

# State of Misconsin 2009 - 2010 LEGISLATURE

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PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

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(INGERTA)

AN ACT to amend 103.49 (3) (ar), 103.49 (3) (ar), 109.09 (1), 109.09 (1), 111.322 (2m) (c), 111.322 (2m) (c), 196.378 (1) (i), 196.378 (3) (a) 1., 196.378 (3) (c), 227.01

(13) (t), 227.01 (13) (t), 946.15 (1), 946.15 (1), 946.15 (2), 946.15 (2), 946.15 (3),

946.15 (3), 946.15 (4) and 946.15 (4); and *to create* 196.3745, 196.378 (3) (a) 1m. and 709.03 (form) C. 25m. of the statutes; **relating to:** allowing certain utilities

to administer investment programs for midential energy efficiency

improvements and renewable energy applications and granting rule-making

authority. $^{\sqrt{}}$ 

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## Analysis by the Legislative Reference Bureau

This bill allows the Public Service Commission (PSC) to authorize an electric, natural gas, or water public utility (utility) to administer, fund, or provide administrative services for a program for investing in energy efficiency improvements and renewable resource applications at premises. The bill defines "energy efficiency improvement" as an improvement that reduces the usage of energy or increases the efficiency of energy usage at residential premises, and the bill defines "renewable resource application" as the application of specified renewable energy resources, such as, for example, solar or wind power, at residential premises. The bill allows the PSC to authorize a program only upon

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political division or entrype of application by a utility and prohibits the PSC from requiring that utilities participate in such a program. The bill requires a utility for which the PSC authorizes a program to file a tariff with the PSC that specifies the terms and conditions of utility and nonutility service provided to customers at premises where energy efficiency improvements or renewable resource applications are made under the program. A tariff has no effect until approved by the PSC.

In addition, the bill specifies that residential premises are not eligible for an/lwsca investment unless an audit is performed that demonstrates that the energy savings resulting from an energy efficiency improvement or renewable resource application are expected to be equal to or greater than the cost of the improvement or application. The bill requires the PSC to promulgate rules specifying the certification requirements that a person must satisfy to perform audit. Also the bill requires that all work involved in making or installing the improvement or

application must be performed by a contractor or subcontractor that the PSC has included on a prequalification list of approved contractors and subcontractors.

The PSC may include a contractor or subcontractor on the list only if the PSC determines that the contractor or subcontractor satisfies certain requirements, including the following: 1) possesses the technical qualifications and resources to perform the work or obtains those qualifications and resources from subcontractors whom the PSC has included on the list; 2) possesses all valid and effective licenses, registrations, and certificates required under federal, state, and local law; 3) meets bonding and insurance requirements; 4) agrees to comply with prevailing wage and substance abuse prevention requirements that apply to certain public works projects; 5) fully complies with equal employment opportunity, affirmative action, and other workforce participation requirements; 6) certifies that employees are not improperly classified as independent contractors in violation of federal or state law, discloses certain past violations of federal or state law. In addition, the PSC must determine that a contractor or subcontractor has agreed to sponsor an program administered by the Department of Workforce apprenticeship Development. However, the bill allows work to be performed by a contractor or subcontractor who does not sponsor such a program, but only if contractors and subcontractors who sponsor such a program are not available to perform the work. employais of The bill also does all of the following:

31. Specifies that an energy efficiency improvement or renewable resource application is not eligible for an investment unless at least 25 percent of the contractors and subcontractors who perform work on the improvement or application have a place of business in the political subdivision in which the work is performed. INSERT 211)

4 2. Requires a tariff filed by a utility for which a program is authorized to include contracts between the utility and an owner of property benefited by an energy efficiency improvement or renewable resource application. The contracts must require the owner to do the following: a) inform lessees that are liable for utility service that the cost of the improvement or application will appear on the lessees' utility bills; and b) inform a purchaser of the property that the purchaser, or any other person who is liable for utility service at the property, is liable for the unpaid

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costs of the improvement or application, and that such costs will appear on utility bills for the property.

8. Allows a utility that participates in the program to include a separate line item on customer bills that compares certain costs of the program with energy savings resulting from an energy efficiency improvement or renewable resource residential application made under the program.

64. Prohibits a utility with an authorized program from recovering from ratepayers any bad debt related to nonutility services provided under the program.

43. Requires an owner of residential property to make a disclosure about an energy efficiency improvement or renewable resource application made under an authorized program on the real estate conditions report that is required for property [INSERT 3A transfers. allows

4 & Requires contractors and subcontractors to apply to renew their inclusion on the prequalification list every two years, allows the PSC to conditionally approve a contractor of subcontractor for inclusion on the list, see the circumstances funder which the PSC may revoke inclusion, and requires the PSC to update the list

on a monthly basis and make the list available to the public.

Finally, current law requires certain electric utilities and cooperatives to ensure that, in a given year, a specified percentage of the electricity it sells at retail is derived from renewable resources. These requirements are commonly referred to as renewable portfolio standards (RPSs). Current law also allows electric utilities and cooperatives to create credits based on the amount of electricity derived from renewable resources that is sold at retail in a year and that exceeds the RPS for the year. Subject to certain restrictions, an electric utility or cooperative may use the credit in a subsequent year to help comply with an RPS, or sell the credit to another electric utility or cooperative to help the buyer comply with an RPS. This bill requires the PSC to promulgate rules that allow an electric utility to create an additional dredit that can be used or sold like the credits under current law. The PSC's rules thust allow for the creation of credits that are based on the reductions in energy usage, increases in efficiency of electricity usage, and generation of, renewable energy that results from a program authorized by the PSC under the bill The PSC's rules must include requirements for measuring the amount of such reductions, increases, and generation, and calculating the amount of a credit. In addition, the bill eliminates the requirement under current law that a credit must be used in a year subsequent to the the year in which it is created or purchased.

