



State of Wisconsin  
2015 - 2016 LEGISLATURE

LRBs0236/1  
MPG:amn

**SENATE SUBSTITUTE AMENDMENT 1,  
TO SENATE BILL 515**

January 15, 2016 - Offered by Senator GUDEx.

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.

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***Analysis by the Legislative Reference Bureau***

This substitute amendment requires the Wisconsin Economic Development Corporation to establish a grant program for the establishment of a number of regional revolving loan funds. Under the program, WEDC must designate as economic development regions nine geographic areas in Wisconsin that combined cover the entire state. In making those designations, WEDC is required to consider the geographic areas served by specific economic development organizations enumerated in the substitute amendment.

Provided certain conditions are satisfied, WEDC is required to make grants to one or more regional economic development organizations in each of the designated economic development regions for the purpose of creating regional revolving loan funds. Among the conditions each of those regional economic development organizations must satisfy 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 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.

A regional economic development organization may make a loan under the substitute amendment only if the recipient of the loan has secured a primary source of funding other than the regional revolving loan fund and the loan will be used for the purposes specified in the substitute amendment. The substitute amendment provides that a regional economic development organization receiving a grant under the substitute amendment may not make a loan to a business or other organization whose principal place of business is located in an economic development region other than the region the regional economic development organization primarily serves. If a regional economic development organization suspects that an applicant for or recipient of a regional revolving loan fund loan committed fraud or another crime with respect to the loan, the matter must be referred to law enforcement.

WEDC may award up to \$1,000,000 in grants per state fiscal biennium to each economic development region, for a total potential of \$9,000,000 in grants per state fiscal biennium. However, WEDC may reallocate to economic development regions grant moneys not awarded in a previous state fiscal biennium regardless of that \$1,000,000 limit. The substitute amendment 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 substitute amendment requires that a regional economic development organization receiving a grant under the substitute amendment 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. 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.

Additionally, the substitute amendment requires each grant recipient to submit an annual report to WEDC for the previous state fiscal year that includes all of the following:

1. The name and address of each person receiving a loan from the grant recipient's regional revolving loan fund.
2. The amount and purpose of each loan.
3. The total costs incurred by the recipient of the loan with respect to the purposes for which the loan was made.
4. A description of the number of full-time jobs created or retained and businesses positively impacted as a result of the loan.
5. An accounting of all loan-origination and other loan fees each recipient of a loan paid to the regional economic development organization.

WEDC is required to include all of that information in its annual report to the legislature concerning its economic development programs.

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



1 designations, the corporation shall consider the geographic areas served by the  
2 following economic development organizations:

3 (a) Prosperity Southwest Wisconsin.

4 (b) Madison Region Economic Partnership.

5 (c) Milwaukee 7 Regional Economic Development Partnership.

6 (d) The 7 Rivers Alliance.

7 (e) Centergy, Inc.

8 (f) New North, Inc.

9 (g) Momentum West, Inc.

10 (h) Grow North Regional Economic Development Corporation.

11 (i) Visions Northwest Regional Economic Development Group.

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

14 (b) For each economic development region, from the appropriation under s.  
15 20.192 (1) (am), the corporation shall award a grant to one or more regional economic  
16 development organizations, if any, that satisfy all of the following conditions:

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

20 2. The corporation approves the structure of and the regional investment  
21 strategy and administrative guidelines for the regional economic development  
22 organization's regional revolving loan fund.

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

1 (c) Each grant recipient shall use the grant moneys and all matching moneys  
2 under par. (b) 3. only for the operation of a regional revolving loan fund under this  
3 section.

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

8 (e) 1. A grant recipient may not make or offer to make a loan from its regional  
9 revolving loan fund to a business or other organization whose principal place of  
10 business is located in an economic development region other than the economic  
11 development region the grant recipient primarily serves.

12 2. A grant recipient may not make or offer to make a loan from its regional  
13 revolving loan fund to a business or other organization unless the business or other  
14 organization has secured a primary source of funding other than the grant recipient's  
15 regional revolving loan fund.

16 3. A grant recipient may make a loan or offer to make a loan from its regional  
17 revolving loan fund to a business or other organization only if the loan is to be used  
18 for working capital, purchasing equipment, building construction and improvement,  
19 land or other asset acquisition, or private infrastructure improvements.

20 (f) 1. Each grant recipient shall comply with s. 238.03 (3) (a) and shall submit  
21 to the corporation all other information the corporation requires to measure the  
22 regional revolving loan fund's performance and compliance with this section.

23 2. By October 1 each year, the corporation shall submit to the appropriate  
24 standing committee of each house of the legislature having economic development  
25 under its purview, as determined by the presiding officer, all of the information

1 provided to the corporation under subd. 1. and s. 238.03 (3) (a) by each grant  
2 recipient.

3 (fg) By August 1 each year, each grant recipient shall submit a report to the  
4 corporation for the previous state fiscal year that includes all of the following:

5 1. The name and address of each person receiving a loan from the grant  
6 recipient's regional revolving loan fund.

7 2. The amount and purpose of each loan.

8 3. The total costs incurred by the recipient of the loan with respect to the  
9 purposes under par. (e) 3. for which the loan was made.

10 4. A description of the number of full-time jobs created or retained and  
11 businesses positively impacted as a result of the loan.

12 5. An accounting of all loan-origination and other loan fees each recipient of  
13 a loan paid to the grant recipient.

14 (fr) The corporation shall include the information required under par. (fg) with  
15 its annual report under s. 238.07 (2).

16 (g) For each economic development region, the corporation may not grant more  
17 than \$1,000,000 under par. (b) per state fiscal biennium to regional economic  
18 development organizations primarily serving that region.

19 (hm) Notwithstanding par. (g), the corporation may reallocate to economic  
20 development regions grant moneys not awarded under par. (b) in a previous state  
21 fiscal biennium. The corporation may use a competitive application process for  
22 reallocating grant moneys under this paragraph.

23 (im) If a grant recipient has reason to believe that an applicant for or recipient  
24 of a loan from the grant recipient's regional revolving loan fund violated ch. 943 or  
25 committed another crime with respect to the loan, the grant recipient shall refer the

1 matter to the appropriate law enforcement agency or district attorney for  
2 investigation.

3 (3) The corporation may assess a fee to each regional economic development  
4 organization awarded a grant under sub. (2) (b), not to exceed 5 percent of the total  
5 grant amount, to the extent necessary to reimburse the corporation for costs incurred  
6 for administration of the program under this section.

7 (4) (a) From the appropriation under s. 20.192 (1) (am), the corporation may  
8 expend up to a total of \$1,000,000 per state fiscal biennium to train, or to contract  
9 with another person under a competitive request for proposals process to train, a  
10 regional economic development organization in the operation of a regional revolving  
11 loan fund if the organization fails to qualify for a grant under sub. (2) (b).

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

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

19 (END)