



1997 ASSEMBLY BILL 188

March 13, 1997 - Introduced by Representative SCHNEIDER, cosponsored by Senator SHIBILSKI. Referred to Committee on Natural Resources.

1 **AN ACT to repeal** 281.59 (3) (a) 4.; **to renumber** 281.59 (1) (a); **to renumber and**
2 **amend** 281.59 (3) (c), (d), (dm), (e), (f) and (i); **to amend** 13.101 (11), 13.48 (26),
3 18.06 (9), 18.57 (3), 20.320 (intro.), 20.320 (1) (title), 20.320 (1) (a), 20.320 (1)
4 (c), 20.320 (1) (q), 20.320 (1) (r), 20.320 (1) (s), 20.320 (1) (t), 20.320 (1) (u), 20.370
5 (2) (mt), 20.370 (2) (mx), 20.370 (6) (mu), 20.370 (6) (mx), 20.370 (8) (mr), 20.505
6 (1) (v), 20.505 (1) (x), 20.536 (1) (ka), 20.866 (1) (u), 20.866 (2) (tc), 25.17 (2) (d),
7 25.43 (title) and (1) (intro.), 25.43 (1) (b), 25.43 (1) (c), 25.43 (1) (d), 25.43 (1) (e),
8 25.43 (1) (f), 25.43 (2) (a), 25.43 (2) (b), 25.43 (2) (c), 25.43 (3), 66.36 (intro.),
9 281.58 (1) (cg), 281.58 (2m) (a), 281.58 (3m) (a), 281.58 (6) (a) (intro.), 281.58 (6)
10 (b) (intro.), 281.58 (6) (b) 8., 281.58 (7) (a), 281.58 (7) (b) (intro.), 281.58 (8) (a)
11 (intro.), 281.58 (8) (d), 281.58 (8) (g), 281.58 (8) (i), 281.58 (8) (L) (intro.), 281.58
12 (9) (a), 281.58 (9) (b), 281.58 (9) (c), 281.58 (9) (e), 281.58 (9) (f), 281.58 (9m) (c),
13 281.58 (9m) (e), 281.58 (9m) (f) (intro.), 281.58 (9m) (g), 281.58 (12) (a) (intro.),
14 281.58 (12) (c) 1., 281.58 (13) (b) (intro.), 281.58 (13m), 281.58 (14) (b) (intro.),

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1 281.59 (title), 281.59 (1) (b), 281.59 (1) (d), 281.59 (2) (a), 281.59 (2) (b), 281.59
2 (2) (c), 281.59 (2m) (title), 281.59 (2m) (a) 1., 281.59 (2m) (b) 1., 281.59 (2m) (b)
3 2., 281.59 (3) (a) 1., 281.59 (3) (a) 2., 281.59 (3) (a) 5., 281.59 (3) (a) 6., 281.59
4 (3) (a) 7., 281.59 (3) (a) 8., 281.59 (3) (b), 281.59 (3) (j), 281.59 (4) (am), 281.59
5 (4) (c), 281.59 (9) (a), (am) and (b) (intro.) and 1., 281.59 (11), 281.59 (13m),
6 281.59 (13s) and 281.59 (14); and **to create** 20.320 (2), 20.370 (2) (mz), 20.370
7 (6) (my), 20.505 (1) (y), 20.866 (2) (td), 25.43 (1) (am), 25.43 (1) (bm), 25.43 (2)
8 (am), 281.58 (1) (ai), 281.59 (1) (ag), 281.59 (1) (cm), 281.59 (1m), 281.59 (3) (a)
9 6m., 281.59 (3e) (title), 281.59 (3s) and 281.61 of the statutes; **relating to:** a safe
10 drinking water loan program, granting bonding authority, granting
11 rule-making authority and making appropriations.

Analysis by the Legislative Reference Bureau

The federal Safe Drinking Water Act was amended in 1996 to provide funding for states for revolving loan programs to fund projects that will facilitate compliance with national drinking water regulations or otherwise further the health protection objectives of the Safe Drinking Water Act.

This bill requires the department of natural resources (DNR) and the department of administration (DOA) to administer a safe drinking water loan program under which this state accepts the federal funding made available under the Safe Drinking Water Act, issues general obligation bonds to provide the required state matching funds and makes loans to local governmental units for projects to protect or improve drinking water quality. The loans are at 55% of market interest rate for most local governmental units and at 33% of market interest rate for local governmental units that meet financial eligibility criteria established by DNR, except that the joint committee on finance may change the interest rates at the request of DNR and DOA. DNR will establish funding lists for eligible projects, with priority given to projects that address the most serious risks to human health, that are necessary to ensure compliance with the Safe Drinking Water Act and that assist local governmental units that are most in need on a per household basis.

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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.** 13.101 (11) of the statutes is amended to read:

2 13.101 (11) The committee may approve a clean water fund program interest
3 rate change as specified under s. 281.58 (12) (f) or a safe drinking water loan program
4 interest rate change as specified under s. 281.61 (11) (b).

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

6 13.48 (26) (title) ~~CLEAN WATER~~ ENVIRONMENTAL IMPROVEMENT ANNUAL FINANCE
7 PLAN APPROVAL. The building commission shall review the versions of the biennial
8 finance plan and any amendments to the biennial finance plan submitted to it by the
9 department of natural resources and the department of administration under s.
10 281.59 (3) (bm) and the recommendations of the joint committee on finance and the
11 standing committees to which the versions of the biennial finance plan and any
12 amendments were submitted under s. 281.59 (3) (bm). The building commission
13 shall consider the extent to which that version of the biennial finance plan that is
14 updated to reflect the adopted biennial budget act will maintain the ~~clean water~~
15 environmental improvement fund in perpetuity. The building commission shall
16 consider the extent to which the implementation of the clean water fund program
17 and the safe drinking water loan program, as set forth in the biennial finance plan
18 updated to reflect the adopted biennial budget act, implements legislative intent on
19 the clean water fund program and the safe drinking water loan program. The
20 building commission shall, no later than 60 days after the date of enactment of the
21 biennial budget act, either approve or disapprove the biennial finance plan that is

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1 updated to reflect the adopted biennial budget act, except that the building
2 commission may not disapprove those amounts that the legislature approves under
3 s. 281.59 ~~(3)~~(e) (3e) (a) and (3s) (a). If the building commission disapproves the
4 version of the biennial finance plan that is updated to reflect the adopted biennial
5 budget act, it must notify the department of natural resources and the department
6 of administration of its reasons for disapproving the plan, and those departments
7 must revise that version of the biennial finance plan and submit the revision to the
8 building commission.

9 **SECTION 3.** 18.06 (9) of the statutes is amended to read:

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

15 **SECTION 4.** 18.57 (3) of the statutes is amended to read:

16 18.57 **(3)** Moneys in such funds may be commingled only for the purpose of
17 investment with other public funds, but they shall be invested only in investment
18 instruments permitted in s. 25.17 (3) (dg) or in ~~clean water~~ environmental
19 improvement fund investment instruments permitted in s. 281.59 (2m). All such
20 investments shall be the exclusive property of such fund and all earnings on or
21 income from investments shall be credited to such fund and shall become available
22 for any of the purposes under sub. (2) and for the payment of interest on related
23 revenue obligations.

24 **SECTION 5.** 20.320 (intro.) of the statutes is amended to read:

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1 **20.320** (title) ~~Clean water fund~~ **Environmental improvement program.**

2 (intro.) There is appropriated for the clean water fund environmental improvement
3 program:

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

5 20.320 (1) (title) CLEAN WATER FUND PROGRAM OPERATIONS.

