

**2001 DRAFTING REQUEST**

**Senate Amendment (SA-SB55)**

Received: **05/25/2001**

Received By: **kahlepj**

Wanted: **Soon**

Identical to LRB:

For: **Legislative Fiscal Bureau**

By/Representing: **Shanovich (DH)**

This file may be shown to any legislator: **NO**

Drafter: **kahlepj**

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Subject: **Econ. Development - bus. dev.  
Econ. Development - misc.**

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Submit via email: **NO**

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**Pre Topic:**

LFB:.....Shanovich (DH) -

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**Topic:**

Modifications to the brownfields grant program

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**Instructions:**

See Attached

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**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	kahlepj 05/29/2001	gilfokm 05/29/2001		_____			
/1			pgreensl 05/29/2001	_____	lrb_docadmin 05/29/2001		

FE Sent For:

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1?	kahlepj	1-5/Kmg /29-01	5/29 P8	5/29 Self			

FE Sent For:

<END>

*No drafting*

8. Maintain the current law Commerce and DNR staff levels for brownfields and site assessment grants. (This would retain the current level of 2.0 Commerce positions, and would delete 1.0 SEG position and \$50,600 petroleum inspection fund SEG from the bill in 2001-02 and \$58,500 SEG in 2002-03. This would retain the current DNR position with \$51,600 environmental fund SEG in 2001-02 and \$58,500 SEG in 2002-03.)

*No drafting*

9. Provide the following level of funding for Commerce brownfields grants: \$7,000,000 environmental fund SEG in 2001-02 and \$7,000,000 SEG in 2002-03. This would be an increase from base funding of \$600,000 in each of 2001-02 and 2002-03. This would be an increase from the bill of \$500,000 in 2001-02 and a decrease from the bill of \$1,500,000 in 2002-03.

*PJK*

10. LFB Paper #693. Alternative D1. Make the following modifications to the brownfields grant program: (a) eliminate the requirement that Commerce must allocate a specified amount of total brownfields grant monies for grants of certain amounts; (b) expand the definition of entities that would be eligible to receive brownfields grants to include limited liability companies, nonprofit organizations, cities, towns, villages, counties, or trustees, including trustees in bankruptcy; and (c) provide that brownfields grant proceeds could not be used to pay DNR or federal EPA liens based on investigation or remediation activities or to pay delinquent property taxes or interest or penalties related to those taxes.

*No drafting*

*-PJK*

\* 11. LFB Paper #693. Alternative D2 b. Require Commerce to adopt a semi-annual brownfields grant application cycle.

**C. Other Provisions**

*RET*

12. LFB Paper #695. Approve Alternative 2 to create a settlement appropriation within the environmental fund, deposit specified monies in the fund and credit specified monies to the appropriation to carry out the purposes for which received.

*Drafting?*

13. Provide DNR with \$242,400 environmental fund SEG in 2001-02 and \$306,900 SEG in 2002-03 with 5.0 SEG two-year project waste management specialist positions to geo-locate brownfield properties and update DNR's web-based registry of closed sites.

*RET*

14. Recreate the sustainable urban development zone program that was created in 1999 Act 9. Provide \$525,000 environmental fund SEG in 2001-02 in a biennial appropriation. Specify that the state funds may be used to investigate environmental contamination and cleanup brownfields properties in municipalities. Direct DNR to accept applications from municipalities for the funds.

*RET*

15. Specify that the environmental fund would be used to pay a portion of the costs of GPR debt service for environmental repair general obligation bonds on an ongoing basis. Create a SEG annual debt service appropriation from the environmental fund and provide \$2,400,000 SEG

Motion #906

establish: (a) the maximum grant at \$1,250,000; and (b) that grant recipients are required to provide cash or in-kind matches equal to a certain percent of project costs as follows: (a) 20% for grants of \$300,000 or less; (b) 35% for grants between \$300,000 and \$700,000; and (c) 50% for grants between \$700,000 and \$1,250,000.

3. Attachment 1 provides summary information for the \$10.0 million in brownfields grants made during the 1997-99 biennium. Attachment 2 provides summary information about the \$12.2 million in brownfields grants made during the 1999-01 biennium. According to Commerce, 507 abandoned or under-used environmentally contaminated sites have been developed into viable properties, property values have been increased over \$227 million, and 3,350 jobs have been created as the result of projects funded by brownfields grants.

