

from
Section #. 237.04 of the statutes

B
238.03

has of

~~237.04~~ Powers of authority. The authority shall have all the powers necessary or convenient to carry out the purposes and provisions of this chapter. In addition to all other powers granted by this chapter, the authority may: do any of the following

~~Adopt bylaws and rules for the regulation of its affairs and the conduct of its business.~~

(1) ~~Incur debt, except as restricted under s. 237.05 (1).~~

(2) Sue and be sued.

(3) Hire employees, define their duties, and fix their rate of compensation

subject to s. 238.02(2)

(4) Have a seal and alter the seal at pleasure; have perpetual existence; and maintain an office.

(5) Appoint any technical or professional advisory committee that the authority finds necessary

to assist the authority in exercising its duties and powers. ~~The authority shall~~ define the duties of ~~any~~ committee; and provide reimbursement for the expenses of ~~the~~ ^{any} committee.

(6) Enter into contracts with 3rd parties as are necessary for the ^{conduct of its business} ~~rehabilitation, repair, replacement, operation, or maintenance of the navigational system.~~

(7) Acquire, lease, subject to s. 237.05 (2), and dispose of property as is necessary for the rehabilitation, repair, replacement, operation, or maintenance of the navigational system.

(8) ~~Accept gifts and other funding for the rehabilitation, repair, replacement, operation, or maintenance of the navigational system.~~

(9) Charge ~~user~~ fees for services ^{that} the authority provides to the operators of watercraft using the navigational system.

(10) ^{Procure insurance against any loss in connection with its assets and procure insurance on its debt obligations.} Charge fees for use of facilities of the navigational system as provided in s. 16.845.

History: 2001 a. 16.



Inset 28, p. 7

-1624/p1

from
Section #. 233.20 of the statutes

B
238.08

~~233.20~~ Issuance of bonds. (1) The authority may issue bonds for any corporate purpose. All bonds are negotiable for all purposes, notwithstanding their payment from a limited source.

(1m) The authority may issue bonds only if a majority of the board of directors determines that, to the extent possible without having an adverse impact on the ability of the authority to sell bonds at a given interest rate, the terms on which the bonds are to be offered are structured in such a way as to accommodate the possibility of the early termination of the lease or affiliation agreement, or both. The board shall base a determination under this subsection on the best information available to the board at the time the determination is made.

(2) The bonds of each issue shall be payable from sources specified in the bond resolution under which the bonds are issued ~~or in a related trust agreement, trust indenture, indenture of mortgage or deed of trust~~

(3) The authority may not issue bonds unless the issuance is first authorized by a bond resolution. Bonds shall bear the dates, mature at the times not exceeding 30 years from their dates of issue, bear interest at the rates, be payable at the times, be in the denominations, be in the form, carry the registration and conversion privileges, be executed in the manner, be payable in lawful money of the United States at the places, and be subject to the terms of redemption, that the bond resolution provides. The bonds shall be executed by the manual or facsimile signatures of the officers of the authority designated by the board. The bonds may be sold at public or private sale at the price, in

the manner and at the time determined by the board. Pending preparation of definitive bonds, the authority may issue interim receipts or certificates that shall ^{the authority} be exchanged for the definitive bonds.

(4) Any bond resolution may contain provisions, ^{that} which shall be a part of the contract with the holders of the bonds [✓] that are authorized by the bond resolution, regarding any of the following:

(a) Pledging or assigning specified assets or revenues of the authority.

- * (b) Setting aside reserves or sinking funds, and the regulation, investment, and disposition of these funds.
- (c) Limitations on the purpose to which or the investments in which the proceeds of the sale of any issue of bonds may be applied.
- (d) Limitations on the issuance of additional bonds, the terms upon which additional bonds may be issued and secured, and the terms upon which additional bonds may rank on a parity with, or be subordinate or superior to, ~~other~~ ^{the} bonds *authorized by the bond resolution*
- * (e) Funding, refunding, advance refunding, or purchasing outstanding bonds.
- * (f) Procedures ~~if any~~ by which the terms of any contract with bondholders may be amended, the amount of bonds the holders of which must consent to the amendment, and the manner in which this consent may be given.
- (g) Defining the acts or omissions to act that constitute a default in the duties of the authority to the bondholders, and providing the rights and remedies of the bondholders in the event of a default.
- (h) Other matters relating to the bonds that the board considers desirable.
- (5) Neither the members of the board nor any person executing the bonds is liable personally on the bonds or subject to any personal liability or accountability by reason of the issuance of the bonds, unless the personal liability or accountability is the result of willful misconduct.

History: 1995 a. 27, 216.



from
~~Section #. 231.09 of the statutes~~

Insert 2-8, p. 9

(B)
238.09

231.09 Bond security. The authority may secure any bonds issued under this chapter by a trust
 * agreement, trust indenture, indenture of mortgage, or deed of trust by and between the authority and
 * one or more corporate trustees, ~~which may be any trust company or bank in this state having the~~
 * ~~powers of a trust company.~~ The bond resolution providing for the issuance of bonds so secured shall
 * ^{some or all of} pledge the revenues to be received by the authority as ~~a result of the terms of the financing referred~~
 * ~~to in the resolution,~~ and may contain ~~such~~ provisions for protecting and enforcing the rights and rem-
 * edies of the bondholders ^{that} as ~~are~~ reasonable and proper and not in violation of law, including particu-
 * larly such provisions as are specifically authorized by this chapter to be included in any bond resolu-
 * tion of the authority, and may restrict the individual right of action by bondholders. In addition, any
 * ^A bond resolution may contain ~~such~~ ^{any} other provisions ^{that are determined by the board to be} as the authority ~~deems~~ reasonable and proper for
 * the security of the bondholders. All expenses incurred in carrying out the provisions of the bond
 * ~~resolution may be treated as a part of the cost of the operation of a project.~~

History: 1973 c. 304; 1977 c. 29.