6 **SECTION 7.** 20.320 (1) (a) of the statutes is amended to read:

7 20.320 (1) (a) (title) *Environmental aids — clean water fund program.* The
8 amounts in the schedule to be paid into the environmental improvement fund for the
9 clean water fund program under s. 281.58.

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

11 20.320 (1) (c) (title) *Principal repayment and interest — clean water fund*
12 *program.* A sum sufficient to reimburse s. 20.866 (1) (u) for the payment of principal
13 and interest costs incurred in transferring moneys from s. 20.866 (2) (tc) to the clean
14 water environmental improvement fund for the purposes specified in s. 25.43 (3) of
15 the clean water fund program under s. 281.58.

16 **SECTION 9.** 20.320 (1) (q) of the statutes is amended to read:

17 20.320 (1) (q) (title) *Clean water fund program revenue obligation funding.* As
18 a continuing appropriation, all proceeds from revenue obligations issued under
19 subch. II or IV of ch. 18, as authorized under s. 281.59 (4) and deposited in the fund
20 in the state treasury created under s. 18.57 (1), providing for reserves and for
21 expenses of issuance and management of the revenue obligations, and the remainder
22 to be transferred to the clean water environmental improvement fund for the
23 purposes specified in s. 25.43 (3) of the clean water fund program under s. 281.58.
24 Estimated disbursements under this paragraph shall not be included in the schedule
25 under s. 20.005.

ASSEMBLY BILL 188**SECTION 10**

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

2 20.320 (1) (r) (title) *Clean water fund program repayment of revenue*
3 *obligations.* From the ~~clean water~~ environmental improvement fund, a sum
4 sufficient to repay the fund in the state treasury created under s. 18.57 (1) the
5 amount needed to retire revenue obligations issued under subch. II or IV of ch. 18,
6 as authorized under s. 281.59 (4).

7 **SECTION 11.** 20.320 (1) (s) of the statutes is amended to read:

8 20.320 (1) (s) (title) *Clean water fund program financial assistance.* From the
9 ~~clean water~~ environmental improvement fund, a sum sufficient for the purposes of
10 ~~ss. 25.43, providing clean water fund program financial assistance under s. 281.58~~
11 ~~and 281.59, other than general program operations specified under s. 20.370 (2) (mt)~~
12 ~~or (mx) or 20.505 (1) (v) or (x) and other than administration of ss. 25.43, 281.58 and~~
13 ~~281.59.~~

14 **SECTION 12.** 20.320 (1) (t) of the statutes is amended to read:

15 20.320 (1) (t) (title) *Principal repayment and interest — clean water fund*
16 *program bonds.* From the ~~clean water~~ environmental improvement fund, the
17 amounts in the schedule to reimburse s. 20.866 (1) (u) for the payment of principal
18 and interest costs incurred in transferring moneys from s. 20.866 (2) (tc) to the ~~clean~~
19 ~~water~~ environmental improvement fund for the purposes ~~specified in s. 25.43 (3) of~~
20 ~~the clean water fund program under s. 281.58.~~ Fifty percent of all moneys received
21 from municipalities as payment of interest on loans or portions of loans under ~~ss.~~
22 ~~144.241 and 144.2415~~ s. 281.58 the revenues of which have not been pledged to
23 secure revenue obligations shall be credited to this appropriation account.

24 **SECTION 13.** 20.320 (1) (u) of the statutes is amended to read:

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1 20.320 (1) (u) (title) *Principal repayment and interest — clean water fund*
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 ~~clean water~~ environmental improvement fund, for the purpose
5 of the retirement of revenue obligations, providing for reserves and for operations
6 relating to the management and retirement of revenue obligations issued under
7 subch. II or IV of ch. 18, as authorized under s. 281.59 (4). All moneys received are
8 irrevocably appropriated in accordance with subch. II of ch. 18 and further
9 established in resolutions authorizing the issuance of the revenue obligations and
10 setting forth the distribution of funds to be received thereafter.

11 **SECTION 14.** 20.320 (2) of the statutes is created to read:

12 20.320 (2) SAFE DRINKING WATER LOAN PROGRAM OPERATIONS. (c) *Principal*
13 *repayment and interest — safe drinking water loan program.* A sum sufficient to
14 reimburse s. 20.866 (1) (u) for the payment of principal and interest costs incurred
15 in financing the safe drinking water loan program under s. 20.866 (2) (td).

16 (s) *Safe drinking water loan program financial assistance.* From the
17 environmental improvement fund, a sum sufficient for financial assistance under
18 the safe drinking water loan program under s. 281.61.

19 (x) *Safe drinking water loan program financial assistance; federal.* From the
20 safe drinking water loan program federal revolving loan fund account in the
21 environmental improvement fund, all moneys received from the federal government
22 to provide financial assistance under the safe drinking water loan program under s.
23 281.61, as authorized by the governor under s. 16.54, for financial assistance under
24 the safe drinking water loan program under s. 281.61.

25 **SECTION 15.** 20.370 (2) (mt) of the statutes is amended to read:

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1 20.370 (2) (mt) (title) *General program operations — ~~clean water fund program~~*
2 *environmental improvement programs; state funds.* From the ~~clean water~~
3 environmental improvement fund, the amounts in the schedule for general program
4 operations under s. 281.58 ~~or~~, 281.59 or 281.61.

5 **SECTION 16.** 20.370 (2) (mx) of the statutes is amended to read:

6 20.370 (2) (mx) *General program operations — clean water fund program;*
7 *federal funds.* As a continuing appropriation, from the clean water fund program
8 federal revolving loan fund account in the ~~clean water~~ environmental improvement
9 fund, the amounts in the schedule for general program operations of the clean water
10 fund program under s. 281.58 or 281.59.

11 **SECTION 17.** 20.370 (2) (mz) of the statutes is created to read:

12 20.370 (2) (mz) *General program operations — safe drinking water loan*
13 *programs; federal funds.* As a continuing appropriation, from the safe drinking
14 water loan program federal revolving loan fund account in the environmental
15 improvement fund, the amounts in the schedule for general program operations of
16 the safe drinking water loan program under s. 281.59 or 281.61.

17 **SECTION 18.** 20.370 (6) (mu) of the statutes is amended to read:

18 20.370 (6) (mu) (title) *Aids administration — ~~clean water fund program~~*
19 *environmental improvement programs; state funds.* From the ~~clean water~~
20 environmental improvement fund, the amounts in the schedule for the
21 administration of ~~s.~~ ss. 281.58 and 281.61.

22 **SECTION 19.** 20.370 (6) (mx) of the statutes is amended to read:

23 20.370 (6) (mx) *Aids administration — clean water fund program; federal*
24 *funds.* From the clean water fund program federal revolving loan fund account in
25 the ~~clean water~~ environmental improvement fund, all moneys received from the

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1 federal government to administer the clean water fund program, as authorized by
2 the governor under s. 16.54, for the administration of the clean water fund program
3 under s. 281.58 or 281.59.

4 **SECTION 20.** 20.370 (6) (my) of the statutes is created to read:

5 20.370 (6) (my) *Aids administration — safe drinking water loan program;*
6 *federal funds.* From the safe drinking water loan program federal revolving loan
7 fund account in the environmental improvement fund, all moneys received from the
8 federal government to administer the safe drinking water loan program, as
9 authorized by the governor under s. 16.54, for the administration of the safe drinking
10 water loan program under s. 281.59 or 281.61.

11 **SECTION 21.** 20.370 (8) (mr) of the statutes is amended to read:

12 20.370 (8) (mr) (title) *General program operations — ~~clean-water~~*
13 *environmental improvement fund.* From the ~~clean-water~~ environmental
14 improvement fund, the amounts in the schedule for the general administration and
15 field administration of the department.