4. Table 1 shows the number of brownfield grant applications, total amounts requested and total actual awards made for each year the brownfields grant program has been in existence. The table shows that, for each year, total demand for grants has been substantially greater than available funding. Grants are awarded in an annual competition using a system for scoring proposed projects. In scoring applications, the Department considers the following criteria: (a) the potential of a project to promote economic development [50% of score]; (b) whether a project will have a positive effect on the environment [25% of score]; (c) the quality and amount of the applicant's contribution to the project [15% of score]; and (d) the innovativeness of the applicant's proposal for remediation and redevelopment [10%]. Department staff have indicated that the current limits on the types and amount of grants that must be made causes a number of awards to be made to projects that score lower than some that are not funded. This is the reason the limits are eliminated in the bill. However, the limits are designed to distribute funding to a variety of projects of different types and sizes.

**TABLE 1**

**Brownfield Grant Applications and Awards**

<u>Fiscal Year</u>	<u>Number of Applications</u>	<u>Amount Requested</u>	<u>Number of Awards</u>	<u>Award Amounts</u>
1997-98	42	\$19,779,500	14	\$5,000,000
1998-99	38	17,006,800	12	5,000,000
1999-00	25	11,548,300	13	5,800,000
2000-01	41	23,378,200	17	6,400,000

5. As noted, brownfields grants are awarded in an annual competition. The Brownfields Study Group, a group of representatives of local and state government, businesses and other public and private entities, released a January, 2001, report that recommended that a statutory provision be enacted that would require Commerce to offer a semi-annual grant award cycle. The Brownfields Study Group noted that holding grant competitions twice in a year would: (a) allow

## GOVERNOR

Modify the Commerce brownfields grant program as follows: (a) increase funding by \$100,000 SEG in 2001-02 and \$2,100,000 SEG in 2002-03; (b) provide Commerce with funding of \$50,600 SEG in 2001-02 and \$58,500 SEG in 2002-03 and 1.0 grants specialist position beginning in 2001-02 to meet additional workload related to the Department's brownfields activities; (c) require Commerce to make grants to the Milwaukee Economic Development Corporation (MEDC) to fund a program for grants to persons for remediation and economic development programs in the Menomonee Valley; (d) eliminate the requirement that Commerce must allocate a specified amount of total brownfields grant monies for grants of certain amounts during the 1999-2001 biennium; (e) consolidate and expand the definition of entities that would be eligible to receive brownfields grants to include limited liability companies, nonprofit organizations, cities, towns, villages, counties, or trustees, including trustees in bankruptcy; (f) provide that brownfields grant proceeds could not be used to pay DNR or federal EPA liens based on investigation or remediation activities or to pay delinquent property taxes or interest or penalties related to those taxes.

Transfer administration of the brownfield site assessment grant program from DNR to Commerce. In DNR, delete \$51,600 SEG in 2001-02 and \$58,500 SEG in 2002-03 and 1.0 SEG waste management specialist in the remediation and redevelopment program annually from the environmental fund. In Commerce, direct the Business Development Assistance Center in Commerce to administer the site assessment grant program.

## DISCUSSION POINTS

### A. Brownfields Grant Program

1. The Brownfields grant program was created in Commerce in the 1997-99 biennial budget to provide financial assistance to persons, municipalities and local development corporations that conduct brownfields redevelopment and related environmental remediation projects. Initially, annual funding of \$5 million was provided for brownfields grants. In 1997-98, grant funds consisted of \$2.3 million GPR and \$2.7 million from the segregated (SEG) environmental fund. In 1998-99, base funding of \$5 million SEG from the environmental fund was provided. The 1999-01 biennial budget (1999 Wisconsin Act 9) provided a total of \$5.8 million SEG in 1999-00 and \$6.4 million SEG in 2000-01. Under a provision included in Act 9, at least \$400,000 in 2000-01 must be used for grants for projects that are evaluated without consideration of the number of jobs that will be created by the projects.

