



In 1/24/15
State of Wisconsin
2015 - 2016 LEGISLATURE

LRB-1186(P1) -> P2
MCP:cjs:jm

DOA:.....Byrnes, BB0419 - Changes to the programs funded by the Environmental Improvement Fund

EIF

FOR 2015-2017 BUDGET -- NOT READY FOR INTRODUCTION

due
1/25

Don't Gen

insert

INSERT: ANALYSIS

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

Analysis by the Legislative Reference Bureau

This is a preliminary draft. An analysis will be provided in a subsequent version of this draft.

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

2 SECTION 1. 13.48 (26) of the statutes is amended to read:

3 13.48 (26) ENVIRONMENTAL IMPROVEMENT ANNUAL FINANCE PLAN APPROVAL. The
4 building commission shall review the versions of the biennial finance plan and any
5 amendments to the biennial finance plan submitted to it by the department of
6 natural resources and the department of administration under s. 281.59 (3) (bm) and
7 the recommendations of the joint committee on finance and the standing committees
8 to which the versions of the biennial finance plan and any amendments were

1 submitted under s. 281.59 (3) (bm). The building commission shall consider the
2 extent to which that version of the biennial finance plan that is updated to reflect the
3 adopted biennial budget act will maintain the funding for the clean water fund
4 program and the safe drinking water loan program, in the environmental
5 improvement fund, in perpetuity. The building commission shall consider the extent
6 to which the implementation of the clean water fund program, the safe drinking
7 water loan program and the land recycling loan program, as set forth in the biennial
8 finance plan updated to reflect the adopted biennial budget act, implements
9 legislative intent on the clean water fund program, the safe drinking water loan
10 program and the land recycling loan program. The building commission shall, no
11 later than 60 days after the date of enactment of the biennial budget act, either
12 approve or disapprove the biennial finance plan that is updated to reflect the adopted
13 biennial budget act, ~~except that the building commission may not disapprove these~~
14 ~~amounts that the legislature approves under s. 281.59 (3e) (a), (3m) (a) and (3s) (a).~~
15 If the building commission disapproves the version of the biennial finance plan that
16 is updated to reflect the adopted biennial budget act, it must notify the department
17 of natural resources and the department of administration of its reasons for
18 disapproving the plan, and those departments must revise that version of the
19 biennial finance plan and submit the revision to the building commission.

20 **SECTION 2.** 20.866 (2) (td) of the statutes is amended to read:

21 20.866 (2) (td) *Safe drinking water loan program.* From the capital
22 improvement fund, a sum sufficient to be transferred to the environmental
23 improvement fund for the safe drinking water loan program under s. 281.61. The
24 state may contract public debt in an amount not to exceed ~~\$60,200,000~~ \$67,700,000

25 for this purpose.

Insert
2-25

1 **SECTION 3.** 234.86 (1) (c) of the statutes is amended to read:

2 234.86 (1) (c) “Local governmental unit” has the meaning given in s. 281.61 (1)
3 (a) (am), except that the term does not include a joint local water authority created
4 under s. 66.0823.

5 **SECTION 4.** 281.58 (8) (a) 2. of the statutes is amended to read:

6 281.58 (8) (a) 2. Connection laterals and sewer lines that transport wastewater
7 from structures to municipally owned or individually owned wastewater systems,
8 unless water other than wastewater is entering the connection laterals or sewer lines
9 from the ground or from above-ground sources and is being transported from a
10 nonindustrial structure in a way that may interfere with compliance with a permit
11 issued to a publicly owned treatment work under ch. 283.

***NOTE: Currently, s. 281.58 (8) (a) 2. provides that connection laterals and sewer lines that transport wastewater from structures to municipally or individually owned wastewater systems are not projects that are eligible for financial assistance under the clean water fund program. You requested an exception to be created for connection laterals that transport wastewater from nonindustrial structures and that contribute to inflow or infiltration that negatively impacts a publicly owned treatment work. It is not clear to me that, by simply creating this exception to the ineligible projects listed under s. 281.58 (8) (a) 2., these types of projects would be eligible for financial assistance in any case. However, s. 281.58 (6) (a) 1m. provides that activities “associated with achieving and maintaining compliance with a permit issued under ch. 283” (a WPDES permit) are eligible projects, so this is how I have drafted this request. This also helps to clarify what may be meant by “negatively impacting” a treatment work, which would otherwise need to be clarified. Please let me know if you have a different intent.

12 **SECTION 5.** 281.58 (8) (c) of the statutes is amended to read:

13 281.58 (8) (c) Except as provided in par. (k), financial assistance may be
14 provided for the design, planning and construction of a collection system, interceptor
15 or individual system project in an unsewered municipality or an unsewered area of
16 a municipality, only if the department finds that at least two-thirds of the initial flow
17 will be for wastewater originating from residences in existence on October 17, 1972

1 for at least 20 years prior to the submission of the intent to apply for financial
2 assistance under par. (8m). *application* *sub(9)(a)*

****NOTE: I have specified that the "20 years in existence" requirement is counted from the date the notice of intent to apply is submitted. Is this okay? Do you want to count back from a different date, e.g. from the date the application is submitted?

3 SECTION 6. 281.58 (8) (i) of the statutes is amended to read:

4 281.58 (8) (i) After June 30, 1991, no municipality may receive for projects in
5 a biennium an amount that exceeds 35.2% of the amount approved by the legislature
6 under s. 281.59 (3e) (b) of financial assistance planned to be provided or committed
7 for projects under this section for that biennium. *that the department of administration projects will be available to provide financial assistance*

****NOTE: Throughout this draft I have substituted the idea of a present value subsidy limit with "the amount of financial assistance planned to be provided or committed for projects under this section for the biennium," or something similar. Is this consistent with the intent?

8 SECTION 7. 281.58 (8) (j) of the statutes is amended to read:

9 281.58 (8) (j) The amount of a payment under sub. (6) (b) 8. may not exceed the
10 amount of subsidy necessary to reduce the interest rate on the loan from market rate
11 to the interest rate that would have been charged on a loan to the municipality under
12 sub. (6) (b) 4.

13 SECTION 8. 281.58 (9) (e) of the statutes is amended to read:

14 281.58 (9) (e) If the department of natural resources and the department of
15 administration determine that the ~~governor's recommendation, as set forth in the~~
16 ~~executive budget bill, for the amount under s. 281.59 (3e) (b), the amount available~~
17 ~~under s. 20.866 (2) (te), or the amount available under s. 281.59 (4) (f) the total~~
18 amount of financial assistance planned to be provided or committed for projects
19 under this section for a biennium, as set forth in the biennial finance plan under s.
20 281.59 (3) (a) 2. and as updated under s. 281.59 (3) (bm) 2. to reflect material
21 approved by the governor for inclusion in the budget is insufficient to provide

that the department of administration projects will be available to provide financial assistance

1 funding for all projects for which applications will be approved during that biennium,
2 the department shall inform municipalities that, if the governor's recommendations
3 are approved, clean water fund program assistance during a fiscal year of that
4 biennium will be available only to municipalities that submit financial assistance
5 applications by the ~~June 30~~ ^{September 30 of} preceding that fiscal year.

6 **SECTION 9.** 281.58 (9m) (a) (intro.) of the statutes is amended to read:

7 281.58 (9m) (a) (intro.) Subject to ~~pars. (e) and par.~~ (d), the department shall
8 approve an application after all of the following occur:

9 **SECTION 10.** 281.58 (9m) (c) of the statutes is repealed.

10 **SECTION 11.** 281.58 (9m) (e) 1. of the statutes is amended to read:

11 281.58 (9m) (e) 1. Except as provided under par. (f) and sub. (13), if a sufficient
12 amount of ~~subsidy~~ financial assistance under this section is available ~~under s. 281.59~~
13 ~~(3e) (b) for the municipality's project, based on the calculation under s. 281.59 (3e)~~
14 ~~(f),~~ when the department approves the application under par. (a), the department of
15 administration shall allocate that amount to the project.

16 **SECTION 12.** 281.58 (9m) (e) 2. of the statutes is amended to read:

17 281.58 (9m) (e) 2. If a sufficient amount of subsidy financial assistance under
18 this section is not available ~~under s. 281.59 (3e) (b) for the municipality's project~~
19 when the department approves the application under ~~subd. 1. par. (a),~~ the
20 department shall place the project on a list for allocation when additional subsidy
21 ~~becomes~~ financial assistance becomes available.

