

State of Misconsin 2019 - 2020 LEGISLATURE

LRB-2445/2 CMH:klm

2019 SENATE BILL 219

1	$AN \; ACT \; \textit{to amend} \; 234.907 \; (1) \; (d), \\ 234.907 \; (1) \; (f), \\ 234.907 \; (2) \; (cm), \\ 234.907 \; (2) \; (f) \; ($
2	and 234.907 (3); and <i>to create</i> 234.907 (2m) and 234.907 (4) of the statutes;
3	relating to: agricultural development loan guarantee program administered
4	by the Wisconsin Housing and Economic Development Authority.

Analysis by the Legislative Reference Bureau

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

5	SECTION 1. 234.907 (1) (d) of the statutes is amended to read:
6	234.907 (1) (d) "Guaranteed loan" means a loan on which the authority
7	guarantees collection under sub. (3) <u>or (4)</u> .
8	SECTION 2. 234.907 (1) (f) of the statutes is amended to read:
9	234.907 (1) (f) "Percentage of guarantee" means the percentage established by
10	the authority under sub. (3) <u>or (4)</u> .

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1	SECTION 3. 234.907 (2) (cm) of the statutes is amended to read:
2	234.907 (2) (cm) The total guarantee amount of all loans to the borrower that
3	are guaranteed under this section and that are made for working capital or an item
4	necessary to, or used to, commercially harvest whitefish from Lake Superior will not
5	exceed \$100,000. This subsection does not apply to a loan guaranteed under sub. (4).
6	SECTION 4. 234.907 (2) (f) of the statutes is amended to read:
7	234.907 (2) (f) The term of the authority's guarantee under this section is not
8	longer than 15 <u>10</u> years <u>for land and buildings, 5 years for inventory, equipment, and</u>
9	machinery, and 2 years for working capital and marketing expenses. This paragraph
10	does not apply to a loan that is part of a loan workout agreement.
11	SECTION 5m. 234.907 (2m) of the statutes is created to read:
12	234.907 (2m) ORIGINATION FEES. The authority may charge a guarantee
13	origination fee on every loan guaranteed under this section. The amount of the fee
14	may not exceed 1.5 percent of a loan's guaranteed principal. The participating lender
15	shall collect the fee and remit it to the authority. The authority shall deposit all fees
16	received under this subsection in the Wisconsin development reserve fund.
17	SECTION 5s. 234.907 (3) of the statutes is amended to read:
18	234.907 (3) GUARANTEE OF COLLECTION. The authority may guarantee collection
19	of up to 90 percent of the <u>disbursed</u> principal of any loan eligible for a guarantee
20	under sub. (2). The authority shall establish the percentage of the unpaid principal
21	of an eligible loan that will be guaranteed, using the procedures described in the
22	guarantee agreement under s. 234.93 (2) (a). The authority may establish a single
23	percentage for all guaranteed loans or establish different percentages for eligible
24	loans on an individual basis.
25	SECTION 6. 234.907 (4) of the statutes is created to read:

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1	234.907 (4) Alternative guarantee of collection pilot program. (a)
2	Notwithstanding sub. (3), the authority shall implement a pilot program under
3	which it may guarantee collection of 25 percent of the disbursed principal of any loan
4	eligible for a guarantee under sub. (2) or \$750,000, whichever is less.
5	(b) In the event of default, the amount guaranteed under par. (a) shall be
6	payable in full to the authorized lender regardless of the amount due after all
7	available collateral securing the loan has been liquidated and applied to the loan,
8	except that if that amount due is less than the amount guaranteed under par. (a), the
9	amount due shall be payable to the authorized lender.
10	(c) The authority shall allocate at least \$3,000,000 for loan guarantees under
11	par. (a).
12	(d) The authority may not guarantee a loan under par. (a) after June 30, 2024.
13	SECTION 7. Initial applicability.
14	(1) This act first applies to an application for a loan guarantee received by the
15	Wisconsin Housing and Economic Development Authority on the effective date of
16	this subsection.
17	(END)

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