16 **SECTION 22.** 20.505 (1) (v) of the statutes is amended to read:

17 20.505 (1) (v) (title) *General program operations — ~~clean-water fund program~~*
18 *environmental improvement programs; state funds.* From the ~~clean-water~~
19 environmental improvement fund, the amounts in the schedule for general program
20 operations under s. 281.58 ~~or~~ 281.59 or 281.61.

21 **SECTION 23.** 20.505 (1) (x) of the statutes is amended to read:

22 20.505 (1) (x) *General program operations — clean water fund program; federal*
23 *funds.* As a continuing appropriation, from the clean water fund program federal
24 revolving loan fund account in the ~~clean-water~~ environmental improvement fund,

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1 the amounts in the schedule for general program operations of the clean water fund
2 program under s. 281.58 or 281.59.

3 **SECTION 24.** 20.505 (1) (y) of the statutes is created to read:

4 20.505 (1) (y) *General program operations — safe drinking water loan program;*
5 *federal funds.* As a continuing appropriation, from the safe drinking water loan
6 program federal revolving loan fund account in the environmental improvement
7 fund, the amounts in the schedule for general program operations of the safe
8 drinking water loan program under s. 281.59 or 281.61.

9 **SECTION 25.** 20.536 (1) (ka) of the statutes is amended to read:

10 20.536 (1) (ka) (title) *General program operations; ~~clean water~~ environmental*
11 *improvement fund.* All moneys received for providing services to the department of
12 administration or the department of natural resources in administering ss. 25.43,
13 281.58 ~~and~~, 281.59 ~~and~~ 281.61, for general program operations.

14 **SECTION 26.** 20.866 (1) (u) of the statutes is amended to read:

15 20.866 (1) (u) *Principal repayment and interest.* A sum sufficient from moneys
16 appropriated under sub. (2) (zp) and ss. 20.190 (1) (c), (i) and (j), 20.225 (1) (c), 20.245
17 (1) (e), (2) (e) and (j), (4) (e) and (5) (e), 20.250 (1) (e), 20.255 (1) (d), 20.285 (1) (d), (db),
18 (fh), (ih) and (kd) and (5) (i), 20.320 (1) (c) and (t) and (2) (c), 20.370 (7) (aa), (ac), (aq),
19 (ar), (at), (ba), (ca), (cb), (cc), (cd), (ea) and (eq), 20.395 (6) (aq) and (ar), 20.410 (1) (e),
20 (ec) and (ko) and (3) (e), 20.435 (2) (ee) and (6) (e), 20.465 (1) (d), 20.485 (1) (f) and
21 (go) and (3) (t), 20.505 (5) (g) and (kc) and 20.867 (1) (a) and (b) and (3) (a), (b), (g),
22 (h), (i) and (q) for the payment of principal and interest on public debt contracted
23 under subchs. I and IV of ch. 18.

24 **SECTION 27.** 20.866 (2) (tc) of the statutes is amended to read:

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1 20.866 (2) (tc) (title) *Clean water fund program*. From the capital improvement
2 fund, a sum sufficient to be transferred to the ~~clean water~~ environmental
3 improvement fund for the purposes of the clean water fund program under ss. 281.58
4 and 281.59. The state may contract public debt in an amount not to exceed
5 \$553,194,000 for this purpose. Of this amount, the amount needed to meet the
6 requirements for state deposits under 33 USC 1382 is allocated for those deposits.
7 Of this amount, \$8,250,000 is allocated to fund the minority business development
8 and training program under s. 66.905 (2) (b).

9 **SECTION 28.** 20.866 (2) (td) of the statutes is created to read:

10 20.866 (2) (td) *Safe drinking water loan program*. From the capital
11 improvement fund, a sum sufficient to be transferred to the environmental
12 improvement fund for the safe drinking water loan program under s. 281.61. The
13 state may contract public debt in an amount not to exceed \$22,000,000 for this
14 purpose.

15 **SECTION 29.** 25.17 (2) (d) of the statutes is amended to read:

16 25.17 (2) (d) Invest the ~~clean water~~ environmental improvement fund, and
17 collect the principal and interest of all moneys loaned or invested from the ~~clean~~
18 ~~water~~ environmental improvement fund, as directed by the department of
19 administration under s. 281.59 (2m). In making such investment, the investment
20 board shall accept any reasonable terms and conditions that the department of
21 administration specifies and is relieved of any obligations relevant to prudent
22 investment of the fund, including those set forth under ch. 881.

23 **SECTION 30.** 25.43 (title) and (1) (intro.) of the statutes are amended to read:

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1 **25.43** (title) ~~Clean-water~~ **Environmental improvement fund.** (1) (intro.)

2 There is established a separate nonlapsible trust fund designated as the ~~clean-water~~
3 environmental improvement fund, to consist of all of the following:

4 **SECTION 31.** 25.43 (1) (am) of the statutes is created to read:

5 25.43 (1) (am) All capitalization grants provided by the federal government
6 under 42 USC 300j-12.

7 **SECTION 32.** 25.43 (1) (b) of the statutes is amended to read:

8 25.43 (1) (b) All state funds appropriated or transferred to the ~~clean-water~~
9 environmental improvement fund to meet the requirements for state deposits under
10 33 USC 1382.

11 **SECTION 33.** 25.43 (1) (bm) of the statutes is created to read:

12 25.43 (1) (bm) All state funds appropriated or transferred to the environmental
13 improvement fund to meet the requirements for state deposits under 42 USC
14 300j-12.

15 **SECTION 34.** 25.43 (1) (c) of the statutes is amended to read:

16 25.43 (1) (c) All other appropriations and transfers of state funds to the ~~clean~~
17 ~~water~~ environmental improvement fund.

18 **SECTION 35.** 25.43 (1) (d) of the statutes is amended to read:

19 25.43 (1) (d) All gifts, grants and bequests to the ~~clean-water~~ environmental
20 improvement fund.

21 **SECTION 36.** 25.43 (1) (e) of the statutes is amended to read:

22 25.43 (1) (e) All repayments of principal and payment of interest on loans made
23 from the ~~clean-water~~ environmental improvement fund and on obligations acquired
24 by the department of administration under s. 281.59 (12).

25 **SECTION 37.** 25.43 (1) (f) of the statutes is amended to read:

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1 25.43 (1) (f) All moneys received by the ~~clean-water~~ environmental
2 improvement fund from the proceeds of the sale of general or revenue obligations
3 under ch. 18 for the purpose of s. 20.866 (2) (tc) or (td) or 281.59 (4).

4 **SECTION 38.** 25.43 (2) (a) of the statutes is amended to read:

5 25.43 (2) (a) There is established in the ~~clean-water~~ environmental
6 improvement fund a clean water fund program federal revolving loan fund account
7 consisting of the capitalization grants under sub. (1) (a) and (b) and all repayments
8 under sub. (1) (e) and (g) of capitalization grants under sub. (1) (a) and (b).

9 **SECTION 39.** 25.43 (2) (am) of the statutes is created to read:

10 25.43 (2) (am) There is established in the environmental improvement fund a
11 safe drinking water loan program federal revolving loan fund account consisting of
12 the capitalization grants under sub. (1) (am) and (bm) and all repayments under sub.
13 (1) (e) of capitalization grants under sub. (1) (am) and (bm).

14 **SECTION 40.** 25.43 (2) (b) of the statutes is amended to read:

15 25.43 (2) (b) There is established in the ~~clean-water~~ environmental
16 improvement fund a state revolving loan fund account consisting of all moneys in the
17 fund not included in accounts under par. (a), (am) or (c).