22 **SECTION 13.** 281.58 (9m) (f) (intro.) of the statutes is amended to read:

23 281.58 (9m) (f) (intro.) If the department of natural resources and the
24 department of administration determine that the amount ~~approved under s. 281.59~~
25 ~~(3e) (b), the amount available under s. 20.866 (2) (tc), or the amount available under~~

1 s. 281.59 (4) (f) of financial assistance planned to be provided or committed for
 2 projects under this section for a biennium is insufficient to provide funding for all
 3 projects for which applications will be approved during that biennium, all of the
 4 following apply: available to provide financial assistance

5 **SECTION 14.** 281.58 (9m) (fm) of the statutes is amended to read:

6 281.58 (9m) (fm) The department, in consultation with the department of
 7 administration, shall promulgate, by rule, methods to establish deadlines for actions
 8 that must be taken by a municipality to which subsidy financial assistance has been
 9 allocated. The methods may provide for extending deadlines under specified
 10 circumstances. If a municipality fails to meet a deadline, including any extension,
 11 the department of administration shall release rescind the amount allocation of
 12 subsidy allocated to financial assistance for the municipality's project.

13 **SECTION 15.** 281.58 (9m) (g) of the statutes is repealed.

14 **SECTION 16.** 281.58 (12) (a) 1. of the statutes is amended to read:

15 281.58 (12) (a) 1. Except as modified under par. (f) and except as restricted by
 16 sub. (8) (b), (c), (f) or (h), the interest rate for projects specified in sub. (7) (b) 1. and
 17 2. is 60 percent of market interest rate for projects for which the subsidy is allocated
 18 from the amount under s. 281.59 (3e) (b) for a biennium before the 2011-13 biennium
 19 and 75 percent of market interest rate for projects for which the subsidy is allocated
 20 from the amount under s. 281.59 (3e) (b) for the 2011-13 biennium or later.

21 **SECTION 17.** 281.58 (12) (a) 2. of the statutes is amended to read:

22 281.58 (12) (a) 2. Except as modified under par. (f) and except as restricted by
 23 sub. (8) (b), (c), (f) or (h), the interest rate for projects specified in sub. (7) (b) 5. is 65
 24 percent of market interest rate for projects for which the subsidy is allocated from
 25 the amount under s. 281.59 (3e) (b) for a biennium before the 2011-13 biennium and

1 75 percent of market interest rate for projects for which the subsidy is allocated from
2 the amount under s. 281.59 (3e) (b) for the 2011-13 biennium or later.

3 **SECTION 18.** 281.58 (12) (a) 3. of the statutes is amended to read:

4 281.58 (12) (a) 3. Except as modified under par. (f) and except as restricted by
5 sub. (8) (b), (c), (f) or (h), the interest rate for projects specified in sub. (7) (b) 4. is 70
6 percent of market interest rate for projects for which the subsidy is allocated from
7 the amount under s. 281.59 (3e) (b) for a biennium before the 2011-13 biennium and
8 75 percent of market interest rate for projects for which the subsidy is allocated from
9 the amount under s. 281.59 (3e) (b) for the 2011-13 biennium or later.

10 **SECTION 19.** 281.58 (13m) (b) of the statutes is amended to read:

11 281.58 (13m) (b) Grants provided under this subsection are not included for
12 the purposes of determining under sub. (8) (i) the amount that a municipality may
13 receive for projects under the clean water fund program. Grants awarded under this
14 subsection are not considered for the purposes of sub. (9m) (e) or s. 281.59 (3e) (b).

15 **SECTION 20.** 281.58 (15) (a) of the statutes is amended to read:

16 281.58 (15) (a) The department and the department of administration may, at
17 the request of a municipality, issue a notice of financial assistance commitment to the
18 municipality after the department approves the municipality's application under
19 sub. (9m) (a) and the department of administration has allocated subsidy financial
20 assistance for the municipality's project.

21 **SECTION 21.** 281.59 (1) (b) of the statutes is amended to read:

22 281.59 (1) (b) "Market interest rate" means the effective interest rate on a
23 fixed-rate revenue obligation issued by the state to fund a loan made under this
24 section or, ~~for a variable rate~~ if a fixed-rate revenue obligation has not been issued
25 by the state to fund a loan made under this section, the effective interest rate that

if the department of administration determines that there
has been a significant change in interest rates after the fixed-
rate revenue obligation has been issued or

1 the department of administration determines would have been paid if the variable
2 rate a fixed-rate revenue obligation had been sold at a fixed rate issued.

On the date
financial
assistance
is allocated

3

SECTION 22. 281.59 (1) (d) of the statutes is repealed.

****NOTE: The definition of "subsidy" is being repealed because this draft removes all references to the term from s. 281.59.

Insert
8-3

4 **SECTION 23.** 281.59 (3) (a) 6. of the statutes is repealed.

5 **SECTION 24.** 281.59 (3) (a) 6e. of the statutes is repealed.

6 **SECTION 25.** 281.59 (3) (a) 6m. of the statutes is repealed.

7 **SECTION 26.** 281.59 (3) (a) 7. of the statutes is repealed.

8 **SECTION 27.** 281.59 (3) (j) of the statutes is amended to read:

9 281.59 (3) (j) No later than November 1 of each odd-numbered year, the
10 department of administration and the department jointly shall submit a report, to
11 the building commission and committees as required under par. (bm), ~~on the~~
12 ~~implementation of the amount established under sub. (3e) (b) as required under s.~~
13 ~~281.58 (9m) (e), and on the operations and activities of the clean water fund program,~~
14 the safe drinking water loan program and the land recycling loan program for the
15 previous biennium.

16 **SECTION 28.** 281.59 (3e) (a) of the statutes is repealed.

17 **SECTION 29.** 281.59 (3e) (b) of the statutes is repealed.

18 **SECTION 30.** 281.59 (3e) (c) of the statutes is repealed.

19 **SECTION 31.** 281.59 (3e) (d) of the statutes is amended to read:

20 281.59 (3e) (d) The department may expend, for financial assistance in a
21 biennium other than financial hardship assistance under s. 281.58 (13) (e), an
22 amount up to 95 percent of the amount approved by the legislature under par. (b) of

23 financial assistance available to provide financial assistance for projects under this section for that biennium. The

1 department may expend such amount only from the percentage of the amount
2 ~~approved under par. (b)~~ that is not available under par. (e) for financial hardship
3 assistance.

4 **SECTION 32.** 281.59 (3e) (e) of the statutes is amended to read:

5 281.59 (3e) (e) The department may expend, for financial hardship assistance
6 in a biennium under s. 281.58 (13) (e), an amount up to 5 percent of the amount
7 ~~approved by the legislature under par. (b)~~ ^{to provide financial assistance} of financial assistance available for
8 projects under this section for that biennium. The department may expend such
9 amount only from the percentage of the amount ~~approved by the legislature under~~
10 ~~par. (b)~~ that is not available under par. (d) for financial assistance.

11 **SECTION 33.** 281.59 (3e) (f) of the statutes is repealed.

12 **SECTION 34.** 281.59 (3m) of the statutes is repealed.

13 **SECTION 35.** 281.59 (3s) of the statutes is repealed.

14 **SECTION 36.** 281.59 (9) (am) of the statutes is amended to read:

15 281.59 (9) (am) The department of administration, in consultation with the
16 department, may establish those terms and conditions of a financial assistance
17 agreement that relate to its financial management, including what type of municipal
18 obligation, as set forth under sub. (13f), if applicable, is required for the repayment
19 of the financial assistance. Any terms and conditions established under this
20 paragraph by the department of administration shall comply with the requirements
21 of this section and s. 281.58, 281.60 or 281.61. In setting the terms and conditions,
22 the department of administration may consider factors that the department of
23 administration finds are relevant, including the type of obligation evidencing the
24 loan, the pledge of security for the obligation and the applicant's creditworthiness.

25 **SECTION 37.** 281.59 (11) (a) of the statutes is amended to read:

1 281.59 (11) (a) The department of natural resources and the department of
2 administration may enter into a financial assistance agreement with an applicant
3 for which the department of administration has allocated ~~subsidy~~ financial
4 assistance under s. 281.58 (9m), 281.60 (8) or 281.61 (8) if the applicant meets the
5 conditions under sub. (9) and the other requirements under this section and s.
6 281.58, 281.60 or 281.61.

7 **SECTION 38.** 281.60 (7) (d) of the statutes is repealed.

8 **SECTION 39.** 281.60 (8) (a) of the statutes is renumbered 281.60 (8).

9 **SECTION 40.** 281.60 (8) (b) of the statutes is repealed.

