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(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2011-12

(session year)

Assembly

(Assembly, Senate or Joint)

Committee on Natural Resources...

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
(ab = Assembly Bill) (ar = Assembly Resolution) (ajr = Assembly Joint Resolution)
(sb = Senate Bill) (sr = Senate Resolution) (sjr = Senate Joint Resolution)
- Miscellaneous ... **Misc**

* Contents organized for archiving by: Stefanie Rose (LRB) (August 2013)

Assembly

Record of Committee Proceedings

Committee on Natural Resources

Assembly Bill 627

Relating to: trading of water pollution credits, granting rule-making authority, and making an appropriation.

By Representatives Knilans, Endsley, Spanbauer and LeMahieu.

February 24, 2012 Referred to Committee on Natural Resources.

March 7, 2012 **PUBLIC HEARING HELD**

Present: (16) Representatives Mursau, Rivard, Williams,
 Kleefisch, Nerison, Severson, Steineke,
 Tiffany, Stroebel, Litjens, Molepske Jr, Mason,
 Danou, Clark, Milroy and Hulsey.

Absent: (0) None.

Excused: (0) None.

Appearances For

- Joe Knilans, Madison — Representative, 44th Assembly District
- Paul Kent, Madison — Municipal Environmental Group

Appearances Against

- None.

Appearances for Information Only

- Kevin Kirsch, Madison — Wisconsin Department of Natural Resources

Registrations For

- Lori Grant, Madison — River Alliance of Wisconsin
- Ed Wilusz, Madison — Wisconsin Paper Council
- Nathan Franklin, LaCrosse — Dairyland Power
- Curt Witynski, Madison — League of Wisconsin Municipalities

Registrations Against

- None.

Registrations for Information Only

- None.

March 7, 2012

EXECUTIVE SESSION HELD

Present: (16) Representatives Mursau, Rivard, Williams, Kleefisch, Nerison, Severson, Steineke, Tiffany, Stroebel, Litjens, Molepske Jr, Mason, Danou, Clark, Milroy and Hulsey.

Absent: (0) None.

Excused: (0) None.

Moved by Representative Kleefisch, seconded by Representative Rivard that **Assembly Bill 627** be recommended for passage.

Ayes: (16) Representatives Mursau, Rivard, Williams, Kleefisch, Nerison, Severson, Steineke, Tiffany, Stroebel, Litjens, Molepske Jr, Mason, Danou, Clark, Milroy and Hulsey.

Noes: (0) None.

PASSAGE RECOMMENDED, Ayes 16, Noes 0

Tim Gary
Committee Clerk

Vote Record Committee on Natural Resources

Date: March 7, 2012

Moved by: Kleefisch

Seconded by: Rivard

AB 627 SB _____ Clearinghouse Rule _____
 AJR _____ SJR _____ Appointment _____
 AR _____ SR _____ Other _____

A/S Amdt _____
 A/S Amdt _____ to A/S Amdt _____
 A/S Sub Amdt _____
 A/S Amdt _____ to A/S Sub Amdt _____
 A/S Amdt _____ to A/S Amdt _____ to A/S Sub Amdt _____

Be recommended for:

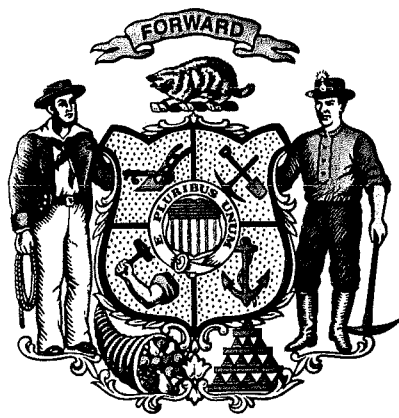
- Passage Adoption Confirmation Concurrence Indefinite Postponement
 Introduction Rejection Tabling Nonconcurrence

<u>Committee Member</u>	<u>Aye</u>	<u>No</u>	<u>Absent</u>	<u>Not Voting</u>
Representative Jeffrey Mursau, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Roger Rivard	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Mary Williams	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Joel Kleefisch	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Lee Nerison	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Erik Severson	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Jim Steineke	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Thomas Tiffany	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Duey Stroebel	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Michelle Litjens	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Louis Molepske Jr	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Cory Mason	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Chris Danou	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Fred Clark	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Nick Milroy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Brett Hulsey	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Totals: _____

