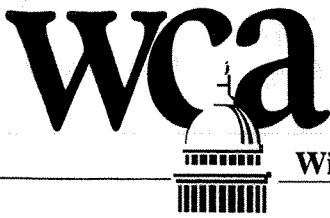


WCA Board of Directors' Actions on the 1999-2001 State Budget



by Wisconsin Counties Association



INTRODUCTION

On February 16, 1999 Governor Thompson proposed his 1999-2001 state biennial budget. Included in the 1,479 page document were 105 items directly affecting or of interest to county government.

On Friday, March 12, 1999 the Wisconsin Counties Association Board of Directors (listed below) acted on the items affecting counties. The Board took positions of *support, seek to amend..., monitor, or oppose*. In those cases where the Board took action seeking to amend, the Board further identified the desired amendment.

WCA BOARD OF DIRECTORS AND OFFICERS

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The budget as proposed was driven by three primary factors; the statutory requirement that the state fund two thirds of the cost of K-12 education, the increased costs to house Wisconsin's increasing prison population, and the desire to provide an income tax reduction. These three very large spending priorities left very little revenue for other programs including those operated by counties. It is in this context that many modifications are needed in the budget to address the needs of counties as we deliver to our citizenry the state's programs.

In particular, additional resources are needed to carry out the state's youth aids program, to carry out the state's community aids program, and to operate the state's court system. The state's lack of funding for these three state programs alone account for \$400 million in property taxes annually.

This budget will require county officials across the state to contact their state elected officials and express their needs and problems. If counties are to continue to serve the state's citizens and deliver state created programs, we will need sufficient state resources.

This document was prepared using documents prepared by the very competent Legislative Reference Bureau. Sarah Diedrick-Kasdorf, Allison Kujawa, and Jennifer Sunstrom spent countless hours analyzing and deciphering the intricacies of the budget in an effort to produce this document. In addition, Ms. Brenda Brown of the WCA staff provided the administrative and organizational support which makes this document readable and useful. Finally, WCA Chief of Staff Mark O'Connell and I reviewed every page of the budget with an eye toward the impact each provision has on county government.

If you should have any questions regarding any of the provisions included in this document or any other aspect of the budget, please do not hesitate to contact the WCA office at 1-800-922-1993.

Sincerely,

A handwritten signature in black ink, appearing to read 'Craig Thompson', with a long horizontal flourish extending to the right.

Craig Thompson
Legislative Director

CT/blb

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**COUNTY ORGANIZATION
AND ADMINISTRATION**

Scheduling of School District Referenda

Item #1

Under current law, referenda are required or authorized to be held by school districts in order to incur debt or exceed state revenue limits, or to exceed the levy rate limit for a school construction fund that is applicable only to the Milwaukee Public Schools. Currently, these referenda are required or authorized to be held at special elections when no offices appear on the ballot.

The Governor's budget provides that such referenda must be held concurrently with the spring election (held in each year) or the general election (held in each even-numbered year), or on the Tuesday after the first Monday in November in an odd-numbered year.

BOARD ACTION: March 12, 1999
Board of Directors: Support.

Master Leases for Sales of Equipment to Local Governments

Item #2

Currently, the Department of Administration (DOA) may enter into a "master lease" for the lease of goods or the provision of services on behalf of one or more state agencies. This procedure may be used in lieu of direct procurement of goods or services and in some cases is used to finance the acquisition of goods by the state.

The Governor's budget permits DOA to use a master lease to obtain any property or services on behalf of a state agency,

except that DOA may not use a master lease to obtain facilities for use or occupancy by the state or to obtain internal improvements (public works).

The Governor's budget also permits DOA to use a master lease to obtain any property or services related to public safety functions on behalf of a local government.

BOARD ACTION: March 12, 1999
Board of Directors: Support.

Y2K Liability

Item #3

The Governor's budget provides that no person may bring a lawsuit against a state authority or local governmental unit, or an officer, employee or agent of a state or local governmental unit (including a state authority) acting within the scope of his or her employment or agency, for the alleged failure of the authority, unit, officer, employee or agent to plan for, test for, detect, disclose, prevent, report on, reprogram, remediate or otherwise deal with the effects of the failure of a computer system to handle correctly and consistently any date, or the inability of a computer system to correctly interpret, produce, calculate, generate, utilize, manipulate, represent or account for any date, or for any act or omission related to such an alleged failure for which there would otherwise be liability, if the authority, unit, officer, employee or agent made a good faith effort to address the alleged failure. The Governor's budget also provides that any contract entered into on or after the day on which this provision becomes law that contains a contrary provision is void. In addition, the Governor's budget provides that the

state and local governments are not required to pay interest to vendors on late payments arising from a computational date error failure described above.

BOARD ACTION: March 12, 1999
Board of Directors: Support.

Access to Public Records

Item #4

Under current law, any person may inspect, copy or receive a copy of a public record unless the record is specifically exempted from access under state or federal law or authorized to be withheld from access under state law, or unless the custodian of the record demonstrates that the harm done to the public interest by providing access to the record outweighs the strong public interest in providing access.

The Governor's budget specifically authorizes the custodian of any record of a state or local governmental unit to withhold from access information contained in a record of the governmental unit pertaining to the home address or home telephone number of any employee of that governmental unit.

BOARD ACTION: March 12, 1999
Board of Directors: Amend to limit liability to counties.

ENVIRONMENT AND LAND USE

Farmland Preservation

Item #5

The Governor's budget makes several significant changes to the statutes governing farmland preservation.

In 1977 the Farmland Preservation Program was created with the intention of achieving several goals: property tax relief for farmers, preservation of agricultural land, and improved soil and water conservation. Under the program, one of the eligibility requirements for the preservation credit is that the land which is to be claimed, must be subject either to a farmland preservation agreement or to an exclusive agricultural use zoning ordinance that is certified by the Land and Water Conservation Board (LWCB). The agreement commits the owner to keep the land in agricultural use for the duration of the agreement (25 years).

Under current law, a credit is provided to farmers within the program to either reduce income tax liability or as a cash refund if the credit exceeds income tax due. The credit formula is based on household income, the amount of property tax, and the type of land use revisions protecting the farmland (preservation agreement or exclusive agricultural zoning).

Claimants may receive a maximum credit of \$4,200, and a minimum credit of \$600 if they meet the following conditions:

- The land consists of at least 35 contiguous acres.
- Produce gross farm profits of at least \$6,000 in the preceding year or at least \$18,000 in the three preceding years.

- Is devoted to agricultural use for at least 12 consecutive months in the preceding 36-month period.
- Comply with several land use restrictions.
- The owner is a Wisconsin resident for the entire year for which the credit is claimed.
- The owner has not received a homestead tax credit in that same year.

Owners who choose to remove their farmland from the program and convert their land to nonagricultural use are generally subject to a rollback tax for credits received over the previous ten years.

The Governor's budget eliminates the requirement that land must be subject to farmland preservation agreement or exclusive agricultural zoning for the owner to qualify for the farmland preservation credit beginning after December 31, 2000.

The Governor's budget replaces the existing farmland preservation credit with a conservation tax credit based on compliance with soil and water conservation standards including soil erosion, Department of Agriculture, Trade and Consumer Protection (DATCP) nutrient management rules, water quality standards and manure storage prohibitions. Claimants must file a certificate of compliance issued and approved by the LWCB. The new conservation tax credit will continue to be calculated on the basis of income levels and a \$4,000 maximum property tax amount and a proration factor. The maximum credit available will be \$2,100, and the minimum will be 10% of up to \$4,000 of property taxes paid. The

credit will first be available for tax years beginning after December 31, 2000.

Under the Governor's budget, a refundable farmland preservation acreage credit will be available to farmers who sell, donate or otherwise transfer development rights to a unit of government or nonprofit organization which has signed an agreement with DATCP to restrict the organization's use or subsequent transfer of rights. Each claimant will receive \$.50 for each acre for which development rights are transferred but farming rights are retained and \$.30 for which development and farming rights are transferred.

The Governor's budget prohibits DATCP from entering into additional farmland preservation agreements after the bill takes effect. DATCP is required to release land from existing farmland preservation agreements at the request of the owner and file a lien against the land for the preceding ten years unless the land qualifies for release under one of the current circumstances under which a lien is not required.

Under the Governor's budget, land that is rezoned from exclusive agricultural zoning after December 31, 2000, is not subject to a lien. The Governor's budget also eliminates the statutory provisions concerning county agricultural preservation plans.

