



2001 ASSEMBLY BILL 576

October 16, 2001 – Introduced by Representatives STONE, PLALE, VRAKAS, KAUFERT, JENSEN, SYKORA, MEYERHOFER, STARZYK, LADWIG, DUFF, TURNER, KRAWCZYK, OWENS, WALKER, URBAN, MCCORMICK, MUSSER, OTT, JESKEWITZ, PETROWSKI, RYBA and BIES, cosponsored by Senators GROBSCHMIDT, ROSENZWEIG, PANZER, DARLING, ROESSLER and WELCH, by request of Governor Scott McCallum. Referred to Committee on Transportation.

1 **AN ACT** *to repeal* 20.490 (7) and 234.51 (2) (d); *to amend* 20.143 (1) (c), 20.143
2 (1) (c), 234.265 (2), 234.93 (3) (a), 234.93 (3) (b), 234.93 (4) (a) 2., 234.93 (4m) and
3 600.01 (1) (b) 8.; and *to create* 20.490 (7), 234.51 (2) (d), 234.80, 234.93 (1) (cr)
4 and 234.93 (4) (a) 4. of the statutes; **relating to:** an airline loan guarantee
5 program and making an appropriation.

Analysis by the Legislative Reference Bureau

The Wisconsin Housing and Economic Development Authority (WHEDA) administers a number of loan guarantee programs under which WHEDA guarantees collection of a percentage of the outstanding principal amounts of loans made by private lenders to qualified borrowers for various business and agricultural purposes. The majority of the programs are guaranteed with funds from the Wisconsin development reserve fund. The limit on the amount of outstanding guaranteed loan principal that WHEDA may guarantee under all of the programs guaranteed by the Wisconsin development reserve fund is \$49,500,000, although WHEDA may request the joint committee on finance to approve an increase or a decrease in that guarantee limit. On June 30 each year, WHEDA must transfer to the general fund any balance remaining in the Wisconsin development reserve fund after deducting an amount that is sufficient for paying outstanding claims and funding guarantees at a ratio of \$1 of reserve funding to \$4.50 of total outstanding guaranteed principal that WHEDA may guarantee under all of the programs.

Under this bill, for approximately six months, WHEDA is required to guarantee collection of loans made by private lenders to certain airline companies, which are

ASSEMBLY BILL 576

described in the bill as those transporting persons on regularly scheduled flights, those delivering personal property or packages by aircraft, and those operating aircraft for the benefit of agribusiness. The loan proceeds must be used for working capital or the purchase or improvement of land, buildings, machinery, equipment, or inventory. The lender must take a security interest in the assets purchased with the loan and must believe that it is reasonably likely that the borrower will be able to repay the loan with interest. WHEDA must approve the loan's interest rate, and the total guaranteed principal amount of all loans to a borrower that may be guaranteed under the program may not exceed amounts specified in the bill. WHEDA may guarantee up to 90% of the outstanding loan principal. The total outstanding guaranteed principal amount of all loans that WHEDA may guarantee under the program may not exceed \$10,000,000.

The loans guaranteed under the new airline loan guarantee program are guaranteed with funds from the Wisconsin development reserve fund, and the total outstanding guaranteed principal amount that WHEDA may guarantee under all of the programs guaranteed under that fund is increased to \$59,500,000, subject to the guarantee limit for the airline loan guarantee program. The bill directs WHEDA to transfer \$1,750,000 from its housing rehabilitation loan program administration fund to the Wisconsin development reserve fund. In addition, the bill transfers \$475,000 to the Wisconsin development reserve fund from a department of commerce general purpose revenue appropriation that funds various economic development and technology loan and grant programs (commonly known as the Wisconsin development fund). WHEDA may not request the joint committee on finance to increase or decrease the guarantee limit for the airline loan guarantee program, and when WHEDA annually transfers to the general fund the balance remaining in the Wisconsin development reserve fund after deducting amounts for paying claims and funding guarantees, WHEDA must deduct an amount sufficient for funding guarantees under the airline loan guarantee program at a ratio of \$1 of reserve funding to \$1 of total outstanding guaranteed principal that WHEDA may guarantee under that program.

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

ASSEMBLY BILL 576

1		2001-02	2002-03
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2 **20.490 Wisconsin housing and economic**
3 **development authority**

4 (7) WISCONSIN AIRLINE LOAN GUARANTEES

5 (k) Development fund transfer to

6	reserve fund	PR-S	A	475,000	-0-
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7 **SECTION 2.** 20.143 (1) (c) of the statutes, as affected by 2001 Wisconsin Act 16,
8 is amended to read:

9 20.143 (1) (c) *Wisconsin development fund; grants, loans, reimbursements, and*
10 *assistance.* Biennially, the amounts in the schedule for grants under ss. 560.145,
11 560.16, 560.175, and 560.26; for grants and loans under ss. 560.62, 560.63, and
12 560.66; for loans under s. 560.147; for reimbursements under s. 560.167; for
13 providing assistance under s. 560.06; for the costs specified in s. 560.607; for the loan
14 under 1999 Wisconsin Act 9, section 9110 (4); for the grants under 1995 Wisconsin
15 Act 27, section 9116 (7gg), 1995 Wisconsin Act 119, section 2 (1), 1997 Wisconsin Act
16 27, section 9110 (6g), and 1999 Wisconsin Act 9, section 9110 (5) ; ~~and~~ for providing
17 up to \$100,000 annually for the continued development of a manufacturing and
18 advanced technology training center in Racine; and to transfer to the appropriation
19 account under s. 20.490 (7) (k) in fiscal year 2001-02 the amounts in the schedule
20 under s. 20.490 (7) (k). Of the amounts in the schedule, \$50,000 shall be allocated
21 in each of fiscal years 1997-98 and 1998-99 for providing the assistance under s.
22 560.06 (1). Notwithstanding s. 560.607, of the amounts in the schedule, \$125,000
23 shall be allocated in each of 4 consecutive fiscal years, beginning with fiscal year
24 1998-99, for grants and loans under s. 560.62 (1) (a).

ASSEMBLY BILL 576

1 **SECTION 3.** 20.143 (1) (c) of the statutes, as affected by 2001 Wisconsin Act ...
2 (this act), is amended to read:

3 20.143 (1) (c) *Wisconsin development fund; grants, loans, reimbursements, and*
4 *assistance.* Biennially, the amounts in the schedule for grants under ss. 560.145,
5 560.16, 560.175, and 560.26; for grants and loans under ss. 560.62, 560.63, and
6 560.66; for loans under s. 560.147; for reimbursements under s. 560.167; for
7 providing assistance under s. 560.06; for the costs specified in s. 560.607; for the loan
8 under 1999 Wisconsin Act 9, section 9110 (4); for the grants under 1995 Wisconsin
9 Act 27, section 9116 (7gg), 1995 Wisconsin Act 119, section 2 (1), 1997 Wisconsin Act
10 27, section 9110 (6g), and 1999 Wisconsin Act 9, section 9110 (5) ; and for providing
11 up to \$100,000 annually for the continued development of a manufacturing and
12 advanced technology training center in Racine; ~~and to transfer to the appropriation~~
13 ~~account under s. 20.490 (7) (k) in fiscal year 2001-02 the amounts in the schedule~~
14 ~~under s. 20.490 (7) (k).~~ Of the amounts in the schedule, \$50,000 shall be allocated
15 in each of fiscal years 1997-98 and 1998-99 for providing the assistance under s.
16 560.06 (1). Notwithstanding s. 560.607, of the amounts in the schedule, \$125,000
17 shall be allocated in each of 4 consecutive fiscal years, beginning with fiscal year
18 1998-99, for grants and loans under s. 560.62 (1) (a).

19 **SECTION 4.** 20.490 (7) of the statutes is created to read:

20 20.490 (7) WISCONSIN AIRLINE LOAN GUARANTEES. (k) *Development fund transfer*
21 *to reserve fund.* The amounts in the schedule to be transferred to the Wisconsin
22 development reserve fund under s. 234.93. All moneys transferred from the
23 appropriation account under s. 20.143 (1) (c) shall be credited to this appropriation
24 account.

ASSEMBLY BILL 576

1 **SECTION 5.** 20.490 (7) of the statutes, as created by 2001 Wisconsin Act (this
2 act), is repealed.

3 **SECTION 6.** 234.265 (2) of the statutes is amended to read:

4 234.265 (2) Records or portions of records consisting of personal or financial
5 information provided by a person seeking a grant or loan under s. 234.08, 234.49,
6 234.59, 234.61, 234.65, 234.67, 234.80, 234.83, 234.84, 234.90, 234.905, 234.907, or
7 234.91, seeking a loan under ss. 234.621 to 234.626, seeking financial assistance
8 under s. 234.66, seeking investment of funds under s. 234.03 (18m), or in which the
9 authority has invested funds under s. 234.03 (18m), unless the person consents to
10 disclosure of the information.

11 **SECTION 7.** 234.51 (2) (d) of the statutes is created to read:

12 234.51 (2) (d) To make the transfer under 2001 Wisconsin Act (this act),
13 section 17 (1), to the Wisconsin development reserve fund under s. 234.93.

14 **SECTION 8.** 234.51 (2) (d) of the statutes, as created by 2001 Wisconsin Act
15 (this act), is repealed.

16 **SECTION 9.** 234.80 of the statutes is created to read:

17 **234.80 Airline loan guarantees. (1) GUARANTEE REQUIREMENTS.** The
18 authority may use money from the Wisconsin development reserve fund to guarantee
19 a loan under this section if all of the following apply:

20 (a) The borrower qualifies as an eligible borrower under sub. (2).

21 (b) The loan qualifies as an eligible loan under sub. (3).

22 (c) The lender enters into an agreement under s. 234.93 (2) (a).

23 **(2) ELIGIBLE BORROWERS.** Any of the following qualifies as an eligible borrower:

24 (a) A person that is engaged in the business of transporting persons in aircraft,
25 for hire, on regularly scheduled flights and that is headquartered in this state.

ASSEMBLY BILL 576

1 (b) A person that is engaged in the business of delivering personal property or
2 packages in aircraft and that is headquartered in this state.

