

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

*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 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.** In this  
 7       section:

8       (a) “Eligible activities” means any of the following:

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

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

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

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

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

1           **(2) LOCAL GOVERNMENTAL UNIT CONSOLIDATION PROGRAM.** The department may make  
2 a loan to a local governmental unit, or a combination of 2 or more local governmental units,  
3 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.

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

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

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

11           3. The extent to which the proposed eligible activity will contribute to regional  
12 cooperation and minimize competition for economic development between local  
13 governmental units.

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

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

18           (c) If 2 or more local governmental units wish to engage in eligible activities together,  
19 all local governmental units involved in the eligible activities shall submit a joint application  
20 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.

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

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

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

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

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

- 17           1. Content of applications for loans.
- 18           2. Procedures for submitting applications for loans, including a deadline for submitting  
19 applications.

1           3. Procedures for evaluating applications, including types of eligible activity that will  
2 receive priority, except as provided in sub. (3) (b).

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

4           5. Procedures for monitoring and auditing the use of the proceeds of loans made under  
5 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. 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 and auditing loans; and provisions for the development of a biennial plan for making loans under the program.

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

	<b>2011-12</b>	<b>2012-13</b>
12		
13 <b>20.505</b>		
14   (1) <b>SUPERVISION AND MANAGEMENT.</b>		

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

**NOTE:** This SECTION creates 2 appropriation accounts for the local governmental unit consolidation program. One account will hold moneys for loans. The 2nd account will hold moneys from the repayment of loans. This SECTION contains no appropriation amount.

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

6 20.505 (1) (d) *Local governmental unit consolidation program, loans.* The amounts  
7 in the schedule for loans under s. 16.28.

8 (gz) *Local governmental unit consolidation program, repayments.* All moneys  
9 received in repayment of loans under s. 16.28.

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

10 **SECTION 4. Effective date.** This act takes effect on the day after publication of this act  
11 or the 2nd day after publication of the 2011-13 biennial budget act, whichever is later.

12 (END)