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**LOCAL GOVERNMENT**

Under current law, no city or village may annex town territory that is located in a county with a population of at least 50,000 people unless DOA reviews the proposed annexation and offers an opinion as to whether the annexation is in the public interest. The city or village must review DOA's advice before taking final action on the proposed annexation.

This bill removes the limitation that requires DOA review only in counties with a population of at least 50,000.

\*\*\* ANALYSIS FROM -1464/3 \*\*\*

LOCAL GOVERNMENT

Generally, under current law, the Milwaukee Metropolitan Sewerage District (MMSD) is required to award all contracts for all work done and all purchases of supplies and materials to the lowest responsible bidder.

This bill authorizes MMSD to let one contract for public construction using the design-build construction process. <sup>which</sup> The contract is exempted from the lowest-responsible bidder requirement, <sup>that</sup> and may be only for the construction of a deep tunnel pump station. <sup>This</sup> The design-build construction process is defined as a project delivery and procurement process for the design, construction, repair, renovation, installation, or demolition of a public works project under which a single

entity is responsible for the professional design services and construction services related to the project. ~~The bill requires~~ MMSD <sup>to</sup> <sup>must</sup> submit to DNR performance objectives and preliminary designs for the design-build project, rather than the completed plans required under current law.

\*\*\* ANALYSIS FROM -1630/4 \*\*\*

LOCAL GOVERNMENT

Generally, under current law, the governing body of a political subdivision (a city, village, town, or county) may, by a two-thirds vote of the members of the governing body, enact an ordinance or adopt a resolution declaring itself to be a premier resort area if at least 40 percent of the equalized assessed value of the taxable property within the political subdivision is used by tourism-related retailers. ~~Tourism-related retailers~~ <sup>as</sup> <sup>which are</sup> defined to be certain retailers who are ~~classified in the standard industrial classification~~ <sup>covers</sup> manual that is published by the U.S. Office of Management and Budget. The ~~statutory~~ <sup>contains</sup> definition ~~includes~~ 21 <sup>types of</sup> retailers ~~who are so classified~~, including variety stores, dairy product stores, gasoline service stations, eating <sup>and drinking</sup> places, ~~drinking places~~, and hotels and motels.

A premier resort area may impose a tax at a rate of 0.5 percent of the gross receipts from the sale, lease, or rental of goods or services that are subject to the general sales and use tax and are sold by tourism-related retailers. The proceeds

of the tax may only be used to pay for infrastructure expenses within the jurisdiction of the premier resort area. The definition of "infrastructure expenses" <sup>including</sup> includes the costs <sup>related to</sup> of purchasing, constructing, or improving parking lots; transportation facilities, <sup>including roads and bridges</sup>; sewer and water facilities; recreational facilities; fire fighting equipment; and police vehicles.

~~Also under current law,~~ the city of Eagle River, the city of Bayfield, the village of Ephraim, and the village of Sister Bay are <sup>all currently</sup> authorized to enact an ordinance or adopt a resolution to become a premier resort area <sup>even though</sup> notwithstanding the fact that neither city nor village meets the generally applicable requirement that at least 40 percent of the equalized assessed value of the taxable property within a political subdivision be used by tourism-related retailers.

This bill allows the common council of a first class city (presently only Milwaukee) to declare a specified area of the city a premier resort area <sup>even if</sup> notwithstanding the fact that the specified area does not meet the generally applicable requirement that at least 40 percent of the equalized assessed value of the taxable property within the proposed premier resort area be used by tourism-related retailers. The area must be contiguous, and may not exceed four square miles, and must correspond to nine-digit zip code areas.

\*\*\* ANALYSIS FROM -1669/2 \*\*\*

LOCAL GOVERNMENT

Generally, under current law, a law enforcement officer or fire fighter employed by a city, village, town, or county (local public safety officer) may be disciplined by a police or fire chief, sheriff, <sup>or certain specified governmental bodies</sup> ~~county board, civil service commission, grievance committee, or board of police and fire commissioners, depending on the unit of government for which the officer works and whether the county for which the officer works has in effect a civil service system.~~ Discipline, under current law, includes suspension, reduction in rank, suspension and reduction in rank, and dismissal.

Also under current law, except with regard to police officers and fire fighters employed by a first class city (presently only Milwaukee), no local public safety officer may be suspended, reduced in rank, suspended and reduced in rank, or dismissed by a grievance committee, civil service commission, county board, or board of police and fire commissioners (tribunal) unless the tribunal determines that there is <sup>statutory</sup> "just cause" <sup>stay</sup> ~~as described in the statutes~~ to sustain the charges that have been brought against the local public safety officer. If the charges are sustained and the officer is disciplined <sup>by</sup> ~~under an order of~~ the tribunal, he or she may appeal the order to the circuit court, except that a county law enforcement officer, under a recent decision of the Wisconsin Supreme Court, may proceed either with an appeal to the circuit

court or with the grievance procedures, including arbitration, in the officer's collective bargaining agreement. The trial based on the appeal is before the court. The court must determine whether ~~upon the evidence and based on the statutory~~ description of "just cause," <sup>there is</sup> to sustain the charges against the accused officer and the tribunal's order. If the charges and the tribunal's order are sustained, the tribunal's order is final and conclusive. <sup>but, if reversed</sup> ~~If the court reverses the tribunal's order,~~ the officer is reinstated and entitled to pay as though he or she were in continuous service. Similar procedures, other than the "just cause" standard, apply to police officers employed by a first class city.

Under this bill, for city, village, or town public safety officers, if an accused officer is subject to the terms of a collective bargaining agreement that provides an alternative to the appeal process to a circuit court, <sup>officer may choose to use the</sup> the appeal process in the collective bargaining agreement ~~applies to the accused officer,~~ and not the current law process that involves an appeal to a circuit court, ~~unless the officer chooses to appeal the~~ tribunal's decision to a circuit court. <sup>①</sup> If the alternative to the appeals process includes a hearing, the hearing must be open to the public. An accused officer who chooses to appeal the tribunal's decision through a collectively bargained alternative to the current law appeal process is considered to have waived his or her right to circuit

court review of the tribunal's decision. The provisions of this bill do not apply to police officers or fire fighters employed by a first class city.

**\*\*\* ANALYSIS FROM -1607/1 \*\*\***

**LOCAL GOVERNMENT**

Under the current tax incremental financing program, a city or village may create a tax incremental district (TID) in part of its territory to foster development if at least 50 percent of the area to be included in the TID is blighted, in need of rehabilitation or conservation, suitable for industrial sites, or suitable for mixed-use development. Before a city or village may create a TID, several steps and plans are required. These steps and plans include public hearings on the proposed TID within specified time frames, preparation and adoption by the local planning commission of a proposed project plan for the TID, approval of the proposed project plan by the common council or village board, and adoption of a resolution by the common council or village board that creates the TID as of a date provided in the resolution.

Also under current law, once a TID has been created, DOR calculates the "tax increment base value" of the TID, which is the equalized value of all taxable property within the TID at the time of its creation. If the development in the TID increases the value of the property in the TID above the base value, a "value increment" is created. That portion of taxes collected on the value increment in excess of the base

value is called a “tax increment.” The tax increment is placed in a special fund that may be used only to pay back the project costs of the TID. The costs of a TID, which are initially incurred by the creating city or village, include public works such as sewers, streets, and lighting systems; financing costs; site preparation costs; and professional service costs. DOR authorizes the allocation of the tax increments until the TID terminates or, generally, 20 years, 23 years, or 27 years after the TID is created, depending on the type of TID and the year in which it was created. Under certain circumstances, the life of the TID and the allocation period may be extended.

