

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

1. DIVIDENDS FOR WISCONSIN TRANSFER [LFB Paper 825]

Governor: Require WHEDA to pay \$2,500,000 in each year of the 2005-07 biennium from its unencumbered general reserves to the state for deposit in the general fund. This is equivalent to an annual transfer of approximately 25% of the revenues expected to be available for the "Dividends for Wisconsin" plan in each year of the biennium.

The statutes require that WHEDA's unencumbered general reserves be set aside for programs outlined in a "Dividends for Wisconsin" plan. This plan fulfills the Authority's statutory requirement to maintain an unencumbered general reserve fund within its general fund into which any Authority assets in excess of operating costs and required reserves are to be deposited. As a part of this plan, WHEDA is required to allocate a portion of its unencumbered general reserve funds to: (1) match federal funds available under the McKinney Homeless Assistance Act; (2) match federal funds available under the home investment partnership program; and (3) fund the property tax deferral loan program. Unencumbered general reserves are typically used to supplement bond proceeds to achieve more favorable interest rates or other lending terms and to fund other single-family, multi-family and special housing programs and small business assistance.

Joint Finance/Legislature: Modify the Governor's recommendation by requiring WHEDA to transfer \$3,000,000 from its unencumbered reserves in 2005-06 and \$2,000,000 in 2006-07 to the Department of Commerce. Further, deposit these revenues to a new, biennial PR housing grants and loans appropriation. Repeal this appropriation on June 30, 2007. In addition, delete an equal amount of GPR from Commerce's existing GPR housing grants and loans appropriation for the biennium. However, require Commerce to submit a request to the Governor for the 2007-09 biennium as though \$3,300,300 GPR for housing grants was provided in 2006-07 (\$1,300,300 GPR is provided in 2006-07 under the bill).

While the administration expected annual revenues of approximately \$10 million to be available for WHEDA's "Dividends" plan, WHEDA subsequently estimated available revenues for its "Dividends" plan to be approximately \$7.5 million in 2005-06 and \$4.2 million in 2006-07.

[Act 25 Sections: 156n, 156p, 2118k thru 2118n, 9108(3r), 9408(1q), and 9424(1q)]