3 (c) A person that is engaged in the business of operating aircraft for the benefit
4 of agribusiness and that is headquartered in this state.

5 **(3) ELIGIBLE LOANS.** A loan is eligible for guarantee of collection from the
6 Wisconsin development reserve fund under s. 243.93 if all of the following apply:

7 (a) The borrower uses the loan proceeds for working capital or the purchase or
8 improvement of land, buildings, machinery, equipment, or inventory.

9 (b) The interest rate on the loan, including any origination fees or other
10 charges, is approved by the authority.

11 (c) The lender obtains a security interest in the physical plant, equipment,
12 machinery, or other assets.

13 (d) The lender believes that it is reasonably likely that the borrower will be able
14 to repay the loan in full with interest.

15 (e) The lender agrees to the percentage of guarantee established for the loan
16 by the authority.

17 (f) The loan is closed no later than the first day of the 7th month beginning after
18 the effective date of this paragraph [revisor inserts date].

19 (g) With respect to a borrower under sub. (2) (a), the total guaranteed principal
20 amount of all loans to the borrower that are guaranteed under this section does not
21 exceed \$4,500,000, except that, after reviewing all applications for guarantees that
22 are received by the authority, the authority may, in its discretion, guarantee a total
23 guaranteed principal amount of up to the amount specified in sub. (4) (b) in loans to
24 a borrower under this paragraph.

ASSEMBLY BILL 576

1 (h) With respect to a borrower under sub. (2) (b) or (c), the total guaranteed
2 principal amount of all loans to the borrower that are guaranteed under this section
3 does not exceed \$100,000.

4 **(4) GUARANTEE OF COLLECTION.** (a) Subject to par. (b), on or before the first day
5 of the 7th month beginning after the effective date of this paragraph [revisor
6 inserts date], the authority shall guarantee collection of a percentage, not exceeding
7 90%, of the principal of any loan eligible for a guarantee under this section. The
8 authority shall establish the percentage of the principal of an eligible loan that will
9 be guaranteed, using the procedures described in the agreement under s. 234.93 (2)
10 (a). The authority may establish a single percentage for all guaranteed loans or
11 establish different percentages for eligible loans on an individual basis.

12 (b) The total outstanding guaranteed principal amount of all loans that the
13 authority may guarantee under par. (a) may not exceed \$10,000,000.

14 **SECTION 10.** 234.93 (1) (cr) of the statutes is created to read:

15 234.93 (1) (cr) Any moneys transferred under 2001 Wisconsin Act (this act),
16 section 17 (1), from the housing rehabilitation loan program administration fund.

17 **SECTION 11.** 234.93 (3) (a) of the statutes, as created by 2001 Wisconsin Act 16,
18 is amended to read:

19 234.93 (3) (a) Except as provided in par. (b) and subject to s. 234.80 (4) (b), the
20 total principal amount or total outstanding guaranteed principal amount of all loans
21 that the authority may guarantee under the aggregate of the programs guaranteed
22 by funds from the Wisconsin development reserve fund, excluding the program
23 under s. 234.935, 1997 stats., may not exceed ~~\$49,500,000~~ \$59,500,000.

24 **SECTION 12.** 234.93 (3) (b) of the statutes, as affected by 2001 Wisconsin Act 16,
25 is amended to read:

ASSEMBLY BILL 576**SECTION 12**

1 234.93 (3) (b) The authority may request the joint committee on finance to take
2 action under s. 13.10 to permit the authority to increase or decrease the total
3 principal amount or total outstanding guaranteed principal amount of loans that it
4 may guarantee under the aggregate of the programs guaranteed by the Wisconsin
5 development reserve fund, excluding the programs under s. 234.935, 1997 stats., and
6 s. 234.80. Included with its request, the authority shall provide a projection, for the
7 next June 30, that compares the amounts required on that date to pay outstanding
8 claims and to fund guarantees under the aggregate of the programs guaranteed by
9 funds from the Wisconsin development reserve fund, and the balance remaining in
10 the Wisconsin development reserve fund on that date after deducting such amounts,
11 if the increase or decrease is approved, with such amounts and the balance
12 remaining, if the increase or decrease is not approved.

13 **SECTION 13.** 234.93 (4) (a) 2. of the statutes is amended to read:

14 234.93 (4) (a) 2. To fund guarantees under all of the programs guaranteed by
15 funds from the Wisconsin development reserve fund, except for the ~~program~~
16 programs under s. 234.935, 1997 stats., and s. 234.80, at a ratio of \$1 of reserve
17 funding to \$4.50 of total outstanding principal and outstanding guaranteed principal
18 that the authority may guarantee under all of those programs.

19 **SECTION 14.** 234.93 (4) (a) 4. of the statutes is created to read:

20 234.93 (4) (a) 4. To fund guarantees under the program under s. 234.80 at a
21 ratio of \$1 of reserve funding to \$1 of total outstanding guaranteed principal that the
22 authority may guarantee under that program.

23 **SECTION 15.** 234.93 (4m) of the statutes, as affected by 2001 Wisconsin Act 16,
24 is amended to read:

