

**2005 DRAFTING REQUEST**

**Bill**

Received: **03/13/2005**

Received By: **csundber**

Wanted: **As time permits**

Identical to LRB:

For: **Steve Wieckert (608) 266-3070**

By/Representing:

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

Drafter: **csundber**

May Contact:

Addl. Drafters:

Subject: **Econ. Development - housing**

Extra Copies:

Submit via email: **YES**

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

Carbon copy (CC:) to:

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**Pre Topic:**

No specific pre topic given

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**Topic:**

WHEDA FARM guarantee program: increase to 10 years the maximum term for loans for improvements

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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>
/?	csundber 05/31/2005	jdyer 06/02/2005		_____			Housing
/1			pgreensl 06/02/2005	_____	mbarman 06/02/2005	Inorthro 06/14/2005	

FE Sent For:

<END>

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/?	csundber	1/2 jld	6/2 ps	6/2 ps/15			

FE Sent For:

<END>

2005

Date (time) needed

6/7/05

LRB - 242711

BILL

CTS: jld:

Use the appropriate components and routines developed for bills.

AN ACT . . . [generate catalog] *to repeal . . . ; to renumber . . . ; to consolidate and renumber . . . ; to renumber and amend . . . ; to consolidate, renumber and amend . . . ; to amend . . . ; to repeal and recreate . . . ; and to create . . .* of the statutes; relating to:

*limitations under the Wisconsin Housing and Economic Development Authority's farm assets reinvestment management loan guarantee program.*

[NOTE: See section 4.02 (2) (br), Drafting Manual, for specific order of standard phrases.]

*Analysis by the Legislative Reference Bureau*

If titles are needed in the analysis, in the component bar:

For the main heading, execute: . . . . . create → anal: → title: → head

For the subheading, execute: . . . . . create → anal: → title: → sub

For the sub-subheading, execute: . . . . . create → anal: → title: → sub-sub

For the analysis text, in the component bar:

For the text paragraph, execute: . . . . . create → anal: → text

INS  
A ✓

→ HOUSING

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

SECTION #.

INS 1 ✓

INS 2 ✓

→ (END)

INS  
A

2005 - 2006 Legislature

BILL

*the Wisconsin Housing and Economic Development Authority (WHEDA) administers a number of housing and economic development programs.*

LRB-1804/6  
CTS:jld:rs

Under the Farm Assets Reinvestment Management Loan Guarantee Program, WHEDA guarantees loans to eligible farmers to finance the acquisition of agricultural equipment, facilities, land, or livestock, or improvements to facilities or land. Currently, the maximum term of a guarantee for a loan acquiring equipment or livestock or for improvements to facilities or land is five years. This bill extends that maximum term to ten years.

Under the Small Business Development Loan Guarantee Program (small business program), WHEDA guarantees loans to eligible businesses and tribal governing bodies for business expansions and start-ups. Currently, under the small business program WHEDA may not guarantee a loan for refinancing an existing debt. Current law limits loan guarantees under the small business program to the lesser of 80 percent of the principal of the loan or \$200,000, and caps the total principal amount of a business's WHEDA-guaranteed loans at \$750,000. This bill permits WHEDA to guarantee a refinancing loan if the borrower also expands an existing business. The bill also eliminates the \$750,000 limit on the total principal amount of a business's WHEDA-guaranteed loans. As a result, a business is eligible for a small business program loan guarantee up to the lesser of 80 percent of the principal or \$200,000 per loan, but there is no limit to the total principal amount of a business's loans that WHEDA may guarantee.

The Wisconsin development reserve fund (reserve fund) consists of moneys appropriated to WHEDA, certain WHEDA investment income, and certain fees collected by WHEDA. Current law allows WHEDA to enter into agreements with certain types of financial institutions to guarantee loans using the reserve fund. Under current law, the total outstanding principal amount of loans guaranteed by the reserve fund may not exceed \$49,500,000. Currently, WHEDA must annually transfer to the general fund any balance remaining in the reserve fund after deducting an amount sufficient to pay all outstanding claims and sufficient to fund guarantees at specified ratios of reserve funding to guaranteed principal (balance transfer). WHEDA also must annually report to the secretary of administration and the Joint Committee on Finance the amount of the balance transfer in the current year and the projected amount for the next two years. This bill eliminates the \$49,500,000 cap on WHEDA guarantees from the reserve fund. Under the bill, WHEDA guarantees from the reserve fund generally may not exceed a ratio of \$1 of reserve funding to \$4.50 of outstanding principal and outstanding guaranteed principal under all of the programs that WHEDA guarantees from the reserve fund. The bill also eliminates the requirement that WHEDA make a balance transfer.