2. As noted, annual base level funding for brownfields grants is \$6.4 million. For fiscal year 2000-01, statutory provisions require Commerce to award a total of \$960,000 in grants that do not exceed \$300,000, a total of \$2,240,000 in grants that are greater than \$300,000 but do not exceed \$700,000, and a total of \$3,200,000 in grants that are greater than \$700,000 but do not exceed \$1,250,000. The bill would delete this designation. Current provisions would remain that

\* grant applicants to prepare more complete applications; and (b) be more responsible to the public needs. While Commerce could administratively create a semi-annual award cycle (no statutory change is required), staff indicate that this would significantly increase administrative workload. The Department has requested an additional administrative position to address increased activities related to the staff's current responsibilities. Commerce indicates adding additional responsibilities would be difficult for current staff to absorb.

**TABLE 2**

**Brownfields Grants Funding Levels**

	<u>2000-01</u> <u>Actual</u>	<u>2001-02</u> <u>Proposed</u>	<u>2002-03</u> <u>Proposed</u>
Appropriation	\$6,400,000	\$6,500,000	\$8,500,000
Site Assessment	0	-1,000,000	0
Legislative:			
Kenosha	-100,000	0	0
MEDC/Men. Valley, Inc.	<u>0</u>	<u>0</u>	<u>-2,000,000</u>
Competitive Grant Funding	\$6,300,000	\$5,500,000	\$6,500,000

6. Commerce would be required to make brownfields grants to the Milwaukee Economic Development Corporation (MEDC) for its grant program for remediation and economic development projects in the Menomonee Valley and to the Menomonee Valley Partners, Inc. Grant proceeds would have to be used to support the creation of jobs and private sector implementation of the Menomonee Valley land use plan. In order to receive a grant from MEDC or the Menomonee Valley Partners, Inc. the grant recipient would be required to provide matching funds that were at least equal to the grant amount. Commerce could not make grants to MEDC or Menomonee Valley Partners, Inc. after June 30, 2003.

7. Commerce provided a gaming economic development grant of \$900,000 to MEDC in 1999-00 to help fund the MEDC grant program. MEDC provides matching grants of up to \$250,000 for remediation and economic development projects in the Menomonee Valley. Grants are used to fund costs related to investigating, abating, removing, containing or monitoring environmental pollution at brownfields sites in the Menomonee Valley, and to secure environmental insurance. Grants can also be used to fund costs of razing, demolishing or removing existing buildings or structures or other improvements at the site. Finally, MEDC grants can be used to fund construction costs incurred to address geotechnical problems associated with Menomonee Valley, such as special foundations and pilings, and for renovations of existing structures. The state funding provided through the brownfields grant program would allow MEDC to continue its grant program during the 2001-03 biennium.

8. As noted, brownfields grant monies would also be provided under the bill to Menomonee Valley Partners, Inc. The company would also use the funding for making matching grants to help finance remediation and economic development projects in the Menomonee Valley that would create jobs and help implement the Menomonee Valley Land Use Plan.

9. The bill requires Commerce to make brownfields grants to MEDC and Menomonee Valley Partners, Inc., but does not specify the amount of grants to be made. The executive budget book indicates that \$2 million should be allocated for these grants. An additional \$2.1 million in funding is provided to the brownfields grant program in 2002-03. The bill could be modified to specify that \$1 million be provided to MEDC and \$1 million be provided to Menomonee Valley Partners, Inc. in 2002-03. However, not specifying the amount of the grants would provide Commerce more flexibility in awarding brownfields grants. The Department would still be required to make grants to MEDC and Menomonee Valley Partners, Inc., but would be able to adjust grant amounts to reflect the needs of those entities and the overall demand for funding other brownfields projects.

**B. Site Assessment Grant Program**

10. After the brownfield site assessment grant program was created in 1999 Act 9, DNR promulgated administrative rule NR 168 effective July 10, 2000, to administer the program. NR 168 allocates 70% of the grant funds to small grants between \$2,000 and \$30,000. The remaining 30% of grant funds are allocated to large grants between \$30,001 and \$100,000.

11. DNR received 111 site assessment grant applications totaling \$3,825,000 for the two grant cycles in 2000-01. The Department awarded 43 small grants and six large grants for the available \$1,450,000 in funding between September, 2000 and January, 2001. The attachment lists the grant recipients and award amounts. Table 3 shows the amount and percent of award by category of eligible activity funded from the grant.

