

1999 DRAFTING REQUEST

Bill

Received: **09/22/98**

Received By: **traderc**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget**

By/Representing: **Wong**

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

Drafter: **traderc**

May Contact:

Alt. Drafters:

Subject: **Environment - water quality**

Extra Copies:

Topic:

DOA:.....Wong - Clean water fund technical modifications

Instructions:

See Attached

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>
/1	traderc 10/22/98	chanaman 10/23/98	ismith 11/9/98	_____	lrb_docadmin 11/10/98		State
/2	traderc 12/27/98	gilfokm 12/28/98	martykr 12/29/98	_____	lrb_docadmin 12/29/98		State
/3	traderc 02/2/99	gilfokm 02/2/99	lpaasch 02/2/99	_____	lrb_docadmin 02/2/99		State

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kmg*

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Bill

Received: **09/22/98**

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Identical to LRB:

For: **Administration-Budget**

By/Representing: **Schmiedicke**

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12-12-28
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Kru 12/28

C mh 10/28

Am 28

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May Contact:

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Subject: **Environment - water quality**

Extra Copies: *Paul Mc Mahon, DAB*
MES

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See Attached

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1?	traderc	1-10-23+ KMG-6	IS 11/9	IS/LP 11/9			

FE Sent For:

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STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION
191 East Wilson Street, Madison, Wisconsin




Mailing Address:
Post Office Box 7864
Madison, WI 53707-7864

TOMMY G. THOMPSON
GOVERNOR
JAMES R. KLAUSER
SECRETARY

Date: September 14, 1998

To: Mr. Peter J. Dykman
Legislative Reference Bureau
100 N. Hamilton Street

From: Paul McMahon, Director 
Bureau of Financial Management
Division of Administrative Services/DOA
101 E. Wilson St.

Subject: Drafting of Agency Items for 1999-2001 Budget Bill

Attached are the proposals the department will be advancing to the Governor for consideration in the next budget bill. I have attached a summary, followed by one-page drafting information w/attachments as referenced.

Please return drafts to my attention, 9th floor, St. Administration Bldg. via Inter-D mail, or electronically if you prefer: paul.mcmahon@DOA.state.wi.us

attachments

cc: George Lightbourn, Deputy Secretary
Ed Main, Legal Counsel

RET

**Department of Administration (agency) Drafting Request
to the Legislative Reference Bureau**

➔ Draft for Possible 99-01 Budget Bill Introduction (Agency DI No: NA)

Draft for Possible Introduction as Department-sponsored or Independent Bill

Subject: Technical modifications Clean Water Program	
Request Date: September 14, 1998	
Reviewed by:	
Contact Name in DOA for Drafter (phone no):	Michael Wolff - Program Director (7-2734) Dick Wagner - Agency budget staff (6-0653)

Brief Description of Intent:

- A. Chapter 67 does not allow municipalities to issue 20 year General Obligation Promissory Notes to the Safe Drinking Water Loan Program or the Land Recycling Loan Program as collateral for loans. The loan programs under the EIF are authorized to make loans with terms of up to twenty years. Some municipalities prefer to secure their EIF loans with a General Obligation promissory notes. Accordingly, they need to be able to match the term of the notes with the 20 year term of the EIF loan.
- B. Chapter 281 contains numerous references to "capital cost loans" and the Clean Water Fund Program will not be making any loans of this type. Milwaukee Metropolitan Sewerage District settled its financial dispute with the suburban FLOW communities so "Capital cost loans" authorized in the statutes for the Clean Water Fund are not necessary. Statutory references to the capital cost loans should be removed from Chapter 281 in order to streamline the statutes and avoid confusion as to what types of loans are available from the EIF.
- C. Chapter 281 contains certain provisions that no longer are applicable or relevant to the loans made by the Clean Water Fund Program. The statutory provisions referenced in C. above create confusion for municipalities, engineers, financial advisors, and attorneys trying to interpret the statutes that apply to the Clean Water Fund Program.

Related Stat. Citations

See above.

Additional material(s) are attached

become entitled to state aids, tuition revenues, or taxes levied, the district may pledge or assign all or portions of these revenues due but not yet paid as security for the repayment of loans required for operating purposes. Short term indebtedness secured by such assignment shall be construed as a paid or satisfied debt in reporting or computing the outstanding debt of the school district.

(8m) **TEMPORARY BORROWING BY TECHNICAL COLLEGE DISTRICT.** The technical college district board may borrow money as needed to meet the immediate expenses of operating and maintaining the schools of the district during the current fiscal year. No such loan may extend beyond November 1 of the following fiscal year. The total amount borrowed may not exceed one-half the estimated receipts for the operation and maintenance of the schools for the current fiscal year in which the borrowing occurs, as certified by the district treasurer. All such loans shall be evidenced by promissory notes which shall be executed as provided in s. 67.08 (1) and may be registered under s. 67.09. Whenever a technical college district becomes entitled to state aids, tuition revenues or taxes levied, the district may pledge or assign all or portions of these revenues due but not yet paid as security for the repayment of promissory notes issued under this subsection. Any indebtedness secured by such assignment shall be construed as a paid or satisfied debt in reporting or computing the outstanding debt of the district.

(12) **BORROWING ON PROMISSORY NOTES.** (a) Any municipality may issue promissory notes as evidence of indebtedness for any public purpose, as defined in s. 67.04 (1) (b), including but not limited to paying any general and current municipal expense, and refunding any municipal obligations, including interest on them. Each note, plus interest if any, shall be repaid within 10 years after the original date of the note, except that notes issued under this section for purposes of ss. 281.58 and 281.59, or to raise funds to pay a portion of the capital costs of a metropolitan sewerage district, shall be repaid within 20 years after the original date of the note.

(b) A school board of any newly created school district or a technical college district board may, pursuant to this section, issue promissory notes to refund any indebtedness assumed by the district upon its creation.

(c) At any time during the term of any promissory note, or thereafter, if the municipality has not paid the full amount due on a note:

1. The lender may grant an extension of time; or
2. The municipality may issue a promissory note to refund a promissory note or any part thereof or to refund a refunding promissory note. Any refunding note issued under this subdivision shall be paid within 10 years after the original date of the refunding note and within 20 years after the date of the original promissory note.

(cc) Any such note or notes may provide for prepayment on the terms and conditions prescribed therein.

(d) Such notes shall be executed as provided in s. 67.08 (1), may be registered under s. 67.09 and shall include a statement specifying the provisions of the resolution authorizing the issuance or a reference to the resolution so that it can be readily located. The notes issued under this section are an indebtedness of the municipality issuing them.

(e) Before any promissory note is issued under this subsection:

1. The governing body of the municipality shall adopt and record a resolution specifying the purposes and the maximum amount of the note issued.

2. Unless the purpose and amount of the borrowing have been approved by the electors under s. 67.05 (6a) or deemed approved by the electors under s. 67.05 (7) (d) 3., the purpose is to refund any outstanding municipal obligation, the purpose is to pay unfunded prior service liability contributions under the Wisconsin retirement system if all of the proceeds of the note will be used for that purpose, the borrowing would not be subject to a referendum as a bond issue under s. 67.05 (7) (cc), (h) or (i), or subd. 2g.

applies, the school district clerk shall, within 10 days after a school board adopts a resolution under subd. 1, to issue a promissory note in excess of \$5,000, publish notice of such adoption as a class 1 notice, under ch. 985. Alternatively, the notice may be posted as provided under s. 10.05. The notice need not set forth the full contents of the resolution, but shall state the maximum amount proposed to be borrowed, the purpose thereof, that the resolution was adopted under this subsection, and the place where, and the hours during which, the resolution may be inspected. If, within 30 days after publication or posting, a petition conforming to the requirements of s. 8.40 is filed with the school district clerk for a referendum on the resolution signed by at least 7,500 electors of the district or at least 20% of the number of district electors voting for governor at the last general election, as determined under s. 115.01 (13), whichever is the lesser, then the resolution shall not be effective unless adopted by a majority of the district electors voting at the referendum. The referendum shall be called in the manner provided under s. 67.05 (6a), except that the question which appears on the ballot shall be "Shall (name of district) borrow the sum of \$.... for (state purpose) by issuing its general obligation promissory note (or notes) under section 67.12 (12) of the Wisconsin Statutes?"

NOTE: Subd. 2, is shown as affected by two acts of the 1995 legislature and as merged by the revisor under s. 13.93 (2) (c).

2g. Subdivision 2, applies only if the amount of money to be raised by the promissory note will cause the aggregate amount of outstanding indebtedness of the school district incurred without a referendum since August 9, 1989, excluding amounts specified in s. 67.05 (6a) (bm), to exceed \$1,000,000 or an amount determined as follows, whichever is less:

- a. Divide the full value of all taxable property in all school districts operating a high school, as determined under s. 121.06 (1), by the total membership, as defined in s. 121.004 (5), of all school districts.

- b. Multiply the quotient under subd. 2g. a. by 0.015.

- c. Multiply the product under subd. 2g. b. by the school district membership, as defined in s. 121.004 (5).

3. When a school district board adopts a resolution to borrow a sum in excess of \$5,000 under this section for a stated purpose and a sufficient petition for referendum is not filed within the time permitted under subd. 2., or if such petition is filed and the question is approved at referendum, then the power of the board to borrow the sum and expend the sum for the purpose stated shall be deemed approved by the school district electors upon the expiration of the time for filing the petition or accomplishment of the referendum, whichever is applicable.

4. If a school board adopts a resolution to borrow a sum not exceeding \$5,000 under this section, or if a school board adopts a resolution to borrow a sum in excess of \$5,000 but subd. 2. does not apply, the school board has the power to borrow and spend the sum for the purpose stated without the approval of the electors of the school district.

