

1 **AN ACT** *to create* 20.143 (1) (j) and (jz), 196.376 and 560.127 of the statutes; **relating**
 2 **to:** loans to small businesses to provide capital for green small businesses or to
 3 provide financing to obtain green equipment or technology.

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

JOINT LEGISLATIVE COUNCIL PREFATORY NOTE: This bill draft was prepared for the Joint Legislative Council’s Special Committee on Strategic Job Creation.

This bill draft creates a revolving loan fund that is funded by contributions from energy provider customers or members and that makes loans to small businesses to provide capital for green small businesses or to provide financing to obtain green equipment or technology.

4 **SECTION 1.** 20.143 (1) (j) and (jz) of the statutes are created to read:

5 20.143 (1) (j) *Green small business fund, loans.* All moneys received under s. 196.376
 6 for loans under s. 560.127.

7 (jz) *Green small business fund, repayments.* All moneys received in repayment of loans
 8 under s. 560.127, to be used for loans under s. 560.127.

NOTE: This SECTION creates 2 appropriations for the green small business fund.

9 **SECTION 2.** 196.376 of the statutes is created to read:

10 **196.376 Green small business fund contributions.** (1) In this section, “energy
 11 provider” means an energy utility, municipal utility, or retail electric cooperative.

12 (2) The energy providers in this state shall accept contributions from customers or
 13 members for the green small business fund under s. 560.127 and shall provide space on each

1 billing statement for customers or members to indicate the amount of a contribution to the
2 green small business fund under s. 560.127.

3 (3) The energy providers in this state may keep no more than 10 percent of the amount
4 collected under sub. (2) for administrative costs in advertising and collecting contributions
5 under sub. (2) and shall pay the remainder of the contributions to the department of commerce.

NOTE: This SECTION requires that energy providers accept contributions, and provide space on billing statements for contributions, to the green small business fund. In addition, energy providers may keep no more than 10 percent of the amount collected for administrative costs and must pay the remainder of the contributions to the department of commerce (Commerce).

6 **SECTION 3.** 560.127 of the statutes is created to read:

7 **560.127 Green small business fund.** (1) In this section:

8 (a) “Green small business” means a small business engaged primarily in the green
9 industry.

10 (b) “Small business” means a business with fewer than 100 employees, including
11 employees of any subsidiary or affiliated organization.

NOTE: This subsection defines “green small business” and “small business” for purposes of the green small business fund.

COMMENT: The committee might consider whether to define “green”.

12 (2) The department may make a loan to a small business from the appropriations under
13 s. 20.143 (1) (j) and (jz) to provide capital for the start-up, expansion, or retention of a green
14 small business or to provide financing to obtain green equipment or technology.

NOTE: This subsection provides that Commerce may make a loan to a small business under the green small business fund to provide capital for the start-up, expansion, or retention of a green small business or to provide financing to obtain green equipment or technology.

1 (3) The department shall promulgate rules to establish procedures, policies, and
2 standards for implementing this section and making loans under this section. The rules shall
3 include all of the following:

4 (a) Procedures for submitting applications for loans, evaluating applications for loans,
5 and auditing loans under this section.

6 (b) Conditions applicable to a loan made under this section.

7 (c) Procedures for monitoring the use of loans made under this section.

NOTE: This subsection requires that Commerce promulgate rules
establishing procedures, policies, and standards for implementing and
making loans under the green small business fund.

8 (4) Upon receipt of an application by a small business, the department shall consider the
9 following in determining whether to make a loan under this section:

10 (a) Whether and the extent to which the activity proposed to be conducted by the small
11 business will contribute to the economic growth of this state and the well-being of residents
12 of this state.

13 (b) The economic condition of the community in which the activity proposed to be
14 conducted by the small business is proposed to occur.

15 (c) Whether the activity proposed to be conducted by the small business will retain or
16 increase employment in this state.

17 (d) Whether financing is available from another source on reasonably equivalent terms.

18 (e) Whether the activity proposed to be conducted by the small business is likely to occur
19 without the loan.

20 (f) The financial soundness of the small business, and the intention of the small business
21 to repay the loan.

1 (g) Any other criteria established by the department by rule, including the types of
2 activity that are eligible for funding and the types of activity that will receive priority.

NOTE: This subsection lists the criteria that Commerce must consider in determining whether to make a loan under the green small business fund.

3 (5) In each biennium, the department may expend or encumber up to a total of 1% of
4 the moneys appropriated under s. 20.143 (1) (j) and (jz) for that biennium for evaluation costs,
5 collection costs, foreclosure costs, and other costs associated with administering the loan
6 portfolio under this section, excluding staff salaries.

NOTE: This subsection provides that Commerce may expend or encumber moneys for miscellaneous and administrative expenses.

7 (6) (a) The department shall obtain reimbursement of loans made under this section
8 through full repayment of the principal amount of the loan plus interest. The department shall
9 deposit moneys received under this paragraph in the appropriation under s. 20.143 (1) (jz).

10 (b) The department shall charge a loan recipient an origination fee of not more than 2%
11 of the loan amount if the loan equals or exceeds \$10,000. The department shall deposit all
12 origination fees collected under this paragraph in the appropriation account under s. 20.143
13 (1) (jz).

14 (c) On or before January 1 of each odd-numbered year, the department shall submit a
15 biennial plan for making loans under this section to the governor and the chief clerk of each
16 house of the legislature for distribution to the appropriate standing committees under s. 13.172
17 (3).

NOTE: This subsection requires that Commerce obtain reimbursement of loans made under the green small business fund. In addition, this subsection allows the department to charge an origination fee if the loan equals or exceeds \$10,000. Lastly, this subsection requires that Commerce submit a biennial plan for making loans under the green small business fund.