4.10M

Section #. 231.10 of the statutes

(B)
238.10

~~231.10~~ **Bonds not public debt.** (1) The state is not liable on ~~notes or~~ bonds of the authority and
 * the ~~notes and~~ bonds are not a debt of the state. ^{Each} ~~All notes and bonds~~ of the authority shall contain
 * ~~on the face thereof~~ a statement to this effect. ^{on the face of the bond} The issuance of bonds under this chapter ~~shall~~ ^{does} not,
 * directly, or indirectly, or contingently, obligate the state or any political subdivision ^{of the state} thereof to levy
 * any form of ~~taxation therefor~~ ^{tax} or to make any appropriation for ~~their~~ ^{of the bonds} payment. Nothing in this section
 * prevents the authority from pledging its full faith and credit ~~or the full faith and credit of a health~~
 * ~~institution, educational institution or child care provider~~ to the payment of bonds ^{issued} authorized under
 this chapter.

(2) Nothing in this chapter authorizes the authority to create a debt of the state, and all bonds issued
 * by the authority under this chapter are payable, and shall state that they are payable, solely from the
 * funds pledged for their payment in accordance with the ^{bond} resolution authorizing their issuance or in
 * any trust indenture ~~or mortgage~~ or deed of trust executed as security ^{for the bonds} therefor. The state shall not
 * ~~in any event~~ ^{is not} be liable for the payment of the principal of or interest on any bonds of the authority
 * or for the performance of any pledge, mortgage, obligation, or agreement which may be undertaken
 * by the authority. ^{The} No breach of any ~~such~~ pledge, mortgage, obligation, or agreement ^{undertaken by the authority} may impose any ~~pecuniary~~ ^{does} liability upon the state or any charge upon its general credit or against its taxing power. ^{not}

History: 1973 c. 304; 1977 c. 29; 1987 a. 27; 1993 a. 124.



Insert 28, p. 11

-1624/P1

from

Section #. 233.23 of the statutes

(B)
238.11

holders of bonds

~~233.23~~ **State pledge.** The state pledges to and agrees with the ~~bondholders~~, and persons that enter into contracts with the authority under this chapter, that the state will not limit or alter the rights vested in the authority by this chapter before the authority has fully met and discharged the bonds, and any interest due on the bonds, and has fully performed its contracts, unless adequate provision is made by law for the protection of the bondholders or those entering into contracts with the authority.

History: 1995 a. 27.

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From

Insert 2-8, p. 12

-1624/P1

Section #. 233.26 of the statutes

(B)
238.16

~~233.26~~ **Refunding bonds.** (1) The authority may issue bonds to fund or refund any outstanding bond, including the payment of any redemption premium on the outstanding bond and any interest
* accrued or to accrue to the earliest or any subsequent date of redemption, purchase, or maturity.

(2) The authority may apply the proceeds of any bond issued to fund or refund any outstanding
* bond to purchase, retire at maturity, or redeem any outstanding bond. The authority may, pending
* application, place the proceeds in escrow to be applied to the purchase, retirement at maturity, or redemption of any outstanding bond at any time.

History: 1995 a. 27.



Insert 2-8, p. 13

-1624/P)

from

Section #. 234.18 (title) and (1) of the statutes are ...

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238.18

234.18 (title) Limit on amount of outstanding bonds and notes.

History: 1971 c. 287; 1975 c. 200; 1977 c. 108, 317; 1979 c. 18; 1981 c. 349; 1983 a. 36 s. 96 (4); 1985 a. 29; 1987 a. 69; 1991 a. 39; 1995 a. 27 s. 9116 (5); 1997 a. 27.

(1) The authority ^{may} shall not have outstanding at any one time ~~notes and~~ bonds for any of its corporate purposes in an aggregate principal amount exceeding \$25,000,000, excluding bonds and notes issued to refund outstanding notes and bonds.

History: 1971 c. 287; 1975 c. 200; 1977 c. 108, 317; 1979 c. 18; 1981 c. 349; 1983 a. 36 s. 96 (4); 1985 a. 29; 1987 a. 69; 1991 a. 39; 1995 a. 27 s. 9116 (5); 1997 a. 27.



From

Inset 2-8, p. 13-A

-1624/P1

Section #. 231.19 of the statutes

(B)
238.19

~~231.19~~ Annual reports. (1) The authority shall keep an accurate account of all its activities and of all its receipts and expenditures, and shall annually in January make a report thereof to the governor and the chief clerk of each house of the legislature, for distribution to the legislature under s.

of
of its activities, receipts, and expenditures

13.172 (2). The reports shall be in a form approved by the state auditor. The state auditor may investigate the affairs of the authority, may examine the properties and records of the authority, and may prescribe methods of accounting and the rendering of periodical reports in relation to projects undertaken by the authority.

*
*
* activities

(2) The authority, annually on January 15, shall file with the department of administration and the joint legislative council a complete and current listing of all forms, reports, and papers required by the authority to be completed by any person, other than a governmental body, as a condition of obtaining the approval of the authority or for any other reason. The authority shall attach a blank copy of each such form, report, or paper to the listing.

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History: 1973 c. 304; 1979 c. 221; 1987 a. 186; 1993 a. 52.

