

October 1989 Spec. Sess.
Assembly Bill 25

Date of enactment: June 8, 1990
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1989 Wisconsin Act 366

(Vetoed in Part)

AN ACT *to repeal* 25.17 (1) (aw), 144.241 (4) (title), 144.241 (4) (b) (intro.) and 4, 144.241 (15) (d), 144.241 (17), 144.241 (20) (c) and 144.241 (20) (d); *to renumber* 18.16 (2), 18.64 (2), 18.77 (2), 20.370 (4) (jq), 144.241 (1) (a) and 144.241 (20) (title); *to renumber and amend* 20.370 (4) (cq), 20.370 (4) (cr), 20.370 (4) (cs), 20.370 (4) (jr), 20.370 (4) (ka), 20.370 (4) (ma), 25.18 (1) (n), 144.241 (4) (a), 144.241 (4) (b) 1, 2, 3, 5, 6 and 7, 144.241 (5) (title) and (a) to (g), 144.241 (13) (a), 144.241 (14) (a), 144.241 (14) (b) 2 and 3, 144.241 (15) (a), 144.241 (16), 144.241 (19) and 144.241 (20) (a) and (b); *to amend* 13.48 (26), 13.90 (title), 18.06 (4), ~~18.57 (3)~~, 20.370 (2) (mt) and (mx), 20.370 (4) (ix), 20.370 (4) (jc), 20.536 (1) (ka), 20.866 (intro.), 20.866 (1) (u), 20.866 (2) (tc), 20.866 (2) (tn), 25.43 (1) (e), (f) and (g), 25.43 (2) (c), 25.43 (3), 66.33 (5), 66.894 (14) (d) 3, 67.10 (1) and (5) (a), 67.12 (1) (b), 67.12 (12) (a), 144.025 (2) (s), ~~144.025 (2) (t)~~, 144.24 (6) (a), 144.24 (7) (c) 3, 144.24 (9m) (a), 144.241 (title), 144.241 (3), 144.241 (6) (title), 144.241 (6) (a) (intro.), 144.241 (6) (b) 1, 2 and 6, 144.241 (7) (a), 144.241 (7) (b) (intro.), 144.241 (7) (b) 6, 144.241 (8) (a) (intro.), 144.241 (8) (a) 4. a and b and 5, 144.241 (8) (b), 144.241 (8) (c), 144.241 (8) (d), 144.241 (8) (f), 144.241 (8) (g), 144.241 (8) (h), 144.241 (8) (i) and (j), 144.241 (9) (a) to (d), 144.241 (10) (a) 1, (b), (d) and (e), 144.241 (10) (f), 144.241 (11) (c) and (d), 144.241 (13) (c), (e) and (f), 144.241 (14) (b) (intro.), 144.241 (14) (b) 8, 144.241 (15) (b) and (c), 144.25 (4) (cm), 147.26 (2) (intro.) and 147.30 (2); *to repeal and recreate* 144.241 (12) and 144.241 (13) (b); and *to create* 13.101 (11), 13.90 (5), 18.06 (9), 18.16 (2) to (5) and (7), 18.64 (2) to (5) and (7), 18.77 (2) to (5) and (7), 20.320 (intro.) and (1) ~~(title) and (s) to (e)~~, 20.370 (2) (me), 20.370 (4) (de), 20.370 (4) (iz), 20.370 (4) (je), 20.505 (1) (v) and (x), 20.866 (2) (tb), 25.17 (2) (d), 25.43 (1) (i), 66.36, 66.91 (6m), 144.0255, ~~144.0255 (1) (a)~~, 144.24 (7) (c) 4, 144.241 (1) (a) and (cg), 144.241 (2m), 144.241 (3m), 144.241 (6) (a) 4, 144.241 (7) (b) 3,

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144.241 (7) (b) 7, 144.241 (8) (k), (L) and (m), 144.241 (13) (a) 1 and 2, 144.241 (13) (am), 144.241 (13) (bm), 144.241 (15) (a) 3, 144.241 (15) (e), 144.241 (22), 144.241 (23) and 144.2415 of the statutes, relating to division of clean water fund powers and duties, types of available financial assistance under the clean water fund, responsibilities for investment of the clean water fund, authorizing levels of funding for the issuance of clean water fund bonds, point source pollution abatement grants, shoreland protection projects, compensation for well contamination, Milwaukee river watershed identification, changes to municipal finance law, minority investment firms, granting rule-making authority and making appropriations.

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

SECTION 1. 13.101 (11) of the statutes is created to read:

13.101 (11) The committee may approve a clean water fund interest rate change as specified under s. 144.241 (12) (f).

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

13.48 (26) (title) CLEAN WATER BIENNIAL FINANCE PLAN APPROVAL. The building commission shall review the ~~annual~~ versions of the biennial finance plan submitted to it by the department of natural resources and the department of administration under s. 144.241 (4) 144.2415 (3) (bm) and the recommendations of the joint committee on finance and the standing committees to which the ~~annual~~ versions of the biennial finance plan ~~was were~~ submitted under s. 144.241 (4) (a) 144.2415 (3) (bm). The building commission shall consider the extent to which ~~the annual~~ that version of the biennial finance plan that is updated to reflect the adopted biennial budget act will maintain the clean water fund in perpetuity, maintain the purchasing power of the clean water fund, meet the requirements of ~~s. ss.~~ 144.241 and 144.2415 to provide financial assistance for water quality pollution abatement needs and nonpoint source water pollution management needs, and provide a stable and sustainable annual level of financial assistance under ~~s. ss.~~ 144.241 and 144.2415 proportional to the state's long-term water pollution abatement and management needs and priorities. The building commission shall also consider the extent to which the implementation of the clean water fund, as set forth in that version of the biennial finance plan updated to reflect the adopted biennial budget act, implements legislative intent on the clean water fund program. The building commission shall, ~~after September 1 and on or before October 1 annually of each odd-numbered year,~~ either approve or disapprove the ~~annual biennial~~ finance plan. ~~When the building commission approves the annual finance plan, the building commission shall establish the total capital dollar amount, by source, available for financial assistance commitments through the end of that fiscal year and the composite annual interest rate which the total dollar amount shall yield, to the extent practicable to accommodate administrative difficulties in achieving the yield that is updated to reflect the adopted biennial budget act, except that the building commission may not disapprove those amounts that the legislature approves~~

under s. 144.2415 (3) (c). If the building commission disapproves the ~~annual~~ version of the biennial finance plan that is updated to reflect the adopted biennial budget act, it must notify the department of natural resources and the department of administration of its reasons for disapproving the plan, and those departments must revise that version of the biennial finance plan and submit the revision to the building commission.

SECTION 3. 13.90 (title) of the statutes is amended to read:

13.90 (title) Duties and powers of the joint committee on legislative organization.

SECTION 4. 13.90 (5) of the statutes is created to read:

13.90 (5) The joint committee on legislative organization may contract for the services of persons to advise those building commission members who also are legislators on matters related to the state's issuance of state debt, revenue obligations and operating notes under ch. 18.

SECTION 5. 18.06 (4) of the statutes, as affected by 1989 Wisconsin Act 68, is amended to read:

18.06 (4) BONDS. An authorizing resolution may authorize the issuance and sale of bonds. Except as provided in ~~sub.~~ subs. (5), (7) and (9) and except for any bond authorized and issued under this subchapter and designated by the commission under s. 18.82 as a higher education bond, ~~that the sale of bonds shall be public and noticed as provided in the authorizing resolution. Any or all bids received may be rejected and the sale canceled, or the sale of all or any part of the bonds negotiated, after bids at public sale have been rejected.~~

SECTION 6. 18.06 (9) of the statutes is created to read:

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

SECTION 7. 18.16 (2) of the statutes is renumbered 18.16 (6).

SECTION 8. 18.16 (2) to (5) and (7) of the statutes are created to read:

18.16 (2) Except as provided under sub. (7), in contracting public debt by competitive sale, the commission shall ensure that at least 6% of total public

indebtedness contracted in each fiscal year is underwritten by minority investment firms.

(3) Except as provided under sub. (7), in contracting public debt by negotiated sale, the commission shall ensure that at least 6% of total public indebtedness contracted in each fiscal year is underwritten by minority investment firms.

(4) Except as provided under sub. (7), in contracting public debt by competitive sale or negotiated sale, the commission shall ensure that at least 6% of the total moneys expended in each fiscal year for the services of financial advisers are expended for the services of minority financial advisers.

(5) Except as provided under s. 18.06 (9) and sub. (7), an individual underwriter or syndicate of underwriters shall ensure that each bid or proposal, submitted by that individual or syndicate in a competitive or negotiated sale of public debt, provides for a portion of sales to minority investment firms.

(7) The requirements of any of subs. (2) to (5) do not apply to a contracting of public debt, if all of the following occur within 30 days after the date on which the debt is contracted:

Vetoed in Part

(a) The building commission directs the secretary of administration to submit a report in writing to the joint committee on finance specifying the building commission's reasons for not complying with the requirements of any of subs. (2) to (5) for that contracting of public debt.

Vetoed in Part

(b) The joint committee receives the report in par. (a).

Vetoed in Part

SECTION 9. 18.55 (3) of the statutes is amended to read:

18.55 (3) REVENUE OBLIGATION BONDS. Revenue obligation bonds may be sold at either public or private sale. The commission shall obtain proposals from at least 3 individual underwriters or syndicates of underwriters in negotiating the private sale of revenue obligation bonds, issued under this subchapter or subch. IV, as authorized under s. 144.2415 (4) unless the commission determines that 3 or more such underwriters are unavailable to make such proposals. The commission may provide in the authorizing resolution for refunding bonds that they be exchanged privately in payment and discharge of any of the outstanding bonds or notes being refunded. All revenue obligation bonds sold at public sale shall be noticed as provided in the authorizing resolution. Any or all bids received at public sale may be rejected.

