January 19, 2018 - Introduced by Senators COWLES, MARKLEIN and PETROWSKI, cosponsored by Representatives TUSLER, KITCHENS and MURSAU. Referred to Committee on Natural Resources and Energy.

AN ACT to amend 20.370 (9) (bm), 23.0917 (4) (c) 3. and 281.36 (13m); and to create 20.370 (9) (bn), 23.099 and 281.37 of the statutes; relating to: grant programs for wetland mitigation and property development projects on Department of Natural Resources lands and making an appropriation.

Analysis by the Legislative Reference Bureau

This bill creates a wetland mitigation grant program under which the Department of Natural Resources awards grants to nonprofit organizations to conduct wetland creation, restoration, or enhancement projects on certain DNR lands. The bill also creates a related grant program under which DNR may award grants to nonprofit organizations that receive wetland mitigation grants in order to increase public access to the affected wetland or to improve habitat in, on, or near, that wetland.

**Wetland mitigation grant program.** Under current law, DNR must issue wetland general permits for discharges of dredged or fill material into certain wetlands and may require a person to apply for and obtain a wetland individual permit if DNR determines that conditions specific to the site require additional restrictions on the discharge in order to provide reasonable assurance that no significant adverse impacts to wetland functional values will occur. Under current law, before DNR may issue a wetland individual permit, it must require the restoration, enhancement, creation, or preservation of other wetlands to compensate for adverse impacts to a wetland resulting from the discharge, also known as mitigation.
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Under the authority of current law, and in consultation with the U.S. Army Corps of Engineers (ACE), DNR has created the in lieu fee subprogram as one method by which wetland mitigation may be accomplished. Under this subprogram, payments are made to DNR or another entity for the purposes of improving or preserving wetlands or other water resource features.

This bill requires DNR to establish a wetland mitigation grant program (“mitigation program”) using up to $2,500,000 each fiscal year from moneys received under the in lieu fee program and from surcharge fees charged for each application to proceed under a wetland general permit. Under the mitigation program, nonprofit organizations may apply to DNR on a rolling basis for grants to conduct projects to create, restore, or enhance wetlands on certain DNR lands.

The bill requires DNR to identify land under its jurisdiction that is appropriate to include in the mitigation program, but limits eligible land to that acquired by the state in whole or in part with funding from the Warren Knowles–Gaylord Nelson stewardship program or the Warren Knowles–Gaylord Nelson stewardship 2000 program (DNR stewardship land). The bill requires DNR to include in the mitigation program no less than 25 percent of all DNR stewardship land and, with some exceptions, to include land in every watershed located on DNR stewardship land.

The bill requires DNR to issue a request for proposals within three months after identifying appropriate lands or at the beginning of the next fiscal year, whichever is earlier, and no later than July 1 of each subsequent year. Under the bill, DNR must select and announce grant recipients at the end of each quarter, as funds are available.

The bill imposes requirements for what a wetland mitigation grant application must include, such as specifications of the wetland functional values that the project area does not provide or only sparsely provides and those that the proposed project would restore, enhance, or create. If an application is approved, the bill requires DNR and the grantee to identify all DNR permits that are required in order for the grantee to conduct the project, requires DNR to waive all permit fees for those permits, and limits the timelines for approval of those permits.

Generally, under current law, when a person notifies DNR of an intent to conduct an activity under a general permit, if DNR does not request any additional information about the activity that is subject to the notification and does not inform the applicant that an individual permit will be required by a certain deadline, the activity is considered to be authorized by the general permit. With respect to a general permit required to conduct a project under the mitigation program, this bill requires DNR to inform an applicant that the activity is authorized by the general permit, instead of relying on passive review.

The bill also authorizes DNR to submit a request to ACE that ACE move up all deadlines relating to its review and approval of wetland mitigation project proposals under the in lieu fee subprogram.

The bill requires DNR to pay out a wetland mitigation grant in three phases, withholding the final payment until the grantee certifies that the project is complete. If the grantee fails to certify that the project is complete by the date indicated for completion in its application, the bill requires DNR to use the remaining unpaid
grant amount to either complete the project or contract with or issue a grant to another nonprofit organization to complete the project, unless DNR agrees to modify the deadline because of unusual or unforeseen circumstances. Under the bill, an organization that fails to certify completion of a project by the date indicated in its application for completion, or another date agreed to by DNR, is not eligible for a new grant for two grant cycles.

The bill requires DNR to report to the legislature on the effectiveness of the mitigation program’s first five years and any recommended changes.

