

2015 DRAFTING REQUEST

Senate Substitute Amendment (SSA-SB515)

Received: 1/13/2016 Received By: **mgallagh**
 For: **Richard Gudex (608) 266-5300** Same as LRB:
 May Contact: By/Representing: **Tim**
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 Carbon copy (CC) to: **michael.gallagher@legis.wisconsin.gov**
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Pre Topic:

No specific pre topic given

Topic:

Various changes.

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	mgallagh 1/14/2016	anienaja 1/15/2016	_____			
/1			_____	mbarman 1/15/2016	mbarman 1/15/2016	

FE Sent For:

<END>

Gallagher, Michael

From: Lakin, Tim
Sent: Wednesday, January 13, 2016 10:11 AM
To: Gallagher, Michael; McKean, Aaron
Cc: Lundgren, Deej
Subject: Amendments to SB515
Attachments: SB515amendments1.pdf; Sb515amendment2.pdf

Mike,

Could you please draft me an amendment to SB515. I need this by Monday at 1pm.

Please see attached documents.

The amendment would do this:

- 1) Further define what must be reported to the Corporation.
- 2) Define what should happen if a loan applicant provides false or misleading information.
- 3) Reallocation of unused funds.
- 4) Change the definition of who is eligible to receive funds.
- 5) Add a cap on administrative fees the corporation can charge.

Please let me know if you have any questions.

Amendments:

Annually, the regional organizations shall submit a report to the corporation for that fiscal year that includes all of the following by August 1st.

1. The name and address of the loan recipient and a description of the nature of the business.
2. The amount of the loan and purpose of the loan.
3. Total project costs. *NOT primary lending source.*
4. Jobs created or retained. Businesses impacted by loan.
5. An accounting of any fees paid to the revolving loan fund manager. *loan origination fees, etc.*

Require this report to become part of the ACT 125 requirements.

Providing false or misleading information to access loan funds:

Forward to the Attorney General or the district attorney's office for fraud charges.

Fraud is intentionally dishonest, misleading, or deceitful conduct that deprives the State of Wisconsin of its resources or rights, such as:

- manipulation, falsification, or alteration of accounting records or supporting documents to conceal theft or an entity's true financial condition;
 - submitting false vouchers for reimbursement;
 - intentionally misrepresenting the costs of goods or services provided;
 - falsifying payroll information;
 - use of state equipment or property for personal gain; and bid rigging.
-

Reallocation of funds:

The corporation can reallocate unused and unallocated grant funds to another Regional Economic Development region if those grants are not dispersed within 1 year of appropriation.

The Corporation may allow a competitive grant application for the unallocated funds.

1 **Amendment to SB 515**

2
3 At the locations indicated, amend the bill as follows:

4
5 Page 3, line 12:

6 **238.137 Regional revolving loan fund program. (1)** In this section, "~~regional economic~~
7 ~~development organization region~~ means the group of counties served by the following economic
8 development organizations each of the following:

- 9 (a) Prosperity Southwest Wisconsin.
10 (b) Madison Region Economic Partnership.
11 (c) Milwaukee 7 Regional Economic Development Partnership.
12 (d) The 7 River Alliance
13 (e) Centergy, Inc.
14 (f) New North, Inc.
15 (g) Momentum West, Inc.
16 (h) Grow North Regional Economic Development Corporation.
17 (i) Visions Northwest Regional Economic Development Group.

18
19 Page 4, line 1:

20 (b) From the appropriation under s. 20.192 (1) (am), the corporation shall award a grant to a
21 ~~each regional economic development organization~~ in each economic development region that satisfies
22 all of the following conditions:

23
24 Page 5, line 18, after that line insert:

25 (e) A regional economic development organization receiving a grant under par. (b) shall not
26 expend more than 5 percent of the grant for costs incurred for administration of the program under this
27 section.

28



PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION
SENATE SUBSTITUTE AMENDMENT,
TO SENATE BILL 515

SA ✓
xref ✓

11

Gen. ✓

1 AN ACT ...; relating to: a regional revolving loan fund grant program
2 administered by the Wisconsin Economic Development Corporation and
3 making an appropriation.

Analysis by the Legislative Reference Bureau

This substitute amendment requires the Wisconsin Economic Development Corporation to establish a grant program for the establishment of a number of regional revolving loan funds. Under the program, WEDC must designate as economic development regions nine geographic areas in Wisconsin that combined cover the entire state. In making those designations, WEDC is required to consider the geographic areas served by specific economic development organizations enumerated in the substitute amendment.

