

**DRAFT ONLY
NOT APPROVED FOR
INTRODUCTION**

HOUSE BILL NO.

Partnership challenge loan program-amendments.

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

A BILL

for

1 AN ACT relating to the Wyoming Economic Development Act;
2 amending the Wyoming partnership challenge loan program;
3 authorizing loans for business succession and succession
4 planning; amending limits for loan amounts under the
5 program; authorizing contract lending for businesses and
6 specifying loan requirements; amending and renaming bridge
7 financing provisions; consolidating the guarantee loan
8 participation into the bridge financing program;
9 prohibiting new guarantee loan participations as specified;
10 making conforming amendments; specifying applicability;
11 requiring rulemaking; requiring a report; and providing for
12 effective dates.

1

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

3

4 **Section 1.** W.S. 9-12-301(a)(vi), (vii) and by creating
5 new paragraphs (xi) and (xii), 9-12-302(a) and 9-12-
6 304(a)(intro), (b)(i), (d), (e)(intro) and by creating new
7 subsections (j) and (k) are amended to read:

8

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

10

11 (a) As used in this article:

12

13 (vi) "~~Bridge~~ Fifty-fifty (50-50) financing
14 program" means the provision of financing for that portion
15 of the total project cost ~~which~~ that is calculated by
16 subtracting from the total project cost the sum of
17 ownership ~~the business's~~ debt ~~and equity~~ for which the
18 business or the business's lender has secured through a
19 federal guaranteed loan to guarantee repayment. The council
20 shall not consider a proposal in which the ~~bridge~~ fifty-
21 fifty (50-50) financing component exceeds ~~thirty-five~~
22 ~~percent (35%)~~ fifty percent (50%) of the total project cost
23 or ~~one million dollars (\$1,000,000.00)~~ two million five

1 hundred thousand dollars (\$2,500,000.00), whichever is
2 less, and the business does not contribute ~~more than~~
3 ~~fifteen percent (15%)~~ at least fifty percent (50%) of the
4 total project cost;

5
6 (vii) "Guarantee loan participation" means a
7 provision of financing by the council in which the council
8 participates with a lender that has secured a federal
9 guaranteed loan to guarantee repayment of a loan made to a
10 business. The maximum participation by the council shall
11 be fifty percent (50%) of the loan or two million dollars
12 (\$2,000,000.00), whichever is less. The council shall not
13 participate in a new guarantee loan participation under
14 this article on or after July 1, 2022;

15
16 (xi) "Contract financing" means a provision of
17 financing for a business to gain liquidity and in which the
18 business assigns the proceeds of a valid contract as
19 collateral for the financing;

20
21 (xii) "Succession financing" means a provision of
22 financing to be used to assist in the transition or
23 succession of a business that has been in existence for not

1 less than seven (7) years immediately before the transfer
2 or succession to a new owner of the business.

3

4 **9-12-302. Wyoming partnership challenge loan program;**
5 **creation; rulemaking; administration account.**

6

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

19

20 **9-12-304. Criteria for loans.**

21

22 (a) Except as otherwise provided under subsections
23 (c) through ~~(h)~~~~(k)~~ of this section, loans under this

1 article may only be made by the council to community
2 development organizations and state development
3 organizations which meet the following eligibility
4 criteria:

5

6 (b) Loans, loan commitments or loan guarantees or any
7 combination thereof shall be made under this article only:

8

9 (i) If the total amount to a single community
10 development organization, or to a business for an economic
11 disaster loan as provided under subsection (c) of this
12 section, does not exceed ~~five hundred thousand dollars~~
13 ~~(\$500,000.00)~~ one million dollars (\$1,000,000.00), if the
14 total amount to a business for ~~bridge~~ fifty-fifty (50-50)
15 financing as provided under subsection (d) of this section
16 does not exceed ~~one million dollars (\$1,000,000.00)~~ two
17 million five hundred thousand dollars (\$2,500,000.00) or
18 fifty percent (50%) of the total project cost, whichever is
19 less, if the total amount to state development
20 organizations does not exceed three million five hundred
21 thousand dollars (\$3,500,000.00), ~~if the amount to a~~
22 ~~business for a federally guaranteed loan as provided under~~
23 ~~subsection (e) of this section does not exceed two million~~

1 ~~dollars (\$2,000,000.00),~~ if the amount to a business for a
2 loan guarantee does not exceed one hundred thousand dollars
3 (\$100,000.00) per loan guaranteed or eighty percent (80%)
4 of any net loan loss by the bank, whichever is less, if the
5 amount to a business for a Wyoming main street loan
6 participation as provided under subsection (g) of this
7 section does not exceed one hundred thousand dollars
8 (\$100,000.00), ~~or~~ if the amount to a business for a natural
9 gas fueling infrastructure loan as provided under
10 subsection (h) of this section does not exceed seventy-five
11 percent (75%) of the total project cost or one million
12 dollars (\$1,000,000.00), whichever is less, if the amount
13 to a business for a contract financing loan as provided
14 under subsection (j) of this section does not exceed one
15 hundred thousand dollars (\$100,000.00) or if the amount to
16 a business for a succession financing loan as provided
17 under subsection (k) of this section does not exceed five
18 hundred thousand dollars (\$500,000.00);

19

20 (d) Any business may apply to the council for ~~bridge~~
21 fifty-fifty (50-50) financing as defined in W.S. 9-12-
22 301(a)(vi). The council shall prescribe the form and
23 contents of ~~such~~the application. The council shall review

1 each application and make a determination as soon as
2 practicable. In the event of a default for any loan made
3 under this subsection, liability shall be shared
4 proportionately between the state and the lending
5 institution in the same percentage as the source of the
6 loan. The interest of the state and the lending institution
7 shall have priority over any claim of the business
8 receiving the bridge financing or any other third party.