5. Within 10 days of the adoption by a technical college district board of a resolution under subd. 1, to issue a promissory note for a purpose under s. 38.16 (2), the secretary of the district board shall publish a notice of such adoption as a class 1 notice, under ch. 985. The notice need not set forth the full contents of the resolution, but shall state the amount proposed to be borrowed, the method of borrowing, the purpose thereof, that the resolution was adopted under this subsection and the place where and the hours during which the resolution is available for public inspection. If the amount proposed to be borrowed is for building remodeling or improvement and does not exceed \$500,000 or is for movable equipment, the district board need not submit the resolution to the electors for approval unless, within 30 days after the publication or posting, a petition conforming to the requirements of s. 8.40 is filed with the secretary of the district board requesting a referendum at a special election to be called for that purpose. Such petition shall be signed by electors from each county lying wholly or partially within the district. The number of electors from each

commitment to a municipality for the reimbursement of engineering design costs from funds appropriated under s. 20.366 (2) (tm) subject to all of the following requirements:

(a) For fiscal year 1989-90, the advance commitment shall include a provision making the reimbursement of engineering design costs conditional on the award or making of a construction grant under this section or a loan under ss. 281.58 and 281.59. If the financial assistance that the municipality receives for construction of a treatment work is a loan, the engineering design cost reimbursement shall be a loan. After June 30, 1990, and before September 1, 1990, the department may enter into an agreement with a municipality to provide engineering design costs under this subsection if the department makes an advance commitment for the reimbursement of those costs before July 1, 1990, and the municipality receives financial assistance under this section and s. 281.59 for construction.

(b) The advance commitment may be made only for engineering design activities commenced after the department makes the advance commitment.

(c) The advance commitment may be made only if the municipality has completed all facility planning requirements.

(d) The advance commitment may be made only for engineering design projects and costs which are eligible under sub. (4) (a), (b) and (c) 3.

(e) The advance commitment shall be subject to a priority determination system consistent with sub. (6).

(10) EXPENDITURE AUTHORIZATION The department may expend, from the appropriation under s. 20.866 (2) (tm), the total amount which is authorized under that paragraph to be contracted for public debt and has not been expended, for new grants under this section for engineering design costs, construction costs and other costs which can be funded from bond revenue.

(11) CONSTRUCTION This section shall be liberally construed in aid of the purposes declared in sub. (1).

(12) SUNSET (a) Notwithstanding sub. (6), the department may not issue a grant award under the state program for a municipality that has not submitted to the department by January 2, 1989, a facility plan which meets the requirements of this section and is approvable by the department under this chapter.

(b) Notwithstanding sub. (6), the department may not issue a grant award under the state program for planning or construction work after June 30, 1990.

History: 1977 c. 418, 1979 c. 34 ss. 976g to 976wd, 2102 (39) (g); 1979 c. 221 ss. 626 to 626y, 2200 (20), 2202 (39); 1981 c. 1, 20, 174; 1983 a. 27; 1985 a. 29 ss. 1935 to 1938, 3202 (39); 1985 a. 120; 1987 a. 27, 399; 1989 a. 31, 336, 366; 1991 a. 39, 315; 1995 a. 27; 1995 a. 227 s. 424; Stats. 1995 s. 281.57.

281.58 Clean water fund program; financial assistance. (1) DEFINITIONS In this section:

(ae) "Capital cost loan" means a loan to a municipality to finance its payment for capital costs to a metropolitan sewerage district organized under ss. 66.88 to 66.918.

(am) "Effluent limitation" has the meaning designated in s. 283.01 (6).

(b) "Enforceable requirement" means any of the following:

1. Those conditions or limitations of a permit under ch. 283 which, if violated, could result in the initiation of a civil or criminal action under s. 283.89.

2. Those provisions of s. 281.19 (5) which, if violated could result in a departmental order under s. 281.19 (7).

3. If a permit under ch. 283 has not been issued, those conditions or limitations which, in the department's judgment, would be included in the permit when issued.

4. If no permit under ch. 283 applies, any requirement which the department determines is necessary for the best practicable waste treatment technology to meet applicable criteria.

(c) "Industrial user" means any of the following:

1. Any nongovernmental, nonresidential user of a publicly owned treatment work which discharges more than the equivalent

of 25,000 gallons per day of sanitary wastes, other than domestic wastes or discharges from sanitary conveniences, or discharges a volume that has the weight of biochemical oxygen demand or suspended solids at least as great as the weight found in 25,000 gallons per day of sanitary waste from residential users, and which is identified in the standard industrial classification manual, 1972, federal office of management and budget, as amended and supplemented as of October 1, 1978, under one of the following divisions:

a. Division A: agriculture, forestry, and fishing.

b. Division B: mining.

c. Division D: manufacturing.

d. Division E: transportation, communications, electric, gas, and sanitary services.

e. Division I: services.

2. Any nongovernmental user of a publicly owned treatment work which discharges wastewater to the treatment work which contains toxic pollutants or poisonous solids, liquids or gases in sufficient quantity, either singly or by interaction with other wastes, to contaminate the sludge of any municipal system, to injure or interfere with any sewage treatment process, to constitute a hazard to humans or animals, to create a public nuisance, or to create any hazard in or have an adverse effect on the waters receiving any discharge from the treatment works.

3. All commercial users of an individual system constructed with grant assistance under s. 281.57.

(cg) "Market interest rate" means the interest at the effective rate of a revenue obligation issued by the state to fund a project loan or a portion of a project loan under this section and s. 281.59.

(cm) "Median household income" means median household income determined by the U.S. bureau of the census as adjusted by the department to reflect changes in household income since the most recent federal census.

(cs) "Residential user" means a structure or part of a structure, including a mobile home, that is used primarily as a home, residence or sleeping place by one person or 2 or more persons maintaining a common household and that uses a publicly owned treatment work. "Residential user" does not include an institutional, commercial, industrial or governmental facility.

(d) "Treatment work" has the meaning designated in s. 283.01 (18).

(e) "Violator of an effluent limitation" means a person or municipality that after May 17, 1988, is not in substantial compliance with the enforceable requirements of its permit issued under ch. 283 for a reason that the department determines is or has been within the control of the person or municipality.

(2) RULES The department shall promulgate rules that are necessary for the proper execution of its responsibilities under this section.

(2m) GENERAL DUTIES The department shall:

(a) Administer its responsibilities under this section and s. 281.59.

(b) Have the lead state role with the U.S. environmental protection agency.

(c) Cooperate with the department of administration in administering the clean water fund program.

(d) Have the lead state role with municipalities in providing clean water fund program information, and cooperate with the department of administration in providing such information to municipalities.

(e) Inspect periodically clean water fund project construction to determine project compliance with construction plans and specifications approved by the department and the requirements of this section and s. 281.59 and, if applicable, of 33 USC 1251 to 1376 and 33 USC 1381 to 1387 and the regulations promulgated thereunder.

(f) Submit a biennial budget request under s. 16.42 for the clean water fund program.

(3) ACCEPTANCE OF FEDERAL CAPITALIZATION GRANTS. The department may enter into an agreement under 33 USC 1382 with the U.S. environmental protection agency to receive a capitalization grant under 33 USC 1381 to 1387. The agreement may contain any provision required by 33 USC 1381 to 1387 and any regulation, guideline or policy adopted under 33 USC 1381 to 1387.

(3m) BIENNIAL NEEDS LIST. By May 1 of each even-numbered year, the department shall prepare and submit to the department of administration a biennial needs list that includes all of the following information:

(a) A list of wastewater treatment projects that the department estimates will apply for financial assistance under this section and s. 281.59 during the next biennium.

(b) The estimated cost and estimated construction schedule of each project on the list, and the total of the estimated costs of all projects on the list.

(c) The estimated rank of each project on the priority list under sub. (8e).

(6) METHODS OF PROVIDING FINANCIAL ASSISTANCE. (a) The department may determine whether a municipality is eligible for financial assistance under this section and s. 281.59 for any of the following:

1. Planning, designing and constructing or replacing a treatment work.

2. Implementing a management program established under 33 USC 1329 (b).

3. Developing and implementing a conservation and management plan under 33 USC 1330.

4. ~~A capital cost loan.~~

(b) The following methods of providing financial assistance may be used under this section and s. 281.59:

1. Purchasing or refinancing the obligation of a municipality if the obligation was incurred to finance the cost of constructing a water pollution control project located in this state, and the obligation was initially incurred on or after May 17, 1983.

2. Purchasing or refinancing the obligation of a municipality if the obligation was incurred to finance the cost of constructing a water pollution control project located in this state and the obligation was initially incurred after March 7, 1985, and before May 17, 1988, if after giving the notice of financial assistance commitment under sub. (5) the requirements of 33 USC 1382 (b) (3) have still not been met.

3. Guaranteeing, or purchasing insurance for, municipal obligations for the construction or replacement of a treatment work if the guarantee or insurance would improve credit market access or reduce interest rates.

4. Making loans at or below the market interest rate.

5. Providing financial hardship assistance under sub. (13) from the account under s. 25.43 (2) (b).

6. Making loans under s. 281.59 (13) for the purposes of that subsection.

7. Making grants under sub. (13m).

8. Providing payments to the board of commissioners of public lands to reduce principal or interest payments, or both, on loans made to municipalities under subch. II of ch. 24 by the board of commissioners of public lands for projects that are eligible for financial assistance under this section and s. 281.59.

(7) ELIGIBILITY. (a) The department shall, by rule, establish criteria for determining which applicants and which projects are eligible to receive financial assistance under this section and s. 281.59. The primary criteria for eligibility shall be water quality and public health. The rules for projects funded from the account under s. 25.43 (2) (a) shall be consistent with 33 USC 1251 to 1376 and 33 USC 1381 to 1387 and the regulations promulgated thereunder. The rules for projects funded from the account under s.

25.43 (2) (b) may be consistent with 33 USC 1251 to 1376 and 33 USC 1381 to 1387 and the regulations promulgated thereunder.

(b) The department may determine whether a municipality is eligible for financial assistance under this section and s. 281.59 for any of the following types of projects:

1. Projects that the department determines are necessary to prevent a municipality from significantly exceeding an effluent limitation contained in a permit issued under ch. 283.

2. Projects needed to provide treatment to achieve compliance with an enforceable requirement changed or established after May 17, 1988, if the project is for a municipality that is in substantial compliance with its permit, issued under ch. 283, in regard to the changed or established enforceable requirements.

3. Projects for treatment work planning and design, except for the planning and design listed under subd. 6.

4. Projects for unsewered municipalities.

5. Projects for the treatment of nonpoint source pollution and urban storm water runoff.

6. Projects for the planning, design, construction or replacement of treatment works that violate effluent limitations contained in a permit issued under ch. 283.

7. Projects for which a municipality seeks a capital cost loan.

(8) INELIGIBILITY FOR AND LIMITATIONS ON FINANCIAL ASSISTANCE. (a) The following are not eligible for financial assistance from the clean water fund under this section and s. 281.59:

1. A person or municipality that has failed to substantially comply, as specified by the rules promulgated under sub. (2), with the terms of a federal or state grant or loan used to pay the costs of studies, investigations, plans, designs or construction associated with wastewater collection, transportation, treatment or disposal or used to pay the cost of studies, investigations, plans, designs or construction associated with implementing a nonpoint source control management program.

2. Connection laterals and sewer lines that transport wastewater from structures to municipally owned or individually owned wastewater systems.

3. Public sanitary sewer mains, interceptors and individual systems which exclusively serve future development.

4. A planning, design or construction project which received financial assistance under 33 USC 1251 to 1376 or s. 281.57, except for any of the following:

a. The nonlocal share of a project which receives funding under s. 281.59 (13).

b. The portion of a project funded under s. 281.59 (13) relating to a collection system, even if the costs relating to the collection system were not eligible under s. 281.57.

5. During fiscal years 1989-90 to 1994-95, a person or municipality in violation of an effluent limitation contained in a permit issued under ch. 283, unless that person or municipality is eligible under s. 281.59 (13).

(b) 1. Except as provided in subd. 2. and par. (k), the amount of reserve capacity for a project eligible for financial assistance through a method specified under sub. (6) (b) is limited to that future capacity required to serve the users of the project expected to exist within the service area of the project 10 years after the project is estimated to become operational. The department, in consultation with the demographic services center in the department of administration under s. 16.96, shall promulgate rules defining procedures for projecting population used in determining the amount of reserve capacity.

2. Except as provided in par. (k), the department may not determine that a municipality is eligible for financial assistance through a method specified under sub. (6) (b) for reserve capacity for a collection system, interceptors or an individual system project in an unsewered municipality.

(c) Except as provided in par. (k), financial assistance may be provided for the design, planning and construction of a collection system, interceptor or individual system project in an unsewered

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municipality or an unsewered area of a municipality, only if the department finds that at least two-thirds of the initial flow will be for wastewater originating from residences in existence on October 17, 1972.

(d) An unsewered municipality that is not constructing a treatment work and will be disposing of wastewater in the treatment work of another municipality is not eligible for financial assistance under this section and s. 281.59 until it executes an agreement under s. 66.30 with another municipality to receive, treat and dispose of the wastewater of the unsewered municipality.

(e) Financial assistance may be provided to a municipality for a project only if the financial assistance is used for a project that is the most cost-effective alternative for the municipality without regard to financial assistance from the federal government and this state.

(f) Except as provided in par. (k), the department may not determine that a municipality is eligible for financial assistance through a method specified under sub. (6) (b) for the portion of a project that treats wastes from industrial users.

(g) The sum of all of the financial assistance to a municipality approved under this section and s. 281.59 for a project may not result in the municipality paying less than 30% of the cost of the project.

(h) Except as provided in par. (k), a municipality that is a violator of an effluent limitation at the time that the application for a treatment work project is approved under sub. (9m) may not receive financial assistance of a method specified under sub. (6) (b) 1., 2., 3., 4. or 5. for that part of the treatment work project that is needed to correct the violation. This paragraph does not apply to a municipality that after May 17, 1988, is in compliance with a court or department order to correct a violation of the enforceable requirements of its ch. 283 permit, and that is applying for financial assistance under s. 281.59 (13) to correct that violation.

(i) After June 30, 1991, no municipality may receive for projects an amount that exceeds 35.2% of the amount approved by the legislature under s. 281.59 (3) (d) for that biennium.

(k) The restrictions specified under par. (b) 1. and 2., (c), (f) or (h) do not apply to any of the following methods of financial assistance:

1. A loan at the market interest rate.
2. A purchase or refinancing of an obligation at fair market value and at the market interest rate.
3. A guarantee or a purchase of insurance for a municipal obligation which will permit the municipality credit market access not otherwise available or which will reduce the interest rate on the obligation to not less than the market rate.

(L) The total amount of capital cost loans made under this section and s. 281.59 may not exceed \$120,000,000, and no capital cost loan funds may be released under this section and s. 281.59 until the secretary of administration has found in writing that all of the following facts have occurred:

1. The cities of Brookfield, Mequon, Muskego and New Berlin and the villages of Butler, Elm Grove, Germantown, Menomonee Falls and Thiensville have signed an agreement with a metropolitan sewerage district organized under ss. 66.88 to 66.918, under which each municipality agrees to pay some portion of the amount of \$120,000,000 authorized in this paragraph to the metropolitan sewerage district for the district's capital costs and the sum of the amount that each municipality agrees to pay equals at least \$120,000,000.

2. The agreement in subd. 1. has also been signed by the metropolitan sewerage district organized under ss. 66.88 to 66.918.

(8e) PRIORITY. The department shall establish a priority list in accordance with 33 USC 1381 to 1387 which ranks each project. The ranking on the priority list shall be based on all of the following:

(a) The type of project and the order in which it is listed under sub. (7) (b) 1. to 7.

(b) The impact of the project on groundwater and surface water quality.

(c) The impact of the project on public health.

(d) Any other factor determined by the department.

(8m) NOTICE OF INTENT TO APPLY. (a) A municipality shall submit notice to the department of its intent to apply for financial assistance under this section and s. 281.59 in a year no later than December 31 of the preceding year. The notice shall be in a form prescribed by the department and the department of administration.

(b) If a municipality does not apply for financial assistance under this section and s. 281.59 by December 31 of the 2nd year following the year in which it submitted notice under par. (a), the municipality shall submit a new notice under par. (a).

(c) The department may waive par. (a) or (b) upon the written request of a municipality.

(8s) FACILITY PLAN. A municipality seeking financial assistance for a project under this section, ~~except for a municipality seeking a capital cost loan~~, shall complete a facility plan as required by the department by rule. B.

(9) APPLICATION. (a) After the department approves a municipality's facility plan submitted under sub. (8s), the municipality shall submit an application for participation to the department. The application shall be in such form and include such information as the department and the department of administration prescribe and shall include design plans and specifications that are approvable by the department under this chapter. The department shall review applications for participation in the program under this section and s. 281.59. The department shall determine which applications meet the eligibility requirements and criteria under subs. (6), (7), (8), (8m) and (13).

(ae) A municipality that submits an application under par. (a) without design plans and specifications may obtain an initial determination of financial eligibility from the department of administration. The department of natural resources may not approve a municipality's application until the municipality submits approvable design plans and specifications.

(am) A municipality may not submit more than one application under par. (a) in any 12-month period except that this paragraph does not apply to applications for financial assistance for additional costs of an approved project.

(b) A municipality seeking financial assistance, ~~except for a municipality seeking a capital cost loan~~, for a project under this section and s. 281.59 shall complete an environmental analysis sequence as required by the department by rule. B.

(c) If a municipality is serviced by more than one sewerage district for wastewater pollution abatement, each service area of the municipality shall be considered a separate municipality for purposes of obtaining financial assistance under this section and s. 281.59.

(d) The department of administration and the department jointly may charge and collect service fees, established by rule, which shall cover the estimated costs of reviewing and acting upon the application and servicing the financial assistance agreement. No service fee established by rule under this paragraph may be charged to or collected from an applicant for financial assistance under s. 281.59 (13).

(e) If the governor's recommendation, as set forth in the executive budget bill, for the amount under s. 281.59 (3) (d), the amount available under s. 20.866 (2) (tc) or the amount available under s. 281.59 (4) (f) for a biennium is 85% or less of the amount of present value subsidy, general obligation bonding authority or revenue bonding authority, respectively, requested for that biennium in the biennial finance plan submitted under s. 281.59 (3) (bm) 1., the department shall inform municipalities that, if the governor's recommendations are approved, clean water fund assistance during a fiscal year of that biennium will only be available to municipalities that submit financial assistance applications by the June 30 preceding that fiscal year.

(f) The fees collected under par. (d) shall be credited to the clean water fund.

(9m) ACCEPTANCE OF APPLICATION; ALLOCATION OF FUNDING.

(a) Subject to pars. (c) and (d), the department shall approve an application after all of the following occur:

1. The department determines that the project meets the eligibility requirements and criteria under subs. (7), (8), (8m) and (8s).

2. The department of administration initially determines that the municipality will meet the requirements of s. 281.59 (9) (b).

(c) The department may approve an application under par. (a) in a year only after the amount under s. 281.59 (3) (d) for the biennium in which that year falls has been approved by the legislature under s. 281.59 (3) (d).

(d) The department may not approve an application under par. (a) for a project that is not on the priority list under sub. (8e).

(e) 1. Except as provided under par. (f) and sub. (13), if a sufficient amount of subsidy is available under s. 281.59 (3) (d) for the municipality's project, based on the calculation under s. 281.59 (3) (i), when the department approves the application under par. (a), the department of administration shall allocate that amount to the project.

2. If a sufficient amount of subsidy is not available under s. 281.59 (3) (d) for the municipality's project when the department approves the application under subd. 1., the department shall place the project on a list for allocation when additional subsidy becomes available.

(f) If the amount approved under s. 281.59 (3) (d), the amount available under s. 20.866 (2) (c) or the amount available under s. 281.59 (4) (f) for a biennium is 35% or less of the amount of present value subsidy, general obligation bonding authority or revenue bonding authority, respectively, requested for that biennium in the biennial finance plan submitted under s. 281.59 (3) (bm) 1., all of the following apply:

1. The department shall establish a funding list for each fiscal year of the biennium that ranks projects of municipalities that submit financial assistance applications under sub. (9) (a) no later than the June 30 preceding the fiscal year in the same order that they appear on the priority list under sub. (8e).