SECTION 10. 18.57 (3) of the statutes is amended to read:

18.57 (3) Moneys in such funds may be commingled only for the purpose of investment with other public funds, but they shall be invested only in investment instruments permitted in s. 25.17 (3) (dg) or in clean water fund investment instruments permitted in s. 144.2415 (2m). All such investments shall be the exclusive property of such fund and all earnings on or income from investments shall be credited to such

fund and shall become available for any of the purposes under sub. (2) and for the payment of interest on related revenue obligations.

SECTION 11. 18.64 (2) of the statutes is renumbered 18.64 (6).

SECTION 12. 18.64 (2) to (5) and (7) of the statutes are created to read:

18.64 (2) Except as provided under sub. (7), in issuing evidences of revenue obligations by competitive sale, the commission shall ensure that at least 6% of the total of revenue obligations contracted in each fiscal year is underwritten by minority investment firms.

(3) Except as provided under sub. (7), in issuing evidences of revenue obligations by negotiated sale, the commission shall ensure that at least 6% of the total of revenue obligations contracted in each fiscal year is underwritten by minority investment firms.

(4) Except as provided under sub. (7), in issuing evidences of revenue obligations by competitive sale or negotiated sale, the commission shall ensure that at least 6% of the total moneys expended in such fiscal year for the services of financial advisers are expended for the services of minority financial advisers.

(5) Except as provided under sub. (7), an individual underwriter or syndicate of underwriters shall ensure that each bid or proposal, submitted by that individual or syndicate in a competitive or negotiated sale of a revenue obligation, provides for a portion of sales to minority investment firms.

(7) The requirements of any of subs. (2) to (5) do not apply to an issuance of evidence of a revenue obligation, if all of the following occur within 30 days after the date on which the debt is contracted:

Vetoed in Part

(a) The building commission directs the secretary of administration to submit a report in writing specifying the building commission's reasons for not complying with the requirements of any of subs. (2) to (5) for that issuance.

(b) The joint committee on finance receives the report specified in par. (a).

Vetoed in Part

SECTION 13. 18.77 (2) of the statutes is renumbered 18.77 (6).

SECTION 14. 18.77 (2) to (5) and (7) of the statutes are created to read:

18.77 (2) Except as provided under sub. (7), in contracting operating notes by competitive sale, the commission shall ensure that at least 6% of total operating note indebtedness contracted in each fiscal year is underwritten by minority investment firms.

(3) Except as provided under sub. (7), in contracting operating notes by negotiated sale, the commission shall ensure that at least 6% of total operating note indebtedness contracted in each fiscal year is underwritten by minority investment firms.

(4) Except as provided under sub. (7), in contracting operating notes by competitive sale or negotiated sale, the commission shall ensure that at least 6% of the total moneys expended in such fiscal year for

the services of financial advisers are expended for the services of minority financial advisers.

(5) Except as provided under sub. (7), an individual underwriter or syndicate of underwriters shall ensure that each bid or proposal, submitted by that individual or syndicate in a competitive or negotiated sale of an operating note, provides for a portion of sales to minority investment firms.

Vetoed in Part (7) The requirements of any of subs. (2) to (5) do not apply to a contracting of operating notes, if all of

~~the following occur within 30 days after the date on which the operating note is contracted:~~

~~(a) The building commission directs the secretary of administration to submit a report in writing to the joint committee on finance specifying the building commission's reasons for not complying with the requirements of any of subs. (2) to (5) for that contracting.~~

~~(b) The joint committee receives the report in part (a).~~

Vetoed in Part

Vetoed in Part

SECTION 15. 20.005 (3) (schedule) of the statutes: at the appropriate place, insert the following amounts for the purposes indicated:

			<u>1989-90</u>	<u>1990-91</u>
20.320	Clean water fund program			
(1)	CLEAN WATER FUND OPERATIONS			
(d)	Interim finance cost reimbursement	GPR C	-0-	500,000
(e)	Additional interim finance cost reimbursement	GPR C	-0-	500,000
20.370	Natural resources, department of			
(2)	ENVIRONMENTAL STANDARDS			
(mx)	General program operations--clean water fund program; federal funds	SEG-F A	-0-	307,500
(4)	LOCAL SUPPORT			
(de)	Aids administration--municipal clean drinking water grants	GPR A	-0-	60,000
(ix)	Aids administration--clean water fund program; federal funds	SEG-F A	379,500	1,083,700
20.505	Administration, department of			
(1)	SUPERVISION AND MANAGEMENT			
(v)	General program operations--clean water fund program; state funds	SEG A	65,200	199,300
(x)	General program operations--clean water fund program; federal funds	SEG-F A	-0-	-0-

Vetoed in Part

Vetoed in Part SECTION 16. 20.320 (intro.) and (1) ~~(b), (c) and (e)~~ of the statutes are created to read:

20.320 Clean water fund program. (intro.) There is appropriated for the clean water fund program:

Vetoed in Part (1) ~~(a)~~ CLEAN WATER FUND OPERATIONS.

(c) *Principal repayment and interest — clean water fund.* A sum sufficient to reimburse s. 20.866 (1) (u) for the payment of principal and interest costs incurred in transferring moneys from s. 20.866 (2) (tc) to the clean water fund for the purposes specified in s. 25.43 (3).

(d) *Interim finance cost reimbursement.* As a continuing appropriation, the amounts in the schedule for the reimbursement of eligible interim finance costs under s. 144.241 (23) (f) ~~1.~~

~~(e) *Additional interim finance cost reimbursement.* As a continuing appropriation, the amounts in the schedule for the reimbursement of eligible interim finance costs under s. 144.241 (23) (f) 2 and 3.~~

Vetoed in Part

SECTION 17. 20.370 (2) (me) of the statutes is created to read:

20.370 (2) (me) *General fund; interim funding for clean water fund general program operations and aids administration.* A sum sufficient for general program operations and aids administration under s. 144.241. No moneys may be encumbered from this appropriation after June 30, 1991.

SECTION 18. 20.370 (2) (mt) and (mx) of the statutes, as created by 1989 Wisconsin Act 31, are amended to read:

20.370 (2) (mt) *General program operations — clean water fund program; state funds.* From the clean water fund, the amounts in the schedule for general program operations under ~~ch. 144 s. 144.241~~ or 144.2415.

(mx) *General program operations — clean water fund program; federal funds.* From the federal revolving loan fund account in the clean water fund, ~~all moneys received from the federal government~~ the amounts in the schedule for general program operations under ~~ch. 144 s. 144.241~~ or 144.2415.

SECTION 19. 20.370 (4) (cq) of the statutes is renumbered 20.320 (1) (q) and amended to read:

20.320 (1) (q) (title) *Clean water fund revenue obligation funding.* As a continuing appropriation, all proceeds from revenue obligations issued under subch. II or IV of ch. 18, as authorized under s. ~~144.241 (5)~~ 144.2415 (4) and deposited in the fund in the state treasury created under s. 18.57 (1), providing for reserves and for expenses of issuance and management of the revenue obligations, and the remainder to be transferred to the clean water fund for the purposes specified in s. 25.43 (3). Estimated disbursements under this paragraph shall not be included in the schedule under s. 20.005.

SECTION 20. 20.370 (4) (cr) of the statutes is renumbered 20.320 (1) (r) and amended to read:

20.320 (1) (r) (title) *Clean water fund repayment of revenue obligations.* From the clean water fund, a sum sufficient to repay the fund in the state treasury created under s. 18.57 (1) the amount needed to retire revenue obligations issued under subch. II or IV of ch. 18, as authorized under s. ~~144.241 (5)~~ 144.2415 (4).

SECTION 21. 20.370 (4) (cs) of the statutes, as affected by 1989 Wisconsin Act 31, is renumbered 20.320 (1) (s) and amended to read:

20.320 (1) (s) (title) *Clean water fund financial assistance.* From the clean water fund, a sum sufficient for the purposes of ss. 25.43, 144.241 and 144.2415, other than general program operations specified under sub. s. 20.370 (2) (mt) or (mx) or 20.505 (1) (v) or (x) and other than administration, of ss. 25.43 ~~and~~ 144.241 and 144.2415.

SECTION 22. 20.370 (4) (de) of the statutes is created to read:

20.370 (4) (de) *Aids administration — municipal clean drinking water grants.* The amounts in the schedule for the administration of the municipal clean drinking water grant program under s. 144.0255.

SECTION 23. 20.370 (4) (ix) of the statutes, as affected by 1989 Wisconsin Act 31, is amended to read:

20.370 (4) (ix) *Aids administration — clean water fund program; federal funds.* From the federal revolving loan fund account in the clean water fund, ~~all moneys received from the federal government,~~ the amounts in the schedule for the administration of s. 144.241 or 144.2415.

SECTION 24. 20.370 (4) (iz) of the statutes is created to read:

20.370 (4) (iz) *General fund supplement, aids administration and general program operations; clean water fund.* A sum sufficient from the federal revolving loan fund account in the clean water fund, to make the payments under s. 144.241 (22).

SECTION 25. 20.370 (4) (jc) of the statutes, as affected by 1989 Wisconsin Act 31, is amended to read:

20.370 (4) (jc) *Principal repayment and interest — pollution abatement bonds.* From the general fund, a sum sufficient to reimburse s. 20.866 (1) (u) for the payment of principal and interest costs incurred in financing the acquisition, construction, development, enlargement or improvement of point source water pollution abatement facilities and sewage collection facilities under ss. 144.21, 144.23 and 144.24 ~~or incurred in transferring moneys from s. 20.866 (2) (te) to the clean water fund for the purposes specified in s. 25.43 (3).~~

SECTION 26. 20.370 (4) (je) of the statutes is created to read:

20.370 (4) (je) *Principal repayment and interest — municipal clean drinking water grants.* From the general fund, a sum sufficient to reimburse s. 20.866 (1) (u) for the payment of principal and interest costs incurred in making municipal clean drinking water grants under s. 144.0255.

SECTION 27. 20.370 (4) (jq) of the statutes, as affected by 1989 Wisconsin Act 31, is renumbered 20.320 (1) (t).

