

2019 DRAFTING REQUEST**Bill**

For: **Administration-Budget 266-2081** Drafter: **mpfotenh**
 By: **Potts** Secondary Drafters:
 Date: **12/20/2018** May Contact:

Same as LRB:

Submit via email: **YES**
 Requester's email:
 Carbon copy (CC) to: **doasbostatlanguage@wisconsin.gov**
mary.pfotenhauer@legis.wisconsin.gov
zachary.wyatt@legis.wisconsin.gov

Pre Topic:

DOA:.....Potts, BB0154 -

Topic:

Safe Drinking Water Loan Program Revenue Bonding

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	mpfotenh 1/2/2019	aernstr 1/3/2019			
/P1	mpfotenh 2/16/2019	dwalker 2/18/2019	dwalker 1/3/2019		State S&L
/P2	mpfotenh 2/19/2019	kfollett 2/19/2019	dwalker 2/18/2019		State S&L
/P3	mpfotenh 2/21/2019	ccarmich 2/21/2019	mbarman 2/19/2019		State S&L

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/P4			lparisi 2/21/2019		State S&L

FE Sent For:

<END>

Pfotenhauer, Mary

From: Hanaman, Cathlene
Sent: Thursday, December 20, 2018 8:42 AM
To: Wyatt, Zachary; Pfotenhauer, Mary
Cc: Champagne, Rick
Subject: FW: Statutory Language Drafting Request - 2019-21

Follow Up Flag: Follow up
Flag Status: Flagged

From: Potts, Andrew - DOA <Andrew.Potts@wisconsin.gov>
Sent: Wednesday, December 19, 2018 4:55 PM
To: Hanaman, Cathlene <Cathlene.Hanaman@legis.wisconsin.gov>
Cc: Potts, Andrew - DOA <Andrew.Potts@wisconsin.gov>; Potts, Andrew - DOA <Andrew.Potts@wisconsin.gov>
Subject: Statutory Language Drafting Request - 2019-21

Biennial Budget: 2019-21

Topic: Safe Drinking Water Loan Program Revenue Bonding

Tracking Code: BB0154

SBO Team: AEJ

SBO Analyst: Potts, Andrew
Phone: 608-266-2081
E-mail: andrew.potts@wisconsin.gov

Agency Acronym: 320

Agency Number: 320

Priority: Medium

Intent:

Provide authority to issue revenue bonds for the Safe Drinking Water Loan Program, modeled after the revenue bond authority for the Clean Water Fund Program.

Attachments: False

Please send completed drafts to SBOSatlanguage@spmail.enterprise.wistate.us



State of Wisconsin
2019 - 2020 LEGISLATURE

P1
LRB-1138/2
MCP...
ahe

In 1/2

DOA:.....Potts, BB0154 - Safe Drinking Water Loan Program Revenue Bonding

FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION

san

nogen

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

Analysis by the Legislative Reference Bureau

ENVIRONMENT

WATER QUALITY

This bill authorizes the issuance of revenue bonds for the Safe Drinking Water Loan Program under the environmental improvement fund, similar to the authority for revenue bonding under the Clean Water Fund Program.

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:

2 SECTION 1. 18.06 (9) of the statutes is amended to read:

3 18.06 (9) CLEAN WATER FUND PROGRAM AND SAFE DRINKING WATER LOAN PROGRAM

4 BONDS. Notwithstanding sub. (4), the sale of bonds under this subchapter to provide

5 revenue for the clean water fund program or the safe drinking water loan program

1 may be a private sale to the environmental improvement fund under s. 25.43, if the
 2 bonds sold are held or owned by the environmental improvement fund, or a public
 3 sale, as provided in the authorizing resolution.

History: 1977 c. 317; 1979 c. 107; 1981 c. 336; 1983 a. 368; 1985 a. 6; 1987 a. 27; 1989 a. 31, 46, 68, 366; 1991 a. 39, 221; 1993 a. 16; 1995 a. 27; 1997 a. 27; 2005 a. 22; 2007 a. 20; 2009 a. 180.

4 ✕ **SECTION 2.** 20.320 (2) (q) of the statutes is created to read:

5 20.320 (2) (q) *Safe drinking water loan program revenue obligation funding.*

6 As a continuing appropriation, all proceeds from revenue obligations issued for the
 7 safe drinking water loan program under subch. II or IV of ch. 18, as authorized under
 8 s. 281.59 (4) and deposited in the fund in the state treasury created under s. 18.57
 9 (1), providing for reserves and for expenses of issuance and management of the
 10 revenue obligations, and to make payments under an agreement or ancillary
 11 arrangement entered into under s. 18.55 (6) with respect to revenue obligations
 12 issued under s. 281.59 (4), and the remainder to be transferred to the environmental
 13 improvement fund for the purposes of the safe drinking water loan program under
 14 s. 281.61. Estimated disbursements under this paragraph shall not be included in
 15 the schedule under s. 20.005.

✕ ******NOTE:** The existing appropriations for the safe drinking water loan program often allow expenditures both for the safe drinking water loan program under s. 281.61 and for "other drinking water quality activities under s. 281.62." Do you want to include s. 281.62 in ~~ss.~~ 20.320 (2) (q), (r), or (u), as created in this draft?

16 ✕ **SECTION 3.** 20.320 (2) (r) of the statutes is created to read:

17 20.320 (2) (r) *Safe drinking water loan program repayment of revenue*
 18 *obligations.* From the environmental improvement fund, a sum sufficient to repay
 19 the fund in the state treasury created under s. 18.57 (1) the amount needed to retire
 20 revenue obligations issued for the safe drinking water loan program under subch. II
 21 or IV of ch. 18, as authorized under s. 281.59 (4), and to make payments under an

1 agreement or ancillary arrangement entered into under s. 18.55 (6) with respect to
2 revenue obligations issued under s. 281.59 (4).

bud
note

3 SECTION 4. 20.320 (2) (u) of the statutes is created to read:

4 20.320 (2) (u) *Principal repayment and interest — safe drinking water loan*
5 *program revenue obligation repayment.* From the fund in the state treasury created
6 under s. 18.57 (1), all moneys received by the fund and not transferred under s.
7 281.59 (4) (c) to the environmental improvement fund, for the purpose of the
8 retirement of revenue obligations, providing for reserves and for operations relating
9 to the management and retirement of revenue obligations issued for the safe
10 drinking water loan program under subch. II or IV of ch. 18, as authorized under s.
11 281.59 (4), and to make payments under an agreement or ancillary arrangement
12 entered into under s. 18.55 (6) with respect to revenue obligations issued under s.
13 281.59 (4). All moneys received are irrevocably appropriated in accordance with
14 subch. II of ch. 18 and further established in resolutions authorizing the issuance of
15 the revenue obligations and setting forth the distribution of funds to be received
16 thereafter.

bud
note

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

18 25.43 (3) Except for the purpose of investment as provided in s. 25.17 (2) (d),
19 the environmental improvement fund may be used only for the purposes authorized
20 under ss. 20.320 (1) (r), (s), (sm), (t), and (x) and (2) (r), (s) and (x), 20.370 (4) (mt),
21 (mx) and (nz), (8) (mr) and (9) (mt), (mx) and (ny), 20.505 (1) (v), (x) and (y), 281.58,
22 281.59, 281.60, 281.61, 281.62, and 283.31.

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; 2015 a. 55; 2017 a. 59.

23 SECTION 6. 281.59 (4) (a) of the statutes is amended to read:

1 281.59 (4) (a) The clean water fund program and the safe drinking water loan
2 program are revenue-producing enterprises or programs, as defined in s. 18.52 (6).

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; 2015 a. 55; 2017 a. 59.

Cross-reference: See also ch. NR 166, Wis. adm. code.

3 ~~X~~ SECTION 7. 281.59 (4) (am) of the statutes is amended to read:

4 281.59 (4) (am) Deposits, appropriations or transfers to the environmental
5 improvement fund for the purposes of the clean water fund program or the safe
6 drinking water loan program may be funded with the proceeds of revenue obligations
7 issued subject to and in accordance with subch. II of ch. 18 or in accordance with
8 subch. IV of ch. 18 if designated a higher education bond.