Exclusive agricultural zoning or farmland preservation agreements are not required to receive either of the new tax credits. Claimants may file for one or both credits which will sunset on December 31, 2002.

Local units of government adopting exclusive agricultural zoning ordinances will be required to specify a minimum lot size which may be larger or smaller than the current 35-acre minimum effective January 1, 2001.

Finally the Governor's budget would remove agricultural preservation planning requirements associated with the Farmland Preservation Program to recognize the comprehensive restructuring of local land use planning statutes.

BOARD ACTION: March 12, 1999
Board of Directors: Monitor.

Land Information System

Item #6

Under current law, the Department of Administration (DOA) is authorized to develop and maintain a geographic information system relating to land in this state for the use of governmental and nongovernmental units. The Land Information Board directs and supervises the Land Information Program. The Board is abolished effective September 1, 2003. Prior to September 1, 2003, counties must transfer to the Land Information Board a portion of the fees collected by registers of deeds for recording documents. Revenue from these fees supports the operation of the Board and the remainder is used to provide grants to counties for land records modernization projects.

The Governor's budget directs the Land Information Board to transfer a portion of this fee revenue, prior to September 1, 2003, to DOA for the purpose of developing and maintaining a computer-based Wisconsin Land Information

System. Under the Governor's budget, DOA continues to be responsible for the development and maintenance of the system on and after September 1, 2003.

The bill also authorizes DOA to conduct soil surveys and soil mapping activities. DOA may assess any state agency any amount that it determines to be required to conduct the surveys and mapping activities. In addition, the budget permits DOA to contract with the board of commissioners of public land to conduct soil surveys and soil mapping activities on land under the jurisdiction of that board. DOA is appropriated all revenue received from state agencies to be used for soil surveys and soil mapping activities. Any moneys not appropriated for the land information system will be issued for the purpose of providing aids to counties.

The Wisconsin Land Council will be increased by one public member.

BOARD ACTION: March 12, 1999
Board of Directors: Support to cap state funds for database at \$202,300 and \$410,300.

Planning Grants

Item #7

The Governor's budget permits the Department of Administration (DOA) to award grants to counties, cities, villages, towns or regional planning commissions to be used to finance the cost of planning activities, including contracting for planning consultant services, public planning sessions and other planning outreach and educational activities, or for the purchase of computerized planning data, planning software or the

hardware required to utilize that data or software.

Under the Governor's budget, the grants are funded by federal moneys provided to this state for transportation-related planning activities. DOA must require any local governmental unit that receives a grant under the bill to finance at least 20% of the cost of the product or service to be funded by that grant from its own resources. All proposed expenditures to be made under any grant are subject to the written approval of the Secretary of Transportation.

The Governor's budget transfers \$1 million segregated federal dollars in each year to DOA to support grants for local planning efforts. Allocation of these funds will require approval by the DOA.

The Governor's budget also creates a definition of a "comprehensive land use plan" which includes 9 elements.

BOARD ACTION: March 12, 1999
Board of Directors: Support.

Regional Planning Commissions

Item #8

Under current law, Regional Planning Commissions (RPCs) may be created by the Governor, or by a state agency or official that the Governor designates, upon the submission of a petition in the form of a resolution by the governing body of a city, village, town or county. A hearing on the petition is also required unless the governing bodies of all the local governmental units in the proposed region join in the petition. The Governor may also create a RPC if the governing bodies of local governmental

units that in combination include more than 50% of the region's population and equalized assessed valuation of property consent to such a creation. Currently, there are eight multi-county RPCs in the state which include Bay-Lake, East Central, Mississippi River, North Central, North West, South Eastern, South West, and West Central commissions, one RPC that consists only of Dane County and five counties that are adjacent to Dane County that are not in a RPC.

Under current law, the membership composition of RPCs is generally specified by statute. If a multi-county region does not contain a 1st class city (presently only Milwaukee), however, the local governmental units that constitute the RPC may determine the membership composition by resolutions passed by a majority of the local governmental units in the region that contain at least half of the population of the region. If such resolutions do not pass, the RPC's membership composition follows the statute that applies to an RPC that contains a 1st class city.

Also under current law, the Governor may dissolve a RPC upon receipt of resolutions recommending dissolution adopted by the governing bodies of a majority of the local governmental units in the region, including the county board of any county within the region, and upon a finding that all outstanding indebtedness of the RPC has been paid and all unexpended funds returned to the units that supplied them, or that other adequate measures have been taken regarding the RPC's finances.

The Governor's budget changes the membership composition of the Dane County RPC on the 31st day after the effective date of the bill, and dissolves the Commission on December 31, 2001. Under the Governor's budget, all the members of the Dane County RPC are appointed by the Governor from lists submitted by the Dane County Executive, the Mayor of the City of Madison and associations representing 3rd and 4th class cities, villages and towns. If the Dane County RPC has any outstanding debt on the date of its dissolution, that debt is assessed to Dane County. The bill also requires the five boards of the counties surrounding Dane County that are not in a RPC, and the Dane County board, to vote on whether they want to participate in a new multi-county RPC. If at least two-thirds of the voting counties approve, the new RPC becomes effective on January 1, 2002.

The Governor's budget also specifies that the membership composition of all RPCs that are created after December 31, 2001, that include a county that contains a 2nd class city shall follow the same statute that sets membership composition of all RPCs that contain a 1st class city.

Finally, the bill prohibits after December 21, 2001, the creation of a RPC that consists of only one county.

BOARD ACTION: March 12, 1999
Board of Directors: Monitor.

Stewardship Fund

Item #9

The stewardship program was created in 1989 for the purpose of acquiring land to expand recreational opportunities and

protect environmentally sensitive areas. Under current law, the Department of Natural Resources (DNR) administers the stewardship program which provides funding for various conservation purposes including acquiring land for developing DNR properties, awards grants to local governments for parks and urban green space and requires land for the Ice Age Trail and other trails.

Under current law, \$250 million of general obligation bonding is authorized over a ten-year period to end in FY1999-2000. Funding is allocated among twelve categories of land acquisition and development programs.

The Governor's budget reauthorizes the state Stewardship Fund for another ten years and sets the new funding level at \$345 million for the ten-year period.

In addition, this budget would leverages up to an additional \$200 million in federal funding through the Conservation Reserve Enhancement Program (CREP) which pays landowners for habitat and water quality protection efforts based on a plan approved by the Governor and the Department of Agriculture, Trade and Consumer Protection (DATCP). This totals over \$500 million for land preservation, habitat protection and water quality effort.

Finally, the budget reduces the number of categories that are eligible to focus on land acquisition, property development and local assistance.

BOARD ACTION: March 12, 1999
Board of Directors: Monitor.

Loan Program for Land Recycling

Item #10

Under the land recycling program, the state provides loans to cities, villages, towns and counties for projects to remedy environmental contamination at sites owned by political subdivisions where the environmental contamination has affected, or threatens to affect, groundwater or surface water. The loans are provided at subsidized interest rates. The budget for each fiscal biennium establishes the present value of the subsidies that may be provided under the land recycling loan program during that fiscal biennium.

The Governor's budget sets the present value of the land recycling loan program subsidies that may be provided during the 1999-2001 biennium at \$9,400,000.

The Governor's budget provides that recipients of loans under the program are not required to pay any interest. Redevelopment authorities and housing authorities are eligible for loans under the program. The Governor's budget also provides that a political subdivision may obtain a loan to remedy environmental contamination at a site owned by a redevelopment authority or a housing authority.

BOARD ACTION: March 12, 1999
Board of Directors: Support.

Special Use Zoning

Item #11

With exceptions, current law generally prohibits the erection of outdoor advertising signs that are visible from interstate or federal highways, in

conformity with the federal Highway Beautification Act. One exception allows for such signs to be erected "in business areas" (areas zoned for business, industrial or commercial use) and in certain unzoned areas in which commercial or industrial activity is conducted from devoted, permanent structures. The court of appeals has held that conditional uses may be considered in determining whether an area is in fact a business area in which highway-visible outdoor advertising signs may be erected, even though the area is zoned for uses other than business, industry or commerce.

The Governor's budget specifies that uses of property authorized by special zoning permission, including uses by conditional use, variance or special exception, will not be considered when determining whether the area is a business area.

BOARD ACTION: March 12, 1999
Board of Directors: Monitor.