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. 103.49 (3) (ar) of the statutes is amended to read:

103.49 (3) (ar) In determining prevailing wage rates under par. (a) or (am), the department may not use data from projects that are subject to this section, s. 66.0903, 103.50, 196.3745 (5) (a) 5., or 229.8275 or 40 USC 276a unless the department determines that there is insufficient wage data in the area to determine those prevailing wage rates, in which case the department may use data from projects that are subject to this section, s. 66.0903, 103.50, 196.3745 (5) (a) 5., or 229.8275 or 40 USC 276a.

**SECTION 2.** 103.49 (3) (ar) of the statutes, as affected by 2009 Wisconsin Act 28, is amended to read:

103.49 (3) (ar) In determining prevailing wage rates under par. (a) or (am), the department may not use data from projects that are subject to this section, s. 66.0903, 66.0904, 103.50, 196.3745 (5) (a) 5., or 229.8275 or 40 USC 3142 unless the department determines that there is insufficient wage data in the area to determine those prevailing wage rates, in which case the department may use data from projects that are subject to this section, s. 66.0903, 66.0904, 103.50, 196.3745 (5) (a) 5., or 229.8275 or 40 USC 3142.

**SECTION 3.** 109.09 (1) of the statutes is amended to read:

109.09 (1) The department shall investigate and attempt equitably to adjust controversies between employers and employees as to alleged wage claims. The department may receive and investigate any wage claim which is filed with the department, or received by the department under s. 109.10 (4), no later than 2 years after the date the wages are due. The department may, after receiving a wage claim, investigate any wages due from the employer against whom the claim is filed to any employee during the period commencing 2 years before the date the claim is filed. The department shall enforce this chapter and ss. 66.0903, 103.02, 103.49, 103.82,

104.12, 196.3745 (5) (a) 5., and 229.8275. In pursuance of this duty, the department may sue the employer on behalf of the employee to collect any wage claim or wage deficiency and ss. 109.03 (6) and 109.11 (2), and (3) shall apply to such actions. Except for actions under s. 109.10, the department may refer such an action to the district attorney of the county in which the violation occurs for prosecution and collection and the district attorney shall commence an action in the circuit court having appropriate jurisdiction. Any number of wage claims or wage deficiencies against the same employer may be joined in a single proceeding, but the court may order separate trials or hearings. In actions that are referred to a district attorney under this subsection, any taxable costs recovered by the district attorney shall be paid into the general fund of the county in which the violation occurs and used by that county to meet its financial responsibility under s. 978.13 (2) (b) for the operation of the office of the district attorney who prosecuted the action.

**SECTION 4.** 109.09 (1) of the statutes, as affected by 2009 Wisconsin Act 28, is amended to read:

109.09 (1) The department shall investigate and attempt equitably to adjust controversies between employers and employees as to alleged wage claims. The department may receive and investigate any wage claim which is filed with the department, or received by the department under s. 109.10 (4), no later than 2 years after the date the wages are due. The department may, after receiving a wage claim, investigate any wages due from the employer against whom the claim is filed to any employee during the period commencing 2 years before the date the claim is filed. The department shall enforce this chapter and ss. 66.0903, 66.0904, 103.02, 103.49, 103.82, 104.12, 196.3745 (5) (a) 5., and 229.8275. In pursuance of this duty, the department may sue the employer on behalf of the employee to collect any wage claim

or wage deficiency and ss. 109.03 (6) and 109.11 (2) and (3) shall apply to such actions.
Except for actions under s. 109.10, the department may refer such an action to the
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collection and the district attorney shall commence an action in the circuit court
having appropriate jurisdiction. Any number of wage claims or wage deficiencies
against the same employer may be joined in a single proceeding, but the court may
order separate trials or hearings. In actions that are referred to a district attorney
under this subsection, any taxable costs recovered by the district attorney shall be
paid into the general fund of the county in which the violation occurs and used by that
county to meet its financial responsibility under s. $978.13(2)(b)$ for the operation of
the office of the district attorney who prosecuted the action.

**SECTION 5.** 111.322 (2m) (c) of the statutes is amended to read:

111.322 (2m) (c) The individual files a complaint or attempts to enforce a right under s. 66.0903, 103.49, 196.3745 (5) (a) 5., or 229.8275 or testifies or assists in any action or proceeding under s. 66.0903, 103.49, 196.3745 (5) (a) 5., or 229.8275.

SECTION 6. 111.322 (2m) (c) of the statutes, as affected by 2009 Wisconsin Act 28, is amended to read:

111.322 (2m) (c) The individual files a complaint or attempts to enforce a right under s. 66.0903, 66.0904, 103.49, 196.3745 (5) (a) 5., or 229.8275 or testifies or assists in any action or proceeding under s. 66.0903, 66.0904, 103.49, 196.3745 (5)

21 (a) 5., or 229.8275.

SECTION 7. 196.3745 of the statutes is created to read:

196.3745 Residential energy efficiency and renewable energy

investment program. (1) DEFINITIONS. In this section:

[N3ERT 6-2]

(b) A contract between the utility and an owner of property benefited by an
improvement or application that requires the owner to inform any property lessees
who are liable for utility service that the cost of the improvement or application will
appear on the lessees' utility bills.
(c) A contract between the utility and an owner of property benefited by an

- (c) A contract between the utility and an owner of property benefited by an improvement or application that requires the owner to inform any purchaser of the property that the purchaser, or any other person who is liable for utility service at the property, is liable for the unpaid cost of the improvement or application and that such unpaid cost will appear on utility bills for the property.
  - (d) Any other term or condition required by the commission.
- (4) AUDITS. A strand premises is not eligible for an investment for an improvement or application under a program authorized under sub. (2) unless an audit is performed that demonstrates that the energy savings resulting from the improvement or application are expected to be equal to or greater than the cost of the improvement or application. The commission shall promulgate rules specifying the certification requirements that a person must satisfy in order to perform an audit

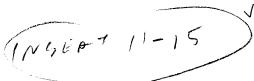
required under this subsection.