Provided certain conditions are satisfied, WEDC is required to make grants to one or more regional economic development organizations in each of the designated economic development regions for the purpose of creating regional revolving loan funds. Among the conditions each of those regional economic development organizations must satisfy is that the organization at least matches the amount of the grant with moneys the organization has raised from other sources.

A regional economic development organization must use the grant and all matching moneys only for the operation of a regional revolving loan fund. WEDC is

required to approve policies and procedures for loans made from each regional revolving loan fund.

A regional economic development organization may make a loan under the substitute amendment only if the recipient of the loan has secured a primary source of funding other than the regional revolving loan fund and the loan will be used for the purposes specified in the substitute amendment. The substitute amendment provides that a regional economic development organization receiving a grant under the substitute amendment may not make a loan to a business or other organization whose principal place of business is located in an economic development region other than the region the regional economic development organization primarily serves. If a regional economic development organization suspects that an applicant for or recipient of a regional revolving loan fund loan committed fraud or another crime with respect to the loan, the matter must be referred to law enforcement.

WEDC may award up to \$1,000,000 in grants per state fiscal biennium to each economic development region, for a total potential of \$9,000,000 in grants per state fiscal biennium. However, WEDC may reallocate to economic development regions grant moneys not awarded in a previous state fiscal biennium regardless of that \$1,000,000 limit. The substitute amendment further authorizes WEDC to expend up to \$1,000,000 per state fiscal biennium for training regional economic development organizations not qualifying for a grant in the operation of a regional revolving loan fund and for WEDC to directly operate a regional revolving loan fund itself.

The substitute amendment requires that a regional economic development organization receiving a grant under the substitute amendment submit any information required by WEDC to measure the regional revolving loan fund's performance and compliance with the program, in addition to an annual schedule of grant expenditures required under current law. WEDC must annually provide all of that information to the appropriate standing committees of each house of the legislature having economic development under their purview.

Additionally, the substitute amendment requires each grant recipient to submit an annual report to WEDC for the previous state fiscal year that includes all of the following:

- ✓ 1. The name and address of each person receiving a loan from the grant recipient's regional revolving loan fund.
- ✓ 2. The amount and purpose of each loan.
- ✓ 3. The total costs incurred by the recipient of the loan with respect to the purposes for which the loan was made.
- ✓ 4. A description of the number of full-time jobs created or retained and businesses positively impacted as a result of the loan.
- ✓ 5. An accounting of all loan-origination and other loan fees each recipient of a loan paid to the regional economic development organization.

WEDC is required to include all of that information in its annual report to the legislature concerning its economic development programs.

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

1 **SECTION 1.** 20.005 (3) (schedule) of the statutes: at the appropriate place, insert
2 the following amounts for the purposes indicated:

				2015–16	2016–17
3					
4	20.192	Wisconsin Economic Development			
5		Corporation			

6 (1) PROMOTION OF ECONOMIC DEVELOPMENT

7 (am) Regional revolving loan fund

8	grants	GPR	C	5,000,000	5,000,000
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9 **SECTION 2.** 20.192 (1) (am) of the statutes is created to read:

10 20.192 (1) (am) *Regional revolving loan fund grants*. As a continuing
11 appropriation, the amounts in the schedule for regional revolving loan fund grants
12 under s. 238.137.

13 **SECTION 3.** 238.137 of the statutes is created to read:

14 **238.137 Regional revolving loan fund grant program.** (1) In this section:

15 (a) “Economic development region” means a geographic area designated under
16 sub. (1m).

17 (b) “Grant recipient” means a regional economic development organization
18 receiving a grant under sub. (2) (b).

19 (c) “Regional economic development organization” means an organization that
20 has as its primary purpose the promotion of the economic development of an

1 economic development region and includes the organizations under sub. (1m) (a) to
2 (i).

3 (1m) The corporation shall designate as economic development regions 9
4 geographic areas in this state that combined cover the entire state. In making those
5 designations, the corporation shall consider the geographic areas served by the
6 following economic development organizations:

- 7 (a) Prosperity Southwest Wisconsin.
- 8 (b) Madison Region Economic Partnership.
- 9 (c) Milwaukee 7 Regional Economic Development Partnership.
- 10 (d) The 7 Rivers Alliance.
- 11 (e) Centergy, Inc.
- 12 (f) New North, Inc.
- 13 (g) Momentum West, Inc.
- 14 (h) Grow North Regional Economic Development Corporation.
- 15 (i) Visions Northwest Regional Economic Development Group.

