

1       **AN ACT** *to create* 16.004 (18), 20.505 (1) (d) and (dm) and 66.0318 of the statutes;  
 2               **relating to:** loans to implement the consolidation, or cooperation for the provision,  
 3               of local governmental unit services or the consolidation of local governmental units.

*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 Local Service Consolidation.

The bill draft creates a local governmental unit consolidation fund, whereby a local governmental unit, or a combination of 2 or more local governmental units, may receive a loan to 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) and is funded by general purpose revenue and moneys received in repayment of loans made under the program.

4               **SECTION 1.** 16.004 (18) of the statutes is created to read:

5               16.004 **(18)** LOCAL GOVERNMENTAL UNIT CONSOLIDATION FUND. The department shall  
 6               administer the local governmental unit consolidation fund under s. 66.0318.

**NOTE:** This SECTION requires DOA to administer the local governmental unit consolidation fund.

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

	<b>2011–12</b>	<b>2012–13</b>
9		
10	<b>20.505</b>	

11       (1)     SUPERVISION AND MANAGEMENT.

		2011-12	2012-13
1	(d) Local governmental unit consolida-		
2	tion fund, loans.	0	0
3	(dm) Local governmental unit consolida-		
4	tion fund, repayments.	0	0

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

**COMMENT:** In order to implement this draft, the committee must consider how much to initially appropriate to the local governmental unit consolidation fund. Zeros have been inserted as placeholders.

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

6 20.505 (1) (d) *Local governmental unit consolidation fund, loans.* The amounts in the  
7 schedule for loans under s. 66.0318.

8 (dm) *Local governmental unit consolidation fund, repayments.* All moneys received  
9 in repayment of loans under s. 66.0318.

**NOTE:** This SECTION creates 2 appropriations for the local governmental unit consolidation fund.

10 **SECTION 4.** 66.0318 of the statutes is created to read:

11 **66.0318 Local governmental unit consolidation fund. (1) DEFINITIONS.** In this  
12 section:

13 (a) "Department" means the department of administration.

14 (b) "Eligible activities" means any of the following:

15 1. Implementing the consolidation of one or more local governmental unit services.

16 2. Implementing the cooperation for the provision of one or more local governmental  
17 unit services.

1           3. Implementing the consolidation of local governmental units.

2           (c) “Local governmental unit” means a county, city, village, town, or school district.

**NOTE:** The subsection defines “department”, “eligible activities”, and  
          “local governmental unit”.

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

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

6           **(3) ADDITIONAL AUTHORITY.** This section does not confer additional authority to  
7           consolidate one or more local governmental unit services, or to consolidate local  
8           governmental units.

**NOTE:** This subsection states that s. 66.0318, stats., as created by the bill  
          draft, does not confer additional authority to consolidate services or local  
          governmental units. Any authority to consolidate services or to  
          consolidate local governmental units must be derived from powers  
          granted elsewhere in the statutes.

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

12          (a) A demonstrated probability that the proposed eligible activity will reduce the cost  
13          of providing local governmental unit services or improve the level of services provided by the  
14          local governmental units.

15          (b) Whether the eligible activities might occur without the loan.

16          (c) The extent to which the proposed eligible activity will contribute to regional  
17          cooperation and minimize competition for economic development between local  
18          governmental units.

1 (d) Any other criteria established by the department by rule, including types of eligible  
2 activity that will receive priority.

**NOTE:** This subsection identifies the factors that DOA must consider in determining whether to make a loan under the program.

**COMMENT:** Regarding applications for loans to implement the consolidation of local governmental units, is the criteria in par. (a) applicable? Are there other “demonstrated probabilities” that should be used instead of or in addition to par. (a)?

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

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

7 (6) ADMINISTRATION. (a) The department shall issue a decision within 45 days after the  
8 receipt of an application under this section from either a local governmental unit or a  
9 combination of 2 or more local governmental units.

10 (b) The department shall obtain reimbursement of loans provided under sub. (2) through  
11 full repayment of the principal amount of the loan plus interest. The department shall deposit  
12 moneys received under this paragraph in the appropriation under s. 20.505 (1) (dm).

13 (c) The department may charge a loan recipient an origination fee of not more than 2%  
14 of the loan amount if the loan equals or exceeds \$10,000. The department shall deposit all  
15 origination fees collected under this paragraph in the appropriation account under s. 20.505  
16 (1) (d).

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

19 1. Content of applications for loans.

1           2. Procedures for submitting applications for loans, including a deadline for submitting  
2 applications.

3           3. Procedures for evaluating applications.

4           4. Conditions applicable to a loan made under sub. (2).

5           5. Procedures for monitoring the use of and auditing loans awarded under sub. (2).

6           6. Provisions for the development of a biennial plan for making loans under sub. (2),  
7 before the commencement of each odd-numbered fiscal year, and for the submission of the  
8 biennial plan to the governor and the chief clerk of each house of the legislature for distribution  
9 to the 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. An application for a loan may be submitted by either one local governmental unit or a combination of 2 or more local governmental units. This subsection also allows DOA to charge an origination fee to a loan recipient if the loan equals or exceeds \$10,000. 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 the use of and auditing loans; and provisions for the development of a biennial plan for making loans under the program.

10           **SECTION 5. Appropriation changes.**

11           (1) EXPENDITURE RESTRAINT PROGRAM PAYMENTS. In the schedule under section 20.005  
12 (3) of the statutes for the appropriation under section 20.835 (1) (c) of the statutes, as affected  
13 by the acts of 2011, the dollar amount is decreased by \$??,???,??? for fiscal year 2011-12 and  
14 2012-13.

**NOTE:** This SECTION decreases the appropriation for the expenditure restraint program by ????

**COMMENT:** In order to implement this draft, the committee must consider the amount by which the appropriation for the expenditure restraint program should be decreased.