2. The department of administration shall allocate funding to projects in the order in which they appear on the funding list under subd. 1.

(fm) The department, in consultation with the department of administration, shall promulgate, by rule, methods to establish deadlines for actions that must be taken by a municipality to which subsidy has been allocated. The methods may provide for extending deadlines under specified circumstances. If a municipality fails to meet a deadline, including any extension, the department of administration shall release the amount of subsidy allocated to the municipality's project.

(g) In allocating subsidy under this subsection, the department of administration shall adhere to the amount approved by the legislature for each biennium under s. 281.59 (3) (d).

(11) TYPE OF FINANCIAL ASSISTANCE. (a) Except as provided in par. (b), the department of administration shall specify the method by which financial assistance is to be provided for each approved application.

(b) For municipalities meeting the financial hardship assistance requirements under sub. (13), the department of natural resources may approve financial hardship assistance.

(12) LOAN INTEREST RATES. (a) The types of projects for which municipalities may receive loans under this section and s. 281.59 shall be classified as follows for the purpose of setting the percentage of market interest rates on loans funding such projects:

1. Tier 1 projects are those projects specified in sub. (7) (b) 1. and 2., except as restricted by sub. (8) (b), (c), (f) or (h).

2. Tier 2 projects are those projects specified in sub. (7) (b) 4. and 5., except as restricted by sub. (8) (b), (c), (f) or (h).

3. Tier 3 projects are those projects specified in sub. (7) (b) 6. and 7., and those portions of projects under tiers 1 and 2 that are restricted by sub. (8) (b), (c), (f) or (h).

4. A ~~planning and design project specified in sub. (7) (b) 3. shall be classified under subd. 1., 2. or 3. based on the type of treatment work construction or replacement project for which the planning and design project is undertaken.~~

(c) The department shall establish, by rule, the percentage of market interest rates on loans for each tier of projects specified in par. (a) 1., 2. or 3., consistent with the following standards:

1. The percentage of market interest rates established shall, to the extent possible, fully allocate the amount of public debt authorized under s. 20.866 (2) (c), the amount authorized under s. 281.59 (3) (d) and the amount of revenue obligations authorized under s. 281.59 (4) (f).

2. A different percentage of market interest rate shall be established for each tier of projects in par. (a). Tier 3 projects shall receive market interest rate. Tier 1 projects shall receive a percentage of market interest rate that is lower than the percentage of market interest rate on tier 2 projects.

3. The department, in establishing percentage of market interest rates, shall attempt to ensure that those rates do not result in any of the following:

a. Beginning in fiscal year 1991, increases in all state water pollution abatement general obligation debt service costs greater than 4% annually in the fiscal year in which the rates are established and in the following fiscal year.

b. State water pollution abatement general obligation debt service costs greater than 50% of all general obligation debt service costs in the fiscal year in which the rates are established and in any of the following 3 fiscal years.

(f) The department and the department of administration jointly may request the joint committee on finance to take action under s. 13.101 (11) to modify the percentage of market interest rates established by rule for tier 1 and tier 2 projects.

(13) FINANCIAL HARDSHIP ASSISTANCE. (b) A municipality with an application that is approved under sub. (9m) is eligible for financial hardship assistance for the project costs that are eligible under this section and s. 281.59, except for costs to which sub. (8) (b), (c), (f) or (h) applies, if the municipality meets all of the following criteria:

1. The median household income in the municipality is 80% or less of the median household income in this state.

2. The estimated total annual charges per residential user in the municipality that relate to wastewater treatment would exceed 2% of the median household income in the municipality without assistance under this subsection.

(c) The department shall provide assistance so that estimated total annual charges per residential user in the municipality that relate to wastewater treatment do not exceed 2% of the median household income in the municipality, if possible. The department may not reduce the amount of financial hardship assistance for a municipality's project due to the municipality receiving assistance for the project from another source unless the combination of financial hardship assistance plus the assistance from the other source would reduce the estimated total annual charges per residential user in the municipality that relate to wastewater treatment to less than 2% of the median household income in the municipality.

(d) The department shall establish a financial hardship assistance funding list for each fiscal year that ranks projects of municipalities that are eligible under par. (b), and that submit complete financial assistance applications under sub. (9) (a) no later than June 30 of the preceding fiscal year, in the same order that they appear on the priority list under sub. (8e).

(e) In each fiscal year, the department shall allocate financial hardship assistance under this subsection in the following order:

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2. Assistance under par. (b) for projects that were on a funding list under par. (d) for a prior fiscal year, that have not previously received funding and that were in the top 20% of projects on the priority list under sub. (8e) for the prior fiscal year, starting with projects on the funding list for the earliest fiscal year.

3. Assistance under par. (b) for projects on the current fiscal year's funding list under par. (d) in the order that they appear on the funding list.

(f) The department shall promulgate, by rule, a formula for estimating operating, maintenance and replacement costs for determining estimated wastewater treatment user charges under this subsection.

(13m) MINORITY BUSINESS DEVELOPMENT AND TRAINING PROGRAM. (a) The department shall make grants to projects that are eligible for financial assistance under this section and s. 281.59 and that are identified as being part of the minority business development and training program under s. 66.905 (2) (b).

(b) Grants provided under this subsection are not included for the purposes of determining under sub. (8) (i) the amount that a municipality may receive for projects under this section and s. 281.59. Grants awarded under this subsection are not considered for the purposes of sub. (9m) (e) or s. 281.59 (3) (d).

(14) CONDITIONS OF FINANCIAL ASSISTANCE. (b) As a condition of receiving financial assistance under this section and s. 281.59, a municipality shall do all of the following:

1. Establish a dedicated source of revenue, that is acceptable to the department of administration under s. 281.59 (9) (am) and (b), for the repayment of any financial assistance.

4. Comply with those provisions of 33 USC 1381 to 1387, this chapter and chs. 283, 285 and 289 to 299 and the regulations and rules promulgated thereunder that the department specifies.

5. Develop and adopt a program of water conservation as required by the department.

6. Develop and adopt a program of systemwide operation and maintenance of the treatment work, including the training of personnel, as required by the department.

7. Develop and adopt a system of equitable user charges to ensure that each recipient of treatment work services pays its proportionate share of the costs of the operation and maintenance of the treatment work. The user fee system shall be in compliance with 33 USC 1284 (b) and the regulations promulgated thereunder. The department may issue an exemption from the requirement imposed under this subdivision if a city or village imposes a system of equitable dedicated charges based upon assessed property values, if the city or village does not operate a treatment work but is served by a regional wastewater treatment plant operated by a metropolitan sewerage district created under ss. 66.88 to 66.918 and if the user charges imposed by that district are approved by the department and comply with 33 USC 1284 (b). The department may provide that the system of user charges for a project with estimated construction costs of \$750,000 or less need only cover the costs of debt service and equipment replacement funds.

(15) FINANCIAL ASSISTANCE COMMITMENTS. (a) The department and the department of administration may, at the request of a municipality, issue a notice of financial assistance commitment to the municipality after all of the following occur:

1. The department approves the municipality's application under sub. (9m) (a) and the department of administration has allocated subsidy for the municipality's project.

2. The department approves plans and specifications under s. 281.41.

(am) The notice of financial assistance commitment shall include the conditions that the municipality must meet to secure the financial assistance and shall include the estimated repayment schedules and other terms of the financial assistance.

(21) CONSTRUCTION. This section shall be liberally construed in aid of the purposes of this section.

History: 1987 s. 399; 1989 s. 31, 336, 366; 1991 s. 32, 39, 139; 1993 s. 16; 1995 s. 27; 1995 s. 227 s. 425; Stats. 1995 s. 281.58

281.59 Clean water fund program; financial management. (1) DEFINITIONS. In this section:

(a) "Effluent limitation" has the meaning given in s. 283.01 (6).

(b) "Market interest rate" means the interest at the effective rate of a revenue obligation issued by the state to fund a project loan or a portion of a project loan under this section and s. 281.58.

(c) "Municipality" means any city, town, village, county, county utility district, town sanitary district, public inland lake protection and rehabilitation district, metropolitan sewerage district or federally recognized American Indian tribe or band in this state.

(d) "Subsidy" means the amounts provided by the clean water fund to projects receiving financial assistance under this section and s. 281.58 for the following purposes:

1. To reduce the interest rate of clean water fund loans from market rate to a subsidized rate.

2. To provide for financial hardship assistance, including grants.

(e) "Treatment work" has the meaning given in s. 283.01 (18).

(f) "Violator of an effluent limitation" means a person or municipality that after May 17, 1988, is not in substantial compliance with the enforceable requirements of its permit issued under ch. 283 for a reason that the department determines is or has been within the control of the person or municipality.

(2) GENERAL DUTIES. The department of administration shall:

(a) Administer its responsibilities under this section and s. 281.58.

(b) Cooperate with the department in administering the clean water fund program.

(c) Accept and hold any letter of credit from the federal government through which the state receives federal capitalization grant payments and disbursements to the clean water fund.

(2m) INVESTMENT MANAGEMENT: CLEAN WATER FUND. (a) The department of administration may:

1. Subject to par. (b), direct the investment board under s. 25.17 (2) (d) to make any investment of the clean water fund, or in the collection of the principal and interest of all moneys loaned or invested from such fund.

2. Subject to par. (b), purchase or acquire, commit on a standby basis to purchase or acquire, sell, discount, assign, negotiate, or otherwise dispose of, or pledge, hypothecate or otherwise create a security interest in, loans as the department of administration may determine, or portions or portfolios of participations in loans, made or purchased under this section. The disposition may be at the price and under the terms that the department of administration determines to be reasonable and may be at public or private sale.

(b) The department of administration shall take an action under par. (a) only if all of the following conditions occur:

1. The action provides a financial benefit to the clean water fund.

2. The action does not contradict or weaken the purposes of the clean water fund.

3. The building commission approves the action before the department of administration acts.

(3) FINANCIAL MANAGEMENT: BIENNIAL FINANCE PLAN. (a) By October 1 of each even-numbered year, the department of administration and the department jointly shall prepare a biennial finance plan that includes all of the following information:

1. An estimate of wastewater treatment needs of the state for the 4 fiscal years of the next 2 biennia.

2. The total amount of financial assistance planned to be provided or committed to municipalities for projects during the 4 fiscal years of the next 2 biennia.

