

2019 Senate Bill 219 (LRB -2445)

An Act to amend 234.907 (1) (d), 234.907 (1) (f), 234.907 (2) (cm) and 234.907 (2) (f); and to create 234.907 (2) (L) and 234.907 (4) of the statutes; relating to: agricultural development loan guarantee program administered by the Wisconsin Housing and Economic Development Authority. (FE)

2019

05-23.	S.	Introduced by Senators Marklein, Bewley, Bernier, Nass, Schachtner, Tiffany and Smith ; cosponsored by Representatives Tauchen, Vruwink, Ballweg, Knodl, Krug, Kulp, Kurtz, Loudenbeck, Mursau, Novak, Oldenburg, Pronschinske, Quinn, Ramthun, Rodriguez, Spreitzer and C. Taylor.	212
05-23.	S.	Read first time and referred to Committee on Agriculture, Revenue and Financial Institutions	212
05-29.	S.	Fiscal estimate received	
05-30.	S.	Public hearing held	
05-31.	S.	Executive action taken	
05-31.	S.	Report passage recommended by Committee on Agriculture, Revenue and Financial Institutions, Ayes 9, Noes 0	224
05-31.	S.	Available for scheduling	
06-03.	S.	Referred to joint committee on Finance by Committee on Senate Organization pursuant to Senate Rule 41 (1)(e), Ayes 3, Noes 2	226
06-03.	S.	Withdrawn from joint committee on Finance and made Available for Scheduling by committee on Senate Organization, pursuant to Senate Rule 41 (1)(e), Ayes 3, Noes 2	226
06-03.	S.	Placed on calendar 6-5-2019 pursuant to Senate Rule 18(1)	226
06-04.	S.	Senate Amendment 1 offered by Senator Marklein (LRB a0282)	231
06-05.	S.	Read a second time	234
06-05.	S.	Senate Amendment 1 adopted	234
06-05.	S.	Ordered to a third reading	234
06-05.	S.	Rules suspended	234
06-05.	S.	Read a third time and passed	234
06-05.	S.	Senator L. Taylor added as a coauthor	232
06-05.	S.	Ordered immediately messaged	235
06-06.	A.	Received from Senate	159
06-11.	A.	Representative Skowronski added as a cosponsor	167
10-04.	A.	Representative Ohnstad added as a cosponsor	304
11-05.	A.	Read first time and referred to committee on Rules	358
11-05.	A.	Placed on calendar 11-7-2019 by Committee on Rules	358
11-07.	A.	Rules suspended to withdraw from calendar and take up	
11-07.	A.	Read a second time	
11-07.	A.	Ordered to a third reading	
11-07.	A.	Rules suspended	
11-07.	A.	Read a third time and concurred in	
11-07.	A.	Ordered immediately messaged	



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ENROLLED BILL

Adopted Documents

Original

Engrossed

Substitute Amdt

19 2445, 2

Amendments: None or Listed below.

SA 1

Corrections: None or Listed by date below.

Topic: Same as relating clause or Indicated below.

11/11/19

Carroll

Date

Enrolling Drafter



State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-2445/2
MPG:ahe/amn/cjs

2019 SENATE BILL 219

May 23, 2019 - Introduced by Senators MARKLEIN, BEWLEY, BERNIER, NASS, SCHACHTNER, TIFFANY and SMITH, cosponsored by Representatives TAUCHEN, VRUWINK, BALLWEG, KNODL, KRUG, KULP, KURTZ, LOUDENBECK, MURSAU, NOVAK, OLDENBURG, PRONSCHINSKE, QUINN, RAMTHUN, RODRIGUEZ, SPREITZER and C. TAYLOR. Referred to Committee on Agriculture, Revenue and Financial Institutions.

1 **AN ACT to amend** 234.907 (1) (d), 234.907 (1) (f), 234.907 (2) (cm) and 234.907
2 (2) (f); and **to create** 234.907 (2) (L) and 234.907 (4) of the statutes; **relating**
3 **to:** agricultural development loan guarantee program administered by the
4 Wisconsin Housing and Economic Development Authority.

Analysis by the Legislative Reference Bureau

This bill makes several changes to the agricultural development loan guarantee program administered by the Wisconsin Housing and Economic Development Authority and establishes a pilot loan guarantee program within the agricultural development loan guarantee program.