(5) CONTRACTORS AND SUBCONTRACTORS. (a) All work involved in making or installing an improvement or application under a program authorized under sub. (2) shall be performed by a contractor or subcontractor that the commission has included on a list of prequalified contractors and subcontractors. The commission shall approve a contractor or subcontractor for inclusion on the prequalification list only if the commission determines that the contractor or subcontractor satisfies all of the following:

- 1. Possesses the technical qualifications and resources, including equipment, personnel, and financial resources, necessary to perform the required work or obtains those qualifications and resources through the use of responsible subcontractors who are approved by the commission for inclusion on the prequalification list.
- 2. Possesses all valid and effective licenses, registrations, and certificates that are required under federal, state, and local law for the type of work that the contractor or subcontractor performs.
  - 3. Meets all bonding requirements required by law or contract specifications.
- 4. Meets all insurance requirements as required by law or contract specifications, including general liability insurance, workers compensation insurance, and unemployment insurance requirements.
- 5. Agrees to pay all employees working on an improvement or application for which an investment is made under the program who would be entitled to receive the prevailing wage rate under s. 66.0903 and who would not be required or permitted to work more than the prevailing hours of labor, as defined in s. 103.49 (1) (c), if the improvement or application were a project of public works under s. 66.0903, not less than the prevailing wage rate determined under s. 66.0903 (3) or (6) and not to require or permit those employees to work more than the prevailing hours of labor, except as permitted under s. 66.0903 (4) (a); to keep and permit inspection of records in the same manner as a contractor performing work on a project of public works that is subject to s. 66.0903 is required to keep and permit inspection of records under s. 66.0903 (10); and otherwise to comply with s. 66.0903 in the same manner as a contractor performing work on a project of public works that is subject to s. 66.0903 is required to comply with s. 66.0903.

- 6. Agrees not to permit an employee working on an improvement or application for which an investment is made under the program to use, possess, attempt to possess, distribute, deliver, or be under the influence of a drug, as defined in s. 103.503 (1) (d), or use or be under the influence of alcohol, while performing that work, to have in place a written program for the prevention of substance abuse among those employees in the same manner as a contractor performing work on a project of public works that is subject to s. 66.0903 is required to have in place such a written program under s. 103.503 (3), and otherwise to comply with s. 103.503 in the same manner as a contractor performing work on a project of public works that is subject to s. 66.0903 is required to comply with s. 103.503.
- 7. Except as provided in par. (b), agrees, if the contractor or subcontractor employs employees in trades that are apprenticeable under subch. I of ch. 106, to sponsor an apprenticeship training program that is approved by the department of workforce development for each of those trades and to employ in each of those trades the maximum ratio of apprentices to journeymen that are permitted under standards adopted, recognized, or approved by that department.
- 8. Fully complies with all equal employment opportunity, affirmative action, and other workforce participation requirements.
- 9. Provides the commission a detailed statement regarding related business entities if, at any time in the 3 years prior to inclusion on the prequalification list, the contractor or subcontractor has controlled or has been controlled by another corporation, partnership, or other business entity operating in the construction industry.
- 10. Certifies to the commission that the contractor or subcontractor understands that, in performing work under the program, the contractor or

- subcontractor will be required to use as subcontractors only those entities that are also included on the prequalification list.
- 11. Certifies to the commission that employees are not improperly classified as independent contractors in violation of federal or state law.
- 12. Discloses to the commission whether in the 3 years prior to inclusion on the prequalification list the contractor or subcontractor has had any type of business, contracting, or trade license, certification, or registration revoked or suspended; been debarred by any federal state, or local government agency; defaulted on any project; committed a willful violation of federal or state safety law as determined by a final decision of a court or government agency authority; or been found by a final decision of a court or government agency to be in violation of any other law relating to its contracting business, including wage and hour laws, prevailing wage laws, environmental laws, antitrust laws, or tax laws, where the penalty for such violation resulted in the imposition of a fine, back pay damages, or any other type of penalty, in an amount of more than \$10,000.
- 18. Certifies to the commission that an application for inclusion on the prequalification list has been executed by a principal or person employed by the applicant who has sufficient knowledge to address all matters in the application, including an attestation stating, under the penalty of perjury, that all information submitted is true, complete, and accurate.
- (b) The commission may include on the prequalification list under par. (a) a contractor or subcontractor who does not satisfy the requirement under par. (a) 7. The commission shall promulgate rules allowing a contractor or subcontractor who does not satisfy the requirement to perform work on an improvement or application for which an investment is made under a program authorized under sub. (2), only if



no contractor or subcontractor who satisfies the requirement is available to perform the work.

change to its business or operations that are relevant to the commission's approval to include the contractor or subcontractor in the prequalification list under par. (a). A contractor or subcontractor shall make a report required under this paragraph no later than 15 days after obtaining knowledge of the material change. If a contractor or subcontractor violates this paragraph, the commission may revoke the contractor's or subcontractor's inclusion in the prequalification list for a period of no more than 3 years.

subcontractor's inclusion in the prequalification list under par. (c), a contractor's or unless the commission revokes the inclusion under par. (c). The commission shall promulgate rules for a contractor or subcontractor to apply every 2 years for the commission to renew an approval for inclusion in the prequalification list.

(te) The commission may conditionally approve a contractor or subcontractor for inclusion in the prequalification list under par. (a) for a period not exceeding 2 years. The commission shall set forth in writing any conditions of an approval made under this paragraph.

Prior to disapproving a contractor or subcontractor for inclusion in the prequalification list under par. (a), the commission shall provide the contractor or subcontractor with notice and opportunity to be heard.

