

ADMINISTRATIVE RULES Fiscal Estimate & Economic Impact Analysis

<p>1. Type of Estimate and Analysis <input checked="" type="checkbox"/> Original <input type="checkbox"/> Updated <input type="checkbox"/> Corrected</p>	<p>2. Date July 27, 2022</p>
<p>3. Administrative Rule Chapter, Title and Number (and Clearinghouse Number if applicable) Adm 35</p>	
<p>4. Subject Clean Water Fund / Environmental Improvement Fund</p>	
<p>5. Fund Sources Affected <input type="checkbox"/> GPR <input checked="" type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input checked="" type="checkbox"/> SEG-S</p>	<p>6. Chapter 20, Stats. Appropriations Affected 20.320</p>
<p>7. Fiscal Effect of Implementing the Rule <input checked="" type="checkbox"/> No Fiscal Effect <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Increase Costs <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Indeterminate <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Could Absorb Within Agency's Budget</p>	
<p>8. The Rule Will Impact the Following (Check All That Apply) <input type="checkbox"/> State's Economy <input type="checkbox"/> Specific Businesses/Sectors <input checked="" type="checkbox"/> Local Government Units <input checked="" type="checkbox"/> Public Utility Rate Payers <input type="checkbox"/> Small Businesses (if checked, complete Attachment A)</p>	
<p>9. Estimate of Implementation and Compliance to Businesses, Local Governmental Units and Individuals, per s. 227.137(3)(b)(1). \$0</p>	
<p>10. Would Implementation and Compliance Costs Businesses, Local Governmental Units and Individuals Be \$10 Million or more Over Any 2-year Period, per s. 227.137(3)(b)(2)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	
<p>11. Policy Problem Addressed by the Rule The EIF has changed significantly since the last revision of Adm 35 in 2002. Due to its growth and financial maturity, as well as structural changes to the fund, there are different administrative and policy needs compared to 2002. Updating Adm 35 will help DOA better manage EIF processes.</p>	
<p>12. Summary of the Businesses, Business Sectors, Associations Representing Business, Local Governmental Units, and Individuals that may be Affected by the Proposed Rule that were Contacted for Comments. On May 9, 2022, DOA posted a draft rulemaking order and redline of proposed revisions to https://doa.wi.gov/Pages/StateFinances/CapitalFinanceLaunch.aspx. DOA distributed the draft order and redline on an email distribution list maintained by DNR. DNR estimates that the email distribution list contains 2,000 active email addresses. The distribution list includes all local governments who have applied for loans (unless they requested to be removed from the list), and engineers, consultants, and attorneys associated with loan applications. DOA also shared the documents with associations representing local governments and businesses, including the Wisconsin American Water Works Association, League of Wisconsin Municipalities, Wisconsin Government Finance Officers Association, and Wisconsin Rural Water Association.</p>	
<p>13. Identify the Local Governmental Units that Participated in the Development of this EIA. DOA shared a draft of this EIA with the DNR distribution list and the associations identified in section 12 above. As of July 27, 2022, DOA received a comment from the Village of Bristol. The comment addressed the economic impacts of water and sewer infrastructure projects but did not note any economic impacts from proposed revisions to Adm 35.</p>	
<p>14. Summary of Rule's Economic and Fiscal Impact on Specific Businesses, Business Sectors, Public Utility Rate Payers, Local Governmental Units and the State's Economy as a Whole (Include Implementation and Compliance Costs Expected to be Incurred) DOA estimates that proposed revisions will have no economic or fiscal impact. Rule sections that have benefits or costs for local governmental units or public utility rate payers are not changing significantly enough to alter those benefits or costs.</p>	
<p>15. Benefits of Implementing the Rule and Alternative(s) to Implementing the Rule</p>	

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Proposed revisions would remove obsolete, unnecessary, or duplicative provisions of Adm 35, and meet DOA's changing administrative and policy needs. Proposed revisions would also reduce duplication with the Department of Natural Resources' EIF rules in NR 162 and 166 and Wis. Stats. ss. 281.58, 281.59, and 281.61.

As an alternative to implementing the rule, DOA could continue operating under the current rule. Obsolete and duplicative parts of Adm 35 would occasion some inconvenience. The inconvenience would likely be manageable.

16. Long Range Implications of Implementing the Rule

The federal 2021 Bipartisan Infrastructure Law temporarily significantly increased federal grants to state revolving funds. DOA anticipates that the federal government will continue to provide water and sewer infrastructure funding through state revolving funds.

Proposed revisions to Adm 35 to incorporate changes since 2002 will help the EIF efficiently use federal funding and provide sustainable infrastructure funding without additional state support.

17. Compare With Approaches Being Used by Federal Government

Not applicable. The federal government gives states annual grants to operate revolving loan funds for water, wastewater, and storm water infrastructure. The federal government does not itself administer a revolving loan fund.

18. Compare With Approaches Being Used by Neighboring States (Illinois, Iowa, Michigan and Minnesota)

Wisconsin's EIF is broadly similar to state revolving funds in neighboring states. Neighboring states' programs receive annual federal grants. They fund municipal water, wastewater, and storm water projects by purchasing bonds issued by borrowers at below-market interest rates. Neighboring states periodically update the below-market interest rates for loans. Neighboring states attach various requirements to funding, such as restricting prepayments, requiring borrowers to pass a credit review, and requiring borrowers to obtain a bond counsel opinion for the bonds issued.

<h3>19. Contact Name</h3>	<h3>20. Contact Phone Number</h3>
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ATTACHMENT A

1. Summary of Rule's Economic and Fiscal Impact on Small Businesses (Separately for each Small Business Sector, Include Implementation and Compliance Costs Expected to be Incurred)

To be eligible, applicants must be municipalities as defined in Wis Stats 281.59(1)(c). Since small businesses are not eligible to apply, the proposed rule has no economic or fiscal impact on small businesses.

2. Summary of the data sources used to measure the Rule's impact on Small Businesses
None

3. Did the agency consider the following methods to reduce the impact of the Rule on Small Businesses?

- Less Stringent Compliance or Reporting Requirements
- Less Stringent Schedules or Deadlines for Compliance or Reporting
- Consolidation or Simplification of Reporting Requirements
- Establishment of performance standards in lieu of Design or Operational Standards
- Exemption of Small Businesses from some or all requirements
- Other, describe:

4. Describe the methods incorporated into the Rule that will reduce its impact on Small Businesses

Not applicable

5. Describe the Rule's Enforcement Provisions

Not applicable

6. Did the Agency prepare a Cost Benefit Analysis (if Yes, attach to form)

- Yes No
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