

**2001 DRAFTING REQUEST**

**Bill**

Received: **12/27/2001**

Received By: **kahlepj**

Wanted: **Soon**

Identical to LRB:

For: **Administration-Budget**

By/Representing: **Mawdsley**

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

Drafter: **kahlepj**

May Contact:

Addl. Drafters:

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

Extra Copies:

Submit via email: **NO**

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**Pre Topic:**

DOA:.....Mawdsley -

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**Topic:**

Eliminating the business development initiative

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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>
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FE Sent For:

<END>

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1?	kahlepj	11 hmk 1/2/02	Ch 1-3-02	CH <del>2/2/02</del> 1-3-02			

FE Sent For:

<END>

**CORRESPONDENCE MEMORANDUM**

**STATE OF WISCONSIN  
Department of Administration**

**Date:** December 21, 2001  
**To:** Steve Miller  
Chief, Legislative Reference Bureau  
**From:** Kate Mawdsley *KM*  
ECR Team, State Budget Office  
**Subject:** 2001-03 Budget Adjustment Bill Drafting Request

The following is a drafting request for the 2001-03 budget adjustment bill. If you have any questions, please contact me at 266-7597 or [kathryn.mawdsley@doa.state.wi.us](mailto:kathryn.mawdsley@doa.state.wi.us).

The intent of this request is to eliminate the business development initiative grant program under s.560.20, which gives assistance to entrepreneurs with disabilities, and to repeal the appropriation under s.20.143.(1)(en) funding the business development initiative.

20.143 (1)(in) ←  
new purpose?

PJK

99-0551 } for analysis  
99-0580 }

**Elimination of Business Development Initiative**  
Commerce  
Agency #143

Section #. 560.20 of the statutes

**560.20 Business development initiative. (1) DEFINITIONS.** In this section:

\* (a) "Community development finance company" has the meaning given in s. 234.94 (3). 560.21 (1) a

\* (b) "Equity investment" means the purchase of common or preferred capital stock or the purchase of an option or other right to acquire common or preferred capital stock. 560.21 (1) (b)

(c) "For-profit business" means any organization or enterprise operated on a for-profit or cooperative basis, including but not limited to a proprietorship, partnership, firm, business trust, joint venture, syndicate, corporation, cooperative or association. rp

(cf) "Management assistance" means engineering and legal services and professional assistance in establishing or improving management systems, policies or procedures in such management concerns as financial planning, personnel, inventory control, production planning, purchasing, book-keeping, record keeping and marketing. rn 560.17 (1) (br)

(cm) "Minority group member" has the meaning given in s. 560.036 (1) (f). rp

(d) "Nonprofit organization" means a nonprofit corporation, as defined in s. 181.0103 (17), and any organization described in section 501 (c) (3) of the internal revenue code that is exempt from federal income tax under section 501 (a) of the internal revenue code. rp

(e) "Person with severe disabilities" means an individual who is eligible for one or more programs or services under ch. 47 because he or she is a person with a severe disability, as defined in s. 47.01 (3g). rp

(f) "Small business" means a for-profit business having fewer than 100 full-time employees. rp

(g) "Technical assistance" includes all of the following: rp

1. Preparation of preliminary feasibility studies, feasibility studies or business and financial plans.

2. Providing a financial package.

12 (c) An individual, small business or nonprofit organization that receives an award of funds under this subsection may use loan proceeds only for working capital or fixed-asset financing, and may use grant proceeds, if any, only for management assistance.

(cm) If the department awards a grant under this subsection, the department may contract directly with and pay grant proceeds directly to any person providing management assistance to the individual, small business or nonprofit organization.

(d) The department may not award under this subsection funds that exceed \$30,000 in a fiscal biennium to any single individual, small business or nonprofit organization. As a condition of receiving an award under this subsection, an individual, small business or nonprofit organization shall provide matching funds that are at least equal to the amount of the award.