Under current law, WHEDA may issue notes and bonds to finance loans to eligible sponsors of housing projects that benefit persons and families of low and moderate income. Currently, the total outstanding principal on these notes and bonds may not exceed \$325,000,000. This bill increases the \$325,000,000 limit to \$600,000,000.

Currently, WHEDA may acquire real or personal property only if WHEDA finds that low-income or moderate-income housing cannot be developed privately without an acquisition by the authority, or if the authority acquires property by

INS 1

Section #. 234.91 (5) (b) of the statutes is amended to read:

234.91 (5) (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.

or the cost of improvements to,

(end ins 1)

**BILL**

INS 2

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

5 **SECTION 41. Initial applicability.**

6 ~~(1) HOUSING REHABILITATION LOANS. The treatment of sections 234.01 (7m) and~~  
7 ~~234.49 (1) (c) 2., (d) (intro.), 2., 4., and 6., (e) (intro.), 1., and 2., (f) (intro.) and 2., and~~  
8 ~~(g) of the statutes first applies to housing rehabilitation loans for which application~~  
9 ~~is made on the effective date of this subsection.~~

10 ~~(2) BONDING LIMIT. The repeal of section 234.18 (3) of the statutes and the~~  
11 ~~renumbering and amendment of section 234.18 (1) of the statutes first apply to notes~~  
12 ~~and bonds issued on the effective date of this subsection.~~

13 ~~(3) HOMEOWNERSHIP MORTGAGE LOANS. The treatment of section 234.59 (1) (d)~~  
14 ~~4. and (3) (a) and (b) 1. and 2. of the statutes first applies to homeownership mortgage~~  
15 ~~loans for which application is made on the effective date of this subsection.~~

16 ~~(4) SMALL BUSINESS DEVELOPMENT LOAN GUARANTEE PROGRAM. The treatment of~~  
17 ~~section 234.83 (3) (b) and (e) of the statutes first applies to loan guarantees for which~~  
18 ~~application is made on the effective date of this subsection.~~

19 ~~Fix component~~  
~~is (#) FARM ASSETS REINVESTMENT MANAGEMENT LOAN GUARANTEE PROGRAM. The~~  
20 ~~treatment of section 234.91 (5) (b) of the statutes first applies to loan guarantees for~~  
21 ~~which application is made on the effective date of this act.~~ *~ This act*  
*(end ins 2)*

22 ~~(END)~~

## Northrop, Lori

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**From:** Becher, Scott  
**Sent:** Tuesday, June 14, 2005 10:19 AM  
**To:** LRB.Legal  
**Subject:** FW: Economic Growth for Wisconsin: Agricultural Loans/Wieckert/Cosponsorship/LRB 2427-1/Deadline 6-30-05

**Importance:** High

Please jacket this bill..

---

**From:** Rep.Wieckert  
**Sent:** Tuesday, June 14, 2005 10:07 AM  
**To:** \*Legislative All Assembly; \*Legislative All Senate  
**Subject:** Economic Growth for Wisconsin: Agricultural Loans/Wieckert/Cosponsorship/LRB 2427-1/Deadline 6-30-05  
**Importance:** High

**To:** **All Legislative Colleagues**

**From:** **Representative Steve Wieckert**

**Date:** **June 14, 2005**

**Re:** **Economic Growth for Wisconsin: Agricultural Loans**

This legislation would be of value to Wisconsin farmers and Wisconsin's agricultural industry in general.

This legislation would extend loan guarantees on farm assets from five to ten years. As these assets have a life of, in many cases, well over ten years, the collateral for the loan remains solid throughout the loan guarantee period. Therefore, extending the loan term by an additional five years can be achieved without any appreciable increased risk.

This would be helpful to farmers, to allow them more long-term financial planning and to reduce the cost and time involved in loan refinancing. Since this would double the potential life of a loan for farmers, this would have a significant benefit to the farmers who would have these loans.

No additional state tax money would be required to fund this legislation. This concept is supported by the state agencies that would oversee this loan program.

If you would like to cosponsor this legislation, please contact Scott Becher of my staff at 6-3070, or at [scott.becher@legis.state.wi.us](mailto:scott.becher@legis.state.wi.us), by June 30, 2005.