

Fiscal Estimate - 2009 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number **09-4616/1** Introduction Number **AB-0949**

Description
 Financial assistance under the Clean Water Fund Program and the Safe Drinking Water Loan Program

Fiscal Effect

State:

- No State Fiscal Effect
 Indeterminate
 Increase Existing Appropriations
 Increase Existing Revenues
 Increase Costs - May be possible to absorb within agency's budget
 Decrease Existing Appropriations
 Decrease Existing Revenues
 Yes No
 Create New Appropriations
 Decrease Costs

Local:

- No Local Government Costs
 Indeterminate
 1. Increase Costs 3. Increase Revenue
 Permissive Mandatory
 Permissive Mandatory
 2. Decrease Costs 4. Decrease Revenue
 Permissive Mandatory
 Permissive Mandatory
 5. Types of Local Government Units Affected
 Towns Village Cities
 Counties Others
 School Districts WTCS Districts

Fund Sources Affected

Affected Ch. 20 Appropriations

- GPR
 FED
 PRO
 PRS
 SEG
 SEGS

Agency/Prepared By	Authorized Signature	Date
DNR/ Joe Polasek (608) 266-2794	Joe Polasek (608) 266-2794	4/13/2010

Fiscal Estimate Narratives

DNR 4/13/2010

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Description Financial assistance under the Clean Water Fund Program and the Safe Drinking Water Loan Program					

Assumptions Used in Arriving at Fiscal Estimate

The bill provides temporary authority to DNR and DOA for providing principal forgiveness to applicants of the Clean Water Fund Program (CWFP) and the Safe Drinking Water Loan Program (SDWLP). It allows DNR to establish a maximum amount of the total available principal forgiveness that any municipality may receive. The bill also allows DNR and DOA to consider median household income, population and green project components in determining which municipalities may receive State Fiscal Year (SFY) 2011 funding.

State Fiscal Effect

A. Principal Forgiveness

The bill itself does not increase or decrease the amount of federal funds the State will receive from the Federal Fiscal Year (FFY) 2010 Appropriations Act. However, it does impact the timing of Wisconsin's receipt of those funds. Passage of the principal forgiveness component to the bill during the current legislative session will enable Wisconsin to receive and utilize 100% of its FFY 2010 capitalization grants during SFY 2011. By contrast, if passage is delayed until the next legislative session, Wisconsin will have to apply for approximately 80% (\$63.2 million) rather than 100% (\$78,482,000) of its FFY 2010 capitalization grant dollars, and request the remaining 20% (\$15.3 million) of the grant dollars in Calendar Year (CY) 2011. Finally, if the principal forgiveness component to the bill is never passed, Wisconsin will lose approximately \$15.3 million of its FFY 2010 capitalization grants.

B. Green Infrastructure

The FFY 2010 Appropriations Act also requires that 20% of the available capitalization grant funds must be used for green infrastructure, water and energy efficiency and environmentally innovative projects. DNR intends to ensure this percentage is met by writing bypass procedures to use when committing available funds on the SFY 2011 funding list. Without passage of AB 949, which allows DNR to consider additional factors when determining which municipalities will receive funding, Wisconsin may not be able to fund enough "green" projects to fully utilize the approximately \$15.7 million that must be reserved for these projects. This means that Wisconsin could lose up to 20% of the capitalization grants if bypass procedures cannot be used to get to "green" projects.

Local Fiscal Effect

The bill itself has no local fiscal impact. However, if AB 949 is not passed this legislative session, there would most likely be some negative local fiscal effects. Uncertainty regarding availability of principal forgiveness would likely cause some municipalities to delay their needed infrastructure projects because they don't feel their projects are affordable without principal forgiveness assistance. Delaying construction typically means the municipality will incur additional costs due to: the problem to be solved becoming worse during the delay; inflation causing construction cost increases; or being charged additional debt service due to extending the term of interim financing for the project.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

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Description Financial assistance under the Clean Water Fund Program and the Safe Drinking Water Loan Program		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):		
II. Annualized Costs:		
	Annualized Fiscal Impact on funds from:	
	Increased Costs Decreased Costs	
A. State Costs by Category		
State Operations - Salaries and Fringes	\$	\$
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$	\$
B. State Costs by Source of Funds		
GPR		
FED		
PRO/PRS		
SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT		
	State	Local
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By		
Authorized Signature		Date
DNR/ Joe Polasek (608) 266-2794		4/13/2010