

**1999 DRAFTING REQUEST**

**Bill**

Received: 11/18/98

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  
Environment - env. cleanup

Extra Copies:

**Topic:**

DOA:.....Wong - Modify land recycling loan program

**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 11/19/98	wjackson 11/20/98	lpaasch 11/20/98	_____	lrb_docadmin 11/20/98		S&L
/2	traderc 11/23/98	wjackson 11/24/98	hhagen 11/24/98	_____	lrb_docadmin 11/24/98		S&L

FE Sent For:

<END>

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*2-11-23*  
*Kmg*  
*11/24*    *74/15 11/24*

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1?	traderc	11-11-20 KMG	11-22-98	11-22-98 STP			

FE Sent For:

<END>

**CORRESPONDENCE MEMORANDUM**

**STATE OF WISCONSIN  
Department of Administration**

**Date:** November 13, 1998  
**To:** Steve Miller, Chief  
Legislative Reference Bureau  
**From:** Manyee Wong *mw*  
State Budget Analyst  
**Subject:** Drafting Instructions for 1999-01 Budget

Please draft the following for the Governor's 1999-01 budget. Excerpts from the pending Brownfields Study Group report related to the requested items are attached.

- *Allow Transfer of Tax Delinquent Brownfields Properties to Cities*

*Prop. Tax*  
Provide cities with greater flexibility in acquiring tax delinquent properties from county governments. If a county does not take a tax deed to a property that is subject to a tax certificate after two years, the county must take a tax deed on the property and transfer ownership of that property to the municipality where the property is located within 9 months after receiving a written request from that municipality.

- *Modify Land Recycling Loan Program*

*RCT -0936*  
Amend the Land Recycling Loan Program to expand the definition of local units to include redevelopment authorities and housing authorities and reduce the interest rate to 0%.

- *Strengthen Ability of Municipality to Recover Environmental Costs*

*RCT?*  
Provide local governments with a tool to recover investigation and remediation costs of brownfield properties. Under this statute, local governments may initiate a civil action to recover damages from responsible parties for environmental remediation activities.

- *Clarify Blight Elimination And Slum Clearance Authority*

*MES*  
Provide local governments more authority and protection in dealing with blighted brownfields properties. The Blight Area Law and the Blight Elimination and Slum Clearance Act should be amended to include "environmental pollution" in the definition of blighted area and blighted property.



State of Wisconsin  
1999 - 2000 LEGISLATURE

soa

LRB-0936/1

RCT: /:...

wlj/kmg

DOA:.....Wong – Modify land recycling loan program

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

D note

DO NOT  
GEN CKT

1

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

*Analysis by the Legislative Reference Bureau*  
ENVIRONMENT

HAZARDOUS SUBSTANCES AND ENVIRONMENTAL CLEANUP

Under the land recycling loan program, this state provides loans to cities, villages, towns and counties (political subdivisions) for projects to remedy environmental contamination at sites owned by political subdivisions where the environmental contamination has affected, or threatens to affect, groundwater or surface water. The loans are provided at subsidized interest rates.

This bill makes redevelopment authorities and housing authorities eligible for loans under the land recycling loan program. This bill also provides that recipients of loans under the program are not required to pay any interest.

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

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

2

SECTION 1. 281.60 (1) (a) of the statutes is amended to read:

d

3

281.60 (1) (a) "Eligible applicant" means a political subdivision, redevelopment

4

authority created under s. 66.431 or a housing authority.

1           **SECTION 2.** 281.60 (1) (c) of the statutes is repealed.

2           History: 1997 a. 27, 237.

3           **SECTION 3.** 281.60 (2r) (a) of the statutes is amended to read:

4           281.60 (2r) (a) Making loans below the market interest rate for projects  
5           described in sub. (2).

6           History: 1997 a. 27, 237.

7           **SECTION 4.** 281.60 (11) of the statutes is amended to read:

8           281.60 (11) LOAN INTEREST RATES. The department and the department of  
9           administration may not charge interest rate on a land recycling loan program loan  
10           shall be 55% of market interest rate.