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; 2015 a. 55; 2017 a. 59.

Cross-reference: See also ch. NR 166, Wis. adm. code.

9 ~~X~~ SECTION 8. 281.59 (4) (c) of the statutes is amended to read:

10 281.59 (4) (c) The building commission may pledge any portion of revenues
11 received or to be received in the fund established in par. (b) or the environmental
12 improvement fund to secure revenue obligations issued under this subsection. The
13 pledge shall provide for the transfer to the environmental improvement fund of all
14 pledged revenues, including any interest earned on the revenues, which are in excess
15 of the amounts required to be paid under s. 20.320 (1) (c) and (u) and (2) (c) and (u)
16 for the purposes of the clean water fund program ^{plan} and the safe drinking water loan
17 program. The pledge shall provide that the transfers be made at least twice yearly,
18 that the transferred amounts be deposited in the environmental improvement fund
19 and that the transferred amounts are free of any prior pledge.

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; 2015 a. 55; 2017 a. 59.

Cross-reference: See also ch. NR 166, Wis. adm. code.

20 ~~X~~ SECTION 9. 281.59 (4) (f) of the statutes is amended to read:

1 281.59 (4) (f) Revenue obligations may be contracted by the building
2 commission when it reasonably appears to the building commission that all
3 obligations incurred under this subsection, and all payments under an agreement or
4 ancillary arrangement entered into under s. 18.55 (6) with respect to revenue
5 obligations issued under this subsection, can be fully paid on a timely basis from
6 moneys received or anticipated to be received. Revenue obligations issued under this
7 subsection for the clean water fund program shall not exceed \$2,526,700,000 in
8 principal amount, excluding obligations issued to refund outstanding revenue
9 obligation notes. Revenue obligations issued under this subsection for the safe
10 drinking water loan program shall not exceed \$X in principal amount, excluding
11 obligations issued to refund outstanding revenue obligation notes.

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; 2015 a. 55; 2017 a. 59.

Cross-reference: See also ch. NR 166, Wis. adm. code.

****NOTE: Do you want to set a principal amount limit on the safe drinking water
loan program revenue obligations, similar to the limit on the clean water fund program
revenue obligations?

12

(END)

Pfotenhauer, Mary

From: Potts, Andrew - DOA
Sent: Friday, February 15, 2019 2:45 PM
To: Pfotenhauer, Mary
Subject: LRB1138/P1

Hi, Mary,

I have some responses to LRB-1138/P1 related to revenue bonding for the Safe Drinking Water Loan Program:

- ✓ Note under Section 2: Yes.
- ✓ Note under Section 9: The preferred language is, "Revenue obligations issued under this subsection for the clean water fund program and for the safe drinking water loan program shall not exceed \$2,540,200,000 in principal amount, excluding obligations issued to refund outstanding revenue obligation notes."

I also received comments and questions from Capital Finance:

1. Existing 20.320(1)(q), (r), and (u), and new 20.320(2)(q), (r), and (u), each refer to revenue obligations issued under 281.59(4) for the particular purpose (clean water fund or safe drinking water fund). However, each also has a later reference to revenue obligations issued under 281.59(4), without a similar limitation. The word "such" could be added to each of the later references (or the reference to the program could be repeated in the later references) to clarify.
2. Section 20.320 is amended to add analogs to existing 20.320(1)(q), (r), and (u), but not (t). This may be because of differences in the funding and mechanics of the two programs, but I wanted to note the difference. *Outside scope but could do*
3. Similarly, the appropriations in 20.370(2)(mx) and (nz), which appear to be analogous, are stated differently, in that the former is a continuing appropriation of amounts in a schedule, while the latter isn't. Again, this may be because of differences in the programs, and in any event doesn't appear to affect the bonding funds flows. *want to change?*
4. Section 25.43(1)(e) includes reference to loans acquired under 281.59(12), which appears to refer only to clean water fund program loans. A similar reference could be added for safe drinking water program loans acquired under 281.61(2r)(b). Similarly, Section 25.43(1)(g) refers to proceeds of the sale of loans under 281.59(2m), which in turn refers to loans made or acquired under Section 281.59. As it relates to loans acquired (and maybe to loans made), this would only cover clean water fund loans. However, there is no analog to 281.59(12) in Section 261. A clarification could be made in 281.61(2r)(b) and authority added to 281.61.
5. Section 281.59(4)(f) of the existing statutes refers to refunding of revenue obligation notes, and the proposed amended of that section adds another such reference. We have read this to include any evidences of revenue obligation, but as long as the statute is being amended, this could be cleaned up. Similarly, it could be revised to refer to funding or refunding. Both of these changes would make this section consistent with Section 18.53(1)(a), which refers to funding or refunding any revenue obligations.
6. Do we want to add safe drinking water loans to the moral obligation authority under 281.59(13m)?
7. A possible additional amendment that would affect all revenue obligations, and thus might be somewhat beyond the scope of this project, would be to revise the restrictions on refunding of revenue obligations in Section 18.60(3) which require that: (1) a separate escrow be created for each issue of obligations being refinanced, and (2) that the escrow be invested only in treasuries or agencies. Because the revenue obligations are issued under resolutions (or indentures) that dictate the terms under which refunded bonds are no longer deemed outstanding, the statute does not need to be restrictive in these areas. In the authorizing resolution for the 2017-A EIF Revenue Bonds, we interpreted the former provision to consider all of the Clean Water Revenue Bonds as a single "issue", but it would have been cleaner (and it would be cleaner in connection with any possible future refunding of EIF bonds) if the restriction were not there. Similarly, the refunding escrow for the CWRB's was more limited than the old general resolution would have allowed, and the "Defeasance Securities" under the EIF Program Resolution are broader than what the statute currently allows. Thus, the statute imposes a requirement that the market/rating agencies did not require, in a way that may affect the efficiency of future defeasance escrows.

Thanks,

Andy



Andrew R. Potts

Executive Budget and Policy Manager

Department of Administration

Division of Executive Budget and Finance

Andrew.Potts@wisconsin.gov

(608) 266-2081

Pfotenhauer, Mary

From: Potts, Andrew - DOA
Sent: Saturday, February 16, 2019 2:29 PM
To: Pfotenhauer, Mary
Subject: RE: LRB1138/P1

Follow Up Flag: Follow up
Flag Status: Flagged

Hi, Mary,

I added responses below in green.

Thanks,

Andy

From: Pfotenhauer, Mary - LEGIS <mary.pfotenhauer@legis.wisconsin.gov>
Sent: Saturday, February 16, 2019 10:36 AM
To: Potts, Andrew - DOA <Andrew.Potts@wisconsin.gov>
Subject: RE: LRB1138/P1

Hi Andy:

Responses to everything in the email below. If you need more information about what approach to take, you (or I) could try to contact Paul Ferguson at Fiscal Bureau for more information.

I'm in the office until around noon today and will be in again tomorrow afternoon.

Sincerely,

Mary Pfotenhauer
Legislative Attorney
Wisconsin Legislative Reference Bureau
P.O. Box 2037
Madison, WI 53701-2037
(608) 504-5854
mary.pfotenhauer@legis.wisconsin.gov

From: Potts, Andrew - DOA <Andrew.Potts@wisconsin.gov>
Sent: Friday, February 15, 2019 2:45 PM
To: Pfotenhauer, Mary <Mary.Pfotenhauer@legis.wisconsin.gov>
Subject: LRB1138/P1

Hi, Mary,

I have some responses to LRB-1138/P1 related to revenue bonding for the Safe Drinking Water Loan Program:

- Note under Section 2: Yes. Will add. Thanks!
- Note under Section 9: The preferred language is, "Revenue obligations issued under this subsection for the clean water fund program and for the safe drinking water loan program shall not exceed \$2,540,200,000 in principal amount, excluding obligations issued to refund outstanding revenue obligation notes." Will add. Keep the combined language, but keep the bonding at \$2,526,700,000. Also, please add

\$3,550,000 to the bonding authority under s. 20.866(2)(td). There's some concern about the timing of launching the revenue bonding in FY20 and Cap Finance is more comfortable with having an additional year's worth of GPR-supported bonding, just in case.

