

**1999 DRAFTING REQUEST**

**Bill**

Received: **12/18/98**

Received By: **traderc**

Wanted: **Soon**

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 - env. cleanup**

Extra Copies:

**Topic:**

DOA:.....Wong - PECFA modify petroleum inspection fee

**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 12/28/98	ygeller 12/28/98	martykr 12/29/98	_____	lrb_docadmin 12/29/98		State
/2	traderc 01/23/99	ygeller 01/23/99	hhagen 01/24/99	_____	lrb_docadmin 01/25/99		State
/3	traderc 01/25/99	ygeller 01/25/99	martykr 01/26/99	_____	lrb_docadmin 01/26/99		State

FE Sent For:

<END>

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*km 1/25 JP  
km 1/25*

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By/Representing: Wong

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Extra Copies: KSH

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Instructions:

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/1	traderc 12/28/98	ygeller 12/28/98	martykr 12/29/98	_____	lrb_docadmin 12/29/98		State

12/23 yg      ca 1/24      ah/sf 1/24

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1?	traderc	1 12/28 JLG	2/28	12/28	12/28		

FE Sent For:

<END>

## 2. Revenue Bond Authority

- Authorize \$150 million in bonding.
- Require that debt service be paid from a sum-sufficient appropriation from the Petroleum Inspection Fund.

## 3. Interest Cost Reimbursement

- Cap interest reimbursement at the rate on state revenue bonds issued for the program.
- Eliminate interest reimbursement for site owners with gross revenues in excess of \$20 million in the most recent tax year prior to submission of a claim.
- Authorize Commerce to collect and audit owner revenue information.

## 4. Deductibles

- Change current deductible structure for owners of underground storage tanks with petroleum stored for resale or which handle in excess of 10,000 gallons per month to add \$7,500 for **each** \$100,000 increment after the first \$100,000 in costs.
- Change current deductible structure for owners of underground storage tanks with petroleum not stored for resale and handling less than or equal to 10,000 gallons per month to add \$7,500 for the **first** \$100,000 increment after the first \$100,000 in costs up to a maximum of \$15,000 per occurrence.
- No change is necessary for aboveground, small farm, home heating, and school districts.

## 5. Petroleum Inspection Fee

- Beginning January 1, 2002 and each January 1 thereafter, require the Department of Commerce to determine the backlog of claim reimbursements. If claim backlog exceeds two times the revenue collected and available for claim reimbursements in the previous fiscal year, authorize the Department of Commerce to increase the petroleum inspection fee on the following April 1 by an amount, rounded to the nearest 0.1 cent, that reduces the backlog to twice the revenues collected in the previous fiscal year.
- Beginning April 1, 2003 and each April thereafter, require the Department of Commerce to reduce the petroleum inspection fee by an amount, rounded to the nearest 0.1 cent, equal to the difference between the balance in the petroleum inspection fund on June 30 of the previous year and \$10 million.

## 6. Claim Prioritization Process

- Authorize the Department of Commerce to establish a process for prioritizing claims through rule.
- Allow claim priority to be based on environmental factors as established through rule.
- Authorize Commerce to deny payment of interest costs to claimant that proceeds with cleanup prior to notification from Commerce, as defined in rule.



State of Wisconsin  
1999 - 2000 LEGISLATURE

LRB-1361/1

RCT:.....

SO ON

Jlg

DOA:.....Wong - PECFA modify petroleum inspection fee

FOR 1999-01 BUDGET - NOT READY FOR INTRODUCTION

Note

100 \$ The petroleum inspection fee is deposited in the petroleum inspection fund.

do not gen

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

*Analysis by the Legislative Reference Bureau*

**ENVIRONMENT**

**HAZARDOUS SUBSTANCES AND ENVIRONMENTAL CLEANUP**

Under current law, the department of revenue (DOR) collects a petroleum inspection fee of 3 cents per gallon on petroleum products that are received for sale in this state. The fee is used to fund the program that reimburses owners of certain petroleum product storage tanks for a portion of the costs of cleaning up discharges from those tanks (commonly known as PECFA) as well as various other programs.