(e) In deciding whether to make an award under this subsection, the department shall consider all of the following:

1. The likelihood that the for-profit business will actually be profitable.
2. The extent to which the expansion or creation of the for-profit business will increase employment in this state.
3. The extent to which the expansion or creation of the for-profit business is expected to create employment opportunities for persons with severe disabilities, particularly persons with severe disabilities who are minority group members.
4. The extent to which the award is necessary for the successful completion of the start-up or expansion of the for-profit business because funding is unavailable in traditional capital markets, or because credit has been offered on terms that would preclude the success of the for-profit business.

(f) The department shall do all of the following: *consolidate w/ 4, + va 560.21(2)*

1. Develop an application form to be used by individuals, small businesses and nonprofit organizations seeking an award under this subsection and furnish the application upon request.

2. Before awarding a loan under this subsection, determine the terms for repayment of the principal amount of the loan.

3. Before awarding the loan, establish all other terms and conditions of the loan after considering the circumstances of the individual, small business or nonprofit organization.

4. Deposit in the appropriation account under s. 20.143 (1) (in) all interest and principal received in repayment of loans under this subsection, any proceeds from equity investments made by the community development finance company under s. 234.965, 1991 stats., that are received by the department or the community development finance company and any unencumbered grant funds returned to the department under 1993 Wisconsin Act 437, section 9115 (1t).

(g) The department, in agreement with the for-profit business, may convert any equity investments made by the community development finance company in a for-profit business under s. 234.965, 1991 stats., to a grant or a loan under this subsection without regard to the requirements under par. (b).

(h) The community development finance company shall transfer to the department any proceeds that the company receives from equity investments made by the community development finance company under s. 234.965, 1991 stats.

History: 1989 a. 342; 1989 a. 359 s. 382; 1993 a. 437; 1997 a. 79, 112; 1999 a. 9.

Renumber & award  
renumber



State of Wisconsin  
2001 - 2002 LEGISLATURE

LRB-4498/

PJK: [signature]

DOA:.....Mawdsley – Eliminating the business development initiative  
FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

SOON  
(1-2)

do not generate

1 AN ACT relating to: eliminating the business development initiative program.

*Analysis by the Legislative Reference Bureau*

**COMMERCE AND ECONOMIC DEVELOPMENT**

**ECONOMIC DEVELOPMENT**

Under the business development initiative program in current law, the department of commerce provides technical assistance, or a grant for technical assistance, to individuals, small businesses, and nonprofit organizations for developing and planning the start-up or expansion of a business that is expected to provide job opportunities for persons with severe disabilities. If the department of commerce has already provided an individual, small business, or nonprofit organization with technical assistance or a grant for technical assistance under the program, the department may provide additional funds to that recipient. Loan proceeds must be used for working capital or fixed-asset financing, and grant proceeds must be used for management assistance, which includes engineering and legal services and professional assistance in such areas as inventory control, bookkeeping, production planning, and marketing. This bill eliminates the business development initiative 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.** 20.143 (1) (en) of the statutes is repealed.

2           **SECTION 2.** 20.143 (1) (in) of the statutes is repealed.

3           **SECTION 3.** 560.17 (5c) (a) 3. of the statutes is amended to read:

4           560.17 (5c) (a) 3. The grant proceeds will be used to pay for services related to  
5 the start-up, modernization, or expansion of the dairy farm or other agricultural  
6 business, or for management assistance, ~~as defined in s. 560.20 (1) (ef)~~, continuing  
7 after the completion of the start-up, modernization, or expansion of the dairy farm  
8 or other agricultural business.

History: 1989 a. 31, 359; 1993 a. 16; 1995 a. 27; 1997 a. 27, 237; 1999 a. 9; 2001 a. 16.

9           **SECTION 4.** 560.18 (1) of the statutes is renumbered 560.18 (1m) and amended  
10 to read:

11           560.18 (1m) From the appropriation under s. 20.143 (1) (t), the department  
12 may award grants to nonprofit organizations, ~~as defined in s. 560.20 (1) (d)~~, to  
13 develop forestry educational programs and instructional materials for use in the  
14 public schools. The department may not award a grant unless it enters into a  
15 memorandum of understanding with the grant recipient and the director of the  
16 timber management program at the University of Wisconsin-Stevens Point  
17 regarding the use of the funds.

History: 1997 a. 27.