11           History: 1997 a. 27, 237.

12           **SECTION 5.** 281.60 (11m) of the statutes is amended to read:

13           281.60 (11m) SERVICE FEE. The department and the department of  
14           administration shall jointly charge and collect an annual service fee for reviewing  
15           and acting upon land recycling loan program applications and servicing financial  
16           assistance agreements. ~~The fee shall be in addition to interest payments at the rate~~  
17           ~~under sub. (11).~~ For the 1997-99 fiscal biennium, the service fee shall be 0.5% of the  
18           loan balance. Fee amounts for later biennia shall be established in the biennial  
19           finance plan under s. 281.59 (3) (a) 8. The department and the department of  
20           administration shall specify in the biennial finance plan a fee designed to cover the  
            costs of reviewing and acting upon land recycling loan program applications and  
            servicing financial assistance agreements.

            History: 1997 a. 27, 237.

(END)

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

LRB-0936/ldn

RCT:f...

nlj & kmg

Manyee Wong:

1. This draft makes redevelopment authorities and housing authorities eligible for loans under the land recycling loan program. The draft does not change the requirement that a loan recipient establish a dedicated source of revenue for repayment of a loan. According to DNR, that provision has been interpreted to require a general obligation pledge, which redevelopment authorities and housing authorities are not able to provide. You may wish to ask someone in the DOA Capitol Finance office to review this issue.

2. This draft prohibits DNR and DOA from charging any interest on loans under the land recycling loan program. This will reduce the total dollar amount of loans that may be made under the program unless the subsidy amount is increased.

Rebecca C. Tradewell  
Managing Attorney  
266-7290

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

LRB-0936/1dn  
RCT:wlj&kmg:lp

November 20, 1998

Manyee Wong:

1. This draft makes redevelopment authorities and housing authorities eligible for loans under the land recycling loan program. The draft does not change the requirement that a loan recipient establish a dedicated source of revenue for repayment of a loan. According to DNR, that provision has been interpreted to require a general obligation pledge, which redevelopment authorities and housing authorities are not able to provide. You may wish to ask someone in the DOA Capitol Finance office to review this issue.

2. This draft prohibits DNR and DOA from charging any interest on loans under the land recycling loan program. This will reduce the total dollar amount of loans that may be made under the program unless the subsidy amount is increased.

Rebecca C. Tradewell  
Managing Attorney  
266-7290



## Tradewell, Becky

**From:** Schmiedicke, David [david.schmiedicke@doa.state.wi.us]  
**Sent:** Monday, November 23, 1998 11:55 AM  
**To:** Tradewell, Becky  
**Cc:** Wong, Manyee  
**Subject:** FW: LRB Draft: 99-0936/1 and 0975/1

Becky, please see Michael Wolff's comments below. As he suggests, please increase the PV for land recycling loans to reflect the 0% interest rate. In addition, allow redevelopment authorities to own/manage the property where land recycling loan proceeds are spent, but the ultimate borrower is the municipality with the taxing authority. Also give DOA broader authority over these loans.

Thanks.

David P. Schmiedicke  
Wisconsin Department of Administration  
Voice -- (608) 266-1040  
FAX -- (608) 267-0372  
E-Mail -- david.schmiedicke@doa.state.wi.us

> -----Original Message-----

> From: Wolff, Michael

> Sent: Monday, November 23, 1998 9:30 AM

> To: Schmiedicke, David; Wong, Manyee

> Subject: RE: LRB Draft: 99-0936/1 and 0975/1

>

> slash 1 of 0975 on the CWFPS subsidy levels is fine.

>

> On 0936/1 I have the following comments and suggestions for you to think

> about and pass on to Becky T.:

>

✓ > If we take the interest rate on land recycling loans to 0% then the PV  
> cost associated with the \$20 million increases to \$9.4 million (from \$4.5  
> in statute for the present biennium). The \$9.4 should be made effective  
> for the '99-'01 term much like 0975/1 is done.

>

> The addition of redevelopment and housing authorities raises a few  
> concerns:

>

✓ > Present law requires that the owner of the contaminated property and the  
> borrower under the program be the same. In the case of redevelopment  
> authorities the city or village may want to borrow and leave the ownership  
> and management up to the authority. It may also be the case that this is  
> necessary because the rede authority cannot meet the credit criteria  
> requiring a dedicated source of revenue. Becky T can figure out how this  
> would best be worded. I would not want such a change to apply to Safe  
> Water or Drinking Water projects, nor would I want the owner to ever be  
> anything other than a municipal government or authority.

