

HOUSE BILL NO. HB0052

Challenge loan program.

Sponsored by: Joint Minerals, Business and Economic
Development Interim Committee

A BILL

for

1 AN ACT relating to administration of government; providing
2 for guaranteed loan participation and loan guarantees under
3 the Wyoming partnership challenge loan program; providing
4 limitations; and providing for an effective date.

5

6 *Be It Enacted by the Legislature of the State of Wyoming:*

7

8 **Section 1.** W.S. 9-12-301(a) by creating a new
9 paragraph (vii), 9-12-302(a), 9-12-304(a)(intro), (b)(i),
10 (ii) and by creating new subsections (e) and (f) are
11 amended to read:

12

13 **9-12-301. Definitions.**

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15 (a) As used in this article:

16

1 (vii) "Guarantee loan participation" means a
2 provision of financing by the council in which the council
3 participates with a bank that has secured a federal
4 guaranteed loan to guarantee repayment of a loan made to a
5 business. The maximum participation by the council shall
6 be fifty percent (50%) of the loan or five hundred thousand
7 dollars (\$500,000.00), whichever is less;

8
9 (viii) "Loan guarantee" means a provision of
10 financing by the council in which the council guarantees a
11 portion of a bank loan made to a business.

12
13 **9-12-302. Wyoming partnership challenge loan program;**
14 **creation; rulemaking; administration account.**

15
16 (a) The council shall establish and administer a
17 partnership challenge loan program under this article and
18 may contract for necessary professional services. Loans
19 authorized under the program shall be limited, except as
20 otherwise provided under W.S. 9-12-304(c) ~~and (d)~~ through
21 (f), to community development organizations and state
22 development organizations and made in accordance with the
23 provisions of W.S. 9-12-304. Any community development
24 organization or state development organization may submit

1 an application to the council to participate in the program
2 on forms prescribed by and subject to rules promulgated by
3 the council.

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5 **9-12-304. Criteria for loans.**

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7 (a) Except as otherwise provided under W.S.
8 9-12-304(c) and (d) subsections (c) through (f) of this
9 section, loans under this article may only be made by the
10 council to community development organizations and state
11 development organizations which meet the following
12 eligibility criteria:

13

14 (b) Loans, ~~or~~ loan commitments or loan guarantees or
15 any combination thereof shall be made under this article
16 only:

17

18 (i) If the total amount to a single community
19 development organization, or to a business for an economic
20 disaster loan as provided under subsection (c) of this
21 section or to a business for bridge financing as provided
22 under subsection (d) of this section, does not exceed two
23 hundred fifty thousand dollars (\$250,000.00), ~~or~~ if the
24 total amount to state development organizations does not

1 exceed three million five hundred thousand dollars
2 (\$3,500,000.00), if the amount to a business for a
3 federally guaranteed loan as provided under subsection (e)
4 of this section does not exceed five hundred thousand
5 dollars (\$500,000.00) or if the amount to a business for a
6 loan guarantee does not exceed one hundred thousand dollars
7 (\$100,000.00) per loan guaranteed or eighty percent (80%)
8 of any net loan loss by the bank, whichever is less;

9
10 (ii) If there are sufficient funds in the
11 economic development enterprise account to fully fund it
12 and all other outstanding commitments, ~~and~~ loans, loan
13 guarantees and guarantee loan participations;

14
15 (e) Any business may apply to the council for a
16 guarantee loan participation as defined in W.S.
17 9-12-301(a)(vii). The council shall prescribe the form and
18 contents of the application. The council shall review each
19 application and make a determination as soon as
20 practicable. The council shall structure any guarantee loan
21 participation so that in the event of default of any loan
22 which is participated in under this subsection:

23

1 (i) Liability shall be shared proportionally
2 between the state and the lending institution in the same
3 percentage as the source of the funding for the loan; and

4
5 (ii) The interest of the state and the lending
6 institution shall have priority over any claim of the
7 business receiving the financing or any other third party.

8
9 (f) Any business may apply to the council for a loan
10 guarantee as defined in the W.S. 9-12-301(a)(viii). The
11 council shall prescribe the form and contents of the
12 application. The council shall review each application and
13 make a determination as soon as practicable. The council
14 shall structure any loan guarantee so that in the event of
15 default of any loan that is guaranteed under this
16 subsection:

17
18 (i) Liability to the state under the guarantee
19 shall not exceed one hundred thousand dollars (\$100,000.00)
20 per loan guaranteed or eighty percent (80%) of any net loan
21 loss by the bank, whichever is less; and

22

1 (ii) The interest of the state and the lending
2 institution shall have priority over any claim of the
3 business receiving the financing or other third party.

4

5 **Section 2.** This act is effective July 1, 2005.

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7

(END)