16 (2) (a) The corporation shall develop and implement a regional revolving loan
17 fund grant program subject to the requirements of this section.

18 (b) For each economic development region, from the appropriation under s.
19 20.192 (1) (am), the corporation shall award a grant to ^{one or more} regional economic
20 development organization, if any, that satisfies all of the following conditions:

- 21 1. The corporation determines that the regional economic development
22 organization has the training and expertise necessary to operate a regional revolving
23 loan fund subject to the requirements of this section.

1 2. The corporation approves the structure of and the regional investment
2 strategy and administrative guidelines for the regional economic development
3 organization's regional revolving loan fund.

4 3. The regional economic development organization at least matches the
5 amount of the grant with moneys the organization has raised from other sources.

6 (c) Each grant recipient shall use the grant moneys and all matching moneys
7 under par. (b) 3. only for the operation of a regional revolving loan fund under this
8 section.

9 (d) The corporation may not award a grant under par. (b) to a regional economic
10 development organization unless the corporation has approved policies and
11 procedures for loans made by the regional economic development organization from
12 its regional revolving loan fund.

13 (e) 1. A grant recipient may not make or offer to make a loan from its regional
14 revolving loan fund to a business or other organization whose principal place of
15 business is located in an economic development region other than the economic
16 development region the grant recipient primarily serves.

17 2. A grant recipient may not make or offer to make a loan from its regional
18 revolving loan fund to a business or other organization unless the business or other
19 organization has secured a primary source of funding other than the grant recipient's
20 regional revolving loan fund.

21 3. A grant recipient may make a loan or offer to make a loan from its regional
22 revolving loan fund to a business or other organization only if the loan is to be used
23 for working capital, purchasing equipment, building construction and improvement,
24 land or other asset acquisition, or private infrastructure improvements.

1 (f) 1. Each grant recipient shall comply with s. 238.03 (3) (a) and shall submit
2 to the corporation all other information the corporation requires to measure the
3 regional revolving loan fund's performance and compliance with this section.

4 2. By October 1 each year, the corporation shall submit to the appropriate
5 standing committee of each house of the legislature having economic development
6 under its purview, as determined by the presiding officer, all of the information
7 provided to the corporation under subd. 1. and s. 238.03 (3) (a) by each grant
8 recipient.

9 (fg) By August 1 each year, each grant recipient shall submit a report to the
10 corporation for the previous state fiscal year that includes all of the following:

11 1. The name and address of each person receiving a loan from the grant
12 recipient's regional revolving loan fund.

13 2. The amount and purpose of each loan.

14 3. The total costs incurred by the recipient of the loan with respect to the
15 purposes under par. (e) 3. for which the loan was made.

16 4. A description of the number of full-time jobs created or retained and
17 businesses positively impacted as a result of the loan.

18 5. An accounting of all loan-origination and other loan fees each recipient of
19 a loan paid to the grant recipient.

20 (fr) The corporation shall include the information required under par. (fg) with
21 its annual report under s. 238.07 (2).

22 (g) For each economic development region, the corporation may not grant more
23 than \$1,000,000 under par. (b) per state fiscal biennium to regional economic
24 development organizations primarily serving that region.

1 (hm) Notwithstanding par. (g), the corporation may reallocate to economic
2 development regions grant moneys not awarded under par. (b) in a previous state
3 fiscal biennium. The corporation may use a competitive application process for
4 reallocating grant moneys under this paragraph.

5 (im) If a grant recipient has reason to believe that an applicant for or recipient
6 of a loan from the grant recipient's regional revolving loan fund violated ch. 943 or
7 committed another crime with respect to the loan, the grant recipient shall refer the
8 matter to the appropriate law enforcement agency or district attorney for
9 investigation.

10 (3) The corporation may assess a fee to each regional economic development
11 organization awarded a grant under sub. (2) (b), not to exceed 5 percent of the total
12 grant amount, to the extent necessary to reimburse the corporation for costs incurred
13 for administration of the program under this section.

14 (4) (a) From the appropriation under s. 20.192 (1) (am), the corporation may
15 expend up to a total of \$1,000,000 per state fiscal biennium to train, or to contract
16 with another person under a competitive request for proposals process to train, a
17 regional economic development organization in the operation of a regional revolving
18 loan fund if the organization fails to qualify for a grant under sub. (2) (b).

19 (b) 1. Notwithstanding s. 238.123, the corporation may use moneys not
20 expended under par. (a) to operate a regional revolving loan fund administered
21 directly by the corporation subject to the corporation's policies and procedures
22 established under sub. (2) (d).

