



STATE OF WISCONSIN  
DEPARTMENT OF ADMINISTRATION

Tony Evers, Governor  
Kathy Blumenfeld, Secretary  
Brian Pahnke, Administrator

**TO:** Members of the Assembly Committee on Environment  
**FROM:** Andrew Behm, Capital Finance Officer  
**RE:** Public Hearing on Clearinghouse Rule 22-079  
**DATE:** March 16, 2023

**Testimony**

Good morning, Committee Chair Oldenburg, and members of the committee. My name is Andrew Behm. I am a capital finance officer in the Capital Finance Office of the Department of Administration (DOA). Thank you for the opportunity to provide information on proposed revisions to Wisconsin Administrative Code Adm 35.

DOA and the Department of Natural Resources jointly manage the Environmental Improvement Fund (EIF). The EIF makes loans at below market interest rates and loan forgiveness to fund municipal drinking water, wastewater, and storm water projects. The EIF has funded projects in 71 Wisconsin counties.

Wisconsin Statutes s. 281.59(14) requires DOA to promulgate rules necessary to manage the EIF's finances. Since the creation of the EIF revenue bonding program in 2017, the EIF has been self-supporting. The EIF does not get support from general tax revenue.

Proposed revisions would do the following:

- Reflect that the Environmental Improvement Fund consists of the Clean Water Fund and the Safe Drinking Water Loan Program. Currently, Adm 35 does not contain rules for the management of the Safe Drinking Water Loan program.
- Address loan forgiveness and other forms of financial assistance allowed under federal law. Loan forgiveness is effectively a grant.
- Reflect Wisconsin's creation of the EIF revenue bond program to replace the Clean Water revenue bond program.
- Streamline the process for loan applicants. For example, Adm 35 will allow DOA to set loan interest rates independent of the funding sources for each individual financial award. This will make interest rates more stable and predictable, which helps municipalities plan projects.
- Incorporate EPA's federal equivalency policy. This reduces the burden of federal compliance mandates on small municipalities. For example, Adm 35 will no longer require small municipalities to hire auditors to prepare single audits.
- Remove provisions that duplicate Wisconsin Statutes or are the responsibility of the Department of Natural Resources.

This rule has not been updated in quite some time and these changes update the code to remove obsolete and duplicative provisions, incorporate federal changes to reduce burdens on recipients of financial assistance, and would generally streamline the process. The EIF would continue to be self-supporting, however, the updated changes may allow EIF to make more loans more effectively, which would promote economic activity.

On behalf of the Department of Administration, thank you for your time today. I would be happy to answer questions.