This bill requires the department of commerce (which administers PECFA) to change the amount of the petroleum inspection fee under specified conditions. If the amount of unpaid PECFA claims, as of June 30, exceeds twice the amount appropriated for PECFA awards, the bill requires the department to increase the fee, effective the following April 1, as necessary to increase revenues by the amount by which unpaid claims exceed twice the amount appropriated for PECFA awards. If the balance in the petroleum inspection fund on June 30 exceeds \$10,000,000, the bill requires the department to reduce the fee, effective the following April 1, as necessary to reduce revenues by the amount by which the balance in the fund exceeds \$10,000,000.

annually

annual

annual

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.** 168.12 (1)<sup>✓</sup> of the statutes is amended to read:

2           168.12 (1) Except as provided in subs. (1g) and (1r), there is imposed a  
3           petroleum inspection fee at the rate of ~~3 cents per gallon~~ specified in sub. (1e) on all  
4           petroleum products that are received by a supplier for sale in this state or for sale  
5           for export to this state. The department of revenue shall determine when a  
6           petroleum product is received under this subsection in the same manner that it  
7           determines under s. 78.07 when motor vehicle fuel is received. The fee shall be paid  
8           under s. 168.125 and shall be based on the number of gallons reported under s.  
9           168.125.

History: 1971 c. 206; 1977 c. 29, 418; 1985 a. 313; 1987 a. 27, 349; 1989 a. 31; 1991 a. 39, 269; 1993 a. 16, 416; 1995 a. 27; 1997 a. 27.

10           **SECTION 2.** 168.12 (1e)<sup>✓</sup> of the statutes is created to read:

11           168.12 (1e) (a) Except as provided in par. (b),<sup>✓</sup> the petroleum inspection fee is  
12           3<sup>✓</sup> cents per gallon.

13           (b) 1. On or before each January 1, beginning with January 1, 2002, the  
14           department<sup>✓</sup> shall determine the total amount claimed as reimbursement for claims  
15           that have been submitted under s. 101.143 (3)<sup>✓</sup> and that are unpaid as of the preceding  
16           June 30. If that total exceeds twice the amount appropriated under s. 20.143 (3) (v)<sup>✓</sup>  
17           for the fiscal year in which the determination is made, the department shall increase  
18           the petroleum inspection fee, effective the following April 1, by the amount per  
19           gallon, rounded to the nearest 0.1<sup>✓</sup> cent, that the department estimates will annually  
20           generate revenue equal to the amount by which the total of the unpaid claims exceeds  
21           twice the amount appropriated under s. 20.143 (3) (v).

1           2. On or before each January 1, ~~Beginning~~ with January 1, 2003, the  
2 department shall determine the unencumbered balance in the petroleum inspection  
3 fund as of the preceding June 30. If that balance exceeds <sup>✓</sup>\$10,000,000, the  
4 department shall reduce the petroleum inspection fee, effective the following April  
5 1, by the amount per gallon, rounded to the nearest 0.1 cent, that the department  
6 estimates will reduce the revenue raised annually by the fee in an amount equal to  
7 the amount by which that balance exceeds \$10,000,000.

8           3. The department shall notify the department of revenue <sup>✓</sup>of any change in the  
9 petroleum inspection fee under this paragraph. <sup>✓</sup>

10

(END) <sup>✓</sup>



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

LRB-1361/1dn

RCT.:A:...

JG

Manyee:

This is the draft providing for adjustments in the petroleum inspection fee. Please review it carefully.

