

# State of Wisconsin



2019 Senate Bill 219

Date of enactment: **November 25, 2019**

Date of publication\*: **November 26, 2019**

## 2019 WISCONSIN ACT 62

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

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

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

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

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

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

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

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

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

234.907 (2) (f) The term of the authority's guarantee under this section is not longer than 45 10 years for land and buildings, 5 years for inventory, equipment, and machinery, and 2 years for working capital and market-

ing expenses. This paragraph does not apply to a loan that is part of a loan workout agreement.

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

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

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

234.907 (3) **GUARANTEE OF COLLECTION.** The authority may guarantee collection of up to 90 percent of the disbursed principal of any loan eligible for a guarantee under sub. (2). The authority shall establish the percentage of the unpaid principal of an eligible loan that will be guaranteed, using the procedures described in the guarantee agreement under s. 234.93 (2) (a). The authority may establish a single percentage for all guaranteed loans or establish different percentages for eligible loans on an individual basis.

**SECTION 6.** 234.907 (4) of the statutes is created to read:

\* Section 991.11, WISCONSIN STATUTES: Effective date of acts. "Every act and every portion of an act enacted by the legislature over the governor's partial veto which does not expressly prescribe the time when it takes effect shall take effect on the day after its date of publication."

234.907 (4) ALTERNATIVE GUARANTEE OF COLLECTION PILOT PROGRAM. (a) Notwithstanding sub. (3), the authority shall implement a pilot program under which it may guarantee collection of 25 percent of the disbursed principal of any loan eligible for a guarantee under sub. (2) or \$750,000, whichever is less.

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

than the amount guaranteed under par. (a), the amount due shall be payable to the authorized lender.

(c) The authority shall allocate at least \$3,000,000 for loan guarantees under par. (a).

(d) The authority may not guarantee a loan under par. (a) after June 30, 2024.

**SECTION 7. Initial applicability.**

(1) This act first applies to an application for a loan guarantee received by the Wisconsin Housing and Economic Development Authority on the effective date of this subsection.