SECTION 28. 20.370 (4) (jr) of the statutes, as affected by 1989 Wisconsin Act 31, is renumbered 20.320 (1) (u) and amended to read:

20.320 (1) (u) *Principal repayment and interest — clean water fund revenue obligation repayment.* From the fund in the state treasury created under s. ~~144.241 (5)~~ 18.57 (1), all moneys received by the fund and not transferred under s. ~~144.241 (5)~~ 144.2415 (4) (c) to the clean water fund, for the purpose of the retirement of revenue obligations, providing for reserves and for operations relating to the management and retirement of revenue obligations issued under subch. II or IV of ch. 18, as authorized under s. ~~144.241 (5)~~ 144.2415 (4). All moneys received are irrevocably appropriated in accordance with subch. II of ch. 18 and further established in resolutions authorizing the issuance of the revenue obligations and setting forth the distribution of funds to be received thereafter.

SECTION 29. 20.370 (4) (ka) of the statutes is renumbered 20.320 (1) (a) and amended to read:

20.320 (1) (a) *Environmental aids — clean water fund.* ~~From the general fund, the~~ The amounts in the schedule to be paid into the clean water fund.

SECTION 30. 20.370 (4) (ma) of the statutes, as created by 1989 Wisconsin Act 31, is renumbered 20.320 (1) (b) and amended to read:

20.320 (1) (b) *General fund supplement to clean water fund.* ~~From the general fund, the~~ The amounts in the schedule to be transferred to the clean water fund.

SECTION 31. 20.505 (1) (v) and (x) of the statutes are created to read:

20.505 (1) (v) *General program operations — clean water fund program; state funds.* From the clean water fund, the amounts in the schedule for general program operations under s. 144.241 or 144.2415.

(x) *General program operations — clean water fund program; federal funds.* From the federal revolving loan fund account in the clean water fund, the amounts in the schedule for general program operations under s. 144.241 or 144.2415.

SECTION 32. 20.536 (1) (ka) of the statutes is amended to read:

20.536 (1) (ka) *General program operations; clean water fund.* All moneys received for providing services to the department of administration or the department of natural resources in administering ss. 25.43 and 144.241 and 144.2415, for general program operations.

SECTION 33. 20.866 (intro.) of the statutes, as affected by 1989 Wisconsin Acts 31 and 46, is amended to read:

20.866 Public debt. (intro.) There are irrevocably appropriated to the bond security and redemption fund and to the capital improvement fund, as a first charge upon all revenues of this state, sums sufficient for payment of principal, interest and premium due, if any, on public debt contracted under subchs. I and IV of ch. 18.

SECTION 34. 20.866 (1) (u) of the statutes, as affected by 1989 Wisconsin Acts 31, 107 and 219, is amended to read:

20.866 (1) (u) *Principal repayment and interest.* A sum sufficient from moneys appropriated under ss. 20.190 (1) (j), 20.225 (1) (c), 20.245 (2) (e) and (j), (4) (e) and (5) (e), 20.250 (1) (e), 20.255 (1) (d), 20.285 (1) (d), (db) and (gb), 20.320 (1) (c) and (t), 20.370 (1) (kc) and (kw), (2) (jc), (4) (jb), (jc), (jd) and (jq) (je) and (8) (Lb) and (Ls), 20.395 (6) (aq) and (ar), 20.410 (1) (e), (ec) and (ko), 20.435 (2) (ee), (3) (e) and (5) (e), 20.455 (2) (cm), 20.465 (1) (d), 20.485 (1) (f) and (3) (t), 20.505 (5) (kc) and 20.867 (1) (a) and (b) and (3) (a), (b), (g), (h), (i) and (q) for the payment of principal and interest on public debt contracted under subchs. I and IV of ch. 18.

SECTION 35. 20.866 (2) (tb) of the statutes is created to read:

20.866 (2) (tb) *Natural resources; municipal clean drinking water grants.* From the capital improvement fund, a sum sufficient to the department of natural resources to provide funds for municipal clean drinking water grants under s. 144.0255. The state may contract public debt in an amount not to exceed ~~\$29,800,000~~ \$29,800,000 for this purpose.

**Vetoed
in Part**

SECTION 36. 20.866 (2) (tc) of the statutes, as affected by 1989 Wisconsin Acts 31 and 336, is amended to read:

20.866 (2) (tc) (title) *Clean water fund.* From the capital improvement fund, a sum sufficient to be transferred to the clean water fund for the purposes of s. ss. 144.241 and 144.2415. The state may contract public debt in an amount not to exceed ~~\$243,400,000~~ \$304,204,000 for this purpose. Of this amount, the amount needed to meet the requirements for state deposits under 33 USC 1382 is allocated for those deposits. ~~Payments may be made from this appropriation only after May 31, 1990, and then only for direct loans for transition projects under s. 144.241 (20).~~

SECTION 37. 20.866 (2) (tn) of the statutes is amended to read:

20.866 (2) (tn) *Natural resources; pollution abatement and sewage collection facilities.* From the capital improvement fund, a sum sufficient to the department of natural resources to acquire, construct, develop, enlarge or improve point source water pollution abatement facilities and sewage collection facilities under s. 144.24 including eligible engineering design costs. Payments may be made from this appropriation for capital improvement expenditures and encumbrances authorized under s. 144.24 before July 1, 1990, except for reimbursements made under s. 144.24 (9m) (a). Payments may also be made from this appropriation for expenditures and encumbrances resulting from disputed costs under s. 144.24 if an appeal of an eligibility determination is filed before July 1, 1990, and the result of the dispute requires additional funds for an eligible project. The state may contract public debt in an amount not to exceed ~~\$890,511,400~~ \$902,449,800 for this purpose.

SECTION 38. 25.17 (1) (aw) of the statutes is repealed.

SECTION 39. 25.17 (2) (d) of the statutes is created to read:

25.17 (2) (d) Invest the clean water fund, and collect the principal and interest of all moneys loaned or invested from the clean water fund, as directed by the department of administration under s. 144.2415 (2m). In making such investment, the investment board shall accept any reasonable terms and conditions that the department of administration specifies and is relieved of any obligations relevant to prudent investment of the fund, including those set forth under ch. 881.

SECTION 40. 25.18 (1) (n) of the statutes is renumbered 144.2415 (2m) (a) 2 and amended to read:

144.2415 (2m) (a) 2. ~~Purchase~~ Subject to par. (b), purchase or acquire, commit on a standby basis to purchase or acquire, sell, discount, assign, negotiate, or otherwise dispose of, or pledge, hypothecate or otherwise create a security interest in, loans as the ~~investment board~~ department of administration may determine, or portions or portfolios of participations in loans, made or purchased under s. 144.241, ~~if the disposition provides a financial benefit to and does not contradict or weaken the purposes of the clean water fund this section.~~ The disposition may be at the price and under the terms that the investment board department of administration determines to be reasonable and may be at public or private sale.

SECTION 41. 25.43 (1) (e), (f) and (g) of the statutes are amended to read:

25.43 (1) (e) All repayments of principal and payment of interest on loans made from the clean water fund and on obligations acquired by the ~~investment board~~ department of administration under s. 144.241 ~~(19)~~ 144.2415 (12).

(f) All moneys received by the clean water fund from the proceeds of the sale of general or revenue ~~obligation bonds~~ obligations under ch. 18 for the purpose of s. 20.866 (2) (tc) or ~~144.241 (5)~~ 144.2415 (4).

(g) All moneys received from the sale of loans made under s. ~~25.18 (1) (n)~~ 144.2415 (2m) (a) 2.

SECTION 42. 25.43 (1) (i) of the statutes is created to read:

25.43 (1) (i) All moneys received as investment earnings under s. 25.17 (2) (d).

SECTION 43. 25.43 (2) (c) of the statutes is amended to read:

25.43 (2) (c) The ~~investment board~~ department of administration may establish and change accounts in the clean water fund other than those under pars. (a) and (b). The ~~investment board~~ department of administration shall consult the department of natural resources before establishing or changing an account that is needed to administer the program under s. 144.241 or 144.2415.

SECTION 44. 25.43 (3) of the statutes, as affected by 1989 Wisconsin Act 31, is amended to read:

25.43 (3) ~~The~~ Except for the purpose of investment as provided in s. 25.17 (2) (d), the clean water fund may be used only for the purposes authorized under ss. 20.320 (1) (r), (s) and (t), 20.370 (2) (mt) and (mx) and (4) (er), (es), (iv), and (ix) and (je) and, 20.505 (1) (v) and (x), 144.241 and 144.2415.

SECTION 45. 66.33 (5) of the statutes is amended to read:

66.33 (5) Any municipality may participate in the state financial assistance program for soil and water resources protection established under s. 144.21, 144.24, ~~144.241~~ or 144.25 and may enter into agreements with the department of natural resources

for that purpose. Any municipality may participate in the clean water fund program under ss. 144.241 and 144.2415 and may enter into agreements with the department of administration and the department of natural resources for that purpose. Any county may participate in the state financial assistance program for soil and water resources protection established under s. 92.14 and may enter into agreements with the department of agriculture, trade and consumer protection for that purpose.

SECTION 46. 66.36 of the statutes is created to read:

66.36 Municipal financing; clean water fund project costs. Subject to the terms and conditions of its financial assistance agreement, a municipality may repay financial assistance costs received from the clean water fund by any lawful method, including any one of the following methods or any combination thereof:

(1) Payment out of its general funds.

(2) Payment out of the proceeds of the sale of obligations issued by it under ch. 67.

(3) Payment out of the proceeds of the sale of public improvement bonds issued by it under s. 66.059.

(4) Payment out of the proceeds of revenue obligations issued by it under s. 66.066.

(5) Payment as provided under s. 66.54 (2) (c), (d) or (e).

(6) Payment as provided under s. 66.076 (1).

SECTION 47. 66.894 (14) (d) 3 of the statutes is amended to read:

66.894 (14) (d) 3. The commission may not pay under subd. 2 a total of more than ~~\$2,500,000~~ \$2,690,000 for all projects constructed under this subsection.

SECTION 48. 66.91 (6m) of the statutes is created to read:

66.91 (6m) **TAX STABILIZATION FUND.** The commission may establish a tax stabilization fund for any purpose authorized by ss. 66.88 to 66.918.