X

end of inset 2-8

(B) operation (B)
238.38 Livestock modernization loans. (1) Subject to sub. (2),

when the authority may participate as provided in s. 238.30(3) in a loan made by a participating lender to an eligible borrower for the purchase and construction or installation of improvements to land, buildings or other permanent structures that are useful for, and intended to be used for, the purpose of raising livestock if all of the following apply:

(a) The eligible borrower is engaged in the raising of livestock.

(b) The collateral for the loan includes a first mortgage on farm real estate.

(c) The loan does not exceed 80% of the appraised value of the collateral for the loan.

(d) The term of the loan does not exceed 10 years.

(2) The authority may not finance more than 45% or \$250,000, subject to adjustment under s. 238.30(5)(c), whichever is less, of the principal of a loan under this section.

Insert 8-8, p. 2

-1624(P)

Section #. 234.66 of the statutes

From
238.40

234.66 Beginning farmer program. (1) In this section, "beginning farmer" means a person who engages in farming or wishes to engage in farming and who qualifies as a first-time farmer under 26 USC 147 (c) (2).

(2) The authority may establish and administer a beginning farmer program to assist beginning farmers to purchase agricultural land, agricultural improvements, and depreciable agricultural property, as defined in 26 USC 144 (a) (11) (B).

(3) (a) The authority may issue its bonds and notes to finance the beginning farmer program, including funding loans to beginning farmers.

(b) The limits in ~~ss. 234.18 (1), 234.40, 234.50, 234.60, 234.61 and 234.65~~ ^{s. 238.18 does} do not apply to bonds or notes issued under this section.

(c) The authority may not issue more than \$17,500,000 in aggregate principal amount of bonds and notes under this section, excluding bonds and notes issued to refund outstanding bonds and notes issued under this section.

(d) Section 234.15 does not apply to bonds or notes issued under this section.

(4) Bonds or notes issued under this section are special, limited obligations of the authority payable solely out of the revenue derived from the loan agreement, debt obligation, or sales contract, collateral, or other property received in connection with the beginning farmer program. All assets and liabilities created through the issuance of bonds or notes under this section shall be separate from all other assets and liabilities of the authority. The authority has no moral or legal obligation or liability to any person under this section, except as expressly provided by written contract. ~~No~~ funds of the beginning farmer program ~~may be commingled~~ with any other funds of the authority.

The authority may not commingle
m

(5) The authority may charge fees for assistance provided under this section to cover the administrative costs of the beginning farmer program, including legal fees.

History: 1993 a. 437; 1997 a. 27.

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from

Section #. 234.90 of the statutes

B

238.50

~~234.90~~ Agricultural production loan guarantees. (1) DEFINITIONS. In this section:

(a) "Agricultural commodity" has the meaning given ⁱⁿ ~~under~~ s. 94.67 (2).

* (ad) "Agricultural production loan" means a loan to a farmer to finance the purchase of fertilizer, seed, fuel, pesticides, tillage services, crop insurance, animal feed, or any other service or consumable good necessary to produce an agricultural commodity.

(ag) "Dairy plant" has the meaning given in s. 97.20 (1) (a).

* (b) "Farmer" has the meaning given ⁱⁿ ~~under~~ s. 102.04 (3).

(c) "Guaranteed loan" means an agricultural production loan ^{that} ~~which~~ is guaranteed by the authority.

(cp) "Milk" has the meaning given in s. 97.22 (1) (e).

* (d) "Participating lender" means a bank, production credit association, credit union, savings bank, savings and loan association, or other person ^{that} ~~who~~ makes agricultural production loans and ^{that} ~~who~~ has entered into an agreement with the authority under s. ^{238.58} ~~234.93~~ (2) (a). ✓

* (2) ELIGIBLE LOANS. Except as provided in sub. (3j), ^{if the authority implements the program under this section,} an agricultural production loan made by a participating lender is eligible for guarantee of collection from the Wisconsin ^{agricultural} ~~development~~ reserve fund under s. ^{s. 238.58} ~~234.93~~ if all of the following apply:

(a) The loan is to finance production of an agricultural commodity.

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

(bm) If the loan is one for which the borrower is eligible under sub. (3g), the amount of that loan does not exceed the amount of the payment, excluding interest or penalties if any, owed to the borrower by the insolvent or bankrupt dairy plant, subject to par. (b).

(c) The rate of interest on the loan, including any origination fees or other charges relating to the loan, does not exceed a rate determined by the authority after considering the conditions of the financial market.



Insert 8-8, p.4

authority will make a payment under with respect to the loan

(d) If the loan is one to which sub. (5) applies, the rate of interest on the loan for which the borrower is obligated, including any origination fees or other charges relating to the loan, does not exceed the rate determined under par. (c), minus ^{up to} 2%.

(e) The participating lender ^{will} shall pay directly any supplier of fertilizer, seed, fuel, pesticides, tillage services, crop insurance, animal feed, or other service or consumable good necessary to produce an agricultural commodity, if the borrower obtains the loan to pay that supplier.

(f) The participating lender obtains a security interest for repayment of the loan in the agricultural commodity resulting from use of the loan proceeds.

(g) Unless waived by the authority, the borrower procures an insurance policy ^{that} which protects the agricultural commodity to be financed with the proceeds of the loan against risk of loss, and the proceeds of ^{that policy} which are payable to the participating lender.

(h) The term of the loan does not extend after March 31 of the calendar year following the calendar year in which the participating lender granted the loan.

(i) The proceeds of the loan ^{are} ~~may~~ not be applied to the outstanding balance of any other loan, except that the proceeds may be used to refinance a loan under this section, subject to sub. (3n).