4. The extent to which the clean water fund will be maintained in perpetuity.

5. Audited financial statements of the past operations and activities of the program under this section and s. 281.58, the estimated fund capital available in each of the next 4 fiscal years, and the projected clean water fund balance for each of the next 20 years given existing obligations and financial conditions.

5m. The estimated spending level and percentage of market interest rate for the types of projects specified under s. 281.58 (7) (b) 1. to 3.

6. An amount equal to the estimated present value of subsidies for all clean water fund loans and grants expected to be made for the wastewater treatment projects listed in the biennial needs list under s. 281.58 (3m), discounted at a rate of 7% per year to the first day of the biennium for which the biennial finance plan is prepared.

7. A discussion of the assumptions made in calculating the amount under subd. 6.

8. The amount of any service fee expected to be charged during the next biennium under this section to an applicant.

9. The impact of the biennial finance plan on the guideline under par. (b).

(b) The department of administration and the department shall consider as a guideline in preparing the biennial finance plan that all state water pollution abatement general obligation debt service costs should not exceed 50% of all general obligation debt service costs to the state.

(bm) The department and the department of administration jointly shall prepare and submit copies of all of the following to the building commission under s. 13.48 (26), to the joint committee on finance and to the chief clerk of each house of the legislature, for distribution under s. 13.172 (3) to the appropriate legislative standing committees generally responsible for legislation related to environmental issues:

1. By October 1 of each even-numbered year, the version of the biennial finance plan initially prepared as part of the budget process.

2. No later than 30 days after the day on which the biennial budget is submitted to the legislature under s. 16.45, amendments to the biennial finance plan that update the plan to reflect material approved by the governor for inclusion in the budget.

3. No later than 30 days after the day on which the governor signs the biennial budget, a version of the biennial finance plan, updated to reflect the adopted biennial budget act.

(br) The joint committee on finance and each standing committee may submit to the building commission its recommendations and comments regarding each version of the biennial finance plan and amendments to the biennial finance plan, and whether the version of the biennial finance plan updated to reflect the adopted biennial budget act should be approved or disapproved as specified under s. 13.48 (26). If the building commission disapproves the version of the biennial finance plan that is updated to reflect the adopted biennial budget act, the department and the department of administration shall submit a revised biennial finance plan to the building commission.

(c) No moneys from the clean water fund may be expended in a biennium until the legislature reviews and approves all of the following as part of the biennial budget act for the biennium:

1. An amount that is specified for that biennium under par. (d) and is based on the amount included in the biennial finance plan under par. (a) 6.

2. The amount of public debt, authorized under s. 20.866 (2) (tc), that the state may contract for the purposes of s. 281.58 and this section.

3. The amount of revenue obligations, authorized under sub. (4) (f), that may be issued for the purposes specified in s. 25.43 (3).

(d) The amount that is specified under par. (c) 1. and approved by the legislature under this paragraph is:

1. Equal to \$83,400,000 during the 1995-97 biennium.

3. Equal to \$1,000 for any biennium after the 1995-97 biennium.

(dm) The department of administration may allocate amounts approved under par. (d) as the present value of subsidies for financial assistance under this section and s. 281.58, including financial hardship assistance and assistance for the additional costs of approved projects. The department of administration may allocate amounts from the amount approved under par. (d) for a biennium until December 30 of the fiscal year immediately following the biennium for projects for which complete applications under s. 281.58 (9) (a) are submitted before the end of the biennium.

(e) The department may expend, for financial assistance in a biennium other than financial hardship assistance under s. 281.58 (13) (e), an amount up to 85% of the amount approved by the legislature under par. (d). The department may expend such amount only from the percentage of the amount approved under par. (d) that is not available under par. (f) for financial hardship assistance.

(f) The department may expend, for financial hardship assistance in a biennium under s. 281.58 (13) (e), an amount up to 15% of the amount approved by the legislature under par. (d) for that biennium. The department may expend such amount only from the percentage of the amount approved by the legislature under par. (d) that is not available under par. (e) for financial assistance.

(i) Using the amount approved under par. (d) as a base, the department of administration shall calculate the present value of the actual subsidy of each clean water fund loan or grant to be made for those projects in each biennium that are approved for financial assistance by the 2 departments. The present value shall be discounted as provided under par. (a) 6.

(j) No later than November 1 of each odd-numbered year, the department of administration and the department jointly shall submit a report, to the building commission and committees as required under par. (bm), on the implementation of the amount established under par. (d) as required under s. 281.58 (9m) (e), and on the operations and activities of the clean water fund program for the previous biennium.

(4) REVENUE OBLIGATIONS (a) The clean water fund program is a revenue-producing enterprise or program as defined in s. 18.52 (6).

(am) Deposits, appropriations or transfers to the clean water fund for the purposes specified in s. 25.43 (3) 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.

(b) The department of administration may, under s. 18.56 (5) and (9) (j), deposit in a separate and distinct fund in the state treasury or in an account maintained by a trustee outside the state treasury, any portion of the revenues derived under s. 25.43 (1). The revenues deposited with a trustee outside the state treasury are the trustee's revenues in accordance with the agreement between this state and the trustee or in accordance with the resolution pledging the revenues to the repayment of revenue obligations issued under this subsection.

(c) The building commission may pledge any portion of revenues received or to be received in the fund established in par. (b) or the clean water fund to secure revenue obligations issued under this subsection. The pledge shall provide for the transfer to the clean water 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) for the purposes specified in s. 25.43 (3). The pledge shall provide that the transfers be made at least twice yearly, that the transferred amounts be deposited in the clean water fund and that the transferred amounts are free of any prior pledge.

(d) The department of administration shall have all other powers necessary and convenient to distribute the pledged revenues and to distribute the proceeds of the revenue obligations in accordance with subch. II of ch. 18 or in accordance with subch. IV of ch. 18 if designated a higher education bond.

(e) The department of administration may enter into agreements with the federal government or its agencies, political subdivisions of this state, individuals or private entities to insure or in any other manner provide additional security for the revenue obligations issued under this subsection.

(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 can be fully paid on a timely basis from moneys received or anticipated to be received. Revenue obligations issued under this subsection shall not exceed \$1,297,755,000 in principal amount, excluding obligations issued to refund outstanding revenue obligation notes.

(g) Unless otherwise expressly provided in resolutions authorizing the issuance of revenue obligations or in other agreements with the holders of revenue obligations, each issue of revenue obligations under this subsection shall be on a parity with every other revenue obligation issued under this subsection and in accordance with subch. II of ch. 18 or with subch. IV of ch. 18 if designated a higher education bond.

(9) CONDITIONS OF FINANCIAL ASSISTANCE (a) A loan approved under this section and s. 281.58 shall be for no longer than 20 years, as determined by the department of administration, be fully amortized not later than 20 years after the original date of the note and require the repayment of principal and interest, if any, to begin not later than 12 months after the expected date of completion of the project that it funds, as determined by the department of administration.

(am) The department of administration, in consultation with the department, may establish those terms and conditions of a financial assistance agreement that relate to its financial management, including what type of municipal obligation, as set forth under s. 66.36, is required for the repayment of the financial assistance. Any terms and conditions established under this paragraph by the department of administration shall comply with the requirements of this section and s. 281.58. In setting such terms and conditions, the department of administration may consider factors that the department of administration finds are relevant, including the type of municipal obligation evidencing the loan, the pledge of security for the municipal obligation and the municipality's creditworthiness.

(b) As a condition of receiving financial assistance under this section and s. 281.58, a municipality shall do all of the following:

1. Pledge the security, if any, required by the rules promulgated by the department of administration under this section and s. 281.58.

2. Demonstrate to the satisfaction of the department of administration the financial capacity to assure sufficient revenues to operate and maintain the project for its useful life and to pay the debt service on the obligations that it issues for the project.

(11) FINANCIAL ASSISTANCE PAYMENTS (a) The department of natural resources and the department of administration may enter into a financial assistance agreement with a municipality for which the department of administration has allocated subsidy under s. 281.58 (9m) if the municipality meets the conditions under sub. (9) and s. 281.58 (14) and the other requirements under this section and s. 281.58.

(am) The department of administration shall make the financial assistance payments to a municipality which has entered into

a financial assistance agreement under par. (a) or to the municipality's designated agent.

(b) If a municipality fails to make a principal repayment or interest payment after its due date, the department of administration shall place on file a certified statement of all amounts due under this section and s. 281.58. After consulting the department, the department of administration may collect all amounts due by deducting those amounts from any state payments due the municipality or may add a special charge to the amount of taxes apportioned to and levied upon the county under s. 70.60. If the department of administration collects amounts due, it shall remit those amounts to the fund to which they are due and notify the department of that action.

(c) The department of administration may retain the last payment under a financial assistance agreement until the department of natural resources and the department of administration determine that the project is completed and meets the applicable requirements of this section and s. 281.58 and that the conditions of the financial assistance agreement are met.

(12) MUNICIPAL OBLIGATIONS. The department of administration may purchase or refinance obligations specified in s. 281.58 (6) (b) 1. or 2. and guarantee or purchase insurance for municipal obligations specified in s. 281.58 (6) (b) 3. if the department of administration and the department of natural resources approve the financial assistance under this section and s. 281.58.

(13) LOANS FOR TRANSITION PROJECTS (a) 1. Notwithstanding any other provision of this section and s. 281.58, a municipality that submits to the department by January 2, 1989, a facility plan meeting the requirements of s. 281.57 which is approvable under this chapter and that does not receive a grant award before July 1, 1990, only because the municipality is following a schedule contained in the facility plan and approved by the department and the municipality is in compliance with all applicable schedules contained in a permit issued under ch. 283 or because there are insufficient grant funds under s. 281.57, is eligible to receive financial assistance under this paragraph. The form of the financial assistance is a loan with an interest rate of 2.5% per year except that s. 281.58 (8) (b), (f) and (k) applies to projects receiving financial assistance under this paragraph.