~~Under current law, a planning commission may adopt an amendment to a project plan, which requires the approval of the common council or village board and the same findings that current law requires for the creation of a new TID. Current law also authorizes the amendment of a project plan up to four times during a TID's existence to change the district's boundaries by adding or subtracting territory.~~

This bill authorizes a first class city (presently only Milwaukee) to extend the life of a TID created by the city for up to 12 months after all of the TID's project costs have been paid. Under the bill, DOR is required to continue to authorize the allocation of tax increments for the TID as if its project costs had not been paid off, *even if* without regard to whether the TID would otherwise not be eligible to receive the

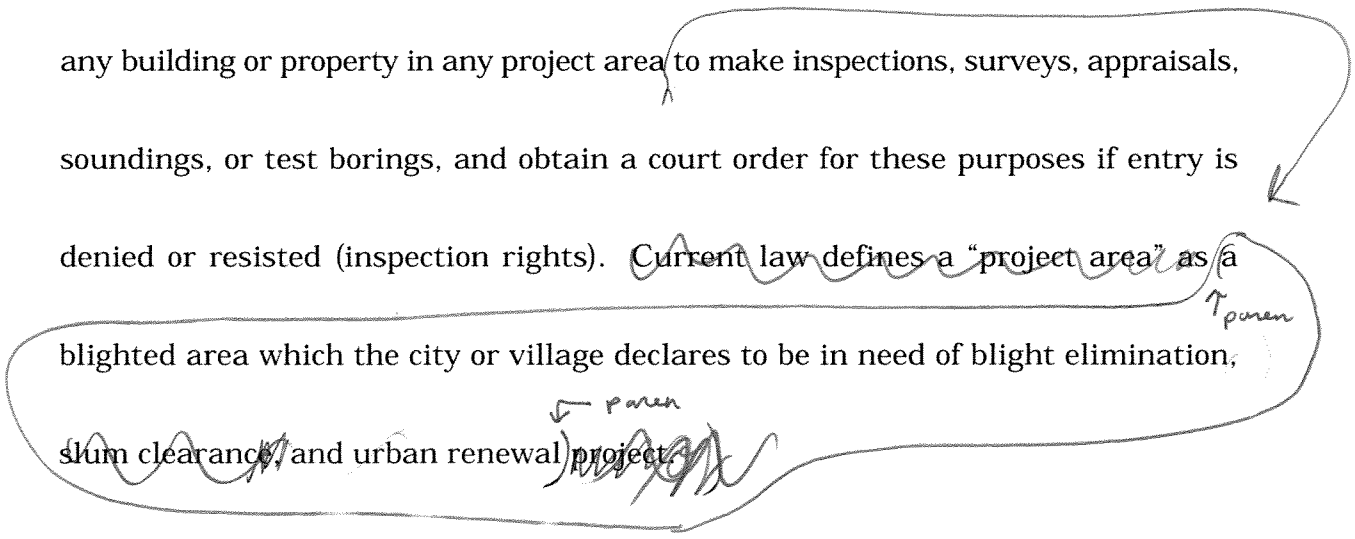
increments, and without regard to whether the TID would otherwise be required to terminate. The city is required to use up to 75 percent of the increments received during the TID's extended life to benefit affordable housing in the city. The remainder of the increments must be used to improve the quality of the city's existing housing stock.

\*\*\* ANALYSIS FROM -1638/1 \*\*\*

LOCAL GOVERNMENT

Under current law, a city or village may create a redevelopment authority, which is a separate and distinct public body. A redevelopment authority may exercise various specified powers to eliminate and prevent ~~substandard, deteriorated, slum, and blighted areas and blighted properties~~ through redevelopment.

One of the powers that a redevelopment authority has is the power to enter into any building or property in any project area to make inspections, surveys, appraisals, soundings, or test borings, and obtain a court order for these purposes if entry is denied or resisted (inspection rights). Current law defines a "project area" as a blighted area which the city or village declares to be in need of blight elimination, slum clearance, and urban renewal project.





This bill expands the power of a redevelopment authority to use its inspection rights on a blighted property, which is located in the city or village, but not necessarily in a project area.

**\*\*\* ANALYSIS FROM -0444/P2 \*\*\***

**STATE GOVERNMENT**

**OTHER STATE GOVERNMENT**

Currently, if a contractor or vendor does business with this state or a local government in this state, the terms of the contract or order govern the performance of, and the price to be paid to, the contractor or vendor. If the contractor or vendor claims payment for materials, supplies, equipment, or contractual services that are not provided in accordance with the contract or order, or at a price that is different from the price specified in the contract or order, the state or a local government has a remedy against the contractor or vendor for breach of contract. If the contractor or vendor is asked to swear to the truth of a claim for payment and the claim is false, the contractor or vendor may also be prosecuted for false swearing, which is a criminal offense. Currently, there is no means generally available for a private person to recover, on behalf of the state, damages sustained by the state as a result of a fraud committed against the state.

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This bill provides that whoever knowingly presents or causes to be presented a false claim under any contract or order for materials, supplies, equipment, or contractual services to be provided to a state agency is subject to a forfeiture (civil penalty) of not less than \$5,000 nor more than \$10,000, plus three times the amount of the damages that were sustained by the state or would have been sustained by the state, whichever is greater, as a result of the false claim. The bill permits the attorney general to bring an action on behalf of the state to recover any forfeiture for which a contractor or vendor is liable as a result of a false claim submitted to a state agency. This bill also contains similar provisions that apply to local governmental units.

The bill also creates new, separate prohibitions against state contractors, grantees, vendors, and other recipients of state resources who knowingly commit certain specified fraudulent acts against the state. The bill makes these persons liable for treble the amount of damages sustained by the state resulting from such acts and imposes additional forfeitures (civil monetary penalties) of not less than \$5,000 nor more than \$10,000 for each violation. The bill also permits a private person, with prior notice to the attorney general, to bring an action on behalf of the state against persons who violate these prohibitions under certain circumstances,

and to receive a portion of the proceeds of the action or any settlement. The bill permits the attorney general to pursue an alternate remedy, such as an administrative remedy, against an alleged offender in lieu of an action in court. With certain exceptions, the bill provides that a person who brings an action on behalf of the state is entitled to receive his or her reasonable expenses of bringing the action, including his or her costs and reasonable, actual attorney fees, which are assessed against the defendant.

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The bill entitles an employee who is discharged or otherwise discriminated against by an employer as a result of lawful actions taken by the employee to further the investigation of any act of fraud, as defined in the bill, committed by the employer against the state to all necessary relief to make the employee whole. Under the bill, the relief may include reinstatement and double back pay with interest from the time of any discharge to the time of reinstatement. The bill also permits the employee to recover any costs, including reasonable, actual attorney fees, from his or her employer.

**LOCAL GOVERNMENT**

This bill also provides that whoever knowingly presents or causes to be presented a false claim under any contract or order for materials, supplies,

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equipment, or contractual services to be provided to a local governmental unit is subject to a forfeiture of not less than \$5,000 nor more than \$10,000, plus three times the amount of the damages that were sustained by the local governmental unit or would have been sustained by the local governmental unit, whichever is greater, as a result of the false claim. The bill permits the attorney general to bring an action on behalf of the local governmental unit to recover any forfeiture for which a contractor or vendor is liable as a result of a false claim submitted to a local governmental unit.

\*\*\* ANALYSIS FROM -1542/2 \*\*\*

#### NATURAL RESOURCES

##### FISH, GAME, AND WILDLIFE

~~Under current law, DNR issues various licenses, permits, stamps, tags, and other approvals authorizing hunting, fishing, and trapping. With certain limited exceptions, DNR charges a fee for these licenses. Certain approvals are also subject to a processing fee.~~ This bill increases the fee for a resident elk hunting license from \$46.25 to \$72.25, the fee for a nonresident elk hunting license from \$248.25 to \$397.25, and the processing fee for both a resident and a nonresident elk hunting license from \$2.75 to \$9.75.

Issued by DNR

\*\*\* ANALYSIS FROM -0375/1 \*\*\*

**NATURAL RESOURCES**

**FISH, GAME, AND WILDLIFE**

This bill authorizes DNR to issue an annual shovelnose sturgeon permit to any person who holds a net license, a trammel net license, a set or bank pole license, or a setline license. The permit <sup>authorizing</sup> authorizes the permit holder to harvest shovelnose sturgeon and their eggs. Under the bill, the permit holder is required to provide a monthly report to DNR specifying the number of pounds of shovelnose sturgeon eggs harvested during the preceding month.

\*\*\* ANALYSIS FROM -1360/1 \*\*\*

**NATURAL RESOURCES**

**NAVIGABLE WATERS RECREATION**

Under current law, no person may operate a boat in the waters of this state unless the boat is covered by a certificate of number and a registration or the boat is exempt from those requirements. The fee for the issuance of a certificate of number varies and is generally based upon the size of the boat or upon whether the boat is a nonmotorized sailboat. This bill increases the certificate of number fees <sup>that are</sup> applicable to boats of a certain size based upon the size of the boat and the certificate of number fee for nonmotorized sailboats. The bill also increases the registration fee for <sup>certain</sup> nonmotorized boats that are exempt from the certificate of number and registration requirements but for which the owner voluntarily applies for registration.

\*\*\* ANALYSIS FROM -0394/2 \*\*\*

**NATURAL RESOURCES****RECREATION**

Under current law, DNR administers programs instructing persons in the safe use of boats, all-terrain vehicles, and snowmobiles; a hunter education program; a bow hunter education program; and a trapper education program. Upon successful completion of the safety program, DNR issues a certificate showing completion of the course to each successful participant. Current law authorizes DNR to charge a fee for the issuance of duplicate certificates showing completion of the hunter education programs. This bill authorizes DNR to charge a fee for the issuance of duplicate certificates showing completion of the boating, all-terrain vehicle, and snowmobile safety programs.

**\*\*\* ANALYSIS FROM -1406/3 \*\*\*****NATURAL RESOURCES****OTHER NATURAL RESOURCES**

Current law authorizes the state to incur public debt by issuing bonds for certain conservation activities under the Warren Knowles-Gaylord Nelson Stewardship 2000 Program (stewardship program), which DNR administers.

Current law grants the state the authority to bond for various conservation purposes under the stewardship program. The state is currently authorized to bond under two of the program's subprograms: the land acquisition subprogram and the

property development and local assistance subprogram. Purposes for which bonding under the land acquisition subprogram may be used include land acquisition for habitat and natural areas and land acquisition that preserves or enhances the state's water resources. Bonding under the property development and local acquisition subprogram may generally be used only for nature-based outdoor recreation, as defined in rules promulgated by DNR. Under this subprogram, DNR may award grants or state aid to certain local governmental units, including the Kickapoo Reserve Management Board, and nonprofit conservation organizations to acquire lands or development rights for nature-based, outdoor recreation purposes.

Under current law, the annual limits on bonding are set for each fiscal year, ending in fiscal year 2009-10. The total bonding authority for the stewardship program under current law is \$572,000,000.

The bill increases the total bonding authority by \$1,050,000,000, and extends the stewardship program for another ten years to fiscal year 2019-20 with the annual bonding authority being \$105,000,000 for each of the subsequent ten years. The \$105,000,000 in annual bonding authority for each fiscal year is divided between the two subprograms, with the annual bonding authority for the land acquisition

subprogram and the local assistance and property development subprogram being \$79,000,000 and \$26,000,000 respectively.

Within the property development and local assistance subprogram, current law imposes an annual limit of \$8,000,000 in bonding authority for the local assistance component. The bill raises this limit to \$14,000,000.

The bill also establishes a matching grant program under which counties may be awarded 50 percent of their costs to acquire land for nature-based outdoor recreation. "Nature-based outdoor recreation" is defined by DNR rules to include activities such as hunting, fishing, hiking, bicycling, wildlife observation, and camping.

Finally, the bill requires DNR to set aside from the land acquisition program \$14,500,000 in each fiscal year, beginning with fiscal year 2010-11, for matching grants that may be awarded only to nonprofit conservation organizations. Under current law and under the bill, these grants must be used to acquire property or property rights for conservation purposes such as urban green space, habitat areas, and bluff protection. Under current law, the amount of the grant may not exceed 50 percent of the acquisition cost. The bill allows the natural resources board to increase this amount up to 75 percent in certain situations.