(h) (g) The commission shall make the prequalification list under par. (a) available to the public. The prequalification list shall show the name, address, identification number assigned by the commission, and approval renewal date for each contractor

1	or subcontractor. The commission shall update the prequalification list on a monthly
2	basis and make the updated lists available to the public.
3	$\left(\frac{1}{h}\right)$ $\mathcal{P}(h)$ The commission shall periodically review the qualifications and
4	performance of contractors and subcontractors included in the prequalification list
5	under par. (a). For good cause shown, the commission may, after notice and
6	opportunity to be heard, revoke a contractor's or subcontractor's inclusion on the
7	prequalification list. (NSEAT 13-7)
8	(') %(i) An improvement or application is not eligible for an investment under a
9	program authorized under sub. (2) unless at least 25 percent of the contractors and
10	subcontractors who perform work on the improvement or application laws place
1)	subcontractors who perform work on the improvement or application lateral place of the subclivision in which the work is performed.
12	(6) UTILITIES. (a) A utility for which the commission authorizes a program
13	under sub. (2) and approves a tariff under sub. (3) may include a separate line item
14	on bills of a customer at A residential premises benefited by an improvement or
15	application made or installed under the program that compares the costs of the
16	program borne by the customer with the energy savings resulting from the
17	improvement or application. Notwithstanding s. 218.04, a utility need not obtain a
48	license as a collection agency for this billing practice.
19	(b) Any costs that a utility incurs to administer, fund, or provide administrative
20	services for an investment made in accordance with a tariff approved under sub. (3)
21	shall be in addition to the amounts the commission requires the energy utility to
22	spend under s. 196.374 (3) (b) 2.
23	(6) A utility may not recover from ratepayers any bad debt related to nonutility
24	services provided under a tariff approved under sub. (3).

SECTION 8. 196.378 (1) (i) of the statutes is amended to read:

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196.378 (1) (i) "Renewable resource credit" means a credit calculated in accordance with rules promulgated under sub. (3) (a) 1. and, 1m., or 2.

**Section 9.** 196.378 (3) (a) 1. of the statutes is amended to read:

196.378 (3) (a) 1. Subject to subd. 2., an electric provider that provides total renewable energy to its retail electric customers or members in excess of the percentages specified in sub. (2) (a) 2., or that satisfies the requirements specified in rules promulgated under subd. 1m., may, in the applicable year, create a renewable resource credit and sell to any other electric provider the renewable resource credit or a portion of the renewable resource credit at any negotiated price. An electric provider that creates or purchases a renewable resource credit or portion may use the credit or portion in a subsequent year, as provided under par. (c), to establish compliance with sub. (2) (a) 2. The commission shall promulgate rules that establish requirements for the creation and use of a renewable resource credit created on or after January 1, 2004, including calculating the amount of a renewable resource credit, and for the tracking of renewable resource credits by a regional renewable resource credit tracking system. The rules shall specify the manner for aggregating or allocating credits under this subdivision or sub. (2) (b) 4, or 5.

SECTION 10. 196.378 (3) (a) 1m. of the statutes is created to read:

electric utility to create renewable resource credits based on the reduction in electricity usage, increase in the efficiency of electricity usage, and generation of renewable energy that results in a year from improvements or applications, as defined in s. 196.3745 (1) (19), under a program of the electric utility that is authorized under s. 196.3745 (2). The rules shall include requirements for measuring the

amount of such a reduction, increase, and generation and calculating the amount of a renewable resource credit.

SECTION 11. 196.378 (3) (c) of the statutes is amended to read:

196.378 (3) (c) A renewable resource credit created under s. 196.378 (3) (a), 2003 stats., may not be used after December 31, 2011. A renewable resource credit created under par. (a) 1., 1m., or 2., as affected by 2005 Wisconsin Act 141, may not be used after the 4th year after the year in which the credit is created, except the commission may promulgate rules specifying a different period of time if the commission determines that such period is necessary for consistency with any regional renewable resource credit trading program that applies in this state.

**SECTION 12.** 227.01 (13) (t) of the statutes is amended to read:

227.01 (13) (t) Ascertains and determines prevailing wage rates under ss. 66.0903, 103.49, 103.50, 196.3745 (5) (a) 5., and 229.8275, except that any action or inaction which ascertains and determines prevailing wage rates under ss. 66.0903, 103.49, 103.50, 196.3745 (5) (a) 5., and 229.8275 is subject to judicial review under s. 227.40.

SECTION 13. 227.01 (13) (t) of the statutes, as affected by 2009 Wisconsin Act 28, is amended to read:

227.01 (13) (t) Ascertains and determines prevailing wage rates under ss. 66.0903, 66.0904, 103.49, 103.50, 196.3745 (5) (a) 5., and 229.8275, except that any action or inaction which ascertains and determines prevailing wage rates under ss. 66.0903, 66.0904, 103.49, 103.50, 196.3745 (5) (a) 5., and 229.8275 is subject to judicial review under s. 227.40.

SECTION 14. 709.03 (form) C. 25m. of the statutes is created to read:

25 709.03 (form)

C.25m. I am aware that an energy efficiency improve-	****	••••	••••
ment or renewable resource application has			
been made or installed to the property under			
a program authorized under s. 196.3745 and			
that utility bills for the property will include			
unpaid costs of the improvement or applica-			
tion.			

**SECTION 15.** 946.15 (1) of the statutes is amended to read:

946.15 (1) Any employer, or any agent or employee of an employer, who induces any person who seeks to be or is employed pursuant to a public contract, as defined in s. 66.0901 (1) (c), or who seeks to be or is employed on a project on which a prevailing wage rate determination has been issued by the department of workforce development under s. 66.0903 (3), 103.49 (3), 103.50 (3), 196.3745 (5) (a) 5., or 229.8275 (3) or by a local governmental unit, as defined in s. 66.0903 (1) (d), under s. 66.0903 (6) to give up, waive, or return any part of the compensation to which that person is entitled under his or her contract of employment or under the prevailing wage rate determination issued by the department or local governmental unit, or who reduces the hourly basic rate of pay normally paid to an employee for work on a project on which a prevailing wage rate determination has not been issued under s. 66.0903 (3) or (6), 103.49 (3), 103.50 (3), 196.3745 (5) (a) 5., or 229.8275 (3) during a week in which the employee works both on a project on which a prevailing wage rate determination has been issued and on a project on which a prevailing wage rate determination has not been issued, is guilty of a Class I felony.