2. Notwithstanding any other provision of this section or s. 281.58, the department shall make all loans under subd. 1. to municipalities ready to construct treatment works before the department provides or approves any other financial assistance under this section except for loans under par. (b).

(b) 1. Notwithstanding any other provision of this section or s. 281.58, an unsewered municipality is eligible to receive financial assistance under this paragraph, in the form of a loan with an interest rate of 2.5% per year, which may be for original financing or refinancing for a collection system that is ineligible for financial assistance under s. 281.57 because of s. 281.57 (4) (b) 1. and that is being connected to an existing wastewater treatment plant if all of the following apply:

a. The municipality applies to the department for financial assistance under s. 281.57 (5) for a construction project during 1988.

b. Before January 1, 1989, the department issues a notice under s. 281.57 (6) that the department is ready to allocate funds to the municipality for the project.

c. The municipality invites bids for the project in 1989.

d. The municipality receives a grant under s. 281.57 for the construction of the project from the list developed by the department under s. 281.57 (6) (a) for applications received in 1988.

1m. Notwithstanding any other provision of this section or s. 281.58, a town sanitary district is eligible to receive financial assistance under this paragraph, in the form of a loan with an interest rate of 2.5% per year, for the extension of a collection system into an unsewered area that is added to the sanitary district if all of the following apply:

(C)
Financial assistance agreement

a. The department has awarded a grant to the town sanitary district under s. 281.57 (4) (b) 1. c. for a collection system.

b. The department determines that extension of the collection system into the unsewered area is necessary and cost-effective.

c. The sanitary district invites bids for and begins construction of the extension of the collection system before January 1, 1990.

2. Section 281.58 (8) (b), (f) and (k) applies to projects receiving financial assistance under this paragraph.

3. Notwithstanding any provision of this section or s. 281.58, the department shall annually allocate funds for loans under subds. 1. and 1m. before the department provides or approves any other financial assistance under this section or s. 281.58.

(e) The department of administration and the department may not make loans under s. 144.241 (20), 1987 stats., as affected by 1989 Wisconsin Acts 31, 336 and 366, or under this subsection to a metropolitan sewerage district that serves a 1st class city that total more than \$230,900,000.

(13m) LEGISLATIVE MORAL OBLIGATION. The building commission may, at the time the loan is made, by resolution designate a loan made under this section and s. 281.58 as one to which this subsection applies. If at any time the payments received or expected to be received from a municipality on any loan so designated are pledged to secure revenue obligations of the state issued pursuant to subch. II of ch. 18 and are insufficient to pay when due principal of and interest on such loan, the department of administration shall certify the amount of such insufficiency to the secretary of administration, the governor and the joint committee on finance. If the certification is received by the secretary of administration in an even-numbered year before the completion of the budget under s. 16.43, the secretary of administration shall include the certified amount in the budget compilation. In any event, the joint committee on finance shall introduce in either house, in bill form, an appropriation of the amount so requested for the purpose of payment of the revenue obligation secured thereby. Recognizing its moral obligation to do so, the legislature hereby expresses its expectation and aspiration that, if ever called upon to do so, it shall make the appropriation.

(13s) POWERS. The department of administration may audit, or contract for audits of, projects receiving financial assistance under this section and s. 281.58.

(14) RULES. The department of administration shall promulgate rules that are necessary for the proper execution of this section and of its responsibilities under s. 281.58.

(15) CONSTRUCTION. This section shall be liberally construed in aid of the purposes of this section.

History: 1989 a. 366 ss. 40, 63, 65, 66, 97, 99, 106, 108 to 110, 115; 1991 a. 33, 39, 139, 315; 1993 a. 16; 1995 a. 27; 1995 s. 227 s. 426; Stats. 1995 s. 281.59; 1995 a. 452.

281.63 Financial assistance program; combined sewer overflow abatement. (1) **LEGISLATIVE FINDINGS.** The legislature finds that state financial assistance for the elimination of combined sewer overflow to the waters of the state is a public purpose and a proper function of state government.

(2) **DEFINITIONS.** As used in this section:

(a) "Combined sewer" means a sewer intended to serve as a sanitary sewer and a storm sewer or as an industrial sewer and a storm sewer.

(b) "Combined sewer overflow" means a discharge of a combination of storm and sanitary wastewater or storm and industrial wastewater directly or indirectly to the waters of the state when the volume of wastewater flow exceeds the transport, storage or treatment capacity of a combined sewer system.

(c) "Facilities plan" means that plan or study which demonstrates the need for the proposed sewerage system or sewerage system component and which demonstrates through a systematic evaluation of alternatives that the selected alternative is the most cost-effective means of correcting combined sewer overflows.

(d) "Federal act" means the federal water pollution control act, as amended, 33 USC 1251 to 1376.

(3) **ADMINISTRATION.** The department shall administer the combined sewer overflow abatement financial assistance program. The department shall promulgate rules necessary for the proper execution of this program.

(4) **ELIGIBILITY.** (a) *Eligible municipalities.* Only a municipality with a sewerage system which is violating ch. 283 or title III of the federal act because of combined sewer overflow is eligible to receive financial assistance under the combined sewer overflow abatement financial assistance program.

(b) *Eligible projects.* Only a project for construction necessary to abate combined sewer overflows identified in department-approved facilities plans as cost-effective and reasonably necessary for water quality improvements is eligible for financial assistance under the combined sewer overflow abatement financial assistance program, except that the department need not determine the cost-effectiveness of projects performed under a contract awarded under s. 66.905.

(c) *Facility planning; engineering design.* Only a municipality which has completed facility planning and engineering design requirements for a combined sewer overflow abatement project is eligible to receive financial assistance under the combined sewer overflow abatement financial assistance program.

(5) **APPLICATION.** A municipality which seeks financial assistance under the combined sewer overflow abatement financial assistance program shall submit an application to the department. The application shall be in the form and include the information the department prescribes by rule. The department shall review all applications for financial assistance under this program. The department shall determine those applications which meet the eligibility requirements of this section.

(6) **PRIORITY.** Each municipality shall notify the department of its intent to apply for financial assistance under the combined sewer overflow abatement financial assistance program. For those municipalities that notify the department of their intention to apply for financial assistance under this program by December 31, the department shall establish annually a priority list which ranks these projects in the same order as they appear on the list prepared under s. 281.57 (6) (a).

(7) **PAYMENT.** Upon the completion by the municipality of all application requirements, the department may enter into an agreement with the municipality for a grant of up to 50% of the eligible construction costs of a combined sewer overflow abatement project if the municipality can begin construction within 3 months after the department is ready to allocate funds.

(8) **ADVANCE COMMITMENTS FOR REIMBURSEMENT OF ENGINEERING DESIGN COSTS.** The department may make an advance commitment to a municipality for the reimbursement of engineering design costs from funds appropriated under s. 20.366 (2) (to) subject to all of the following requirements:

(a) The advance commitment shall include a provision making the reimbursement of engineering design costs conditional on the award of a construction grant.

(b) The advance commitment may be made only for engineering design activities commenced after the department makes the advance commitment.

(c) The advance commitment may be made only if the municipality has completed all facility planning requirements.

(d) The advance commitment may be made only for engineering design costs related to a project that is eligible for assistance under sub. (4).

(e) The advance commitment shall be subject to a priority determination system consistent with sub. (6).

History: 1981 a. 20, 317; 1983 a. 27; 1985 a. 29; 1995 a. 227 s. 427; Stats. 1995 s. 281.63.

281.65 Financial assistance; nonpoint source water pollution abatement. (1) The purposes of the nonpoint source



State of Wisconsin
1999 - 2000 LEGISLATURE

LRB-0282/1

RCT:.....

SOON

mg

DOA:.....Schmiedicke - Clean water fund technical modifications

FOR 1999-01 BUDGET - NOT READY FOR INTRODUCTION

ONote

1

*Don't
Gen. Cat.*
AN ACT...; relating to: the budget.

Analysis by the Legislative Reference Bureau

ENVIRONMENT

WATER QUALITY

Under the clean water fund program, this state provides financial assistance for projects for controlling water pollution, including sewage treatment plants.

One type of financial assistance that may be provided under the clean water fund program is called a capital cost loan. The total amount of capital cost loans may not exceed \$120,000,000. A capital cost loan may be made only if the cities of Brookfield, Mequon, Muskego and New Berlin and the villages of Butler, Elm Grove, Germantown, Menomonee Falls and Thiensville have entered into an agreement with the Milwaukee Metropolitan Sewerage District (MMSD) under which each municipality agrees to pay a portion of the \$120,000,000 in capital cost loans to MMSD for MMSD's capital costs and the total amount that the municipalities agree to pay equals at least \$120,000,000. This bill eliminates the authority to make capital cost loans under the clean water fund program. This bill also makes minor technical changes in the clean water fund program.

Under current law, a promissory note issued by a local governmental unit may generally not have a term of more than ~~10~~ ^{ten} years. ~~A~~ promissory note issued in connection with a clean water fund project may not exceed 20 years. This bill authorizes a local governmental unit to issue a promissory note in connection with a safe drinking water loan program or land recycling loan program project. Under

The term of a

with a term not to exceed 20 years

the safe drinking water loan program this state makes loans to local governmental units for projects to protect or improve drinking water quality. Under the land recycling loan program, this state makes loans to political subdivisions to remedy environmental contamination at sites owned by political subdivisions where the environmental contamination has affected, or threatens to affect, groundwater or surface water.

9 F E - 5

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

1 SECTION 1. 67.04 (5) (b) 2. of the statutes is repealed.

2 SECTION 2. 67.12 (12) (a) of the statutes is amended to read:

3 67.12 (12) (a) Any municipality may issue promissory notes as evidence of
4 indebtedness for any public purpose, as defined in s. 67.04 (1) (b), including but not
5 limited to paying any general and current municipal expense, and refunding any
6 municipal obligations, including interest on them. Each note, plus interest if any,
7 shall be repaid within 10 years after the original date of the note, except that notes
8 issued under this section for purposes of ss. 281.58 and 281.59, ^{281.60 and 281.61} or to raise funds to
9 pay a portion of the capital costs of a metropolitan sewerage district, shall be repaid
10 within 20 years after the original date of the note.