18 **SECTION 41.** 25.43 (2) (c) of the statutes is amended to read:

19 25.43 (2) (c) The department of administration may establish and change
20 accounts in the ~~clean-water~~ environmental improvement fund other than those
21 under pars. (a), (am) and (b). The department of administration shall consult the
22 department of natural resources before establishing or changing an account that is
23 needed to administer the ~~program~~ programs under s. ss. 281.58 and, 281.59 and
24 281.61.

25 **SECTION 42.** 25.43 (3) of the statutes is amended to read:

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1 25.43 (3) Except for the purpose of investment as provided in s. 25.17 (2) (d),
2 the clean water environmental improvement fund may be used only for the purposes
3 authorized under ss. 20.320 (1) (r), (s) and (t) and (2) (s), 20.370 (2) (mt) ~~and~~, (mx) and
4 (mz), (6) (mu) ~~and~~, (mx) and (my) and (8) (mr), 20.505 (1) (v) ~~and~~, (x) and (y), 281.58
5 ~~and~~, 281.59 and 281.61.

6 **SECTION 43.** 66.36 (intro.) of the statutes is amended to read:

7 **66.36** (title) **Municipal financing; clean water fund ~~project~~ program**
8 **costs.** (intro.) Subject to the terms and conditions of its financial assistance
9 agreement, a municipality may repay financial assistance costs received ~~from~~ under
10 the clean water fund program under ss. 281.58 and 281.59 by any lawful method,
11 including any one of the following methods or any combination thereof:

12 **SECTION 44.** 281.58 (1) (ai) of the statutes is created to read:

13 281.58 (1) (ai) "Clean water fund program" means the program administered
14 under this section with financial management provided under s. 281.59.

15 **SECTION 45.** 281.58 (1) (cg) of the statutes is amended to read:

16 281.58 (1) (cg) "Market interest rate" means the interest at the effective rate
17 of a revenue obligation issued by the state to fund a project loan or a portion of a
18 project loan ~~under this section and s. 281.59~~ the clean water fund program.

19 **SECTION 46.** 281.58 (2m) (a) of the statutes is amended to read:

20 281.58 (2m) (a) Administer its responsibilities under ~~this section and s. 281.59~~
21 the clean water fund program.

22 **SECTION 47.** 281.58 (3m) (a) of the statutes is amended to read:

23 281.58 (3m) (a) A list of wastewater treatment projects that the department
24 estimates will apply for financial assistance under ~~this section and s. 281.59~~ the
25 clean water fund program during the next biennium.

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1 **SECTION 48.** 281.58 (6) (a) (intro.) of the statutes is amended to read:

2 281.58 **(6)** (a) (intro.) The department may determine whether a municipality
3 is eligible for financial assistance under ~~this section and s. 281.59~~ the clean water
4 fund program for any of the following:

5 **SECTION 49.** 281.58 (6) (b) (intro.) of the statutes is amended to read:

6 281.58 **(6)** (b) (intro.) The following methods of providing financial assistance
7 may be used under ~~this section and s. 281.59~~ the clean water fund program:

8 **SECTION 50.** 281.58 (6) (b) 8. of the statutes is amended to read:

9 281.58 **(6)** (b) 8. Providing payments to the board of commissioners of public
10 lands to reduce principal or interest payments, or both, on loans made to
11 municipalities under subch. II of ch. 24 by the board of commissioners of public lands
12 for projects that are eligible for financial assistance under ~~this section and s. 281.59~~
13 the clean water fund program.

14 **SECTION 51.** 281.58 (7) (a) of the statutes is amended to read:

15 281.58 **(7)** (a) The department shall, by rule, establish criteria for determining
16 which applicants and which projects are eligible to receive financial assistance under
17 ~~this section and s. 281.59~~ the clean water fund program. The primary criteria for
18 eligibility shall be water quality and public health. The rules for clean water fund
19 projects funded from the account under s. 25.43 (2) (a) shall be consistent with 33
20 USC 1251 to 1376 and 33 USC 1381 to 1387 and the regulations promulgated
21 thereunder. The rules for clean water fund projects funded from the account under
22 s. 25.43 (2) (b) may be consistent with 33 USC 1251 to 1376 and 33 USC 1381 to 1387
23 and the regulations promulgated thereunder.

24 **SECTION 52.** 281.58 (7) (b) (intro.) of the statutes is amended to read:

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1 281.58 (7) (b) (intro.) The department may determine whether a municipality
2 is eligible for financial assistance under ~~this section and s. 281.59~~ the clean water
3 fund program for any of the following types of projects:

4 **SECTION 53.** 281.58 (8) (a) (intro.) of the statutes is amended to read:

5 281.58 (8) (a) (intro.) The following are not eligible for financial assistance from
6 the clean water fund ~~under this section and s. 281.59~~ program:

7 **SECTION 54.** 281.58 (8) (d) of the statutes is amended to read:

8 281.58 (8) (d) An unsewered municipality that is not constructing a treatment
9 work and will be disposing of wastewater in the treatment work of another
10 municipality is not eligible for financial assistance under ~~this section and s. 281.59~~
11 the clean water fund program until it executes an agreement under s. 66.30 with
12 another municipality to receive, treat and dispose of the wastewater of the
13 unsewered municipality.

14 **SECTION 55.** 281.58 (8) (g) of the statutes is amended to read:

15 281.58 (8) (g) The sum of all of the financial assistance to a municipality
16 approved under ~~this section and s. 281.59~~ the clean water fund program for a project
17 may not result in the municipality paying less than 30% of the cost of the project.

18 **SECTION 56.** 281.58 (8) (i) of the statutes is amended to read:

19 281.58 (8) (i) After June 30, 1991, no municipality may receive for projects in
20 a biennium an amount that exceeds 35.2% of the amount approved by the legislature
21 under s. 281.59 ~~(3) (d) (3e) (b)~~ for that biennium.

22 **SECTION 57.** 281.58 (8) (L) (intro.) of the statutes is amended to read:

23 281.58 (8) (L) (intro.) The total amount of capital cost loans made under ~~this~~
24 ~~section and s. 281.59~~ the clean water fund program may not exceed \$120,000,000,
25 and no capital cost loan funds may be released under ~~this section and s. 281.59~~ the

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1 clean water fund program until the secretary of administration has found in writing
2 that all of the following facts have occurred:

3 **SECTION 58.** 281.58 (9) (a) of the statutes is amended to read:

4 281.58 (9) (a) After the department approves a municipality's facility plan
5 submitted under sub. (8s), the municipality shall submit an application for
6 participation to the department. The application shall be in such form and include
7 such information as the department and the department of administration prescribe
8 and shall include design plans and specifications that are approvable by the
9 department under this chapter. The department shall review applications for
10 participation in the clean water fund program ~~under this section and s. 281.59~~. The
11 department shall determine which applications meet the eligibility requirements
12 and criteria under subs. (6), (7), (8), (8m) and (13).

13 **SECTION 59.** 281.58 (9) (b) of the statutes is amended to read:

14 281.58 (9) (b) A municipality seeking financial assistance, except for a
15 municipality seeking a capital cost loan, for a project ~~under this section and s. 281.59~~
16 the clean water fund program shall complete an environmental analysis sequence
17 as required by the department by rule.

18 **SECTION 60.** 281.58 (9) (c) of the statutes is amended to read:

19 281.58 (9) (c) If a municipality is serviced by more than one sewerage district
20 for wastewater pollution abatement, each service area of the municipality shall be
21 considered a separate municipality for purposes of obtaining financial assistance
22 ~~under this section and s. 281.59~~ the clean water fund program.

