

2011 Se1 DRAFTING REQUEST

Assembly Amendment (AA-AB2)

Received: 10/17/2011

Received By: **fknepp**

Wanted: 10/15/2011

Companion to LRB:

For: **Mark Radcliffe (608) 266-7461**

By/Representing: **Dan Carpenter**

May Contact:

Drafter: **fknepp**

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

Addl. Drafters:

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Radcliffe@legis.wisconsin.gov**

Carbon copy (CC:) to: **fern.knepp@legis.wisconsin.gov**

Pre Topic:

No specific pre topic given

Topic:

WHEDA small business loans

Instructions:

Allocate 10% of available funds for small business loans to the program as it exists under current law except with a \$500,000 cap and allocate 90% of the available funds to the program as amended in AB294

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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/1			rschluet 10/17/2011	_____	ggodwin 10/17/2011	ggodwin 10/17/2011	

FE Sent For:

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FE Sent For:

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State of Wisconsin
2011 - 2012 LEGISLATURE

September 2011 Special Session

LRB 1613/1 a 1638/1
FFK:kjf:jf
KMWR
Stays

No changes

ASSEMBLY AMENDMENT,
TO ASSEMBLY BILL 294 2

1 At the locations indicated, amend the bill as follows:

2 1. Page 2, line 1: delete the material beginning with that line and ending with
3 page 3, line 3.

4 2. Page 3, line 14: after that line insert:

5 "SECTION 2. 234.83 (5) of the statutes is created to read:

6 234.83 (5) FUNDING LIMITATION. The authority may not allocate to loan
7 guarantees under this section more than 10 percent of the aggregate amount of the
8 Wisconsin development reserve fund that the authority allocates to fund loan
9 guarantees under this section and s. 234.835.

10 SECTION 3. 234.835 of the statutes is created to read:

11 234.835 Modified small business development loan guarantee

12 program. (1) DEFINITION. In this section, "small business" means a business, as

13 defined in s. 84.185 (1) (a), that employs 250 or fewer employees on a full-time basis.

1 **(2) GUARANTEE REQUIREMENTS.** The authority may use money from the
2 Wisconsin development reserve fund to guarantee a loan under this section if all of
3 the following apply:

4 (a) The borrower qualifies as an eligible borrower under sub. (3).

5 (b) The loan qualifies as an eligible loan under sub. (4).

6 (c) The lender enters into an agreement under s. 234.93 (2) (a).

7 **(3) ELIGIBLE BORROWER.** Any of the following qualifies as an eligible borrower
8 if unable to obtain adequate business financing on reasonable terms:

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

15 (b) The elected governing body of a federally recognized American Indian tribe
16 or band in this state.

17 **(4) ELIGIBLE LOANS.** A loan is eligible for guarantee of collection from the
18 Wisconsin development reserve fund under s. 234.93 if all of the following apply:

19 (a) The borrower uses the loan proceeds for a business development project.
20 Loan proceeds may be used for direct or related expenses associated with any of the
21 following:

22 1. The expansion or acquisition of a business, including the purchase or
23 improvement of land, buildings, machinery, equipment, or inventory.

24 2. The start-up of a child care business, including the purchase or improvement
25 of land, buildings, machinery, equipment, or inventory.

1 3. The start-up of a small business in a vacant storefront in the downtown area
2 of a city, town, or village in this state, including the purchase or improvement of land,
3 buildings, machinery, equipment, or inventory.

4 (b) Loan proceeds are not used to refinance existing debt or for entertainment
5 expenses, expenses related to the production of an agricultural commodity, as
6 defined in s. 94.67 (2), or expenses related to a community-based residential facility,
7 except that loan proceeds may be used to refinance existing debt if the borrower also
8 expands an existing business.

9 (c) The interest rate on the loan, including any origination fees or other charges,
10 is approved by the authority.

11 (d) The loan term does not extend beyond 15 years after the date on which the
12 lender disburses the loan unless the authority agrees to an extension of the loan
13 term.

14 (f) The lender obtains a security interest in the physical plant, equipment,
15 machinery, or other assets.

16 (g) The lender believes that it is reasonably likely that the borrower will be able
17 to repay the loan in full with interest.

18 (h) The lender agrees to the percentage of guarantee established for the loan
19 by the authority.

20 (i) The authority believes that the loan will have a positive impact in terms of
21 job creation or retention.

22 **(5) GUARANTEE OF REPAYMENT.** The authority may guarantee repayment of a
23 portion of the principal of any loan eligible for a guarantee under sub. (2). That
24 portion may not exceed 80 percent of the principal of the loan or \$500,000, whichever
25 is less. The authority shall establish the portion of the principal of an eligible loan

1 that will be guaranteed, using the procedures described in the agreement under s.
2 234.93 (2) (a). The authority may establish a single portion for all guaranteed loans
3 that do not exceed \$625,000 and a single portion for all guaranteed loans that exceed
4 \$625,000 or establish on an individual basis different portions for eligible loans that
5 do not exceed \$625,000 and different portions for eligible loans that exceed \$625,000.

6 **(6) FUNDING LIMITATION.** The authority may not allocate to loan guarantees
7 under this section more than 90 percent of the aggregate amount of the Wisconsin
8 development reserve fund that the authority allocates to fund loan guarantees under
9 this section and s. 234.83.”.

10 (END)