(j) If the loan is one for which the borrower is eligible under sub. (3g), the terms of the loan require the borrower to pay to the authorized lender, in repayment of the loan, money received from or on behalf of the bankrupt or insolvent dairy plant, immediately upon receipt of the money.

(3) ELIGIBLE FARMERS. Except as provided ⁱⁿ ~~under~~ subs. (3g) and (3j), a farmer is eligible for a guaranteed loan if all of the following apply: ^{if the authority implements the program under this section,}

(a) The farmer does not meet the participating lender's minimum standards of creditworthiness to receive an agricultural production loan in the normal course of the participating lender's business.

(b) The amount of the farmer's debts totals at least 40% of the amount of the farmer's assets.

(c) In the judgment of the participating lender, it is reasonably likely that if the farmer receives a guaranteed loan the farmer's assets, cash flow, and managerial ability are sufficient to preclude vol-



untary or involuntary liquidation before April 1 of the calendar year following the calendar year in which the participating lender granted the loan.

- (d) The farmer's name does not appear on the statewide support lien docket under s. 49.854 (2)
- (b) or, if the farmer's name appears on that docket, the farmer provides to the authority a payment agreement that has been approved by the county child support agency under s. 59.53 (5) and that is consistent with rules promulgated under s. 49.858 (2) (a).

if the authority implements the program under this section,

* **(3g) ELIGIBLE DAIRY FARMER.** Except as provided in sub. (3j), a farmer is eligible for a guaranteed loan under this subsection if all of the following apply:

(a) The farmer has not been paid for milk provided to a dairy plant because of the bankruptcy or insolvency of the dairy plant.

* (b) In the judgment of the participating lender, it is reasonably likely that if the farmer receives a guaranteed loan the farmer's assets, cash flow, and managerial ability are sufficient to preclude voluntary or involuntary liquidation before April 1 of the calendar year following the calendar year in which the participating lender granted the loan.

- (c) The farmer's name does not appear on the statewide support lien docket under s. 49.854 (2)
- (b) or, if the farmer's name appears on that docket, the farmer provides to the authority a payment agreement that has been approved by the county child support agency under s. 59.53 (5) and that is consistent with rules promulgated under s. 49.858 (2) (a).

(3j) EMERGENCY ELIGIBILITY CRITERIA. The authority may guarantee a loan to a farmer using eligibility criteria determined by the authority that differ from the criteria under subs. (2) to (3g) if all of the following apply:

(a) The governor has determined that an emergency situation exists and that the criteria under subs. (2) to (3g) prevent the authority from making an adequate response to the emergency situation.

(b) The authority has submitted to the joint committee on finance for review under s. 13.10 the emergency eligibility criteria that it proposes to use, and the joint committee on finance has approved the use of the criteria for the emergency situation.

(3m) EXTENSION. A participating lender may extend the term of a loan until no later than June 30 of the calendar year following the calendar year in which the participating lender granted the loan.

(3n) REFINANCING. (a) Except as provided in par. (b), proceeds of a guaranteed loan may be used to refinance a guaranteed loan no more than one time.

(b) The proceeds of a guaranteed loan may be used to refinance a guaranteed loan that has been refinanced one time if at least 60% of the principal amount of the refinanced guaranteed loan has been repaid.

(3p) INSTALLMENT PAYMENT OF CERTAIN LOANS. An authorized lender may require a borrower to repay a loan described in sub. (3g) in installments.

* (4) GUARANTEE. The authority ~~shall~~ ^{may} guarantee repayment of ^{no more than} 90% of the principal of any agricultural production loan eligible for guarantee under sub. (2) made to a farmer eligible for a guaranteed loan under sub. (3) or (3g). ^{the authority implements the program under this section and if}

* (5) INTEREST REDUCTION. If ^{at} the time of origination or extension the interest rate on a guaranteed loan and the prime lending rate as reported by the federal reserve board in federal reserve statistical release H. 15 each equals or exceeds 10%, the authority ~~shall~~ ^{may} pay, from the moneys in the Wisconsin ^{agricultural} development reserve fund, to the participating lender making the loan, an amount equal to ^{upto} 2% of the principal amount of the loan.

History: 1985 a. 9, 29, 153, 332, 334; 1987 a. 7, 27, 178, 421; 1989 a. 1, 10, 31, 336; 1991 a. 4, 39, 221; 1993 a. 1; 1995 a. 5, 150, 404; 1999 a. 9; 2001 a. 16.



from

Section #. 234.907 of the statutes

234.907

234.907 Agricultural development loan guarantee program. (1) DEFINITIONS. In this section:

(d) "Guaranteed loan" means a loan on which the authority guarantees collection under sub. (3).

* (e) "Participating lender" means a bank, credit union, savings bank, savings and loan association, or other person, who makes loans for working capital or to finance physical plant needs, equipment, or machinery and who has entered into an agreement with the authority under s. ~~234.93~~ ^{238.58} (2) (a).

(f) "Percentage of guarantee" means the percentage established by the authority under sub. (3).

* (g) "Raw agricultural commodity" means any agricultural, aquacultural, horticultural, viticultural, vegetable, poultry, ^{or} and livestock product produced in this state, including milk and milk products, bees and honey products, timber, and wood products, or any class, variety, or utilization of the products, in their natural state.

(h) "Security interest" means an interest in property or other assets which secures payment or other performance of a guaranteed loan.