Another drafting request proposes to have revenue bonds issued to pay PECFA awards. It is possible that this proposal, under which the petroleum inspection fee, the source of repayment for the revenue bonds, will at some point be reduced, might cause difficulties in selling the revenue bonds. You might wish to have bond counsel review this proposal. (2)

The first time that the fee is increased, the increase will have been in effect for only 3 months before the next date as of which the department of commerce must determine the backlog. At that point, the backlog will be higher than it would have been if the increased fee had been in effect for a year. I do not know whether that will be considered to be a problem.

If you have any questions or redraft instructions, please let me know.

RET  
Managing Attorney

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

LRB-1361/1dn  
RCT:jlg:km

December 28, 1998

Manyee:

This is the draft providing for adjustments in the petroleum inspection fee. Please review it carefully.

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If you have any questions or redraft instructions, please let me know.

Rebecca C. Tradewell  
Managing Attorney  
266-7290

## Tradewell, Becky

---

**From:** Schmiedicke, David  
**Sent:** Thursday, January 21, 1999 9:39 PM  
**To:** Tradewell, Becky  
**Cc:** Wong, Manyee  
**Subject:** FW: LRB Draft: 99-1361/1

**Importance:** High  
**Sensitivity:** Confidential



99-1361/1



99-1361/1dn

Becky: Please make the following modifications to this draft:

1. Increase in the petroleum inspection fee -- require that Commerce increase the petroleum inspection fee if there are unpaid claims exceeding \$10 million on the preceding June 30. Maintain the current effective date of January 1, 2002. Require that Commerce conduct this review every two years (e.g., the next date of review after 2002 would be January 1, 2004).
2. Require that Commerce reduce the petroleum inspection fee if all debt issued by the state to pay PECFA claims has been retired and the balance in the petroleum inspection fund on the previous June 30 exceeds \$10 million. Require that the calculation be made each January 1, beginning in 2002, and every two years thereafter. Require that the fee be reduced on the following April 1 by an amount, rounded to the nearest 0.1 cent that will generate an annual reduction in revenues of \$5 million or an amount equal to the difference between \$10 million and the actual balance on the preceding June 30, whichever is greater.

We will be modifying the bonding draft (LRB 1432) based on the Governor's decisions this evening. Those instructions will be sent over tomorrow. Thanks very much.

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: Marty, Karen [SMTP:Karen.Marty@legis.state.wi.us]  
> Sent: Tuesday, December 29, 1998 9:43 AM  
> To: 'manyee.wong@doa.state.wi.us'  
> Cc: 'david.schmiedicke@doa.state.wi.us';  
> 'vicky.labelle@doa.state.wi.us'; Hubli, Scott; Hagen, Heather  
> Subject: LRB Draft: 99-1361/1

> Following is the PDF version of draft 99-1361/1.

>  
>  
> <<99-1361/1>> <<99-1361/1dn>>



State of Wisconsin  
1999 - 2000 LEGISLATURE

SOON

LRB-1361# 2

RCT:jlg:km

redraft  
make  
run

DOA:.....Wong - PECFA modify petroleum inspection fee

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

do not gen

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

of an <sup>✓</sup> odd-numbered  
year

*Analysis by the Legislative Reference Bureau*

**ENVIRONMENT**

**HAZARDOUS SUBSTANCES AND ENVIRONMENTAL CLEANUP**

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\$5,000,000 or

and no PECFA revenue bonds are outstanding

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.** 168.12 (1) of the statutes is amended to read:

2           168.12 (1) Except as provided in subs. (1g) and (1r), there is imposed a  
3           petroleum inspection fee at the rate of ~~3 cents per gallon~~ specified in sub. (1e) on all  
4           petroleum products that are received by a supplier for sale in this state or for sale  
5           for export to this state. The department of revenue shall determine when a  
6           petroleum product is received under this subsection in the same manner that it  
7           determines under s. 78.07 when motor vehicle fuel is received. The fee shall be paid  
8           under s. 168.125 and shall be based on the number of gallons reported under s.  
9           168.125.

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11           168.12 (1e) (a) Except as provided in par. (b), the petroleum inspection fee is  
12           3 cents per gallon.

