



State of Wisconsin
2015 - 2016 LEGISLATURE

LRB-3707/1
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2015 SENATE BILL 515

January 6, 2016 – Introduced by Senators GUDEx, DARLING, PETROWSKI, MARKLEIN and WANGGAARD, cosponsored by Representatives NYGREN, KRUG and PETRYK. Referred to Committee on Economic Development and Commerce.

1 **AN ACT to create** 20.192 (1) (am) and 238.137 of the statutes; **relating to:** a
2 regional revolving loan fund grant program administered by the Wisconsin
3 Economic Development Corporation and making an appropriation.

Analysis by the Legislative Reference Bureau

This bill requires the Wisconsin Economic Development Corporation (WEDC) to establish a regional revolving loan fund grant program. Under the program, provided certain conditions are satisfied, WEDC is required to make grants to one or more of the following regional economic development organizations for the purpose of creating regional revolving loan funds:

1. Prosperity Southwest Wisconsin.
2. Madison Region Economic Partnership.
3. Milwaukee 7 Regional Economic Development Partnership.
4. The 7 Rivers Alliance.
5. Centergy, Inc.
6. New North, Inc.
7. Momentum West, Inc.
8. Grow North Regional Economic Development Corporation.
9. Visions Northwest Regional Economic Development Group.

Among the conditions each of those regional economic development organizations must satisfy in order to qualify for a grant under the program 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

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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. The bill provides that a regional economic development organization receiving a grant under the bill may not compete with another regional economic development organization identified in the bill to make a loan to a business or other organization whose principal place of business is located in the region covered by that other regional economic development organization. A loan made from the grant funds by a regional economic development organization may be made only if the recipient of the loan has secured a primary source of funding and the loan funds will be used for working capital, purchasing equipment, building construction and improvement, land acquisition, private infrastructure improvement, or asset acquisition.

WEDC may award up to \$1,000,000 in grants per state fiscal biennium to each regional economic development organization, for a total potential of \$9,000,000 in grants per state fiscal biennium. The bill 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 bill requires that a regional economic development organization receiving a grant under the bill must 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. Under the bill, 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.

For further information see the *state and local* 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:

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2015-16 2016-17

20.192 Wisconsin Economic Development

Corporation

(1) PROMOTION OF ECONOMIC DEVELOPMENT

(am) Regional revolving loan fund

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

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

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

238.137 Regional revolving loan fund grant program. (1) In this section,

“regional economic development organization” means each of the following:

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

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

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1 (b) From the appropriation under s. 20.192 (1) (am), the corporation shall
2 award a grant to each regional economic development organization that satisfies all
3 of the following conditions:

4 1. The corporation determines that the regional economic development
5 organization has the training and expertise necessary to operate a regional revolving
6 loan fund subject to the requirements of this section.

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

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

12 (c) Each regional economic development organization receiving a grant under
13 par. (b) shall use the grant moneys and all matching moneys under par. (b) 3. only
14 for the operation of a regional revolving loan fund under this section.

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

19 (e) 1. A regional economic development organization receiving a grant under
20 par. (b) may not make or offer to make a loan to a business or other organization
21 whose principal place of business is located in a region covered by another regional
22 economic development organization.

23 2. A regional economic development organization receiving a grant under par.
24 (b) may not use the grant funds to make or offer to make a loan to a business or other

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1 organization unless the business or other organization has secured a primary source
2 of funding.

3 3. A regional economic development organization receiving a grant under par.
4 (b) may make a loan or offer to make a loan of such grant funds to a business or other
5 organization only if the loan funds are to be used for working capital, purchasing
6 equipment, building construction and improvement, land acquisition, private
7 infrastructure improvements, or asset acquisition.

8 (f) 1. Each regional economic development organization awarded a grant under
9 par. (b) shall comply with s. 238.03 (3) (a) and shall submit to the corporation all other
10 information the corporation requires to measure the regional revolving loan fund's
11 performance and compliance with this section.

12 2. By October 1 each year, the corporation shall submit to the appropriate
13 standing committee of each house of the legislature having economic development
14 under its purview, as determined by the presiding officer, all of the information
15 provided to the corporation under subd. 1. and s. 238.03 (3) (a) by each regional
16 economic development organization awarded a grant under par. (b).

17 (g) The corporation may not grant more than \$1,000,000 under par. (b) per state
18 fiscal biennium to each regional economic development organization.

19 **(3)** The corporation may assess an annual fee to each regional economic
20 development organization awarded a grant under sub. (2) (b) to the extent necessary
21 to reimburse the corporation for costs incurred for administration of the program
22 under this section.

23 **(4)** (a) From the appropriation under s. 20.192 (1) (am), the corporation may
24 expend up to a total of \$1,000,000 per state fiscal biennium to train, or to contract
25 with another person under a competitive request for proposals process to train, a

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1 regional economic development organization in the operation of a regional revolving
2 loan fund if the organization fails to qualify for a grant under sub. (2) (b).

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

7 2. The corporation shall pay to the secretary of administration for deposit in
8 the general fund all amounts it receives as repayments of principal and interest on
9 loans made under this paragraph.

10 (END)