



State of Wisconsin  
2021 - 2022 LEGISLATURE

LRB-1349/P5  
ARG:cdc&kjf&cjs

DOA:.....Mott, BB0464 - Authority to Issue Short-to-Medium Term Debt  
**FOR 2021-2023 BUDGET -- NOT READY FOR INTRODUCTION**

AN ACT ...; relating to: the budget.

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*Analysis by the Legislative Reference Bureau*

**EDUCATION**

**HIGHER EDUCATION**

***Extensions of credit to the University of Wisconsin System***

This bill allows the Board of Regents of the UW System to obtain extensions of credit to provide short-term funding for expenses associated with athletics or educational programs and related programs. The board may pledge as collateral for an extension of credit revenues generated as a result of the operation of UW athletic programs, as well as collateral furnished by a third party. Proceeds from an extension of credit may not be used to pay for certain expenses, including those associated with the construction, improvement, or maintenance of buildings, structures, or facilities.

For further information see the state fiscal estimate, which will be printed as an appendix to this bill.

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

**SECTION 1.** 20.285 (1) (h) of the statutes is created to read:

20.285 (1) (h) *Extensions of credit.* All moneys received as proceeds of extensions of credit under s. 36.11 (59) or transferred under s. 36.11 (59) (g) to carry out the purposes specified in s. 36.11 (59) (b) and for the repayment of any obligation arising under s. 36.11 (59).

\*\*\*\*NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

**SECTION 2.** 36.11 (59) of the statutes is created to read:

**36.11 (59) EXTENSIONS OF CREDIT PROVIDING SHORT-TERM FUNDING.** (a) In this subsection:

1. "Athletics program" means a program for intercollegiate athletics that is all of the following:

- a. A revenue-producing enterprise.
- b. Operated or overseen by an institution's athletics department or office.
- c. Subject to the bylaws and policies of the National Collegiate Athletic Association.

2. "Extension of credit" includes a loan or line of credit from a financial institution, liquidity facility, ancillary agreement, or any other credit arrangement.

3. "Master lease" has the meaning given in s. 16.76 (4) (a).

4. "Short-term" means a period not exceeding 5 years for repayment of any individual extension of credit.

(b) The board may, upon affirmative approval by the board at a public meeting, arrange and obtain extensions of credit, on terms approved by the board, to provide short-term funding for any expense associated with athletics or educational programs and related programs, except as provided in par. (e). Extensions of credit

may also be used for refinancing or refunding if the repayment period for the original extension of credit does not exceed 5 years.

(c) 1. The board may pledge any of the following collateral as security for repayment of an extension of credit under par. (b):

a. Any revenues generated by the system, arising after the initial extension of credit is entered into, as a result of the operation of any athletics program.

b. Any guarantee, obligation, or revenues furnished by a 3rd party.

2. The board may not pledge the full faith and credit or taxing power of this state for repayment of an extension of credit under par. (b). The state shall not be generally liable for the repayment of any extension of credit or interest thereon, and extensions of credit shall not be a debt of the state for any purpose whatsoever.

3. An extension of credit under par. (b) may be repaid only from the appropriation under s. 20.285 (1) (h). Extensions of credit shall be repayable, together with any interest thereon, solely from the sources that the board may pledge as collateral under subd. 1. Any instruments evidencing extensions of credit shall contain on their face a statement to that effect.

4. A creditor that provides an extension of credit under this subsection has a security interest in the collateral specified in subd. 1. a. and pledged by the board for the benefit of the creditor. No filing, delivery, or other action is required to perfect the security interest.

(d) The board may execute any credit agreement, security agreement, or other agreement or instrument necessary to obtain an extension of credit under par. (b).

(e) Proceeds from an extension of credit under par. (b) may not be used to pay for any of the following:

1. Expenses associated with the acquisition, construction, improvement, or maintenance of buildings or other structures or facilities, including expenses associated with a project specified in s. 13.48 (10) (c) and including any debt service.

2. Expenses associated with a master lease under which the department of administration, prior to the effective date of this subdivision ... [LRB inserts date], agreed to pay the expense.

3. The creation of a new program, and its associated expenses, under which the board obtains property or services by entering into an agreement with a person other than the department of administration and this person makes or agrees to make periodic payments.

(f) All proceeds from an extension of credit under par. (b) shall be credited to the appropriation account under s. 20.285 (1) (h).

(g) The board may direct the secretary of administration to transfer, and the secretary shall so transfer, from the appropriation account under s. 20.285 (1) (gb) to the appropriation account under s. 20.285 (1) (h) any amount the board determines necessary for the repayment of any obligation arising under this subsection.

**(END)**