* (2) ELIGIBLE LOANS. ^{If the authority implements the program under this section, a} loan made by a participating lender is eligible for guarantee of collection from the Wisconsin ^{development} ~~development~~ ^{reserve fund} ~~reserve fund~~ under s. ~~234.93~~ ^{238.58} if all of the following apply:

(a) The loan is made for working capital or to finance any of the following items, if the working capital or item is necessary to, or used to, process or market a product from a raw agricultural commodity produced in this state or to commercially harvest whitefish from Lake Superior:

1. Physical plant.
2. Machinery or equipment.
3. Marketing expenses.

(b) The rate of interest on the loan, including any origination fees or other charges, is fixed at a rate determined by the participating lender and approved by the authority.

(c) Subject to par. (cm), the total principal amount of all loans to the borrower that are guaranteed under this section will not exceed \$750,000.



(cm) The total principal amount extended to the borrower for loans that are guaranteed under this section and that are made for working capital or an item necessary to, or used to, commercially harvest whitefish from Lake Superior will not exceed \$100,000.

* (d) The borrower's principal place of operations for processing or marketing a product from a raw agricultural commodity is located in a ^{city,} town, ^{town,} village, or ^{town,} city in this state with a population of less than 50,000. This paragraph does not apply to a borrower that harvests whitefish from Lake Superior.

* (e) The participating lender obtains a security interest in physical plant, equipment, machinery, or other assets.

(f) The loan term does not extend beyond 15 years after the date ^{stet} ~~the~~ participating lender disburses the loan unless the loan is extended by the authority.

(g) The proceeds of the loan are not applied to the outstanding balance of any other loan.

(h) The loan results in new or more viable methods for the processing or marketing of a product from a raw agricultural commodity or enables the borrower to comply with the rules promulgated by the department of natural resources for the commercial fishing of whitefish in Lake Superior.

(i) The borrower does not meet the participating lender's minimum standards of creditworthiness to receive a loan for the purposes described in par. (a) in the normal course of the participating lender's business.

* (j) The participating lender considers the borrower's assets, cash flow, and managerial ability sufficient to preclude voluntary or involuntary liquidation for the loan term granted by the participating lender.

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

* (3) GUARANTEE OF COLLECTION. The authority ^{may} shall guarantee collection of a percentage, not exceeding 90%, of the principal of any loan eligible for a guarantee under sub. (2). The authority shall establish the percentage of the unpaid principal of an eligible loan that will be guaranteed, using

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-1624(P)

238.58

* the procedures described in the guarantee 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.

History: 1989 a. 31, 336; 1991 a. 39, 221; 1993 a. 394; 2001 a. 16.



from

Section #. 234.91 of the statutes

238.54

234.91 Farm assets reinvestment management loan guarantee program. (1) DEFINITIONS. In this section:

- * (a) "Agricultural assets" means machinery, equipment, facilities, land, or livestock.
- * (b) "Farm credit service" includes a production credit association, federal land credit association, and agricultural credit association.
- (c) "Farmer" has the meaning given in s. 102.04 (3).
- (d) "Farm premises" has the meaning given in s. 102.04 (3).
- (e) "Participating lender" means a bank, farm credit service, credit union, savings bank, savings and loan association, or other person who makes loans for the acquisition or improvement of agricultural assets and who has entered into an agreement with the authority under s. ^{238.58} ~~234.91~~(2) (a). The term does not include a seller under a land contract.

* (2) ELIGIBLE LOANS. ^{If the authority implements the program under this section, a} loan made by a participating lender is eligible for guarantee of collection from the Wisconsin ^{agricultural} development reserve fund under s. ^{238.58} ~~234.91~~ if all of the following apply:

- (a) The borrower is a farmer who is eligible for a guarantee under sub. (3). ⁵
- * (b) The loan is made to finance the acquisition ^{for agricultural purposes,} of agricultural assets or the cost of improvements to facilities or land. ~~The agricultural assets must be acquired, and the improvements must be made, for agricultural purposes?~~

(c) The total outstanding guaranteed principal amount of all loans made to the borrower that are guaranteed under this section will not exceed \$200,000, or \$100,000 if any of the loans is affected by any other state or federal credit assistance [✓] program.

(d) The rate of interest and the loan terms, including any associated fees or charges, are approved by the authority.

(e) The participating lender obtains a security interest in assets of the borrower sufficient to secure repayment of the loan.

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(f) The proceeds of the loan are not applied to the outstanding balance of any other loan or forbearance.

If the authority implements the program under this section, a

(3) ELIGIBLE FARMERS. ~~A~~ farmer is eligible for a guarantee of a loan under this section if all of the following apply at the time ^{the loan is made:} ~~the loan is made:~~

(a) The farmer is currently operating farm premises.

(b) The amount of the farmer's debts, including the loan, does not exceed 85% of the farmer's assets, including the value of the agricultural assets to be acquired, or the improvements to be made, with the proceeds of the loan.

* (c) The participating lender considers the farmer's assets, cash flow, and managerial ability sufficient to preclude voluntary or involuntary liquidation during the term of the loan.

* (4) ORIGINATION FEES. The authority shall charge a guarantee origination fee on every loan guaranteed under this section. The amount of the fee shall be 1% of a loan's guaranteed principal. The participating lender shall collect the fee and remit it to the authority. The authority shall deposit all fees received under this subsection in the Wisconsin ^{agricultural} development reserve fund to be used to guarantee loans under this section.

* (5) GUARANTEE OF COLLECTION. (a) The authority ^{may} shall guarantee collection of a percentage of the principal of a loan eligible for a guarantee under sub. (2). The principal amount of an eligible loan that the authority may guarantee may not exceed the borrower's net worth or 25% of the total loan amount, whichever is less, calculated at the time [✓] the loan is made.

* (b) The term of a loan guarantee for a loan made to finance the acquisition of machinery, equipment, or livestock, or the cost of improvements to facilities or land, may not exceed 5 years. The term of a loan guarantee for a loan made to finance the acquisition of facilities or land may not exceed 10 years.