9

10 (e) Before July 1, 2022, any business may apply to
11 the council for a guarantee loan participation as defined
12 in W.S. 9-12-301(a)(vii). The council shall prescribe the
13 form and contents of the application. The council shall
14 review each application and make a determination as soon as
15 practicable. No guarantee loan participations shall be
16 issued on or after July 1, 2022. The council shall
17 structure any guarantee loan participation so that in the
18 event of default of any loan which is participated in under
19 this subsection:

20

21 (j) Any business may apply to the council for a
22 contract financing loan as defined in W.S. 9-12-301(a)(xi).
23 The council shall prescribe the form and contents of the

1 application. The council shall review each application and
2 make a determination as soon as practicable. In the event
3 of a default, the state shall have priority over any claim
4 of the business receiving the contract financing loan. The
5 council shall not issue a loan under this subsection unless
6 the business agrees to assign the proceeds of a contract to
7 the council as collateral for the loan. The council shall
8 not issue a loan under this subsection unless the business
9 provides not less than two (2) letters from financial
10 institutions denying an application or request for
11 financing. Upon completion of the contract, the council
12 shall retain sufficient proceeds of the contract used as
13 collateral to retire the loan and any outstanding interest
14 and shall remit any remaining proceeds to the business. All
15 loans issued under this subsection shall not exceed one
16 million dollars (\$1,000,000.00) in the aggregate at any one
17 (1) time. In evaluating applications for a contract
18 financing loan under this subsection, the council shall
19 consider whether the contract to be used as collateral will
20 have sufficient proceeds to pay off the loan balance and
21 the likelihood of the successful completion of the
22 contract.

23

1 (k) Any business or person seeking to purchase a
2 business may apply to the council for a succession
3 financing loan as defined in W.S. 9-12-301(a)(xii). The
4 council shall prescribe the form and contents of the
5 application. The council shall review each application and
6 make a determination as soon as practicable. In the event
7 of a default, the state shall have priority over any claim
8 of the business or the person receiving the succession
9 financing loan. The council shall not issue a loan under
10 this subsection unless the business to be purchased and for
11 which the loan is issued has been in operation for not less
12 than seven (7) years directly preceding the application
13 for a loan. The council shall not issue a loan under this
14 subsection unless the business or person provides not less
15 than two (2) letters from financial institutions denying an
16 application or request for financing. The council may
17 require the person or business seeking the loan to pledge
18 revenues from the business as collateral for the loan or
19 for the repayment of the loan. All loans issued under this
20 subsection shall not exceed five million dollars
21 (\$5,000,000.00) in the aggregate at any one (1) time. In
22 evaluating applications for a succession financing loan
23 under this subsection, the council shall consider the

1 financial health of the business and the person seeking to
2 purchase the business, including whether the business will
3 generate sufficient revenues to repay the loan.

4

5 **Section 2.**

6

7 (a) This act shall:

8

9 (i) Apply to any loan issued under the
10 partnership challenge loan program on or after the
11 effective date of this section;

12

13 (ii) Not affect any guarantee loan participation
14 structured or financed before July 1, 2022. W.S. 9-12-
15 301(a)(vii) and 9-12-304(e) shall apply to any guarantee
16 loan participation structured or financed before July 1,
17 2022.

18

19 (b) The Wyoming business council shall not authorize,
20 approve, structure or finance a guarantee loan
21 participation defined under W.S. 9-12-301(a)(vii) and
22 authorized under W.S. 9-12-304(e).

23

1 **Section 3.** The Wyoming business council shall report
2 to the joint minerals, business and economic development
3 interim committee not later than fifteen (15) days after
4 all guarantee loan participations defined by W.S. 9-12-
5 301(a)(vii) and authorized by W.S. 9-12-304(e), are
6 completed and retired. The committee may consider any
7 legislation necessary after receiving the report, including
8 the repeal of W.S. 9-12-301(a)(vii) and 9-12-304(e).

9

10 **Section 4.** The Wyoming business council shall
11 promulgate any rules necessary to implement this act.

12

13 **Section 5.**

14

15 (a) Except as provided in subsection (b) of this
16 section, this act is effective July 1, 2022.

17

18 (b) Sections 4 and 5 are effective immediately upon
19 completion of all acts necessary for a bill to become law
20 as provided by Article 4, Section 8 of the Wyoming
21 Constitution.

22

23

(END)