I also received comments and questions from Capital Finance:

1. Existing 20.320(1)(q), (r), and (u), and new 20.320(2)(q), (r), and (u), each refer to revenue obligations issued under 281.59(4) for the particular purpose (clean water fund or safe drinking water fund). However, each also has a later reference to revenue obligations issued under 281.59(4), without a similar limitation. The word "such" could be added to each of the later references (or the reference to the program could be repeated in the later references) to clarify. Will add. Thanks!

I don't believe that we have sufficient time to work through the remainder of bond counsels items listed below. As you point out, these are largely unrelated to the underlying request.

2. Section 20.320 is amended to add analogs to existing 20.320(1)(q), (r), and (u), but not (t). This may be because of differences in the funding and mechanics of the two programs, but I wanted to note the difference. The original request was to "provide authority to issue revenue bonds for the safe drinking water loan program." An analog to s. 20.320 (1) (t) isn't necessary to accomplish this, but if you'd like to add it that's certainly fine. Section 20.320 (1) (t) creates an "amounts in the schedule" appropriation from the EIF to fund the clean water fund program (in addition to the sum sufficient GPR appropriation for the clean water fund program under s. 20.320 (1) (c)). Would you like to include an "amounts in the schedule" appropriation from the EIF for the safe drinking water loan program (in addition to the sum sufficient GPR appropriation for the safe drinking water loan program under s. 20.320 (2) (c))?

3. Similarly, the appropriations in 20.370(2)(4)(mx) and (nz), which appear to be analogous, are stated differently, in that the former is a continuing appropriation of amounts in a schedule, while the latter isn't. Again, this may be because of differences in the programs, and in any event doesn't appear to affect the bonding funds flows. Again, this is outside the scope of the request to provide revenue bonding authority, and it's up to you whether you'd like to change it. Do you want the appropriation under s. 20.370 (4) (nz) to be an "amounts in the schedule" appropriation rather than "all moneys received"?

4. Section 25.43(1)(e) includes reference to loans acquired under 281.59(12), which appears to refer only to clean water fund program loans. A similar reference could be added for safe drinking water program loans acquired under 281.61(2r)(b). Similarly, Section 25.43(1)(g) refers to proceeds of the sale of loans under 281.59(2m), which in turn refers to loans made or acquired under Section 281.59. Section 281.59 (2m) does not refer to loans made or acquired under s. 281.59 (or to loans under the clean water fund program, s. 281.58), so I'm not sure what they're referring to here. As it relates to loans acquired (and maybe to loans made), this would only cover clean water fund loans. However, there is no analog to 281.59(12) in Section 261. A clarification could be made in 281.61(2r)(b) and authority added to 281.61. Currently, under both the clean water fund program (s. 281.58 (6) (b)) and the safe drinking water loan program (s. 281.61 (2r)), financial assistance provided under the programs can take the form of (among other things): low interest loans; purchasing or refinancing obligations (of municipalities under the clean water fund program, and of local gov't units or private owners under the safe drinking water loan program); and guaranteeing or purchasing insurance for obligations (of municipalities under the clean water fund program, and of anyone under the safe drinking water loan program). Current law (s. 281.59 (12)) allows DOA to purchase or refinance municipal obligations and to guarantee or purchase insurance for municipal obligations under the clean water fund program. Do you want to specify that DOA may also purchase or refinance obligations and guarantee or purchase insurance for obligations of local governmental units and private owners under the safe drinking water loan program? If so, do you want to deposit into the environmental improvement fund all repayments of principal and payments of interest on obligations acquired by DOA under the safe drinking water loan program?

5. Section 281.59(4)(f) of the existing statutes refers to refunding of revenue obligation notes, and the proposed amended of that section adds another such reference. We have read this to include any evidences of revenue obligation, but as long as the statute is being amended, this could be cleaned up. Similarly, it could be revised to refer to funding or refunding. Both of these changes would make this section consistent with Section 18.53(1)(a), which refers to funding or refunding any revenue obligations. I'm not sure I follow what the proposed clean up would be. Should the end of s. 281.59 (4) (f) read "excluding obligations issued to fund or refund outstanding revenue obligations"?

6. Do we want to add safe drinking water loans to the moral obligation authority under 281.59(13m)? Do you want to add this?

7. A possible additional amendment that would affect all revenue obligations, and thus might be somewhat beyond the scope of this project, would be to revise the restrictions on refunding of revenue obligations in Section 18.60(3) which require that: (1) a separate escrow be created for each issue of obligations being refinanced, and (2) that the escrow be invested only in treasuries or agencies. Because the revenue obligations are issued under resolutions (or indentures) that dictate the terms under which refunded bonds are no longer deemed outstanding, the statute does not need to be restrictive in these areas. In the authorizing resolution for the 2017-A EIF Revenue Bonds, we interpreted the former provision to consider all of the Clean Water Revenue Bonds as a single "issue", but it would have been cleaner (and it would be cleaner in connection with any possible future refunding of EIF bonds) if the restriction were not there. Similarly, the refunding escrow for the CWRB's was more limited than the old general resolution would have allowed, and the "Defeasance Securities" under the EIF Program Resolution are broader than what the statute currently allows. Thus, the statute imposes a requirement that the market/rating agencies did not require, in a way that may affect the efficiency of future defeasance escrows. Do you want to make any changes to s. 18.60 (3)? If so, should those changes apply to all revenue obligations or only revenue obligations issued for the clean water fund and safe drinking water loan programs?

Thanks,

Andy



Andrew R. Potts

Executive Budget and Policy Manager

Department of Administration

Division of Executive Budget and Finance

Andrew.Potts@wisconsin.gov

(608) 266-2081



State of Wisconsin
2019 - 2020 LEGISLATURE

1P2
LRB-1138/P1
MCP:ahc

In 2/16

DOA:.....Potts, BB0154 - Safe Drinking Water Loan Program Revenue Bonding

FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION

sa

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

Analysis by the Legislative Reference Bureau

ENVIRONMENT

WATER QUALITY

sub-sub done

This bill authorizes the issuance of revenue bonds for the Safe Drinking Water Loan Program under the environmental improvement fund, similar to the authority for revenue bonding under the Clean Water Fund Program.

Ins A

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:

2 SECTION 1. 18.06 (9) of the statutes is amended to read:

3 18.06 (9) CLEAN WATER FUND PROGRAM AND SAFE DRINKING WATER LOAN PROGRAM

4 BONDS. Notwithstanding sub. (4), the sale of bonds under this subchapter to provide

5 revenue for the clean water fund program or the safe drinking water loan program

1 may be a private sale to the environmental improvement fund under s. 25.43, if the
2 bonds sold are held or owned by the environmental improvement fund, or a public
3 sale, as provided in the authorizing resolution.

4 **SECTION 2.** 20.320 (2) (q) of the statutes is created to read:

5 20.320 (2) (q) *Safe drinking water loan program revenue obligation funding.*

6 As a continuing appropriation, all proceeds from revenue obligations issued for the
7 safe drinking water loan program under subch. II or IV of ch. 18, as authorized under
8 s. 281.59 (4) and deposited in the fund in the state treasury created under s. 18.57
9 (1), providing for reserves and for expenses of issuance and management of the
10 revenue obligations, and to make payments under an agreement or ancillary
11 arrangement entered into under s. 18.55 (6) with respect to ^{such} revenue obligations
12 issued under s. 281.59 (4), and the remainder to be transferred to the environmental
13 improvement fund for the purposes of the safe drinking water loan program under
14 s. 281.61 ^{and for other drinking water quality activities under s. 281.62}. Estimated disbursements under this paragraph shall not be included in
15 the schedule under s. 20.005.

****NOTE: The existing appropriations for the Safe Drinking Water Loan Program often allow expenditures both for the Safe Drinking Water Loan Program under s. 281.61 and for "other drinking water quality activities under s. 281.62." Do you want to include s. 281.62 in s. 20.320 (2) (q), (r), or (u), as created in this draft?