History: 1971 c. 49, 144; 1971 c. 152 s. 38; 1971 c. 164, 215; 1973 c. 172, 250; 1975 c. 311; 1977 c. 29; 1977 c. 272 s. 98; 1977 c. 418; 1979 c. 34; 1979 c. 110 s. 60 (13); 1979 c. 221, 297; 1981 c. 20, 254; 1981 c. 282 ss. 29, 45; 1981 c. 314; 1983 a. 24, 27, 192, 207, 368, 538; 1985 a. 101, 223; 1987 a. 197, 391, 399, 403; 1989 a. 31, 56, 192, 336, 366; 1991 a. 32, 49; 1993 a. 399; 1995 a. 27, 227, 232, 358; 1997 a. 38, 286.

11 SECTION 3. 281.58 (1) (ae) of the statutes is repealed.

12 SECTION 4. 281.58 (6) (a) 4. of the statutes is repealed.

13 SECTION 5. 281.58 (6) (b) 1. of the statutes is amended to read:

14 281.58 (6) (b) 1. Purchasing or refinancing the obligation of a municipality if
15 the obligation was incurred to finance the cost of constructing a water pollution
16 control project located in this state ~~and the obligation was initially incurred on or~~
17 ~~after May 17, 1988.~~

History: 1987 a. 399; 1989 a. 31, 336, 366; 1991 a. 32, 39, 189; 1993 a. 16; 1995 a. 27; 1995 a. 227 s. 425; Stats. 1995 s. 281.58; 1997 a. 27, 237.

18 SECTION 6. 281.58 (6) (b) 2. of the statutes is repealed.

1 **SECTION 7.** 281.58 (7) (b) 7. of the statutes is repealed.

2 **SECTION 8.** 281.58 (8) (h) of the statutes is amended to read:

3 281.58 (8) (h) Except as provided in par. (k), a municipality that is a violator
4 of an effluent limitation at the time that the application for a treatment work project
5 is approved under sub. (9m) may not receive financial assistance of a method
6 specified under sub. (6) (b) 1., ~~2.~~, 3, ~~4.~~ or 5. for that part of the treatment work project
7 that is needed to correct the violation. This paragraph does not apply to a
8 municipality that after May 17, 1988, is in compliance with a court or department
9 order to correct a violation of the enforceable requirements of its ch. 283 permit, and
10 that is applying for financial assistance under s. 281.59 (13) to correct that violation.

11 History: 1987 a. 399; 1989 a. 31, 336, 366; 1991 a. 32, 39, 189; 1993 a. 16; 1995 a. 27; 1995 a. 227 s. 425; Stats. 1995 s. 281.58; 1997 a. 27, 237.

11 **SECTION 9.** 281.58 (8) (L) of the statutes is repealed.

12 **SECTION 10.** 281.58 (8e) (a) of the statutes is amended to read:

13 281.58 (8e) (a) The type of project and the order in which it is listed under sub.

✓ (14) (7) (b) 1. to ~~7.~~ ^{6.}

15 History: 1987 a. 399; 1989 a. 31, 336, 366; 1991 a. 32, 39, 189; 1993 a. 16; 1995 a. 27; 1995 a. 227 s. 425; Stats. 1995 s. 281.58; 1997 a. 27, 237.

15 **SECTION 11.** 281.58 (8s) of the statutes is amended to read:

16 281.58 (8s) FACILITY PLAN. A municipality seeking financial assistance for a
17 project under this section, ~~except for a municipality seeking a capital cost loan,~~ shall
18 complete a facility plan as required by the department by rule.

19 History: 1987 a. 399; 1989 a. 31, 336, 366; 1991 a. 32, 39, 189; 1993 a. 16; 1995 a. 27; 1995 a. 227 s. 425; Stats. 1995 s. 281.58; 1997 a. 27, 237.

19 **SECTION 12.** 281.58 (9) (b) of the statutes is amended to read:

20 281.58 (9) (b) A municipality seeking financial assistance, ~~except for a~~
21 ~~municipality seeking a capital cost loan,~~ for a project under the clean water fund
22 program shall complete an environmental analysis sequence as required by the
23 department by rule.

History: 1987 a. 399; 1989 a. 31, 336, 366; 1991 a. 32, 39, 189; 1993 a. 16; 1995 a. 27; 1995 a. 227 s. 425; Stats. 1995 s. 281.58; 1997 a. 27, 237.

1 SECTION 13. 281.58 (12) (a) 4. of the statutes is amended to read:

2 281.58 (12) (a) 4. The interest rate for projects specified in sub. (7) (b) 6. ~~and~~
3 ~~7.~~ and for those portions of projects under subd. 1. that are restricted by sub. (8) (b),
4 (c), (f) or (h) is market interest rate.

5 History: 1987 a. 399; 1989 a. 31, 336, 366; 1991 a. 32, 39, 189; 1993 a. 16; 1995 a. 27; 1995 a. 227 s. 425; Stats. 1995 s. 281.58; 1997 a. 27, 237.

5 SECTION 14. 281.58 (12) (a) 5. of the statutes is repealed.

6 SECTION 15. 281.59 (9) (a) of the statutes is amended to read:

7 281.59 (9) (a) A loan approved under the clean water fund program, the safe
8 drinking water loan program or the land recycling loan program shall be for no longer
9 than 20 years, as determined by the department of administration, be fully
10 amortized not later than 20 years after the original date of the ^{financial assistance} ~~note~~, and require the ^{agreement}
11 repayment of principal and interest, if any, to begin not later than 12 months after
12 the expected date of completion of the project that it funds, as determined by the
13 department of administration.

14 History: 1989 a. 366 ss. 40, 63, 65, 66, 97, 99, 106, 108 to 110, 115; 1991 a. 32, 39, 189, 315; 1993 a. 16; 1995 a. 27; 1995 a. 227 s. 426; Stats. 1995 s. 281.59; 1995 a. 452; 1997 a. 27, 237.

14 SECTION 16. 281.59 (12) of the statutes is amended to read:

15 281.59 (12) MUNICIPAL OBLIGATIONS. The department of administration may
16 purchase or refinance obligations specified in s. 281.58 (6) (b) 1. ~~or 2.~~ and guarantee
17 or purchase insurance for municipal obligations specified in s. 281.58 (6) (b) 3. if the
18 department of administration and the department of natural resources approve the
19 financial assistance under this section and s. 281.58.

20 History: 1989 a. 366 ss. 40, 63, 65, 66, 97, 99, 106, 108 to 110, 115; 1991 a. 32, 39, 189, 315; 1993 a. 16; 1995 a. 27; 1995 a. 227 s. 426; Stats. 1995 s. 281.59; 1995 a. 452; 1997 a. 27, 237.

(END)

oNote

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-0282/1dn

RCT:.....

King

This is a first draft of the proposal for technical modifications to the clean water fund program. I am not certain that it makes sense to repeal s. 281.58 (12) (a) 5. unless s. 281.58 (7) (b) 3. is also repealed.

Rebecca C. Tradewell
Assistant Chief Counsel
266-7290

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-0282/1dn
RCT:kmg:ijs

November 9, 1998

This is a first draft of the proposal for technical modifications to the clean water fund program. I am not certain that it makes sense to repeal s. 281.58 (12) (a) 5. unless s. 281.58 (7) (b) 3. is also repealed.

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266-7290

0282/1

Per Michael Wolff - re: 281.58(7)(b)3. &
attach D-Note explaining they can still fund
planning



State of Wisconsin
1999 - 2000 LEGISLATURE
SOON

LRB-0282 2
RCT:kmg:ijs
Redraft
make
run

DOA:.....Schmiedicke - Clean water fund technical modifications
FOR 1999-01 BUDGET - NOT READY FOR INTRODUCTION

ONote

1 AN ACT ^{Donk} _{Gen. Cal.} relating to: the budget.

Analysis by the Legislative Reference Bureau

ENVIRONMENT

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Under current law, a promissory note issued by a local governmental unit may generally not have a term of more than ten years. The term of a promissory note issued in connection with a clean water fund project may not exceed 20 years. This bill authorizes a local governmental unit to issue a promissory note with a term not to exceed 20 years in connection with a safe drinking water loan program or land

recycling loan program project. Under the safe drinking water loan program this state makes loans to local governmental units for projects to protect or improve drinking water quality. Under the land recycling loan program, this state makes loans to political subdivisions to remedy environmental contamination at sites owned by political subdivisions where the environmental contamination has affected, or threatens to affect, groundwater or surface water.

For further information see the *state* 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:

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7 shall be repaid within 10 years after the original date of the note, except that notes
8 issued under this section for purposes of ss. 281.58 and, 281.59, 281.60 and 281.61,
9 or to raise funds to pay a portion of the capital costs of a metropolitan sewerage
10 district, shall be repaid within 20 years after the original date of the note.

11 **SECTION 3.** 281.58 (1) (ae) of the statutes is repealed.

12 **SECTION 4.** 281.58 (6) (a) 4. of the statutes is repealed.

13 **SECTION 5.** 281.58 (6) (b) 1. of the statutes is amended to read:

14 281.58 (6) (b) 1. Purchasing or refinancing the obligation of a municipality if
15 the obligation was incurred to finance the cost of constructing a water pollution
16 control project located in this state ~~and the obligation was initially incurred on or~~
17 ~~after May 17, 1988.~~

18 **SECTION 6.** 281.58 (6) (b) 2. of the statutes is repealed.

RP;
Section #. 281.58 (7)(b) 3.

1 **SECTION 7.** 281.58 (7) (b) 7. of the statutes is repealed.

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3 281.58 (8) (h) Except as provided in par. (k), a municipality that is a violator
4 of an effluent limitation at the time that the application for a treatment work project
5 is approved under sub. (9m) may not receive financial assistance of a method
6 specified under sub. (6) (b) 1., ~~2.~~ 3., 4. or 5. for that part of the treatment work project
7 that is needed to correct the violation. This paragraph does not apply to a
8 municipality that after May 17, 1988, is in compliance with a court or department
9 order to correct a violation of the enforceable requirements of its ch. 283 permit, and
10 that is applying for financial assistance under s. 281.59 (13) to correct that violation.

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15 **SECTION 11.** 281.58 (8s) of the statutes is amended to read:

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19 **SECTION 12.** 281.58 (9) (b) of the statutes is amended to read:

20 281.58 (9) (b) A municipality seeking financial assistance, ~~except for a~~
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22 program shall complete an environmental analysis sequence as required by the
23 department by rule.

24 **SECTION 13.** 281.58 (12) (a) 4. of the statutes is amended to read:

RET. King:

Note

The only difference between this draft and the
12 is that this draft repeals s. 28.58(7)(b)3.

The repeal reflects the intent not to ^{make} ~~issue~~ loans for
planning ^{and design} alone. Financial assistance may still be
~~be~~ given for planning and design as part of
a ~~or~~ ~~or~~ ~~or~~ larger project.

RET

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-0282/2dn
RCT:kmg:km

December 28, 1998

The only difference between this draft and the /1 is that this draft repeals s. 281.58 (7) (b) 3. The repeal reflects the intent not to make loans for planning and design alone. Financial assistance may still be given for planning and design as part of a larger project.

Rebecca C. Tradewell
Assistant Chief Counsel
266-7290



State of Wisconsin
1999 - 2000 LEGISLATURE

LRB-0282/3

RCT:kmg:km

SO ON

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run

DOA:.....Wong - Clean water fund technical modifications

FOR 1999-01 BUDGET - NOT READY FOR INTRODUCTION

ONote

1 AN ACT <sup>Don't
Cap Cost</sup> relating to: the budget.

Analysis by the Legislative Reference Bureau

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6 municipal obligations, including interest on them. Each note, plus interest if any,
7 shall be repaid within 10 years after the original date of the note, except that notes
8 issued under this section for purposes of ss. ^{145.245 (12m)} 281.58 and, 281.59, 281.60 and 281.61,
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✓
Inset →

1 **SECTION 7.** 281.58 (7) (b) 3. of the statutes is repealed.

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4 281.58 (8) (h) Except as provided in par. (k), a municipality that is a violator
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9 municipality that after May 17, 1988, is in compliance with a court or department
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23 program shall complete an environmental analysis sequence as required by the
24 department by rule.

25 **SECTION 14.** 281.58 (12) (a) 4. of the statutes is amended to read:

1999-2000 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB
.....

Insert

67.12(12)(a) ✓

***NOTE: This is reconciled s. 1 . This SECTION has been affected by drafts with the following LRB numbers:

1-0282 and 1-1856.

***NOTE: This is reconciled s. . This SECTION has been affected by drafts with the following LRB numbers:

LRB

***NOTE: This is reconciled s. . This SECTION has been affected by drafts with the following LRB numbers:

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DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-0282/3dn
.....
Ret: King

Manjee-

0282

1856

This draft reconciles LRB-~~XXXX~~, LRB-~~XXXX~~ and LRB-~~XXXX~~. [All of these drafts should continue to appear in the compiled bill.] ~~[All of these drafts, except LRB-XXXX, should continue to appear in the compiled bill. LRB-XXXX should be dropped from the compile.]~~

Rebecca C. Tradewell
Managing Attorney
Phone: (608) 266-7290
E-mail: Becky.Tradewell@legis.state.wi.us

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-0282/3dn
RCT:kmg:lp

February 2, 1999

Manyee:

This draft reconciles LRB-0282 and LRB-1856. All of these drafts should continue to appear in the compiled bill.

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State of Wisconsin
1999 - 2000 LEGISLATURE

LRB-0282/3

RCT:kmg:lp

DOA:.....Wong - Clean water fund technical modifications

FOR 1999-01 BUDGET - NOT READY FOR INTRODUCTION

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

Analysis by the Legislative Reference Bureau

ENVIRONMENT

WATER QUALITY

Under the clean water fund program, this state provides financial assistance for projects for controlling water pollution, including sewage treatment plants.

One type of financial assistance that may be provided under the clean water fund program is called a capital cost loan. The total amount of capital cost loans may not exceed \$120,000,000. A capital cost loan may be made only if the cities of Brookfield, Mequon, Muskego and New Berlin and the villages of Butler, Elm Grove, Germantown, Menomonee Falls and Thiensville have entered into an agreement with the Milwaukee Metropolitan Sewerage District (MMSD) under which each municipality agrees to pay a portion of the \$120,000,000 in capital cost loans to MMSD for MMSD's capital costs and the total amount that the municipalities agree to pay equals at least \$120,000,000. This bill eliminates the authority to make capital cost loans under the clean water fund program. This bill also makes minor technical changes in the clean water fund program.

Under current law, a promissory note issued by a local governmental unit may generally not have a term of more than ten years. The term of a promissory note issued in connection with a clean water fund project may not exceed 20 years. This bill authorizes a local governmental unit to issue a promissory note with a term not to exceed 20 years in connection with a safe drinking water loan program or land

recycling loan program project. Under the safe drinking water loan program this state makes loans to local governmental units for projects to protect or improve drinking water quality. Under the land recycling loan program, this state makes loans to political subdivisions to remedy environmental contamination at sites owned by political subdivisions where the environmental contamination has affected, or threatens to affect, groundwater or surface water.

For further information see the *state* 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:

1 **SECTION 1.** 67.04 (5) (b) 2. of the statutes is repealed.

2 **SECTION 2.** 67.12 (12) (a) of the statutes is amended to read:

3 67.12 (12) (a) Any municipality may issue promissory notes as evidence of
4 indebtedness for any public purpose, as defined in s. 67.04 (1) (b), including but not
5 limited to paying any general and current municipal expense, and refunding any
6 municipal obligations, including interest on them. Each note, plus interest if any,
7 shall be repaid within 10 years after the original date of the note, except that notes
8 issued under this section for purposes of ss. 145.245 (12m), 281.58 ~~and~~, 281.59,
9 281.60 and 281.61, or to raise funds to pay a portion of the capital costs of a
10 metropolitan sewerage district, shall be repaid within 20 years after the original date
11 of the note.

****NOTE: This is reconciled s. 67.12 (12) (a). This SECTION has been affected by drafts with the following LRB numbers: LRB-0282 and LRB-1856.

12 **SECTION 3.** 281.58 (1) (ae) of the statutes is repealed.

13 **SECTION 4.** 281.58 (6) (a) 4. of the statutes is repealed.

14 **SECTION 5.** 281.58 (6) (b) 1. of the statutes is amended to read:

15 281.58 (6) (b) 1. Purchasing or refinancing the obligation of a municipality if
16 the obligation was incurred to finance the cost of constructing a water pollution

1 control project located in this state ~~and the obligation was initially incurred on or~~
2 ~~after May 17, 1988.~~

3 **SECTION 6.** 281.58 (6) (b) 2. of the statutes is repealed.

4 **SECTION 7.** 281.58 (7) (b) 3. of the statutes is repealed.

5 **SECTION 8.** 281.58 (7) (b) 7. of the statutes is repealed.

6 **SECTION 9.** 281.58 (8) (h) of the statutes is amended to read:

7 281.58 (8) (h) Except as provided in par. (k), a municipality that is a violator
8 of an effluent limitation at the time that the application for a treatment work project
9 is approved under sub. (9m) may not receive financial assistance of a method
10 specified under sub. (6) (b) 1., ~~2.~~, 3., 4. or 5. for that part of the treatment work project
11 that is needed to correct the violation. This paragraph does not apply to a
12 municipality that after May 17, 1988, is in compliance with a court or department
13 order to correct a violation of the enforceable requirements of its ch. 283 permit, and
14 that is applying for financial assistance under s. 281.59 (13) to correct that violation.

15 **SECTION 10.** 281.58 (8) (L) of the statutes is repealed.

16 **SECTION 11.** 281.58 (8e) (a) of the statutes is amended to read:

17 281.58 (8e) (a) The type of project and the order in which it is listed under sub.
18 (7) (b) 1. to ~~7.~~ 6.

19 **SECTION 12.** 281.58 (8s) of the statutes is amended to read:

20 281.58 (8s) FACILITY PLAN. A municipality seeking financial assistance for a
21 project under this section, ~~except for a municipality seeking a capital cost loan,~~ shall
22 complete a facility plan as required by the department by rule.

23 **SECTION 13.** 281.58 (9) (b) of the statutes is amended to read:

24 281.58 (9) (b) A municipality seeking financial assistance, ~~except for a~~
25 ~~municipality seeking a capital cost loan,~~ for a project under the clean water fund

1 program shall complete an environmental analysis sequence as required by the
2 department by rule.

3 **SECTION 14.** 281.58 (12) (a) 4. of the statutes is amended to read:

4 281.58 (12) (a) 4. The interest rate for projects specified in sub. (7) (b) 6. and
5 7. and for those portions of projects under subd. 1. that are restricted by sub. (8) (b),
6 (c), (f) or (h) is market interest rate.

7 **SECTION 15.** 281.58 (12) (a) 5. of the statutes is repealed.

8 **SECTION 16.** 281.59 (9) (a) of the statutes is amended to read:

9 281.59 (9) (a) A loan approved under the clean water fund program, the safe
10 drinking water loan program or the land recycling loan program shall be for no longer
11 than 20 years, as determined by the department of administration, be fully
12 amortized not later than 20 years after the original date of the ~~note~~ financial
13 assistance agreement, and require the repayment of principal and interest, if any,
14 to begin not later than 12 months after the expected date of completion of the project
15 that it funds, as determined by the department of administration.

16 **SECTION 17.** 281.59 (12) of the statutes is amended to read:

17 281.59 (12) MUNICIPAL OBLIGATIONS. The department of administration may
18 purchase or refinance obligations specified in s. 281.58 (6) (b) 1. ~~or 2.~~ and guarantee
19 or purchase insurance for municipal obligations specified in s. 281.58 (6) (b) 3. if the
20 department of administration and the department of natural resources approve the
21 financial assistance under this section and s. 281.58.

22

(END)