**TABLE 3**

**DNR Site Assessment Grant Awards by Activity Funded - 2000-01**

<u>Activity Funded</u>	<u>Small Grants</u>		<u>Large Grants</u>		<u>Total Grant Awards</u>	
	<u>Award Dollars</u>	<u>Percent of Awards</u>	<u>Award Dollars</u>	<u>Percent of Awards</u>	<u>Award Dollars</u>	<u>Percent of Awards</u>
Phase I and II Assessment	\$242,325	23.9%	\$24,550	5.6%	\$266,875	18.4%
Site Investigation	331,885	32.7	81,243	18.7	413,128	28.5
Demolition of Structures, Buildings and Improvements	195,566	19.3	242,090	55.7	437,656	30.2
Asbestos Abatement	43,350	4.2	47,630	10.9	90,980	6.2
Removal of Abandoned Containers	16,100	1.6	1,000	0.2	17,100	1.2
Removal of Hazardous Substance or Petroleum Tanks	<u>185,774</u>	<u>18.3</u>	<u>38,487</u>	<u>8.9</u>	<u>224,261</u>	<u>15.5</u>
Total	\$1,015,000	100.0%	\$435,000	100.0%	\$ 1,450,000	100.0%

c. Maintain current law.

<u>Alternative C1c</u>	<u>SEG</u>
2001-03 FUNDING (Change to Base)	\$0
[Change to Bill]	- \$109,10]
2002-03 POSITIONS (Change to Base)	0.00
[Change to Bill]	- 1.00]

2. Provide DNR with one of the following staff levels:

a. Approve the Governor's recommendation to delete \$51,600 SEG in 2001-02 and \$58,500 SEG in 2002-03 and 1.0 SEG position annually from the environmental management account of the environmental fund.

<u>Alternative C2a</u>	<u>SEG</u>
2001-03 FUNDING (Change to Base)	- \$110,100
[Change to Bill]	\$0]
2002-03 POSITIONS (Change to Base)	- 1.00
[Change to Bill]	0.00]

b. Maintain current law.

<u>Alternative C2b</u>	<u>SEG</u>
2001-03 FUNDING (Change to Base)	\$0
[Change to Bill]	\$110,100]
2002-03 POSITIONS (Change to Base)	0.00
[Change to Bill]	1.00]

**D. Brownfields Grant Program Provisions**

1. Approve the Governor's recommendations as follows: (a) require Commerce to make grants to the Milwaukee Economic Development Corporation (MEDC) and Menomonee Valley Partners, Inc., to fund a program for grants to persons for remediation and economic development programs in the Menomonee Valley; (b) eliminate the requirement that Commerce must allocate a specified amount of total brownfields grant monies for grants of certain amounts; (c) expand the definition of entities that would be eligible to receive brownfields grants to include limited liability companies, nonprofit organizations, cities, towns, villages, counties, or trustees, including trustees in bankruptcy; and (d) provide that brownfields grant proceeds could not be used to pay DNR or federal EPA liens based on investigation or remediation activities or to pay delinquent property taxes or interest or penalties related to those taxes.

**2.** Make one or more of the following modifications to brownfields grant program provisions:

a. Specify that Commerce make grants of \$1,000,000 to MEDC and \$1,000,000 to Menomonee Valley Partners, Inc. in 2002-03.

**b.** Require Commerce to provide a semi-annual brownfields grant application cycle.

c. Retain provisions similar to current law that require that Commerce allocate a specified amount of total brownfields grant monies for grants of certain amounts in the 2001-03 biennium.

Prepared by: Kendra Bonderud and Ron Shanovich



State of Wisconsin  
2001 - 2002 LEGISLATURE

LRBb0391/1  
PJK... King

LFB:.....Shanovich (DH) – Modifications to the brownfields grant program

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

**LFB AMENDMENT**

**TO 2001 SENATE BILL 55 AND 2001 ASSEMBLY BILL 144**

SOON  
(5-29)

1 At the locations indicated, amend the bill as follows:

2 ✓1. Page 1592, line 7: after that line insert:

3 “SECTION 3631m. 560.13 (4) (ac) of the statutes is created to read:

4 560.13 (4) (ac) The department shall consider grant applications and award  
5 grants on a semiannual basis.”.

6 (END)

