

2013 Assembly Bill 770 (LRB -4271)

An Act to create 234.88 of the statutes; relating to: emergency heating assistance loan guarantees.

2014

02-17.	A.	Introduced by Representatives Nygren, Czaja, Bernier, Marklein, Mursau, Murtha, Kulp, Krug, Nerison, Petryk, Swearingen, Tranel and Ballweg ; cosponsored by Senators Tiffany, Petrowski, Darling and Harsdorf.	644
02-17.	A.	Read first time and referred to Joint Committee on Finance	644
02-19.	A.	Public hearing held	
02-19.	A.	Executive action taken	
02-19.	A.	Assembly Amendment 1 offered by Joint Committee on Finance (LRB a1860)	676
02-19.	A.	Report Assembly Amendment 1 adoption recommended by Joint Committee on Finance, Ayes 15, Noes 0	677
02-19.	A.	Report passage as amended recommended by Joint Committee on Finance, Ayes 15, Noes 0	677
02-19.	A.	Referred to Committee on Rules	677
02-20.	A.	Rules suspended to withdraw from committee on Rules and take up	693
02-20.	A.	Read a second time	693
02-20.	A.	Assembly Amendment 1 adopted	693
02-20.	A.	Ordered to a third reading	694
02-20.	A.	Rules suspended	694
02-20.	A.	Read a third time and passed , Ayes 94, Noes 1	694
02-20.	A.	Representatives Berceau, Shankland, Vruwink, Milroy, Steineke, Hesselbein, Wachs, Danou, Pope, Mason, Smith, Hulse, Doyle, Kleefisch, Hintz, Johnson, Tittl, Endsley, Petersen, Schraa, Spiros, Thiesfeldt, Skowronski, J. Ott, Barca, Kerkman, Jagler, T. Larson, Kahl, Clark, Wright, Billings and Jorgensen added as coauthors	694
02-20.	A.	Ordered immediately messaged	694
02-21.	S.	Received from Assembly	706
02-24.	S.	Read first time and referred to committee on Senate Organization	712
02-24.	S.	Available for scheduling	
03-07.	S.	Public hearing requirement waived by committee on Senate Organization, pursuant to Senate Rule 18 (1m), Ayes 5, Noes 0	743
03-07.	S.	Placed on calendar 3-11-2014 pursuant to Senate Rule 18(1)	743
03-11.	S.	Senator Lassa added as a cosponsor	
03-11.	S.	Read a second time	
03-11.	S.	Ordered to a third reading	
03-11.	S.	Rules suspended	
03-11.	S.	Read a third time and concurred in , Ayes 33, Noes 0	
03-11.	S.	Ordered immediately messaged	
03-12.	A.	Received from Senate concurred in	737

2013
ENROLLED BILL

13en AB-770

ADOPTED DOCUMENTS:

Orig **Engr** **SubAmdt**

13a 427111

Amendments to above (if none, write "NONE"): AA1 - a 1860/2

Corrections - show date (if none, write "NONE"): None

Topic Rel

3-14-14
Date

JR Miller
Enrolling Drafter



2013 ASSEMBLY BILL 770

February 17, 2014 - Introduced by Representatives NYGREN, CZAJA, BERNIER, MARKLEIN, MURSAU, MURTHA, KULP, KRUG, NERISON, PETRYK, SWEARINGEN, TRANEL and BALLWEG, cosponsored by Senators TIFFANY, PETROWSKI, DARLING and HARS DORF. Referred to Joint Committee on Finance.

1 AN ACT *to create* 234.88 of the statutes; **relating to:** emergency heating
2 assistance loan guarantees.

Analysis by the Legislative Reference Bureau

This bill creates an emergency heating assistance loan guarantee program to be administered by the Wisconsin Housing and Economic Development Authority (WHEDA). The bill directs WHEDA to guarantee collection of not less than 50 percent or more than 80 percent of eligible loans made to eligible individuals for the purpose of financing extraordinary costs related to heating during a state of emergency (emergency heating assistance loans). The bill also requires WHEDA to pay an amount equal to 3.5 percent of a guaranteed emergency heating assistance loan to a participating lender to reduce the interest rate charged to the individual receiving the emergency heating assistance loan.

