funds under s. 234.03 (18m), unless the person consents to
10 disclosure of the information.

11 **SECTION 7.** 234.51 (2) (d) of the statutes is created to read:

12 234.51 (2) (d) To make the transfer under 2001 Wisconsin Act (this act),
13 section 17 (1), to the Wisconsin development reserve fund under s. 234.93.

14 **SECTION 8.** 234.51 (2) (d) of the statutes, as created by 2001 Wisconsin Act
15 (this act), is repealed.

16 **SECTION 9.** 234.80 of the statutes is created to read:

17 **234.80 Airline loan guarantees.** (1) **GUARANTEE REQUIREMENTS.** The
18 authority may use money from the Wisconsin development reserve fund to guarantee
19 a loan under this section if all of the following apply:

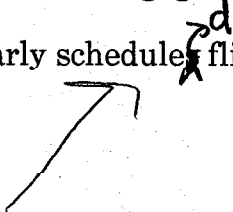
20 (a) The borrower qualifies as an eligible borrower under sub. (2).

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

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

23 **(2) ELIGIBLE BORROWERS.** Any of the following qualifies as an eligible borrower:

24 (a) A person that is engaged in the business of transporting persons in aircraft,
25 for hire, on regularly scheduled flights and that is headquartered in this state.



BILL

1 (b) A person that is engaged in the business of delivering personal property or
2 packages in aircraft and that is headquartered in this state.

3 (c) A person that is engaged in the business of operating aircraft for the benefit
4 of agribusiness and that is headquartered in this state.

5 (3) ELIGIBLE LOANS. A loan is eligible for guarantee of collection from the
6 Wisconsin development reserve fund under s. 243.93 if all of the following apply:

7 (a) The borrower uses the loan proceeds for working capital or the purchase or
8 improvement of land, buildings, machinery, equipment, or inventory.

9 (b) The interest rate on the loan, including any origination fees or other
10 charges, is approved by the authority.

11 (c) The lender obtains a security interest in the physical plant, equipment,
12 machinery, or other assets.

13 (d) The lender believes that it is reasonably likely that the borrower will be able
14 to repay the loan in full with interest.

15 (e) The lender agrees to the percentage of guarantee established for the loan
16 by the authority.

17 (f) The loan is closed no later than the first day of the 7th month beginning after
18 the effective date of this paragraph [revisor inserts date].

19 (g) With respect to a borrower under sub. (2) (a), the total principal amount of
20 all loans to the borrower that are guaranteed under this section does not exceed

21 ~~the total principal amount of~~ → Insert 6-21

22 (h) With respect to a borrower under sub. (2) (b) or (c), the total principal
23 amount of all loans to the borrower that are guaranteed under this section does not
24 exceed \$100,000.

guaranteed

guaranteed

BILL

1 (4) GUARANTEE OF COLLECTION. (a) Subject to par. (b), on or before the first day
 2 of the 7th month beginning after the effective date of this paragraph [revisor
 3 inserts date], the authority shall guarantee collection of a percentage, not exceeding
 4 90%, of the principal of any loan eligible for a guarantee under this section. The
 5 authority shall establish the percentage of the principal of an eligible loan that will
 6 be guaranteed, using the procedures described in the agreement under s. 234.93 (2)
 7 (a). The authority may establish a single percentage for all guaranteed loans or
 8 establish different percentages for eligible loans on an individual basis.

9 (b) The total outstanding guaranteed principal amount of all loans that the
 10 authority may guarantee under par. (a) may not exceed ~~\$12,500,000~~ ^{\$10,000,000}

11 **SECTION 10.** 234.93 (1) (cr) of the statutes is created to read:

12 234.93 (1) (cr) Any moneys transferred under 2001 Wisconsin Act (this act),
 13 section 17 (1), from the housing rehabilitation loan program administration fund.

14 **SECTION 11.** 234.93 (3) (a) of the statutes, as created by 2001 Wisconsin Act 16,
 15 is amended to read:

16 234.93 (3) (a) Except as provided in par. (b) and subject to s. 234.80 (4) (b), the
 17 total principal amount or total outstanding guaranteed principal amount of all loans
 18 that the authority may guarantee under the aggregate of the programs guaranteed
 19 by funds from the Wisconsin development reserve fund, excluding the program
 20 under s. 234.935, 1997 stats., may not exceed \$49,500,000 ~~NEW \$10,000,000~~

\$59,500,000

21 **SECTION 12.** 234.93 (3) (b) of the statutes, as affected by 2001 Wisconsin Act 16,
 22 is amended to read:

23 234.93 (3) (b) The authority may request the joint committee on finance to take
 24 action under s. 13.10 to permit the authority to increase or decrease the total
 25 principal amount or total outstanding guaranteed principal amount of loans that it

BILL

1 may guarantee under the aggregate of the programs guaranteed by the Wisconsin
2 development reserve fund, excluding the programs under s. 234.935, 1997 stats., and
3 s. 234.80. Included with its request, the authority shall provide a projection, for the
4 next June 30, that compares the amounts required on that date to pay outstanding
5 claims and to fund guarantees under the aggregate of the programs guaranteed by
6 funds from the Wisconsin development reserve fund, and the balance remaining in
7 the Wisconsin development reserve fund on that date after deducting such amounts,
8 if the increase or decrease is approved, with such amounts and the balance
9 remaining, if the increase or decrease is not approved.