10 **SECTION 41.** 281.60 (8s) of the statutes is amended to read:

11 281.60 (8s) LIMITATION ON FINANCIAL ASSISTANCE. The amount of a payment
12 under sub. (2r) (d) may not exceed the amount of ~~subsidy~~ necessary to reduce the
13 interest rate on the loan from market rate to the interest rate that would have been
14 charged on a loan to the political subdivision under sub. (2r) (a).

15 **SECTION 42.** 281.60 (12) (b) 3. of the statutes is amended to read:

16 281.60 (12) (b) 3. If the sale proceeds are greater than the cost of the land plus
17 the cost of the cleanup, pay to the department of administration an amount equal to
18 the remaining loan balance plus the lesser of 75% of the amount by which the sale
19 proceeds exceed the cost of the land plus the cost of the cleanup or the ~~amount of~~
20 ~~subsidy incurred for the project~~ difference between the amount of interest paid on
21 the loan and the amount of interest that would have been paid if the loan had been
22 made at the market rate, and retain the remainder of the sale proceeds.

****NOTE: Do you want to treat this subdivision to remove the reference to
"subsidy"? If so, is this treatment okay?

23 **SECTION 43.** 281.61 (1) (a) of the statutes is renumbered 281.61 (1) (am).

1 **SECTION 44.** 281.61 (1) (ag) of the statutes is created to read:

2 281.61 (1) (ag) “Community water system” means a public water system that
3 serves at least 15 service connections used by year-round residents or that regularly
4 serves at least 25 year-round residents.

5 **SECTION 45.** 281.61 (1) (bm) of the statutes is created to read:

6 281.61 (1) (bm) “Noncommunity water system” means a public water system
7 that is not a community water system.

8 **SECTION 46.** 281.61 (2) of the statutes is amended to read:

9 281.61 (2) GENERAL. The department and the department of administration
10 shall administer a program to provide financial assistance to local governmental
11 units and to the private owners of community water systems and nonprofit
12 noncommunity water systems for projects for the planning, designing, construction
13 or modification of public water systems, if the projects will facilitate compliance with
14 national primary drinking water regulations under 42 USC 300g-1 or otherwise
15 significantly further the health protection objectives of the Safe Drinking Water Act,
16 42 USC 300f to 300j-26.

17 **SECTION 47.** 281.61 (2g) of the statutes is amended to read:

18 281.61 (2g) INELIGIBLE PROJECTS. A local governmental unit or the private
19 owner of a community water system or nonprofit noncommunity water system is not
20 eligible for financial assistance under this section if the local governmental unit or
21 the private owner of the community water system or nonprofit noncommunity water
22 system does not have the technical, managerial or financial capacity to ensure
23 compliance with the Safe Drinking Water Act, 42 USC 300f to 300j-26, or the public
24 water system operated by the local governmental unit or private owner of the
25 community water system or nonprofit noncommunity water system is in significant

1 noncompliance with any requirement of a primary drinking water regulation or
2 variance under 42 USC 300g-1 unless the financial assistance will ensure
3 compliance with the Safe Drinking Water Act.

4 **SECTION 48.** 281.61 (2r) (b) of the statutes is amended to read:

5 281.61 (2r) (b) Purchasing or refinancing the obligation of a local governmental
6 unit or private owner of a community water system or nonprofit noncommunity
7 water system if the obligation was incurred to finance the cost of a project described
8 in sub. (2) and the obligation was initially incurred after July 1, 1993.

****NOTE: Do you want s. 281.61 (2r) (b) to apply to community and nonprofit
noncommunity water systems?

9 **SECTION 49.** 281.61 (3) of the statutes is amended to read:

10 281.61 (3) NOTICE OF INTENT TO APPLY. (a) A local governmental unit or private
11 owner of a community water system or nonprofit noncommunity water system shall
12 submit notice of its intent to apply for financial assistance under the safe drinking
13 water loan program at least 6 months before the beginning of the fiscal year in which
14 it intends to receive the financial assistance. The notice shall be in a form prescribed
15 by the department and the department of administration.

16 (c) The department may waive par. (a) upon the written request of a local
17 governmental unit or private owner of a community water system or nonprofit
18 noncommunity water system.

19 **SECTION 50.** 281.61 (4) of the statutes is amended to read:

20 281.61 (4) ENGINEERING REPORT. A local governmental unit or private owner of
21 a community water system or nonprofit noncommunity water system seeking
22 financial assistance for a project under this section shall submit an engineering
23 report, as required by the department by rule.

1 **SECTION 51.** 281.61 (5) of the statutes is amended to read:

2 281.61 (5) APPLICATION. After the department approves ~~a local governmental~~
3 ~~unit's~~ an engineering report submitted under sub. (4), the local governmental unit
4 or private owner of a community water system or nonprofit noncommunity water
5 system shall submit an application for safe drinking water financial assistance to the
6 department. The applicant shall submit the application on or before the June 30
7 preceding the beginning of the fiscal year in which the applicant wishes to receive
8 the financial assistance, except that if funds are available in a fiscal year after
9 funding has been allocated under sub. (8) for all approved applications submitted
10 before the June 30 preceding that fiscal year, the department of administration may
11 allocate funding for approved applications submitted after June 30. The application
12 shall be in the form and include the information required by the department and the
13 department of administration and shall include plans and specifications that are
14 approvable by the department under this section. An applicant may not submit more
15 than one application per project per year.

****NOTE: Section 281.61 (5) speaks of funds being ~~being~~ "available" in a fiscal year. Do
you want this to be any more specific, given the changes being made to the clean water
fund program?

Insert
13-15

16 **SECTION 52.** 281.61 (6) of the statutes is amended to read:

17 281.61 (6) PRIORITY LIST. The department shall establish a priority list that
18 ranks each safe drinking water loan program project. The department shall
19 promulgate rules for determining project rankings that, to the extent possible, give
20 priority to projects that address the most serious risks to human health, that are
21 necessary to ensure compliance with the Safe Drinking Water Act, 42 USC 300f to
22 300j-26, and that assist ~~local governmental units~~ applicants that are most in need
23 on a per household basis, according to affordability criteria specified in the rules. For

1 the purpose of ranking projects under this subsection, the department shall treat a
2 project to upgrade a public water system to provide continuous disinfection of the
3 water that it distributes as if the public water system were a surface water system
4 that federal law requires to provide continuous disinfection.

****NOTE: Do you want the requirement to rank applicants based on need per household to apply to community and nonprofit noncommunity water systems, in addition to local governmental units? There may be community and nonprofit noncommunity water systems that do not serve any "residences."

5 **SECTION 53.** 281.61 (7) (c) of the statutes is amended to read:

6 281.61 (7) (c) The department of administration determines that the local
7 governmental unit applicant will meet the requirements of s. 281.59 (9) (b).

8 **SECTION 54.** 281.61 (7) (d) of the statutes is repealed.

9 **SECTION 55.** 281.61 (8) (a) (intro.) of the statutes is renumbered 281.61 (8)
10 (intro.) and amended to read:

11 281.61 (8) The department shall establish a funding list for each fiscal year
12 that ranks projects of local governmental units applicants that submit approvable
13 applications under sub. (5) in the same order that they appear on the priority list
14 under sub. (6). If sufficient funds are not available to fund all approved applications
15 for financial assistance, the department of administration shall allocate funding to
16 projects that are approved under sub. (7) in the order that they appear on the funding
17 list, except as follows:

18 **SECTION 56.** 281.61 (8) (a) 1. of the statutes is renumbered 281.61 (8) (a).

19 **SECTION 57.** 281.61 (8) (a) 2. of the statutes is renumbered 281.61 (8) (b) and
20 amended to read:

21 281.61 (8) (b) In any biennium, no local governmental unit applicant may
22 receive more than 25% of the funds that the department of administration projects

1 will be available amount of financial assistance planned to be provided or committed
2 for projects under this section for that biennium.

3 **SECTION 58.** 281.61 (8) (b) of the statutes is repealed.

4 **SECTION 59.** 281.61 (8m) (intro.) of the statutes is amended to read:

5 281.61 (8m) CONDITIONS OF FINANCIAL ASSISTANCE FOR LOCAL GOVERNMENTAL
6 UNITS. As a condition of receiving financial assistance under the safe drinking water
7 loan program, a local governmental unit shall do all of the following:

8 **SECTION 60.** 281.61 (8p) of the statutes is created to read:

9 281.61 (8p) CONDITIONS OF FINANCIAL ASSISTANCE FOR PRIVATE OWNERS. As a
10 condition of receiving financial assistance under the safe drinking water loan
11 program, a private owner of a community water system or nonprofit noncommunity
12 water system shall do all of the following:

13 (a) Demonstrate that there is adequate security for the repayment of the
14 financial assistance.