16 **SECTION 3.** 20.320 (2) (r) of the statutes is created to read:

17 20.320 (2) (r) *Safe drinking water loan program repayment of revenue*
18 *obligations.* From the environmental improvement fund, a sum sufficient to repay
19 the fund in the state treasury created under s. 18.57 (1) the amount needed to retire
20 revenue obligations issued for the safe drinking water loan program under subch. II
21 or IV of ch. 18, as authorized under s. 281.59 (4), and to make payments under an
22 agreement or ancillary arrangement entered into under s. 18.55 (6) with respect to
23 ^{such} revenue obligations issued under s. 281.59 (4).

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

1 **SECTION 4.** 20.320 (2) (u) of the statutes is created to read:

2 20.320 (2) (u) *Principal repayment and interest — safe drinking water loan*
3 *program revenue obligation repayment.* From the fund in the state treasury created
4 under s. 18.57 (1), all moneys received by the fund and not transferred under s.
5 281.59 (4) (c) to the environmental improvement fund, for the purpose of the
6 retirement of revenue obligations, providing for reserves and for operations relating
7 to the management and retirement of revenue obligations issued for the safe
8 drinking water loan program under subch. II or IV of ch. 18, as authorized under s.
9 281.59 (4), and to make payments under an agreement or ancillary arrangement
10 entered into under s. 18.55 (6) with respect to ^{such} revenue obligations issued under s.
11 281.59 (4). All moneys received are irrevocably appropriated in accordance with
12 subch. II of ch. 18 and further established in resolutions authorizing the issuance of
13 the revenue obligations and setting forth the distribution of funds to be received
14 thereafter.

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

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

16 25.43 (3) Except for the purpose of investment as provided in s. 25.17 (2) (d),
17 the environmental improvement fund may be used only for the purposes authorized
18 under ss. 20.320 (1) (r), (s), (sm), (t), and (x) and (2) (r), (s), and (x), 20.370 (4) (mt),
19 (mx) and (nz), (8) (mr) and (9) (mt), (mx) and (ny), 20.505 (1) (v), (x) and (y), 281.58,
20 281.59, 281.60, 281.61, 281.62, and 283.31.

21 **SECTION 6.** 281.59 (4) (a) of the statutes is amended to read:

1 281.59 (4) (a) The clean water fund program and the safe drinking water loan
2 program are revenue-producing enterprises or programs, as defined in s. 18.52 (6).

3 **SECTION 7.** 281.59 (4) (am) of the statutes is amended to read:

4 281.59 (4) (am) Deposits, appropriations or transfers to the environmental
5 improvement fund for the purposes of the clean water fund program or the safe
6 drinking water loan program may be funded with the proceeds of revenue obligations
7 issued subject to and in accordance with subch. II of ch. 18 or in accordance with
8 subch. IV of ch. 18 if designated a higher education bond.

9 **SECTION 8.** 281.59 (4) (c) of the statutes is amended to read:

10 281.59 (4) (c) The building commission may pledge any portion of revenues
11 received or to be received in the fund established in par. (b) or the environmental
12 improvement fund to secure revenue obligations issued under this subsection. The
13 pledge shall provide for the transfer to the environmental improvement fund of all
14 pledged revenues, including any interest earned on the revenues, which are in excess
15 of the amounts required to be paid under s. 20.320 (1) (c) and (u) and (2) (c) and (u)
16 for the purposes of the clean water fund program and the safe drinking water loan
17 program. The pledge shall provide that the transfers be made at least twice yearly,
18 that the transferred amounts be deposited in the environmental improvement fund
19 and that the transferred amounts are free of any prior pledge.

20 **SECTION 9.** 281.59 (4) (f) of the statutes is amended to read:

21 281.59 (4) (f) Revenue obligations may be contracted by the building
22 commission when it reasonably appears to the building commission that all
23 obligations incurred under this subsection, and all payments under an agreement or
24 ancillary arrangement entered into under s. 18.55 (6) with respect to revenue
25 obligations issued under this subsection, can be fully paid on a timely basis from

and safe drinking water loan program ✓

1 moneys received or anticipated to be received. Revenue obligations issued under this
 2 subsection for the clean water fund program shall not exceed \$2,526,700,000 in
 3 principal amount, excluding obligations issued to refund outstanding revenue
 4 obligation notes. Revenue obligations issued under this subsection for the safe
 5 drinking water loan program shall not exceed \$X in principal amount, excluding
 6 obligations issued to refund outstanding revenue obligation notes.

****NOTE: Do you want to set a principal amount limit on the Safe Drinking Water
 Loan Program revenue obligations, similar to the limit on the Clean Water Fund Program
 revenue obligations?

7

(END)

~~a total of \$2,540,200,200~~

1 INSERT A

2
3 ***1. Bonding for the safe drinking water loan program***

4 The bill increases, by \$3,550,000, the authorized general obligation bonding
5 limit for DNR to provide financial assistance to local governmental units for
6 constructing or modifying public water systems that facilitate compliance with
7 national primary drinking water regulations.

8

9 INSERT 2-4

10 **SECTION 1.** 20.320 (1) (q) of the statutes is amended to read:

11 20.320 (1) (q) *Clean water fund program revenue obligation funding.* As a
12 continuing appropriation, all proceeds from revenue obligations issued for the clean
13 water fund program under subch. II or IV of ch. 18, as authorized under s. 281.59 (4)
14 and deposited in the fund in the state treasury created under s. 18.57 (1), providing
15 for reserves and for expenses of issuance and management of the revenue
16 obligations, and to make payments under an agreement or ancillary arrangement
17 entered into under s. 18.55 (6) with respect to such revenue obligations issued under
18 s. 281.59 (4), and the remainder to be transferred to the environmental improvement
19 fund for the purposes of the clean water fund program under s. 281.58. Estimated
20 disbursements under this paragraph shall not be included in the schedule under s.
21 20.005.

History: 1989 a. 366 ss. 16, 19 to 21, 27 to 30; 1991 a. 39; 1993 a. 16; 1995 a. 27, 216, 227; 1997 a. 27, 35, 237, 252; 1999 a. 9; 2007 a. 20; 2009 a. 28; 2011 a. 146, 261; 2017 a. 59.

22 **SECTION 2.** 20.320 (1) (r) of the statutes is amended to read:

23 20.320 (1) (r) *Clean water fund program repayment of revenue obligations.*
24 From the environmental improvement fund, a sum sufficient to repay the fund in the
25 state treasury created under s. 18.57 (1) the amount needed to retire revenue
26 obligations issued for the clean water fund program under subch. II or IV of ch. 18,

1 as authorized under s. 281.59 (4), and to make payments under an agreement or
2 ancillary arrangement entered into under s. 18.55 (6) with respect to such revenue
3 obligations issued under s. 281.59 (4).

History: 1989 a. 366 ss. 16, 19 to 21, 27 to 30; 1991 a. 39; 1993 a. 16; 1995 a. 27, 216, 227; 1997 a. 27, 35, 237, 252; 1999 a. 9; 2007 a. 20; 2009 a. 28; 2011 a. 146, 261; 2017 a. 59.

4 **SECTION 3.** 20.320 (1) (u) of the statutes is amended to read:

5 20.320 (1) (u) *Principal repayment and interest — clean water fund program*
6 *revenue obligation repayment.* From the fund in the state treasury created under s.
7 18.57 (1), all moneys received by the fund and not transferred under s. 281.59 (4) (c)
8 to the environmental improvement fund, for the purpose of the retirement of revenue
9 obligations, providing for reserves and for operations relating to the management
10 and retirement of revenue obligations issued for the clean water fund program under
11 subch. II or IV of ch. 18, as authorized under s. 281.59 (4), and to make payments
12 under an agreement or ancillary arrangement entered into under s. 18.55 (6) with
13 respect to such revenue obligations issued under s. 281.59 (4). All moneys received
14 are irrevocably appropriated in accordance with subch. II of ch. 18 and further
15 established in resolutions authorizing the issuance of the revenue obligations and
16 setting forth the distribution of funds to be received thereafter.

