



State of Wisconsin
2011 – 2012 LEGISLATURE

September 2011 Special Session



LRB-3104/1
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ASSEMBLY BILL 2

October 11, 2011 – Introduced by COMMITTEE ON ASSEMBLY ORGANIZATION, by request of Governor Scott Walker, Representatives Petryk, Bernier, Larson, and Senator Leibham. Referred to Committee on Rural Economic Development and Rural Affairs.

1 **AN ACT to repeal** 234.83 (1c) (a) and 234.83 (2) (a) 1. and 2.; **to consolidate,**
2 **renumber and amend** 234.83 (1c) (intro.) and (b) and 234.83 (2) (a) (intro.)
3 and 3.; and **to amend** 234.83 (3) (a) 3. and 234.83 (4) of the statutes; **relating**
4 **to:** small business loan guarantees by the Wisconsin Housing and Economic
5 Development Authority.

Analysis by the Legislative Reference Bureau

Under current law, the Wisconsin Housing and Economic Development Authority (WHEDA) administers the small business development loan guarantee program (program). Under the program, WHEDA may guarantee repayment of up to the lesser of \$200,000 or 80 percent of the principal of a loan made by a private lender to a small business or the elected governing body of a federally recognized American Indian tribe in this state. A small business development loan that is guaranteed by WHEDA may be used for expenses associated with the expansion or acquisition of a business, with the start-up of a day care business, or the start-up of a small business in a vacant storefront in the downtown area of a rural community. Under current law, a “small business” means a business that employs fewer than 50 full-time employees.

This bill makes the following changes to the program:

1. The cap on the amount of a loan that may be guaranteed under the program is raised from \$200,000 or 80 percent of the principal of the loan to \$500,000 or 80 percent of the principal of the loan.

2. The definition of “small business” is expanded from businesses that employ up to 50 full-time employees to businesses that employ up to 250 full-time employees.

3. The requirement that the owner of a small business be actively engaged in the small business in order to qualify for the program is deleted.

4. The permitted use of proceeds of a loan for the start-up of a small business in a vacant storefront in a downtown area is expanded to apply to a community of any size by removing the limitation to rural communities.

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.** 234.83 (1c) (intro.) and (b) of the statutes, as affected by 2011
2 Wisconsin Act 32, are consolidated, renumbered 234.83 (1c) and amended to read:

3 **234.83 (1c) DEFINITIONS DEFINITION.** In this section: ~~(b)~~ “Small section, “small
4 business” means a business, as defined in s. 560.60 (2), that employs 50 250 or fewer
5 employees on a full-time basis.

6 **SECTION 2.** 234.83 (1c) (a) of the statutes is repealed.

7 **SECTION 3.** 234.83 (2) (a) (intro.) and 3. of the statutes are consolidated,
8 renumbered 234.83 (2) (a) and amended to read:

9 **234.83 (2) (a)** A small business to which all of the following apply: 3. ~~The,~~
10 provided that the name of the owner of the small business does not appear on the
11 statewide support lien docket under s. 49.854 (2) (b) or, if the name of the owner of
12 the small business appears on that docket, the owner of the small business provides
13 to the authority a payment agreement that has been approved by the county child
14 support agency under s. 59.53 (5) and that is consistent with rules promulgated
15 under s. 49.858 (2) (a).

16 **SECTION 4.** 234.83 (2) (a) 1. and 2. of the statutes are repealed.

17 **SECTION 5.** 234.83 (3) (a) 3. of the statutes is amended to read:

