

**1999 DRAFTING REQUEST**

**Bill**

Received: **01/19/99**

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 - water quality**

Extra Copies:

**Topic:**

DOA:.....Wong - Private sewage system replacement through the clean water fund

**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>
/P1	traderc 01/24/99	ygeller 01/25/99	hhagen 01/25/99	_____	lrb_docadmin 01/25/99		S&L
/1	traderc 01/27/99	ygeller 01/27/99	martykr 01/27/99	_____	lrb_docadmin 01/27/99		S&L
/2	traderc 02/2/99	ygeller 02/2/99	lpaasch 02/2/99	_____	lrb_docadmin 02/2/99		S&L

FE Sent For:

<END>

**1999 DRAFTING REQUEST**

**Bill**

Received: **01/19/99**

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 - water quality**

Extra Copies:

**Topic:**

DOA:.....Wong - Private sewage system replacement through the clean water fund

**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>
/P1	traderc 01/24/99	ygeller 01/25/99	hhagen 01/25/99	_____	lrb_docadmin 01/25/99		S&I.
/1	traderc 01/27/99	ygeller 01/27/99	martykr 01/27/99	_____	lrb_docadmin 01/27/99		S&I.

FE Sent For:

*h 2 1/2 jlg*     *22LR*     *22LR*  
*JP*

<END>

**1999 DRAFTING REQUEST**

**Bill**

Received: **01/19/99**

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 - water quality**

Extra Copies:

**Topic:**

DOA:.....Wong - Private sewage system replacement through the clean water fund

**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>
/P1	traderc 01/24/99	ygeller 01/25/99	hhagen 01/25/99	_____	lrh_docadmin 01/25/99		S&L

FE Sent For:

*1/27 jlg km/27 LP from 1/27*

<END>

**1999 DRAFTING REQUEST**

**Bill**

Received: **01/19/99**

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 - water quality**

Extra Copies:

*MJL  
RJM*

**Topic:**

DOA:.....Wong - Private sewage system replacement through the clean water fund

**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	<i>1/19 1/25 jlg</i>	<i>1/25</i>	<i>1/25 km</i>			

FE Sent For:

<END>

RCT

**CORRESPONDENCE/MEMORANDUM**

**STATE OF WISCONSIN  
Department of Administration**

*Date:* January 15, 1999  
*To:* Steve Miller, Legislative Reference Bureau  
*From:* Manyee Wong, State Budget Office M.W.  
*Subject:* Drafting instructions for FY 99-01 Budget

Please draft the following instructions for the Governor's FY 99-01 Budget.

- Allow \$3 million in 0% loans from the Clean Water Fund Program to be distributed through the private sewage system replacement and rehabilitation program at s. 145.245

Background Information

Funding for the private sewage system replacement and rehabilitation program described in subsection 145.245 of statutes would be expanded through the provision of subsidized loans to towns and counties who would then use the funds to provide cost-sharing grants to eligible individuals and small businesses. The program is currently funded at \$3.5 million GPR per year.

Present level of grants at \$3.5 million per year would be continued; an additional \$3 million in loan funds per biennium would be added with subsidy provided from current Clean Water Fund program authorization. The loans would be made under the Clean Water Fund program of the Environmental Improvement Fund. Total biennial funding = \$10 million.

Criteria for eligibility, cost sharing, and allocation of funds among eligible borrowers and grantees would remain as contained in subsection 145.245. Grants would be offered to participants up to the level available under the grant funding; if requests exceed the amount of grant funding available then governmental units would be offered loans using the same pro-rata system used to allocate grants; if a governmental unit declined to take a loan the remaining loans would be made available to other governmental units..

Statutory modifications would be needed in sections 145.245, 281.58 and 281.59 of the statutes.

The following are notes from Michael Wolff for this particular draft item. Please contact him for any additional information and clarifications. 7-2734

Miscellaneous notes on possible statutory modifications →

In s. 281.58 –

- (1) Definitions – reference 145.245(4) for definition of eligible projects
- (6)(a) Include (as number 5.) "Making grants to individuals or groups of individuals for the purpose of on-site sewage treatment systems under the program established in 145.245
- (6)(b) Inclusion of the purchase or refinance of an obligation used by a governmental unit to make grants for residential on-site treatment systems, although this may already be covered under sub 4.
- (7) Eligibility – should be as established under 145.245(5).