Under the bill, eligibility requirements for an emergency heating assistance loan guarantee include:

1) The total principal amount of all guaranteed loans to the individual under the program does not exceed \$2,500, unless a different amount is requested by WHEDA and approved by the Joint Committee on Finance (JFC).

2) The interest rate on the loan does not exceed a rate determined by WHEDA.

3) If the loan is obtained to pay a supplier, the participating lender pays the supplier directly.

4) The initial term of the loan is not more than two years. The term of the loan may be extended but may not exceed a total of three years.

5) The individual's household income is no more than 200 percent of the median household income in the county in which the individual resides.

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6) In the judgment of the participating lender, the loan is necessary for the individual to pay heating costs related to the declared state of emergency; it is reasonably likely that the individual will be able to repay the loan in full with interest; the individual is not eligible for conventional financing on reasonably equivalent terms and conditions; and that under normal market conditions the individual's income and assets would be sufficient for the individual to pay his or her heating costs.

In general, WHEDA may only guarantee emergency heating assistance loans if the governor declares a state of emergency related to heating costs or the availability of heating fuels and JFC approves WHEDA's plan for guaranteeing emergency heating assistance loans in response to the declared state of emergency. If the plan is approved, WHEDA may guarantee emergency heating assistance loans for a period of 120 days following the date the plan is approved, except that WHEDA may request one additional 120-day extension from JFC. The bill, however, provides that WHEDA may guarantee emergency heating assistance loans related to the state of emergency declared in Executive Order No. 130 relating to severe winter weather and a propane shortage for 120 days following the effective date of this bill without JFC approval.

Finally, the bill directs WHEDA to immediately transfer \$2,000,000 from the housing rehabilitation loan program administration fund to the Wisconsin development reserve fund. The bill also requires WHEDA to allocate at least \$2,000,000 in the Wisconsin development reserve fund to the emergency heating assistance loan guarantee program for 120 days following the effective date of the bill.

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

1 **SECTION 1.** 234.88 of the statutes is created to read:

2 **234.88 Emergency heating assistance loan guarantees. (1) DEFINITIONS.**

3 In this section:

4 (a) "Emergency heating assistance loan" means a loan to an individual to
5 finance extraordinary costs related to heating during a state of emergency declared
6 by the governor under s. 323.10.

7 (b) "Guaranteed loan" means an emergency heating assistance loan on which
8 the authority guarantees collection under sub. (5).

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1 (c) “Participating lender” means a bank, production credit association, credit
2 union, savings bank, savings and loan association, or other person who makes
3 emergency heating assistance loans and who has entered into an agreement with the
4 authority under s. 234.93 (2) (a).

5 (2) ELIGIBLE LOANS. An emergency heating assistance loan made by a
6 participating lender is eligible for guarantee of collection under sub. (5) from the
7 Wisconsin development reserve fund under s. 234.93 if all of the following apply:

8 (a) The total of the principal amounts of all guaranteed loans extended to the
9 individual under this section will not exceed \$2,500, unless a different maximum
10 amount is approved under sub. (5).

11 (b) The rate of interest on the emergency heating assistance loan, including any
12 origination fees or other charges relating to the emergency heating assistance loan,
13 does not exceed a rate determined by the authority after considering the conditions
14 of the financial market.

15 (c) If the individual obtains the emergency heating assistance loan to pay a
16 supplier, the participating lender pays the supplier directly.

17 (d) The participating lender follows procedures required by the authority to
18 secure repayment of the emergency heating assistance loan.

19 (e) The initial term of the emergency heating assistance loan is not longer than
20 2 years.

21 (f) In the judgment of the participating lender, the emergency heating
22 assistance loan is necessary for the individual to pay heating costs related to the
23 declared state of emergency.

24 (g) The proceeds of the emergency heating assistance loan may not be used to
25 refinance a loan made under this section.

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SECTION 1

1 **(3) ELIGIBLE INDIVIDUALS.** An individual is eligible for a guaranteed loan if all
2 of the following apply:

3 (a) The individual's household ~~annual income~~ does not exceed 200 percent of
4 the median ~~household~~ income for the county in which the individual resides.

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5 (b) In the judgment of the participating lender, all of the following are true:

6 1. It is reasonably likely that the individual will be able to repay the emergency
7 heating assistance loan in full with interest.

8 2. The individual is not eligible for conventional financing on reasonably
9 equivalent terms and conditions.