Lakeshore Park and Walkway

Item #12

The Governor's budget uses \$2 million (transportation moneys) over the biennium from the \$241 million in federal Interstate Cost Estimate (ICE) moneys and \$500,000 annually from the Stewardship Program to support construction and development of a state park which will provide access to Lake Michigan from Milwaukee. Current law limits the use of some of the area to be included in the park to only navigable and fishery purposes.

The Governor's budget allows this area to also be used for public park purposes.

In addition, an appropriation is created to receive federal moneys allocated for construction of pedestrian and bicycle facilities along Lake Michigan in the City of Milwaukee. The Department of Transportation (DOT) is required to award grants to DNR to construct these facilities.

BOARD ACTION: March 12, 1999
Board of Directors: Monitor.

Nonmetallic Mining

Item #13

Under current law, the Department of Natural Resources (DNR) may permit towns, counties and state agencies to obtain gravel and other similar materials from gravel pits owned by DNR if the material is unavailable from private sources within a reasonable distance. The money that DNR is paid for these materials is deposited in the conservation fund.

The Governor's budget provides that the money that DNR is paid for gravel and similar materials is used to reclaim gravel pits on property under DNR's jurisdiction.

BOARD ACTION: March 12, 1999
Board of Directors: Oppose.

Environmental Remediation Tax Incremental Districts

Item #14

Under current law, a city, village, town or county may create an Environmental Remediation Tax Incremental District (ERTID) to defray the costs of remediating contaminated property that is owned by the political subdivision. The mechanism for financing costs that

are eligible for remediation is very similar to the mechanism for financing Tax Incremental Financing (TIF) programs. If the remediated property is transferred to another person and is then subject to property taxation, Environmental Remediation (ER) tax incremental financing may be used to allocate some of the property taxes that are levied on the property to the political subdivision to pay for the costs of remediation.

Under current law, a political subdivision that has incurred "eligible costs" to remediate environmental pollution on a parcel of property may apply to the Department of Revenue (DOR) to certify the ERTIB of the parcel. DOR is required to certify the ERTIB if the political subdivision submits to DOR all of the following: 1) a statement that the political subdivision has incurred eligible costs, detailing the purpose and amount of the expenditures, including certification of the Department of Natural Resources (DNR) that the ER has been completed; 2) a statement that all taxing jurisdictions with authority to levy general property taxes on the parcel of property have been notified that the political subdivision intends to recover its ER costs by using an ER tax increment; 3) a statement that the political subdivision has attempted to recover its ER costs from the responsible party.

Under current law, eligible costs are reduced by any amounts received from persons who are responsible for the discharge of a hazardous substance on the property who pay remediation costs and by the amount of net gain on the sale of the property by the political subdivision. The ERTIB of the property

is the property's equalized value as of the January 1 preceding the date on which DNR certifies that the property has been properly remediated.

Under the Governor's budget, the environmental remediation does not need to be completed before a political subdivision may ask DOR to certify the ERTIB. The political subdivision is required however, under the Governor's budget, to submit some eligible costs and includes with the statement a detailed proposed remedial action plan that contains cost estimates for anticipated eligible costs. The political subdivision is also required to include certification from DNR that the department has approved the site investigation report that relates to the parcel.

Under current law, "eligible costs" are capital costs, financing costs and administrative and professional service costs for the removal, containment or monitoring of, or the restoration of soil or groundwater affected by environmental pollution.

The Governor's budget changes the definition of eligible costs in several ways:

- Includes property acquisition costs, costs associated with the restoration of air, surface water and sediments affected by environmental pollution, demolition of air, surface water and sediments affected by environmental pollution, demolition costs including asbestos removal, and removing and disposing of certain abandoned containers.
- Reduces eligible costs by any amounts received, or reasonably expected by the political subdivision

to be received, from a local, state or federal program for the remediation of contamination in the district that does not require reimbursement or repayment. The bill also requires that an ERTID be created on contiguous parcels of property.

- Expands from 16 to 23 years the period of certification which is the maximum number of years that DOR may certify the ERTIB and eligible costs may be paid.

In addition, under the Governor's budget, a political subdivision is authorized to use an ER tax increment to pay the cost of remediating environmental pollution of groundwater without regard to whether the property above the groundwater is owned by the political subdivision.

Under current law, before the political subdivision may use ER tax incremental financing it must create a joint review board that is similar to the current law Tax Incremental District (TID) joint review board. A city or village may also use an existing incremental district joint review board, to review the political subdivision's proposal to remediate environmental pollution. If the joint review board approves the proposal, the political subdivision may proceed with its plan. An ERTID joint review board is made up of one representative chosen by the school district, one representative chosen by the technical college district, one representative chosen by the county, and one representative chosen by the political subdivision all of which have the power to levy taxes on the property to be remediated and one public member.

The Governor's budget changes current law by clarifying that the joint review board consist of one representative from each of the taxing jurisdictions that has power to levy taxes on the property in the ERTID.

Also under current law, if more than one school district, technical college district or county has the power to levy taxes on the property that is remediated, the unit in which the property has the greatest value shall choose a representative to the board.

The Governor's budget also allows for a similar provision if more than one city, village or town has the power to levy on the property that is remediated.

BOARD ACTION: March 12, 1999
Board of Directors: Monitor.

Brownfields Initiative

Item #15

Under current law, the brownfields grant program is administered by the Department of Commerce (DOC). Brownfields are abandoned, idle or underused industrial or commercial facilities or sites that are adversely affected for expansion or redevelopment by actual or perceived environmental contamination. Currently, grants are awarded to a person for the redevelopment of brownfields and associated environmental remediation activities. The party responsible for the contamination must be unknown or unable to be located, and the person receiving the grant must make a cash or in-kind contribution to the project in an amount that depends on the amount of the grant. A grant may not exceed \$1,250,000, which comes from the

general purpose revenue or from moneys from the environmental fund. The DOC is required to award at least seven grants under the program for projects that are located in municipalities with a population of less than 30,000.

The Governor's budget adds another type of grant to the program. \$5 million annually is provided from federal Temporary Assistance to Needy Families (TANF) funding for brownfields projects with a job creation component. Anyone who would be eligible for a grant under the program would be eligible for the new type of grant if, in addition to satisfying the criteria under current law, the grant applicant will create or retain jobs with the grant proceeds. At least 80% of the jobs created or retained must be filled by individuals who are parents of minor children and who have family incomes that do not exceed 200% of the federal poverty line. In awarding the new grants, the DOC must consider the same criteria that it considers for the grants under current law, as well as the number of jobs that the project will likely create or retain.

Under the Governor's budget, the requirement that the DOC must award at least seven grants under the program for projects that are located in municipalities with a population of less than 30,000 is changed. The department must award at least 14 grants for projects that are located in municipalities with a population of less than 50,000.

The Governor's budget also creates a brownfields site assessment grant program to be administered by the Department of Natural Resources (DNR). Grants in the amount of \$1.0

million annually will be provided to local governments to conduct site investigations, remove hazardous building materials, investigating environmental contamination, demolishing structures, removing abandoned containers and asbestos, and leverage funding from the Land Recycling Loan Program. Under the program, cities, villages, towns, counties, redevelopment authorities, community development authorities and housing authorities may apply for the grant. Applicants who receive a brownfield site assessment grant must contribute matching funds equal to 20% of the grant. The Governor's budget transfers \$2.0 million from the Wisconsin development reserve fund to the environmental fund to support these grants.

The Governor's budget also authorizes the use of enterprise development zones solely on the basis of environmental remediation needs, and eliminates interest costs for land recycling loans.

The Governor's budget also provides \$198,300 in FY00 and \$218,300 in FY01 and 2.0 FTE project positions to assist in geolocating brownfields sites for replacement on a geographic information system and to address site review and approval backlogs in southeastern Wisconsin. In addition, provide \$152,200 in FY00 and \$174,800 in FY01 and 3.0 FTE positions to facilitate work at complex Petroleum Environmental Cleanup Fund Award (PECFA) sites.