>

✓ > I would also ask that section 281.60 (7)(c) be amended to read: "the  
> department of administration determines that the eligible applicant will  
> meet the requirements of s. 281.59 (9)". (i.e., delete the "(b)" from  
> that section. This gives DOA broader authority when making land recycling  
> loans, something I want if we are to make loans to municipalities without  
> general taxing power.)

>

> Let me know if there's anything else I can review.



State of Wisconsin  
1999 - 2000 LEGISLATURE

SOON

LRB-09367 2  
RCT:wj&kmg:lp redraft-  
↓ ↓ maker  
stays run

DOA:.....Wong - Modify land recycling loan program

FOR 1999-01 BUDGET - NOT READY FOR INTRODUCTION

ONote

DO NOT  
GEN CAT

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

Analysis by the Legislative Reference Bureau  
ENVIRONMENT

HAZARDOUS SUBSTANCES AND ENVIRONMENTAL CLEANUP

Under the land recycling loan program, this state provides loans to cities, villages, towns and counties (political subdivisions) for projects to remedy environmental contamination at sites owned by political subdivisions where the environmental contamination has affected, or threatens to affect, groundwater or surface water. The loans are provided at subsidized interest rates.

This bill makes redevelopment authorities and housing authorities eligible for loans under the land recycling loan program. This bill ~~also~~ provides that recipients of loans under ~~the program~~ are not required to pay any interest.

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

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

- 2 SECTION 1. 281.60 (1) (a) of the statutes is amended to read:
- 3 281.60 (1) (a) "Eligible applicant" means a political subdivision, a
- 4 redevelopment authority created under s. 66.431 or a housing authority.

This bill also provides that a political subdivision may obtain a loan to remedy environmental contamination at a site owned by a redevelopment authority or a housing authority.

Insert  
1

the  
land  
recycling  
loan  
program

move  
to  
senate  
after  
2nd

Insert 1  
A 2

Insert 2  
→

SECTION 2. 281.60 (1) (c) of the statutes is repealed.

SECTION 3. 281.60 (2r) (a) of the statutes is amended to read:

3 281.60 (2r) (a) Making loans ~~below the market interest rate~~ for projects described in sub. (2).

Insert 4  
B 5  
C 6

→

SECTION 4. 281.60 (11) of the statutes is amended to read:

281.60 (11) LOAN INTEREST RATES. The department and the department of administration may not charge interest rate on a land recycling loan program loan shall be ~~55%~~ of market interest rate.

SECTION 5. 281.60 (11m) of the statutes is amended to read:

281.60 (11m) SERVICE FEE. The department and the department of administration shall jointly charge and collect an annual service fee for reviewing and acting upon land recycling loan program applications and servicing financial assistance agreements. ~~The fee shall be in addition to interest payments at the rate under sub. (11).~~ For the 1997-99 fiscal biennium, the service fee shall be 0.5% of the loan balance. Fee amounts for later biennia shall be established in the biennial finance plan under s. 281.59 (3) (a) 8. The department and the department of administration shall specify in the biennial finance plan a fee designed to cover the costs of reviewing and acting upon land recycling loan program applications and servicing financial assistance agreements.

(END)

20

Inserts 1+B to 99-0936/2

~~WJG~~

DOA:.....Wong - Land recycling loan program subsidy amount

FOR 1999-01 BUDGET - NOT READY FOR INTRODUCTION

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ENVIRONMENT

#

HAZARDOUS SUBSTANCES AND ENVIRONMENTAL CLEANUP

Under the land recycling loan program, this state provides loans to cities, villages, towns and counties (political subdivisions) for projects to remedy environmental contamination at sites owned by political subdivisions where the environmental contamination has affected, or threatens to affect, groundwater or surface water. The loans are provided at subsidized interest rates. The budget bill for each fiscal biennium establishes the present value of the subsidies that may be provided under the land recycling loan program during that fiscal biennium. This bill sets the present value of the land recycling loan program subsidies that may be provided during the 1999-2001 biennium at ~~\$4,500,000~~ \$9,400,000

Insert 1

\*

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

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

SECTION 281.59 (3m) (b) 1. and 2. of the statutes are amended to read:

Insert 2

B-WPO: sort draft; insert is out-of-order

↓

\$9,400,000

1 281.59 (3m) (b) 1. Equal to ~~\$4,500,000~~ during the ~~1997-99~~ 1999-01 biennium.