23 **SECTION 61.** 281.58 (9) (e) of the statutes is amended to read:

24 281.58 (9) (e) If the governor's recommendation, as set forth in the executive
25 budget bill, for the amount under s. 281.59 ~~(3)-(d)~~ (3e) (b), the amount available under

ASSEMBLY BILL 188**SECTION 61**

1 s. 20.866 (2) (tc) or the amount available under s. 281.59 (4) (f) for a biennium is 85%
2 or less of the amount of present value subsidy, general obligation bonding authority
3 or revenue bonding authority, respectively, requested for that biennium in the
4 biennial finance plan submitted under s. 281.59 (3) (bm) 1., the department shall
5 inform municipalities that, if the governor's recommendations are approved, clean
6 water fund program assistance during a fiscal year of that biennium will only be
7 available to municipalities that submit financial assistance applications by the June
8 30 preceding that fiscal year.

9 **SECTION 62.** 281.58 (9) (f) of the statutes is amended to read:

10 281.58 (9) (f) The fees collected under par. (d) shall be credited to the ~~clean~~
11 ~~water~~ environmental improvement fund.

12 **SECTION 63.** 281.58 (9m) (c) of the statutes is amended to read:

13 281.58 (9m) (c) The department may approve an application under par. (a) in
14 a year only after the amount under s. 281.59 (3) ~~(d)~~ (3e) (b) for the biennium in which
15 that year falls has been approved by the legislature under s. 281.59 (3) ~~(d)~~ (3e) (b).

16 **SECTION 64.** 281.58 (9m) (e) of the statutes is amended to read:

17 281.58 (9m) (e) 1. Except as provided under par. (f) and sub. (13), if a sufficient
18 amount of subsidy is available under s. 281.59 (3) ~~(d)~~ (3e) (b) for the municipality's
19 project, based on the calculation under s. 281.59 (3) ~~(i)~~ (3e) (f), when the department
20 approves the application under par. (a), the department of administration shall
21 allocate that amount to the project.

22 2. If a sufficient amount of subsidy is not available under s. 281.59 (3) ~~(d)~~ (3e)
23 (b) for the municipality's project when the department approves the application
24 under subd. 1., the department shall place the project on a list for allocation when
25 additional subsidy becomes available.

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1 **SECTION 65.** 281.58 (9m) (f) (intro.) of the statutes is amended to read:

2 281.58 **(9m)** (f) (intro.) If the amount approved under s. 281.59 ~~(3)-(d)~~ (3e) (b),
3 the amount available under s. 20.866 (2) (tc) or the amount available under s. 281.59
4 (4) (f) for a biennium is 85% or less of the amount of present value subsidy, general
5 obligation bonding authority or revenue bonding authority, respectively, requested
6 for that biennium in the biennial finance plan submitted under s. 281.59 (3) (bm) 1.,
7 all of the following apply:

8 **SECTION 66.** 281.58 (9m) (g) of the statutes is amended to read:

9 281.58 **(9m)** (g) In allocating subsidy under this subsection, the department of
10 administration shall adhere to the amount approved by the legislature for each
11 biennium under s. 281.59 ~~(3)-(d)~~ (3e) (b).

12 **SECTION 67.** 281.58 (12) (a) (intro.) of the statutes is amended to read:

13 281.58 **(12)** (a) (intro.) The types of projects for which municipalities may
14 receive loans under ~~this section and s. 281.59~~ the clean water fund program shall be
15 classified as follows for the purpose of setting the percentage of market interest rates
16 on loans funding such projects:

17 **SECTION 68.** 281.58 (12) (c) 1. of the statutes is amended to read:

18 281.58 **(12)** (c) 1. The percentage of market interest rates established shall, to
19 the extent possible, fully allocate the amount of public debt authorized under s.
20 20.866 (2) (tc), the amount authorized under s. 281.59 ~~(3)-(d)~~ (3e) (b) and the amount
21 of revenue obligations authorized under s. 281.59 (4) (f).

22 **SECTION 69.** 281.58 (13) (b) (intro.) of the statutes is amended to read:

23 281.58 **(13)** (b) (intro.) A municipality with an application that is approved
24 under sub. (9m) is eligible for financial hardship assistance for the project costs that
25 are eligible under ~~this section and s. 281.59~~ the clean water fund program, except for

ASSEMBLY BILL 188**SECTION 69**

1 costs to which sub. (8) (b), (c), (f) or (h) applies, if the municipality meets all of the
2 following criteria:

3 **SECTION 70.** 281.58 (13m) of the statutes is amended to read:

4 281.58 (13m) MINORITY BUSINESS DEVELOPMENT AND TRAINING PROGRAM. (a) The
5 department shall make grants to projects that are eligible for financial assistance
6 under ~~this section and s. 281.59~~ the clean water fund program and that are identified
7 as being part of the minority business development and training program under s.
8 66.905 (2) (b).

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

14 **SECTION 71.** 281.58 (14) (b) (intro.) of the statutes is amended to read:

15 281.58 (14) (b) (intro.) As a condition of receiving financial assistance under
16 ~~this section and s. 281.59~~ the clean water fund program, a municipality shall do all
17 of the following:

18 **SECTION 72.** 281.59 (title) of the statutes is amended to read:

19 **281.59** (title) ~~Clean water~~ Environmental improvement fund program;
20 **financial management.**

21 **SECTION 73.** 281.59 (1) (a) of the statutes is renumbered 281.59 (1) (am).

22 **SECTION 74.** 281.59 (1) (ag) of the statutes is created to read:

23 281.59 (1) (ag) "Clean water fund program" means the program administered
24 under s. 281.58, with financial management provided under this section.

25 **SECTION 75.** 281.59 (1) (b) of the statutes is amended to read:

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1 281.59 (1) (b) “Market interest rate” means the interest at the effective rate of
2 a revenue obligation issued by the state to fund a project loan or a portion of a project
3 loan ~~under this section and s. 281.58~~ for a project under the clean water fund
4 program.

5 **SECTION 76.** 281.59 (1) (cm) of the statutes is created to read:

6 281.59 (1) (cm) “Safe drinking water loan program” means the program
7 administered under s. 281.61, with financial management provided under this
8 section.

9 **SECTION 77.** 281.59 (1) (d) of the statutes is amended to read:

10 281.59 (1) (d) “Subsidy” means the amounts provided ~~by the clean water from~~
11 the environmental improvement fund to clean water fund program and safe drinking
12 water loan program projects receiving financial assistance ~~under this section and s.~~
13 ~~281.58~~ for the following purposes:

14 1. To reduce the interest rate of clean water fund program and safe drinking
15 water loan program loans from market rate to a subsidized rate.

16 2. ~~To~~ For the clean water fund program only, to provide for financial hardship
17 assistance, including grants.

18 **SECTION 78.** 281.59 (1m) of the statutes is created to read:

19 281.59 (1m) ESTABLISHMENT OF PROGRAMS. (a) There is established a clean
20 water fund program, administered under s. 281.58, with financial management
21 provided under this section.

22 (b) There is established a safe drinking water loan program, administered
23 under s. 281.61, with financial management provided under this section.

24 **SECTION 79.** 281.59 (2) (a) of the statutes is amended to read:

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1 281.59 (2) (a) Administer its responsibilities under this section and ~~s. ss.~~ 281.58
2 and 281.61.

3 **SECTION 80.** 281.59 (2) (b) of the statutes is amended to read:

4 281.59 (2) (b) Cooperate with the department in administering the clean water
5 fund program and the safe drinking water loan program.