History: 1989 a. 366 ss. 16, 19 to 21, 27 to 30; 1991 a. 39; 1993 a. 16; 1995 a. 27, 216, 227; 1997 a. 27, 35, 237, 252; 1999 a. 9; 2007 a. 20; 2009 a. 28; 2011 a. 146, 261; 2017 a. 59.

17

18 INSERT ~~2-4~~ 3-14

19 **SECTION 4.** 20.866 (2) (td) of the statutes is amended to read:

20 20.866 (2) (td) *Safe drinking water loan program.* From the capital
21 improvement fund, a sum sufficient to be transferred to the environmental
22 improvement fund for the safe drinking water loan program under s. 281.61. The

- 1 state may contract public debt in an amount not to exceed ~~\$71,400,000~~ \$74,950,000
- 2 for this purpose.

History: 1971 c. 42; 1971 c. 100 s. 23; 1971 c. 125, 211, 215, 236, 307, 330, 336; 1973 c. 90 ss. 148 to 149m, 555m (2); 1973 c. 333; 1975 c. 26, 39, 40, 41, 200, 224, 422; 1977 c. 4, 6; 1977 c. 29 ss. 385 to 387, 1650m (4), 1656 (43); 1977 c. 418; 1979 c. 4; 1979 c. 34 ss. 675a to 677v, 2102 (6) (a), (39) (a), (52) (a); 1979 c. 107, 221; 1981 c. 1 ss. 17, 18, 47; 1981 c. 20, 108, 317, 336; 1983 a. 27; 1983 a. 36 s. 96 (4); 1983 a. 97, 192, 195, 212; 1983 a. 410 s. 2202 (2); 1985 a. 6; 1985 a. 8 ss. 4, 12; 1985 a. 29 ss. 589m to 598, 3202 (23) (c), (26) (a), (53) (a); 1985 a. 77, 120, 332; 1987 a. 27, 295, 298, 399, 403, 409; 1989 a. 31, 46, 107, 122, 219, 336, 359, 366; 1991 a. 39, 51, 269, 309, 324; 1993 a. 2, 16, 98, 115, 213, 343, 377, 413, 437, 453, 485; 1995 a. 27 ss. 1159 to 1168s, 9126 (19), 9145 (1); 1995 a. 40, 57, 60, 113; 1995 a. 216, s. 30m and 9127; 1995 a. 227, 246, 372, 388, 416, 452; 1997 a. 27, 35, 61, 164, 237, 252; 1999 a. 4, 9, 146; 1999 a. 150 s. 672; 1999 a. 184; 2001 a. 12, 16, 103, 109; 2003 a. 33, 64, 91, 129; 2005 a. 1, 22, 25, 102, 300; 2007 a. 5; 2007 a. 20 ss. 582 to 597s, 9121 (6) (a); 2007 a. 226; 2009 a. 28, 361; 2011 a. 13, 32, 158; 2013 a. 20; 2015 a. 55; 2017 a. 58, 59, 185; s. 35.17 correction in (1) (u).



State of Wisconsin
2019 - 2020 LEGISLATURE

In 2/19

1P3
LRB-1138/P2
MCP:ahc

DOA:.....Potts, BB0154 - Safe Drinking Water Loan Program Revenue Bonding

FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION

Only change is p. 4 ln. 1.
-MCP

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

Analysis by the Legislative Reference Bureau

ENVIRONMENT

WATER QUALITY

1. Revenue bonding for the Safe Drinking Water Loan Program

This bill authorizes the issuance of revenue bonds for the Safe Drinking Water Loan Program under the environmental improvement fund, similar to the authority for revenue bonding under the Clean Water Fund Program. The program provides low-interest loans to municipalities for drinking water infrastructure projects, to help them comply with federal drinking water standards.

2. Bonding for the Safe Drinking Water Loan Program

The bill increases, by \$3,550,000, the authorized general obligation bonding limit for DNR to provide financial assistance to local governmental units for constructing or modifying public water systems that facilitate compliance with national primary drinking water regulations.

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.** 18.06 (9) of the statutes is amended to read:

2 **18.06 (9) CLEAN WATER FUND PROGRAM AND SAFE DRINKING WATER LOAN PROGRAM**
3 BONDS. Notwithstanding sub. (4), the sale of bonds under this subchapter to provide
4 revenue for the clean water fund program or the safe drinking water loan program
5 may be a private sale to the environmental improvement fund under s. 25.43, if the
6 bonds sold are held or owned by the environmental improvement fund, or a public
7 sale, as provided in the authorizing resolution.

8 **SECTION 2.** 20.320 (1) (q) of the statutes is amended to read:

9 **20.320 (1) (q) *Clean water fund program revenue obligation funding.*** As a
10 continuing appropriation, all proceeds from revenue obligations issued for the clean
11 water fund program under subch. II or IV of ch. 18, as authorized under s. 281.59 (4)
12 and deposited in the fund in the state treasury created under s. 18.57 (1), providing
13 for reserves and for expenses of issuance and management of the revenue
14 obligations, and to make payments under an agreement or ancillary arrangement
15 entered into under s. 18.55 (6) with respect to such revenue obligations issued under
16 s. 281.59 (4), and the remainder to be transferred to the environmental improvement
17 fund for the purposes of the clean water fund program under s. 281.58. Estimated
18 disbursements under this paragraph shall not be included in the schedule under s.
19 20.005.

20 **SECTION 3.** 20.320 (1) (r) of the statutes is amended to read:

21 **20.320 (1) (r) *Clean water fund program repayment of revenue obligations.***
22 From the environmental improvement fund, a sum sufficient to repay the fund in the
23 state treasury created under s. 18.57 (1) the amount needed to retire revenue
24 obligations issued for the clean water fund program under subch. II or IV of ch. 18,
25 as authorized under s. 281.59 (4), and to make payments under an agreement or

1 ancillary arrangement entered into under s. 18.55 (6) with respect to such revenue
2 obligations issued under s. 281.59 (4).

3 **SECTION 4.** 20.320 (1) (u) of the statutes is amended to read:

4 20.320 (1) (u) *Principal repayment and interest — clean water fund program*
5 *revenue obligation repayment.* From the fund in the state treasury created under s.
6 18.57 (1), all moneys received by the fund and not transferred under s. 281.59 (4) (c)
7 to the environmental improvement fund, for the purpose of the retirement of revenue
8 obligations, providing for reserves and for operations relating to the management
9 and retirement of revenue obligations issued for the clean water fund program under
10 subch. II or IV of ch. 18, as authorized under s. 281.59 (4), and to make payments
11 under an agreement or ancillary arrangement entered into under s. 18.55 (6) with
12 respect to such revenue obligations issued under s. 281.59 (4). All moneys received
13 are irrevocably appropriated in accordance with subch. II of ch. 18 and further
14 established in resolutions authorizing the issuance of the revenue obligations and
15 setting forth the distribution of funds to be received thereafter.

16 **SECTION 5.** 20.320 (2) (q) of the statutes is created to read:

17 20.320 (2) (q) *Safe drinking water loan program revenue obligation funding.*
18 As a continuing appropriation, all proceeds from revenue obligations issued for the
19 safe drinking water loan program under subch. II or IV of ch. 18, as authorized under
20 s. 281.59 (4) and deposited in the fund in the state treasury created under s. 18.57
21 (1), providing for reserves and for expenses of issuance and management of the
22 revenue obligations, and to make payments under an agreement or ancillary
23 arrangement entered into under s. 18.55 (6) with respect to such revenue obligations
24 issued under s. 281.59 (4), and the remainder to be transferred to the environmental
25 improvement fund for the purposes of the safe drinking water loan program under

1 s. 281.61 and for other drinking water quality activities under s. 281.62. Estimated
2 disbursements under this paragraph shall not be included in the schedule under s.
3 20.005.

4 **SECTION 6.** 20.320 (2) (r) of the statutes is created to read:

5 20.320 (2) (r) *Safe drinking water loan program repayment of revenue*
6 *obligations.* From the environmental improvement fund, a sum sufficient to repay
7 the fund in the state treasury created under s. 18.57 (1) the amount needed to retire
8 revenue obligations issued for the safe drinking water loan program under subch. II
9 or IV of ch. 18, as authorized under s. 281.59 (4), and to make payments under an
10 agreement or ancillary arrangement entered into under s. 18.55 (6) with respect to
11 such revenue obligations issued under s. 281.59 (4).

