



State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-1138/P4
MCP&ZDW:ahc&cdc

DOA:.....Potts, BB0154 - Safe Drinking Water Loan Program Revenue
Bonding

FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION

AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

ENVIRONMENT

WATER QUALITY

1. Safe Drinking Water Loan Program

This bill authorizes the issuance of revenue bonds for the Safe Drinking Water Loan Program under the environmental improvement fund, similar to the authority for revenue bonding under the Clean Water Fund Program. The program provides low-interest loans to municipalities for drinking water infrastructure projects, to help them comply with federal drinking water standards.

Under current law, the state may contract up to \$71,400,000 in public debt for the Safe Drinking Water Loan Program. This bill increases the general obligation bonding authority for the program by \$43,550,000 and requires DOA to allocate up to \$40,000,000 of the authorized public debt to projects involving forgivable loans to private users of public water systems to cover not more than 50 percent of the cost to replace lead service lines.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 13.48 (26m) of the statutes is created to read:

13.48 **(26m)** LEAD SERVICE LINE REPLACEMENT. The legislature finds and determines that the prevalence of lead service lines in connections to public water systems poses a public health hazard and that processes for reducing lead entering drinking water from such pipes requires additional treatment of wastewater. It is therefore in the public interest, and it is the public policy of this state, to assist private users of public water systems in replacing lead service lines.

SECTION 2. 18.06 (9) of the statutes is amended to read:

18.06 **(9)** CLEAN WATER FUND PROGRAM AND SAFE DRINKING WATER LOAN PROGRAM BONDS. Notwithstanding sub. (4), the sale of bonds under this subchapter to provide revenue for the clean water fund program or the safe drinking water loan program may be a private sale to the environmental improvement fund under s. 25.43, if the bonds sold are held or owned by the environmental improvement fund, or a public sale, as provided in the authorizing resolution.

SECTION 3. 20.320 (1) (q) of the statutes is amended to read:

20.320 **(1)** (q) *Clean water fund program revenue obligation funding*. As a continuing appropriation, all proceeds from revenue obligations issued for the clean water fund program under subch. II or IV of ch. 18, as authorized under s. 281.59 (4) and deposited in the fund in the state treasury created under s. 18.57 (1), providing for reserves and for expenses of issuance and management of the revenue obligations, and to make payments under an agreement or ancillary arrangement

entered into under s. 18.55 (6) with respect to such revenue obligations issued under s. 281.59 (4), and the remainder to be transferred to the environmental improvement fund for the purposes of the clean water fund program under s. 281.58. Estimated disbursements under this paragraph shall not be included in the schedule under s. 20.005.

SECTION 4. 20.320 (1) (r) of the statutes is amended to read:

20.320 (1) (r) *Clean water fund program repayment of revenue obligations.*

From the environmental improvement fund, a sum sufficient to repay the fund in the state treasury created under s. 18.57 (1) the amount needed to retire revenue obligations issued for the clean water fund program under subch. II or IV of ch. 18, as authorized under s. 281.59 (4), and to make payments under an agreement or ancillary arrangement entered into under s. 18.55 (6) with respect to such revenue obligations issued under s. 281.59 (4).

SECTION 5. 20.320 (1) (u) of the statutes is amended to read:

20.320 (1) (u) *Principal repayment and interest — clean water fund program revenue obligation repayment.* From the fund in the state treasury created under s. 18.57 (1), all moneys received by the fund and not transferred under s. 281.59 (4) (c) to the environmental improvement fund, for the purpose of the retirement of revenue obligations, providing for reserves and for operations relating to the management and retirement of revenue obligations issued for the clean water fund program under subch. II or IV of ch. 18, as authorized under s. 281.59 (4), and to make payments under an agreement or ancillary arrangement entered into under s. 18.55 (6) with respect to such revenue obligations issued under s. 281.59 (4). All moneys received are irrevocably appropriated in accordance with subch. II of ch. 18 and further

established in resolutions authorizing the issuance of the revenue obligations and setting forth the distribution of funds to be received thereafter.

SECTION 6. 20.320 (2) (q) of the statutes is created to read:

20.320 (2) (q) *Safe drinking water loan program revenue obligation funding.*

As a continuing appropriation, all proceeds from revenue obligations issued for the safe drinking water loan program under subch. II or IV of ch. 18, as authorized under s. 281.59 (4) and deposited in the fund in the state treasury created under s. 18.57 (1), providing for reserves and for expenses of issuance and management of the revenue obligations, and to make payments under an agreement or ancillary arrangement entered into under s. 18.55 (6) with respect to such revenue obligations issued under s. 281.59 (4), and the remainder to be transferred to the environmental improvement fund for the purposes of the safe drinking water loan program under s. 281.61. Estimated disbursements under this paragraph shall not be included in the schedule under s. 20.005.

SECTION 7. 20.320 (2) (r) of the statutes is created to read:

20.320 (2) (r) *Safe drinking water loan program repayment of revenue obligations.* From the environmental improvement fund, a sum sufficient to repay the fund in the state treasury created under s. 18.57 (1) the amount needed to retire revenue obligations issued for the safe drinking water loan program under subch. II or IV of ch. 18, as authorized under s. 281.59 (4), and to make payments under an agreement or ancillary arrangement entered into under s. 18.55 (6) with respect to such revenue obligations issued under s. 281.59 (4).

***NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

SECTION 8. 20.320 (2) (u) of the statutes is created to read:

20.320 (2) (u) *Principal repayment and interest — safe drinking water loan program revenue obligation repayment.* From the fund in the state treasury created under s. 18.57 (1), all moneys received by the fund and not transferred under s. 281.59 (4) (c) to the environmental improvement fund, for the purpose of the retirement of revenue obligations, providing for reserves and for operations relating to the management and retirement of revenue obligations issued for the safe drinking water loan program under subch. II or IV of ch. 18, as authorized under s. 281.59 (4), and to make payments under an agreement or ancillary arrangement entered into under s. 18.55 (6) with respect to such revenue obligations issued under s. 281.59 (4). All moneys received are irrevocably appropriated in accordance with subch. II of ch. 18 and further established in resolutions authorizing the issuance of the revenue obligations and setting forth the distribution of funds to be received thereafter.

***NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

SECTION 9. 20.866 (2) (td) of the statutes is amended to read:

20.866 (2) (td) *Safe drinking water loan program.* From the capital improvement fund, a sum sufficient to be transferred to the environmental improvement fund for the safe drinking water loan program under s. 281.61. The state may contract public debt in an amount not to exceed ~~\$71,400,000~~ \$114,950,000 for this purpose.

***NOTE: This is reconciled s. 20.866 (2) (td). This SECTION has been affected by drafts with the following LRB numbers: -1138/P3 and -1741/P3.

SECTION 10. 25.43 (3) of the statutes is amended to read:

25.43 (3) Except for the purpose of investment as provided in s. 25.17 (2) (d), the environmental improvement fund may be used only for the purposes authorized

SECTION 10

under ss. 20.320 (1) (r), (s), (sm), (t), and (x) and (2) (r), (s), and (x), 20.370 (4) (mt), (mx) and (nz), (8) (mr) and (9) (mt), (mx) and (ny), 20.505 (1) (v), (x) and (y), 281.58, 281.59, 281.60, 281.61, 281.62, and 283.31.

SECTION 11. 281.59 (4) (a) of the statutes is amended to read:

281.59 (4) (a) The clean water fund program and the safe drinking water loan program are revenue-producing enterprises or programs, as defined in s. 18.52 (6).

SECTION 12. 281.59 (4) (am) of the statutes is amended to read:

281.59 (4) (am) Deposits, appropriations or transfers to the environmental improvement fund for the purposes of the clean water fund program or the safe drinking water loan program may be funded with the proceeds of revenue obligations issued subject to and in accordance with subch. II of ch. 18 or in accordance with subch. IV of ch. 18 if designated a higher education bond.

SECTION 13. 281.59 (4) (c) of the statutes is amended to read:

281.59 (4) (c) The building commission may pledge any portion of revenues received or to be received in the fund established in par. (b) or the environmental improvement fund to secure revenue obligations issued under this subsection. The pledge shall provide for the transfer to the environmental improvement fund of all pledged revenues, including any interest earned on the revenues, which are in excess of the amounts required to be paid under s. 20.320 (1) (c) and (u) and (2) (c) and (u) for the purposes of the clean water fund program and the safe drinking water loan program. The pledge shall provide that the transfers be made at least twice yearly, that the transferred amounts be deposited in the environmental improvement fund and that the transferred amounts are free of any prior pledge.

SECTION 14. 281.59 (4) (f) of the statutes is amended to read:

281.59 (4) (f) Revenue obligations may be contracted by the building commission when it reasonably appears to the building commission that all obligations incurred under this subsection, and all payments under an agreement or ancillary arrangement entered into under s. 18.55 (6) with respect to revenue obligations issued under this subsection, can be fully paid on a timely basis from moneys received or anticipated to be received. Revenue obligations issued under this subsection for the clean water fund program and safe drinking water loan program shall not exceed \$2,526,700,000 in principal amount, excluding obligations issued to refund outstanding revenue obligation notes.

SECTION 15. 281.61 (8) (b) of the statutes is created to read:

281.61 (8) (b) The department of administration shall allocate not more than \$40,000,000 from proceeds of public debt authorized under s. 20.866 (2) (td) to projects involving forgivable loans to private users of public water systems to cover not more than 50 percent of the cost to replace lead service lines.

(END)