

Fiscal Estimate - 2023 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 23-0065/1	Introduction Number AB-0887
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Description
 bonding for lead service line replacement and granting bonding authority

Fiscal Effect

State:

- No State Fiscal Effect
- Indeterminate
 - Increase Existing Appropriations
 - Decrease Existing Appropriations
 - Create New Appropriations
- Increase Existing Revenues
- Decrease Existing Revenues
- Increase Costs - May be possible to absorb within agency's budget
 - Yes No
- Decrease Costs

Local:

- No Local Government Costs
- Indeterminate
- 1. Increase Costs 3. Increase Revenue
- Permissive Mandatory Permissive Mandatory
- 2. Decrease Costs 4. Decrease Revenue
- Permissive Mandatory Permissive Mandatory
- 5. Types of Local Government Units Affected
 - Towns Village Cities
 - Counties Others
 - School Districts WTCS Districts

Fund Sources Affected **Affected Ch. 20 Appropriations**

GPR FED PRO PRS SEG SEGS

Agency/Prepared By	Authorized Signature	Date
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Fiscal Estimate Narratives

DOA 2/6/2024

LRB Number	23-0065/1	Introduction Number	AB-0887	Estimate Type	Original
Description bonding for lead service line replacement and granting bonding authority					

Assumptions Used in Arriving at Fiscal Estimate

Assembly Bill (AB-887) increases the bonding authority for the Safe Drinking Water Loan Program (SDWLP or Program) to \$274,950,000, including amounts for forgivable loans. Additionally, this bill sets a limit on the percentage of these loans available to private users of public water systems.

Currently, the Department of Administration (Department) and Department of Natural Resources (DNR) administer the SDWLP by providing financial assistance from the environmental improvement program to local governmental units and to private owners of community water systems that serve local governmental units for projects for the planning, designing, construction, or modification of public water systems. This Program subsidizes loans for municipal water projects.

Within the Department's Division of Executive Budget and Finance, the Capital Finance Office (CFO) is responsible for enterprise capital financial management and is the financial manager of the state's environmental improvement fund (EIF) which is tasked with allocating funding for the SDWLP from the EIF.

Under this proposed bill, bonding authority for the SDWLP would be able to be increased by \$200,000,000 in forgivable loans. This increases the total amount that can be authorized to \$274,950,000. Currently, the state is allowed to contract up to \$75,950,000 in public debt for this Program. Additionally, this bill creates a limitation on the proceeds of public debt to projects involving forgivable loans to private users of public water systems to not more than 50 percent of the cost to replace lead service lines. The CFO would be responsible for ensuring no more than 50 percent of the \$200,000,000 in proceeds of the forgivable loans disbursed for the Program is provided to private users of public water systems.

The Department anticipates increased staff efforts would be required for the CFO to administer, monitor, and allocate funding for the Program due to the number of forgivable loans allowed under the proposed bill. The Department anticipates, given current CFO staffing levels and the extent of the work effort, that the workload would be absorbable under current existing position and expenditure authority.

Given that these loans would be forgivable, and that the Department serves as the financial manager of this fund and does not administer or oversee its activities, as this is the responsibility of DNR, there is no direct fiscal impact to the department that would result from AB-887.

Long-Range Fiscal Implications