History: 1995 a. 150; 1999 a. 9; 2001 a. 16.



Section # 234.93 of the statutes

238.54

agricultural

~~234.93~~ Wisconsin ~~development~~ ^{agricultural} reserve fund. (1) ESTABLISHMENT OF FUND. There is established under the jurisdiction and control of the authority, for the purpose of providing funds for guaranteeing loans, a Wisconsin ~~development~~ ^{agricultural} reserve fund, consisting of all of the following:

* (a) Moneys appropriated to the authority under s. 20.490 (5) (a), (q), (r) and (s) or received by the authority for the Wisconsin ~~development~~ ^{agricultural} reserve fund from any other source.

* (b) Any income from investment of money in the Wisconsin ~~development~~ ^{agricultural} reserve fund by the authority under s. 234.03 (18).

(c) Any moneys transferred from the recycling loan fund, agricultural production loan fund or drought assistance and development loan fund.

~~(cm) Any moneys transferred under 1999 Wisconsin Act 9, section 9125 (1), from the housing rehabilitation loan program administration fund.~~

* ^c (d) To be used for guaranteeing loans under s. ^{238.54} ~~234.91~~, fees collected under s. ^{238.54} ~~234.91~~ (4).

* (2) PROGRAM ADMINISTRATION. (a) The authority may enter into a guarantee agreement with any bank, production credit association, credit union, savings bank, savings and loan association, or other person who wishes to participate in a loan program guaranteed by the Wisconsin ~~development~~ ^{agricultural} reserve fund. The authority may determine all of the following, consistent with the terms of the specific loan guarantee program:

1. The form of the agreement.
2. Any conditions upon which the authority may refuse to enter into such an agreement.
3. Any procedures required to carry out the agreement, including default procedures and procedures for determining the guaranteed percentage of each loan.

(b) A guarantee agreement between the authority and a bank, production credit association, credit union, savings and loan association or other person under s. 234.67 (5), 1989 stats., s. 234.82 (5), 1989 stats., s. 234.90 (7), 1989 stats., s. 234.905 (7), 1989 stats., or s. 234.907 (5), 1989 stats., in

effect immediately before August 15, 1991, shall continue in full force and effect, as if entered into under par. (a).

(bm) A guarantee agreement between the authority and a bank, production credit association, credit union, savings and loan association or other person under par. (a) with respect to a loan guaranteed under s. 234.68, 1995 stats., s. 234.69, 1995 stats., s. 234.765, 1995 stats., s. 234.82, 1995 stats., s. 234.83, 1995 stats., or s. 234.87, 1995 stats., that is in effect immediately before October 14, 1997, shall continue in full force and effect until the termination or expiration of the agreement according to its terms.

* (A) The authority may not use any moneys other than those in the Wisconsin ^{agricultural} development reserve fund for programs guaranteed by the Wisconsin ^{agricultural} development reserve fund.

(A) The authority may establish an eligibility criteria review panel, consisting of experts in finance and in the subject area of the loan guarantee program, to advise the authority about lending requirements and issues related to a loan guarantee program.

(3) LOAN GUARANTEES; INCREASES OR DECREASES. (a) Except as provided in par. (b), the total principal amount or total outstanding guaranteed principal amount of all loans that the authority may guarantee under ~~the aggregate of the programs~~ [✓] guaranteed by funds from the Wisconsin ^{agricultural} development reserve fund, ~~excluding the program under s. 234.935, 1997 stats.~~ may not exceed ~~\$10,500,000~~ ^{\$25,000,000}

(b) The authority may request the joint committee on finance to take action under s. 13.10 to permit the authority to increase or decrease the total principal amount or total outstanding guaranteed principal amount of loans that it may guarantee under the ~~aggregate of the programs~~ ^{agricultural} guaranteed by the Wisconsin ^{agricultural} development reserve fund. Included with its request, the authority shall provide a projection, for the next June 30, that compares the amounts required on that date to pay outstanding claims and to fund guarantees under the aggregate of the programs guaranteed by funds from the Wisconsin ^{agricultural} development reserve fund, and the balance remaining in the Wisconsin ^{agricultural} development reserve fund.



reserve fund on that date after deducting ^{those} such amounts, if the increase or decrease is approved, with such amounts and the balance remaining, if the increase or decrease is not approved.

(3m) EXTENSION OF LOAN GUARANTEE PROGRAM. When the authority prepares a fiscal estimate under s. 13.093 (2) (a) with respect to any bill that extends a program that is guaranteed by funds from the Wisconsin ~~development~~ ^{agricultural} reserve fund, the authority shall include in its fiscal estimate a projection, for the next June 30, that compares the amounts required on that date to pay outstanding claims and to fund guarantees under all of the programs guaranteed by funds from the Wisconsin ~~development~~ ^{agricultural} reserve fund, and the balance remaining in the Wisconsin ~~development~~ ^{agricultural} reserve fund on that date after deducting ^{those} such amounts, if the program is extended, with ^{those} such amounts and the balance remaining if the program is not extended.

(4) BALANCE TRANSFER. (a) Annually on June 30, until no balance remains, the authority shall transfer to the general fund any balance remaining in the Wisconsin ~~development~~ ^{agricultural} reserve fund on that date, after deducting an amount sufficient for all of the following:

1. To pay all outstanding claims under the programs guaranteed by funds from the Wisconsin ~~development~~ ^{agricultural} reserve fund.

2. To fund guarantees under all of the programs guaranteed by funds from the Wisconsin ~~development~~ ^{agricultural} reserve fund, ~~except for the program under s. 234.935, 1997 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.