\*\*\* ANALYSIS FROM -0393/2 \*\*\*

~~NATURAL RESOURCES~~~~OTHER NATURAL RESOURCES~~

Under the managed forest land (MFL) program, the owner of land that meets certain requirements as to size and the amount of timber on the land may apply to have DNR designate the land as MFL. The owner of such land then makes an annual payment that is lower than, and in lieu of, the property taxes that normally would be payable on the land. In exchange, the owner must comply with certain forestry practices and may keep a specific area closed to public access; the remainder of the land must be kept open for recreational activities consisting of hunting, fishing, hiking, sightseeing, and cross-country skiing. For land that the owner keeps closed to public access, the owner must pay a supplemental amount that is in addition to the annual payment described above (closed-land payment).

This bill creates a five-member managed forest land board in DNR. Members of the board include: the chief state forester or his or her designee, one member representing the Wisconsin Counties Association, one member representing the Wisconsin Towns Association, one member representing an association that represents counties that have county forests, and one member appointed from a list of nominees submitted to the governor by the Council on Forestry. This board awards

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grants to cities, villages, towns, counties, DNR, and nonprofit conservation organizations to acquire land for the same outdoor recreational activities as listed above. The closed-land payments made by MFL owners fund the grants.

\*\*\* ANALYSIS FROM -1472/1 \*\*\*

~~NATURAL RESOURCES~~

~~OTHER NATURAL RESOURCES~~

INSERT ✓  
from p. 184

Under current law, the DNR administers a financial assistance program under which it awards cost-sharing grants for projects to control invasive species that cause economic or environmental harm or harm to human health. Under current law, the amount of a grant may not exceed 50 percent of the cost of the project. This bill raises this cap to 75 percent.

Also^  
Under current

\*\*\* ANALYSIS FROM -1473/4 \*\*\*

~~NATURAL RESOURCES~~

~~OTHER NATURAL RESOURCES~~

Under current law, DNR administers a financial assistance program under which it awards cost-sharing grants to public and private entities for projects to control invasive species that cause economic or environmental harm or harm to human health. Under current law, DNR must promulgate rules for determining eligible grant projects and grant recipients for this program.

Insert to p. 183

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~~AB 100-123~~ villages

This bill creates a five-member Managed Forest Land Board in DNR to award grants to cities, towns, counties, DNR, and nonprofit conservation organizations to acquire land for ~~certain~~ outdoor recreation activities such as fishing, hiking, sightseeing, and cross-country skiing. The grants are funded from a portion of the payments made by certain land owners in lieu of property taxes.



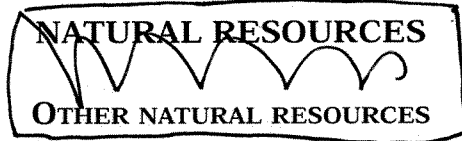
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*under this program*

**W** Under current law, a certain amount is allocated for cost-sharing grants to local governmental units to control aquatic invasive species. Under the bill, any public or private entity is eligible for such a grant.

*move to P. 183*

\*\*\* ANALYSIS FROM -1510/3 \*\*\*



~~Under current law, DNR administers a program to control invasive species in this state.~~ Under current law, specific penalties apply to violations of statutory provisions relating to controlling or introducing certain invasive species, but not to others. Those covered by these penalties include multiflora rose and invasive aquatic plants such as Eurasian water milfoil and purple loosestrife. For other species, there are no specific penalties and, therefore, a maximum forfeiture of \$100 applies.

This bill creates penalties for those species for which there is no statutory penalty under current law. These penalties include a forfeiture, not to exceed \$200, and fines and terms of imprisonment for intentional violations and for repeat violations. The bill also authorizes the court to order additional remedies such as requiring the violator to restore any natural resources damaged by the violation or to pay for investigation costs and attorney fees.

*\**

*The bill*

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\*\*\* ANALYSIS FROM -0392/1 \*\*\*



Current law provides a specific procedure for enforcement proceedings for violations of laws that relate to hunting, fishing, operating snowmobiles and all-terrain vehicles, and other conservation and environmental laws administered by ~~the~~ <sup>g</sup> DNR (DNR laws). This procedure applies only to <sup>violations of</sup> DNR laws that are punishable by payment of a civil forfeiture and not by payment of a fine or by imprisonment. Under the procedure, <sup>an officer may start</sup> ~~a~~ <sup>g</sup> proceeding ~~may be started~~ <sup>may be started</sup> by an officer issuing a written citation or <sup>g</sup> ~~by~~ <sup>STET</sup> a district attorney <sup>may begin</sup> ~~beginning~~ a legal proceeding in court by issuing a complaint and summons. This bill authorizes officers enforcing these laws to use an electronic format for filling out and issuing the citations.


Current statutory law requires that specific information regarding probable cause for issuing the citation or complaint must be stated in the citation or complaint. The Wisconsin Supreme Court has ruled that a statement of probable cause must contain the reason for charging the particular person receiving the citation or complaint and a description of the supporting evidence or witness statement (supporting statements), as well as the name of the person charged, the law violated, and the date and time of the violation (basic statements). See *State v. White*, 97 Wis.

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 2d 193 (1980). *The* also *a* that a statement  
 This bill eliminates this probable cause requirement for citations but  
 not for complaints. By eliminating that probable cause be stated in the citation, the  
 citation no longer must contain the supporting statements. The requirement that  
 a citation contain the basic statements will continue because they are statutorily  
 required under current law.

*of probable cause be included in a citation*

\*\*\* ANALYSIS FROM -1471/2 \*\*\*

**NATURAL RESOURCES**  
  
**OTHER NATURAL RESOURCES**

*APR 07*

This bill changes the funding source for an appropriation account for the costs of removal and disposal of car kill deer from highways and for an appropriation account for the maintenance and development of certain state park, forest, and Lower Wisconsin State Riverway roads from the general fund to the transportation fund.

\*\*\* ANALYSIS FROM -1474/2 \*\*\*

**RETIREMENT AND GROUP INSURANCE**

*currently*  
 Under current law, the Group Insurance Board offers health care coverage plans for state employees, local government employees, school district employees, and annuitants under the Wisconsin Retirement System. This bill provides that domestic partners of state employees and annuitants *may* receive coverage under *these* health care coverage plans offered by the Group Insurance Board and that

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~~state employees and state annuitants are able to purchase the policies for their domestic partners. Under the bill, a domestic partner is defined as any individual who is in a relationship with another individual that satisfies all of the following:~~

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1. Each individual is at least 18 years old and otherwise competent to enter into a contract.
2. Neither individual is married to, or in a domestic partnership with, another individual.
3. The two individuals are not related by blood in any way that would prohibit marriage under current law.
4. The two individuals consider themselves to be members of each other's immediate family.
5. The two individuals agree to be responsible for each other's basic living expenses.

\*\*\* ANALYSIS FROM -1477/5 \*\*\*

~~RETIREMENT AND GROUP INSURANCE~~

~~currently, the state pays employer contributions toward health insurance premiums for most state employees beginning on the first day of the seventh month after the employee begins state employment. This bill changes the date to the first~~

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day of the third month after the employee begins state employment, beginning on July 1, 2008, for all state employees other than limited term appointments.

**\*\*\* ANALYSIS FROM -1475/5 \*\*\***  
**STATE GOVERNMENT**

**STATE EMPLOYMENT**

This bill makes the following reassignments in the state civil service executive salary group (ESG) ranges: the secretary of corrections is reassigned from ESG 6 to ESG 8; the governor's chief of staff is reassigned from ESG 4 to ESG 6; the secretary of health and family services is reassigned from ESG 9 to ESG 8; the secretary of workforce development is reassigned from ESG 6 to ESG 7; the secretary of regulation and licensing is reassigned from ESG 4 to ESG 6; the adjutant general in DMA is reassigned from ESG 5 to ESG 6; the insurance commissioner is reassigned from ESG 5 to ESG 6; and the public service commissioners are reassigned from ESG 5 to ESG 6.

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The bill further provides that the salaries for certain division administrators and bureau directors in DRL may not exceed the maximum of the salary range for ESG 3. Currently, the salary maximum is capped at ESG 1.

**\*\*\* ANALYSIS FROM -1621/4 \*\*\***



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**STATE GOVERNMENT**

**STATE FINANCE**

Currently, the Building Commission ~~Commission~~ <sup>and state obligations</sup> may enter into agreements and ancillary arrangements relating to public debt. This bill provides that, at the time of entering into the agreements or ancillary arrangements, or in anticipation thereof, the commission must determine, if applicable, whether the payment will be deposited into, and whether the payment will be made from, the bond security and redemption fund or the capital improvement fund.

The bill also establishes a number of conditions relating to interest exchange agreements. These include all of the following:

1. The <sup>Building C</sup> commission must contract with an independent financial consulting firm to determine if the terms and conditions of the agreement reflect a fair market value, as of the proposed date of the execution of the agreement.

2. The interest exchange agreement must identify by maturity, bond issue, or bond purpose the debt or obligation to which the agreement is related. ~~the~~

~~determination of the commission included in an interest exchange agreement that such agreement relates to a debt or obligation is conclusive~~

3. The resolution authorizing the <sup>Building C</sup> commission to enter into any interest exchange agreement must require that the terms and conditions of the agreement

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reflect a fair market value as of the date of execution of the agreement, as reflected by the determination of an independent financial consulting firm.

4. Finally, the <sup>Building €</sup> commission must establish guidelines relating to the conditions <sup>Building €</sup> under which the commission may enter into the agreements; the form and content of the agreements; the aspects of risk exposure associated with the agreements; the standards and procedures for counterparty selection; the standards for the procurement of, and the setting aside of reserves, if any, in connection with, the agreements; the provisions, if any, for collateralization or other requirements for securing any counterparty's obligations under the agreements; and a system for financial monitoring and periodic assessment of the agreements.

The bill further requires that the terms and conditions of an interest exchange agreement ~~entered into by the commission of DOA for an interest exchange agreement~~ must generally not result in ~~both~~ aggregate expected debt service and net exchange payments relating to the agreement in the fiscal year in which the trade is executed being less than those payments that would be payable in that fiscal year if the agreement is not executed <sup>;</sup> <sup>in</sup> and aggregate expected debt service and net exchange payments relating to the agreement in subsequent fiscal years exceeding

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those payments that would be payable in those fiscal years if the agreement is not executed.

The bill requires DOA to issue a semiannual report that includes a description of each agreement, including a summary of its terms and conditions, rates, maturity, and the estimated market value of each agreement; an accounting of amounts that were required to be paid and received on each agreement; any credit enhancement, liquidity facility, or reserves, including an accounting of the costs and expenses incurred by the state; a description of the counterparty to each agreement; and a description of the counterparty risk, the termination risk, and other risks associated with each agreement.

Building  $\leq$

Under current law, the commission may issue revenue bonds for major highway projects and transportation administrative facilities in a principal amount that, with certain exclusions, may not exceed \$2,324,377,900. DOT may deposit in a special trust fund vehicle registration fee revenues and other revenues pledged for the repayment of these revenue bonds. Moneys pledged in excess of the amount needed for repayment of these revenue bonds are transferred back to the transportation fund, free of any pledge.

change approved by ARG/RAC

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This bill allows DOT to deposit in this trust fund revenues received under an interest exchange agreement and to make payments under an interest exchange agreement, which amounts are excluded from the limit on revenue bonding.

Under the Clean Water Fund Program, this state provides loans to municipalities for projects to control water pollution, including sewage treatment plants. The program is funded from loan repayments, federal grants, state general obligation bonds, and state revenue bonds. The <sup>Building  $\leq$</sup>  commission may issue revenue bonds for the Clean Water Fund Program in an amount that does not exceed \$1,615,955,000. In addition, the Department of Commerce currently administers a program to reimburse owners of certain petroleum storage tanks for a portion of the costs of cleaning up discharges from those tanks. This program is commonly known as PECFA. PECFA is funded from the petroleum inspection fee and state revenue bonds. The <sup>Building  $\leq$</sup>  commission may issue revenue bonds for PECFA in an amount that does not exceed \$436,000,000. This bill permits the <sup>Building  $\leq$</sup>  commission to make payments under an agreement or ancillary arrangement with respect to revenue bonds issued for the funding of these two programs.

\*\*\* ANALYSIS FROM -1305/6 \*\*\*