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

12 **SECTION 7.** 20.320 (2) (u) of the statutes is created to read:

13 20.320 (2) (u) *Principal repayment and interest — safe drinking water loan*
14 *program revenue obligation repayment.* From the fund in the state treasury created
15 under s. 18.57 (1), all moneys received by the fund and not transferred under s.
16 281.59 (4) (c) to the environmental improvement fund, for the purpose of the
17 retirement of revenue obligations, providing for reserves and for operations relating
18 to the management and retirement of revenue obligations issued for the safe
19 drinking water loan program under subch. II or IV of ch. 18, as authorized under s.
20 281.59 (4), and to make payments under an agreement or ancillary arrangement
21 entered into under s. 18.55 (6) with respect to such revenue obligations issued under
22 s. 281.59 (4). All moneys received are irrevocably appropriated in accordance with
23 subch. II of ch. 18 and further established in resolutions authorizing the issuance of

1 the revenue obligations and setting forth the distribution of funds to be received
2 thereafter.

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

3 **SECTION 8.** 20.866 (2) (td) of the statutes is amended to read:

4 20.866 (2) (td) *Safe drinking water loan program.* From the capital
5 improvement fund, a sum sufficient to be transferred to the environmental
6 improvement fund for the safe drinking water loan program under s. 281.61. The
7 state may contract public debt in an amount not to exceed ~~\$71,400,000~~ \$74,950,000
8 for this purpose.

9 **SECTION 9.** 25.43 (3) of the statutes is amended to read:

10 25.43 (3) Except for the purpose of investment as provided in s. 25.17 (2) (d),
11 the environmental improvement fund may be used only for the purposes authorized
12 under ss. 20.320 (1) (r), (s), (sm), (t), and (x) and (2) ~~(r)~~, (s), and (x), 20.370 (4) (mt),
13 (mx) and (nz), (8) (mr) and (9) (mt), (mx) and (ny), 20.505 (1) (v), (x) and (y), 281.58,
14 281.59, 281.60, 281.61, 281.62, and 283.31.

15 **SECTION 10.** 281.59 (4) (a) of the statutes is amended to read:

16 281.59 (4) (a) The clean water fund program and the safe drinking water loan
17 program are revenue-producing enterprises or programs, as defined in s. 18.52 (6).

18 **SECTION 11.** 281.59 (4) (am) of the statutes is amended to read:

19 281.59 (4) (am) Deposits, appropriations or transfers to the environmental
20 improvement fund for the purposes of the clean water fund program or the safe
21 drinking water loan program may be funded with the proceeds of revenue obligations
22 issued subject to and in accordance with subch. II of ch. 18 or in accordance with
23 subch. IV of ch. 18 if designated a higher education bond.



State of Wisconsin
2019 - 2020 LEGISLATURE

RZDW
1P4
LRB-1138/P3
MCP:ahc +cdc

DOA:.....Potts, BB0154 - Safe Drinking Water Loan Program Revenue Bonding

FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION

Ins-MCP D-note

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

Analysis by the Legislative Reference Bureau

ENVIRONMENT

WATER QUALITY

1. Revenue bonding for the Safe Drinking Water Loan Program

This bill authorizes the issuance of revenue bonds for the Safe Drinking Water Loan Program under the environmental improvement fund, similar to the authority for revenue bonding under the Clean Water Fund Program. The program provides low-interest loans to municipalities for drinking water infrastructure projects, to help them comply with federal drinking water standards.

2. Bonding for the Safe Drinking Water Loan Program

The bill increases, by \$3,550,000, the authorized general obligation bonding limit for DNR to provide financial assistance to local governmental units for constructing or modifying public water systems that facilitate compliance with national primary drinking water regulations.

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

Ins A

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

MCP
ZDW

→ Ins 2-1

1 SECTION 1. 18.06 (9) of the statutes is amended to read:

2 18.06 (9) CLEAN WATER FUND PROGRAM AND SAFE DRINKING WATER LOAN PROGRAM
3 BONDS. Notwithstanding sub. (4), the sale of bonds under this subchapter to provide
4 revenue for the clean water fund program or the safe drinking water loan program
5 may be a private sale to the environmental improvement fund under s. 25.43, if the
6 bonds sold are held or owned by the environmental improvement fund, or a public
7 sale, as provided in the authorizing resolution.

8 SECTION 2. 20.320 (1) (q) of the statutes is amended to read:

9 20.320 (1) (q) *Clean water fund program revenue obligation funding.* As a
10 continuing appropriation, all proceeds from revenue obligations issued for the clean
11 water fund program under subch. II or IV of ch. 18, as authorized under s. 281.59 (4)
12 and deposited in the fund in the state treasury created under s. 18.57 (1), providing
13 for reserves and for expenses of issuance and management of the revenue
14 obligations, and to make payments under an agreement or ancillary arrangement
15 entered into under s. 18.55 (6) with respect to such revenue obligations issued under
16 s. 281.59 (4), and the remainder to be transferred to the environmental improvement
17 fund for the purposes of the clean water fund program under s. 281.58. Estimated
18 disbursements under this paragraph shall not be included in the schedule under s.
19 20.005.

20 SECTION 3. 20.320 (1) (r) of the statutes is amended to read:

21 20.320 (1) (r) *Clean water fund program repayment of revenue obligations.*
22 From the environmental improvement fund, a sum sufficient to repay the fund in the
23 state treasury created under s. 18.57 (1) the amount needed to retire revenue
24 obligations issued for the clean water fund program under subch. II or IV of ch. 18,
25 as authorized under s. 281.59 (4), and to make payments under an agreement or

1 ancillary arrangement entered into under s. 18.55 (6) with respect to such revenue
2 obligations issued under s. 281.59 (4).

3 **SECTION 4.** 20.320 (1) (u) of the statutes is amended to read:

4 20.320 (1) (u) *Principal repayment and interest — clean water fund program*
5 *revenue obligation repayment.* From the fund in the state treasury created under s.
6 18.57 (1), all moneys received by the fund and not transferred under s. 281.59 (4) (c)
7 to the environmental improvement fund, for the purpose of the retirement of revenue
8 obligations, providing for reserves and for operations relating to the management
9 and retirement of revenue obligations issued for the clean water fund program under
10 subch. II or IV of ch. 18, as authorized under s. 281.59 (4), and to make payments
11 under an agreement or ancillary arrangement entered into under s. 18.55 (6) with
12 respect to such revenue obligations issued under s. 281.59 (4). All moneys received
13 are irrevocably appropriated in accordance with subch. II of ch. 18 and further
14 established in resolutions authorizing the issuance of the revenue obligations and
15 setting forth the distribution of funds to be received thereafter.

16 **SECTION 5.** 20.320 (2) (q) of the statutes is created to read:

17 20.320 (2) (q) *Safe drinking water loan program revenue obligation funding.*
18 As a continuing appropriation, all proceeds from revenue obligations issued for the
19 safe drinking water loan program under subch. II or IV of ch. 18, as authorized under
20 s. 281.59 (4) and deposited in the fund in the state treasury created under s. 18.57
21 (1), providing for reserves and for expenses of issuance and management of the
22 revenue obligations, and to make payments under an agreement or ancillary
23 arrangement entered into under s. 18.55 (6) with respect to such revenue obligations
24 issued under s. 281.59 (4), and the remainder to be transferred to the environmental
25 improvement fund for the purposes of the safe drinking water loan program under

1 s. 281.61. Estimated disbursements under this paragraph shall not be included in
2 the schedule under s. 20.005.

