

Fiscal Estimate - 2025 Session

☒ Original ☐ Updated ☐ Corrected ☐ Supplemental

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|--|---|
| LRB Number 25-1587/1 | Introduction Number AB-0059 |
| Description the use of federal capitalization grant funds for lead service line replacement | |
| Fiscal Effect State: <div style="display: flex; flex-wrap: wrap; padding-left: 20px;"><div style="width: 33%;"><input checked="" type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations</div><div style="width: 33%;"><input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues</div><div style="width: 33%;"><input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs</div></div> Local: <div style="display: flex; flex-wrap: wrap; padding-left: 20px;"><div style="width: 33%;"><input type="checkbox"/> No Local Government Costs <input checked="" type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</div><div style="width: 33%;">5. Types of Local Government Units Affected <div style="display: flex; flex-wrap: wrap;"><div style="width: 50%;"><input type="checkbox"/> Towns <input type="checkbox"/> Counties <input type="checkbox"/> School Districts</div><div style="width: 50%;"><input type="checkbox"/> Village <input type="checkbox"/> Others <input type="checkbox"/> WTCS Districts</div></div><input checked="" type="checkbox"/> Cities</div></div> | |

Fiscal Estimate Narratives

DNR 3/6/2025

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Assumptions Used in Arriving at Fiscal Estimate

The bill specifies that the prohibition on the use of Safe Drinking Water Loan Program (SDWLP) funds for principal forgiveness to a private owner of a community water system does not to apply to funds used for the replacement of lead service lines.

A. Background Information

The bill appears to be directed toward the City of Superior, which is the only municipality currently served by a privately-owned water utility--Superior Water Light & Power (SWL&P).

Currently, SWL&P is an eligible applicant to the Safe Drinking Water Loan Program (SDWLP) but state statutes restrict them from receiving loan principal forgiveness, which is essentially a grant. The City of Superior is not an eligible applicant to the SDWLP because they do not own the water utility and are therefore not a community water system. Thus the City is ineligible to apply under federal regulations.

B. DNR Fiscal Effect

SWL&P has been an eligible applicant to the SDWLP for the past ten years, but has never submitted an application for funding. If they chose to apply to the program, staff time would be needed to modify loan documents and various procedures that are currently designed for loans with municipalities, not investor-owned utilities. This work would not be a direct result of the proposed legislation since it could be required regardless of whether the proposed legislation is enacted; therefore, the bill has no fiscal effect on the DNR.

C. Local Fiscal Effect

The proposed legislation, if enacted, would allow SWL&P to receive loan principal forgiveness for lead service line replacements. This principal forgiveness could cover a portion of the cost to replace both utility side lead service lines and customer side lead service lines. This would reduce replacement costs for the utility and for residents of the City of Superior. Current data and program rules indicate that customer side replacements are eligible for principal forgiveness that would cover at least 75% of replacement costs. The scope and cost of a project to replace lead service lines in the City of Superior is not known; therefore, the extent to which replacement costs would decrease is indeterminate.

Long-Range Fiscal Implications