18           **SECTION 5.** 560.18 (1c) of the statutes is created to read:

19           560.18 (1c) In this section, "nonprofit organization" means a nonprofit  
20 corporation, as defined in s. 181.0103 (17), and any organization described in section  
21 501 (c) (3) of the Internal Revenue Code that is exempt from federal income tax under  
22 section 501 (a) of the Internal Revenue Code.

23           **SECTION 6.** 560.18 (2) of the statutes is amended to read:



1           560.18 (2) The recipient of a grant under sub. (1) (1m) shall submit the  
2 programs and materials developed with the funds to the department and the director  
3 of the timber management program at the University of Wisconsin-Stevens Point  
4 College of Natural Resources for approval. Upon request, the grant recipient shall  
5 provide approved programs and materials to school districts free of charge.

History: 1997 a. 27.

- 6           **SECTION 7.** 560.20 (title) of the statutes is repealed.
- 7           **SECTION 8.** 560.20 (1) (intro.) of the statutes is repealed.
- 8           **SECTION 9.** 560.20 (1) (a) of the statutes is renumbered 560.21 (1) (a).
- 9           **SECTION 10.** 560.20 (1) (b) of the statutes is renumbered 560.21 (1) (b).
- 10          **SECTION 11.** 560.20 (1) (c) of the statutes is repealed.
- 11          **SECTION 12.** 560.20 (1) (cf) of the statutes is renumbered 560.17 (1) (br).
- 12          **SECTION 13.** 560.20 (1) (cm) of the statutes is repealed.
- 13          **SECTION 14.** 560.20 (1) (d) of the statutes is repealed.
- 14          **SECTION 15.** 560.20 (1) (e) of the statutes is repealed.
- 15          **SECTION 16.** 560.20 (1) (f) of the statutes is repealed.
- 16          **SECTION 17.** 560.20 (1) (g) of the statutes is repealed.
- 17          **SECTION 18.** 560.20 (1m) of the statutes is repealed.
- 18          **SECTION 19.** 560.20 (2) of the statutes is repealed.
- 19          **SECTION 20.** 560.20 (3) (a) of the statutes is repealed.
- 20          **SECTION 21.** 560.20 (3) (b) of the statutes is repealed.
- 21          **SECTION 22.** 560.20 (3) (c) of the statutes is repealed.
- 22          **SECTION 23.** 560.20 (3) (cm) of the statutes is repealed.
- 23          **SECTION 24.** 560.20 (3) (d) of the statutes is repealed.
- 24          **SECTION 25.** 560.20 (3) (e) of the statutes is repealed.

X  
1 SECTION 26. 560.20 (3) (f) (intro.) and 4. of the statutes are consolidated,  
2 renumbered 560.21 (2) and amended to read:

3 560.21 (2) The department shall ~~do all of the following:~~ 4. Deposit deposit in  
4 the ~~appropriation account under s. 20.143 (1) (in)~~ general fund all interest and  
5 principal received in repayment of loans under ~~this subsection s. 560.20 (3), 1999~~  
6 stats., any proceeds from equity investments made by the community development  
7 finance company under s. 234.965, 1991 stats., that are received by the department  
8 or the community development finance company, and any unencumbered grant  
9 funds returned to the department under 1993 Wisconsin Act 437, section 9115 (1t).

History: 1989 a. 342; 1989 a. 359 s. 382; 1993 a. 437; 1997 a. 79, 112; 1999 a. 9.

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10 SECTION 27. 560.20 (3) (f) 1. of the statutes is repealed.

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11 SECTION 28. 560.20 (3) (f) 2. of the statutes is repealed.

X  
12 SECTION 29. 560.20 (3) (f) 3. of the statutes is repealed.

X  
13 SECTION 30. 560.20 (3) (g) of the statutes is repealed.

X  
14 SECTION 31. 560.20 (3) (h) of the statutes is renumbered 560.21 (3).

15 SECTION 32. 560.21 of the statutes is created to read:

16 560.21 General fund deposit. (1) In this section:

17 (END)



State of Wisconsin  
2001 - 2002 LEGISLATURE

LRB-4498/1  
PJK:hmh:ch

DOA:.....Mawdsley – Eliminating the business development initiative  
FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

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