Wisconsin Department of Administration Division of Executive Budget and Finance DOA-2048 (R07/2000)

## Fiscal Estimate - 2001 Session

$\boxtimes$	Original		Updated		Corrected		Supple	mental		
LRB	Number	01-4560/1		Intro	duction Nu	ımber <b>S</b>	SB-445	· · ·		
Subje	et									
Family	farm protect	ion package								
Fiscal	Effect									
Local:	No Local Gov Indeterminate	Existing tions Existing tions tions w Appropriation vernment Costs Costs	Revenu Decrea Revenu s 3. Increase	se Existing ues e Revenue	abs  Dec  5.Type Units	rease Costs orb within a Yes crease Costs es of Local G s Affected Towns	gency's bu	dget No		
:	2. Decreas	ive Mandato se Costs ive Mandato	4. Decreas		atory (	Counties [ School [ Districts	Others WTCS Districts	Januaria		
I	Fund Sources Affected Affected Ch. 20 Appropriations									
<b>⊠</b> GF			PRS S	EG SE	EGS 					
Agenc	y/Prepared I	 ∃y	A	Authorized S	Signature			Date		
WHEDA/ Geoff Wheeler (608) 266-2027				Geoff Wheele	2/26/02					

## Fiscal Estimate Narratives WHEDA 2/26/02

LRB Number <b>01-4560/1</b>	Introduction Number	SB-445	Estimate Type	Original
Subject			- · · · · · · · · · · · · · · · · · · ·	
Family farm protection package				

## **Assumptions Used in Arriving at Fiscal Estimate**

WHEDA administers the WDRF fund referred to in the proposed legislation. This fund is used for loan guarantees in 4 areas: Small business, FARM, CROP, and agribusiness. There are application fees associated with each program. SDG and Agribusiness have \$200 fees, and FARM and CROP have \$150 fees. The application fee on CROP was instituted in 1999 after considerable consultation with our agricultural lender advisory group and was put in place to help cover administrative costs, be consistent with other loan guarantee programs, and to diminish less than serious applications.

CROP is by far the biggest in guarantee utilization, generating approximately \$102,000 in fee income on an annual basis.

WHEDA is authorized by statute to recover administrative costs for these programs from the WDRF. Fee income is used to offset some of those costs. Thus, if this legislation passes, there will be no financial effect on WHEDA, as we are able to recover those costs from the fund rather than from the fees. However, this will reduce the amount of the available funds by the amount of the reduced fees, which means the capacity in the WDRF will be reduced approximately \$102,000 annually. Thus it will diminish the amount of funds available for all the programs contained in this program, including CROP, at a faster rate than currently. This is particularly difficult when investment income, the other source of funds for WDRF, is considerably down in the interest rate environment we are in today.

Thus, to keep the WDRF fund at its current capacity level, eliminating fees would require a cash infusion of \$102,000 annually from GPR. Otherwise, WDRF, already nearly tully utilized, will have a diminished loan guarantee ability of approximatley \$460,000 annually (\$102,000 times 4.5 leverage ratio).

Long-Range Fiscal Implications