Property development grants. The bill also requires DNR to establish a separate grant program under which it makes grants to nonprofit organizations for certain property development activities relating to wetlands affected by a project under a wetland mitigation grant. Property development activities that may be funded under this grant program include those that increase public access to, awareness about, or recreational use of the affected wetland, or that improve habitat in, on, or near, the affected wetland. Under the bill, the property development grant program is funded from the property development and local assistance subprogram of the Warren Knowles–Gaylord Nelson stewardship 2000 program.

Though it is separate from the wetland mitigation grant program, the bill requires an application for a property development grant to be submitted at the same time as an application for a wetland mitigation grant, requires DNR to make a determination on both grants at the same time, and prohibits DNR from awarding a property development grant unless it also awards a wetland mitigation grant. The bill also restricts a property development grant to no more than 10 percent of the amount of the wetland mitigation grant and provides that a property development grant may not be paid until the grantee certifies that the project funded by the wetland mitigation grant is complete.

For further information see the state fiscal estimate, which will be printed as an appendix to this bill.

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

SECTION 1. 20.370 (9) (bm) of the statutes, as affected by 2017 Wisconsin Act 59, is amended to read:

20.370 (9) (bm) Wetland restoration — fees; payments. From the general fund, all moneys received as surcharge fees under s. 281.36 (11), all moneys received as transfers to the in lieu fee subprogram as provided in s. 281.36 (3s) (h), and all moneys received under the in lieu fee subprogram under s. 281.36 (3r) (e) for the
restoration or creation of wetlands, to transfer $2,500,000 each fiscal year to the
appropriation account under par. (bn), and for any other activities authorized under
the in lieu fee subprogram. If the transfer of money under this paragraph to the
appropriation account under par. (bn) would cause the unencumbered balance in
that appropriation account to exceed $5,000,000 the transfer shall be limited to an
amount that causes the unencumbered balance in the appropriation account under
par. (bn) to be equal to $5,000,000.

SECTION 2. 20.370 (9) (bn) of the statutes is created to read:

20.370 (9) (bn) Wetland mitigation grants. All moneys transferred from the
appropriation account under par. (bm) for the wetland mitigation grant program
under s. 281.37.

SECTION 3. 23.0917 (4) (c) 3. of the statutes is amended to read:

23.0917 (4) (c) 3. Grants under ss. 23.098 and 23.099.

SECTION 4. 23.099 of the statutes is created to read:

23.099 Grants for property development relating to wetland mitigation. (1) In this section:

(a) “Department stewardship land” has the meaning given under s. 281.37 (1)

(b) “Nonprofit organization” means an organization that is described in section
501 (c) (3) of the Internal Revenue Code and that is exempt from federal income tax
under section 501 (a) of the Internal Revenue Code.

(2) The department shall establish a program to make grants from the
appropriation under s. 20.866 (2) (ta) to nonprofit organizations for property
development activities relating to wetlands created, restored, or enhanced under a
wetland mitigation grant under s. 281.37 on department stewardship land. Property
development activities for which a grant under this section may be awarded include those that increase public access to, awareness about, or recreational use of the new, restored, or enhanced wetland, or that improve habitat in, on, or near, the new, restored, or enhanced wetland.

(3) A nonprofit organization that applies for a grant under this section shall submit the application at the same time that it submits an application for a grant under s. 281.37. The department shall make its determination with respect to both grants at the same time, and may only award a grant under this section if it also awards a grant under s. 281.37.

(4) A grant awarded under this section may not exceed 10 percent of the amount of the related grant awarded under s. 281.37. The department may not issue the grant funding under this section to the grantee until the grantee has certified that the project funded by the grant under s. 281.37 is complete.

SECTION 5. 281.36 (13m) of the statutes is amended to read:

281.36 (13m) REPORT TO LEGISLATURE. No later than January 31, 2003, and no later than January 31 of each subsequent odd-numbered year, the department shall submit to the legislature under s. 13.172 (2) a report that provides an analysis of the impact of the implementation of mitigation on wetland resources and on the issuance of permits or other approvals under ss. 59.692, 61.351, 61.353, 62.231, 62.233, 87.30, 281.11 to 281.47 or 281.49 to 281.85 or ch. 30, 31, 283, 289, 291, 292, 293, 295, or 299. The department shall include in its report a discussion of proposals and projects under the wetland mitigation grant program under s. 281.37 and the property development grant program under s. 23.099.