The Governor's budget also makes program changes based on recommendations from the Brownfields Study Group:

- Require counties to transfer tax delinquent properties at the request of an affected municipality.
- Allow local governments to recover cleanup costs from responsible parties that have not taken action to cleanup a property.
- Expand local government liability protections for property acquired involuntarily and clarify that blighted areas include those impacted by environmental pollution.
- Modify authority under the Environmental Remediation Tax Incremental Financing (ERTIF) law to allow recovery of acquisition, demolition and cleanup costs. Also extend the period of the ERTIF to 23 years, allow use of the financing mechanism for cleanup of groundwater contamination underneath multiple parcels, and allow for financing of cleanups after a local government sells the parcel.
- Expand liability exemptions to include all persons that take actions to qualify for the exemptions, regardless of responsibility for initial discharge of hazardous substances.
- Authorize the DNR to require that site owners purchase insurance to address failure of cleanup strategies, including natural attenuation of contamination.
- Exempt persons from liability if additional contamination is discovered after a second site investigation is conducted.
- Clarify that certificates of complete cleanup can be issued for an entire property if cleanup of contamination originating from other properties is addressed as required under current law.
- Clarify that persons are exempt from liability for contamination that migrates from a property if the person fulfills actions necessary to qualify for the exemption.
- Require that DNR report biennially regarding participation in the program, failure of cleanup actions and use of insurance.
- Authorize DNR to enter into agreements with local governments and business improvement districts for groundwater cleanups at multiple sites.
- Require local governments and lenders to give DNR or the responsible party access to a property for environmental investigations and cleanup as a condition of receiving liability exemptions.
- Clarify local government exemptions from liability for involuntary acquisition of property.
- Clarify that DNR pre-qualification letters serve to identify a person as a voluntary party, but do not extend exemptions from liability.
- Clarify that liability exemptions are limited to prior hazardous substance discharges on a property.
- Require that counties charge some or all of cancelled delinquent property taxes on brownfield properties back to the municipality where the property is located.

BOARD ACTION: March 12, 1999
Board of Directors: Monitor.

PECFA Redesign

Item #16

The Governor's budget makes several changes to the Petroleum Environmental Cleanup Fund Award (PECFA) program to reduce the claim backlogs and to reduce program costs.

Under current law the Petroleum Environmental Cleanup Fund Award (PECFA) program reimburses owners for a portion of the cleanup costs of petroleum contamination discovered as a result of upgrading or replacing tanks in response to federal requirements. The Department of Commerce (DOC) administers the program.

Under current law, the owner or operator of a petroleum product storage tank may receive a PECFA award for the amount by which the cost of the cleanup exceeds a deductible amount, up to a specified maximum. The current maximum for underground tanks varies from \$100,000 for small farm tanks to \$1,000,000 for tanks located at a facility at which petroleum is stored for resale and tanks that handle an average of more than 10,000 gallons of petroleum per month. The Governor's budget changes the maximum PECFA award for any underground petroleum product storage tank to \$100,000 if the site of the discharge from the tank is classified as medium priority or low priority under the classification system established in the rule that the Governor's budget requires DOC to promulgate. The change in the maximum PECFA award applies to PECFA claims for which remedial action plans are approved after November 30, 1999.

Under current law, the Department of Revenue (DOR) funds the program through the collection of a petroleum inspection fee of 3 cents per gallon on petroleum products that are received for sale in the state which generates about \$94 million per year. Since the program's creation in 1988, eligibility for the grants has expanded from commercial underground and home

heating oil tanks to include most nonresidential, small farm and above ground tanks. Program awards have increased significantly, from \$7.4 million in FY89 to approximately \$94 million in FY99, making Wisconsin's PECFA program the third highest in the nation.

The Legislative Audit Bureau (LAB) estimates that there is a backlog of claims of approximately \$271 million. In addition, because the interest on loans for cleanups is reimbursable, up to 1% over the prime rate. The growing backlog of claims could eventually divert as much as 32% of PECFA funding from paying cleanup costs to paying interest on unpaid claims.

Under current law, the deductible for underground tanks is generally \$2,500 plus 5% of eligible costs, but not more than \$7,500, except that the deductible for heating tanks owned by school districts and technical college districts is 25% of eligible costs.

The Governor's budget changes the PECFA deductible amount for aboveground storage tanks located at terminals from \$15,000 plus 5% of the amount by which eligible costs exceed \$200,000 to \$15,000 plus 15% of the amount by which eligible costs exceed \$200,000. A terminal is a facility that is connected to a petroleum pipeline.

Current law requires DNR and DOC enter into a memorandum of understanding that establishes procedures and standards for determining whether a site is high, medium or low priority. Under the state's groundwater law, DNR and the Department of Health and Family

Services (DHFS) set enforcement standards. An enforcement standard represents a concentration of a substance in groundwater. If an activity or facility causes the concentration of a substance in groundwater to reach or exceed the enforcement standard, the state agency that regulates the activity or facility must, generally, prohibit the activity or practice that uses or produces the hazardous substance and implement remedial action.

The Governor's budget requires DOC to establish the standards for categorizing sites of petroleum product discharge by rule, rather than by memorandum of understanding. DOC and DNR are required to attempt to agree on the standards. The Departments are prohibited from providing, in those standards, that all sites which a groundwater enforcement standard has been exceeded are high priority. The Department are required to design the standards to classify no more than 50% of sites as high priority. If the Departments cannot agree on the standards, the Secretary of Administration resolves the disagreement, and DOC promulgates the standards by rule.

In accordance with this change, the Governor's budget restructures the PECFA program to:

- Authorize \$450 million in short and long term tax exempt borrowing to eliminate claim backlogs and to ensure that new claims are paid as rapidly as possible.
- Modify the deductible amount for an underground petroleum product storage tank that is located at a facility at which petroleum is stored for resale or an underground petroleum product storage tank that handles an annual average of more than 10,000 gallons of petroleum per month to \$10,000 for the first \$50,000 in costs; \$12,500 for total costs between \$50,000 and \$80,000; \$15,000 for total costs between \$80,000 and \$150,000; and an additional \$10,000 at each \$100,000 increment above \$150,000. In addition, increase the deductible for aboveground petroleum product storage tanks at terminals to \$15,000 plus 15% for all costs over \$200,000. DOC may, by rule, exempt a class of owners and operators from this higher deductible.
- Eliminate reimbursement of interest costs for site owners with annual gross revenues in excess of \$20 million, as determined by DOC. Limit interest reimbursement to 5% for all other claimants. The limits on interest reimbursements apply to interest incurred after October 31, 1999, on claims filed after October 31, 1999.
- Authorize DOC to promulgate rules to prioritize cleanups under PECFA except for cleanups from discharges from home heating oil tanks, small farm tanks and heating oil tanks owned by school districts. If DOC promulgates the rules, it must pay PECFA awards for cleanups that begin after the rules take effect, in order of the award priorities under the rules.
- Require DOC to inform the owner or operator of a petroleum product storage tank of the date on which it is appropriate to begin cleanup, based on when DOC estimates funding will be available.

- Authorizes an owner or operator to delay beginning a cleanup until the date that DOC determines it is appropriate to begin cleanup.
- DOC may deny interest reimbursement for cleanups not approved in advance by the Department.
- Authorize DOC to charge a fee on bids to remediate contaminated sites and to purchase insurance to cover cleanup costs that exceed the original bid.
- Require DOC to begin April 1, 2002 to increase the petroleum inspection fee necessary to reduce the backlog of claims to \$10 million if the amount of unpaid claims exceeds \$10 million on the preceding June 30. Require a reduction in the fee if all debt has been retired and the fund balance exceeds \$10 million. Calculations begin January 1, 2002, and every year thereafter.
- Require DOC and DNR to devise a site allocation methodology that classifies no more than 50% of sites as high priority. This methodology must be promulgated in rule within 30 days of enactment of the budget.
- Require at least 50% of sites be classified as low or medium priority and prohibit all sites with contamination above groundwater enforcement standards from being classified as high priority.
- Authorize DOC to promulgate rules that set the maximum award for any underground storage tank \$100,000 if the site of the discharge from the tank is classified as medium or low priority.
- Require DOC and DNR to report semiannually on the number of sites in remediation, the risk factors being addressed, the date on which the

record was received, and the expected year of site closure.

- Provide funding for 3.0 FTE Segregated Fund (SEG) hydrogeologist positions to facilitate complex PECFA sites. The additional staff will reduce barriers to cleanup and closure and assist in brownfields redevelopment.
- Provide \$390,000 segregated revenues (SEG) in FY00 and \$290,800 SEG in FY01 to develop a geographic information system-based registry in DNR for sites with groundwater contamination above the state enforcement standards. In addition, funding will support continued enhancements to the PECFA database for electronic tracking of PECFA site cleanups.