(8e) Individual on-site system grants and loans should be excluded from the priority systems specified here.

(8s) Facility planning. Not necessary under this program, but some scope of the assistance to be provided with the loan should probably be required of the municipality. Perhaps participating municipalities should be required to certify to the state that grants were made to individuals eligible under s.145.245.

(9)(m) Allocation of subsidy. This program should not be driven by PV subsidy limits, at least initially. Limit total loans for the biennium to \$3 million. Limit any single borrower to no more than \$700,000 (these limits may be better placed elsewhere in statute).

(12)(a) Loan interest rates should be set at 0%, i.e. no interest.

In subchapter 281.59 –

There should be included somewhere a requirement that governmental units that are borrowers must grant, not lend funds for residential on-site systems.

It is our supposition that appropriation 20.320 (1)(s) is sufficient to carry out the intent of this request.

Rule making authority?



State of Wisconsin  
1999 - 2000 LEGISLATURE

*Very good Monday*

LRB-1856/P1

RCT:.....

*JLg*

DOA:.....Wong - Private sewage system replacement through the clean water fund

FOR 1999-01 BUDGET - NOT READY FOR INTRODUCTION

*DNote*

*head - Environment ✓  
subhead - Water quality ✓*

*do not gen*

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

***Analysis by the Legislative Reference Bureau***

Under current law, the department of commerce ✓ administers a grant program for the replacement or rehabilitation of certain types of failing private sewage systems. Generally, a covered system is one that discharges sewage into surface water, groundwater or bedrock or to drain tile or the surface of the ground. Under the program, the department of commerce provides grants to eligible local governmental units which, in turn, provide grants to eligible individuals and businesses. If there is insufficient funding for all eligible individuals and businesses, the grants to local governmental units and the grants to eligible individuals and businesses are prorated.

Under this bill, in a year in which the department of commerce must prorate funds under the private sewage system replacement and rehabilitation program, a local governmental unit that received a prorated grant may apply for a no-interest loan which the local governmental unit may use to increase the prorated grants that the local governmental unit provides to eligible individuals and businesses. To obtain a loan, a local governmental unit must comply with financial requirements established by the department of administration (DOA) ✓ and must enter into a financial assistance agreement with DOA and the department of commerce.

*grant*

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:*

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

2 20.320 (3) PRIVATE SEWAGE SYSTEM PROGRAM. (a) <sup>g</sup>Private sewage system loans.

3 From the environmental improvement fund, the amount <sup>s</sup> in the schedule for private  
4 sewage system replacement or rehabilitation loans under s. 145.245 (12m).<sup>✓</sup>

5 <sup>→ Note: bud</sup> SECTION 2. 25.43 (3) of the statutes is amended to read:

6 25.43 (3) Except for the purpose of investment as provided in s. 25.17 (2) (d),  
7 the environmental improvement fund may be used only for the purposes authorized  
8 under ss. 20.320 (1) (r), (s), (sm), (t), (x) and (y) and <sup>g</sup> (2) (s) and (x) <sup>g</sup> and (3) <sup>g</sup>, 20.370  
9 (4) (mt), (mx) and (nz), (8) (mr) and (9) (mt), (mx) and (ny), 20.505 (1) (v), (x) and (y),  
10 281.58, 281.59, 281.60, 281.61 and 281.62.

History: 1987 a. 399; 1989 a. 31, 366; 1995 a. 27, 227; 1997 a. 27, 3<sup>x</sup>237, 252; s. 13.93 (2) (c).

11 SECTION 3. 145.245 (12m) of the statutes is created to read:

12 145.245 (12m) <sup>✓</sup> LOANS TO GOVERNMENTAL UNITS. (a) A governmental unit to  
13 which the department allocates funds under sub. <sup>✓</sup>(11) for a fiscal year may apply to  
14 the department for a loan under this subsection if the department prorates funds  
15 under sub. <sup>✓</sup>(11m) for that fiscal year. A governmental unit may only use a loan under  
16 this subsection <sup>✓</sup> to increase the amounts of grants to persons eligible under sub. (5)  
17 above the amounts that would be provided without a loan under this subsection or  
18 to provide grants to persons eligible under sub. <sup>✓</sup>(5) who would otherwise not receive  
19 grants, because of the operation of sub. <sup>✓</sup>(11m) (c), but the total amount provided to  
20 a person under this section may not exceed the amount authorized under sub <sup>✓</sup>(7).



1 (b) A loan under this subsection bears no interest. A loan under this subsection  
2 may not exceed the difference between the amount of the grant that the  
3 governmental unit would have received if the department had not prorated grants  
4 under sub. (11)✓ and the amount of the grant that the governmental unit did receive.  
5 If the amount available for loans under s. 20.320 (3) (a)✓ in a fiscal year is not sufficient  
6 to provide loans to all eligible governmental units applying for loans, the department  
7 shall allocate the available funds in the same manner as in sub. (11) (c)✓.

8 (c) A loan approved under this subsection shall be for no longer than 20 years,  
9 as determined by the department of administration, and be fully amortized not later  
10 than 20 years after the original date of the note.

11 (d) As a condition of receiving a loan under this subsection an applicant shall  
12 do all of the following:

13 1. Pledge the security, if any, required by the rules promulgated by the  
14 department of administration under this subsection.

15 2. Demonstrate to the satisfaction of the department of administration the  
16 financial capacity to assure sufficient revenues to repay the loan.

17 (e) The department of commerce✓ and the department of administration may  
18 enter into a financial assistance agreement with a governmental unit that applies  
19 for a loan under this subsection and meets the eligibility requirements for a loan,  
20 including the requirements under par. (d)✓.

21 (f) The department of administration, in consultation with the department of  
22 commerce, may establish those terms and conditions of a financial assistance  
23 agreement that relate to its financial management, including what type of municipal  
24 obligation is required for the repayment of the financial assistance. In setting the  
25 terms and conditions, the department of administration may consider factors that

1 the department of administration finds are relevant, including the type of obligation  
2 evidencing the loan, the pledge of security for the obligation and the applicant's  
3 ✓ creditworthiness.

4 (g) The department of administration shall make a loan to an applicant that  
5 has entered into a financial assistance agreement under par. (e). ✓

6 (h) If a governmental unit fails to make a principal repayment after its due  
7 date, the department of administration shall place on file a certified statement of all  
8 amounts due under this subsection. After consulting the department of commerce,  
9 the department of administration may collect all amounts due by deducting those  
10 amounts from any state payments due the governmental unit or, if the governmental  
11 unit is a county, may add a special charge to the amount of taxes apportioned to and  
12 levied upon the county under s. 70.60. ✓ If the department of administration collects  
13 amounts due, it shall remit those amounts to the fund to which they are due and  
14 notify the department of commerce of that action.

15

(END) ✓

DNote

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

LRB-1856/P1dn

RCT:.....

jit

This is a preliminary version of the proposal to provide loans from the environmental improvement fund for private sewage system replacement and rehabilitation.

It will be important to have Michael Wolff review this draft. I drafted these loans under s. 145.245 rather than under ss. 281.58 and 281.59 because it seemed that there would be so many provisions of ss. 281.58 and 281.59 that would not apply to these loans. For example, the sections in chapter constantly refer to the department of natural resources, which will not have any involvement with this program. I modelled much of proposed s. 145.245 (12m) on parts of s. 281.59 (9) and (10). Should s. 67.12 (12) (a) be amended? 281 ✓

\* Any redraft instructions must be provided very soon because all redrafting of budget drafts must be completed by February 1. (11)

Rebecca C. Tradewell  
Managing Attorney  
266-7290

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

LRB-1856/P1dn  
RCT:jlg:hmh

Monday, January 25, 1999

This is a preliminary version of the proposal to provide loans from the environmental improvement fund for private sewage system replacement and rehabilitation.

It will be important to have Michael Wolff review this draft. I drafted these loans under s. 145.245 rather than under ss. 281.58 and 281.59 because it seemed that there would be so many provisions of ss. 281.58 and 281.59 that would not apply to these loans. For example, the sections in chapter 281 constantly refer to the department of natural resources, which will not have any involvement with this program. I modeled much of proposed s. 145.245 (12m) on parts of s. 281.59 (9) and (11). Should s. 67.12 (12) (a) be amended?

Any redraft instructions must be provided very soon because all redrafting of budget drafts must be completed by February 1.

Rebecca C. Tradewell  
Managing Attorney  
266-7290

## Tradewell, Becky

---

**From:** Wolff, Michael  
**Sent:** Tuesday, January 26, 1999 3:58 PM  
**To:** Tradewell, Becky  
**Cc:** Wong, Manyee; Schmiedicke, David  
**Subject:** LRB 1856/P1 Private sewage system replacement

Becky -- the following are comments on the private sewage system loan program draft -->

✓ If you recall when we created the Drinking Water program, there was a need to "establish" it under 281.59 (1m) in order that the loans might fit within our present borrowing indenture. Is it possible to do something similar here?

✓ section 3 page 3 line 15 -- I would rather not promulgate new rules for this program. I'd prefer to excise "rules promulgated by the" and "under this subsection" if you agree. Or, alternately, and if it's permissible, perhaps reference rules promulgated by DOA (Adm 35) that pertain to borrowers under the Clean Water Fund Program. I prefer the former.

*SK per Mike*  
It may be a good idea to establish that any funds allocated but not used for grants by DOC be used to either reduce the loan allocation or, if after the fact, to prepay the loan? This may not occur in practice if DOC has a good system for determining eligibility prior to establishing allocations. The borrowers' responsibility may already be addressed indirectly under your section (12m)(a)

\* ✓ Should 145.245 (12)(b) be changed to include "disburse grants and loans" to a governmental unit? I would anticipate that the actual disbursing of loans would be a DOA function so maybe it is better said that "the DOA, in conjunction with DOC, shall establish procedures for disbursing loans...."

✓ section 3, pge 4, line 12 and ff. My understanding is that cities and villages, and maybe towns, in Milwaukee county are the eligible governmental units under this program. In order to make the special charge language work here I would suggest something like "if the governmental unit is other than a federally recognized American Indian tribe or band"

Other than these the program looks good and simple and well thought out. You may of course call me with questions or for further discussion. 7-2734



State of Wisconsin  
1999 - 2000 LEGISLATURE

SOON

LRB-1856/1

RCT:jlg:hmh

redraft  
run

DOA:.....Wong - Private sewage system replacement through the clean water fund

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 current law, the department of commerce administers a grant program for the replacement or rehabilitation of certain types of failing private sewage systems. Generally, a covered system is one that discharges sewage into surface water, groundwater or bedrock or to drain tile or the surface of the ground. Under the program, the department of commerce provides grants to eligible local governmental units which, in turn, provide grants to eligible individuals and businesses. If there is insufficient funding for all eligible individuals and businesses, the grants to local governmental units and the grants to eligible individuals and businesses are prorated.

Under this bill, in a year in which the department of commerce must prorate funds under the private sewage system replacement and rehabilitation grant program, a local governmental unit that received a prorated grant may apply for a no-interest loan which the local governmental unit may use to increase the prorated grants that the local governmental unit provides to eligible individuals and businesses. To obtain a loan, a local governmental unit must comply with financial requirements established by the department of administration (DOA) and must

enter into a financial assistance agreement with DOA and the department of commerce.

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:***

1           **SECTION 1.** 20.320 (3) of the statutes is created to read:

2           20.320 (3) PRIVATE SEWAGE SYSTEM PROGRAM. (q) *Private sewage system loans.*  
3 From the environmental improvement fund, the amounts in the schedule for private  
4 sewage system replacement or rehabilitation loans under s. 145.245 (12m).

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

5           **SECTION 2.** 25.43 (3) of the statutes is amended to read:

6           25.43 (3) Except for the purpose of investment as provided in s. 25.17 (2) (d),  
7 the environmental improvement fund may be used only for the purposes authorized  
8 under ss. 20.320 (1) (r), (s), (sm), (t), (x) and (y) ~~and~~ (2) (s) and (x) and (3) (q), 20.370  
9 (4) (mt), (mx) and (nz), (8) (mr) and (9) (mt), (mx) and (ny), 20.505 (1) (v), (x) and (y),  
10 281.58, 281.59, 281.60, 281.61 and 281.62.

✓  
Insert  
2-1011

11           **SECTION 3.** 145.245 (12m) of the statutes is created to read:

12           145.245 (12m) LOANS TO GOVERNMENTAL UNITS. (a) A governmental unit to  
13 which the department allocates funds under sub. (11) for a fiscal year may apply to  
14 the department for a loan under this subsection if the department prorates funds  
15 under sub. (11m) for that fiscal year. A governmental unit may only use a loan under  
16 this subsection to increase the amounts of grants to persons eligible under sub. (5)  
17 above the amounts that would be provided without a loan under this subsection or  
18 to provide grants to persons eligible under sub. (5) who would otherwise not receive

1 grants, because of the operation of sub. (11m) (c), but the total amount provided to  
2 a person under this section may not exceed the amount authorized under sub (7).

3 (b) A loan under this subsection bears no interest. A loan under this subsection  
4 may not exceed the difference between the amount of the grant that the  
5 governmental unit would have received if the department had not prorated grants  
6 under sub. (11) and the amount of the grant that the governmental unit did receive.  
7 If the amount available for loans under s. 20.320 (3)(q) in a fiscal year is not sufficient  
8 to provide loans to all eligible governmental units applying for loans, the department  
9 shall allocate the available funds in the same manner as in sub. (11) (c).

10 (c) A loan approved under this subsection shall be for no longer than 20 years,  
11 as determined by the department of administration, and be fully amortized not later  
12 than 20 years after the original date of the note.

13 (d) As a condition of receiving a loan under this subsection an applicant shall  
14 do all of the following:

15 1. Pledge the security, if any, required by the ~~rules promulgated by the~~<sup>✓</sup>  
16 department of administration under this subsection.

17 2. Demonstrate to the satisfaction of the department of administration the  
18 financial capacity to assure sufficient revenues to repay the loan.

19 (e) The department of commerce and the department of administration may  
20 enter into a financial assistance agreement with a governmental unit that applies  
21 for a loan under this subsection and meets the eligibility requirements for a loan,  
22 including the requirements under par. (d).

23 (f) The department of administration, in consultation with the department of  
24 commerce, may establish those terms and conditions of a financial assistance  
25 agreement that relate to its financial management, including what type of municipal



1 obligation is required for the repayment of the financial assistance. In setting the  
 2 terms and conditions, the department of administration may consider factors that  
 3 the department of administration finds are relevant, including the type of obligation  
 4 evidencing the loan, the pledge of security for the obligation and the applicant's  
 5 creditworthiness.

6 (g) The department of administration shall make <sup>and disburse</sup> a loan to an applicant that  
 7 has entered into a financial assistance agreement under par. (e).

8 (h) If a governmental unit fails to make a principal repayment after its due  
 9 date, the department of administration shall place on file a certified statement of all  
 10 amounts due under this subsection. After consulting the department of commerce,  
 11 the department of administration may collect all amounts due by deducting those  
 12 amounts from any state payments due the governmental unit or ~~the governmental~~  
 13 ~~unit is a county~~ may add a special charge to the amount of taxes apportioned to and  
 14 levied upon the county under s. 70.60. If the department of administration collects  
 15 amounts due, it shall remit those amounts to the fund to which they are due and  
 16 notify the department of commerce of that action.

(END) ✓

17  
 Inset ✓  
 4-16

① The department of administration, in consultation with the department of commerce, shall establish procedures for disbursing loans.