Motion Carried

Motion Failed



THE *Village of*
PADDOCK LAKE

PHONES – 262-843-2713 or 262-843-2400 FAX 262-843-3409

6969 236th AVENUE
SALEM, WISCONSIN 53168

March 6, 2012

Samantha Kerkman
State Representative - 66th Assembly District
P.O. Box 8952
Madison, WI. 53708-8952
Rep.kerkman@legis.wisconsin.gov

RE: Assembly Bill 627, trading of water pollution credits

Honorable Samantha Kerkman,

As the Village of Paddock Lake, Village President I am always striving to find and use cost savings tools and programs available to small communities. The pollutant trading program would be a tool that could be used by our Village as well as other municipalities in the State of Wisconsin in reducing costs while complying with Environmental Protection Agency and Wisconsin Department of Natural Resources clean water rules as they apply to phosphorus reduction.

I would like to strongly encourage you to support the upcoming assembly bill 627, trading of water pollution credits as sponsored by Representative Kailans.

If you have any questions, please feel free to contact me at 262-843-2713.

Sincerely,

Marlene Goodson
Village President
Village of Paddock Lake

THE *Village of*
PADDOCK LAKE

PHONES – 262-843-2713 or 262-843-2400 FAX 262-843-3409

6969 236th AVENUE
SALEM, WISCONSIN 53168

March 6, 2012

Samantha Kerkman
State Representative - 66th Assembly District
P.O. Box 8952
Madison, WI. 53708-8952
Rep.kerkman@legis.wisconsin.gov

Honorable Samantha Kerkman,

Thanks you for taking the time out of your busy schedule to discuss with me the importance of Assembly Bill 627.

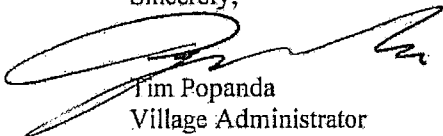
As discussed I am forwarding to you this letter of support for Assembly Bill 627 as it relates to trading of water pollution credits.

As you may know the Village of Paddock Lake waste water utility district is currently rebuilding the Village waste water treatment plant at a cost of \$9 million. The cost of the plant expansion has been passed on to the sanitary sewer users in the amount of \$210.00 per quarter in user fees which was an increase of 80%. This waste water treatment plant expansion does not address the revised phosphorus limits. All indications are that the revised phosphorous limits will add an additional \$60.00 per quarter to a village sewer user.

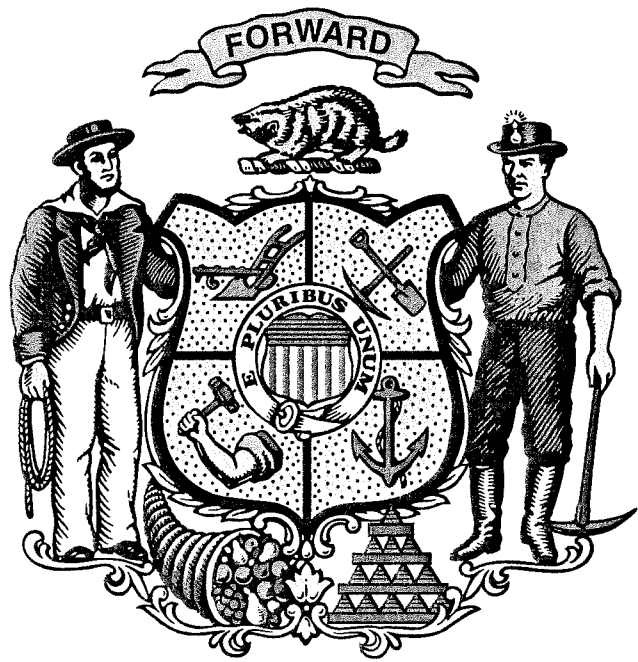
The Village of Paddock Lake had anticipated using a Department of Natural Resources suggested pollutant trading program to defray some of the future costs of phosphorous removal from waste water. Recently at a conference Village Staff learned for the first time that the once offered pollutant trading program was not being developed and may no longer be an option local municipalities could use.

The management option of pollutant trading is important to the Village of Paddock Lake and its residents; we hope you will support the assembly bill 627 as it progresses forward.