****NOTE: This is the requirement for privately owned systems under the federal
Clean Water Act.

15 (b) Comply with those provisions of 42 USC 300f to 300j-26 and this chapter
16 and the regulations and rules promulgated under those provisions that the
17 department specifies.

****NOTE: I have not repeated the language from s. 281.61 (8m) (c), (d), or (e) here.
Section 281.61 (8m) (e) would not apply to community and nonprofit noncommunity
water systems. Do you want provisions like s. 281.61 (8m) (c) and (d) to be included?

****NOTE: Do you want the provisions of s. 281.61 (9) to apply to community and
nonprofit noncommunity water systems?

18 **SECTION 61.** 281.61 (8s) of the statutes is amended to read:

19 281.61 (8s) LIMITATION ON FINANCIAL ASSISTANCE. The amount of a payment
20 under sub. (2r) (d) may not exceed the amount of subsidy necessary to reduce the

1 interest rate on the loan from market rate to the interest rate that would have been
2 charged on a loan to the local governmental unit under sub. (2r) (a).

3 **SECTION 62.** 281.61 (11) (a) 1. of the statutes is amended to read:

4 281.61 (11) (a) 1. For a local governmental unit an applicant that does not meet
5 financial eligibility criteria established by the department by rule, 55% of market
6 interest rate.

7 **SECTION 63.** 281.61 (11) (a) 2. of the statutes is amended to read:

8 281.61 (11) (a) 2. For a local governmental unit an applicant that meets
9 financial eligibility criteria established by the department by rule, 33% of market
10 interest rate.

11 **SECTION 64.** 281.61 (12) (g) of the statutes is amended to read:

12 281.61 (12) (g) Have the lead state role with local governmental units and
13 private owners of community water systems or nonprofit noncommunity water
14 systems in providing safe drinking water loan program information, and cooperate
15 with the department of administration in providing that information to local
16 governmental units.

17 **SECTION 65.** 281.625 (1) (b) of the statutes is amended to read:

18 281.625 (1) (b) “Local governmental unit” has the meaning given in s. 281.61
19 (1) ~~(a)~~ (am), except that the term does not include a joint local water authority created
20 under s. 66.0823.

21 (END)

1

INSERT: ANALYSIS

ENVIRONMENT

WATER QUALITY

Under the environmental improvement fund, this state provides financial assistance to local governmental units for certain projects. The environmental improvement fund is made up of three programs: the clean water fund program provides financial assistance for projects to control water pollution, such as sewage treatment plants; the safe drinking water loan program provides financial assistance for projects to construct or modify public water systems that help comply with national drinking water regulations; and the land recycling loan program provides financial assistance for projects to clean up contaminated land. The environmental improvement fund is jointly administered by the DOA and DNR.

As part of the biennial budget process, the DOA and DNR must prepare a biennial finance plan that includes an estimate of the present value of the subsidies for all financial assistance that will be made under these programs for the fiscal biennium. The legislature then sets a limit, in the budget act for the biennium, on the present value of the subsidies that may be provided during that biennium. For financial assistance such as a loan at a subsidized interest rate, the present value subsidy represents the cost in today's dollars to provide 20 years of subsidy for the financial assistance provided in the current biennium, and is intended to equal the amount the state would expend, but not be repaid, for a given project if the entire subsidy were provided in the year the loan was made. For financial assistance that is not paid out over time or repaid, such as a financial hardship assistance grant under the clean water fund program, the present value subsidy is the amount of the grant. The present value subsidy limit acts as a cap on all financial assistance that may be provided through these programs during the biennium.

This bill eliminates the present value subsidy limit. Under the bill, the DOA and DNR are not required to estimate the present value subsidy in the biennial finance plan, and the legislature does not set a present value subsidy limit for these programs for the biennium.

Instead, under the bill, the biennial finance plan must contain the amount DOA determines will be available to provide financial assistance for projects under these programs during the biennium. The legislature does not set a limit on how much financial assistance may be provided in a biennium. During the biennium, if a sufficient amount is available to provide financial assistance for a project, that amount must be allocated for the project.

Currently, the interest rates for subsidized loans provided under the environmental improvement programs are based on percentages of the market interest rate. Under current law, the market interest rate is the interest rate on a fixed-rate revenue obligation issued by the state. Under this bill, if interest rates have changed significantly between the time that a fixed-rate revenue obligation is issued and the date financial assistance is allocated, or if no fixed-rate revenue



obligation is issued, then the DOA may set the market interest rate at the rate the DOA determines would have applied if a fixed-rate revenue obligation had been issued on the date the financial assistance was allocated.

Under the clean water fund program, financial assistance may only be provided to construct water systems in an unsewered municipality if at least two-thirds of the initial flow from the new system will be for wastewater from residences that have been in existence since October 17, 1972. This bill instead requires at least two-thirds of the initial flow to be from wastewater from residences in existence for at least 20 years.

In addition, connection laterals and sewer lines that transport wastewater from structures to municipally owned or individually owned wastewater systems are not currently eligible for financial assistance under the clean water fund program. This bill creates an exception that allows connection laterals and sewer lines to be eligible for financial assistance if water other than wastewater is entering the connection lateral or sewer line from below-ground or above-ground sources and is being transported from a non-industrial structure in a way that may interfere with a publicly owned treatment work's compliance with a Wisconsin Pollutant Discharge Elimination System (WPDES) permit.

This bill also provides that, if an amount has been allocated for a project under the clean water fund program, but no amount has been distributed for the project by the end of the fiscal year immediately following the biennium when the application was submitted, the allocation is rescinded, and the applicant must reapply.

Currently, only local governmental units are eligible under the safe drinking water loan program for loans to construct or modify a public water system, which is a system that provides piped water to the public. This bill extends eligibility to private owners of community water systems and nonprofit noncommunity water systems. A community water system is a public water system of a certain size; a noncommunity water system is a public water system that is smaller than a community water system. Under this bill, these private owners are subject to many of the same requirements as local governmental units that apply for loans under the safe drinking water loan program, including complying with the federal safe drinking water act, although private owners are not required to adopt a water conservation program, a maintenance program, or a user fee system.

Finally, this bill increases the general obligation bonding authority for the safe drinking water loan program by \$7,500,000 for the 2015-17 biennium.

FE-SL

2015-2016 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1186/P2ins3
MCP:cjs:jm

INSERT 6-4b

X
SECTION 1. 281.59 (9m) (fe) of the statutes is created to read:

X
281.59 (9m) (fe) If the department has approved an application and has allocated an amount to a project under this section, and if no financial assistance has been distributed for that project on or before December 30 of the fiscal year immediately following the biennium in which the application was submitted, the department shall rescind the allocation of financial assistance for the municipality's project. If the municipality seeks financial assistance for a project after the allocation for that project is rescinded under this paragraph, the municipality shall again comply with subs. (8m), (8s), and (9), and all other applicable provisions under this section.

2015-2016 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1186/P2ins1
MCP:cjs:jm

1 **INSERT 2-25** ✓

2 **SECTION 1.** 25.43 (1) (h) of the statutes is amended to read:

3 25.43 (1) (h) The fees imposed under ss. 281.58 (9) (d), 281.61 (5) (b), and 281.60 ✓
4 (11m).

5 History: 1987 a. 399; 1989 a. 31, 366; 1995 a. 27, 227; 1997 a. 27, 35, 237, 252; 1999 a. 9, 32; 2009 a. 28; 2011 a. 261.

5 **INSERT 6-4** ✓

6 **SECTION 2.** 281.58 (9m) (f) 1. of the statutes is amended to read:

7 281.58 (9m) (f) 1. The department shall establish a funding list for each fiscal
8 year of the biennium that ranks projects of municipalities that submit financial
9 assistance applications under sub. (9) (a) no later than the ~~June 30~~ preceding
10 September 30 of the fiscal year in the same order that they appear on the priority list
11 under sub. (8e).

12 History: 1987 a. 399; 1989 a. 31, 336, 366; 1991 a. 32, 39, 189; 1993 a. 16; 1995 a. 27; 1995 a. 227 s. 425; Stats. 1995 s. 281.58; 1997 a. 27, 237; 1999 a. 9; 1999 a. 150 s. 672; 2001 a. 16, 104; 2005 a. 25, 347; 2009 a. 28; 2011 a. 32, 261; 2013 a. 7.