6 **SECTION 81.** 281.59 (2) (c) of the statutes is amended to read:

7 281.59 (2) (c) Accept and hold any letter of credit from the federal government
8 through which the state receives federal capitalization grant payments and
9 disbursements to the ~~clean water~~ environmental improvement fund.

10 **SECTION 82.** 281.59 (2m) (title) of the statutes is amended to read:

11 281.59 (2m) (title) INVESTMENT MANAGEMENT; ~~CLEAN WATER~~ ENVIRONMENTAL
12 IMPROVEMENT FUND.

13 **SECTION 83.** 281.59 (2m) (a) 1. of the statutes is amended to read:

14 281.59 (2m) (a) 1. Subject to par. (b), direct the investment board under s. 25.17
15 (2) (d) to make any investment of the ~~clean water~~ environmental improvement fund,
16 or in the collection of the principal and interest of all moneys loaned or invested from
17 such that fund.

18 **SECTION 84.** 281.59 (2m) (b) 1. of the statutes is amended to read:

19 281.59 (2m) (b) 1. The action provides a financial benefit to the ~~clean water~~
20 environmental improvement fund.

21 **SECTION 85.** 281.59 (2m) (b) 2. of the statutes is amended to read:

22 281.59 (2m) (b) 2. The action does not contradict or weaken the purposes of the
23 ~~clean water~~ environmental improvement fund.

24 **SECTION 86.** 281.59 (3) (a) 1. of the statutes is amended to read:

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1 281.59 (3) (a) 1. An estimate of wastewater treatment and safe drinking water
2 needs of the state for the 4 fiscal years of the next 2 biennia.

3 **SECTION 87.** 281.59 (3) (a) 2. of the statutes is amended to read:

4 281.59 (3) (a) 2. The total amount of financial assistance planned to be provided
5 or committed to municipalities for projects under the clean water fund program and
6 the safe drinking water loan program during the 4 fiscal years of the next 2 biennia.

7 **SECTION 88.** 281.59 (3) (a) 4. of the statutes is repealed.

8 **SECTION 89.** 281.59 (3) (a) 5. of the statutes is amended to read:

9 281.59 (3) (a) 5. Audited financial statements of the past operations and
10 activities of the ~~program under this section and s. 281.58, the estimated fund capital~~
11 ~~available in each of the next 4 fiscal years, and the projected clean water fund balance~~
12 ~~for each of the next 20 years given existing obligations and financial conditions~~ clean
13 water fund program and the safe drinking water loan program.

14 **SECTION 90.** 281.59 (3) (a) 6. of the statutes is amended to read:

15 281.59 (3) (a) 6. An amount equal to the estimated present value of subsidies
16 for all clean water fund program loans and grants expected to be made for the
17 wastewater treatment projects listed in the biennial needs list under s. 281.58 (3m),
18 discounted at a rate of 7% per year to the first day of the biennium for which the
19 biennial finance plan is prepared.

20 **SECTION 91.** 281.59 (3) (a) 6m. of the statutes is created to read:

21 281.59 (3) (a) 6m. An amount equal to the estimated present value of subsidies
22 for all loans under the safe drinking water loan program to be made during the
23 biennium for which the biennial finance plan is prepared, discounted at a rate of 7%
24 per year to the first day of that biennium.

25 **SECTION 92.** 281.59 (3) (a) 7. of the statutes is amended to read:

ASSEMBLY BILL 188**SECTION 92**

1 281.59 (3) (a) 7. A discussion of the assumptions made in calculating the
2 amount amounts under subd. subds. 6. and 6m.

3 **SECTION 93.** 281.59 (3) (a) 8. of the statutes is amended to read:

4 281.59 (3) (a) 8. The amount of any service fee expected to be charged under
5 s. 281.58 (9) (d) during the next biennium ~~under this section to an applicant.~~

6 **SECTION 94.** 281.59 (3) (b) of the statutes is amended to read:

7 281.59 (3) (b) The department of administration and the department shall
8 consider as a guideline in preparing the portion of the biennial finance plan for the
9 clean water fund program that all state water pollution abatement general
10 obligation debt service costs should not exceed 50% of all general obligation debt
11 service costs to the state.

12 **SECTION 95.** 281.59 (3) (c), (d), (dm), (e), (f) and (i) of the statutes are
13 renumbered 281.59 (3e) (a), (b), (c), (d), (e) and (f), and 281.59 (3e) (a), (b) (intro.), (c),
14 (d), (e) and (f), as renumbered, are amended to read:

15 281.59 (3e) (a) No moneys ~~from the clean water fund~~ may be expended for the
16 clean water fund program in a biennium until the legislature reviews and approves
17 all of the following as part of the biennial budget act for the biennium:

18 1. An amount of present value of the subsidy for the clean water fund program
19 that is specified for that biennium under par. ~~(d)~~ (b) and is based on the amount
20 included in the biennial finance plan under ~~par. sub. (3) (a) 6.~~

21 2. The amount of public debt, authorized under s. 20.866 (2) (tc), that the state
22 may contract for the purposes of ~~s. 281.58 and this section~~ the clean water fund
23 program.

24 3. The amount of revenue obligations, authorized under sub. (4) (f), that may
25 be issued for the purposes ~~specified in s. 25.43 (3)~~ of the clean water fund program.

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1 (b) (intro.) The amount of present value of the subsidy for the clean water fund
2 program that is required to be specified under par. (e) (a) 1. and approved by the
3 legislature under this paragraph is as follows:

4 (c) The department of administration may allocate amounts approved under
5 par. (d) (b) as the present value of subsidies for financial assistance under ~~this section~~
6 ~~and s. 281.58~~ the clean water fund program, including financial hardship assistance
7 and assistance for the additional costs of approved projects. The department of
8 administration may allocate amounts from the amount approved under par. (d) (b)
9 for a biennium until December 30 of the fiscal year immediately following the
10 biennium for projects for which complete applications under s. 281.58 (9) (a) are
11 submitted before the end of the biennium.

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

17 (e) The department may expend, for financial hardship assistance in a
18 biennium under s. 281.58 (13) (e), an amount up to 15% of the amount approved by
19 the legislature under par. (d) (b) for that biennium. The department may expend
20 such amount only from the percentage of the amount approved by the legislature
21 under par. (d) (b) that is not available under par. (e) (d) for financial assistance.

22 (f) Using the amount approved under par. (d) (b) as a base, the department of
23 administration shall calculate the present value of the actual subsidy of each clean
24 water fund program loan or grant to be made for those projects in each biennium that

ASSEMBLY BILL 188**SECTION 95**

1 are approved for financial assistance by the 2 departments. The present value shall
2 be discounted as provided under ~~par. sub. (3)~~ (a) 6.

3 **SECTION 96.** 281.59 (3) (j) of the statutes is amended to read:

4 281.59 (3) (j) No later than November 1 of each odd-numbered year, the
5 department of administration and the department jointly shall submit a report, to
6 the building commission and committees as required under par. (bm), on the
7 implementation of the amount established under ~~par. (d)~~ sub. (3e) (b) as required
8 under s. 281.58 (9m) (e), and on the operations and activities of the clean water fund
9 program and the safe drinking water loan program for the previous biennium.

10 **SECTION 97.** 281.59 (3e) (title) of the statutes is created to read:

11 281.59 (3e) (title) CLEAN WATER FUND PROGRAM EXPENDITURES.

12 **SECTION 98.** 281.59 (3s) of the statutes is created to read:

13 281.59 (3s) SAFE DRINKING WATER LOAN PROGRAM EXPENDITURES. (a) No moneys
14 may be expended for the safe drinking water loan program in a biennium until the
15 legislature reviews and approves all of the following as part of the biennial budget
16 act for the biennium:

17 1. An amount of present value of the subsidy for the safe drinking water loan
18 program that is specified for that biennium under par. (b) and is based on the amount
19 included in the biennial finance plan under sub. (3) (a) 6m.