Sincerely,



Tim Popanda
Village Administrator
Village of Paddock Lake



**Before the Wisconsin Assembly
Natural Resources Committee
March 7, 2012**

Hearing on AB 627

**Comments of Paul G. Kent on behalf of
Municipal Environmental Group – Wastewater Division**

The Municipal Environmental Group Wastewater Division (MEG) is an association of nearly 100 municipalities throughout the state of Wisconsin. For 24 years, MEG has been an advocate for municipalities in wastewater matters, and was one of the parties actively involved in the development of phosphorus water quality standards for point source dischargers. I am here today to register our support for AB 627 and to outline the reasons why this is needed legislation.

The phosphorus water quality standards adopted by DNR in 2010 are now appearing in wastewater discharge permits being issued by DNR. Conservative estimates are that the cost to comply with these new standards will be in excess of a billion dollars statewide. This is because most of the phosphorus from municipal effluent has already been removed under existing requirements, and removing the last small percent will require advanced treatment technology such as membrane filtration.

And for all that money, the amount of water quality improvement that will be achieved is negligible. This is because on a statewide basis phosphorus from point sources like municipal facilities accounts for only 20% of the phosphorus in state waters. The rest comes from nonpoint sources such agriculture, urban stormwater and legacy sources. Spending billions of dollars at municipal treatment plants is not going to significantly improve water quality. It is certainly not going to do so in a cost-effective manner.

One answer to this problem is the concept of water quality based effluent trading. Under this concept, point sources, such as municipal treatment plants can obtain a credit for funding verifiable reductions of phosphorus elsewhere in the watershed. In most cases, the cost of removing phosphorus from nonpoint sources through improved agricultural practices or through restoring wetlands or other phosphorus reduction projects is far less than removing phosphorus at a treatment plant. Municipalities save money, nonpoint sources obtain funding and the amount of phosphorus in the watershed is actually reduced in a meaningful amount.

To make this work, several things need to happen. One of those items is amending the existing trading law to provide increased flexibility for trading to be used on a statewide basis. The current trading statute was developed in 1998 as a pilot program and contains a number of limitations on how trades can occur and the time period for trades.

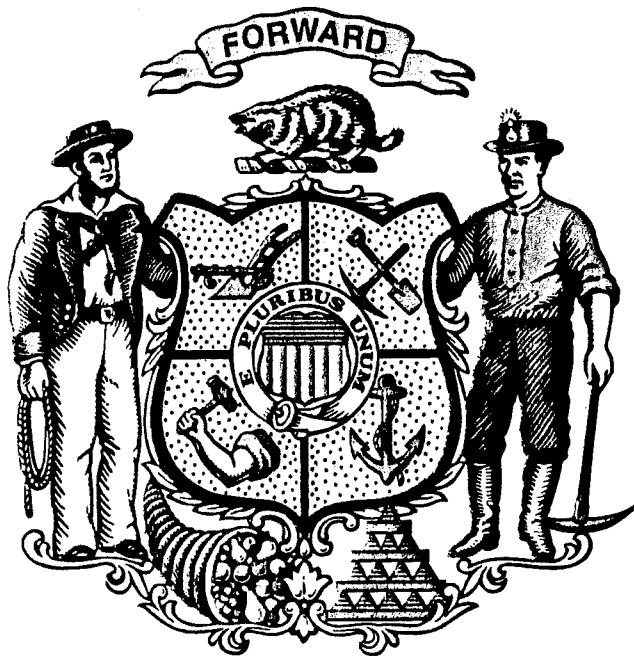
The proposed legislation provides needed flexibility in at least three ways.

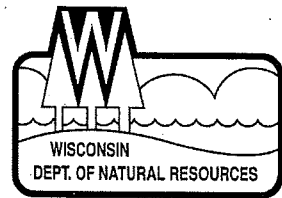
- First, it removes the pilot restrictions and allows the program to be used statewide. This is critical because the phosphorus water quality standards are statewide standards.
- Second, it removes the restriction which limits trades to 5 years. Facility planning for municipalities is done on a 20 year planning horizon, and trades limited to 5 years are not viable alternatives.
- Third, the kinds of trades that should be allowed extend beyond projects with agricultural producers. Some municipalities may be able to trade with their municipal stormwater utilities. Others may have watershed projects they control that could result in phosphorus reduction. In some cases, providing cost share dollars may be the most cost effective way to address nonpoint issues. All of those options should be available.