13           (b) 1. On or before ~~each~~ <sup>of each even numbered year ✓</sup> January 1, beginning with January 1, 2002, the  
14           department shall determine the total amount claimed as reimbursement for claims  
15           that have been submitted under s. 101.143 (3) and that are unpaid as of the preceding  
16           June 30. If that total exceeds twice the amount appropriated under s. 20.143 (3) (v)  
17           for the fiscal year in which the determination is made, the department shall increase  
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20           generate revenue equal to the amount by which the total of the unpaid claims exceeds  
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*of each even numbered year*

*2002*

1            2. On or before ~~each~~ January 1, beginning with January 1, ~~12003~~ the  
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 3 fund as of the preceding June 30. If that balance exceeds \$10,000,000, the  
 4 department shall reduce the petroleum inspection fee, effective the following April  
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 6 estimates will reduce the revenue raised annually by the fee in an amount equal to  
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8            3. The department shall notify the department of revenue of any change in the  
 9 petroleum inspection fee under this paragraph.

10 **\*\*\* Note: Section 101.143(9m) is created in LRB-1432. IF that draft is not included in the budget bill, the section must be changed.**

*and if no revenue obligations issued under s. 101.143 (9m) are outstanding*

## Tradewell, Becky

---

**From:** Schmiedicke, David  
**Sent:** Monday, January 25, 1999 9:50 AM  
**To:** Tradewell, Becky  
**Subject:** FW: LRB Draft: 99-1361/1

**Importance:** High  
**Sensitivity:** Confidential

Becky: I noticed that the /2 of this draft did not include provision #1 in my note below but did include provision #2. Just wanted to be sure you're aware of this. 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:** Schmiedicke, David  
**Sent:** Thursday, January 21, 1999 9:39 PM  
**To:** 'Becky.Tradewell@legis.state.wi.us'  
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**Cc:** 'david.schmiedicke@doa.state.wi.us'; 'vicky.labelle@doa.state.wi.us'; Hubli, Scott; Hagen, Heather  
**Subject:** LRB Draft: 99-1361/1

Following is the PDF version of draft 99-1361/1.



State of Wisconsin  
1999 - 2000 LEGISLATURE

SOON

LRB-1361/3  
RCT:jlg:hmh

redraft  
maker  
run

DOA:.....Wong - PECFA modify petroleum inspection fee

FOR 1999-01 BUDGET - NOT READY FOR INTRODUCTION

do not gen

✓ \$10,000,000

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

*Analysis by the Legislative Reference Bureau*

**ENVIRONMENT**

**HAZARDOUS SUBSTANCES AND ENVIRONMENTAL CLEANUP**

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This bill requires the department of commerce (which administers PECFA) to change the amount of the petroleum inspection fee under specified conditions. If the amount of unpaid PECFA claims, as of June 30 of an odd-numbered year, exceeds ~~twice the amount annually appropriated for PECFA awards~~, the bill requires the department to increase the fee, effective the following April 1, as necessary to increase annual revenues by the amount by which unpaid claims exceed ~~twice the amount appropriated for PECFA awards~~. If the balance in the petroleum inspection fund on June 30 of an odd-numbered year exceeds \$10,000,000 and no PECFA revenue bonds are outstanding, the bill requires the department to reduce the fee, effective the following April 1, as necessary to reduce annual revenues by \$5,000,000 or the amount by which the balance in the fund exceeds \$10,000,000, whichever is greater.