BOARD ACTION: March 12, 1999
Board of Directors: Support.

Hazardous Substances and Environmental Cleanup

Item #17

Current law generally requires a person who possesses or controls a hazardous substance that is discharged or who causes the discharge of a hazardous substance to restore the environment to the extent practicable and to minimize the harmful effects of the discharge on the environment. The Department of Natural Resources (DNR) may enter into an agreement, with a person who is subject to this requirement, establishing a schedule for conducting a required cleanup if the discharge does not endanger public health.

The Governor's budget authorizes DNR to negotiate and enter into an agreement with a local governmental unit that is

acting on behalf of owners of contaminated property establishing a schedule for conducting a required cleanup. The property must be located within a business improvement district or if the property is within an area that consists of two or more properties affected by groundwater contamination or two or more properties that are brownfields.

The Governor's budget makes several exemptions to current cleanup requirements.

Under current law, exemptions apply with respect to all hazardous substances on the property, regardless of whether the hazardous substances were released before or after the conditions are met.

The Governor's budget specifies that the exemptions apply only with respect to hazardous substances released on the property before DNR approves an environmental investigation of the property, one of the necessary conditions for the exemptions to apply.

Voluntary Party

Also under current law, a person who did not intentionally or recklessly cause the original discharge of a hazardous substance on a property, called a voluntary party, is exempt from absolute requirements to restore the environment and minimize the harmful effects of the discharge, and from the requirements of other laws relating to hazardous substances if the following are done: 1) an environmental investigation of the property is conducted, the property is cleaned up; 2) the DNR certifies that the cleanup restored the environment and minimized the harmful effects of the

discharge and; 3) the voluntary party maintains and monitors the property as required by DNR. This exemption applies if later changes to the law would impose greater responsibility on the voluntary party or if it is later discovered that the cleanup failed to restore the environment fully or to minimize the harmful effects.

The Governor's budget changes the definition of "voluntary party" so that a person who intentionally or recklessly caused the discharge of a hazardous substance may obtain the voluntary party exemption from environmental cleanup requirements and from the requirements of other laws relating to hazardous substances. The Governor's budget also authorizes DNR to require that a voluntary party obtain insurance to cover the cost of a cleanup in case the initial cleanup fails.

Under the Governor's budget, in order to qualify for the voluntary party exemption, both the voluntary party's property and any other property affected by the discharge originating from that property must be cleaned up. Once DNR approves the cleanup, the voluntary party is exempt from further clean up requirements on both the voluntary party's property and the other affected property.

Natural Attenuation

Currently, under DNR's rules, a person may be allowed to use natural attenuation to clean up a hazardous substance in groundwater if DNR determines that natural attenuation will bring the groundwater into compliance with groundwater standards within a reasonable period. "Natural attenuation"

means the reduction in the amount and concentration of a substance in groundwater that occurs because of natural processes.

Under the Governor's budget, if groundwater on a property is contaminated by a hazardous substance in a concentration that exceeds a groundwater standard and DNR determines that natural attenuation will restore groundwater quality in accordance with its rules, a voluntary party is exempt from absolute requirements to restore the environment and minimize harmful effects of the discharges, and from the requirements of other laws relating to hazardous substances, if: 1) an environmental investigation of the property is conducted; 2) the property is cleaned up, except with respect to the substance for which DNR approves natural attenuation; 3) DNR certifies that the cleanup restored the environment and minimized harmful effects, except with respect to the substance for which DNR approves natural attenuation; 4) the voluntary party maintains and monitors the property as required by DNR; and 5) if required by DNR, the voluntary party obtains insurance to cover the cost of a cleanup in case natural attenuation fails.

Off Site Pollution

Under current law, a person is exempt from cleanup and minimizing requirements if the existence of hazardous discharge originated from a source off of the property. Also, the person must agree to allow access to the property so that someone else can conduct cleanup and the person agrees to any other condition necessary to ensure

that an adequate cleanup can be conducted.

Under the Governor's budget, a property affected by an off site hazardous discharge is exempt from absolute requirements if an environmental investigation of the property is conducted; the property is cleaned up, except with respect to the original off-site discharge; DNR certifies that the cleanup restored the environment and minimized harmful effects, except with respect to the original site; DNR determines that the voluntary party maintains and monitors the property as required by DNR.

Local Government Exemption

Current law generally exempts local governmental units from these clean-up requirements with respect to hazardous substance discharges on land acquired in specified ways, such as through tax delinquency proceedings and condemnation.

The Governor's budget expands the exemptions from the clean-up requirements so that it applies to land acquired through escheat and land acquired from another local governmental unit that is entitled to the exemption. Land is acquired through escheat when the owner dies without a will that disposes of the land and without any heir.

The Governor's budget also extends the local unit of government exemption from clean-up requirements so that it applies to land acquired with funds from the state's stewardship program. A community development authority is also exempt.

The Governor's budget exempts a local governmental unit from the requirement to clean up a hazardous substance that has migrated from a property acquired in one of the specified ways to another property.

The Governor's budget authorizes a local governmental unit to recover cost it incurs in cleaning up a property on which a hazardous substance has been discharged if the local governmental unit acquired the property in one of several specified ways.

Also under the Governor's budget, the local governmental unit may recover the costs from a person who possessed or controlled the hazardous substance at the time that the local governmental unit acquired the property or who caused the discharge of the substance, unless the person is exempt from the requirement to clean up the property under current law.

Storage Tanks

Currently the exemption from the clean-up requirements is not available if the discharge is from an underground petroleum storage tank.

The Governor's budget eliminates that limitation. It also requires local governmental units to agree to provide access to land that is subject to the exemption for the purpose of letting someone else conduct cleanup of the discharge.

Also under current law, the Department of Commerce (DOC) regulates tanks that store flammable and combustible liquids. The DOC collects a \$100 groundwater fee for plan review and

approval for tanks that store flammable and combustible liquids and that have a capacity of 1,000 gallons or more

The groundwater fee also applies to plan review of tanks that store liquids that are considered hazardous substances under the federal Superfund Act and that have a capacity of 1,000 gallons or more.

Finally, the Governor's budget requires DNR to biennially report on the impacts of these new and existing exemptions.

BOARD ACTION: March 12, 1999
Board of Directors: Support.

Recycling Grant Program

Item #18

Current law prohibits the disposal of listed recyclable materials in a landfill. The prohibition does not apply to any city, village, town, county or other governmental unit that is responsible for the region's solid waste management (RU) and that operates an effective recycling program. The RU is also eligible for a state grant to reimburse the unit for some of the costs incurred while operating the program. The grants total roughly \$24 million statewide annually.

Under current law, the grant program is scheduled to sunset in the year 2000.

The Governor's budget extends the grant program through the year 2001.

Under current law, in the year 2000, a RU's recycling program is an effective program only if the unit has in place a system of volume-based fees to generate revenue equal to the RU's costs for solid waste management other than those reimbursed by the state. This criterion

does not apply to any RU that separates for recycling at least 25% by volume or by weight of the solid waste collected within the region by the RU or by any person under contract with the RU, or to any RU that provides solid waste to an operating solid waste treatment facility under a contract that was in effect on January 1, 1993.

The Governor's budget eliminates the volume-based fee requirement for these communities that do not achieve a 25% recycling rate.

The Governor's budget will also reduce state administrative costs and positions by \$1,277,500 SEG and 10.75 FTE SEG positions in FY00 and \$1,777,500 SEG and 18.5 FTE SEG positions in FY01 in order to focus remaining resources on municipal recycling grants.

Under current law, the amount of a grant is the greater of 66% of eligible net costs or \$8 per person served, except that, if the lesser of these two amounts is less than 33% of the eligible expenses, the amount of the grant is 33% of the eligible expenses.

The Governor's budget reduces the maximum amount of a grant that may be awarded under this financial assistance program. Under the Governor's budget, the amount of a grant is the greater of 66% of eligible net costs or 33% of the eligible expenses, except that the grant may not exceed \$8 per person. This change limits the maximum grant to \$8 per capita, even for those responsible units that receive less than 33% of their expenses.