As noted above, DNR is currently issuing permits with phosphorus standards. Nearly 200 backlogged permits will be issued over the coming months. For these communities the clock is ticking. They have compliance schedules and deadlines to determine how to meet their phosphorus limits. They need to know now whether trading will be a viable option or not. This legislation is a key piece in making that evaluation.

This bill is necessary to make trading a viable option, and it is necessary that it be considered this session.

MEG urges you to approve this bill. It provides for a cost-effective approach to improving the waters of this State. It is good for the communities in this state and good for the environment.





Testimony of the Department of Natural Resources regarding AB 627

Assembly Committee on Natural Resources

March 7, 2012

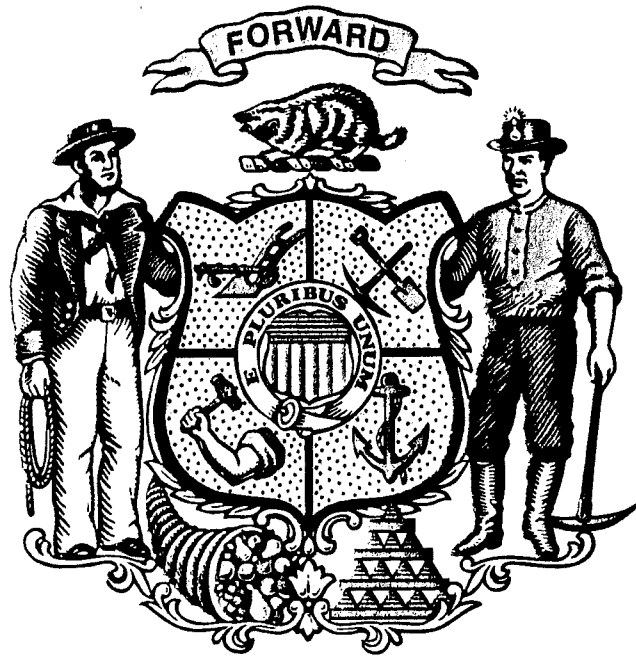
Good Morning. Thank you for the opportunity to testify for informational purposes regarding AB 627. My name is Kevin Kirsch, and I am the technical lead for the development of a pollutant trading framework for the Department of Natural Resources.

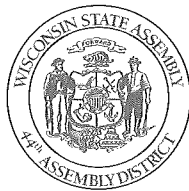
Pollutant trading allows an entity with a higher cost of pollutant control to purchase credits from a group with a lower cost of pollutant control. As you have heard the purpose of this bill is to expand this option statewide, expand the geographic extent in which individual trades between entities can occur, and extend the term of a pollutant trading agreement to longer than a single 5 year period.

The department estimates that pollutant trading can save regulated entities approximately \$200 million dollars in the implementation of phosphorus reductions needed to meet water quality requirements. The existing pollutant trading pilots served their educational purpose and AB 627 allows us to move forward with a statewide program.

Thank you again for the opportunity to testify and I am happy to answer any questions.

Kevin Kirsch
Water Resource Engineer
Bureau of Water Quality
608-266-7019





JOE KNILANS

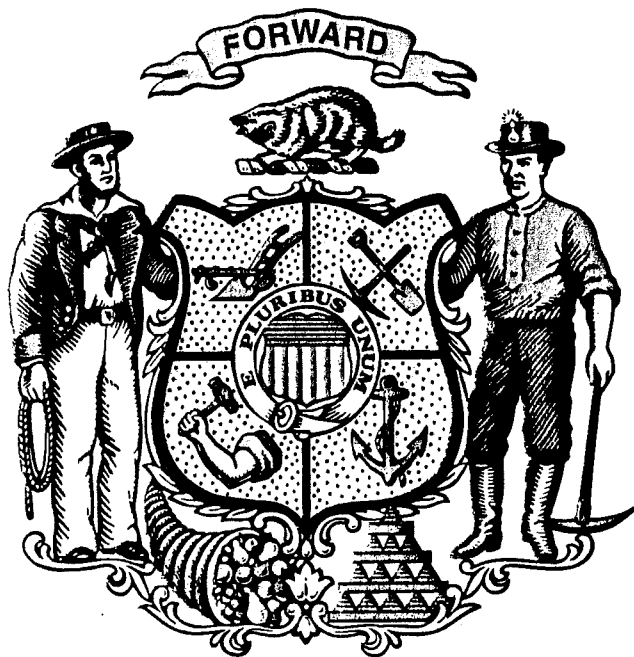
STATE REPRESENTATIVE • 44TH ASSEMBLY DISTRICT

March 7, 2012

First of all, I would like to thank you Chairperson Mursau and all of the other committee members for allowing me to testify on AB-627.