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

(b) Annually on August 31, the executive director of the authority shall provide to the secretary of administration and to the joint committee on finance a signed statement that includes all of the following ^{information}:



* 1. The amounts required to pay outstanding claims and to fund guarantees under each of the programs guaranteed by funds from the Wisconsin ~~development~~^{agricultural} reserve fund on that date.

* 2. An explanation of how each amount under subd. 1. was ~~calculated~~^{calculated or otherwise} determined.

3. The amount of the balance, if any, that remains in the Wisconsin ~~development~~^{agricultural} reserve fund after deducting the amounts under subd. 1. and that will be transferred to the general fund under par.

(a).

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

* (4m) LIMITATION ON LOAN GUARANTEES. The authority shall regularly monitor the cash balance in the Wisconsin ~~development~~^{agricultural} reserve fund. The authority shall ensure that the cash balance in the fund is sufficient for the purposes specified in sub. (4) (a) 1. ~~2. and 3.~~^{and}

* (5) ANNUAL REPORT. On or before November 1 annually, the authority shall submit to the chief clerk of each house of the legislature for distribution under s. 13.172 (2) and to the joint committee on finance ~~an annual~~^a report on the number and total dollar amount of guaranteed loans under each of the programs guaranteed by the Wisconsin ~~development~~^{agricultural} reserve fund, the default rate on the loans, and any other information on a program guaranteed by the Wisconsin ~~development~~^{agricultural} reserve fund that the authority determines is significant.

* (6) MORAL OBLIGATION. Recognizing its moral obligation, the legislature expresses its expectation that, if called upon to do so, it ~~shall~~^{will} make an appropriation to meet all demands for funds guaranteed by the Wisconsin ~~development~~^{agricultural} reserve fund.

History: 1991 a. 39, 221; 1993 a. 16, 394; 1995 a. 5, 150; 1997 a. 27; 1999 a. 9; 2001 a. 16.

end of insert 8-8

2003

Insert 9-12 ✓

Nonstat File Sequence: **AAA**

LRB -1624 1 P1

NONSTAT SESSLAW

1. In the component bar:

For the action phrase, execute: create → action: → *NS: → nonstat

For the budget action phrase, execute: create → action: → *NS: → 91XX

For a subsection, execute: create → text: → *NS: → sub

For a paragraph, execute: create → text: → *NS: → par

For a subdivision, execute: create → text: → *NS: → subd

For a subdivision paragraph, execute: create → text: → *NS: → subpar

2. Nonstatutory subunits are numbered automatically. Fill in the SECTION # or subsection # only if a "frozen" number is needed. Below, for the budget, fill in the 9100 department code.

SECTION # 91 Nonstatutory provisions? 0.

(#1) MM Terms of initial members of board.

Notwithstanding the length of terms specified for the members of the board of the Wisconsin Rural Finance Authority under section 238.02(1) of the statute, as created by this act, the initial members of the board shall be appointed for the following terms:

- (a) One member for a term expiring on July 1, 2005.
- (b) One member for a term expiring on July 1, 2006.
- (c) One member for a term expiring on July 1, 2007.
- (d) One member for a term expiring on July 1, 2008.
- (e) One member for a term expiring on July 1, 2009.
- (f) One member for a term expiring on July 1, 2010.
- (g) One member for a term expiring on July 1, 2011.

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1624/P1dn

RCT:1...

King

Beata Kalies:

LO

This is a preliminary draft of the proposal to create a Wisconsin Rural Finance Authority. I wanted to get you the central provisions of the proposal to review as soon as I could. This draft does not include the many changes that will be needed outside of the new chapter (chapter 238 of the statutes) to incorporate the new authority into the statutes. It also does not include the provisions making interest on the bonds of the authority tax exempt. I will need to consult with our tax drafters about those provisions.

The language concerning the new authority itself is based on the language in ch. 231 for the Wisconsin Health and Educational Facilities Authority (WHEFA). I also looked at the statutes for the other authorities in order to find updated language and to try to tell which provisions were needed for this authority and which were unique to WHEFA. You may wish to review the statutes for those other authorities to look for other provisions to add to this draft. For example, please let me know whether you would like to add something like s. 237.11, stats.

The language concerning the loan participation programs is based on last session's draft, ~~4~~-4923/P1, plus changes that you requested, including adding the livestock operation modernization program (proposed s. 238.38). I did not include a definition of "livestock." The definition could be left up to the authority or one could be added to the draft. The Minnesota definition consists of cattle, sheep, swine, horses intended for slaughter, mules, farm-raised deer, llamas, ratites (such as ostriches), bison, and goats (so it excludes chickens, for example).

One of the changes that you requested was to add a reference to ch. 186, stats., to the program for agricultural cooperative stock loans (proposed 238.36 (1)). I did not add this reference to ch. 186 because I did not understand your intent. Chapter 186 relates to credit unions and I do not think that it would fit into this program. If you want to pursue a change to this program, please let me know.

You asked that the Wisconsin Housing and Economic Development Authority's beginning farmer program and agricultural loan guarantee programs be transferred to the new authority. In case WHEDA has outstanding loan guarantees, this draft sunsets the WHEDA programs and creates new ones for the Rural Finance Authority (proposed ss. 238.40 to 238.58). The draft gives the new authority the option of

2001 LRB

operating or not operating these programs. Please review these programs carefully to identify any changes that you would like. The new authority would need funds to guarantee loans under the loan guarantee programs. The statutes currently require WHEDA to have \$1 in its guarantee reserve fund for every \$4.50 in loans that it guarantees. If the draft does sunset the WHEDA programs, it may be appropriate to reduce the total amount that WHEDA is authorized to guarantee under all of its loan guarantee programs, see s. 234.93 (3), stats. For the purposes of this preliminary draft, I included a total loan guarantee limit for the new authority of \$25,000,000. You may choose any amount that you wish.