In addition, the Governor's budget will:

- Reduce funding for waste reduction and recycling demonstration grants by \$500,000 in FY01.
- Allocate the remaining \$42 million in the state recycling fund in response to the sunset of the temporary recycling surcharge on businesses.
- Distribute \$20 million segregated funds (SEG) in FY00 and \$15 million SEG in FY01 for municipal recycling grants. Then end financial assistance to local governments for recycling.
- Provide \$500,000 SEG annually to the Department of Corrections (DOC) to support recycling of computers by inmates for use by local schools.
- Allocate \$75,000 SEG in FY00 and \$50,000 SEG in FY01 to the Wheelchair Recycling Project from waste reduction and recycling demonstration grants.

The Recycling Market Development Board (RMDB) will not be provided additional funds for financial assistance, but will be permitted to provide financial assistance from loan repayments. Staff will be reduced by 2.0 positions in each year of the biennium. The RMDB will then be eliminated at the end of the biennium.

The recycling reporting requirements for state agencies will be eliminated, as well as the staff positions at the Department of Administration for recycling purposes.

The recycling education programs at UW-Extension and the solid waste research programs of the UW-Systems were both increased by about 6% from

the last biennium budget, with financing from segregated funding.

BOARD ACTION: March 12, 1999
Board of Directors: Oppose.

Recycling Market Development Board

Item #19

Under current law, the Recycling Market Development Board (RMDB), which is attached to the Department of Commerce (DOC) is responsible for promoting the development of markets for recovered materials and maximizing the marketability of these materials. The Board may award financial assistance to improve the marketing of, and to develop markets for, certain materials recovered from solid waste. The Board may contract with other persons to accomplish any of its powers and duties and is required to contract to operate a statewide materials exchange program until December 31, 1999.

Currently, funding for the financial assistance that the Board awards comes from the recycling fund and from payments of loans made by recipients of financial assistance awarded by the Board. Funding for the Board's contracts comes from the recycling fund. Under current law, the Board will be eliminated on June 30, 2001, after which time DOC may promulgate rules for awarding financial assistance for the development of markets for recovered materials.

Also under current law, loans made by DOC before July 1, 1995, for the production of products from materials recovered from postconsumer waste, for the acquisition of equipment necessary

to make such products, for the development and operation of a facility to process materials recovered from a solid waste management program and for the expansion, improvement or development of a diaper service. Repayment of these loans are deposited in the recycling fund.

In addition, the Governor's budget eliminates the recycling fund as a funding source for the Board's contracts and financial assistance. Beginning on July 1, 1999, or on the day after publication of the 1999-2001 Biennial Budget Act, whichever is later, until the Board is eliminated on June 30, 2001, funding for the financial assistance by the Board and Board contracts will come solely from the appropriation account into which are deposited repayment of loans awarded before July 1, 1995, which formerly were deposited in the recycling fund.

There will be an elimination of the funding of \$2.5 million SEG annually for market development grants. Finally, there will be a reduction of the RMDB staff by 2.0 FTE SEG positions and \$166,100 SEG annually.

In addition, the Governor's budget deletes requirements for the Department of Administration (DOA) to submit an annual report to the Governor and Legislature relating to the state resource recovery and recycling program and to submit an annual report to the RMDB regarding DOA's resource recovery and recycling activities.

The Governor's budget also deletes a requirement for DOA to maintain a clearinghouse of information regarding products made from recycled or

recovered materials for purchase by state agencies and authorities.

BOARD ACTION: March 12, 1999
Board of Directors: Monitor.

Landfill Siting Committees

Item #20

Current law provides a process for negotiation and arbitration between a person who wishes to construct or expand a landfill or a hazardous waste facility and a committee representing those affected municipalities and counties that choose to participate in the process. An affected municipality or county is one in which a facility is proposed to be located or one whose boundary is within 1,500 feet of the area in which waste would be treated, stored or disposed of. Other municipalities may participate in the negotiation and arbitration process with the agreement of all parties to the process. Under current law, a town, city or village in which all or part of the facility is proposed to be located may appoint four members to a committee or the number of members appointed by the county and other affected municipalities plus two, whichever is greater. Under current law, the Waste Facility Siting Board is attached to the Department of Administration. Membership consists of the Secretaries of Transportation, Agriculture, Trade and Consumer Protection, and Commerce, two town officials, and one county official.

The Governor's budget requires that any municipality in which all or part of a landfill or hazardous waste facility is proposed to be located will be ensured majority membership on any siting committee, regardless of how it is

formed. A town, city or village in which all or part of a landfill or hazardous waste facility is proposed to be located may appoint four members to a committee or the number of members appointed by the county, other affected municipalities and any municipalities added by agreement of the parties plus two, whichever is greater.

BOARD ACTION: March 12, 1999
Board of Directors: Monitor.

Fox River Cleanup

Item #21

In December 1998, the Department of Natural Resources (DNR) and Winnebago County entered into an agreement under which the county agrees to accept sediments that are dredged from the Fox River and that are contaminated with polychlorinated biphenyls (PCBs) for disposal in the county's landfill.

The Governor's budget authorizes DNR to enter into an agreement with Winnebago County under which the state indemnifies the county against any liability or damage resulting from the county's acceptance of PCB-contaminated sediments if the sediments are disposed of in a manner approved by DNR. The bill also authorizes DNR to enter into an agreement with the City of Oshkosh under which the state indemnifies the city against any such liability or damages from the city accepting the PCB contaminated leachate from the landfill that contains the PCB sediment.

BOARD ACTION: March 12, 1999
Board of Directors: Support.

Septage Management

Item #22

System Replacement Grants

The private sewage system replacement or rehabilitation grant program, (also known as the Wisconsin Fund), was created in 1978 to provide funding to address the problem of system failures.

The Department of Commerce (DOC) provides grants to eligible local governments, which, in turn, provide grants to eligible individuals and businesses. These grants are prorated.

Under current law, counties in which private sewage systems are located, counties with a population of at least 500,000, the cities, villages or towns in which such systems are located administer the grant program with DOC. The program provides \$3.5 million annually from the general fund to home and small business owners to cover a portion of the cost of repairing or replacing failing private sewage systems. A person who owns a principal residence constructed before July 1, 1978 and is served by a covered failing private sewage system is eligible for a grant under this program if the owner's annual family income does not exceed \$45,000. A governmental unit must base its determination of annual family income upon the Wisconsin adjusted gross income of the owner and the owner's spouse, if any.

Under the Governor's budget, in a year in which DOC must prorate grants, a local governmental unit that received a prorated grant may apply for a no-interest loan which the local governmental unit may use to increase the prorated grants that the local

governmental unit provides to eligible individuals and businesses. To obtain a loan, a local governmental unit must comply with the financial requirements established by the Department of Administration (DOA) and must enter into financial assistance agreement with DOA and DOC.

The Governor's budget provides that a person or business is eligible for a grant if the system serving the principal residence or the small commercial establishment was installed before July 1, 1978, and the person or business meets the other eligibility requirements.

In addition, this budget will:

- Authorize use of up to \$3 million from the environmental improvement fund for zero interest loans to counties and other interested municipalities under the Wisconsin Fund Septic System Replacement Program.
- Transfer 2.0 FTE GPR positions and \$147,200 GPR annually to environmental fund SEG.
- Require the use of federal adjusted gross income when determining eligibility for grants from the Wisconsin Fund and base eligibility on the age of the septic system instead of the age of the building.

Sewage Code

Under current law, the Department of Commerce (DOC) and counties administer codes regulating the design, installation, and operation of private sewage systems.

Under current law, one statute authorizes governmental units to issue sanitary permits for the installation of private

sewage systems and another statute authorizes both DOC and governmental units to issue sanitary permits. The DOC's practice has been to issue sanitary permits for the installation of private sewage systems on state-owned property only.

The Governor's budget consolidates the two authorizing statutes into one statute that permits both DOC and governmental units to issue sanitary permits for the installation of private sewage systems on either private or state-owned property.

In addition, current law prohibits a governmental unit from issuing a sanitary permit for the installation of private systems if DOC finds that the governmental unit has not adopted a private sewage system ordinance as required by law or if the governmental unit fails to carry out its regulatory duties concerning private sewage systems.

The Governor's budget provides instead that DOC may order the governmental unit to remedy its failure to adopt a private sewage system ordinance or carry out its regulatory duties.

The Governor's budget also will allow governmental units to delegate the administration and enforcement of private on-site wastewater treatment systems to DOC.

Under current law, a point source of pollution is generally required to obtain a water pollution discharge permit from DNR.

Under the Governor's budget, DOC regulates small sewage systems and

authorizes DNR to exempt small sewage systems from the requirement to obtain a water pollution discharge permit.

