

## HOUSE BILL NO. HB0046

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 and new loan  
10 guarantees as specified; making conforming amendments;  
11 specifying applicability; requiring rulemaking; requiring a  
12 report; and providing for effective dates.

13

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

15

1           **Section 1.** W.S. 9-12-301(a)(vi) through (viii) and by  
2 creating new paragraphs (xi) and (xii), 9-12-302(a) and  
3 9-12-304(a)(intro), (i), (b)(i), (d), (e)(intro),  
4 (f)(intro) and by creating new subsections (j) and (k) are  
5 amended to read:

6  
7           **9-12-301. Definitions.**

8  
9           (a) As used in this article:

10  
11           (vi) "~~Bridge~~Fifty-fifty (50-50) financing  
12 program" means the provision of financing for that portion  
13 of the total project cost ~~which~~that is calculated by  
14 subtracting from the total project cost the sum of  
15 ~~ownership~~the business's debt. ~~and equity.~~ The council  
16 shall not consider a proposal in which the bridge  
17 fifty-fifty (50-50) financing component exceeds ~~thirty-five~~  
18 ~~percent (35%)~~fifty percent (50%) of the total project cost  
19 or ~~one million dollars (\$1,000,000.00)~~two million five  
20 hundred thousand dollars (\$2,500,000.00), whichever is  
21 less, and the business does not contribute more than  
22 fifteen percent (15%) of the total project cost;

23

1           (vii) "Guarantee loan participation" means a  
2 provision of financing by the council in which the council  
3 participates with a lender 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 two million dollars  
7 (\$2,000,000.00), whichever is less. The council shall not  
8 participate in a new guarantee loan participation under  
9 this article on and after July 1, 2022 as provided in W.S.  
10 9-12-304(e);

11

12           (viii) "Loan guarantee" means a provision of  
13 financing by the council in which the council guarantees a  
14 portion of a bank loan made to a business. The council  
15 shall not issue a loan guarantee under this article on and  
16 after July 1, 2022 as provided in W.S. 9-12-304(f);

17

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

22

1           (xii) "Succession financing" means a provision  
2 of financing to be used to assist in the transition or  
3 succession of a business that has been in existence for not  
4 less than seven (7) years immediately before the transfer  
5 or succession to a new owner of the business.

6  
7           **9-12-302. Wyoming partnership challenge loan program;**  
8 **creation; rulemaking; administration account.**

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

22  
23           **9-12-304. Criteria for loans.**

1

2 (a) Except as otherwise provided under subsections  
3 (c) through ~~(h)~~(k) of this section, loans under this  
4 article may only be made by the council to community  
5 development organizations and state development  
6 organizations which meet the following eligibility  
7 criteria:

8

9 (i) The community development organization or  
10 state development organization will contribute an amount of  
11 cash or cash equivalent ~~at least equal to~~not less than  
12 twenty percent (20%) of the loan it receives under this  
13 article to a program of investment in its area of local  
14 economic development;

15

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

18

19 (i) If the total amount to:

20

21 (A) A single community development  
22 organization, or to a business for an economic disaster  
23 loan as provided under subsection (c) of this section, does

1 not exceed ~~five hundred thousand dollars (\$500,000.00),~~ one  
2 million dollars (\$1,000,000.00);

3

4 (B) if the total amount to A business for  
5 bridge-fifty-fifty (50-50) financing as provided under  
6 subsection (d) of this section does not exceed ~~one million~~  
7 dollars (\$1,000,000.00), two million five hundred thousand  
8 dollars (\$2,500,000.00) or fifty percent (50%) of the total  
9 project cost, whichever is less;

10

11 (C) if the total amount to State  
12 development organizations does not exceed three million  
13 five hundred thousand dollars (\$3,500,000.00); ~~if the~~  
14 ~~amount to a business for a federally guaranteed loan as~~  
15 ~~provided under subsection (e) of this section does not~~  
16 ~~exceed two million dollars (\$2,000,000.00), if the amount~~  
17 ~~to a business for a loan guarantee does not exceed one~~  
18 ~~hundred thousand dollars (\$100,000.00) per loan guaranteed~~  
19 ~~or eighty percent (80%) of any net loan loss by the bank,~~  
20 ~~whichever is less,~~

21

22 (D) if the amount to A business for a  
23 Wyoming main street loan participation as provided under

1 subsection (g) of this section does not exceed one hundred  
2 thousand dollars (\$100,000.00);

3

4 ~~(E) or if the amount to~~ A business for a  
5 natural gas fueling infrastructure loan as provided under  
6 subsection (h) of this section does not exceed seventy-five  
7 percent (75%) of the total project cost or one million  
8 dollars (\$1,000,000.00), whichever is less;

9

10 (F) A business for a contract financing  
11 loan as provided under subsection (j) of this section does  
12 not exceed two hundred thousand dollars (\$200,000.00); or

13

14 (G) A business for a succession financing  
15 loan as provided under subsection (k) of this section does  
16 not exceed five hundred thousand dollars (\$500,000.00).

