



State of Wisconsin
2011 - 2012 LEGISLATURE



LRB-1033/3
RNK:nwn:rs

DOA:.....Steinmetz, BB0225 - Environmental improvement fund funding
and clean water fund program changes

FOR 2011-13 BUDGET -- NOT READY FOR INTRODUCTION

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

Analysis by the Legislative Reference Bureau

ENVIRONMENT

WATER QUALITY

Under the Clean Water Fund Program, this state provides financial assistance for projects for controlling water pollution, including sewage treatment plants. One form of financial assistance provided under the Clean Water Fund Program is a loan at a subsidized interest rate.

Under current law, the interest rate for projects that are necessary to prevent a municipality from exceeding a pollution limit in its wastewater discharge permit is 60 percent of the market interest rate, which is the interest rate on bonds issued by the state for the Clean Water Fund Program. The interest rate for projects for the treatment of nonpoint source pollution and urban storm water runoff is 65 percent of the market interest rate and the interest rate for projects for unsewered municipalities is 70 percent of the market interest rate. This bill changes the interest rate for all of these kinds of projects to 80 percent of the market interest rate.

The budget bill for each fiscal biennium establishes the present value of the subsidies that may be provided under the Clean Water Fund Program during that fiscal biennium. This bill sets the present value of the Clean Water Fund Program subsidies that may be provided during the 2011-13 biennium at \$54,400,000. The

bill also increases the revenue bonding authority for the Clean Water Fund Program by \$353,000,000.

Another form of financial assistance that this state provides under the Clean Water Fund Program is financial hardship assistance. A municipality is eligible for this type of assistance if the median household income of the municipality is 80 percent or less than the state median household income and if the estimated total annual charges per residential user that relate to wastewater treatment would exceed 2 percent of the median household income in the municipality without financial assistance. Current law limits the amount that this state may provide in the form of financial hardship assistance to 15 percent of the total Clean Water Fund Program present value subsidy in a fiscal biennium. This bill changes the percentage to 5 percent.

Under the Safe Drinking Water Loan Program, this state provides loans to local governmental units for projects for the construction or modification of public water systems. The loans are provided at subsidized interest rates. The budget bill for each fiscal biennium establishes the present value of the subsidies that may be provided under the Safe Drinking Water Loan Program during that fiscal biennium. This bill sets the present value of the Safe Drinking Water Loan Program subsidies that may be provided during the 2011-13 biennium at \$30,700,000. The bill also increases the general obligation bonding authority for the Safe Drinking Water Loan Program by \$9,400,000.

Under current law, DNR is required to establish a funding list for each fiscal year that ranks projects under the Safe Drinking Water Loan Program for which a local governmental unit has submitted an application for financial assistance. Under current law, in any fiscal biennium, a local governmental unit may not receive more than 25 percent of the amount of the present value of the Safe Drinking Water Loan Program subsidies established for that biennium. This bill changes that limit to not more than 25 percent of the funds that DOA projects will be available for financial assistance under the Safe Drinking Water Loan Program for that biennium.

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

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

SECTION 1. 20.866 (2) (td) of the statutes is amended to read:

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

state may contract public debt in an amount not to exceed ~~\$45,400,000~~ \$54,800,000 for this purpose.

SECTION 2. 281.58 (12) (a) 1. of the statutes is amended to read:

281.58 (12) (a) 1. Except as modified under par. (f) and except as restricted by sub. (8) (b), (c), (f) or (h), the interest rate for projects specified in sub. (7) (b) 1. and 2. is ~~55%~~ 60 percent of market interest rate for projects for which the subsidy is allocated from the amount under s. 281.59 (3e) (b) for a biennium before the ~~2009-11~~ 2011-13 biennium and ~~60%~~ 80 percent of market interest rate for projects for which the subsidy is allocated from the amount under s. 281.59 (3e) (b) for the ~~2009-11~~ 2011-13 biennium or later.

