



WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

2017 Senate Bill 48

Senate Substitute Amendment 1

Memo published: April 3, 2017

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SENATE SUBSTITUTE AMENDMENT 1

Senate Substitute Amendment 1 (the substitute amendment) creates: (1) a process by which a water public utility may provide a grant, a loan, or both to a property owner for the purpose of assisting the property owner in replacing the portion of a lead-containing water service line that is owned by the property owner; and (2) a process by which a city, village, town, or county may provide a loan or facilitate owner-arranged financing from a third party for the purpose of replacing the portion of a lead-containing water service line that is owned by the property owner.

GRANTS AND LOANS PROVIDED BY A WATER PUBLIC UTILITY

Under the substitute amendment, a water public utility may provide a grant, a loan, or both to a property owner for the purpose of assisting the property owner in replacing the portion of a lead-containing water service line that is owned by the property owner, if all of the following requirements are satisfied:

1. The city, town, or village in which the water public utility provides utility service to the property has enacted an ordinance that permits the water public utility to provide a grant, a loan, or both.
2. The portion of the water service line pipe that is owned by the public utility and the water main pipe that are connected to the property either do not contain lead or are replaced at the same time as the portion that is owned by the property owner.
3. The Public Service Commission (PSC) has granted its approval.

PSC Approval

To obtain approval from the PSC under the substitute amendment, a water public utility must submit an application to the PSC that includes a description of the proposed financial assistance to be provided to property owners, a description of the method for funding the financial assistance, and any other information that the PSC requests.

Once the PSC has received a complete application, the PSC is required to investigate the application. As part of its investigation, the PSC may hold a public hearing on the application. The PSC must complete its investigation within 90 days if it does not hold a public hearing, and 180 days if it does hold a public hearing, unless the chairperson of the PSC extends the review period for good cause.

If the PSC finds that a water public utility's proposal is reasonable, it must grant its approval in writing.

The substitute amendment provides that it is not unreasonable or unlawful for a water public utility to fund all or a portion of the cost of providing grants and loans using revenue collected from charges applied to retail customers receiving service from the water public utility in the same city, village, or town in which the property receiving financial assistance is located.

Method for Collecting Loan Payments That are in Arrears

Under current law, municipally owned public utilities are authorized to collect unpaid charges for utility service by placing the charges on the property tax rolls, as a lien on the property served. In order to have unpaid charges become a tax lien, a municipal utility must follow a procedure that begins with giving notice on October 15.

The substitute amendment provides that these provisions apply to payments owing on loans provided by a municipally owned water public utility for the purpose of assisting a property owner in replacing the portion of a lead-containing water service line that is owned by the property owner.

Under current law, the procedures for a water utility of a first class city (i.e., the Milwaukee Water Works) differ from the procedures for other municipal utilities. For that water utility, no notice to the owner of the property is required.

The substitute amendment provides that these provisions apply to payments owing on loans provided by a water utility of a first class city that were granted for the purpose of assisting a property owner in replacing the portion of a lead-containing water service line owned by a property owner.

LOANS AND LOAN REPAYMENT AGREEMENTS BY A CITY, VILLAGE, TOWN, OR COUNTY

Under current law, a political subdivision (i.e., a city, village, town, or county) may make a loan to the owner of a property located within its boundaries for the purpose of

assisting the property owner in installing energy or water efficiency improvements or certain other projects.

Current law also provides that a political subdivision may instead enter into a loan repayment agreement with a property owner, under which the owner obtains a loan from a private lender, and the political subdivision collects the loan repayment and forwards the amount collected to the lender.

The substitute amendment expands the purposes for which a political subdivision may provide a loan or enter into a loan repayment agreement, to include the purpose of replacing the portion of a lead-containing water service line that is owned by the property owner.

Method for Collecting Loan Repayments

Current law authorizes a political subdivision to collect loan repayments in installments as a special charge on the property owner's property tax bill, even if the repayment is not delinquent. An installment payment that is delinquent becomes a lien on the property.

The substitute amendment provides that this method may be used to collect repayments of loans made for the purpose of replacing the portion of a lead-containing water service line that is owned by a property owner.

BILL HISTORY

Senator Cowles introduced Senate Substitute Amendment 1 to Senate Bill 48 on March 28, 2017. On March 29, 2017, the Senate Committee on Natural Resources and Energy voted to recommend adoption of the amendment on a vote of Ayes, 5; Noes, 0. On the same day, the committee voted to recommend passage of the bill, as amended, on a vote of Ayes, 5; Noes, 0.

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