

WORKING DRAFT

HOUSE BILL NO. _____

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 under the Wyoming
3 partnership challenge loan program; providing limitations;
4 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) and (b)(i)
10 and by creating a new subsection (e) are amended to read:

11

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

13

14 (a) As used in this article:

15

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 guaranteed
4 loan to guarantee repayment of a loan made to a business. The
5 maximum participation by the council shall be fifty percent
6 (50%) of the loan or five hundred thousand dollars
7 (\$500,000.00), whichever is less.

8
9 **9-12-302. Wyoming partnership challenge loan program;**
10 **creation; rulemaking; administration account.**

11
12 (a) The council shall establish and administer a
13 partnership challenge loan program under this article and
14 may contract for necessary professional services. Loans
15 authorized under the program shall be limited, except as
16 otherwise provided under W.S. 9-12-304(c), ~~and~~ (d) and (e),
17 to community development organizations and state
18 development organizations and made in accordance with the
19 provisions of W.S. 9-12-304. Any community development
20 organization or state development organization may submit
21 an application to the council to participate in the program
22 on forms prescribed by and subject to rules promulgated by
23 the council.

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1 **9-12-304. Criteria for loans.**

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3 (a) Except as otherwise provided under W.S.
4 9-12-304(c) ~~, and~~ (d) and (e), loans under this article may
5 only be made by the council to community development
6 organizations and state development organizations which
7 meet the following eligibility criteria:

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9 (b) Loans or loan commitments or any combination
10 thereof shall be made under this article only:

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12 (i) If the total amount to a single community
13 development organization, or to a business for an economic
14 disaster loan as provided under subsection (c) of this
15 section or to a business for bridge financing as provided
16 under subsection (d) of this section, does not exceed two
17 hundred fifty thousand dollars (\$250,000.00), ~~or~~ if the
18 total amount to state development organizations does not
19 exceed three million five hundred thousand dollars
20 (\$3,500,000.00) or if the amount to a business for a
21 federally guaranteed loan as provided under subsection (e)
22 of this section does not exceed five hundred thousand
23 dollars (\$500,000.00);

24

1 (e) Any business may apply to the council for a
2 guarantee loan participation as defined in W.S.
3 9-12-301(a)(vii). The council shall prescribe the form and
4 contents of the application. The council shall review each
5 application and make a determination as soon as
6 practicable. The council shall structure any guarantee
7 loan participation so that in the event of default of any
8 loan which is guaranteed under this subsection:

9
10 (i) Liability shall be shared proportionally
11 between the state and the lending institution in the same
12 percentage as the source of the funding for the loan; and

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

17
18 **Section 2.** This act is effective July 1, 2005.

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(END)