



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #432

### **Wisconsin Fund Residual Bonding Authority (Environmental Improvement Fund)**

[LFB 2001-03 Budget Summary: Page 291, #4]

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#### **CURRENT LAW**

The Wisconsin fund is the wastewater financial assistance predecessor to the clean water fund. The program operated from 1977 to 1990 to provide grants for the construction of municipal wastewater treatment projects. The state used general obligation bonding authority, with GPR debt service costs, to pay for the program. Although the program ended in 1990, the 1997-99 biennial budget act designated up to \$1,300,000 in residual bonding authority for a project in the Lake Tomahawk Sanitary District (\$1,000,000 of which was repaid through a US EPA grant) and the 1999-01 biennial budget act designated \$770,000 for a project in the Village of Hatley in Marathon County and \$1,100,000 for a project in the Village of Marathon.

#### **GOVERNOR**

Eliminate \$8,956,400 in residual general obligation bonding authority for the Wisconsin fund.

#### **DISCUSSION POINTS**

1. Elimination of the residual bonding authority would reflect the fact that the Wisconsin fund program ended in 1990, is no longer active and would not be used for new projects.
2. The Village of Hatley has been awarded a federal grant and will not need \$720,000 of the \$770,000 designated in the 1999-01 biennial budget act. The \$720,000 in general obligation

bonding authority could also be deleted, for a total deletion of \$9,676,400 in residual bonding authority.

3. If the \$9,676,400 in bonding authority was retained and issued, GPR debt service costs would be approximately \$770,000 annually for 20 years.

**ALTERNATIVES TO BASE**

1. Approve the Governor’s recommendation to eliminate \$8,956,400 in residual general obligation bonding authority in the Wisconsin fund.

<u>Alternative 1</u>	<u>BR</u>
<b>2001-03 BONDING</b> (Change to Base)	- \$8,956,400
<i>[Change to Bill</i>	<i>\$0]</i>

2. Adopt the Governor’s recommendation as reestimated to eliminate an additional \$720,000 in residual general obligation bonding authority, for a total decrease of \$9,676,400.

<u>Alternative 2</u>	<u>BR</u>
<b>2001-03 BONDING</b> (Change to Base)	- \$9,676,400
<i>[Change to Bill</i>	<i>- \$720,000]</i>

3. Maintain current law.

<u>Alternative 3</u>	<u>BR</u>
<b>2001-03 BONDING</b> (Change to Base)	\$0
<i>[Change to Bill</i>	<i>- \$8,956,400]</i>

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