Insert 2-10

-1856/1

Section #. 67.12 (12) (a) of the statutes is amended to read:

67.12 (12) (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 <sup>145,245 (12m)</sup> 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.

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, 225; 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. 35, 286.

Insert 4-16

Section #. 12 ; 281.59 (1m) (c) ✓

281.59 (1m) (c) There is established a private sewage  
system replacement and rehabilitation loan program,  
administered under s. 145.245 (12m). ✓



State of Wisconsin  
1999 - 2000 LEGISLATURE

LRB-1856<sup>2</sup>

RCT:jlg:km

rediff  
rum

5000

DOA:.....Wong - Private sewage system replacement through the clean water fund

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

Note

1

*do not gen*  
AN ACT ...; relating to: the budget.

---

*Analysis by the Legislative Reference Bureau*

**ENVIRONMENT**

**WATER QUALITY**

Under current law, the department of commerce administers a grant program for the replacement or rehabilitation of certain types of failing private sewage systems. Generally, a covered system is one that discharges sewage into surface water, groundwater or bedrock or to drain tile or the surface of the ground. Under the program, the department of commerce provides grants to eligible local governmental units which, in turn, provide grants to eligible individuals and businesses. If there is insufficient funding for all eligible individuals and businesses, the grants to local governmental units and the grants to eligible individuals and businesses are prorated.

Under this bill, in a year in which the department of commerce must prorate funds under the private sewage system replacement and rehabilitation grant program, a local governmental unit that received a prorated grant may apply for a no-interest loan which the local governmental unit may use to increase the prorated grants that the local governmental unit provides to eligible individuals and businesses. To obtain a loan, a local governmental unit must comply with financial requirements established by the department of administration (DOA) and must

enter into a financial assistance agreement with DOA and the department of commerce.

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:***

1        **SECTION 1.** 20.320 (3) of the statutes is created to read:

*Initial Cap*

2        **20.320 (3)** PRIVATE/SEWAGE SYSTEM PROGRAM. (q) *Private sewage system loans.*

3        From the environmental improvement fund, the amounts in the schedule for private  
4        sewage system replacement or rehabilitation loans under s. 145.245 (12m).

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

5        **SECTION 2.** 25.43 (3) of the statutes is amended to read:

6        25.43 (3) Except for the purpose of investment as provided in s. 25.17 (2) (d),  
7        the environmental improvement fund may be used only for the purposes authorized  
8        under ss. 20.320 (1) (r), (s), (sm), (t), (x) and (y) ~~and~~, (2) (s) and (x) and (3) (q), 20.370  
9        (4) (mt), (mx) and (nz), (8) (mr) and (9) (mt), (mx) and (ny), 20.505 (1) (v), (x) and (y),  
10       281.58, 281.59, 281.60, 281.61 and 281.62.

11       **SECTION 3.** 67.12 (12) (a) of the statutes is amended to read:

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

1           **SECTION 4.** 145.245 (12m) of the statutes is created to read:

2           **145.245 (12m) LOANS TO GOVERNMENTAL UNITS.** (a) A governmental unit to  
3           which the department allocates funds under sub. (11) for a fiscal year may apply to  
4           the department for a loan under this subsection if the department prorates funds  
5           under sub. (11m) for that fiscal year. A governmental unit may only use a loan under  
6           this subsection to increase the amounts of grants to persons eligible under sub. (5)  
7           above the amounts that would be provided without a loan under this subsection or  
8           to provide grants to persons eligible under sub. (5) who would otherwise not receive  
9           grants, because of the operation of sub. (11m) (c), but the total amount provided to  
10          a person under this section may not exceed the amount authorized under sub (7).

11          (b) A loan under this subsection bears no interest. A loan under this subsection  
12          may not exceed the difference between the amount of the grant that the  
13          governmental unit would have received if the department had not prorated grants  
14          under sub. (11) and the amount of the grant that the governmental unit did receive.  
15          If the amount available for loans under s. 20.320 (3)(q) in a fiscal year is not sufficient  
16          to provide loans to all eligible governmental units applying for loans, the department  
17          shall allocate the available funds in the same manner as in sub. (11) (c).