Under current law, private sewage systems must be inspected by persons licensed by DNR to service septic tanks (pumpers).

The Governor's budget eliminates the eligibility of pumpers to serve as septic system inspectors and designates private on-site wastewater treatment system inspectors as a class of approved inspectors certified by DNR. The permit is valid for 2-year periods and may include continuing education requirements.

Under current law, the maintenance program, which applies to all new or replacement systems constructed in the governmental unit after the date on which the governmental unit adopts the program, requires systems to be inspected or pumped every three years.

The Governor's budget requires DOC to establish by rule a schedule for the inspection or pumping of private on-site wastewater treatment systems.

In addition, the private sewage code must:

- Clarify that DOC will regulate small on-site wastewater treatment systems and DNR will regulate large on-site wastewater treatment sewage systems.
- Provide \$50,000 SEG in FY00 for a study of issues associated with the land application of waste and recommendations for improvement and to report the results of the study no later than September 1, 2000.

- Authorize 2.0 FTE SEG four-year project positions to meet workload needs in areas of the state with the greatest land application conflicts.
- Provide \$125,000 program revenue (PR) in each year of the biennium to establish a private on-site wastewater treatment system training center. The center would complement existing training opportunities for plumbing inspectors and plumbers by providing hands-on experience related to private sewage treatment system installation and maintenance requirements.

BOARD ACTION: March 12, 1999
Board of Directors: Monitor.

Land and Water Resource Management

Item #23

Under current law, local land and water resource management plans are reviewed by the state Land and Water Conservation Board (LWCB) and are reviewed and approved or disapproved by the Department of Agriculture, Trade and Consumer Protection (DATCP). The LWCB also is directed to develop recommendations and advise the DATCP and the Department of Natural Resources (DNR) on matters concerning land and water conservation and nonpoint source water pollution abatement.

In 1998-99, DNR and DATCP were budgeted \$34.4 million in administrative funding, cost sharing grants, and local assistance grants.

The Governor's budget includes several different funding and program changes:

- DATCP in consultation with DNR are to review land and water resource management plans submitted by conservation committees, summarize the plans and make recommendations to LWCB on approval or disapproval of the plans. The plans will be approved or disapproved by the WLWCA.
- The Governor's budget provides \$20 million in General Purpose Revenue (GPR) supported general obligation bonding for cost-share grants to landowners for water quality improvement projects under the priority watershed and soil and water resources management programs. Funding will support implementation of water quality performance standards, local land and water management plans and agricultural shoreland ordinances.
- Require that land and water resource management plans contain seven elements assessing soil erosion and water quality, and identifying water quality goals and methods to reach those goals, and strategies to provide information and education related to soil and water management plans, including a system to monitor the progress of the activities which shall be approved by the LWCB based on recommendations of the DNR.
- Provide \$233,400 in FY00 and \$239,600 in FY01 and 3.0 FTE positions from the general and environmental funds to support development of a total maximum daily load (TMDL) calculations as required under the federal Clean Water Act. Calculations include identification of impaired waters and factors causing the impairment, priority setting for the impaired

waters and assessment of water quality to determine which corrective actions would be the most cost-effective.

- Provide \$107,700 SEG in FY00 and \$130,600 SEG in FY01 and 2.0 FTE SEG positions to support animal water regulatory efforts.
- Provide \$400,000 segregated funds (SEG) annually to support efforts to protect Wisconsin's pristine lakes, streams and rivers through grants to local governments and non-profit organizations.
- Provide 1.0 FTE general purpose revenue (GPR) field engineer position to provide soil and water engineering services to landowners in northern Wisconsin. Funding will be reallocated from base resources to support the position.
- Authorize \$3.8 million GPR-backed general obligation bonding to match an additional \$9.7 million annually in federal grant dollars associated with loans for upgrading local drinking water systems.
- The Governor's budget increases state authorization to contract public debt from \$12,130,000 to \$16,000,000 to fund the safe drinking water loan program.
- Provide \$455,100 in FY00 and \$789,900 in FY01 and 7.0 positions to improve landowner access to water-related site development information, reduce water regulation permit backlogs, and increase technical assistance to local governments related to water regulation and zoning activities.
- Increase wastewater discharge environmental fees (known as NR 101 fees) by 6.4 percent to reflect the increasing cost of water quality programs. These fees are assessed on

municipal and industrial dischargers of wastewater and deposited in the general fund. Fee revenue has been capped at \$7,450,000 since 1993.

- Reduce water regulation permit backlogs and increase technical assistance to local governments related to water regulation and zoning activities.
- Provide \$3,375,000 in new GPR-supported general obligation bonding for grants to counties for implementation of land and water resource management plans and cost-share grants to landowners for installation of best management practices.

Under current law, DNR and the Department of Health and Family Services (DHFS) establish standards for the concentration of contaminants in groundwater. When the groundwater standards are exceeded, action must be taken under this states groundwater law.

The Governor's budget authorizes DNR to charge a fee for placing information concerning a property on which a groundwater standard is exceeded onto a database.

BOARD ACTION: March 12, 1999
Board of Directors: Support.

Nonpoint Source Program Changes

Item #24

Under current law, the Department of Natural Resources (DNR), in conjunction with the Department of Agriculture, Trade and Consumer Protection (DATCP), the Land and Water Conservation Board (LWCB) and local governmental units, administers a

program to provide financial assistance for measures to reduce water pollution from nonpoint (diffuse) sources. Current law authorizes the issuance of general obligation bonds as one source of funding for financial assistance under the program

Currently, the nonpoint program is funded with general purpose state revenues, segregated revenue from the environmental fund and proceeds of state bonds. DNR is authorized to provide cost-share grants for projects to assist agricultural facilities to comply with nonpoint source water pollution control requirements established by DNR and DATCP. These cost share grants are currently funded with proceeds of general obligation bonds.

The Governor's budget provides for an additional \$16.4 million in new general purpose revenue (GPR) supported general obligation bonding for grants to counties and municipalities for installation of nonpoint source pollution abatement practices to be issued for the following programs: 1) priority watershed program (\$12.4 million bonding revenue to meet existing cost-share grant agreements); 2) nonpoint source pollution abatement program (\$2 million bonding revenue for cost-share grants to projects approved after July 31, 1998); 3) and compliance with manure storage prohibitions and water quality performance standards (\$2 million bonding revenue).

The Governor's budget also provides funding and 2.0 FTE positions to evaluate large livestock operation waste management practices and respond to citizen complaints related to animal waste pollution concerns.

BOARD ACTION: March 12, 1999
Board of Directors: Monitor.

Wetlands

Item #25

Under current law, the Department of Natural Resources (DNR) has promulgated rules that establish water quality standards for wetlands. Activities that are carried out by the Department of Transportation (DOT) that are in connection with highway and bridge construction and maintenance are exempt from these rules if the activities comply with certain interdepartmental procedures established by DNR and DOT for minimizing the adverse environmental impact of the activities. DNR may enact a shoreland or floodplain zoning ordinance that supersedes a city or county ordinance if the city or county ordinance fails to meet certain standards established by DNR.

The Governor's budget creates an exemption from these wetland water quality standards for an activity that meets specific criteria. These criteria are:

- The wetland area that will be affected is less than 15 acres.
- The site of the activity is zoned for industrial use and is in the vicinity of a manufacturing facility.
- The site of the activity is in a city in Trempealeau County on January 1, 1999.
- The city adopt a resolution stating that the exemption is necessary to protect jobs or promote the creating of jobs in the city.

The Governor's budget also prohibits DNR from reviewing and disapproving an amendment to a city or county

shoreland or floodplain zoning ordinance if the amendment affects this exempt activity.

BOARD ACTION: March 12, 1999
Board of Directors: Monitor.

Drainage District Grant Program

Item #26

Under current law, drainage boards operate drainage districts, which regulate the drainage of property owned by two or more persons. The Department of Agriculture, Trade and Consumer Protection (DATCP) assists drainage boards and oversees their activities and promulgates rules that apply to drainage boards.

The Governor's budget establishes a program under which DATCP makes grants to drainage boards to assist the boards to comply with applicable laws and rules. To do so, DATCP will distribute 60% cost-share grants to county drainage boards for the preparation of drainage district maps and compliance with other statutory and regulatory requirements.

BOARD ACTION: March 12, 1999
Board of Directors: Support.