SECTION 3. 281.58 (12) (a) 2. of the statutes is amended to read:

281.58 (12) (a) 2. Except as modified under par. (f) and except as restricted by sub. (8) (b), (c), (f) or (h), the interest rate for projects specified in sub. (7) (b) 5. is ~~65%~~ 65 percent of market interest rate for projects for which the subsidy is allocated from the amount under s. 281.59 (3e) (b) for a biennium before the 2011-13 biennium and 80 percent of market interest rate for projects for which the subsidy is allocated from the amount under s. 281.59 (3e) (b) for the 2011-13 biennium or later.

SECTION 4. 281.58 (12) (a) 3. of the statutes is amended to read:

281.58 (12) (a) 3. Except as modified under par. (f) and except as restricted by sub. (8) (b), (c), (f) or (h), the interest rate for projects specified in sub. (7) (b) 4. is ~~70%~~ 70 percent of market interest rate for projects for which the subsidy is allocated from the amount under s. 281.59 (3e) (b) for a biennium before the 2011-13 biennium and 80 percent of market interest rate for projects for which the subsidy is allocated from the amount under s. 281.59 (3e) (b) for the 2011-13 biennium or later.

SECTION 5. 281.58 (12) (f) of the statutes is amended to read:

281.58 (12) (f) The department and the department of administration jointly may request the joint committee on finance to take action under s. 13.101 (11) to modify the percentage of market interest rates rate established in par. (a) 1. to ~~3~~.

SECTION 6. 281.59 (3e) (b) 1. of the statutes is amended to read:

281.59 (3e) (b) 1. Equal to ~~\$134,900,000~~ \$54,400,000 during the ~~2009-11~~ 2011-13 biennium.

SECTION 7. 281.59 (3e) (b) 3. of the statutes is amended to read:

281.59 (3e) (b) 3. Equal to \$1,000 for any biennium after the ~~2009-11~~ 2011-13 biennium.

SECTION 8. 281.59 (3e) (d) of the statutes is amended to read:

281.59 (3e) (d) The department may expend, for financial assistance in a biennium other than financial hardship assistance under s. 281.58 (13) (e), an amount up to ~~85%~~ 95 percent of the amount approved by the legislature under par. (b). The department may expend such amount only from the percentage of the amount approved under par. (b) that is not available under par. (e) for financial hardship assistance.

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

281.59 (3e) (e) The department may expend, for financial hardship assistance, other than federal financial hardship assistance grants under s. 281.58 (13) (be), in a biennium under s. 281.58 (13) (e), an amount up to ~~15%~~ 5 percent of the amount approved by the legislature under par. (b) for that biennium. The department may expend such amount only from the percentage of the amount approved by the legislature under par. (b) that is not available under par. (d) for financial assistance.

SECTION 10. 281.59 (3s) (b) 1. of the statutes is amended to read:

281.59 (3s) (b) 1. Equal to \$17,600,000 \$30,700,000 during the ~~2009-11~~ 2011-13 biennium.

SECTION 11. 281.59 (3s) (b) 2. of the statutes is amended to read:

281.59 (3s) (b) 2. Equal to \$1,000 for any biennium after the ~~2009-11~~ 2011-13 biennium.

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

281.59 (4) (f) Revenue obligations may be contracted by the building commission when it reasonably appears to the building commission that all obligations incurred under this subsection, and all payments under an agreement or ancillary arrangement entered into under s. 18.55 (6) with respect to revenue obligations issued under this subsection, can be fully paid on a timely basis from moneys received or anticipated to be received. Revenue obligations issued under this subsection for the clean water fund program shall not exceed ~~\$2,363,300,000~~ \$2,716,300,000 in principal amount, excluding obligations issued to refund outstanding revenue obligation notes.

SECTION 13. 281.61 (8) (a) 2. of the statutes is amended to read:

281.61 (8) (a) 2. In any biennium, no local governmental unit may receive more than 25% of the ~~amount established under s. 281.59 (3s) (b)~~ funds that the department of administration projects will be available for that biennium.

(END)