12 **INSERT 8-3** ✓

13 **SECTION 3.** 281.59 (3) (a) 2. of the statutes is amended to read:

14 281.59 (3) (a) 2. The total amount of ~~that the department of administration~~
15 ~~projects will be available to provide financial assistance planned to be provided or~~
16 ~~committed~~ for projects under subd. 1. during the next biennium.

17 History: 1989 a. 366 ss. 40, 63, 65, 66, 97, 99, 106, 108 to 110, 115; 1991 a. 32, 39, 189, 315; 1993 a. 16; 1995 a. 27; 1995 a. 227 s. 426; Stats. 1995 s. 281.59; 1995 a. 452; 1997 a. 27, 237; 1999 a. 9; 1999 a. 150 s. 374, 672; 2001 a. 16; 2003 a. 33; 2005 a. 25; 2007 a. 20; 2009 a. 28; 2011 a. 32, 146, 261; 2013 a. 12, 20.

17 **INSERT 13-15** ✓

18 **SECTION 4.** 281.61 (5) of the statutes is renumbered 281.61 (5) (a).

19 **SECTION 5.** 281.61 (5) (b) of the statutes is created to read:

20 281.61 (5) (b) The department of administration and the department jointly
21 may charge and collect service fees, established by rule, which shall cover the
22 estimated costs of reviewing and acting upon the application and servicing the

1 financial assistance agreement. No service fee established by rule under this
2 paragraph may be charged to or collected from an applicant for financial assistance
3 under s. 281.59 (13). The fees collected under this paragraph shall be credited to the
4 environmental improvement fund.

Pfotenhauer, Mary

From: Byrnes, Tyler - DOA <Tyler.Byrnes@wisconsin.gov>
Sent: Monday, January 26, 2015 4:25 PM
To: Pfotenhauer, Mary
Subject: RE: BB0419 - (LRB-1186/P1)

I was just in the process of writing to you about the /p2 draft.

After much consideration, can you take out Section 16 – the whole “December 30th” part?

I don't think there will be any other changes, but I should have them first thing tomorrow morning if there are. Everything else in the P2 draft works for us.

Thanks,

Tyler



In 1/26/15
State of Wisconsin
2015 - 2016 LEGISLATURE
Redraft

LRB-1186/P2 → P3
MCP:cjs&kjf:rs

DOA:.....Byrnes, BB0419 - Changes to the programs funded by the Environmental Improvement Fund

FOR 2015-2017 BUDGET - NOT READY FOR INTRODUCTION

Today

Changes to pp. 7, 8, 15.

Don't Gen

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

Analysis by the Legislative Reference Bureau

ENVIRONMENT

WATER QUALITY

Under the environmental improvement fund, this state provides financial assistance to local governmental units for certain projects. The environmental improvement fund is made up of three programs: the clean water fund program provides financial assistance for projects to control water pollution, such as sewage treatment plants; the safe drinking water loan program provides financial assistance for projects to construct or modify public water systems that help comply with national drinking water regulations; and the land recycling loan program provides financial assistance for projects to clean up contaminated land. The environmental improvement fund is jointly administered by the DOA and DNR.

As part of the biennial budget process, the DOA and DNR must prepare a biennial finance plan that includes an estimate of the present value of the subsidies for all financial assistance that will be made under these programs for the fiscal biennium. The legislature then sets a limit, in the budget act for the biennium, on the present value of the subsidies that may be provided during that biennium. For financial assistance such as a loan at a subsidized interest rate, the present value subsidy represents the cost in today's dollars to provide 20 years of subsidy for the

financial assistance provided in the current biennium, and is intended to equal the amount the state would expend, but not be repaid, for a given project if the entire subsidy were provided in the year the loan was made. For financial assistance that is not paid out over time or repaid, such as a financial hardship assistance grant under the clean water fund program, the present value subsidy is the amount of the grant. The present value subsidy limit acts as a cap on all financial assistance that may be provided through these programs during the biennium.

This bill eliminates the present value subsidy limit. Under the bill, the DOA and DNR are not required to estimate the present value subsidy in the biennial finance plan, and the legislature does not set a present value subsidy limit for these programs for the biennium.

Instead, under the bill, the biennial finance plan must contain the amount DOA determines will be available to provide financial assistance for projects under these programs during the biennium. The legislature does not set a limit on how much financial assistance may be provided in a biennium. During the biennium, if a sufficient amount is available to provide financial assistance for a project, that amount must be allocated for the project.

Currently, the interest rates for subsidized loans provided under the environmental improvement programs are based on percentages of the market interest rate. Under current law, the market interest rate is the interest rate on a fixed-rate revenue obligation issued by the state. Under this bill, if interest rates have changed significantly between the time that a fixed-rate revenue obligation is issued and the date financial assistance is allocated, or if no fixed-rate revenue obligation is issued, then the DOA may set the market interest rate at the rate the DOA determines would have applied if a fixed-rate revenue obligation had been issued on the date the financial assistance was allocated.

Under the clean water fund program, financial assistance may only be provided to construct water systems in an unsewered municipality if at least two-thirds of the initial flow from the new system will be for wastewater from residences that have been in existence since October 17, 1972. This bill instead requires at least two-thirds of the initial flow to be from wastewater from residences in existence for at least 20 years.

In addition, connection laterals and sewer lines that transport wastewater from structures to municipally owned or individually owned wastewater systems are not currently eligible for financial assistance under the clean water fund program. This bill creates an exception that allows connection laterals and sewer lines to be eligible for financial assistance if water other than wastewater is entering the connection lateral or sewer line from below-ground or above-ground sources and is being transported from a nonindustrial structure in a way that may interfere with a publicly owned treatment work's compliance with a Wisconsin Pollutant Discharge Elimination System (WPDES) permit.

This bill also provides that, if an amount has been allocated for a project under the clean water fund program, but no amount has been distributed for the project by the end of the fiscal year immediately following the biennium when the application was submitted, the allocation is rescinded, and the applicant must reapply.

Currently, only local governmental units are eligible under the safe drinking water loan program for loans to construct or modify a public water system, which is a system that provides piped water to the public. This bill extends eligibility to private owners of community water systems and nonprofit noncommunity water systems. A community water system is a public water system of a certain size; a noncommunity water system is a public water system that is smaller than a community water system. Under this bill, these private owners are subject to many of the same requirements as local governmental units that apply for loans under the safe drinking water loan program, including complying with the federal safe drinking water act, although private owners are not required to adopt a water conservation program, a maintenance program, or a user fee system.

Finally, this bill increases the general obligation bonding authority for the safe drinking water loan program by \$7,500,000 for the 2015–17 biennium.

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.** 13.48 (26) of the statutes is amended to read:

2 **13.48 (26) ENVIRONMENTAL IMPROVEMENT ANNUAL FINANCE PLAN APPROVAL.** The
3 building commission shall review the versions of the biennial finance plan and any
4 amendments to the biennial finance plan submitted to it by the department of
5 natural resources and the department of administration under s. 281.59 (3) (bm) and
6 the recommendations of the joint committee on finance and the standing committees
7 to which the versions of the biennial finance plan and any amendments were
8 submitted under s. 281.59 (3) (bm). The building commission shall consider the
9 extent to which that version of the biennial finance plan that is updated to reflect the
10 adopted biennial budget act will maintain the funding for the clean water fund
11 program and the safe drinking water loan program, in the environmental
12 improvement fund, in perpetuity. The building commission shall consider the extent
13 to which the implementation of the clean water fund program, the safe drinking
14 water loan program and the land recycling loan program, as set forth in the biennial

SECTION 1

1 finance plan updated to reflect the adopted biennial budget act, implements
2 legislative intent on the clean water fund program, the safe drinking water loan
3 program and the land recycling loan program. The building commission shall, no
4 later than 60 days after the date of enactment of the biennial budget act, either
5 approve or disapprove the biennial finance plan that is updated to reflect the adopted
6 biennial budget act, ~~except that the building commission may not disapprove those~~
7 ~~amounts that the legislature approves under s. 281.59 (3e) (a), (3m) (a) and (3s) (a).~~
8 If the building commission disapproves the version of the biennial finance plan that
9 is updated to reflect the adopted biennial budget act, it must notify the department
10 of natural resources and the department of administration of its reasons for
11 disapproving the plan, and those departments must revise that version of the
12 biennial finance plan and submit the revision to the building commission.

13 **SECTION 2.** 20.866 (2) (td) of the statutes is amended to read:

14 20.866 (2) (td) *Safe drinking water loan program.* From the capital
15 improvement fund, a sum sufficient to be transferred to the environmental
16 improvement fund for the safe drinking water loan program under s. 281.61. The
17 state may contract public debt in an amount not to exceed ~~\$60,200,000~~ \$67,700,000
18 for this purpose.

19 **SECTION 3.** 25.43 (1) (h) of the statutes is amended to read:

20 25.43 (1) (h) The fees imposed under ss. 281.58 (9) (d), 281.61 (5) (b), and 281.60
21 (11m).

22 **SECTION 4.** 234.86 (1) (c) of the statutes is amended to read:

23 234.86 (1) (c) “Local governmental unit” has the meaning given in s. 281.61 (1)
24 (a) (am), except that the term does not include a joint local water authority created
25 under s. 66.0823.

1 **SECTION 5.** 281.58 (8) (a) 2. of the statutes is amended to read:

2 281.58 (8) (a) 2. Connection laterals and sewer lines that transport wastewater
3 from structures to municipally owned or individually owned wastewater systems,
4 unless water other than wastewater is entering the connection laterals or sewer lines
5 from the ground or from above-ground sources and is being transported from a
6 nonindustrial structure in a way that may interfere with compliance with a permit
7 issued to a publicly owned treatment work under ch. 283.

8 **SECTION 6.** 281.58 (8) (c) of the statutes is amended to read:

9 281.58 (8) (c) Except as provided in par. (k), financial assistance may be
10 provided for the design, planning and construction of a collection system, interceptor
11 or individual system project in an unsewered municipality or an unsewered area of
12 a municipality, only if the department finds that at least two-thirds of the initial flow
13 will be for wastewater originating from residences in existence on October 17, 1972
14 for at least 20 years prior to the submission of the application under sub. (9) (a).

15 **SECTION 7.** 281.58 (8) (i) of the statutes is amended to read:

16 281.58 (8) (i) After June 30, 1991, no municipality may receive for projects in
17 a biennium an amount that exceeds 35.2% of the amount approved by the legislature
18 under s. 281.59 (3e) (b) that the department of administration projects will be
19 available to provide financial assistance for projects under this section for that
20 biennium.

21 **SECTION 8.** 281.58 (8) (j) of the statutes is amended to read:

22 281.58 (8) (j) The amount of a payment under sub. (6) (b) 8. may not exceed the
23 amount of subsidy necessary to reduce the interest rate on the loan from market rate
24 to the interest rate that would have been charged on a loan to the municipality under
25 sub. (6) (b) 4.

1 **SECTION 9.** 281.58 (9) (e) of the statutes is amended to read:

2 281.58 (9) (e) If the department of natural resources and the department of
3 administration determine that ~~the governor's recommendation, as set forth in the~~
4 ~~executive budget bill, for the amount under s. 281.59 (3e) (b), the amount available~~
5 ~~under s. 20.866 (2) (tc), or the amount available under s. 281.59 (4) (f) the total~~
6 amount that the department of administration projects will be available to provide
7 financial assistance for projects under this section for a biennium, as set forth in the
8 biennial finance plan under s. 281.59 (3) (a) 2. and as updated under s. 281.59 (3) (bm)
9 2., is insufficient to provide funding for all projects for which applications will be
10 approved during that biennium, the department shall inform municipalities that, if
11 the governor's recommendations are approved, clean water fund program assistance
12 during a fiscal year of that biennium will be available only to municipalities that
13 submit financial assistance applications by the ~~June 30~~ preceding September 30 of
14 that fiscal year.

15 **SECTION 10.** 281.58 (9m) (a) (intro.) of the statutes is amended to read:

16 281.58 (9m) (a) (intro.) Subject to ~~pars. (e) and par. (d)~~, the department shall
17 approve an application after all of the following occur:

18 **SECTION 11.** 281.58 (9m) (c) of the statutes is repealed.

19 **SECTION 12.** 281.58 (9m) (e) 1. of the statutes is amended to read:

20 281.58 (9m) (e) 1. Except as provided under par. (f) and sub. (13), if a sufficient
21 amount of ~~subsidy~~ financial assistance under this section is available ~~under s. 281.59~~
22 ~~(3e) (b) for the municipality's project, based on the calculation under s. 281.59 (3e)~~
23 ~~(f),~~ when the department approves the application under par. (a), the department of
24 administration shall allocate that amount to the project.

25 **SECTION 13.** 281.58 (9m) (e) 2. of the statutes is amended to read:

1 281.58 (9m) (e) 2. If a sufficient amount of subsidy financial assistance under
2 this section is not available ~~under s. 281.59 (3e) (b)~~ for the municipality's project
3 when the department approves the application under ~~subd. 1. par. (a)~~, the
4 department shall place the project on a list for allocation when additional subsidy
5 becomes financial assistance becomes available.

6 **SECTION 14.** 281.58 (9m) (f) (intro.) of the statutes is amended to read:

7 281.58 (9m) (f) (intro.) If the department of natural resources and the
8 department of administration determine that the amount ~~approved under s. 281.59~~
9 ~~(3e) (b), the amount available under s. 20.866 (2) (tc), or the amount available under~~
10 ~~s. 281.59 (4) (f)~~ available to provide financial assistance for projects under this
11 section for a biennium is insufficient to provide funding for all projects for which
12 applications will be approved during that biennium, all of the following apply:

13 **SECTION 15.** 281.58 (9m) (f) 1. of the statutes is amended to read:

14 281.58 (9m) (f) 1. The department shall establish a funding list for each fiscal
15 year of the biennium that ranks projects of municipalities that submit financial
16 assistance applications under sub. (9) (a) no later than the ~~June 30~~ preceding
17 September 30 of the fiscal year in the same order that they appear on the priority list
18 under sub. (8e).

19 **SECTION 16.** 281.58 (9m) (fe) of the statutes is created to read:

20 281.58 (9m) (fe) If the department has approved an application and has
21 allocated an amount to a project under this section, and if no financial assistance has
22 been distributed for that project on or before December 30 of the fiscal year
23 immediately following the biennium in which the application was submitted, the
24 department shall rescind the allocation of financial assistance for the municipality's
25 project. If the municipality seeks financial assistance for a project after the

1 allocation for that project is rescinded under this paragraph, the municipality shall
2 again comply with subs. (8m), (8s), and (9), and all other applicable provisions under
3 this section.

4 **SECTION 17.** 281.58 (9m) (fm) of the statutes is amended to read:

5 281.58 ^[no strike] **(9m)** (fm) ~~The~~ In addition to the deadline under par. (fe), the
6 department, in consultation with the department of administration, shall
7 promulgate, by rule, methods to establish deadlines for actions that must be taken
8 by a municipality to which ~~subsidy~~ financial assistance has been allocated. The
9 methods may provide for extending deadlines under specified circumstances. If a
10 municipality fails to meet a deadline, including any extension, the department of
11 administration shall ~~release~~ rescind ~~the amount allocation~~ of subsidy allocated to
12 financial assistance for the municipality's project.

13 **SECTION 18.** 281.58 (9m) (g) of the statutes is repealed.

14 **SECTION 19.** 281.58 (12) (a) 1. of the statutes is amended to read:

15 281.58 **(12)** (a) 1. Except as modified under par. (f) and except as restricted by
16 sub. (8) (b), (c), (f) or (h), the interest rate for projects specified in sub. (7) (b) 1. and
17 2. is ~~60 percent of market interest rate for projects for which the subsidy is allocated~~
18 ~~from the amount under s. 281.59 (3e) (b) for a biennium before the 2011-13 biennium~~
19 ~~and 75 percent of market interest rate for projects for which the subsidy is allocated~~
20 ~~from the amount under s. 281.59 (3e) (b) for the 2011-13 biennium or later.~~

21 **SECTION 20.** 281.58 (12) (a) 2. of the statutes is amended to read:

22 281.58 **(12)** (a) 2. Except as modified under par. (f) and except as restricted by
23 sub. (8) (b), (c), (f) or (h), the interest rate for projects specified in sub. (7) (b) 5. is ~~65~~
24 ~~percent of market interest rate for projects for which the subsidy is allocated from~~
25 ~~the amount under s. 281.59 (3e) (b) for a biennium before the 2011-13 biennium and~~

1 75 percent of market interest rate ~~for projects for which the subsidy is allocated from~~
2 ~~the amount under s. 281.59 (3e) (b) for the 2011–13 biennium or later.~~

3 **SECTION 21.** 281.58 (12) (a) 3. of the statutes is amended to read:

4 281.58 (12) (a) 3. Except as modified under par. (f) and except as restricted by
5 sub. (8) (b), (c), (f) or (h), the interest rate for projects specified in sub. (7) (b) 4. is 70
6 percent of market interest rate ~~for projects for which the subsidy is allocated from~~
7 ~~the amount under s. 281.59 (3e) (b) for a biennium before the 2011–13 biennium and~~
8 75 percent of market interest rate ~~for projects for which the subsidy is allocated from~~
9 ~~the amount under s. 281.59 (3e) (b) for the 2011–13 biennium or later.~~

10 **SECTION 22.** 281.58 (13m) (b) of the statutes is amended to read:

11 281.58 (13m) (b) Grants provided under this subsection are not included for
12 the purposes of determining under sub. (8) (i) the amount that a municipality may
13 receive for projects under the clean water fund program. ~~Grants awarded under this~~
14 ~~subsection are not considered for the purposes of sub. (9m) (e) or s. 281.59 (3e) (b).~~

15 **SECTION 23.** 281.58 (15) (a) of the statutes is amended to read:

16 281.58 (15) (a) The department and the department of administration may, at
17 the request of a municipality, issue a notice of financial assistance commitment to the
18 municipality after the department approves the municipality's application under
19 sub. (9m) (a) and the department of administration has allocated subsidy financial
20 assistance for the municipality's project.

21 **SECTION 24.** 281.59 (1) (b) of the statutes is amended to read:

22 281.59 (1) (b) "Market interest rate" means the effective interest rate on a
23 fixed-rate revenue obligation issued by the state to fund a loan made under this
24 section or, ~~for a variable rate~~ if the department of administration determines that
25 there has been a significant change in interest rates after the fixed-rate revenue

1 obligation has been issued or if a fixed-rate revenue obligation has not been issued
2 by the state to fund a loan made under this section, the effective interest rate that
3 the department of administration determines would have been paid if the variable
4 rate a fixed-rate revenue obligation had been sold at a fixed rate issued on the date
5 financial assistance is allotted.

6 **SECTION 25.** 281.59 (1) (d) of the statutes is repealed.

7 **SECTION 26.** 281.59 (3) (a) 2. of the statutes is amended to read:

8 281.59 (3) (a) 2. The total amount of that the department of administration
9 projects will be available to provide financial assistance planned to be provided or
10 committed for projects under subd. 1. during the next biennium.

11 **SECTION 27.** 281.59 (3) (a) 6. of the statutes is repealed.

12 **SECTION 28.** 281.59 (3) (a) 6e. of the statutes is repealed.

13 **SECTION 29.** 281.59 (3) (a) 6m. of the statutes is repealed.

14 **SECTION 30.** 281.59 (3) (a) 7. of the statutes is repealed.

15 **SECTION 31.** 281.59 (3) (j) of the statutes is amended to read:

16 281.59 (3) (j) No later than November 1 of each odd-numbered year, the
17 department of administration and the department jointly shall submit a report, to
18 the building commission and committees as required under par. (bm), ~~on the~~
19 ~~implementation of the amount established under sub. (3e) (b) as required under s.~~
20 ~~281.58 (9m) (e),~~ and on the operations and activities of the clean water fund program,
21 the safe drinking water loan program and the land recycling loan program for the
22 previous biennium.

23 **SECTION 32.** 281.59 (3e) (a) of the statutes is repealed.

24 **SECTION 33.** 281.59 (3e) (b) of the statutes is repealed.

25 **SECTION 34.** 281.59 (3e) (c) of the statutes is repealed.

1 **SECTION 35.** 281.59 (3e) (d) of the statutes is amended to read:

2 281.59 (3e) (d) The department may expend, for financial assistance in a
3 biennium other than financial hardship assistance under s. 281.58 (13) (e), an
4 amount up to 95 percent of the amount ~~approved by the legislature under par. (b)~~
5 available to provide financial assistance for projects under this section for that
6 biennium. The department may expend such amount only from the percentage of the
7 amount ~~approved under par. (b)~~ that is not available under par. (e) for financial
8 hardship assistance.

9 **SECTION 36.** 281.59 (3e) (e) of the statutes is amended to read:

10 281.59 (3e) (e) The department may expend, for financial hardship assistance
11 in a biennium under s. 281.58 (13) (e), an amount up to 5 percent of the amount
12 ~~approved by the legislature under par. (b)~~ available to provide financial assistance
13 for projects under this section for that biennium. The department may expend such
14 amount only from the percentage of the amount ~~approved by the legislature under~~
15 ~~par. (b)~~ that is not available under par. (d) for financial assistance.

16 **SECTION 37.** 281.59 (3e) (f) of the statutes is repealed.

17 **SECTION 38.** 281.59 (3m) of the statutes is repealed.

18 **SECTION 39.** 281.59 (3s) of the statutes is repealed.

19 **SECTION 40.** 281.59 (9) (am) of the statutes is amended to read:

20 281.59 (9) (am) The department of administration, in consultation with the
21 department, may establish those terms and conditions of a financial assistance
22 agreement that relate to its financial management, including what type of municipal
23 obligation, as set forth under sub. (13f), if applicable, is required for the repayment
24 of the financial assistance. Any terms and conditions established under this
25 paragraph by the department of administration shall comply with the requirements

1 of this section and s. 281.58, 281.60 or 281.61. In setting the terms and conditions,
2 the department of administration may consider factors that the department of
3 administration finds are relevant, including the type of obligation evidencing the
4 loan, the pledge of security for the obligation and the applicant's creditworthiness.

5 **SECTION 41.** 281.59 (11) (a) of the statutes is amended to read:

6 281.59 (11) (a) The department of natural resources and the department of
7 administration may enter into a financial assistance agreement with an applicant
8 for which the department of administration has allocated subsidy financial
9 assistance under s. 281.58 (9m), 281.60 (8) or 281.61 (8) if the applicant meets the
10 conditions under sub. (9) and the other requirements under this section and s.
11 281.58, 281.60 or 281.61.

12 **SECTION 42.** 281.60 (7) (d) of the statutes is repealed.

13 **SECTION 43.** 281.60 (8) (a) of the statutes is renumbered 281.60 (8).

14 **SECTION 44.** 281.60 (8) (b) of the statutes is repealed.

15 **SECTION 45.** 281.60 (8s) of the statutes is amended to read:

16 281.60 (8s) LIMITATION ON FINANCIAL ASSISTANCE. The amount of a payment
17 under sub. (2r) (d) may not exceed the amount of ~~subsidy~~ necessary to reduce the
18 interest rate on the loan from market rate to the interest rate that would have been
19 charged on a loan to the political subdivision under sub. (2r) (a).

20 **SECTION 46.** 281.60 (12) (b) 3. of the statutes is amended to read:

21 281.60 (12) (b) 3. If the sale proceeds are greater than the cost of the land plus
22 the cost of the cleanup, pay to the department of administration an amount equal to
23 the remaining loan balance plus the lesser of 75% of the amount by which the sale
24 proceeds exceed the cost of the land plus the cost of the cleanup or the amount of
25 subsidy incurred for the project difference between the amount of interest paid on

1 the loan and the amount of interest that would have been paid if the loan had been
2 made at the market rate, and retain the remainder of the sale proceeds.

3 **SECTION 47.** 281.61 (1) (a) of the statutes is renumbered 281.61 (1) (am).

4 **SECTION 48.** 281.61 (1) (ag) of the statutes is created to read:

5 281.61 (1) (ag) “Community water system” means a public water system that
6 serves at least 15 service connections used by year-round residents or that regularly
7 serves at least 25 year-round residents.

8 **SECTION 49.** 281.61 (1) (bm) of the statutes is created to read:

9 281.61 (1) (bm) “Noncommunity water system” means a public water system
10 that is not a community water system.

11 **SECTION 50.** 281.61 (2) of the statutes is amended to read:

12 281.61 (2) GENERAL. The department and the department of administration
13 shall administer a program to provide financial assistance to local governmental
14 units and to the private owners of community water systems and nonprofit
15 noncommunity water systems for projects for the planning, designing, construction
16 or modification of public water systems, if the projects will facilitate compliance with
17 national primary drinking water regulations under 42 USC 300g-1 or otherwise
18 significantly further the health protection objectives of the Safe Drinking Water Act,
19 42 USC 300f to 300j-26.