- Wisconsin has long been known for its beautiful lakes, streams and rivers. They play a vital part in the tourism, commerce, recreation, environment and overall beauty and wonder of our state. For that reason we have established laws and regulations aimed at protecting our waters, not only for this generation but for generations to come.
- We also recognize our obligation to safeguard our waters not only for future generations but also for those who are downstream from us. Whatever we do in Wisconsin will eventually have an effect on the quality of their water too.
- In 1997, the legislature passed a law requiring the Department of Natural Resources to "administer at least one pilot project to evaluate the trading of water pollution credits" Under that law, a permitted source of water pollution could discharge pollutants at levels above what would otherwise be authorized in the Wisconsin Pollutant Discharge Elimination System (WPDES) discharge permit, while another entity removes additional pollutants.
- Since that time the DNR has allowed the trading of water pollution credits in pilot programs provided certain agreements have been reached with another discharger, the DNR or other units of government.
- During this fifteen year period the DNR has been able to identify and address many of the legal, administrative, and technical issues; evaluate costs; and research best management practices in relation to the trading of water pollution credits.
- The Trading Water Pollution Credits bill enables us to take the next step and move the program from a pilot program to one that is more readily available.
- There are several benefits to taking this step.

- Trading allows the DNR and stakeholders to look at a watershed holistically and to ask how efforts to improve water quality can be undertaken to best protect watershed health. This question is important, since the best opportunities for improving water quality and watershed health are not always located at point source outfalls.
- Where watershed circumstances favor trading, a trading program can be a powerful tool for achieving pollutant reductions faster and at lower cost.
- Trading may also provide ancillary benefits such as the restoration of river shorelines and wildlife habitat. Because those who generate water quality credits have the opportunity of receiving remuneration, a trading program encourages polluters to fund activities such as constructing wetlands or planting vegetation in order to improve water quality within a watershed.
- Planting trees and other vegetation can be an effective and low cost way to clean up contaminants and reduce soil erosion. Revegetation improves habitat and natural landscapes, thereby enhancing tourism and recreational use. This increased tourism and recreational use provides broad economic benefit within communities throughout our state.
- This bill also benefits municipalities and taxpayers. Instead of spending taxpayer money to upgrade water treatment systems, municipalities may be able to use this framework to trade phosphorous credits with sources upstream.
- Finally, a successful water quality trading system can stimulate and strengthen relationships among a wide range of groups including homeowners, farmers, fishermen, community leaders, tribes, members of civic and environmental groups, water and sewer system managers, business, and federal, state and local governments. These kinds of relationships can lead to significant long-term environmental improvements.
- There is a growing awareness by people in the public and private sectors that the water quality crisis is too big to be solved by traditional approaches alone. That is why implementing proven, market-based incentives to reduce threats to water quality makes sense.
- Thank you again for hearing my testimony. Now, I would be happy to address any questions you might have.





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E-mail: league@lwm-info.org
www.lwm-info.org

To: Assembly Committee on Natural Resources
From: Curt Witynski, Assistant Director, League of Wisconsin Municipalities
Date: March 7, 2012
Re: AB 627; Trading of Water Pollution Credits

The League of Wisconsin Municipalities supports AB 627. The bill provides local governments with more flexibility to pursue water pollution trading credits in the context of complying with stormwater regulations. For example, the bill allows trades point to point AND it allows communities to do projects so they can trade with themselves. For example, a city could acquire some unused farmland and restore it as a wetland to obtain sediment credit under their stormwater permit.

AB 627 is necessary to make trading of this type a viable option. It is important for this bill to be enacted this session.

The League urges you to recommend passage of AB 627. It provides for a cost-effective approach to cleaning up the waters of this state. It is good for municipalities and it is good for the environment.

Thanks for considering our comments.