10 3. Under normal market conditions affecting the cost of heating, the
11 individual's income and assets would be sufficient for the individual to pay his or her
12 heating costs.

13 (c) The individual's name does not appear on the statewide support lien docket
14 under s. 49.854 (2) (b). The condition under this paragraph is met for an individual
15 whose name does appear if the individual provides to the authority a payment
16 agreement that has been approved by the county child support agency under s. 59.53
17 (5) and that is consistent with rules promulgated under s. 49.858 (2) (a).

18 **(4) EXTENSION.** A participating lender may extend the term of an emergency
19 heating assistance loan until no later than 3 years after the lender made the loan.

20 **(5) GUARANTEE OF COLLECTION.** (a) Subject to par. (c), if the governor issues an
21 executive order under s. 323.10 declaring a state of emergency related to heating
22 costs or the availability of heating fuels and the joint committee on finance approves
23 the authority's plan under par. (b), the authority shall guarantee collection of not less
24 than 50 percent or more than 80 percent of the principal of any emergency heating

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1 assistance loan eligible for guarantee under sub. (2) made to an individual eligible
2 for a guaranteed loan under sub. (3).

3 (b) If the governor declares a state of emergency related to heating costs or the
4 availability of heating fuels, no later than 14 days after the governor's declaration
5 the authority shall submit the authority's plan for guaranteeing collection of
6 emergency heating loans under this section related to the declared state of
7 emergency to the joint committee on finance for approval. The authority may include
8 in its plan a request to modify the maximum total principal amount under sub. (2)

9 (a).

10 (c) The authority may guarantee emergency heating assistance loans under
11 par. (a) only for 120 days following the joint committee on finance's approval of the
12 plan submitted under par. (b) unless the authority requests the joint committee on
13 finance to permit the authority to guarantee emergency heating assistance loans for
14 an additional 120 days.

15 (6) INTEREST REDUCTION. The authority shall pay, from the moneys in the
16 Wisconsin development reserve fund under s. 234.93, to each participating lender an
17 amount equal to 3.5 percent of the principal amount of any guaranteed loan to reduce
18 interest payments on the guaranteed loan paid by an individual, except that the
19 authority shall make interest reduction payments for no more than 2 years of the
20 repayment term of any guaranteed loan.

21 **SECTION 2. Nonstatutory provisions.**

22 (1) TRANSFER TO WISCONSIN DEVELOPMENT RESERVE FUND.

23 (a) The Wisconsin Housing and Economic Development Authority shall
24 immediately transfer \$2,000,000 from the housing rehabilitation loan program

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ASSEMBLY BILL 770**SECTION 2**

1 administration fund established under section 234.51 of the statutes to the
2 Wisconsin development reserve fund under section 234.93 of the statutes.

3 (b) For 120 days following the effective date of this paragraph, the Wisconsin
4 Housing and Economic Development Authority shall allocate at least \$2,000,000 of
5 the Wisconsin development reserve fund to the emergency heating assistance
6 program under section 234.88 of the statutes, as created by this act.

7 (2) DECLARATION OF PROPANE SHORTAGE. Notwithstanding section 234.88 (5) (a)
8 of the statutes, as created by this act, the Wisconsin Housing and Economic
9 Development Authority shall guarantee collection of not less than 50 percent or more
10 than 80 percent of the principal of any emergency heating assistance loan eligible for
11 guarantee under section 234.88 (2) of the statutes, as created by this act, made to an
12 individual eligible for a guaranteed loan under section 234.88 (3) of the statutes, as
13 created by this act, related to the state of emergency declared by the governor on
14 January 25, 2014, in Executive Order No. 130, for a period of 120 days beginning on
15 the effective date of this subsection without the joint committee on finance approving
16 a plan under section 234.88 (5) (b) of the statutes, as created by this act.

17

(END)



State of Wisconsin
2013 - 2014 LEGISLATURE



LRBa1860/2
FFK:sac:jf

ASSEMBLY AMENDMENT 1,
TO ASSEMBLY BILL 770

February 19, 2014 - Offered by JOINT COMMITTEE ON FINANCE.

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

2 1. Page 4, line 4: delete "household" and substitute "family".

3 2. Page 5, line 18: delete the material beginning with ", except" and ending
4 with "loan" on line 20.

5 (END)

AA1-1