18          (c) A loan approved under this subsection shall be for no longer than 20 years,  
19          as determined by the department of administration, and be fully amortized not later  
20          than 20 years after the original date of the note.

21          (d) As a condition of receiving a loan under this subsection an applicant shall  
22          do all of the following:

23                1. Pledge the security, if any, required by the department of administration  
24                under this subsection.

1           2. Demonstrate to the satisfaction of the department of administration the  
2 financial capacity to assure sufficient revenues to repay the loan.

3           (e) The department of commerce and the department of administration may  
4 enter into a financial assistance agreement with a governmental unit that applies  
5 for a loan under this subsection and meets the eligibility requirements for a loan,  
6 including the requirements under par. (d).

7           (f) The department of administration, in consultation with the department of  
8 commerce, may establish those terms and conditions of a financial assistance  
9 agreement that relate to its financial management, including what type of municipal  
10 obligation is required for the repayment of the financial assistance. In setting the  
11 terms and conditions, the department of administration may consider factors that  
12 the department of administration finds are relevant, including the type of obligation  
13 evidencing the loan, the pledge of security for the obligation and the applicant's  
14 creditworthiness.

15           (g) The department of administration shall make and disburse a loan to an  
16 applicant that has entered into a financial assistance agreement under par. (e). The  
17 department of administration, in consultation with the department of commerce,  
18 shall establish procedures for disbursing loans.

19           (h) If a governmental unit fails to make a principal repayment after its due  
20 date, the department of administration shall place on file a certified statement of all  
21 amounts due under this subsection. After consulting the department of commerce,  
22 the department of administration may collect all amounts due by deducting those  
23 amounts from any state payments due the governmental unit or may add a special  
24 charge to the amount of taxes apportioned to and levied upon the county under s.  
25 70.60. If the department of administration collects amounts due, it shall remit those

1 amounts to the fund to which they are due and notify the department of commerce  
2 of that action.

3 **SECTION 5.** 281.59 (1m) (c) of the statutes is created to read:

4 281.59 **(1m)** (c) There is established a private sewage system replacement and  
5 rehabilitation loan program, administered under s. 145.245 (12m).

6 **(END)**



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

LRB-1856/2dn  
.....  
Ret

Monyee-

0282

0935

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-1856/2dn  
RCT;jlg:lp

February 2, 1999

Manyee:

This draft reconciles LRB-0282, LRB-0935 and LRB-1856. All of these drafts should continue to appear in the compiled bill.

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



State of Wisconsin  
1999 - 2000 LEGISLATURE

LRB-1856/2  
RCT:jl:lp

DOA:.....Wong - Private sewage system replacement through the clean water fund

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 current law, the department of commerce administers a grant program for the replacement or rehabilitation of certain types of failing private sewage systems. Generally, a covered system is one that discharges sewage into surface water, groundwater or bedrock or to drain tile or the surface of the ground. Under the program, the department of commerce provides grants to eligible local governmental units which, in turn, provide grants to eligible individuals and businesses. If there is insufficient funding for all eligible individuals and businesses, the grants to local governmental units and the grants to eligible individuals and businesses are prorated.

Under this bill, in a year in which the department of commerce must prorate funds under the private sewage system replacement and rehabilitation grant program, a local governmental unit that received a prorated grant may apply for a no-interest loan which the local governmental unit may use to increase the prorated grants that the local governmental unit provides to eligible individuals and businesses. To obtain a loan, a local governmental unit must comply with financial requirements established by the department of administration (DOA) and must

enter into a financial assistance agreement with DOA and the department of commerce.

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:***

1           **SECTION 1.** 20.320 (3) of the statutes is created to read:

2           20.320 (3) PRIVATE SEWAGE SYSTEM PROGRAM. (q) *Private sewage system loans.*

3           From the environmental improvement fund, the amounts in the schedule for private  
4           sewage system replacement or rehabilitation loans under s. 145.245 (12m).

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

5           **SECTION 2.** 25.43 (3) of the statutes is amended to read:

6           25.43 (3) Except for the purpose of investment as provided in s. 25.17 (2) (d),  
7           the environmental improvement fund may be used only for the purposes authorized  
8           under ss. 20.320 (1) (r), (s), (sm), (t), (x) and (y) ~~and~~, (2) (s) and (x) and (3) (q), 20.370  
9           (4) (mt), (mx) and (nz), (8) (mr) and (9) (mt), (mx) and (ny), 20.505 (1) (v), (x) and (y),  
10          281.58, 281.59, 281.60, 281.61 and 281.62.

11          **SECTION 3.** 145.245 (12m) of the statutes is created to read:

12          145.245 (12m) LOANS TO GOVERNMENTAL UNITS. (a) A governmental unit to  
13          which the department allocates funds under sub. (11) for a fiscal year may apply to  
14          the department for a loan under this subsection if the department prorates funds  
15          under sub. (11m) for that fiscal year. A governmental unit may only use a loan under  
16          this subsection to increase the amounts of grants to persons eligible under sub. (5)  
17          above the amounts that would be provided without a loan under this subsection or  
18          to provide grants to persons eligible under sub. (5) who would otherwise not receive

1 grants, because of the operation of sub. (11m) (c), but the total amount provided to  
2 a person under this section may not exceed the amount authorized under sub (7).

3 (b) A loan under this subsection bears no interest. A loan under this subsection  
4 may not exceed the difference between the amount of the grant that the  
5 governmental unit would have received if the department had not prorated grants  
6 under sub. (11) and the amount of the grant that the governmental unit did receive.  
7 If the amount available for loans under s. 20.320 (3) (q) in a fiscal year is not sufficient  
8 to provide loans to all eligible governmental units applying for loans, the department  
9 shall allocate the available funds in the same manner as in sub. (11) (c).

10 (c) A loan approved under this subsection shall be for no longer than 20 years,  
11 as determined by the department of administration, and be fully amortized not later  
12 than 20 years after the original date of the note.

13 (d) As a condition of receiving a loan under this subsection an applicant shall  
14 do all of the following:

15 1. Pledge the security, if any, required by the department of administration  
16 under this subsection.

17 2. Demonstrate to the satisfaction of the department of administration the  
18 financial capacity to assure sufficient revenues to repay the loan.

19 (e) The department of commerce and the department of administration may  
20 enter into a financial assistance agreement with a governmental unit that applies  
21 for a loan under this subsection and meets the eligibility requirements for a loan,  
22 including the requirements under par. (d).

23 (f) The department of administration, in consultation with the department of  
24 commerce, may establish those terms and conditions of a financial assistance  
25 agreement that relate to its financial management, including what type of municipal

1 obligation is required for the repayment of the financial assistance. In setting the  
2 terms and conditions, the department of administration may consider factors that  
3 the department of administration finds are relevant, including the type of obligation  
4 evidencing the loan, the pledge of security for the obligation and the applicant's  
5 creditworthiness.

6 (g) The department of administration shall make and disburse a loan to an  
7 applicant that has entered into a financial assistance agreement under par. (e). The  
8 department of administration, in consultation with the department of commerce,  
9 shall establish procedures for disbursing loans.

10 (h) If a governmental unit fails to make a principal repayment after its due  
11 date, the department of administration shall place on file a certified statement of all  
12 amounts due under this subsection. After consulting the department of commerce,  
13 the department of administration may collect all amounts due by deducting those  
14 amounts from any state payments due the governmental unit or may add a special  
15 charge to the amount of taxes apportioned to and levied upon the county under s.  
16 70.60. If the department of administration collects amounts due, it shall remit those  
17 amounts to the fund to which they are due and notify the department of commerce  
18 of that action.

19 **SECTION 4.** 281.59 (1m) (c) of the statutes is created to read:

20 281.59 (1m) (c) There is established a private sewage system replacement and  
21 rehabilitation loan program, administered under s. 145.245 (12m).

22 (END)