3 **SECTION 6.** 20.320 (2) (r) of the statutes is created to read:

4 20.320 (2) (r) *Safe drinking water loan program repayment of revenue*
5 *obligations.* From the environmental improvement fund, a sum sufficient to repay
6 the fund in the state treasury created under s. 18.57 (1) the amount needed to retire
7 revenue obligations issued for the safe drinking water loan program under subch. II
8 or IV of ch. 18, as authorized under s. 281.59 (4), and to make payments under an
9 agreement or ancillary arrangement entered into under s. 18.55 (6) with respect to
10 such revenue obligations issued under s. 281.59 (4).

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

11 **SECTION 7.** 20.320 (2) (u) of the statutes is created to read:

12 20.320 (2) (u) *Principal repayment and interest — safe drinking water loan*
13 *program revenue obligation repayment.* From the fund in the state treasury created
14 under s. 18.57 (1), all moneys received by the fund and not transferred under s.
15 281.59 (4) (c) to the environmental improvement fund, for the purpose of the
16 retirement of revenue obligations, providing for reserves and for operations relating
17 to the management and retirement of revenue obligations issued for the safe
18 drinking water loan program under subch. II or IV of ch. 18, as authorized under s.
19 281.59 (4), and to make payments under an agreement or ancillary arrangement
20 entered into under s. 18.55 (6) with respect to such revenue obligations issued under
21 s. 281.59 (4). All moneys received are irrevocably appropriated in accordance with
22 subch. II of ch. 18 and further established in resolutions authorizing the issuance of

1 the revenue obligations and setting forth the distribution of funds to be received
2 thereafter.

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

3 SECTION 8. 20.866 (2) (td) of the statutes is amended to read:

4 20.866 (2) (td) *Safe drinking water loan program.* From the capital
5 improvement fund, a sum sufficient to be transferred to the environmental
6 improvement fund for the safe drinking water loan program under s. 281.61. The
7 state may contract public debt in an amount not to exceed \$71,400,000 \$74,950,000

8 for this purpose.

***NOTE

Ins 5-7

INS MCP 5-8

9 SECTION 9. 25.43 (3) of the statutes is amended to read:

10 25.43 (3) Except for the purpose of investment as provided in s. 25.17 (2) (d),
11 the environmental improvement fund may be used only for the purposes authorized
12 under ss. 20.320 (1) (r), (s), (sm), (t), and (x) and (2) (r), (s), and (x), 20.370 (4) (mt),
13 (mx) and (nz), (8) (mr) and (9) (mt), (mx) and (ny), 20.505 (1) (v), (x) and (y), 281.58,
14 281.59, 281.60, 281.61, 281.62, and 283.31.

15 SECTION 10. 281.59 (4) (a) of the statutes is amended to read:

16 281.59 (4) (a) The clean water fund program and the safe drinking water loan
17 program are revenue-producing enterprises or programs, as defined in s. 18.52 (6).

18 SECTION 11. 281.59 (4) (am) of the statutes is amended to read:

19 281.59 (4) (am) Deposits, appropriations or transfers to the environmental
20 improvement fund for the purposes of the clean water fund program or the safe
21 drinking water loan program may be funded with the proceeds of revenue obligations
22 issued subject to and in accordance with subch. II of ch. 18 or in accordance with
23 subch. IV of ch. 18 if designated a higher education bond.

1 **SECTION 12.** 281.59 (4) (c) of the statutes is amended to read:

2 281.59 (4) (c) The building commission may pledge any portion of revenues
3 received or to be received in the fund established in par. (b) or the environmental
4 improvement fund to secure revenue obligations issued under this subsection. The
5 pledge shall provide for the transfer to the environmental improvement fund of all
6 pledged revenues, including any interest earned on the revenues, which are in excess
7 of the amounts required to be paid under s. 20.320 (1) (c) and (u) and (2) (c) and (u)
8 for the purposes of the clean water fund program and the safe drinking water loan
9 program. The pledge shall provide that the transfers be made at least twice yearly,
10 that the transferred amounts be deposited in the environmental improvement fund
11 and that the transferred amounts are free of any prior pledge.

12 **SECTION 13.** 281.59 (4) (f) of the statutes is amended to read:

13 281.59 (4) (f) Revenue obligations may be contracted by the building
14 commission when it reasonably appears to the building commission that all
15 obligations incurred under this subsection, and all payments under an agreement or
16 ancillary arrangement entered into under s. 18.55 (6) with respect to revenue
17 obligations issued under this subsection, can be fully paid on a timely basis from
18 moneys received or anticipated to be received. Revenue obligations issued under this
19 subsection for the clean water fund program and safe drinking water loan program
20 shall not exceed \$2,526,700,000 in principal amount, excluding obligations issued to
21 refund outstanding revenue obligation notes.

22 *Patrs 6-21* (END)

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

LRB-1138/P3⁴dn

MCP: ahe +cdc

+ZDW

[date]

Potts:

This draft reconciles LRB-1138/P3[✓] and LRB-1741/P3[✓]. It replaces LRB-1741[✓] in the compiled bill. LRB-1741 should be dropped from the compile.

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2019-2020 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1138/P3ins
MCP:ahe

1 **INSERT A**

 Under current law, the state may contract up to \$71,400,000 in public debt for the safe drinking water loan program. This bill increases the general obligation bonding authority for the program by \$43,550,000 and requires DOA to allocate up to \$40,000,000 of the authorized public debt to projects involving forgivable loans to private users of public water systems to cover not more than 50 percent of the cost to replace lead service lines.

2

3 **INSERT 2-1**

4 **SECTION 1.** 13.48 (26m) of the statutes is created to read:

5 **13.48 (26m) LEAD SERVICE LINE REPLACEMENT.** The legislature finds and
6 determines that the prevalence of lead service lines in connections to public water
7 systems poses a public health hazard and that processes for reducing lead entering
8 drinking water from such pipes requires additional treatment of wastewater. It is
9 therefore in the public interest, and it is the public policy of this state, to assist
10 private users of public water systems in replacing lead service lines.

11

12 **INSERT 5-7**

13 **\$114,950,000**

14

15 **INSERT 5-78**

 ***NOTE: This is reconciled s. 20.866 (2) (td). This SECTION has been affected by drafts with the following LRB numbers: -1138/P3 and -1741/P3.

16

17 **INSERT 6-21**

18 **SECTION 2.** 281.61 (8) (b) of the statutes is created to read:

1 281.61 (8) (b) The department of administration shall allocate not more than
2 \$40,000,000 from proceeds of public debt authorized under s. 20.866 (2) (td) to
3 projects involving forgivable loans to private users of public water systems to cover
4 not more than 50 percent of the cost to replace lead service lines.

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

LRB-1138/P4dn
MCP&ZDW:ahe&cdc

February 21, 2019

Potts:

This draft reconciles LRB-1138/P3 and LRB-1741/P3. It replaces LRB-1741 in the compiled bill. LRB-1741 should be dropped from the compile.

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State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-1138/P4
MCP&ZDW:ahe&cde

DOA:.....Potts, BB0154 - Safe Drinking Water Loan Program Revenue Bonding

FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION

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

Analysis by the Legislative Reference Bureau

ENVIRONMENT

WATER QUALITY

1. Safe Drinking Water Loan Program

This bill authorizes the issuance of revenue bonds for the Safe Drinking Water Loan Program under the environmental improvement fund, similar to the authority for revenue bonding under the Clean Water Fund Program. The program provides low-interest loans to municipalities for drinking water infrastructure projects, to help them comply with federal drinking water standards.

Under current law, the state may contract up to \$71,400,000 in public debt for the Safe Drinking Water Loan Program. This bill increases the general obligation bonding authority for the program by \$43,550,000 and requires DOA to allocate up to \$40,000,000 of the authorized public debt to projects involving forgivable loans to private users of public water systems to cover not more than 50 percent of the cost to replace lead service lines.

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 (26m) of the statutes is created to read:

2 **13.48 (26m) LEAD SERVICE LINE REPLACEMENT.** The legislature finds and
3 determines that the prevalence of lead service lines in connections to public water
4 systems poses a public health hazard and that processes for reducing lead entering
5 drinking water from such pipes requires additional treatment of wastewater. It is
6 therefore in the public interest, and it is the public policy of this state, to assist
7 private users of public water systems in replacing lead service lines.

