



2021 ASSEMBLY BILL 235

April 2, 2021 - Introduced by Representatives ARMSTRONG, TRANEL, OLDENBURG, BORN, CABRAL-GUEVARA, CALLAHAN, DUCHOW, EDMING, JAMES, KNODL, KRUG, KURTZ, MOSES, MURSAU, PETRYK, PLUMER, ROZAR, SNYDER, SWEARINGEN, TUSLER, VORPAGEL, WITTKE and ZIMMERMAN, cosponsored by Senators MARKLEIN, BERNIER, FEYEN and FELZKOWSKI. Referred to Committee on Rural Development.

1 **AN ACT** *to create* 238.18 of the statutes; **relating to:** rural economic
2 development programs administered by the Wisconsin Economic Development
3 Corporation and farm support grants.

Analysis by the Legislative Reference Bureau

This bill requires the governor to allocate \$50,000,000 of the funds accepted under the federal American Rescue Plan Act of 2021 (ARPA) for the Wisconsin Economic Development Corporation to do all of the following:

1. Expend moneys for any economic development program WEDC is administering as of the date on which the bill becomes law if the expenditure assists economic development in a rural county.

2. Expend moneys for any economic development program WEDC begins administering after the date on which the bill becomes law if the expenditure assists economic development in a rural county. The bill requires passive review by the Joint Committee on Finance before WEDC first expends moneys allocated under the bill on each such program and requires WEDC to adopt policies and procedures establishing, to the extent feasible, matching requirements for any such expenditure.

3. Subject to passive review by JCF, award grants to state agencies, including other authorities, if WEDC determines that a state agency's expenditure of the grant moneys will assist economic development in a rural county.

4. Award onetime grants to certain county and regional economic development organizations serving rural counties for the purpose of creating or expanding

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revolving loan funds that promote economic development and entrepreneurial start-ups in rural counties. The bill additionally authorizes WEDC to award limited onetime grants to such organizations for the organizations' program operations and marketing in rural counties.

With respect to WEDC's administration of all of the programs described above, the bill requires WEDC to make every effort to ensure that underserved communities in rural counties are prioritized. Additionally, under the bill, WEDC must submit a report to JCF no later than June 30 of each fiscal year in which WEDC expends moneys allocated under the bill that describes in detail WEDC's use of those moneys in that fiscal year.

The bill also requires the governor to allocate \$50,000,000 of the funds accepted under ARPA for the Department of Revenue to provide grants to farmers. Under the bill, a farmer is eligible for a grant if the farmer's gross sales of farm products for 2019 exceeds \$35,000 but not does exceed \$5,000,000 and the farmer has experienced financial hardship as a result of the COVID-19 pandemic. The bill directs DOR to consult with the Department of Agriculture, Trade and Consumer Protection in providing the grants.

For further information see the state 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.** 238.18 of the statutes is created to read:

2 **238.18 Rural economic development. (1) DEFINITION.** In this section:

3 (a) "State agency" means an office, department, agency, institution of higher
4 education, association, society, or other body in state government created or
5 authorized to be created by the constitution or any law that is entitled to expend
6 moneys appropriated by law, including any authority created in subch. II of ch. 114
7 or in ch. 231, 233, 234, or 279.

8 (b) "Rural county" means a county with a population density of less than 155
9 residents per square mile.

10 **(2) ECONOMIC DEVELOPMENT PROGRAMS BENEFITING RURAL COUNTIES.** From the
11 moneys allocated under sub (6), the corporation may do the following:

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1 (a) Expend moneys for any economic development program the corporation is
2 administering on the effective date of this paragraph [LRB inserts date], if that
3 expenditure assists economic development in a rural county.

4 (b) Expend moneys for any economic development program the corporation
5 begins administering after the effective date of this paragraph [LRB inserts date],
6 if that expenditure assists economic development in a rural county, subject to all of
7 the following:

8 1. Before the corporation first expends moneys on each program under this
9 paragraph, the corporation shall notify the joint committee on finance in writing of
10 the corporation's intention to expend the moneys on the program. The notice shall
11 describe the program and purposes for which the corporation proposes to expend the
12 moneys under this paragraph.

13 2. If, within 14 working days after the date of the corporation's notice under
14 subd. 1., the cochairpersons of the joint committee on finance do not notify the
15 corporation that the committee has scheduled a meeting to review the corporation's
16 proposal, the corporation may make the expenditures as proposed in the
17 corporation's notice. If, within 14 working days after the date of the corporation's
18 notice under subd. 1., the cochairpersons of the committee notify the corporation that
19 the committee has scheduled a meeting to review the corporation's proposal, the
20 corporation may make the proposed expenditures only upon approval of the
21 committee.

22 3. The corporation shall adopt policies and procedures establishing, to the
23 extent feasible, matching requirements for the corporation's expenditures under this
24 paragraph.

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1 (c) Award a grant to a state agency if the corporation determines the state
2 agency's expenditure of the grant moneys will assist economic development in a rural
3 county, subject to all of the following:

4 1. Before the corporation makes a grant under this paragraph, the corporation
5 shall notify the joint committee on finance in writing of the corporation's intention
6 to make the grant. The notice shall describe the program and purposes for which the
7 corporation proposes to make the grant.

8 2. If, within 14 working days after the date of the corporation's notice under
9 subd. 1., the cochairpersons of the joint committee on finance do not notify the
10 corporation that the committee has scheduled a meeting to review the corporation's
11 proposal, the corporation may make the grant as proposed in the corporation's notice.
12 If, within 14 working days after the date of the corporation's notice under subd. 1.,
13 the cochairpersons of the committee notify the corporation that the committee has
14 scheduled a meeting to review the corporation's proposal, the corporation may make
15 the proposed grant only upon approval of the committee.

16 (d) Before the corporation expends moneys on an economic development
17 program under par. (a) or (b) or makes a grant under par. (c), the corporation shall
18 consider the economic impact of the program or activity for which the moneys will
19 be used.

20 **(3g) GRANTS FOR REVOLVING LOAN FUNDS.** (a) In this subsection and in sub. (3r),
21 "eligible organization" means each county economic development organization
22 serving a rural county and each regional economic development organization serving
23 a rural county that the corporation determines under par. (d) is eligible for a grant
24 under par. (c).

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1 (b) From the moneys allocated under sub. (6), the corporation shall set aside
2 \$5,000,000 for grants under this subsection.

3 (c) The corporation shall award a onetime grant of \$250,000 to each eligible
4 organization, or shall grant a smaller amount if the eligible organization so elects.
5 The corporation may award a onetime grant of more than \$250,000 to a consortium
6 of rural counties, or to a consortium of eligible organizations in lieu of a grant to
7 eligible organizations that are members of the consortium. An eligible organization
8 or a consortium receiving a grant under this paragraph shall expend the grant
9 moneys only for the purpose of creating or expanding a revolving loan fund that
10 promotes economic development and entrepreneurial start-ups in a rural county
11 served by the eligible organization or in rural counties served by the consortium.

12 (d) In determining whether a county economic development organization
13 serving a rural county or regional economic development organization serving a
14 rural county is eligible for a grant under par. (c), the corporation shall consider all
15 of the following:

16 1. Whether the organization has appropriate fiscal and administrative policies
17 and procedures in place.

18 2. Whether the organization's staff is sufficient and qualified by education or
19 experience to administer a revolving loan fund.

20 3. Whether the organization can provide at least 2 examples of projects
21 financed with public funding that the organization has taken from grant application
22 to project completion.

23 4. Whether the organization has experience or a history of serving the
24 community with economic development projects.

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1 **(3r)** GRANTS FOR PROGRAM OPERATIONS AND MARKETING. (a) From the moneys
2 allocated under sub. (6), the corporation shall award a onetime grant of \$50,000 to
3 each eligible organization, or shall grant a smaller amount if the eligible
4 organization so elects, subject to all of the following:

5 1. The eligible organization shall expend all grant moneys received under this
6 paragraph only for the purpose of program operations and marketing within a rural
7 county served by the eligible organization.

8 2. The eligible organization shall submit a report to the corporation no later
9 than 180 days after the last day of the state fiscal year in which the grant is awarded
10 concerning the organization's use of the grant under this paragraph. The report shall
11 include a description of all marketing efforts undertaken as a result of the grant.

12 (b) A rural county served by an eligible organization receiving a grant under
13 par. (a) may not use or depend on grant moneys to supplant existing funding for
14 economic development purposes.

15 **(4)** REPORTING REQUIREMENTS. No later than June 30 of each state fiscal year
16 in which the corporation expends moneys allocated under sub. (6), the corporation
17 shall submit a report to the joint committee on finance describing in detail the
18 corporation's use of those moneys in that fiscal year.

19 **(5)** COOPERATION OF STATE AGENCIES. All state agencies shall, to the extend
20 needed, as determined by the corporation, cooperate with the corporation concerning
21 the corporation's planning and implementation of its expenditures of moneys under
22 this section.

23 **(5m)** FOCUS ON UNDERSERVED COMMUNITIES. In administering this section, the
24 corporation shall make every effort to ensure that underserved communities in rural
25 counties are prioritized.