17

18 (d) Any business may apply to the council for ~~bridge~~  
19 fifty-fifty (50-50) financing as defined in W.S.  
20 9-12-301(a)(vi). The council shall prescribe the form and  
21 contents of ~~such~~the application. The council shall review  
22 each application and make a determination as soon as  
23 practicable. In the event of a default for any loan made

1 under this subsection, liability shall be shared  
2 proportionately between the state and the lending  
3 institution in the same percentage as the source of the  
4 loan. The interest of the state and the lending institution  
5 shall have priority over any claim of the business  
6 receiving the bridge financing or any other third party.

7  
8 (e) Before July 1, 2022, any business may apply to  
9 the council for a guarantee loan participation as defined  
10 in W.S. 9-12-301(a)(vii). The council shall prescribe the  
11 form and contents of the application. The council shall  
12 review each application and make a determination as soon as  
13 practicable. No guarantee loan participations shall be  
14 issued on and after July 1, 2022. The council shall  
15 structure any guarantee loan participation so that in the  
16 event of default of any loan which is participated in under  
17 this subsection:

18  
19 (f) Before July 1, 2022, any business may apply to  
20 the council for a loan guarantee as defined in W.S.  
21 9-12-301(a)(viii). The council shall prescribe the form  
22 and contents of the application. The council shall review  
23 each application and make a determination as soon as



1 practicable. No loan guarantees shall be issued on and  
2 after July 1, 2022. The council shall structure any loan  
3 guarantee so that in the event of default of any loan that  
4 is guaranteed under this subsection:

5  
6 (j) Any business may apply to the council for a  
7 contract financing loan as defined in W.S. 9-12-301(a)(xi).  
8 The council shall prescribe the form and contents of the  
9 application. The council shall review each application and  
10 make a determination as soon as practicable. In the event  
11 of a default, the state shall have priority over any claim  
12 of the business receiving the contract financing loan. The  
13 council shall not issue a loan under this subsection unless  
14 the business agrees to assign the proceeds of a contract to  
15 the council as collateral for the loan. The council shall  
16 not issue a loan under this subsection unless the business  
17 provides not less than two (2) letters from financial  
18 institutions denying an application or request for  
19 financing. Upon completion of the contract, the council  
20 shall retain sufficient proceeds of the contract used as  
21 collateral to retire the loan and any outstanding interest  
22 and shall remit any remaining proceeds to the business. All  
23 loans issued under this subsection shall not exceed one

1 million dollars (\$1,000,000.00) in the aggregate at any one  
2 (1) time. In evaluating applications for a contract  
3 financing loan under this subsection, the council shall  
4 consider whether the contract to be used as collateral will  
5 have sufficient proceeds to pay off the loan balance and  
6 the likelihood of the successful completion of the  
7 contract.

8  
9 (k) Any business or person seeking to purchase a  
10 business may apply to the council for a succession  
11 financing loan as defined in W.S. 9-12-301(a)(xii). The  
12 council shall prescribe the form and contents of the  
13 application. The council shall review each application and  
14 make a determination as soon as practicable. The council  
15 shall participate with a lending institution to make a  
16 succession financing loan to a business under this  
17 subsection, provided that the participation rate of the  
18 council shall not exceed fifty percent (50%) of the total  
19 loan amount. The interest of the state and the lending  
20 institution shall have priority over any claim of the  
21 business receiving the succession financing loan or any  
22 other third party. The council shall not issue a loan under  
23 this subsection unless the business to be purchased and for

1 which the loan is issued has been in operation for not less  
2 than seven (7) years directly proceeding the application  
3 for a loan. The council may require the person or business  
4 seeking the loan to pledge revenues from the business as  
5 collateral for the loan or for the repayment of the loan.  
6 In evaluating applications for a succession financing loan  
7 under this subsection, the council shall consider the  
8 financial health of the business and the person seeking to  
9 purchase the business, including whether the business will  
10 generate sufficient revenues to repay the loan.

11

12 **Section 2.**

13

14 (a) This act shall:

15

16 (i) Apply to any loan issued under the  
17 partnership challenge loan program on and after the  
18 effective date of this section;

19

20 (ii) Not affect any guarantee loan participation  
21 structured or financed before July 1, 2022;

22

1           (iii) Not affect any loan guarantee made or  
2 guaranteed before July 1, 2022.

3

4           (b) On and after July 1, 2022, the Wyoming business  
5 council shall not authorize, approve, structure, guarantee  
6 or finance:

7

8           (i) A guarantee loan participation defined under  
9 W.S. 9-12-301(a)(vii) and authorized under W.S.  
10 9-12-304(e);

11

12           (ii) A loan guarantee defined under W.S.  
13 9-12-301(a)(viii) and authorized under W.S. 9-12-304(f).

14

15           **Section 3.** The Wyoming business council shall report  
16 to the joint minerals, business and economic development  
17 interim committee not later than fifteen (15) days after  
18 all guarantee loan participations defined by W.S.  
19 9-12-301(a)(vii) and authorized by W.S. 9-12-304(e) and all  
20 loan guarantees defined by W.S. 9-12-301(a)(viii) and  
21 authorized by W.S. 9-12-304(f) are completed and retired.  
22 The committee may consider any legislation necessary after

1 receiving the report, including the repeal of W.S.  
2 9-12-301(a)(vii) and (viii) and 9-12-304(e) and (f).

3

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

6

7 **Section 5.**

8

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

11

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

16

17 (END)