For further information see the *state* 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:***

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13           (b) 1. On or before January 1 of each even-numbered year, beginning with  
14           January 1, 2002, the department shall determine the total amount claimed as  
15           reimbursement for claims that have been submitted under s. 101.143 (3) and that are  
16           unpaid as of the preceding June 30. If that total exceeds ~~twice the amount~~  
17           ~~appropriated under s. 20.148 (3) (v) for the fiscal year in which the determination is~~  
18           ~~made,~~ <sup>910,000,000</sup> the department shall increase the petroleum inspection fee, effective the  
19           following April 1, by the amount per gallon, rounded to the nearest 0.1 cent, that the  
20           department estimates will annually generate revenue equal to the amount by which

*\$10,000,000<sup>v</sup>*

① the total of the unpaid claims exceeds ~~twice the amount appropriated under s. 20.143~~,

② (3)(v)

3             2. On or before January 1 of each even-numbered year, beginning with January  
4             1, 2002, the department shall determine the unencumbered balance in the petroleum  
5             inspection fund as of the preceding June 30. If that balance exceeds \$10,000,000 and  
6             if no revenue obligations issued under s. 101.143 (9m) are outstanding, the  
7             department shall reduce the petroleum inspection fee, effective the following April  
8             1, by the amount per gallon, rounded to the nearest 0.1 cent, that the department  
9             estimates will reduce the revenue raised annually by the fee in an amount equal to  
10            \$5,000,000 or the amount by which that balance exceeds \$10,000,000, whichever is  
11            greater.

12            3. The department shall notify the department of revenue of any change in the  
13            petroleum inspection fee under this paragraph.

\*\*\*\*NOTE: Section 101.143 (9m) is created in LRB-1432. If that draft is not included  
in the budget bill, this SECTION must be changed.



State of Wisconsin  
1999 - 2000 LEGISLATURE

LRB-1361/3  
RCT;jlg:km

DOA:.....Wong – PECFA modify petroleum inspection fee

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

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

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*Analysis by the Legislative Reference Bureau*

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For further information see the *state* 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.** 168.12 (1) of the statutes is amended to read:

2           168.12 (1) Except as provided in subs. (1g) and (1r), there is imposed a  
3           petroleum inspection fee at the rate of ~~3 cents per gallon~~ specified in sub. (1e) on all  
4           petroleum products that are received by a supplier for sale in this state or for sale  
5           for export to this state. The department of revenue shall determine when a  
6           petroleum product is received under this subsection in the same manner that it  
7           determines under s. 78.07 when motor vehicle fuel is received. The fee shall be paid  
8           under s. 168.125 and shall be based on the number of gallons reported under s.  
9           168.125.

10           **SECTION 2.** 168.12 (1e) of the statutes is created to read:

11           168.12 (1e) (a) Except as provided in par. (b), the petroleum inspection fee is  
12           3 cents per gallon.

13           (b) 1. On or before January 1 of each even-numbered year, beginning with  
14           January 1, 2002, the department shall determine the total amount claimed as  
15           reimbursement for claims that have been submitted under s. 101.143 (3) and that are  
16           unpaid as of the preceding June 30. If that total exceeds \$10,000,000, the  
17           department shall increase the petroleum inspection fee, effective the following April  
18           1, by the amount per gallon, rounded to the nearest 0.1 cent, that the department  
19           estimates will annually generate revenue equal to the amount by which the total of  
20           the unpaid claims exceeds \$10,000,000.

1           2. On or before January 1 of each even-numbered year, beginning with January  
2           1, 2002, the department shall determine the unencumbered balance in the petroleum  
3           inspection fund as of the preceding June 30. If that balance exceeds \$10,000,000 and  
4           if no revenue obligations issued under s. 101.143 (9m) are outstanding, the  
5           department shall reduce the petroleum inspection fee, effective the following April  
6           1, by the amount per gallon, rounded to the nearest 0.1 cent, that the department  
7           estimates will reduce the revenue raised annually by the fee in an amount equal to  
8           \$5,000,000 or the amount by which that balance exceeds \$10,000,000, whichever is  
9           greater.

10           3. The department shall notify the department of revenue of any change in the  
11           petroleum inspection fee under this paragraph.

          \*\*\*\*NOTE: Section 101.143 (9m) is created in LRB-1432. If that draft is not included  
in the budget bill, this SECTION must be changed.

12

(END)