SECTION 6. 281.37 of the statutes is created to read:

281.37 Wetland mitigation grant program. (1) In this subsection:
(a) “Department stewardship land” means an area of land that is acquired by
the state in whole or in part with funding from the stewardship program and that
is under the jurisdiction of the department and used for one of the purposes specified
in s. 23.09 (2) (d).

(b) “Mitigation program” means the wetland mitigation grant program
established under sub. (2).

(c) “Nonprofit organization” means an organization that is described in section
501 (c) (3) of the Internal Revenue Code and that is exempt from federal income tax
under section 501 (a) of the Internal Revenue Code.

(d) “Stewardship program” means the stewardship program under s. 23.0915
or 23.0917.

(2) The department shall establish a wetland mitigation grant program under
which it awards grants to nonprofit organizations to conduct projects to create,
restore, or enhance wetlands under the in lieu fee subprogram in s. 281.36 (3r) (e)
on department stewardship land as provided in this subsection.

(3) No later than 6 months after the effective date of this subsection .... [LRB
inserts date], the department shall identify department stewardship land that is
appropriate to include in the mitigation program. The department shall identify no
less than 25 percent of department stewardship land for this purpose. The land
identified shall include land in every watershed located on department stewardship
land, except that if land in one watershed is not appropriate to include in the
program, it is sufficient to include land in an adjacent watershed.

(4) (a) No later than 3 months after completion of the land identification stage
under sub. (3) or at the beginning of the following fiscal year, whichever is earlier,
and no later than July 1 of each subsequent year, the department shall issue a
request for proposals from nonprofit organizations for grants to conduct wetland
mitigation projects on department stewardship land identified under sub. (3). The
issuance of each new request for proposal begins a new grant cycle.

(b) The department shall require applications for grants under this section to
include all of the following:

1. The scope of the proposed project.

2. A project timeline.

3. If possible, a specification of the functional values or uses listed in s. NR
103.03 (1), Wis. Adm. Code, that the project area does not provide or only sparsely
provides.

4. A specification of the functional values or uses listed in s. NR 103.03 (1), Wis.
Adm. Code, that the proposed project would create, restore, or enhance.

(c) The department shall accept grant applications on a rolling basis over the
course of a fiscal year. The department shall select and announce grant recipients
at the end of each quarter as funds are available.

(5) (a) If an application under sub. (4) is approved, the grantee and the
department, in consultation, shall identify all department permits required for the
grantee to conduct the project. The department shall waive all permit fees for the
grantee in relation to department permits required to conduct the project.

(b) notwithstanding timelines and procedures otherwise established for
general permits, within 30 days of receiving the grantee's notice of intent to proceed
under a general permit that is required to conduct the project, if the department does
not require any additional information about the activity that is subject to the
notification, the department shall inform the applicant either that an individual
permit will be required or that the activity is authorized by the general permit. If
authorized, the applicant may proceed without further notice, hearing, permit, or
approval if the activity is carried out in compliance with all of the conditions of the
general permit.

(c) Notwithstanding timelines otherwise established for individual permits,
within 60 days of receiving the grantee’s application for an individual permit that is
required to conduct the project, department shall render a decision issuing, denying,
or modifying the permit, and the department shall adjust all other deadlines relating
to the review of the application accordingly.

(7) (a) The department shall pay out a grant under the mitigation program in
3 phases, withholding the final payment until the grantee certifies that the project
is complete.

(b) If the grantee fails to certify that the project is complete by the date
indicated for completion in its application, the department shall use the remaining
unpaid grant amount to either complete the project or contract with or issue a grant
to another nonprofit organization to complete the project. An organization that fails
to certify completion of a project by the date indicated in its application for
completion is not eligible for a new grant under the mitigation program for 2 grant
cycles.

(c) The department may agree to a modified deadline for the project if unusual
or unforeseen circumstances cause a delay. If the department agrees to a modified
deadline, the consequences under par. (b) apply only if the grantee fails to certify that
a project is complete by the date indicated in that agreement.

(8) Before 6 months have elapsed after the 5th anniversary of the department’s
first issuance of a request for proposals under sub. (4), the department shall submit
to the legislature under s. 13.172 (2) a report analyzing the effectiveness of the first
5 years of the mitigation program and making recommendations for changes to the program.


(1) The department of natural resources may submit a request to the U.S. army corps of engineers that the U.S. army corps of engineers move up all deadlines relating to its review and approval of wetland mitigation project proposals under the in lieu fee subprogram under section 281.36 (3r) of the statutes so that the time it takes for the U.S. army corps of engineers to approve such a proposal is shortened.