20 **SECTION 51.** 281.61 (2g) of the statutes is amended to read:

21 281.61 (2g) INELIGIBLE PROJECTS. A local governmental unit or the private
22 owner of a community water system or nonprofit noncommunity water system is not
23 eligible for financial assistance under this section if the local governmental unit or
24 the private owner of the community water system or nonprofit noncommunity water
25 system does not have the technical, managerial or financial capacity to ensure

1 compliance with the Safe Drinking Water Act, 42 USC 300f to 300j-26, or the public
2 water system operated by the local governmental unit or private owner of the
3 community water system or nonprofit noncommunity water system is in significant
4 noncompliance with any requirement of a primary drinking water regulation or
5 variance under 42 USC 300g-1 unless the financial assistance will ensure
6 compliance with the Safe Drinking Water Act.

7 **SECTION 52.** 281.61 (2r) (b) of the statutes is amended to read:

8 281.61 (2r) (b) Purchasing or refinancing the obligation of a local governmental
9 unit or private owner of a community water system or nonprofit noncommunity
10 water system if the obligation was incurred to finance the cost of a project described
11 in sub. (2) and the obligation was initially incurred after July 1, 1993.

12 **SECTION 53.** 281.61 (3) of the statutes is amended to read:

13 281.61 (3) NOTICE OF INTENT TO APPLY. (a) A local governmental unit or private
14 owner of a community water system or nonprofit noncommunity water system shall
15 submit notice of its intent to apply for financial assistance under the safe drinking
16 water loan program at least 6 months before the beginning of the fiscal year in which
17 it intends to receive the financial assistance. The notice shall be in a form prescribed
18 by the department and the department of administration.

19 (c) The department may waive par. (a) upon the written request of a local
20 governmental unit or private owner of a community water system or nonprofit
21 noncommunity water system.

22 **SECTION 54.** 281.61 (4) of the statutes is amended to read:

23 281.61 (4) ENGINEERING REPORT. A local governmental unit or private owner of
24 a community water system or nonprofit noncommunity water system seeking

1 financial assistance for a project under this section shall submit an engineering
2 report, as required by the department by rule.

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3 **SECTION 55.** 281.61 (5) of the statutes is renumbered 281.61 (5) (a) ^{and}

4 **SECTION 56.** 281.61 (5) of the statutes is amended to read:

5 281.61 (5) ^(a) APPLICATION After the department approves ~~a local governmental~~
6 unit's an engineering report submitted under sub. (4), the local governmental unit
7 or private owner of a community water system or nonprofit noncommunity water
8 system shall submit an application for safe drinking water financial assistance to the
9 department. The applicant shall submit the application on or before the June 30
10 preceding the beginning of the fiscal year in which the applicant wishes to receive
11 the financial assistance, except that if funds are available in a fiscal year after
12 funding has been allocated under sub. (8) for all approved applications submitted
13 before the June 30 preceding that fiscal year, the department of administration may
14 allocate funding for approved applications submitted after June 30. The application
15 shall be in the form and include the information required by the department and the
16 department of administration and shall include plans and specifications that are
17 approvable by the department under this section. An applicant may not submit more
18 than one application per project per year.

19 **SECTION 57.** 281.61 (5) (b) of the statutes is created to read:

20 281.61 (5) (b) The department of administration and the department jointly
21 may charge and collect service fees, established by rule, which shall cover the
22 estimated costs of reviewing and acting upon the application and servicing the
23 financial assistance agreement. No service fee established by rule under this
24 paragraph may be charged to or collected from an applicant for financial assistance

1 under s. 281.59 (13). The fees collected under this paragraph shall be credited to the
2 environmental improvement fund.

3 SECTION 58. 281.61 (6) of the statutes is amended to read:

4 281.61 (6) PRIORITY LIST. The department shall establish a priority list that
5 ranks each safe drinking water loan program project. The department shall
6 promulgate rules for determining project rankings that, to the extent possible, give
7 priority to projects that address the most serious risks to human health, that are
8 necessary to ensure compliance with the Safe Drinking Water Act, 42 USC 300f to
9 300j-26, and that assist ~~local governmental units~~ applicants that are most in need
10 on a per household basis, according to affordability criteria specified in the rules. For
11 the purpose of ranking projects under this subsection, the department shall treat a
12 project to upgrade a public water system to provide continuous disinfection of the
13 water that it distributes as if the public water system were a surface water system
14 that federal law requires to provide continuous disinfection.

15 SECTION 59. 281.61 (7) (c) of the statutes is amended to read:

16 281.61 (7) (c) The department of administration determines that the ~~local~~
17 ~~governmental unit~~ applicant will meet the requirements of s. 281.59 (9) (b).

18 SECTION 60. 281.61 (7) (d) of the statutes is repealed.

19 SECTION 61. 281.61 (8) (a) (intro.) of the statutes is renumbered 281.61 (8)

20 (intro.) and amended to read:

21 281.61 (8) ^(intro.) The department shall establish a funding list for each fiscal year
22 that ranks projects of ~~local governmental units~~ applicants that submit approvable
23 applications under sub. (5) in the same order that they appear on the priority list
24 under sub. (6). If sufficient funds are not available to fund all approved applications
25 for financial assistance, the department of administration shall allocate funding to

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1 projects that are approved under sub. (7) in the order that they appear on the funding
2 list, except as follows:

3 **SECTION 62.** 281.61 (8) (a) 1. of the statutes is renumbered 281.61 (8) (a).

4 **SECTION 63.** 281.61 (8) (a) 2. of the statutes is renumbered 281.61 (8) (b) and
5 amended to read:

6 281.61 (8) (b) In any biennium, no local governmental unit applicant may
7 receive more than 25% of the ~~funds that the department of administration projects~~
8 will be available amount of financial assistance planned to be provided or committed
9 for projects under this section for that biennium.

10 **SECTION 64.** 281.61 (8) (b) of the statutes is repealed.

11 **SECTION 65.** 281.61 (8m) (intro.) of the statutes is amended to read:

12 281.61 (8m) CONDITIONS OF FINANCIAL ASSISTANCE FOR LOCAL GOVERNMENTAL
13 UNITS. As a condition of receiving financial assistance under the safe drinking water
14 loan program, a local governmental unit shall do all of the following:

15 **SECTION 66.** 281.61 (8p) of the statutes is created to read:

16 281.61 (8p) CONDITIONS OF FINANCIAL ASSISTANCE FOR PRIVATE OWNERS. As a
17 condition of receiving financial assistance under the safe drinking water loan
18 program, a private owner of a community water system or nonprofit noncommunity
19 water system shall do all of the following:

20 (a) Demonstrate that there is adequate security for the repayment of the
21 financial assistance.

22 (b) Comply with those provisions of 42 USC 300f to 300j-26 and this chapter
23 and the regulations and rules promulgated under those provisions that the
24 department specifies.

25 **SECTION 67.** 281.61 (8s) of the statutes is amended to read:

1 281.61 (8s) LIMITATION ON FINANCIAL ASSISTANCE. The amount of a payment
2 under sub. (2r) (d) may not exceed the amount of ~~subsidy~~ necessary to reduce the
3 interest rate on the loan from market rate to the interest rate that would have been
4 charged on a loan to the local governmental unit under sub. (2r) (a).

5 **SECTION 68.** 281.61 (11) (a) 1. of the statutes is amended to read:

6 281.61 (11) (a) 1. For a ~~local governmental unit~~ an applicant that does not meet
7 financial eligibility criteria established by the department by rule, 55% of market
8 interest rate.

9 **SECTION 69.** 281.61 (11) (a) 2. of the statutes is amended to read:

10 281.61 (11) (a) 2. For a ~~local governmental unit~~ an applicant that meets
11 financial eligibility criteria established by the department by rule, 33% of market
12 interest rate.

13 **SECTION 70.** 281.61 (12) (g) of the statutes is amended to read:

14 281.61 (12) (g) Have the lead state role with local governmental units and
15 private owners of community water systems or nonprofit noncommunity water
16 systems in providing safe drinking water loan program information, and cooperate
17 with the department of administration in providing that information ~~to local~~
18 ~~governmental units.~~

19 **SECTION 71.** 281.625 (1) (b) of the statutes is amended to read:

20 281.625 (1) (b) “Local governmental unit” has the meaning given in s. 281.61
21 (1) ~~(a)~~ (am), except that the term does not include a joint local water authority created
22 under s. 66.0823.

23

(END)

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

LRB-1186/P3dn
MCP:cjs&kjf:jm

Date

✓ ✓ ✓
This draft reconciles LRB-1186, LRB-1192 and LRB-1215. All of these drafts should continue to appear in the compiled bill.

mcp