Under WHEDA's existing program, WHEDA may guarantee certain loans made by private lenders for working capital or to finance a physical plant, machinery or equipment, or marketing expenses, used to process or market a product from a raw agricultural commodity produced in this state or to commercially harvest whitefish from Lake Superior. WHEDA may guarantee any amount up to 90 percent of the principal of an eligible loan and may establish a single guarantee percentage for all guaranteed loans or establish different percentages for different eligible loans. However, WHEDA is prohibited from guaranteeing a loan if the total guaranteed principal of all loans to the borrower under the program would exceed \$750,000, or \$100,000 if the loan is for working capital or an item used to commercially harvest whitefish from Lake Superior. Generally, the term of a loan guarantee under the program may not exceed 15 years.

SENATE BILL 219

This bill makes the following changes to WHEDA's existing agricultural development loan guarantee program:

1. The term of a loan guarantee may not exceed ten years for land and buildings; five years for inventory, equipment, and machinery; and two years for permanent working capital and marketing expenses.

2. The closing fee for a loan guarantee under the program may not exceed 1.5 percent. Current law does not address closing fees.

Additionally, the bill requires WHEDA to allocate \$3,000,000 to a pilot program under which WHEDA may guarantee collection of 25 percent of the principal of an eligible loan or \$750,000, whichever is less. The fixed amount guaranteed is payable to the lender for the entire term of the guarantee regardless of when a default occurs, if a default occurs. In all other respects, a loan guarantee under the pilot program is subject to the requirements of the existing program, as affected by the bill. The pilot program sunsets as of July 1, 2024.

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.** 234.907 (1) (d) of the statutes is amended to read:

2 234.907 (1) (d) "Guaranteed loan" means a loan on which the authority
3 guarantees collection under sub. (3) or (4).

4 **SECTION 2.** 234.907 (1) (f) of the statutes is amended to read:

5 234.907 (1) (f) "Percentage of guarantee" means the percentage established by
6 the authority under sub. (3) or (4).

7 **SECTION 3.** 234.907 (2) (cm) of the statutes is amended to read:

8 234.907 (2) (cm) The total guarantee amount of all loans to the borrower that
9 are guaranteed under this section and that are made for working capital or an item
10 necessary to, or used to, commercially harvest whitefish from Lake Superior will not
11 exceed \$100,000. This subsection does not apply to a loan guaranteed under sub. (4).

12 **SECTION 4.** 234.907 (2) (f) of the statutes is amended to read:



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**SENATE AMENDMENT 1,
TO SENATE BILL 219**

June 4, 2019 - Offered by Senator MARKLEIN.

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

2 **1.** Page 3, line 3: delete "permanent".

3 **2.** Page 3, line 5: delete lines 5 to 7 and substitute:

4 "**SECTION 5m.** 234.907 (2m) of the statutes is created to read:

5 234.907 (2m) ORIGINATION FEES. The authority may charge a guarantee
6 origination fee on every loan guaranteed under this section. The amount of the fee
7 may not exceed 1.5 percent of a loan's guaranteed principal. The participating lender
8 shall collect the fee and remit it to the authority. The authority shall deposit all fees
9 received under this subsection in the Wisconsin development reserve fund.

10 **SECTION 5s.** 234.907 (3) of the statutes is amended to read:

11 234.907 (3) GUARANTEE OF COLLECTION. The authority may guarantee collection
12 of up to 90 percent of the disbursed principal of any loan eligible for a guarantee
13 under sub. (2). The authority shall establish the percentage of the unpaid principal

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1 of an eligible loan that will be guaranteed, using the procedures described in the
 2 guarantee agreement under s. 234.93 (2) (a). The authority may establish a single
 3 percentage for all guaranteed loans or establish different percentages for eligible
 4 loans on an individual basis.”

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5 **3.** Page 3, line 11: after “of the” insert “disbursed”.

6 **4.** Page 3, line 13: delete lines 13 to 15 and substitute:

7 “(b) In the event of default, the amount guaranteed under par. (a) shall be
 8 payable in full to the authorized lender regardless of the amount due after all
 9 available collateral securing the loan has been liquidated and applied to the loan,
 10 except that if that amount due is less than the amount guaranteed under par. (a), the
 11 amount due shall be payable to the authorized lender.”

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12 (END)