20 2. The amount of public debt, authorized under s. 20.866 (2) (td), that the state
21 may contract for the purposes of the safe drinking water loan program.

22 (b) The amount of present value of the subsidy for the safe drinking water loan
23 program that is approved by the legislature under this paragraph is as follows:

24 1. Equal to \$18,000,000 during the 1997-99 biennium.

25 2. Equal to \$1,000 for any biennium after the 1997-99 biennium.

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1 (c) The department of administration may allocate amounts approved under
2 par. (b) as the present value of subsidies for financial assistance under the safe
3 drinking water program.

4 (d) Using the amount approved under par. (b) as a base, the department of
5 administration shall calculate the present value of the actual subsidy of each safe
6 drinking water loan made for those projects in each biennium that are approved for
7 financial assistance. The present value shall be discounted as provided under sub.
8 (3) (a) 6m.

9 **SECTION 99.** 281.59 (4) (am) of the statutes is amended to read:

10 281.59 (4) (am) Deposits, appropriations or transfers to the ~~clean water~~
11 environmental improvement fund for the purposes ~~specified in s. 25.43 (3) of the~~
12 clean water fund program may be funded with the proceeds of revenue obligations
13 issued subject to and in accordance with subch. II of ch. 18 or in accordance with
14 subch. IV of ch. 18 if designated a higher education bond.

15 **SECTION 100.** 281.59 (4) (c) of the statutes is amended to read:

16 281.59 (4) (c) The building commission may pledge any portion of revenues
17 received or to be received in the fund established in par. (b) or the ~~clean water~~
18 environmental improvement fund to secure revenue obligations issued under this
19 subsection. The pledge shall provide for the transfer to the ~~clean water~~
20 environmental improvement fund of all pledged revenues, including any interest
21 earned on the revenues, which are in excess of the amounts required to be paid under
22 s. 20.320 (1) (c) and (u) for the purposes ~~specified in s. 25.43 (3) of the clean water fund~~
23 program. The pledge shall provide that the transfers be made at least twice yearly,
24 that the transferred amounts be deposited in the ~~clean water~~ environmental
25 improvement fund and that the transferred amounts are free of any prior pledge.

ASSEMBLY BILL 188**SECTION 101**

1 **SECTION 101.** 281.59 (9) (a), (am) and (b) (intro.) and 1. of the statutes are
2 amended to read:

3 281.59 (9) (a) A loan approved under ~~this section and s. 281.58~~ the clean water
4 fund program or the safe drinking water loan program shall be for no longer than 20
5 years, as determined by the department of administration, be fully amortized not
6 later than 20 years after the original date of the note, and require the repayment of
7 principal and interest, if any, to begin not later than 12 months after the expected
8 date of completion of the project that it funds, as determined by the department of
9 administration.

10 (am) The department of administration, in consultation with the department,
11 may establish those terms and conditions of a financial assistance agreement that
12 relate to its financial management, including what type of municipal obligation, as
13 set forth under s. 66.36, is required for the repayment of the financial assistance.
14 Any terms and conditions established under this paragraph by the department of
15 administration shall comply with the requirements of this section and s. 281.58 or
16 281.61. In setting ~~such~~ the terms and conditions, the department of administration
17 may consider factors that the department of administration finds are relevant,
18 including the type of municipal obligation evidencing the loan, the pledge of security
19 for the ~~municipal~~ obligation and the ~~municipality's~~ applicant's creditworthiness.

20 (b) (intro.) As a condition of receiving financial assistance under ~~this section~~
21 ~~and s. 281.58~~, a municipality the clean water fund program or the safe drinking
22 water loan program, an applicant shall do all of the following:

23 1. Pledge the security, if any, required by the rules promulgated by the
24 department of administration under this section and s. 281.58 or 281.61.

25 **SECTION 102.** 281.59 (11) of the statutes is amended to read:

ASSEMBLY BILL 188**SECTION 102**

1 281.59 (11) FINANCIAL ASSISTANCE PAYMENTS. (a) The department of natural
2 resources and the department of administration may enter into a financial
3 assistance agreement with ~~a municipality~~ an applicant for which the department of
4 administration has allocated subsidy under s. 281.58 (9m) or 281.61 (8) if the
5 ~~municipality~~ applicant meets the conditions under sub. (9) ~~and s. 281.58 (14)~~ and the
6 other requirements under this section and s. 281.58 or 281.61.

7 (am) The department of administration shall make the financial assistance
8 payments to ~~a municipality which~~ an applicant that has entered into a financial
9 assistance agreement under par. (a) or to the ~~municipality's~~ applicant's designated
10 agent.

11 (b) If a municipality fails to make a principal repayment or interest payment
12 after its due date, the department of administration shall place on file a certified
13 statement of all amounts due under this section and s. 281.58 or 281.61. After
14 consulting the department, the department of administration may collect all
15 amounts due by deducting those amounts from any state payments due the
16 municipality or may add a special charge to the amount of taxes apportioned to and
17 levied upon the county under s. 70.60. If the department of administration collects
18 amounts due, it shall remit those amounts to the fund to which they are due and
19 notify the department of that action.

20 (c) The department of administration may retain the last payment under a
21 financial assistance agreement until the department of natural resources and the
22 department of administration determine that the project is completed and meets the
23 applicable requirements of this section and s. 281.58 or 281.61 and that the
24 conditions of the financial assistance agreement are met.

25 **SECTION 103.** 281.59 (13m) of the statutes is amended to read:

ASSEMBLY BILL 188**SECTION 103**

1 281.59 (13m) LEGISLATIVE MORAL OBLIGATION. The building commission may, at
2 the time the loan is made, by resolution designate a loan made under ~~this section and~~
3 ~~s. 281.58~~ the clean water fund program as one to which this subsection applies. If
4 at any time the payments received or expected to be received from a municipality on
5 any loan so designated are pledged to secure revenue obligations of the state issued
6 pursuant to subch. II of ch. 18 and are insufficient to pay when due principal of and
7 interest on such loan, the department of administration shall certify the amount of
8 such insufficiency to the secretary of administration, the governor and the joint
9 committee on finance. If the certification is received by the secretary of
10 administration in an even-numbered year before the completion of the budget under
11 s. 16.43, the secretary of administration shall include the certified amount in the
12 budget compilation. In any event, the joint committee on finance shall introduce in
13 either house, in bill form, an appropriation of the amount so requested for the
14 purpose of payment of the revenue obligation secured thereby. Recognizing its moral
15 obligation to do so, the legislature hereby expresses its expectation and aspiration
16 that, if ever called upon to do so, it shall make the appropriation.

17 **SECTION 104.** 281.59 (13s) of the statutes is amended to read:

18 281.59 (13s) POWERS. The department of administration may audit, or contract
19 for audits of, projects receiving financial assistance under ~~this section and s. 281.58~~
20 the clean water fund program and the safe drinking water loan program.

21 **SECTION 105.** 281.59 (14) of the statutes is amended to read:

22 281.59 (14) RULES. The department of administration shall promulgate rules
23 that are necessary for the proper execution of this section and of its responsibilities
24 under s. ss. 281.58 and 281.61.

25 **SECTION 106.** 281.61 of the statutes is created to read:

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1 **281.61 Safe drinking water loan program. (1) DEFINITIONS.** In this section:

2 (a) “Local governmental unit” means a city, village, town, county, town sanitary
3 district, public inland lake protection and rehabilitation district or municipal water
4 district.