Lake Planning Grant Program

Item #27

Under current law, the Department of Natural Resources (DNR) administers two grant programs to address water quality problems specifically in lakes. Under the first program, DNR provides grants for planning projects to provide information on the quality of water in lakes. Under the second program, DNR

provides grants for management projects that will improve or protect the quality of water in lakes or in their ecosystems.

The Governor's budget makes some changes to the lake planning grant program including the following:

1. Allows these grants to be used to provide information and education on the use of lakes and their ecosystems. Current law allows these grants to be used to provide information only on the water quality in lakes.
2. Specifically allows grant recipients to conduct assessments of fish and other aquatic life in a lake.
3. Specifically allows grant recipients to conduct assessments of lake uses and the uses of surrounding land.

The Governor's budget also creates a new grant program for river protection activities for certain rivers. Under the program, DNR must promulgate rules establishing which types of river ecosystems are eligible for grants. This program includes grants for both planning projects and management projects and is similar to the lake planning grant program and the lake management grant program. The activities for which the river protection planning grants may be used include:

1. Assessments of the water quality and uses of a river.
2. Assessments of fish and other aquatic life.
3. Evaluations of nonpoint source pollution.
4. Providing information or education on protecting fish populations and habitat, protecting water quality and improving how rivers are used.

The activities for which the river protection management grants may be used include:

1. The purchase of land or conservation easements in order to protect or improve a river or its ecosystem.
2. The restoration of land or conservation easements in order to protect or improve a river or its ecosystem.
3. The restoration of in-stream or shoreline habitat.
4. The installation of pollution control practices.

DNR may award grants under the program for up to 75% of the cost of the project. The Governor's budget imposes a limit of \$10,000 on each planning grant and a limit of \$50,000 on each management grant.

Cities, villages, towns, counties, and special purpose districts are eligible for these grants. River management organizations that meet qualifications promulgated by rule by DNR and nonpoint conservation organizations are also eligible.

Under current law, the funding for the two grant programs for lakes is appropriated from the conservation fund.

Under the Governor's budget, funding for the two programs and the river protection program is appropriated from the conservation fund and the environmental fund.

BOARD ACTION: March 12, 1999
Board of Directors: Support.

Dam Safety Projects

Item #28

Under current law, the Department of Natural Resources (DNR) administers a matching grant program for municipalities and public inland lake protection and rehabilitation districts for the purpose of dam maintenance, repair, modification, abandonment and removal. Under the program, the financial assistance may not exceed 50% of the cost of the project and may not exceed a total of \$200,000 for the project.

The Governor's budget provides a sum sufficient to DNR from the capital improvement fund to provide financial assistance to counties, cities, villages, towns, and public inland lake protection districts for dam safety projects. The Governor's budget also expands the purposes for which DNR may give financial assistance to include other activities that increase the safety of the dam if such an activity costs less than maintaining, repairing, modifying or removing the dam.

In addition, under the current program, the financial assistance may not exceed \$200,000 for a particular project and at least \$250,000 of the total \$11,850,000 in grant assistance that is available must be spent to remove dams that are less than 15 feet wide and that create impoundments of 50 acre-feet or less.

The Governor's budget respectively changes these size requirements to 15 feet in height and 100 surface acres.

BOARD ACTION: March 12, 1999
Board of Directors: Support.

Forest Fire Control

Item #29

Under current law, the Department of Natural Resources (DNR) administers a grant program to provide grants for fire-fighting equipment to cities, villages, towns, and counties and fire-fighting organizations. Under the program, a grantee must agree to assist DNR in fighting forest fires when requested to do so by DNR. This program sunsets on June 30, 1999.

The Governor's budget eliminates the sunset.

In addition, the Governor's budget will enhance forest fire fighting capabilities by providing \$1,049,000 segregated funds (SEG) in FY00 and \$971,300 SEG in FY01 for equipment grants to local fire departments, aerial and wet-ground fire suppression equipment, fire simulation training systems, digitized locator maps and communication equipment.

The Governor's budget provides \$525,000 SEG and \$327,000 FED annually to improve forest fire suppression and control activities in the state. Local fire departments will be eligible to receive 50% cost-share grants for communications and fire suppression equipment in return for an agreement to assist DNR in the suppression and control of forest fires.

DNR will also receive additional funding to replace fire suppression vehicles, contract for aerial fire suppression support, upgrade locator maps, and purchase communications equipment and a fire simulation training system.

The Governor also funds the replacement of the Fairchild and Webster forest ranger stations. These two projects will require the approval of the State Building Commission.

BOARD ACTION: March 12, 1999
Board of Directors: Support.

County Forest Aids

Item #30

The Governor's budget increases funding by \$34,200 segregated funds (SEG) in FY00 and \$74,500 SEG in FY01 to provide aids to counties for county forest administrator and management of wildlife habitat in county forests.

BOARD ACTION: March 12, 1999
Board of Directors: Support.

Recreational Vehicle Program Adjustments

Item #31

Under current law, the Department of Natural Resources (DNR) administers the registration system for all-terrain vehicles, boats and snowmobiles.

The Governor's budget authorizes several administrative changes to the fees collection process.

- DNR is to appoint agents, who may be county clerks or other persons not employed by DNR, to issue all-terrain vehicle and snowmobile registration certificates.
- Authorizes DNR to appoint these types of agents to renew certain all-terrain vehicle and snowmobile certificates and give all certificates an expedited service for these

renewals, which may be used by the agents or by the DNR directly.

- Establishes an issuing fee of \$3 for the issuance of these registration documents by the agents appointed by DNR and requires that the agents remit \$2 of each issuing fee to DNR.
- Authorizes DNR to establish a supplemental renewal fee for renewals done by agents or for the use of expedited services by persons who wish to renew the certificates immediately and in person. If DNR decides to charge this supplemental fee, the fee must be \$3 and \$2 of each supplemental fee that is collected by agents must be remitted to DNR.
- Reduces recreational boating aids by \$900,000 SEG in FY00 and \$600,000 in FY01.
- Shifts funding within the conservation fund from the water resources account to the boating account for local boating enforcement aids of \$100,000 SEG annually.
- Increases costs for administration, all-terrain vehicle local enforcement aids and maintenance of trails on state property.
- Extends the boat registration renewal cycle to three years.
- Prohibits recreational vehicle hour meter or odometer tampering.
- Requires snowmobilers to observe roadway speed limits when operating a snowmobile on a roadway.

BOARD ACTION: March 12, 1999
Board of Directors: Monitor.

Snowmobile Aids

Item #32

Under current law, the Department of Natural Resources (DNR) provides supplemental aid for the maintenance and grooming of state and county snowmobile trails. The supplemental aid is available for maintenance or grooming of trails if the actual cost of maintenance or grooming exceeds the amount determined under the trail aids formula which sets a maximum amount per mile of trail. This supplemental aid is funded by moneys transferred from the transportation fund to the conservation fund. The amount of this transfer equals 40% of the estimated snowmobile gas tax formula. The snowmobile gas tax formula amount represents an estimate of the amount of excise tax paid on gasoline by operators of snowmobiles registered in this state.

The Governor's budget provides additional funding for these supplemental trail aids from the fees received by DNR for snowmobile trail use stickers. These stickers are required on all snowmobiles that are operated in this state but not registered in this state. The fee for these stickers is \$12.25. Under The Governor's budget, \$10 of each fee is made available for these supplemental trail aids. The moneys shall be used for development and maintenance, the cooperative snowmobile sign program, major reconstruction or rehabilitation to improve bridges on existing approved trails, trail rehabilitation, signing of snowmobile routes, and state snowmobile trails.

In addition:

- Local snowmobile trail aids are increased by providing \$250,000 program revenue (PR) annually from gaming revenues.
- Stabilizes the conservation fund and provides aids for trail maintenance and local enforcement through reestimates of motor fuel tax transfers of \$56,900 segregated funds (SEG) in FY00 and \$347,900 SEG in FY01,
- Removes the one-time snowmobile trail aids funding \$500,000 SEG in each year.
- Set an annual expiration date of March 31 for nonresident snowmobile trail use stickers.
- Dedicate revenue from the sale of nonresident snowmobile trail use tickers for supplement trail maintenance aids.
- Authorize law enforcement officers to stop and inspect snowmobiles for compliance with equipment requirements.
- Authorize law enforcement officers to issue citations, repair orders, or both, to owners of snowmobiles that do not meet equipment requirements.

BOARD ACTION: March 12, 1999
Board of Directors: Support.