8 **SECTION 2.** 18.06 (9) of the statutes is amended to read:

9 **18.06 (9) CLEAN WATER FUND PROGRAM AND SAFE DRINKING WATER LOAN PROGRAM**
10 **BONDS.** Notwithstanding sub. (4), the sale of bonds under this subchapter to provide
11 revenue for the clean water fund program or the safe drinking water loan program
12 may be a private sale to the environmental improvement fund under s. 25.43, if the
13 bonds sold are held or owned by the environmental improvement fund, or a public
14 sale, as provided in the authorizing resolution.

15 **SECTION 3.** 20.320 (1) (q) of the statutes is amended to read:

16 **20.320 (1) (q) *Clean water fund program revenue obligation funding.*** As a
17 continuing appropriation, all proceeds from revenue obligations issued for the clean
18 water fund program under subch. II or IV of ch. 18, as authorized under s. 281.59 (4)
19 and deposited in the fund in the state treasury created under s. 18.57 (1), providing
20 for reserves and for expenses of issuance and management of the revenue
21 obligations, and to make payments under an agreement or ancillary arrangement

1 entered into under s. 18.55 (6) with respect to such revenue obligations issued under
2 s. 281.59 (4), and the remainder to be transferred to the environmental improvement
3 fund for the purposes of the clean water fund program under s. 281.58. Estimated
4 disbursements under this paragraph shall not be included in the schedule under s.
5 20.005.

6 **SECTION 4.** 20.320 (1) (r) of the statutes is amended to read:

7 *20.320 (1) (r) Clean water fund program repayment of revenue obligations.*

8 From the environmental improvement fund, a sum sufficient to repay the fund in the
9 state treasury created under s. 18.57 (1) the amount needed to retire revenue
10 obligations issued for the clean water fund program under subch. II or IV of ch. 18,
11 as authorized under s. 281.59 (4), and to make payments under an agreement or
12 ancillary arrangement entered into under s. 18.55 (6) with respect to such revenue
13 obligations issued under s. 281.59 (4).

14 **SECTION 5.** 20.320 (1) (u) of the statutes is amended to read:

15 *20.320 (1) (u) Principal repayment and interest — clean water fund program*
16 *revenue obligation repayment.* From the fund in the state treasury created under s.
17 18.57 (1), all moneys received by the fund and not transferred under s. 281.59 (4) (c)
18 to the environmental improvement fund, for the purpose of the retirement of revenue
19 obligations, providing for reserves and for operations relating to the management
20 and retirement of revenue obligations issued for the clean water fund program under
21 subch. II or IV of ch. 18, as authorized under s. 281.59 (4), and to make payments
22 under an agreement or ancillary arrangement entered into under s. 18.55 (6) with
23 respect to such revenue obligations issued under s. 281.59 (4). All moneys received
24 are irrevocably appropriated in accordance with subch. II of ch. 18 and further

SECTION 5

1 established in resolutions authorizing the issuance of the revenue obligations and
2 setting forth the distribution of funds to be received thereafter.

3 **SECTION 6.** 20.320 (2) (q) of the statutes is created to read:

4 **20.320 (2) (q)** *Safe drinking water loan program revenue obligation funding.*

5 As a continuing appropriation, all proceeds from revenue obligations issued for the
6 safe drinking water loan program under subch. II or IV of ch. 18, as authorized under
7 s. 281.59 (4) and deposited in the fund in the state treasury created under s. 18.57
8 (1), providing for reserves and for expenses of issuance and management of the
9 revenue obligations, and to make payments under an agreement or ancillary
10 arrangement entered into under s. 18.55 (6) with respect to such revenue obligations
11 issued under s. 281.59 (4), and the remainder to be transferred to the environmental
12 improvement fund for the purposes of the safe drinking water loan program under
13 s. 281.61. Estimated disbursements under this paragraph shall not be included in
14 the schedule under s. 20.005.

15 **SECTION 7.** 20.320 (2) (r) of the statutes is created to read:

16 **20.320 (2) (r)** *Safe drinking water loan program repayment of revenue*
17 *obligations.* From the environmental improvement fund, a sum sufficient to repay
18 the fund in the state treasury created under s. 18.57 (1) the amount needed to retire
19 revenue obligations issued for the safe drinking water loan program under subch. II
20 or IV of ch. 18, as authorized under s. 281.59 (4), and to make payments under an
21 agreement or ancillary arrangement entered into under s. 18.55 (6) with respect to
22 such revenue obligations issued under s. 281.59 (4).

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

23 **SECTION 8.** 20.320 (2) (u) of the statutes is created to read:

1 20.320 (2) (u) *Principal repayment and interest — safe drinking water loan*
2 *program revenue obligation repayment.* From the fund in the state treasury created
3 under s. 18.57 (1), all moneys received by the fund and not transferred under s.
4 281.59 (4) (c) to the environmental improvement fund, for the purpose of the
5 retirement of revenue obligations, providing for reserves and for operations relating
6 to the management and retirement of revenue obligations issued for the safe
7 drinking water loan program under subch. II or IV of ch. 18, as authorized under s.
8 281.59 (4), and to make payments under an agreement or ancillary arrangement
9 entered into under s. 18.55 (6) with respect to such revenue obligations issued under
10 s. 281.59 (4). All moneys received are irrevocably appropriated in accordance with
11 subch. II of ch. 18 and further established in resolutions authorizing the issuance of
12 the revenue obligations and setting forth the distribution of funds to be received
13 thereafter.

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

14 **SECTION 9.** 20.866 (2) (td) of the statutes is amended to read:

15 20.866 (2) (td) *Safe drinking water loan program.* From the capital
16 improvement fund, a sum sufficient to be transferred to the environmental
17 improvement fund for the safe drinking water loan program under s. 281.61. The
18 state may contract public debt in an amount not to exceed ~~\$71,400,000~~ \$114,950,000
19 for this purpose.

****NOTE: This is reconciled s. 20.866 (2) (td). This SECTION has been affected by drafts with the following LRB numbers: -1138/P3 and -1741/P3.

20 **SECTION 10.** 25.43 (3) of the statutes is amended to read:

21 25.43 (3) Except for the purpose of investment as provided in s. 25.17 (2) (d),
22 the environmental improvement fund may be used only for the purposes authorized

SECTION 10

1 under ss. 20.320 (1) (r), (s), (sm), (t), and (x) and (2) (r), (s), and (x), 20.370 (4) (mt),
2 (mx) and (nz), (8) (mr) and (9) (mt), (mx) and (ny), 20.505 (1) (v), (x) and (y), 281.58,
3 281.59, 281.60, 281.61, 281.62, and 283.31.

4 **SECTION 11.** 281.59 (4) (a) of the statutes is amended to read:

5 281.59 (4) (a) The clean water fund program and the safe drinking water loan
6 program are revenue-producing enterprises or programs, as defined in s. 18.52 (6).

7 **SECTION 12.** 281.59 (4) (am) of the statutes is amended to read:

8 281.59 (4) (am) Deposits, appropriations or transfers to the environmental
9 improvement fund for the purposes of the clean water fund program or the safe
10 drinking water loan program may be funded with the proceeds of revenue obligations
11 issued subject to and in accordance with subch. II of ch. 18 or in accordance with
12 subch. IV of ch. 18 if designated a higher education bond.

13 **SECTION 13.** 281.59 (4) (c) of the statutes is amended to read:

14 281.59 (4) (c) The building commission may pledge any portion of revenues
15 received or to be received in the fund established in par. (b) or the environmental
16 improvement fund to secure revenue obligations issued under this subsection. The
17 pledge shall provide for the transfer to the environmental improvement fund of all
18 pledged revenues, including any interest earned on the revenues, which are in excess
19 of the amounts required to be paid under s. 20.320 (1) (c) and (u) and (2) (c) and (u)
20 for the purposes of the clean water fund program and the safe drinking water loan
21 program. The pledge shall provide that the transfers be made at least twice yearly,
22 that the transferred amounts be deposited in the environmental improvement fund
23 and that the transferred amounts are free of any prior pledge.

24 **SECTION 14.** 281.59 (4) (f) of the statutes is amended to read:

