



State of Wisconsin
2011 – 2012 LEGISLATURE



LRB-0654/1

JTK:nwn:rs

2011 BILL

1 AN ACT *to create* 16.28 and 20.505 (1) (d) and (gz) of the statutes; **relating to:**
2 loans to study or implement the consolidation, or cooperation for the provision,
3 of local governmental unit services or the consolidation of local governmental
4 units and granting rule-making authority.

Analysis by the Legislative Reference Bureau

This bill is explained in the NOTES provided by the Joint Legislative Council in the bill.

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

JOINT LEGISLATIVE COUNCIL PREFATORY NOTE: This bill was prepared for the Joint Legislative Council's Special Committee on Local Service Consolidation.

The bill creates a local governmental unit consolidation program, whereby a local governmental unit, or a combination of 2 or more local governmental units, may receive a loan to study or implement the consolidation, or cooperation for the provision, of local governmental unit services or the consolidation of local governmental units. The program is administered by the department of administration (DOA).

5 SECTION 1. 16.28 of the statutes is created to read:

6 **16.28 Local governmental unit consolidation program. (1) DEFINITIONS.**

7 In this section:

BILL**SECTION 1**

(a) "Eligible activities" means any of the following:

1. Studying or implementing the consolidation of one or more local governmental unit services, pursuant to any statute authorizing the consolidation.

2. Studying or implementing the cooperation for the provision of one or more local governmental unit services, pursuant to any statute authorizing the cooperation.

3. Studying or implementing the consolidation of local governmental units, pursuant to any statute authorizing the consolidation.

(b) "Local governmental unit" means a county, city, village, town, or school district.

NOTE: The subsection defines "eligible activities" and "local governmental unit".

(2) LOCAL GOVERNMENTAL UNIT CONSOLIDATION PROGRAM. The department may make a loan to a local governmental unit, or a combination of 2 or more local governmental units, from the appropriations under s. 20.505 (1) (d) and (gz) for eligible activities.

NOTE: This subsection provides that DOA may make a loan under the program for eligible activities.

(3) LOAN CRITERIA; GENERALLY. (a) Upon receipt of an application from a local governmental unit, or a combination of 2 or more local governmental units, the department shall consider the following in determining whether to make a loan under sub. (2):

1. A demonstrated probability that the proposed eligible activities will reduce the cost of providing local governmental unit services or improve the level of services provided by the local governmental units.

2. Whether the eligible activities might occur without the loan.

BILL

1 3. The extent to which the proposed eligible activities will contribute to regional
2 cooperation and minimize competition for economic development between local
3 governmental units.

4 4. Any other criteria established by the department by rule.

5 (b) The department shall give preference in making a loan under sub. (2) to the
6 implementation of consolidation or cooperation over the study of consolidation or
7 cooperation.

8 (c) If 2 or more local governmental units wish to engage in eligible activities
9 together, all local governmental units involved in the eligible activities shall submit
10 a joint application to the department.

NOTE: This subsection identifies the factors that DOA must consider in determining whether to make a loan under the program and requires that DOA give preference in making a loan to the implementation of consolidation or cooperation. In addition, all local governmental units involved in studying or implementing consolidation or cooperation must submit a joint application for a loan under the program.

11 **(4) MISCELLANEOUS AND ADMINISTRATIVE EXPENSES.** In each fiscal biennium, the
12 department may expend or encumber up to a total of 1% of the moneys appropriated
13 under s. 20.505 (1) (d) and (gz) for that fiscal biennium for evaluation costs, collection
14 costs, and other costs associated with administering the program under this section,
15 excluding staff salaries.

NOTE: This subsection allows DOA to use up to a total of 1% of the appropriations for the program for administrative expenses.

16 **(5) ADMINISTRATION.** (a) The department shall issue a decision within 45 days
17 after the receipt of an application under this section from either a local governmental
18 unit or a combination of 2 or more local governmental units.

19 (b) The department shall obtain reimbursement of loans made under sub. (2)
20 through full repayment of the principal amount of the loan plus any interest assessed

BILL**SECTION 1**

1 under par. (c). The department shall deposit moneys received under this paragraph
2 in the appropriation under s. 20.505 (1) (gz).

3 (c) The department may charge a loan recipient an origination fee of not more
4 than 2 percent of the loan amount if the loan equals or exceeds \$10,000. In addition,
5 the department may assess interest on a loan at a rate determined by the
6 department. The department shall deposit all origination fees and interest collected
7 under this paragraph in the appropriation account under s. 20.505 (1) (gz).

8 (d) The department shall promulgate rules to implement this section, including
9 the following:

- 10 1. Content of applications for loans made under sub. (2).
- 11 2. Procedures for submitting applications for loans, including a deadline for
12 submitting applications.
- 13 3. Procedures for evaluating applications, including types of eligible activities
14 that will receive priority, except as provided in sub. (3) (b).
- 15 4. Conditions applicable to loans made under sub. (2).
- 16 5. Procedures for monitoring and auditing the use of the proceeds of loans made
17 under sub. (2).
- 18 6. A biennial plan for making loans under sub. (2), before the commencement
19 of each odd-numbered fiscal year, and for the submission of the biennial plan to the
20 governor and the chief clerk of each house of the legislature for distribution to the
21 appropriate standing committees under s. 13.172 (3).

NOTE: This subsection requires that DOA obtain reimbursement of loans made under the program and that DOA issue a decision on the loan application within 45 days after receiving an application. This subsection also allows DOA to charge an origination fee to a loan recipient if the loan equals or exceeds \$10,000 and to charge interest on loans at a rate determined by DOA. Lastly, in this subsection, DOA is required to promulgate rules that include the content of loan applications; procedures for submitting applications for loans and evaluating applications; conditions applicable to loans; procedures for monitoring and auditing loans; and a biennial plan for making loans under the program.

BILL

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

3	2011-12	2012-13
---	---------	---------

4 **20.505 Administration, department of**

5 (1) SUPERVISION AND MANAGEMENT.

6 (d) Local governmental unit consoli-

[illegible]

NOTE: This SECTION creates an appropriation schedule entry for the general purpose revenue appropriation created by the bill. The SECTION contains no appropriation amounts.

8 **SECTION 3.** 20.505 (1) (d) and (gz) of the statutes are created to read:

20.505 (1) (d) *Local governmental unit consolidation program, loans.* The amounts in the schedule for loans under s. 16.28 and for administrative costs of the local governmental unit consolidation program, excluding staff salaries.

(gz) *Local governmental unit consolidation program, repayments.* All moneys received in repayment of loans under s. 16.28, to be used for loans under s. 16.28 and for administrative costs of the local governmental unit consolidation program, excluding staff salaries.

NOTE: This SECTION creates 2 appropriation accounts for the local governmental unit consolidation, including administration costs. One account will hold moneys for loans. The 2nd account will hold moneys from the repayment of loans.

16 **SECTION 4. Effective date.**

(1) This act takes effect on the day after publication of this act or on the 2nd day after publication of the 2011–13 biennial budget act, whichever is later.

19 (END)