I think that the new authority would also need some start-up funds. You may wish to discuss the funding issues with analysts from the Legislative Fiscal Bureau.

Please review this draft carefully and do not hesitate to contact me with any questions.

Rebecca C. Tradewell
Managing Attorney
Phone: (608) 266-7290
E-mail: becky.tradewell@legis.state.wi.us

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1624/P1dn
RCT:kmg:rs

March 21, 2003

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6/3/03 Changes to LRB-1624/P1dn - Wisconsin Rural Finance Authority

In the Drafter's notes section:

- ✓ 1) We definitely want the bonds to be tax exempt.
- ✓ 2) We would like to include language like s.237.11 stats., regarding political activity.
- DN 3) Definition of "livestock" is not really necessary here as we can refer to the one that already exists in WI statutes.
- ✓ 4) Ignore the previous references to ch. 186, stats. We were anticipating additional chapters for the new cooperative law and assumed that would be the chapter.
- ✓ 5) We like that RFA can choose to operate or not operate programs and the sunset provision for WHEDA programs.
We would like to reduce the total amount WHEDA is authorized to guarantee, as it will no longer have the ag programs.
They have decided not to do this - per Beatty 7/7/03
- ✓ 6) One idea for start-up funds would be to tap into the amount WHEDA returns to GPR in the area of ag lending in July, after it subtracts amounts it needs in reserve and such. However, we do not want to bring this up while the Budget Bill is still being debated. I will find out what those amounts were in the past and what it could be this year. This does not need to be addressed in the draft, just thought you may like to know.

6/3/03 Changes to LRB-1624/P1dn - Wisconsin Rural Finance Authority

In the Bill Draft section:

pg. 1, lines 1-5, and in general

Please add broader purpose statement if possible:

note

“An Act relating to creating the Wisconsin Rural Finance Authority for the purposes of enhancing agricultural development.” and

“ The Rural Finance Authority (RFA) shall exist to provide financial support to agricultural producers and businesses through direct loans, loan guarantees, and other means of financial assistance to meet the needs of a growing agricultural economy in Wisconsin.”

✓ Also add a new section (238.6?) to authorize

Agricultural Development Funds

- a) Authorize the establishment of revolving loan funds to finance agricultural development
- b) Authorize the establishment of equity financing mechanisms such as mutual funds for agricultural development
- c) Authorize the authority to serve as a market intermediary on aggregating and trading environmental credits related to agriculture
- d) initial funding in these areas may come from grants and other funding sources

✓ Also, add a provision directing RFA to utilize the staff and other resources of state agencies and the university system, and authorize the agencies and the university to assist RFA, in ways to enhance the efficiency and effectiveness of the authority.

6/3/03 Changes to LRB-1624/P1dn - Wisconsin Rural Finance Authority

- ✓pg. 3, line 11 – Change 7 members to 11 members
Add: The make up of the board would consist of 3 producers, 3 commercial lenders, 2 citizens, 1 Commerce Secretary or designee, 1 DATCP Secretary or designee, and 1 WHEDA Ex. Director or designee.
- ✓pg. 3, line 12 – Change 7-year terms to 4-year terms.
- ✓pg. 3, line 18, (2) – Change “The Board shall appoint an executive Director and associate executive director” to
“The Secretary of DATCP, after consultation with the RFA Board, shall appoint an executive director”
Delete associate director altogether.
- ✓pg. 5, line 14, (7) – Add “and grants”.
- ✓pg. 9, line 15, (2) – Change January 15 to July 1st, like WHEDA.
- ✓pg. 9, line 23, (a) – Add to the current definition of Agricultural Commodity
Note “byproducts or further processes”, we want to make sure the definition includes things like ethanol, soybeans and specialty crops.
- ✓pg. 10, line 13 – add “or partnerships”
Note and change reference to s. 102.07 (5) (c) to something like the internal revenue reference? We feel this chapter does not work here.
- ✓pg. 11, under Participation in Loans – want to make sure that the bankers will take the first position and the RFA second position.
- ✓pg. 12, lines 19 & 21 – Change consumer price index to agricultural producer price index as published by USDA.
Note
- ✓pg. 18, line 7 – Change \$30,000 to \$50,000.
- ✓pg. 25, line 16 – Change \$200,000 to \$300,000.
- ✓pg. 25, line 17 – Change \$ 100,000 to \$150,000.

6/3/03 Changes to LRB-1624/P1dn - Wisconsin Rural Finance Authority

Questions for the drafter:

- 1) Wheda has \$49 million in bonding authority in all and an internal limit of \$26 million for agriculture. Can this be transferred to RFA along with the ag programs? Or do we need to somehow authorize additional bonding?

They have decided not to do this.

- 2) The way the draft reads in the bonding section, it seems to allow for general obligation bonds but not revenue bonds. Is this accurate?

We want to be able to do either one.

note

- 3) Is the CROP (Credit Relief Outreach Program) included? Is it the Ag Production loan guarantee?

note

- ✓4) Why is there a reference to harvesting Whitefish from Lake Superior on page 23? We do not need this language.

note

Thank you Becky.

We need the changes included as soon as possible. If you have questions and I am not available, please call Bill Oemichen from the Federation of Cooperatives 258-4413. Thank you again.

Beata

Office of Rep. Ott