SECTION 16. 946.15 (1) of the statutes, as affected by 2009 Wisconsin Act 28, is amended to read:

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946.15 (1) Any employer, or any agent or employee of an employer, who induces any person who seeks to be or is employed pursuant to a public contract as defined in s. 66.0901 (1) (c) or who seeks to be or is employed on a project on which a prevailing wage rate determination has been issued by the department of workforce development under s. 66.0903 (3), 66.0904 (4), 103.49 (3), 103.50 (3), 196.3745 (5) (a) 5., or 229.8275 (3) or by a local governmental unit, as defined in s. 66.0903 (1) (d), under s. 66.0903 (6) or 66.0904 (6) to give up, waive, or return any part of the compensation to which that person is entitled under his or her contract of employment or under the prevailing wage rate determination issued by the department or local governmental unit, or who reduces the hourly basic rate of pay normally paid to an employee for work on a project on which a prevailing wage rate determination has not been issued under s. 66.0903 (3) or (6), 66.0904 (4) or (6), 103.49 (3), 103.50 (3), 196.3745 (5) (a) 5., or 229.8275 (3) during a week in which the employee works both on a project on which a prevailing wage rate determination has been issued and on a project on which a prevailing wage rate determination has not been issued, is guilty of a Class I felony.

**SECTION 17.** 946.15 (2) of the statutes is amended to read:

946.15 (2) Any person employed pursuant to a public contract, as defined in s. 66.0901 (1) (c), or employed on a project on which a prevailing wage rate determination has been issued by the department of workforce development under s. 66.0903 (3), 103.49 (3), 103.50 (3), 196.3745 (5) (a) 5., or 229.8275 (3) or by a local governmental unit, as defined in s. 66.0903 (1) (d), under s. 66.0903 (6) who gives up, waives, or returns to the employer or agent of the employer any part of the compensation to which the employee is entitled under his or her contract of employment or under the prevailing wage determination issued by the department

or local governmental unit, or who gives up any part of the compensation to which he or she is normally entitled for work on a project on which a prevailing wage rate determination has not been issued under s. 66.0903 (3) or (6), 103.49 (3), 103.50 (3), 196.3745 (5) (a) 5., or 229.8275 (3) during a week in which the person works part—time on a project on which a prevailing wage rate determination has been issued and part—time on a project on which a prevailing wage rate determination has not been issued, is guilty of a Class C misdemeanor.

**SECTION 18.** 946.15 (2) of the statutes, as affected by 2009 Wisconsin Act 28, is amended to read:

946.15 (2) Any person employed pursuant to a public contract as defined in s. 66.0901 (1) (c) or employed on a project on which a prevailing wage rate determination has been issued by the department of workforce development under s. 66.0903 (3), 66.0904 (4), 103.49 (3), 103.50 (3), 196.3745 (5) (a) 5., or 229.8275 (3) or by a local governmental unit, as defined in s. 66.0903 (1) (d), under s. 66.0903 (6) or 66.0904 (6) who gives up, waives, or returns to the employer or agent of the employer any part of the compensation to which the employee is entitled under his or her contract of employment or under the prevailing wage determination issued by the department or local governmental unit, or who gives up any part of the compensation to which he or she is normally entitled for work on a project on which a prevailing wage rate determination has not been issued under s. 66.0903 (3) or (6), 66.0904 (4) or (6), 103.49 (3), 103.50 (3), 196.3745 (5) (a) 5., or 229.8275 (3) during a week in which the person works part—time on a project on which a prevailing wage rate determination has been issued and part—time on a project on which a prevailing wage rate determination has not been issued, is guilty of a Class C misdemeanor.

**Section 19.** 946.15 (3) of the statutes is amended to read:

946.15 (3) Any employer or labor organization, or any agent or employee of an employer or labor organization, who induces any person who seeks to be or is employed on a project on which a prevailing wage rate determination has been issued by the department of workforce development under s. 66.0903 (3), 103.49 (3), 103.50 (3), 196.3745 (5) (a) 5., or 229.8275 (3) or by a local governmental unit, as defined in s. 66.0903 (1) (d), under s. 66.0903 (6) to permit any part of the wages to which that person is entitled under the prevailing wage rate determination issued by the department or local governmental unit to be deducted from the person's pay is guilty of a Class I felony, unless the deduction would be permitted under 29 CFR 3.5 or 3.6 from a person who is working on a project that is subject to 40 USC 276c.

**SECTION 20.** 946.15 (3) of the statutes, as affected by 2009 Wisconsin Act 28, is amended to read:

946.15 (3) Any employer or labor organization, or any agent or employee of an employer or labor organization, who induces any person who seeks to be or is employed on a project on which a prevailing wage rate determination has been issued by the department of workforce development under s. 66.0903 (3), 66.0904 (4), 103.49 (3), 103.50 (3), 196.3745 (5) (a) 5., or 229.8275 (3) or by a local governmental unit, as defined in s. 66.0903 (1) (d), under s. 66.0903 (6) or 66.0904 (6) to permit any part of the wages to which that person is entitled under the prevailing wage rate determination issued by the department or local governmental unit to be deducted from the person's pay is guilty of a Class I felony, unless the deduction would be permitted under 29 CFR 3.5 or 3.6 from a person who is working on a project that is subject to 40 USC 3142.

**SECTION 21.** 946.15 (4) of the statutes is amended to read:

946.15 (4) Any person employed on a project on which a prevailing wage rate determination has been issued by the department of workforce development under s. 66.0903 (3), 103.49 (3), 103.50 (3), 196.3745 (5) (a) 5., or 229.8275 (3) or by a local governmental unit, as defined in s. 66.0903 (1) (d), under s. 66.0903 (6) who permits any part of the wages to which that person is entitled under the prevailing wage rate determination issued by the department or local governmental unit to be deducted from his or her pay is guilty of a Class C misdemeanor, unless the deduction would be permitted under 29 CFR 3.5 or 3.6 from a person who is working on a project that is subject to 40 USC 276c.

**SECTION 22.** 946.15 (4) of the statutes, as affected by 2009 Wisconsin Act 28, is amended to read:

946.15 (4) Any person employed on a project on which a prevailing wage rate determination has been issued by the department of workforce development under s. 66.0903 (3), 66.0904 (4), 103.49 (3), 103.50 (3), 196.3745 (5) (a) 5., or 229.8275 (3) or by a local governmental unit, as defined in s. 66.0903 (1) (d), under s. 66.0903 (6) or 66.0904 (6) who permits any part of the wages to which that person is entitled under the prevailing wage rate determination issued by the department or local governmental unit to be deducted from his or her pay is guilty of a Class C misdemeanor, unless the deduction would be permitted under 29 CFR 3.5 or 3.6 from a person who is working on a project that is subject to 40 3142.

# SECTION 23. Initial applicability.

(1) The treatment of section 709.03 (form) C. 25m. of the statutes first applies to original real estate condition reports that are furnished on the effective date of this subsection.

1	SECTION 24. Effective dates. This act takes effect on the day after publication,
2	except as follows:
3	(1) The amendment of sections 103.49 (3) (ar) (by Section 2), 109.09 (1) (by
4	${\tt SECTION~4),~111.322~(2m)~(c)~(by~SECTION~6),~227.01~(13)~(t)~(by~SECTION~13)~and~946.15}$
5	(1) (by Section 16), (2) (by Section 18), (3) (by Section 20) and (4) (by Section 22)
6	of the statutes takes effect on January 1, 2010, or on the day after publication,
7	whichever is later.
8	(END)

#### 2009-2010 DRAFTING INSERT FROM THE LEGISLATIVE REFERENCE BUREAU

1	INSERT 1-7:
2	, providing an exemption from emergency rule procedures,
3	INSERT 1A:
4	a city, village, town, or county (political subdivision) or INSERT 1B:
5	within the political subdivision or served by the utility INSERT 2A:
6	is cost-effective, as specified in rules promulgated by the PSC. The rules may specify criteria that include comparing the cost of an improvement or application to the value of the premises. In addition, for an energy efficiency improvement, the rules may specify criteria that include the energy savings resulting from the improvement and the period of time required for the energy savings to equal the cost of the improvement. In addition, the PSC must promulgate rules requiring the performance of audit after an energy efficiency improvement or renewable resource application is made or installed. The purpose of such an audit is to determine whether the improvement or application: 1) was made or installed in a competent manner; and 2) operates in a cost-effective manner.  INSERT 2B:
7	an energy efficiency improvement or renewable resource application under an authorized program INSERT 2C:
	7) satisfies cultural competency requirements in rules promulgated by the PSC; and
8	8)√ <b>INSERT 2D:</b>
9	disciplinary actions and INSERT 2E:
10	If the past disciplinary actions and violations constitute "good cause," as defined by the PSC by rule, the PSC may exclude a contractor or subcontractor from the list. INSERT 2F:
	In addition, the bill requires the PSC to make grants to political subdivisions and utilities for which the PSC authorizes programs under the bill. A political

subdivision or utility must use the grants only for costs associated with an authorized program. The bill directs the PSC to make the grants from certain federal block grants that the state receives under a program administered by the federal Department of Energy under the American Recovery and Reinvestment Act of 2009.

LRB-2740/P4ins

The bill also requires the PSC to allocate the federal program. under the federal program.

The bill also includes requirements for a utility to prioritize spending on a program authorized under the bill. For spending whose source is a grant by the PSC, the utility must give the greatest priority to energy efficiency improvements and renewable resource applications at residential premises and the least priority to energy efficiency improvements and renewable resource applications nonresidential premises of customers with the greatest demand for utility service. For spending from other sources, the priorities are reversed. In addition, the bill prohibits a utility from counting any spending whose source is a PSC grant/for purposes of requirements under current for spending a specified percentage of (ts) annual operating revenues on energy efficiency and renewable resource programs. the public

law

1

**INSERT 2G:** 

- 1. Allows a political subdivision for which a program is authorized under the bill to make loans to residents for energy efficiency improvements and renewable resource applications, and to collect loan repayments as special charges, divide the special charges into installments, and include the special charges in tax rolls even if they are not delinquent. A political subdivision has similar collection authority under current law for loans for energy efficiency improvements and renewable resource applications.
- 2. Requires political subdivisions and utilities that receive payments from residents and customers for energy efficiency improvements and renewable resource applications under authorized programs to use the payments to invest in other improvements and applications under the programs.

2

**INSERT 2H:** 

reside in the city, village, or town

3

4

5

**INSERT 3A:** 

for "good cause," as defined in rules promulgated by the  $\operatorname{PSC}^{\checkmark}$ 

**INSERT 3B:** 

- 9. Requires the PSC to promulgate a rule or issue an order that prohibits any work under contracts under energy efficiency and renewable resource programs administered by the PSC under current law from being performed by contractors and subcontractors who are not included on the list described above. However, the rule or order must allow performance of work by contractors and subcontractors who do not satisfy the apprenticeship requirements only if contractors and subcontractors who do satisfy the requirements are not available to perform the work.
- 10. Requires DOA to promulgate a rule similar to the rule described above that applies to work under contracts under a federal weatherization program administered by DOA under current law.

#### **INSERT 3C:**

an energy efficiency improvement or renewable resource application under

#### **INSERT 3D:**

, but only if the spending source for the improvement or application is not a PSC grant under the bill  $\space{1mm}$ 

**INSERT 3-1:** 

Section 1. 16.26 of the statutes is renumbered 16.26 (1).

\*\*\*\*Note: The above Section is new material.

**SECTION 2.** 16.26(2) of the statutes is created to read:

16.26 (2) The department shall prohibit by rule the performance of any work under a contract entered into under sub. (1) by a contractor or subcontractor who is not included in the list specified in s. 196.3745 (5) (a), except that the department's rule shall allow the performance of work by a contractor or subcontractor who does not satisfy the requirement under s. 196.3745 (5) (a) 7. if no contractor or subcontractor who satisfies the requirement is available to perform the work. This subsection applies to contracts that are entered into, extended, modified, or renewed on the effective date of the department's rule.

\*\*\*\*NOTE: The above Section is new material.

#### **INSERT 6-21:**

**SECTION 3.** 196.374 (2) (d) of the statutes is created to read:

196.374 (2) (d) Contractors. The commission shall prohibit, by order or rule, the performance of any work under a contract under a program under par. (a) 1, (b) 1. or 2, or (c) by a contractor or subcontractor who is not included in the list specified in s. 196.3745 (5) (a), except that the commission's order or rule shall allow the performance of work by a contractor who does not satisfy the requirement under s. 196.3745 (5) (a) 7. if no contractor who satisfies the requirement is available to perform the work. This paragraph applies to contracts that are entered into, extended, modified, or renewed on the effective date of the commission's order or rule.

\*\*\*\*NOTE: The above Section is new material. **SECTION 4.** 196.374 (4) (b) of the statutes is amended to read: 1 196.374 (4) (b) An energy utility that provides financing under an energy 2 3 efficiency program under sub. (2) (b) 1. or 2. for installation, by a customer, of energy 4 efficiency or renewable resource processes, equipment, or appliances, or an affiliate 5 of such a utility, may not sell to or install for the customer those processes, equipment, appliances, or related materials. The Subject to any order or rule of the 6 commission under sub. (2) (d), the customer shall acquire the installation of the 7 processes, equipment, appliances, or related materials from an independent 8 contractor of the customer's choice. 9 History: 1983 a. 27; 1999 a. 9; 2001 a. 30; 2005 a. 141; 2007 a. 17, 20.

\*\*\*\*NOTE: The above Section is new material. 10 **INSERT 6-24:** (a) "Cultural competency" means the ability to understand and act respectfully 11 toward, in a cultural context, the beliefs, interpersonal styles, attitudes, and 12 behaviors of persons of various cultures. 13 \*\*\*\*Note: Paragraph (a) is new material and is based on the definition under current law in s. 48,983 (1) (cm). 14 **INSERT 7-3:** \*\*\*\*Note: The above is revised to refer to "any type of premises" rather than "residential premises." 15 **INSERT 7-5:** (d) "Political subdivision" means a city, village, town, or county. 16 \*\*\*\*Note: Paragraph (d) is new material. 17 **INSERT 7-7:** \*\*\*\*Note: The above is revised to refer to "any type of premises" rather than "residential premises."

\*\*\*\*Note: The above is revised to refer to "retail customers" rather than "residential customers."  $\checkmark$ 

**INSERT 7-9:** 

#### **INSERT 7-15:**

\*\*\*\*Note: The above is revised to refer to "any type of premises" rather than "residential premises," and to refer to political subdivisions, in addition to utilities.

2

#### **INSERT 7-21:**

\*\*\*\*Note: The above is revised to refer to "premises" rather than "residential premises."

3

#### **INSERT 7-24:**

\*\*\*\*NOTE: The above is revised to refer to "premises" rather than "residential premises."

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#### **INSERT 8-15:**

the improvement or application is cost-effective. The commission shall promulgate rules for determining whether an improvement or application is cost-effective. For an improvement or application, the rules may specify criteria that include comparing the cost of the improvement or application to the value of the premises benefited by the improvement or application. For an improvement, the rules may specify criteria that include the energy savings resulting from the improvement and the period of time required for the energy savings to equal the cost of the improvement.

\*\*\*\*Note: The above is substantially revised. Note that the last sentence is limited to improvements. The reason is that, based on discussions at a meeting on this draft, I assume that a renewable resource application should not be evaluated on the basis of its energy savings or "payback period." Is the above okay?

(b) Post-audits. The commission shall promulgate rules requiring the performance of audit after an improvement or application is made or installed under a program authorized under sub. (2). The purpose of the audit shall be to determine whether an improvement or application was made or installed in a competent manner and whether the improvement or application operates in a cost-effective manner.

\*\*\*\*Note: Paragraph (b) is new material.

1	(c) Certifications. The commission shall promulgate rules specifying the
2	certification requirements that a person must satisfy in order to perform an audit
3	required under this subsection.
4	INSERT 8-18:
	****Note: The above is revised to refer to "premises" rather than "residential premises."
5	INSERT 9-12:
6	$\eta_{\delta} \mbox{\ensuremath{\mbox{\ensuremath{\beta}}}}$ The commission shall promulgate rules specifying the requirements that must be
7	met under this subdivision.
	****NOTE: The sentence regarding rules is new material.
8	INSERT 11-15:
9	13. Satisfies cultural competency requirements established in rules
10	promulgated by the commission.
	****Note: Subdivision 13. is new material.
11	INSERT 12-2:
12	(c) Based on good cause shown by the disclosures required under par. (a) 12.,
13	the commission may disapprove a contractor or subcontractor for inclusion in the
14	prequalification list under par. (a). The commission shall promulgate rules defining
15	"good cause" for purposes of this paragraph.
	****Note: Paragraph (c) is new material.
16	INSERT 13-7:
17	The commission shall promulgate rules defining "good cause" for purposes of this
18	paragraph. The rules shall define "good cause" to include the work experience of a
19	contractor or subcontractor on improvements or applications which audits under
20	sub. (4) (b) determine were not made or installed in a competent manner or do not
21	operate in a cost-effective manner.
	****Note: The language regarding rules is new material.

1 **INSERT 13-11:** \*\*\*\*Note: The above is revised to refer to employees of all contractors and subcontractors who reside in a city, village, or town. 2 **INSERT 13-18:** \*\*\*\*Note: The above is revised to refer to "premises" rather than "a residential premises."  $\checkmark$ 3 **INSERT 13-20:** , and for which the utility receives a grant under sub. (8) (b), 4 **INSERT 13-23:** 5 \*\*\*\*Note: The phrase "and for which the utility receives a grant under sub. (8) (b)" is new material. A utility shall use any payments received for improvements and 6 applications from customers pursuant to a program authorized under sub. (2) to 7 invest in other improvements and applications under the program. 8 \*\*\*\*Note: Paragraph (c) is new material. (d) 1. A utility for which a program is authorized under sub. (2) shall prioritize 9 the utility's spending on the program in the following manner: 10 a. If the source of the spending is a grant under sub. (8) (b), the utility shall give 11 12 the greatest priority to improvements and applications at residential premises and 13 the least priority to improvements and applications at nonresidential premises of customers with the greatest demand for service provided by the utility. 14 b. If the source of the spending is not a grant under sub. (8) (b), the utility shall 15 give the greatest priority to improvements and applications at nonresidential 16 17 premises of customers with the greatest demand for service provided by the utility and the least priority to improvements and applications at residential premises. 18 2. The commission shall promulgate rules implementing the requirements of 19 subd. 1. 20 \*\*\*\*Note: Paragraph (d) is new material. Note that pac. (d)

applies only to utilities, and

not political subdivisions. Is that ottan?