10 **SECTION 13.** 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~~
13 ~~programs~~ under s. 234.935, 1997 stats., and s. 234.80, at a ratio of \$1 of reserve
14 funding to \$4.50 of total outstanding principal and outstanding guaranteed principal
15 that the authority may guarantee under all of those programs.

16 **SECTION 14.** 234.93 (4) (a) 4. of the statutes is created to read:

17 234.93 (4) (a) 4. To fund guarantees under the program under s. 234.80 at a
18 ratio of \$1 of reserve funding to \$1 of total outstanding guaranteed principal that the
19 authority may guarantee under that program.

20 **SECTION 15.** 234.93 (4m) of the statutes, as affected by 2001 Wisconsin Act 16,
21 is amended to read:

22 234.93 (4m) **LIMITATION ON LOAN GUARANTEES.** The authority shall regularly
23 monitor the cash balance in the Wisconsin development reserve fund. The authority
24 shall ensure that the cash balance in the fund is sufficient for the purposes specified
25 in sub. (4) (a) 1., ~~2., and 3~~ to 4.

2001-2002 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-4005/2ins
PJK:wlj:kjf

INSERT 6-21

1 \$4,500,000, except that, after reviewing all applications for guarantees that are
2 received by the authority, the authority may, in its discretion, guarantee a total
3 guaranteed principal amount of up to the amount specified in sub. (4) (b) in loans to
4 a borrower under this paragraph.

(END OF INSERT 6-21)

Basford, Sarah

From: Rongstad, Tami
Sent: Thursday, October 11, 2001 10:04 AM
To: LRB.Legal
Subject: Please Jacket LRB 4005/2 and send to Rep. Stone's office

Please Jacket LRB 4005/2 and send to Rep. Stone's office.

Thank you,

Tami Rongstad
Office of Rep. Jeff Stone

Barman, Mike

From: Rongstad, Tami
Sent: Thursday, October 11, 2001 12:22 PM
To: Barman, Mike; Uecker, Deborah
Cc: Kelly, Scott
Subject: Fiscal Estimate Needed

Mike & Deborah-

I need a Fiscal Estimate on LRB 4005/2 ASAP. We are doing the bill at the request of the governor and are holding a hearing this afternoon.

Please send a hard copy of the FE to the Stone office as soon as it is available.

Thank you,

Tami Rongstad
Office of Rep. Jeff Stone

Memo

To: Rep. Stone

(The Bill's Requestor)

Attached is a fiscal estimate prepared for your 2001 draft that has not yet been introduced.

LRB Number: LRB - 4005

Version: "/ 2"

Entered In Computer And Copy Sent To Requestor Via E-Mail: 10 / 12 / 2001

Fiscal Estimate Prepared By: (agency abbr.) WHEDA

If you have questions about the attached fiscal estimate, you may contact the agency/ individual who prepared the fiscal estimate. If you disagree with the enclosed fiscal estimate, please contact the LRB drafter of your proposal to discuss your options under the fiscal estimate procedure.

* * * * *

To: LRB – Legal Section PA's

Subject: Fiscal Estimate Received For A Un-Introduced Draft

- If this is re-drafted to a new version please attach this early fiscal estimate to the back of the draft's file between the old version and the new version.
- If this draft gets introduced ... and the version of the attached fiscal estimate is correct ... please write the drafts intro. number below and give this fiscal estimate to Mike (or Lynn) to process.

THIS DRAFT WAS INTRODUCED AS: 2001

- If this draft gets introduced ... and the version of the attached fiscal estimate is for a previous version ... please attach this early fiscal estimate to the back of the draft's file between the old version and the new version. Have Mike (or Lynn) get the ball rolling on getting a fiscal estimate prepared for the introduced version.

Barman, Mike

From: Barman, Mike
Sent: Friday, October 12, 2001 1:01 PM
To: Rep.Stone
Subject: LRB-4005/2 (FE by WHEDA - attached - for your review)



FE-4005_Stone.pdf

FE-4005_Stone.pdf