2 2. Equal to \$1,000 for any biennium after the ~~1997-99~~ 1999-01 biennium.

3 (END) end of insert B ✓

Insert A ✓ ✓

-0936/2

Section #. 281.60 (2) of the statutes is amended to read:

281.60 (2) GENERAL. The department and the department of administration may administer a program to provide financial assistance to eligible applicants for projects to remedy environmental contamination of sites or facilities at which environmental contamination has affected groundwater or surface water or threatens to affect groundwater or surface water. The department and the department of administration may provide financial assistance under this section to an eligible applicant only if the eligible applicant owns the contaminated site or facility. The department and the department of administration may not provide financial assistance under this section to remedy environmental contamination at a site or facility that is not a landfill if the eligible applicant caused the environmental contamination.

History: 1997 a. 27, 237.

or, if the applicant is a political subdivision,  
if a redevelopment authority or a housing  
authority owns the contaminated site or  
facility

Insert C ✓

-0936/2

Section #. 281.60 (7) (c) of the statutes is amended to read:

281.60 (7) (c) The department of administration determines that the eligible applicant will meet  
\* the requirements of s. 281.59 (9) <sup>↓</sup> ~~(b)~~.

History: 1997 a. 27, 237.

0 Note

RCT: Wlj :

This redraft amends s. 281.60 (7) (c) as requested  
by Michael Wolff. However, I am not certain that  
this broadens DDA's authority because s. 281.59(9)  
(b) still applies to applicants for land recycling  
loan program loans.

RLT



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

LRB-0936/2dn  
RCT:wlj&kmg:hmh

Tuesday, November 24, 1998

This redraft amends s. 281.60 (7) (c) as requested by Michael Wolff. However, I am not certain that this broadens DOA's authority because s. 281.59 (9) (b) still applies to applicants for land recycling loan program loans.

Rebecca C. Tradewell  
Assistant Chief Counsel  
266-7290



State of Wisconsin  
1999 - 2000 LEGISLATURE

LRB-0936/2  
RCT:wlj&kmg:hmh

DOA:.....Wong - Modify land recycling loan program

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

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The budget bill for each fiscal biennium establishes the present value of the subsidies that may be provided under the land recycling loan program during that fiscal biennium. This bill sets the present value of the land recycling loan program subsidies that may be provided during the 1999-2001 biennium at \$9,400,000.

This bill provides that recipients of loans under the land recycling loan program are not required to pay any interest. This bill makes redevelopment authorities and housing authorities eligible for loans under the program. This bill also provides that a political subdivision may obtain a loan to remedy environmental contamination at a site owned by a redevelopment authority or a housing authority.

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

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

1           **SECTION 1.** 281.59 (3m) (b) 1. and 2. of the statutes are amended to read:

2           281.59 (3m) (b) 1. Equal to ~~\$4,500,000~~ \$9,400,000 during the ~~1997-99~~ 1999-01  
3           biennium.

4           2. Equal to \$1,000 for any biennium after the ~~1997-99~~ 1999-01 biennium.

5           **SECTION 2.** 281.60 (1) (a) of the statutes is amended to read:

6           281.60 (1) (a) “Eligible applicant” means a political subdivision, a  
7           redevelopment authority created under s. 66.431 or a housing authority.

8           **SECTION 3.** 281.60 (1) (c) of the statutes is repealed.

9           **SECTION 4.** 281.60 (2) of the statutes is amended to read:

10          281.60 (2) GENERAL. The department and the department of administration  
11          may administer a program to provide financial assistance to eligible applicants for  
12          projects to remedy environmental contamination of sites or facilities at which  
13          environmental contamination has affected groundwater or surface water or  
14          threatens to affect groundwater or surface water. The department and the  
15          department of administration may provide financial assistance under this section to  
16          an eligible applicant only if the eligible applicant owns the contaminated site or  
17          facility or, if the applicant is a political subdivision, if a redevelopment authority or  
18          a housing authority owns the contaminated site or facility. The department and the  
19          department of administration may not provide financial assistance under this  
20          section to remedy environmental contamination at a site or facility that is not a  
21          landfill if the eligible applicant caused the environmental contamination.