5 (b) “Market interest rate” means the interest at the effective rate of a revenue
6 obligation issued by this state to fund a loan or portion of a loan for a clean water fund
7 program project under s. 281.58.

8 (c) “Public water system” means a water system providing piped water to the
9 public for human consumption if the water system has at least 15 service connections
10 or regularly serves an average of at least 25 individuals daily for at least 60 days each
11 year.

12 (d) “Safe drinking water loan program” means the program administered
13 under this section, with financial management provided under s. 281.59.

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

20 **(2g) INELIGIBLE PROJECTS.** A local governmental unit is not eligible for financial
21 assistance under this section if the local governmental unit does not have the
22 technical, managerial or financial capacity to ensure compliance with the Safe
23 Drinking Water Act, 42 USC 300f to 300j-26, or the public water system operated by
24 the local governmental unit is in significant noncompliance with any requirement

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

3 **(2r) METHODS OF PROVIDING FINANCIAL ASSISTANCE.** The following methods of
4 providing financial assistance may be used under the safe drinking water loan
5 program:

6 (a) Making loans below the market interest rate for projects described in sub.
7 (2).

8 (b) Purchasing or refinancing the obligation of a local governmental unit if the
9 obligation was incurred to finance the cost of a project described in sub. (2) and the
10 obligation was initially incurred after July 1, 1993.

11 (c) Guaranteeing, or purchasing insurance for, obligations incurred to finance
12 the cost of projects described in sub. (2) if the guarantee or insurance will provide
13 credit market access or reduce interest rates.

14 (d) Providing payments to the board of commissioners of public lands to reduce
15 principal or interest payments, or both, on loans made to local governmental units
16 under subch. II of ch. 24 by the board of commissioners of public lands for projects
17 that are eligible for financial assistance under the safe drinking water loan program.

18 **(3) NOTICE OF INTENT TO APPLY.** (a) A local governmental unit shall submit notice
19 of its intent to apply for financial assistance under the safe drinking water loan
20 program at least 6 months before the beginning of the fiscal biennium in which it
21 intends to receive the financial assistance. The notice shall be in a form prescribed
22 by the department and the department of administration.

23 (b) If a local governmental unit does not apply for financial assistance by April
24 30 of the 2nd year following the year in which it submitted notice under par. (a), the
25 local governmental unit shall submit a new notice under par. (a).

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1 (c) The department may waive par. (a) or (b) upon the written request of a local
2 governmental unit.

3 (4) ENGINEERING REPORT. A local governmental unit seeking financial
4 assistance for a project under this section shall submit an engineering report, as
5 required by the department by rule.

6 (5) APPLICATION. After the department approves a local governmental unit's
7 engineering report submitted under sub. (4), the local governmental unit shall
8 submit an application for safe drinking water financial assistance to the department.
9 The applicant shall submit the application before the April 30 preceding the
10 beginning of the fiscal year in which the applicant wishes to receive the financial
11 assistance. The application shall be in the form and include the information required
12 by the department and the department of administration and shall include plans and
13 specifications that are approvable by the department under this section. An
14 applicant may not submit more than one application per project per year.

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

22 (7) APPROVAL OF APPLICATION. The department shall approve an application
23 received under sub. (5) after all of the following occur:

24 (a) The project is ranked on the priority list under sub. (6).

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1 (b) The department determines that the project meets the eligibility
2 requirements under this section.

3 (c) The department of administration determines that the local governmental
4 unit will meet the requirements of s. 281.59 (9) (b).

5 (d) The legislature has approved an amount under s. 281.59 (3s) (b) 1. for the
6 biennium.

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

14 1. The department of administration shall allocate to projects for public water
15 systems that regularly serve fewer than 10,000 persons 15% of the available funds
16 in each fiscal year or such lesser amount that fully funds the eligible projects for
17 those public water systems.

18 2. In any biennium, no local governmental unit may receive more than 25% of
19 the amount established under s. 281.59 (3s) (b) for that biennium.

20 (b) In allocating subsidy under this subsection, the department of
21 administration shall adhere to the amount approved by the legislature for each
22 biennium under s. 281.59 (3s) (b).

23 **(8m) CONDITIONS OF FINANCIAL ASSISTANCE.** As a condition of receiving financial
24 assistance under the safe drinking water loan program, a local governmental unit
25 shall do all of the following:

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1 (a) Establish a dedicated source of revenue for the repayment of the financial
2 assistance.

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

6 (c) Develop and adopt a program of water conservation as required by the
7 department.

8 (d) Develop and adopt a program of systemwide operation and maintenance of
9 the public water system, including the training of personnel, as required by the
10 department.

11 (e) Develop and adopt a user fee system.

12 **(9) FINANCIAL ASSISTANCE COMMITMENTS.** The department and the department
13 of administration may, at the request of a local governmental unit, issue a notice of
14 financial assistance commitment after the local governmental unit's application for
15 safe drinking water financial assistance has been approved under sub. (7) and
16 funding has been allocated under sub. (8) for the local governmental unit's project.
17 The notice of financial assistance commitment shall specify the conditions that the
18 local governmental unit must meet to secure financial assistance and shall include
19 the estimated repayment schedules and other terms of the financial assistance.

20 **(10) DEADLINE FOR CLOSING.** If funding is allocated to a project under sub. (8)
21 for a loan and the loan is not closed before April 30 of the year following the year in
22 which funding is allocated, the department of administration shall release the
23 funding allocated to the project.

24 **(11) LOAN INTEREST RATES.** (a) Except as provided under par. (b), the interest
25 rate on a safe drinking water loan program loan shall be as follows:

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1 1. For a local governmental unit that does not meet financial eligibility criteria
2 established by the department by rule, 55% of market interest rate.

3 2. For a local governmental unit that meets financial eligibility criteria
4 established by the department by rule, 33% of market interest rate.

5 (b) The department and the department of administration jointly may request
6 the joint committee on finance to take action under s. 13.101 (11) to modify the
7 percentage of market interest rate under par. (a) 1. or 2.

8 **(12) DUTIES OF THE DEPARTMENT.** The department shall do all of the following:

9 (a) Promulgate rules establishing eligibility criteria for applicants and projects
10 under this section.

11 (b) Promulgate rules that are necessary for the execution of its responsibilities
12 under the safe drinking water loan program.

13 (c) Cooperate with the department of administration in administering the safe
14 drinking water loan program.

15 (d) By May 1 of each even-numbered year, prepare and submit to the
16 department of administration a biennial needs list that includes all of the following
17 information:

18 1. A list of drinking water projects that the department estimates will apply
19 for financial assistance under the safe drinking water loan program during the next
20 biennium.

21 2. The estimated cost and estimated construction schedule of each project on
22 the list, and the total of the estimated costs of all projects on the list.

23 3. The estimated rank of each project on the priority list under sub. (6).

24 (e) Submit a biennial budget request under s. 16.42 for the safe drinking water
25 loan program.

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1 (f) Have the lead state role with the federal environmental protection agency
2 concerning the safe drinking water loan program.

3 (g) Have the lead state role with local governmental units in providing safe
4 drinking water loan program information, and cooperate with the department of
5 administration in providing that information to local governmental units.

6 (h) Inspect periodically safe drinking water loan program project construction
7 to determine project compliance with construction plans and specifications approved
8 by the department and the requirements of the safe drinking water loan program.

9 **(13)** CAPITALIZATION GRANT. The department may enter into an agreement
10 under 42 USC 300j-12 (a), with the federal environmental protection agency to
11 receive a capitalization grant for the safe drinking water loan program.

12

(END)