1	INSERT 13-24:
2	(7) POLITICAL SUBDIVISIONS. A political subdivision for which a program is
3	authorized under sub. (2) shall make loans to residents of the political subdivision
4	for improvements or applications. A political subdivision that makes such a loan
5	may collect the loan repayment in the same manner as loans under s. 66.0627 (8).
6	A political subdivision shall use any loan repayments to make additional loans for
7	other improvements or applications.
	****Note: Subsection (7) is new material.
8	(8) GRANTS. (a) In this subsection, "block grant program" means the the energy
9	efficiency and conservation block grant program under Public Law 111-5.
10	(b) Notwithstanding s. 16.54 (2) (a), the commission shall administer all
11	moneys received by the state under the block grant program for the purpose of
12	making grants to political subdivisions and utilities for which programs are
13	authorized under sub. (2). The commission shall allocate the moneys received under
14	the block grant program in the manner required under the block grant program. A
15	political subdivision or utility may use a grant only for costs associated with a
16	program authorized under sub. (2).
	****Note: Subsection (8) is new material.
17	INSERT 14-24:
18	, but only if the utility's spending source for the improvement or application is not
19	a grant under s. 196.3745 (8) (b) (c)
20	INSERT 15-2:
	****Note: The phrase "but only if the utility's spending source for the improvement or application is not a grant under s. 196.3745 (8) (b)" is new material.
21	INSERT 20-20:
22	Section 5. Nonstatutory provisions.

(1) By the first day of the 4th month beginning after the effective date of this subsection, the public service commission shall, using the procedure under section 227.24 of the statutes, promulgate the rules required under section 196.3745 (5) (a) 4. and 13., (c), and (i) of the statutes, as created by this act, for the period before the effective date of the permanent rules promulgated under section 196.3745 (5) (a) 4. and 13., (c), and (i) of the statutes, as created by this act, but not to exceed the period authorized under section 227.24 (1) (c) and (2) of the statutes. Notwithstanding section 227.24 (1) (a), (2) (b), and (3) of the statutes, the public service commission is not required to provide evidence that promulgating a rule under this subsection as an emergency rule is necessary for the preservation of the public peace, health, safety, or welfare and is not required to provide a finding of emergency for a rule promulgated under this subsection.

\*\*\*\*NOTE: The above nonstatutory provision is new material.

Do you also want to require

emergency rules for the audut

emergency rules for the audut

[equirements under proposed (b) for

[equirements under proposed (c) ? Or for

(c) ? Or for

(c) ? Or for

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(when under 37.45)

(when under 37.45)

# DRAFTER'S NOTE FROM THE LEGISLATIVE REFERENCE BUREAU

Date

### Rep. Mason:

To help you review this version of the bill, I inserted Notes that point out the new material added in this version.

Also note that I don't think a new appropriation is necessary for the PSC to make grants, as such grants can be made under current law pursuant to the PSC's federal appropriation under s. 20.155 (1) (m).

Mark D. Kunkel Senior Legislative Attorney Phone: (608) 266-0131

 $E-mail:\ mark.kunkel@legis.wisconsin.gov$ 

# DRAFTER'S NOTE FROM THE LEGISLATIVE REFERENCE BUREAU

LRB-2740/P4dn MDK:nwn:md

January 7, 2010

#### Rep. Mason:

To help you review this version of the bill, I inserted Notes that point out the new material added in this version.

Also note that I don't think a new appropriation is necessary for the PSC to make grants, as such grants can be made under current law pursuant to the PSC's federal appropriation under s. 20.155 (1) (m).

Mark D. Kunkel Senior Legislative Attorney Phone: (608) 266-0131

 $E-mail: \ mark.kunkel@legis.wisconsin.gov$ 

#### Kunkel, Mark

From:

Selkowe, Vicky

Sent:

Friday, January 08, 2010 3:11 PM

To:

Kunkel, Mark

Subject:

RE: local hire language for WISE draft

Thanks, Mark.

That's a good question on trade project hours. I think you can just take both of those words out and just say "the total project hours" as a way of simplifying it.

Vicky

Vicky Selkowe
Office of State Representative Cory Mason
62nd Assembly District

Room 321 East, State Capitol PO Box 8953, Madison, WI 53708

Phone: (608) 266-0634 Toll-free: (888) 534-0062

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From: Kunkel, Mark

Sent: Thursday, January 07, 2010 5:17 PM

To: Selkowe, Vicky

Subject: RE: local hire language for WISE draft

Vicky, you will receive the new version of the draft, without the change requested below, tomorrow morning.

I can revise the new version to accomplish what you want below on Monday, and there should be no problem in getting another version to you by the end of the day on Monday. (I will be out of the office tomorrow, so I won't be able to do it tomorrow.)

Regarding the request below, I think I know what you mean by trade project hours (I assume that is the total number of hours worked by the various trades) but I'm not sure what you mean by technical project hours. Can you clarify what that means?

Thanks.

-- Mark

From:

Selkowe, Vicky

Sent:

Thursday, January 07, 2010 4:49 PM

To:

Kunkel, Mark

Subject: local hire language for WISE draft

Hi Mark -

Happy snowy day.

Below is the language we would like inserted into the contractor requirements in the WISE bill you're drafting. I believe this was the final piece you needed from us? Please let me know when we can expect this bill – Rep. Mason would like it by close of business Monday if at all possible.

Contractors performing work under this section must ensure that historically disadvantaged or underrepresented people, including people of color, women, and/or low-income residents of the city in which the work is being performed conduct not less than 30% of the total trade and technical project hours.

Thanks,

Vicky

Vicky Selkowe Office of State Representative Cory Mason 62nd Assembly District Room 321 East, State Capitol PO Box 8953, Madison, WI 53708 Phone: (608) 266-0634 Toll-free: (888) 534-0062

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