

1 **AN ACT** *to create* 20.505 (1) (d) and (dm) and 66.0318 of the statutes; **relating to:**
 2 loans and grants to study and implement the consolidation of municipal services.

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

JOINT LEGISLATIVE COUNCIL PREFATORY NOTE: This bill draft was prepared for the Joint Legislative Council’s Special Committee on Local Service Consolidation.

This bill draft creates a municipal service consolidation fund, whereby a municipality, or a combination of 2 or more municipalities, may receive a loan or grant to study or implement the consolidation of municipal services. The program is administered by the Department of Administration (DOA) and is funded by general purpose revenue and moneys received in repayment of loans made under the program.

3 **SECTION 1.** 20.005 (3) (schedule) of the statutes: at the appropriate place, insert the
 4 following amounts for the purposes indicated:

	2011–12	2012–13
6 20.505		
7 (1) SUPERVISION AND MANAGEMENT.		
8 (d) Municipal service consolidation		
9 fund, loans and grants.	0	0
10 (dm) Municipal service consolidation		
11 fund, repayments.	0	0

NOTE: This SECTION creates 2 appropriation accounts for the municipal service consolidation fund. One account will hold moneys for grants and loans. The second account will hold monies from the repayment of loans.

COMMENT: In order to implement this draft, the committee must consider how much to initially appropriate to the municipal service consolidation fund. Zeros have been inserted as placeholders.

1 **SECTION 2.** 20.505 (1) (d) and (dm) of the statutes are created to read:

2 20.505 (1) (d) *Municipal service consolidation fund, loans and grants.* The amounts
3 in the schedule for loans and grants under s. 66.0318.

4 (dm) *Municipal service consolidation fund, repayments.* All moneys received in
5 repayment of loans under s. 66.0318.

NOTE: This SECTION creates 2 appropriations for the municipal service consolidation fund.

6 **SECTION 3.** 66.0318 of the statutes is created to read:

7 **66.0318 Municipal Service Consolidation Fund. (1) DEFINITIONS.** In this section:

8 (a) “Department” means the department of administration.

9 (b) “Municipality” has the meaning given in s. 66.0301 (1) (a).

NOTE: Section 66.0301 (1) (a), stats., defines “municipality” as the state or any department or agency thereof, or any city, village, town, county, school district, public library system, public inland lake protection and rehabilitation district, sanitary district, farm drainage district, metropolitan sewerage district, sewer utility district, solid waste management system, local exposition district, local professional baseball park district, local professional football stadium district, local cultural arts district, transit authority, long-term care district, water utility district, mosquito control district, municipal electric company, county or city transit commission, commission created by contract under s. 66.0301, stats., taxation district, regional planning commission, housing authority, redevelopment authority, community development authority, or city-county health department.

COMMENT: The committee might consider whether it wants to limit the program to local government units, such as counties, cities, villages, towns, and school districts, instead of municipalities, as defined in s. 66.0301 (1) (a), stats.

10 **(2) MUNICIPAL SERVICE CONSOLIDATION FUND.** The department may make a loan or award
11 a grant to a municipality, or a combination of 2 or more municipalities, from the appropriations

1 under s. 20.505 (1) (d) and (dm) for studying the feasibility of consolidating one or more
2 municipal services or implementing the consolidation of one or more municipal services, or
3 both, as determined by the department.

NOTE: This subsection provides that DOA may make a loan or award a grant under the program to study the feasibility of consolidating one or more municipal services or to implement the consolidation of one or more municipal services, or both.

COMMENT: The committee might consider whether to specify what activities are included in, or excluded from, “studying the feasibility” or “implementing the consolidation” of one or more municipal services.

4 **(3) LOAN AND GRANT CRITERIA; GENERALLY.** Upon receipt of an application by a
5 municipality, or a combination of 2 or more municipalities, the department may consider any
6 of the following in determining whether to make a loan or award a grant under sub. (2):

7 (a) If a loan or grant will be used to study the feasibility of consolidation of one or more
8 municipal services, a demonstrated probability that a feasibility study will result in the
9 consolidation of the municipal service or municipal services.

10 (b) Whether the recipient will study or implement the consolidation of one or more
11 municipal services without the loan or grant.

12 (c) The extent to which the proposed consolidation of one or more municipal services
13 will contribute to the economic growth of this state and the municipalities involved in the
14 municipal service consolidation and to the well-being of the residents of this state and the
15 municipalities involved in the municipal service consolidation.

16 (d) Any other criteria established by the department by rule, including types of
17 municipal service consolidations that will receive priority.

NOTE: This subsection identifies the factors that DOA may consider in determining whether to make a loan or award a grant under the program.

1 (4) MISCELLANEOUS AND ADMINISTRATIVE EXPENSES. In each biennium, the department
2 may expend or encumber up to a total of 1% of the moneys appropriated under s. 20.505 (1)
3 (d) for that biennium for evaluation costs, collection costs, and other costs associated with
4 administering the program under this section, excluding staff salaries.

NOTE: This subsection allows DOA to use up to a total of 1% of the
 appropriation for the program for administrative expenses.

5 (5) ADMINISTRATION. (a) The department shall develop a policy to obtain
6 reimbursement of loans provided under sub. (2) through full repayment of the principal
7 amount of the loan plus interest. The department shall deposit moneys received under this
8 paragraph in the appropriation under s. 20.505 (1) (dm).

9 (b) The department may charge a loan recipient an origination fee of not more than 2%
10 of the loan amount. The department shall deposit all origination fees collected under this
11 paragraph in the appropriation account under s. 20.505 (1) (d).

12 (c) The department shall establish and implement procedures for monitoring the use of
13 loans or grants awarded under sub. (2).

14 (d) The department may require, as a condition of a loan or grant, that a municipality,
15 or a combination of 2 or more municipalities, contribute to the study or implementation, or
16 both, an amount that is not less than 25% of the amount of the loan or grant.

17 (e) The department shall promulgate rules to establish procedures, policies, and
18 standards for implementing this section and making loans or awarding grants under this
19 section. The rules shall include the following:

20 1. Procedures for submitting applications for loans and grants, evaluating applications,
21 and auditing the loans and grants.

22 2. Conditions applicable to a loan made or grant awarded under sub. (2).