SECTION 49. 67.10 (1) and (5) (a) of the statutes are amended to read:

67.10 (1) **MONEY OF THE UNITED STATES.** ~~All money borrowed by municipalities, and all~~ money received in payment of any tax levied under this chapter, shall be lawful money of the United States; all municipal obligations shall be issued in exchange for lawful money of the United States or an obligation of the federal reserve bank or the state to pay such money; and all municipal obligations shall be payable in such money.

(5) (a) After any municipality has provided, as required by s. 67.05 (11), for an issue of bonds, or as required by s. 67.12 (12), for an issue of promissory notes, for a lawful purpose which can be accomplished only through performance of an executory contract by some other contracting party, such contract may be entered into before the actual execution, sale or hypothecation of the bonds or promissory notes, or receipt of payment therefore, with like effect as if the

necessary cash for payments on the contract were already in the treasury.

SECTION 50. 67.12 (1) (b) of the statutes, as affected by 1989 Wisconsin Act 336, is amended to read:

67.12 (1) (b) Any municipality may issue municipal obligations in anticipation of receiving proceeds from clean water fund loans or grants for which the municipality has received a notice of financial assistance commitment under s. 144.241 ~~(20) (d) (15)~~, from bonds or notes the municipality has authorized or has covenanted to issue under this chapter or from grants that are committed to the municipality. Any municipal obligation issued under this paragraph may be refunded one or more times. Such obligation and any refundings thereof shall be repaid within 5 years after the original date of the original obligation.

SECTION 51. 67.12 (12) (a) of the statutes is amended to read:

67.12 (12) (a) Any municipality may issue promissory notes as evidence of indebtedness for any public purpose, as defined in s. 67.04 (1) (b), including but not limited to paying any general and current municipal expense, and refunding any municipal obligations, including interest on them. Each note, plus interest if any, shall be repaid within 10 years after the original date of the note, except that notes issued under s. this section for purposes of ss. 144.241 and 144.2415, or to raise funds to pay a portion of the capital costs of a metropolitan sewerage district, shall be repaid within 20 years after the original date of completion of the treatment work project which they fund the note.

SECTION 52. 144.025 (2) (s) of the statutes is amended to read:

144.025 (2) (s) In cases of noncompliance with any order issued under par. (d), (r) or (u), the department may take the action directed by the order, and collect the costs thereof from the owner to whom the order was directed. The department shall have all the necessary powers needed to carry out this paragraph including powers granted municipalities under ss. 66.076 and 66.20 to 66.26. It shall also be eligible for financial assistance under ss. 144.21, 144.24 and, 144.241 and 144.2415.

SECTION 53. 144.0255 of the statutes is created to read:

144.0255 Municipal clean drinking water grants. (1) The department may award a municipal clean drinking water grant, from the appropriation under s. 20.866 (2) (tb), to a municipality for capital costs to achieve compliance with standards for contaminants established by the department by rule under the safe drinking water program under s. 144.025 (2) (t), if the municipality is not in compliance with those standards on or after April 1, 1990, if the municipality incurs the capital costs after January 1, 1989, and if the violation of the standards for contaminants occurs in a public water supply owned by the municipality.

(2) The department shall approve grants under this section equal to the following percentages of the amount by which the reasonable and necessary capital costs of achieving compliance with the standards for contaminants exceed an amount equal to \$25 times the population that is served by the contaminated public water supply for which a grant is sought:

~~(a) If the reasonable and necessary capital costs of achieving compliance with such standards are an amount equal to an amount that is less than \$100 times the population that is served by the contaminated public water supply, 50%.~~

Vetoed
in Part

~~(b) If the reasonable and necessary capital costs of achieving compliance with such standards are an amount equal to an amount that is greater than or equal to \$100 and less than or equal to \$150 times the population that is served by the contaminated water supply, 75%.~~

~~(c) If the reasonable and necessary capital costs of achieving compliance with such standards are an amount equal to an amount that is greater than \$150 times the population that is served by the contaminated water supply, 90%.~~

(3) The department shall rank applicants for grants under this section on the basis of the severity of risk to human health posed by each applicant's violation of the standards for contaminants. If insufficient funds are available for providing grants to eligible municipalities, the department shall allocate grants based on the severity of risk to human health.

(4) The department shall promulgate rules for the administration of the program under this section that include the establishment of which capital costs are eligible for reimbursement and the method for ranking applicants under sub. (3).

~~SECTION 53g. 144.027 (11) (a) 6 of the statutes is amended to read:~~

Vetoed
in Part

~~144.027 (11) (a) 6. All Except as provided in par. (as), all of the contaminants upon which the claim is based are naturally occurring substances and the concentration of the contaminants in water produced by the well does not significantly exceed the background concentration of the contaminants in groundwater at that location.~~

~~SECTION 53h. 144.027 (11) (as) of the statutes is created to read:~~

~~144.027 (11) (as). Radium. Paragraph (a) 6 does not apply if the claim is based on radium contamination.~~

SECTION 53m. 144.24 (6) (a) of the statutes is amended to read:

144.24 (6) (a) Each municipality shall notify the department of its intent to apply for a grant under this section by January 1 of each year. For those municipalities that notify the department by January 1, the department shall annually compile a funding list which ranks these municipalities in the same order as they appear on the federal priority list, prepared under the federal act, as of January 1 of each year. If Except

as provided in sub. (7) (c) 4, if there is not sufficient funding available under this section to fund all grant applications in one year, the department shall allocate available funding to projects in the order in which they appear on the funding list. The department shall not allocate funds to a municipality that is on the funding list in a particular year if the municipality is not ready to begin construction within 3 months of the time when the department is ready to allocate the funds, and the municipality can reasonably expect to receive funds under the federal program within 12 months of the time when the department is ready to allocate the funds.

SECTION 54. 144.24 (7) (c) 3 of the statutes is amended to read:

144.24 (7) (c) 3. Sewerage districts that do not serve 1st class cities are limited to new project grant awards that, in the aggregate for all those sewerage districts, are not more than \$70,500,000 in fiscal year 1988-89 and not more than ~~\$36,400,000~~ \$48,338,400 in fiscal year 1989-90 from the amounts authorized under sub. (10), plus any unallocated balances from the previous fiscal year as listed in this subdivision which the department determines, in accordance with its rules establishing a priority funding list under sub. (6), will be available for obligation during the succeeding fiscal year.

SECTION 54m. 144.24 (7) (c) 4 of the statutes is created to read:

144.24 (7) (c) 4. Of the additional \$11,938,400 authorized in subd. 3 by 1989 Wisconsin Act (this act), for fiscal year 1989-90, the department shall allocate \$5,969,200 to each of the first 2 municipalities, except a metropolitan sewerage district that serves a 1st class city, whose projects have the highest rankings on the funding list under sub. (6) (a). The department may not release the additional moneys authorized in subd. 3 to such municipalities until the secretary certifies in writing that each municipality has signed an agreement with the department under which the municipality agrees to waive any further challenge to the order of placement of any of its projects on a priority funding list established by the department under sub. (6).

SECTION 55. 144.24 (9m) (a) of the statutes is amended to read:

144.24 (9m) (a) For fiscal year 1989-90, the advance commitment shall include a provision making the reimbursement of engineering design costs conditional on the award or making of a construction grant under this section or a loan under ~~s. ss. 144.241 and 144.2415~~. If the financial assistance that the municipality receives for construction of a treatment work is a loan, the engineering design cost reimbursement shall be a loan. After June 30, 1990, and before September 1, 1990, the department may enter into an agreement with a municipality to provide engineering design costs under this subsection if the department makes an advance commitment for the reimbursement

of those costs before July 1, 1990, and the municipality receives financial assistance under this section and s. 144.2415 for construction.

SECTION 56. 144.241 (title) of the statutes is amended to read:

144.241 (title) Clean water fund program; financial assistance.

SECTION 57. 144.241 (1) (a) of the statutes is renumbered 144.241 (1) (am).

SECTION 58. 144.241 (1) (a) and (cg) of the statutes are created to read:

144.241 (1) (a) "Capital cost loan" means a loan to a municipality to finance its payment for capital costs to a metropolitan sewerage district organized under ss. 66.88 to 66.918.

(cg) "Market interest rate" means the interest at the effective rate of a revenue obligation issued by the state to fund a project loan or a portion of a project loan under this section and s. 144.2415.

SECTION 59. 144.241 (2m) of the statutes is created to read:

144.241 (2m) GENERAL DUTIES. The department shall:

(a) Administer its responsibilities under this section and s. 144.2415.

(b) Have the lead state role with the U.S. environmental protection agency.

(c) Cooperate with the department of administration in administering the clean water fund program.

(d) Have the lead state role with municipalities in providing clean water fund program information, and cooperate with the department of administration in providing such information to municipalities.

(e) Inspect periodically clean water fund project construction to determine project compliance with construction plans and specifications approved by the department and the requirements of this section and s. 144.2415 and, if applicable, of 33 USC 1251 to 1376 and 33 USC 1381 to 1387 and the regulations promulgated thereunder.

(f) Submit a biennial budget request under s. 16.42 for the clean water fund program.

SECTION 60. 144.241 (3) of the statutes is amended to read:

144.241 (3) ACCEPTANCE OF FEDERAL CAPITALIZATION GRANTS. The department may enter into an agreement under 33 USC 1382 with ~~the administrator~~ of the U.S. environmental protection agency to receive a capitalization grant under 33 USC 1381 to 1387. The agreement may contain any provision required by 33 USC 1381 to 1387 and any regulation, guideline or policy adopted under 33 USC 1381 to 1387.

SECTION 61. 144.241 (3m) of the statutes is created to read:

144.241 (3m) BIENNIAL NEEDS LIST. By May 1 of each even-numbered year, the department shall prepare and submit to the department of administration a

biennial needs list that includes all of the following information:

(a) A list of wastewater treatment projects that the department estimates will receive notices of financial assistance commitment under sub. (15) during the next biennium.

(b) The estimated cost and estimated construction schedule of each project on the list, and the total of the estimated costs of all projects on the list.

(c) The estimated rank of each project on the priority list under sub. (10).

SECTION 62. 144.241 (4) (title) of the statutes is repealed.

SECTION 63. 144.241 (4) (a) of the statutes, as affected by 1989 Wisconsin Act 31, is renumbered 144.2415 (3) (bm) (intro.) and amended to read:

144.2415 (3) (bm) (intro.) ~~By September 1 of each year, the department shall develop an annual finance plan. The department and department of administration jointly shall prepare and submit the annual finance plan copies of all of the following to the building commission under s. 13.48 (26), to the joint committee on finance and to the chief clerk of each house of the legislature, for distribution under s. 13.172 (3) to the appropriate legislative standing committees generally responsible for legislation related to environmental issues. Within 30 days after receipt of the proposal, the:~~

(br) The joint committee on finance and each standing committee may submit to the building commission its recommendations and comments regarding each version of the biennial finance plan, and whether the annual version of the biennial finance plan updated to reflect the adopted biennial budget act should be approved or disapproved as specified under s. 13.48 (26). If the building commission disapproves an annual the version of the biennial finance plan that is updated to reflect the adopted biennial budget act, the department and the department of administration shall submit a different annual revised biennial finance plan to the building commission.

SECTION 64. 144.241 (4) (b) (intro.) and 4 of the statutes are repealed.

SECTION 65. 144.241 (4) (b) 1, 2, 3, 5, 6 and 7 of the statutes are renumbered 144.2415 (3) (a) 1, 2, 3, 4, 5 and 5m and amended to read:

144.2415 (3) (a) 1. An estimate of wastewater treatment needs of the state for the ~~current fiscal year and for each of the next 4 fiscal years of the next 2 biennia.~~

2. The total amount of financial assistance ~~that the department plans to provide or commit~~ planned to be provided or committed to municipalities for projects during ~~that fiscal year and an estimate of the total financial assistance that the department plans to provide or commit to municipalities in each of the next 4 fiscal years of the next 2 biennia.~~

3. The sources of the financial assistance ~~that the department plans to provide or commit~~ planned to be

provided or committed to municipalities during ~~that fiscal year and in each of the next 4 fiscal years~~ the 4 fiscal years of the next 2 biennia.

4. The extent to which the clean water fund will be maintained in perpetuity, and the extent to which the clean water fund will retain its purchasing power, meet the requirements of this section ~~and s. 144.241~~ to provide financial assistance for water quality pollution abatement needs and nonpoint source water pollution management needs, and provide a stable and sustainable annual level of financial assistance under this section ~~and s. 144.241~~ proportional to the state's long-term water pollution abatement and management needs and priorities.

5. A fund balance sheet, cash flow of existing loans and commitments, report of loans and commitments, fund profits and losses including yield on prior year loans, the estimated fund capital available for commitments in each of the next ~~5~~ 4 fiscal years, and the projected clean water fund balance for each of the next 20 years given existing commitments and financial conditions.

5m. The estimated spending level and percentage of market interest rate for the types of projects specified under ~~sub. s. 144.241 (7) (b) 1 or 2~~ to 3.

SECTION 66. 144.241 (5) (title) and (a) to (g) of the statutes are renumbered 144.2415 (4) (title), (am) and (b) to (g), and 144.2415 (4) (am) to (g), as renumbered, are amended to read:

144.2415 (4) (am) Transfers Deposits, appropriations or transfers to the clean water fund for the purposes specified in s. 25.43 (3) may be funded with the proceeds of revenue obligations issued subject to and in accordance with subch. II of ch. 18 or in accordance with subch. IV of ch. 18 if designated a higher education bond.

(b) The department of administration may, under s. 18.56 (5) and (9) (j), deposit in a separate and distinct fund in the state treasury or in an account maintained by a trustee outside the state treasury, any portion of the revenues derived under s. 25.43 (1). The revenues deposited with a trustee outside the state treasury are the trustee's revenues in accordance with the agreement between this state and the trustee or in accordance with the resolution pledging the revenues to the repayment of revenue obligations issued under this subsection.

(c) The ~~secretary~~ building commission may pledge any portion of revenues received or to be received in the fund established in par. (b) or the clean water fund to secure revenue obligations issued under this subsection. The pledge shall provide for the transfer to ~~this state~~ the clean water fund of all pledged revenues, including any interest earned on the revenues, which are in excess of the amounts required to be paid under s. ~~20.370 (4) (je) and (jr)~~ 20.320 (1) (c) and (u) for the purposes specified in s. 25.43 (3). The pledge shall provide that the transfers be made at least twice yearly, that the transferred amounts be deposited in

the clean water fund and that the transferred amounts are free of any prior pledge.

(d) The department of administration shall have all other powers necessary and convenient to distribute the pledged revenues and to distribute the proceeds of the revenue obligations in accordance with subch. II of ch. 18 or in accordance with subch. IV of ch. 18 if designated a higher education bond.

(e) The department of administration may enter into agreements with the federal government or its agencies, political subdivisions of this state, individuals or private entities to insure or in any other manner provide additional security for the revenue obligations issued under this subsection.

(f) Revenue obligations may be contracted by the building commission when it reasonably appears to the building commission that all obligations incurred under this subsection can be fully paid on a timely basis from moneys received or anticipated ~~and pledged to be received on a timely basis.~~ Revenue obligations issued under this subsection shall not exceed ~~\$1,000~~ \$729,355,000 in principal amount, excluding obligations issued to refund outstanding revenue obligation notes. ~~Not more than \$900 of the \$1,000 may be used for transfers to the clean water fund.~~

(g) Unless otherwise expressly provided in resolutions authorizing the issuance of revenue obligations or in other agreements with the holders of revenue obligations, each issue of revenue obligations under this subsection shall be on a parity with every other revenue obligation issued under this subsection and in accordance with subch. II of ch. 18 or with subch. IV of ch. 18 if designated a higher education bond.

SECTION 67. 144.241 (6) (title) of the statutes is amended to read:

144.241 (6) (title) METHODS OF PROVIDING FINANCIAL ASSISTANCE.

SECTION 68. 144.241 (6) (a) (intro.) of the statutes is amended to read:

144.241 (6) (a) (intro.) The department may ~~approve~~ determine whether a municipality is eligible for financial assistance under this section to municipalities and s. 144.2415 for any of the following:

SECTION 69. 144.241 (6) (a) 4 of the statutes is created to read:

144.241 (6) (a) 4. A capital cost loan.

SECTION 70. 144.241 (6) (b) 1, 2 and 6 of the statutes are amended to read:

144.2415 (6) (b) 1. Purchasing or refinancing the ~~debt~~ obligation of a municipality if the ~~debt~~ obligation was incurred to finance the cost of constructing a water pollution control project located in this state and the ~~debt~~ obligation was initially incurred on or after May 17, 1988.

2. Purchasing or refinancing the ~~debt~~ obligation of a municipality if the ~~debt~~ obligation was incurred to finance the cost of constructing a water pollution control project located in this state and the ~~debt~~ obligation

tion was initially incurred after March 7, 1985, and before May 17, 1988, if after giving the notice of financial assistance commitment under sub. (15) the requirements of 33 USC 1382 (b) (3) have still not been met.

6. Making loans under ~~sub. (20)~~ s. 144.2415 (13) for the purposes of that subsection.

SECTION 71. 144.241 (7) (a) of the statutes is amended to read:

144.241 (7) (a) The department shall, by rule, establish criteria for determining which applicants and which projects are eligible to receive financial assistance under this section and s. 144.2415. The primary criteria for eligibility shall be water quality and public health. The rules for projects funded from the account under s. 25.43 (2) (a) shall be consistent with 33 USC 1251 to 1376 and 33 USC 1381 to 1387 and the regulations promulgated thereunder. The rules for projects funded from the account under s. 25.43 (2) (b) may be consistent with 33 USC 1251 to 1376 and 33 USC 1381 to 1387 and the regulations promulgated thereunder.

SECTION 72. 144.241 (7) (b) (intro.) of the statutes is amended to read:

144.241 (7) (b) (intro.) The department may ~~approve~~ determine whether a municipality is eligible for financial assistance under this section and s. 144.2415 for any of the following types of projects:

SECTION 73. 144.241 (7) (b) 3 of the statutes is created to read:

144.241 (7) (b) 3. Projects for treatment work planning and design, except for the planning and design listed under subd. 6.

SECTION 74. 144.241 (7) (b) 6 of the statutes, as affected by 1989 Wisconsin Act 31, is amended to read:

144.241 (7) (b) 6. Projects for ~~corrective action to a the planning, design, construction or replacement of treatment work works that violates~~ violates effluent limitations contained in a permit issued under ch. 147.

SECTION 75. 144.241 (7) (b) 7 of the statutes is created to read:

144.241 (7) (b) 7. Projects for which a municipality seeks a capital cost loan.

SECTION 76. 144.241 (8) (a) (intro.) of the statutes is amended to read:

144.241 (8) (a) (intro.) The following are not eligible for financial assistance from the clean water fund under this section and s. 144.2415:

SECTION 77. 144.241 (8) (a) 4. a and b and 5 of the statutes, as created by 1989 Wisconsin Act 31, are amended to read:

144.241 (8) (a) 4. a. The nonlocal share of a project which receives funding under ~~sub. (20)~~ s. 144.2415 (13).

b. The portion of a project funded under ~~sub. (20)~~ s. 144.2415 (13) relating to a collection system, even if the costs relating to the collection system were not eligible under s. 144.24.

5. During fiscal years 1989-90 and 1990-91, a person or municipality in violation of an effluent limitation contained in a permit issued under ch. 147, unless that person or municipality is eligible under ~~sub. (20)~~ s. 144.2415 (13).

SECTION 78. 144.241 (8) (b) of the statutes, as affected by 1989 Wisconsin Act 31, is amended to read:

144.241 (8) (b) 1. Except as provided in subd. 2 and par. (k), the amount of reserve capacity for a project eligible for financial assistance ~~of through~~ a method specified under sub. (6) (b), ~~other than a loan at the market interest rate or other than a purchase or refinancing of a debt obligation at fair market value and at the market interest rate or other than a guarantee of or a purchase of insurance for a municipal obligation which will permit the municipality credit market access not otherwise available or will reduce the interest rate on the obligation to not less than the market interest rate,~~ is limited to that future capacity required to serve the users of the project expected to exist within the service area of the project 10 years after the project is estimated to become operational. The department, in consultation with the demographic services center in the department of administration under s. 16.96, shall promulgate rules defining procedures for projecting population used in determining the amount of reserve capacity.

2. ~~The~~ Except as provided in par (k), the department may not ~~approve determine that a municipality is eligible for financial assistance of through~~ a method specified under sub. (6) (b), ~~other than a loan at the market interest rate or other than a purchase or refinancing of a debt obligation at fair market value and at the market interest rate or other than a guarantee of or a purchase of insurance for a municipal obligation which will permit the municipality credit market access not otherwise available or will reduce the interest rate on the obligation to not less than the market interest rate,~~ for reserve capacity for a collection system, interceptors or an individual system project in an unsewered municipality.

SECTION 79. 144.241 (8) (c) of the statutes, as affected by 1989 Wisconsin Act 31, is amended to read:

144.241 (8) (c) ~~Financial~~ Except as provided in par. (k), financial assistance, ~~other than a loan at the market interest rate or other than a purchase or refinancing of a debt obligation at fair market value and at the market interest rate or other than a guarantee of or a purchase of insurance for a municipal obligation which will permit the municipality credit market access not otherwise available or will reduce the interest rate on the obligation to not less than the market interest rate,~~ may be provided for the design, planning and construction of a collection system, interceptor or individual system project in an unsewered municipality or an unsewered area of a municipality, only if the department finds that at least two-thirds of the initial

flow will be for wastewater originating from residences in existence on October 17, 1972.

SECTION 80. 144.241 (8) (d) of the statutes is amended to read:

144.241 (8) (d) An unsewered municipality that is not constructing a treatment work and will be disposing of wastewater in the treatment work of another municipality is not eligible for financial assistance under this section and s. 144.2415 until it executes an agreement under s. 66.30 with another municipality to receive, treat and dispose of the wastewater of the unsewered municipality.

SECTION 81. 144.241 (8) (f) of the statutes, as affected by 1989 Wisconsin Act 31, is amended to read:

144.241 (8) (f) ~~The~~ Except as provided in par. (k), the department may not ~~approve determine that a municipality is eligible for financial assistance of through~~ a method specified under sub. (6) (b), ~~other than a loan at the market interest rate or other than a purchase or refinancing of a debt obligation at fair market value and at the market interest rate or other than a guarantee of or a purchase of insurance for a municipal obligation which will permit the municipality credit market access not otherwise available or will reduce the interest rate on the obligation to not less than the market interest rate,~~ for the portion of a project that treats wastes from industrial users.

SECTION 82. 144.241 (8) (g) of the statutes is amended to read:

144.241 (8) (g) The sum of all of the financial assistance to a municipality approved under this section and s. 144.2415 for a project may not result in the municipality paying less than 10% of the cost of the project.

SECTION 83. 144.241 (8) (h) of the statutes, as affected by 1989 Wisconsin Act 31, is amended to read:

144.241 (8) (h) ~~A~~ Except as provided in par. (k) or (m), a municipality that is a violator of an effluent limitation at the time that the notice of financial assistance commitment for financial assistance is made given may not receive financial assistance of a method specified under sub. (6) (b) 1, 2, 3, 4 or 5, ~~other than a loan at the market interest rate or other than a purchase or refinancing of a debt obligation at fair market value and at the market interest rate or other than a guarantee of or a purchase of insurance for a municipal obligation which will permit the municipality credit market access not otherwise available or will reduce the interest rate on the obligation to not less than the market interest rate,~~ for that part of a treatment work project that is needed to correct the violation. This paragraph does not apply to a municipality that after May 17, 1988, is in compliance with a court or department order to correct a violation of the enforceable requirements of its ch. 147 permit, and that is applying for financial assistance under s. 144.2415 (13) to correct that violation.

SECTION 84. 144.241 (8) (i) and (j) of the statutes, as created by 1989 Wisconsin Act 31, are amended to read:

144.241 (8) (i) After June 30, 1991, ~~the department may not approve financial assistance under this section to a~~ no municipality may receive for projects in an amount that exceeds ~~40%~~ 35.2% of the amount ~~in the annual finance plan under sub. (4) (b) 2 approved by the legislature under s. 144.2415 (3) (d) for that fiscal year biennium.~~

(j) During the period beginning on July 1, 1989, and ending on June 30, 1991, ~~the department may not approve no metropolitan sewage district that serves a 1st class city may receive a total of more than \$154,400,000 \$207,200,000 for financial assistance under this section to a metropolitan sewerage district that serves a 1st class city. Notwithstanding par. (a) 4, no more than \$51,000,000 of the amount specified in this paragraph may be awarded for the nonlocal share of projects that received financial assistance under s. 144.242 and s. 144.2415.~~

SECTION 85. 144.241 (8) (k), (L) and (m) of the statutes are created to read:

144.241 (8) (k) The restrictions specified under par. (b) 1 and 2, (c), (f) or (h) do not apply to any of the following methods of financial assistance:

1. A loan at the market interest rate.
2. A purchase or refinancing of an obligation at fair market value and at the market interest rate.
3. A guarantee or a purchase of insurance for a municipal obligation which will permit the municipality credit market access not otherwise available or which will reduce the interest rate on the obligation to not less than the market rate.

(L) The total amount of capital cost loans made under this section and s. 144.2415 may not exceed \$120,000,000, and no capital cost loan funds may be released under this section and s. 144.2415 until the secretary of administration has found in writing that all of the following facts have occurred:

1. The cities of Brookfield, Mequon, Muskego and New Berlin and the villages of Butler, Elm Grove, Germantown, Menomonee Falls and Thiensville have signed an agreement with a metropolitan sewerage district organized under ss. 66.88 to 66.918, under which each municipality agrees to pay some portion of the amount of \$120,000,000 authorized in this paragraph to the metropolitan sewerage district for the district's capital costs and the sum of the amount that each municipality agrees to pay equals at least \$120,000,000.

2. The agreement in subd. 1 has also been signed by the metropolitan sewerage district organized under ss. 66.88 to 66.918.

(m) A municipality that is in substantial compliance with the enforceable requirements of its ch. 147 permit on the date that it submits its application for financial assistance under sub. (9) remains eligible for

state financial assistance in the same tier under sub. (12) for which it was eligible on the date that it submitted its application, whether or not the municipality violates such ch. 147 permit requirements, if all of the following occur:

1. The municipality submits its application for financial assistance under this section and s. 144.2415 on or before June 30, 1990.

2. The department has approved the municipality's facility plan on or before June 30, 1989.

SECTION 86. 144.241 (9) (a) to (d) of the statutes are amended to read:

144.241 (9) (a) A municipality which desires to participate in the program under this section and s. 144.2415 shall submit an application for participation to the department. The application shall be in such form and include such information as the department ~~prescribes and the department of administration prescribe.~~ The department shall review applications for participation in the program under this section and s. 144.2415. The department shall determine which applications meet the eligibility requirements and criteria under subs. ~~(4), (6), (7), (8), (10) and (13).~~

(b) A municipality seeking financial assistance, except for a municipality seeking a capital cost loan, for a project under this section and s. 144.2415 shall complete a staged facility plan, design plans and specifications and an environmental analysis sequence as required by the department by rule.

(c) If a municipality is serviced by more than one sewerage district for wastewater pollution abatement, each service area of the municipality shall be considered a separate municipality for purposes of obtaining financial assistance under this section and s. 144.2415.

(d) The department of administration and the department jointly may charge and collect service fees, established by rule, which shall cover the estimated costs of reviewing and acting upon the application and servicing the financial assistance agreement. No service fee established by rule under this paragraph may be charged to or collected from an applicant for financial assistance under s. 144.2415 (13).

SECTION 87. 144.241 (10) (a) 1, (b), (d) and (e) of the statutes are amended to read:

144.241 (10) (a) 1. The type of project and the order in which it is listed under sub. (7) (b) 1 to 6 7.

(b) Each municipality shall, in a writing post-marked no later than December 31, notify the department of its intent to apply for financial assistance under this section and s. 144.2415 in the next state fiscal year. Only those municipalities that so notify the department and that before July 1 of the next year submit a complete application meeting the requirements under sub. (9) (a), design plans and specifications if required under s. 144.04 which are approved by the department under this chapter and a sequence meeting the requirements of sub. (9) (b) may be included on the funding list under par. (c) and consid-

ered for financial assistance under this section and s. 144.2415 in the next state fiscal year.

(d) If sufficient funds are not available to fund all applications for financial assistance under this section and s. 144.2415 in any fiscal year, the department shall allocate available funding to projects in the order in which they appear on the funding list under par. (c) for that year. The department may not issue a notice of financial assistance commitment for financial assistance for a project that is on the funding list if the municipality is not ready to begin construction of the project within 3 months after the department is ready to issue a notice of financial assistance commitment for financial assistance.

(e) If funds remain available for a fiscal year after providing financial assistance to all municipalities on the funding list under par. (c), the department may issue a notice of financial assistance commitment for financial assistance to a municipality that meets all of the requirements under this section and s. 144.2415, except the requirement under par. (b) to submit a complete application and design plans and specifications, if required under s. 144.04, before July 1.

SECTION 88. 144.241 (10) (f) of the statutes, as affected by 1989 Wisconsin Act 31, is amended to read:

144.241 (10) (f) ~~Before July 1, 1991, the department may not approve applications for treatment work projects specified under sub. (7) (b) 4, including projects eligible under sub. (20) (a) but not sub. (20) (b), for which financial assistance would total, for all of those treatment work projects, more than 5% of the total capital dollar amount established under s. 13.48 (26) for that fiscal year, unless all other applications on the funding list, including projects eligible under sub. (20), are approved first. Before July 1, 1991, the department may not approve applications for projects not specified under sub. (7) (b) 4, including projects eligible under sub. (20), for which s. 144.2415 (13), may not receive financial assistance that would total, for all of those projects, more than an amount that exceeds 95% of the total capital dollar amount established amount that the legislature approves under s. 13.48 (26) 144.2415 (3) (d) for that fiscal year biennium, unless all applications under sub. (7) (b) 4, including projects eligible under sub. (20) s. 144.2415 (13), on the funding list are approved first.~~

SECTION 89. 144.241 (11) (c) and (d) of the statutes are amended to read:

144.241 (11) (c) The department may not approve financial assistance under this section and s. 144.2415 for a project that is not on the priority list under sub. (10) (a).

(d) In approving financial assistance under this section and s. 144.2415, the department shall adhere, to the extent practicable, to the ~~total capital dollar amount, by source, and the composite annual interest rate amount~~ approved by the ~~building commission~~

legislature for each biennium under s. ~~13.48 (26) 144.2415 (3) (d).~~

SECTION 90. 144.241 (12) of the statutes, as affected by 1989 Wisconsin Act 31, is repealed and recreated to read:

144.241 (12) LOAN INTEREST RATES. (a) The types of projects for which municipalities may receive loans under this section and s. 144.2415 shall be classified as follows for the purpose of setting the percentage of market interest rates on loans funding such projects:

1. Tier 1 projects are those projects specified in sub. (7) (b) 1 and 2, except as restricted by sub. (8) (b), (c), (f) or (h).

2. Tier 2 projects are those projects specified in sub. (7) (b) 4 and 5, except as restricted by sub. (8) (b), (c), (f) or (h).

3. Tier 3 projects are those projects specified in sub. (7) (b) 6 and 7, and those portions of projects under tiers 1 and 2 that are restricted by sub. (8) (b), (c), (f) or (h).

4. A planning and design project specified in sub. (7) (b) 3 shall be classified under subd. 1, 2 or 3 based on the type of treatment work construction or replacement project for which the planning and design project is undertaken.

(c) The department shall establish, by rule, the percentage of market interest rates on loans for each tier of projects specified in par. (a) 1, 2 or 3, consistent with the following standards:

1. The percentage of market interest rates established shall, to the extent possible, fully allocate the amount of public debt authorized under s. 20.866 (2) (tc), the amount authorized under s. 144.2415 (3) (d) and the amount of revenue obligations authorized under s. 144.2415 (4) (f).

2. A different percentage of market interest rate shall be established for each tier of projects in par. (a). Tier 3 projects shall receive market interest rate. Tier 1 projects shall receive a percentage of market interest rate that is lower than the percentage of market interest rate on tier 2 projects ~~by 1% of the market interest rate.~~

3. ~~Except as provided in par. (a),~~ the department, in establishing percentage of market interest rates, shall attempt to ensure that those rates do not result in any of the following:

a. Beginning in fiscal year 1991, increases in all state water pollution abatement general obligation debt service costs greater than 4% annually in the fiscal year in which the rates are established and in the following fiscal year.

b. State water pollution abatement general obligation debt service costs greater than 50% of all general obligation debt service costs in the fiscal year in which the rates are established and in any of the following 3 fiscal years.

(d) Upon receipt of a request in writing from the department, the department of administration shall

Vetoed
in Part

prepare in writing, and submit to the department, estimates of the debt service costs specified in par. (c) 3. The department shall use such estimates in establishing the percentage of market interest rates consistent with the standards specified in par. (c) 3. The department of administration, concurrently with the department's submitting a notice under s. 227.19 (2) of proposed rules authorized under this subsection, shall submit such estimates to the chief clerk of each house for distribution to the appropriate standing committees under s. 13.172 (3).

Vetoed
in Part

~~(e) The department may waive application of the standards under par. (c) 3 if it finds that establishing interest rates subject to those standards would adversely affect the equity between past and future loan recipients, and if it incorporates that finding in the analysis accompanying its proposed rules under s. 227.14 (2).~~

Vetoed
in Part

~~(f) The department may request the joint committee on finance to take action under s. 13.101 (11) to modify the percentage of market interest rates established by rule for tier 1 and tier 2 projects, if it determines, based on estimates prepared by the department of administration under par. (d), that those rates would result in a need for state water pollution general obligation debt that would cause state water pollution general obligation debt service costs to exceed the standards established in par. (c) 3.~~

SECTION 91. 144.241 (13) (a) of the statutes is renumbered 144.241 (13) (a) (intro.) and amended to read:

144.241 (13) (a) (intro.) The department shall rank each municipality applying for financial assistance under this section and s. 144.2415, including a municipality applying for financial assistance under s. 144.2415 (13), based on its ability to pay for the construction and operation costs of its project. The department shall establish, by rule, the economic, socioeconomic and other factors procedure that it uses to rank the municipalities, which shall use all of the following to measure ability to pay, except as provided under par. (bm):

SECTION 92. 144.241 (13) (a) 1 and 2 of the statutes are created to read:

144.241 (13) (a) 1. Total charges imposed on residential users in the municipality that relate to wastewater treatment as a percentage of the total adjusted gross income of residents of the municipality.

2. Total charges imposed by the municipality that relate to wastewater treatment as a percentage of the total equalized value of property in the municipality.

SECTION 93. 144.241 (13) (am) of the statutes is created to read:

144.241 (13) (am) Except as provided under par. (bm), a municipality qualifies for financial hardship assistance if the percentage under par. (a) 1 exceeds 1.5 and if the percentage under par. (a) 2 places the municipality in the 25% of municipalities with the highest percentage under par. (a) 2.

SECTION 94. 144.241 (13) (b) of the statutes is repealed and recreated to read:

144.241 (13) (b) Except as provided under par. (bm), the department shall allocate available financial hardship assistance to municipalities that qualify for financial hardship assistance under par. (am), for projects on the funding list under sub. (10) (c), in the order that the municipalities rank under par. (a) 1 or more municipalities have the same rank under par. (a) the department shall allocate available financial assistance to those municipalities in the order that the projects appear on the funding list under sub. (10) (c). Vetoed
in Part

SECTION 95. 144.241 (13) (bm) of the statutes is created to read:

144.241 (13) (bm) The department may establish, by rule, factors to rank under this subsection a federally recognized American Indian tribe or band to which the department determines it cannot apply the factor specified in par. (a) 2.

SECTION 96. 144.241 (13) (c), (e) and (f) of the statutes are amended to read:

144.241 (13) (c) 1. The department may approve financial hardship assistance under this subsection only for a municipality for which the department approves financial assistance under sub. (11) or s. 144.2415 (13).

2. A municipality that is a violator of an effluent limitation may not receive financial hardship assistance under this subsection for that part of a treatment work project that is needed to correct the violation. This subdivision does not apply to a municipality that after May 17, 1988, is in compliance with a court or department order to correct a violation of the enforceable requirements of its ch. 147 permit, and that is applying for financial assistance under s. 144.2415 (13) to correct that violation.

(e) The total amount of financial hardship assistance approved in any year under this subsection may not exceed ~~15%~~ 12% of the financial assistance approved annually under this section amount approved by the legislature under s. 144.2415 (3) (d) for that biennium.

(f) The department may not approve financial hardship assistance under this section and s. 144.2415 before January 1, 1991.

SECTION 97. 144.241 (14) (a) of the statutes, as affected by 1989 Wisconsin Act 31, is renumbered 144.2415 (9) (a) and amended to read:

144.2415 (9) (a) A loan approved under this section and s. 144.241 shall be for no longer than 20 years, as determined by the department of administration and the department, be fully amortized not later than 20 years after the completion of the project that it funds, as determined by the department original date of the note, and require the repayment of principal and interest, if any, to begin not later than 12 months after the expected date of completion of the project that it

funds, as determined by the department of administration and the department.

SECTION 98. 144.241 (14) (b) (intro.) of the statutes is amended to read:

144.241 (14) (b) (intro.) As a condition of receiving financial assistance under this section and s. 144.2415, a municipality shall do all of the following:

SECTION 99. 144.241 (14) (b) 2 and 3 of the statutes are renumbered 144.2415 (9) (b) 1 and 2 and amended to read:

144.2415 (9) (b) 1. Pledge the security, if any, required by the rules promulgated by the department of administration under this section and s. 144.241.

2. Demonstrate to the satisfaction of the department of administration the financial capacity to assure sufficient revenues to operate and maintain the project for its useful life and to pay the debt service on the obligations that it issues for the project.

SECTION 100. 144.241 (14) (b) 8 of the statutes is amended to read:

144.241 (14) (b) 8. Demonstrate to the satisfaction of the department that the municipality is ready to begin construction within 90 days after it receives a notice of financial assistance commitment for financial assistance under sub. (15).

SECTION 101. 144.241 (15) (a) of the statutes is renumbered 144.241 (15) (a) (intro.) and amended to read:

144.241 (15) (a) (intro.) Subject to pars. (b) and (c), the department shall issue a notice of financial assistance commitment to a municipality within 90 days after it approves all of the following occur:

1. The department determines under sub. (9) (a) that the application under sub. (9) (a) and meets eligibility requirements under sub. (7), (8) and (10).

2. The department approves plans and specifications under s. 144.04.

(am) The notice of financial assistance commitment shall include the conditions that the municipality must meet to secure the financial assistance and shall include the estimated loan payment and repayment schedules, as determined by the department and the department of administration, and other terms of the financial assistance.

SECTION 102. 144.241 (15) (a) 3 of the statutes is created to read:

144.241 (15) (a) 3. The department of administration certifies in writing to the department that the municipality meets the conditions of receiving financial assistance established under s. 144.2415 (9) (am) and (b).

SECTION 103. 144.241 (15) (b) and (c) of the statutes are amended to read:

144.241 (15) (b) The department may not issue a loan commitment notice of financial assistance commitment for a loan to a municipality that the department determines of administration determines is

unlikely to be able to repay the principal and interest on it according to the terms of the financial assistance.

(c) The department may issue a financial assistance commitment notice of financial assistance commitment to a municipality only after the annual finance plan for amount under s. 144.2415 (3) (d) for the biennium in which that year falls has been approved by the building commission under s. 13.48 (26) legislature under s. 144.2415 (3) (d).

SECTION 104. 144.241 (15) (d) of the statutes is repealed.

SECTION 105. 144.241 (15) (e) of the statutes is created to read:

144.241 (15) (e) The department may not issue a notice of financial assistance commitment to a municipality unless the municipality has agreed in writing to accept the financial assistance offered through the clean water fund program. The department, at the request of the municipality, may release a municipality from such an agreement.

SECTION 106. 144.241 (16) of the statutes is renumbered 144.2415 (11) and amended to read:

144.2415 (11) FINANCIAL ASSISTANCE PAYMENTS. (a) The department may make a financial assistance commitment to a municipality for which the department issues a notice of financial assistance commitment under this section if the municipality meets the condition under sub. s. 144.241 (14) (b) 8 and the other requirements established by the department and the department of administration under this section and s. 144.241.

(b) If a municipality fails to make a principal repayment or interest payment within 180 days after its due date, the department of administration shall place on file a certified statement of all amounts due under this section with the department of administration and s. 144.241. After consulting the department, the department of administration may collect all amounts due by deducting those amounts from any state payments due the municipality or may add a special charge to the amount of taxes apportioned to and levied upon the county under s. 70.60. If the department of administration collects amounts due, it shall remit those amounts to the state treasurer fund to which they are due and notify the department of that action.

(c) The department of administration may not make the last payment under a financial assistance agreement until the department determines and the department of administration determine that the project is completed and meets all requirements of the section and s. 144.241 and that the conditions of the financial assistance agreement are met.

SECTION 107. 144.241 (17) of the statutes is repealed.

SECTION 108. 144.241 (19) of the statutes is renumbered 144.2415 (12) and amended to read:

144.2415 (12) MUNICIPAL OBLIGATIONS. The investment board department of administration may pur-

chase or refinance ~~debt~~ obligations specified in ~~sub. s. 144.241~~ (6) (b) 1 or 2 and guarantee or purchase insurance for municipal obligations specified in ~~sub. s. 144.241~~ (6) (b) 3 if the department approves the financial assistance under this section and s. 144.241 and gives a notice of financial assistance commitment ~~for the financial assistance~~ under this section.

SECTION 109. 144.241 (20) (title) of the statutes is renumbered 144.2415 (13) (title).

SECTION 110. 144.241 (20) (a) and (b) of the statutes, as affected by 1989 Wisconsin Act 31, are renumbered 144.2415 (13) (a) and (b), and 144.2415 (13) (a) and (b) 1. (intro.), 1m. (intro.) and a, 2 and 3, as renumbered, are amended to read:

144.2415 (13) (a) 1. Notwithstanding any other provision of this section and s. 144.241, a municipality that submits to the department by January 2, 1989, a facility plan meeting the requirements of s. 144.24 which is approvable under this chapter and that does not receive a grant award before July 1, 1990, only because the municipality is following a schedule contained in the facility plan and approved by the department and the municipality is in compliance with all applicable schedules contained in a permit issued under ch. 147 or because there are insufficient grant funds under s. 144.24, is eligible to receive financial assistance under this paragraph. The form of the financial assistance is a loan with an interest rate of ~~3.5%~~ 2.5% per year except that ~~sub. s. 144.241~~ (8) (b) ~~and, (f) and (k)~~ applies to projects receiving financial assistance under this paragraph.

2. Notwithstanding any other provision of this section or s. 144.241, the department shall make all loans under subd. 1 to municipalities ready to construct treatment works before the department provides or approves any other financial assistance under this section except for loans under par. (b).

(b) 1. (intro.) Notwithstanding any other provision of this section or s. 144.241, an unsewered municipality is eligible to receive financial assistance under this paragraph, in the form of a loan with an interest rate of 2.5% per year, which may be for original financing or refinancing for a collection system that is ineligible for financial assistance under s. 144.24 because of s. 144.24 (4) (b) 1 and that is being connected to an existing wastewater treatment plant if all of the following apply:

1m. (intro.) Notwithstanding any other provision of this section or s. 144.241, a town sanitary district is eligible to receive financial assistance under this paragraph, in the form of a loan with an interest rate of 2.5% per year, for the extension of a collection system into an unsewered area that is added to the sanitary district if all of the following apply:

a. The department has awarded a grant to the town sanitary district under s. 144.24 (4) ~~(e)~~ (b) 1. c for a collection system.

2. Subsection (8) (b) ~~and, (f) and (k)~~ applies to projects receiving financial assistance under this paragraph.

3. Notwithstanding any provision of this section or s. 144.241, the department shall annually allocate funds for loans under subds. 1 and 1m before the department provides or approves any other financial assistance under this section or s. 144.241.

SECTION 111. 144.241 (20) (c) of the statutes, as affected by 1989 Wisconsin Acts 31 and 336, is repealed.

SECTION 112. 144.241 (20) (d) of the statutes, as created by 1989 Wisconsin Act 336, is repealed.

SECTION 113. 144.241 (22) of the statutes is created to read:

144.241 (22) INTERIM DEPARTMENTAL FUNDING REIMBURSEMENT. On July 1, 1991, the department shall pay from the appropriation under s. 20.370 (4) (iz) an amount equal to the amount expended under s. 20.370 (2) (me) before that date.

SECTION 114. 144.241 (23) of the statutes is created to read:

144.241 (23) INTERIM FINANCE COST REIMBURSEMENT. (a) In this subsection:

1. "Eligible municipality" means a municipality that has been issued a notice of financial assistance commitment under sub. (15).

2. "Interim finance costs" mean costs that an eligible municipality incurs to finance a project eligible for financial assistance under this section and s. 144.2415 before that financial assistance becomes available to the municipality.

(b) The department may reimburse an eligible municipality for eligible interim finance costs.

(c) An eligible municipality's interim finance costs shall meet all of the following conditions to be eligible for reimbursement under this subsection:

1. The municipality incurs the costs over a period of no greater than 6 months.

2. The municipality incurs the costs on financing or refinancing that the municipality obtains on or after April 1, 1990, but no later than September 30, 1990.

3. The municipality obtains the financing or refinancing from a source other than the clean water fund.

(d) The department shall calculate eligible interim finance costs as the amount in subd. 1 minus the amount in subd. 2:

1. An amount equal to the sum of all of the following:

a. The interest costs paid by an eligible municipality, over the period for which it seeks reimbursement of interim finance costs, on that portion of the financing or refinancing obtained by the municipality under par. (c) that equals the amount of financial assistance that would have been received during that period, as specified in the municipality's notice of financial assistance commitment under sub. (15).

b. Any issuance costs to the eligible municipality to obtain that financing or refinancing.

2. An amount equal to the sum of all of the following:

a. The interest costs that an eligible municipality would have paid, over the period for which it seeks reimbursement of interim finance costs, on the amount of financial assistance specified in the municipality's notice of financial assistance commitment under sub. (15), if the municipality had actually received financial assistance under this section and s. 144.2415 for that period.

b. Any costs to the eligible municipality of receiving financial assistance under this section and s. 144.2415.

c. Any interest earned by the eligible municipality, over the period for which it seeks reimbursement of interim finance costs, on that portion of the financing or refinancing obtained by the municipality under par. (c) that equals the amount of financial assistance that would have been received during that period, as specified in the municipality's notice of financial assistance commitment under sub. (15).

(e) The department shall determine each amount used in calculating the eligible interim finance costs under par. (d).

(f) The department shall award eligible interim finance costs to eligible municipalities under this subsection in the following priority and amounts and from the following appropriations:

1. From the appropriation under s. 20.320 (1) (d), the full amount of eligible interim finance costs of those eligible municipalities that are approved for financial hardship assistance under sub. (13).

2. From the appropriation under s. 20.320 (1) (e), the full amount of eligible interim finance costs of those remaining eligible municipalities that are approved for financial hardship assistance under sub. (13), if the department is unable to satisfy the eligible interim finance costs of those municipalities from the appropriation under s. 20.320 (1) (d).

3. From the appropriation under s. 20.320 (1) (e), a prorated percentage of eligible interim finance costs of all other eligible municipalities.

SECTION 115. 144.2415 of the statutes is created to read:

144.2415 Clean water fund program; financial management. (1) DEFINITIONS. In this section:

(a) "Effluent limitation" has the meaning given in s. 147.015 (6).

(b) "Market interest rate" means the interest at the effective rate of a revenue obligation issued by the state to fund a project loan or a portion of a project loan under this section and s. 144.241.

(c) "Municipality" means any city, town, village, county, county utility district, town sanitary district, public inland lake protection and rehabilitation district, metropolitan sewerage district or federally recognized American Indian tribe or band in this state.

(d) "Subsidy" means the amounts provided by the clean water fund to projects receiving financial assistance under this section and s. 144.241 for the following purposes:

1. To reduce the interest rate of clean water fund loans from market rate to a subsidized rate.

2. To provide for financial hardship assistance, including grants.

3. To reduce interest rates for the portion of a loan for additional costs under sub. (3) (g).

(e) "Treatment work" has the meaning given in s. 147.015 (18).

(f) "Violator of an effluent limitation" means a person or municipality that after May 17, 1988, is not in substantial compliance with the enforceable requirements of its permit issued under ch. 147 for a reason that the department determines is or has been within the control of the person or municipality.

(2) GENERAL DUTIES. The department of administration shall:

(a) Administer its responsibilities under this section and s. 144.241.

(b) Cooperate with the department in administering the clean water fund program.

(c) Accept and hold any letter of credit from the federal government through which the state receives federal capitalization grant payments and disbursements to the clean water fund.

(2m) INVESTMENT MANAGEMENT; CLEAN WATER FUND. (a) The department of administration may:

1. Subject to par. (b), direct the investment board under s. 25.17 (2) (d) to make any investment of the clean water fund, or in the collection of the principal and interest of all moneys loaned or invested from such fund.

(b) The department of administration shall take an action under par. (a) only if all of the following conditions occur:

1. The action provides a financial benefit to the clean water fund.

2. The action does not contradict or weaken the purposes of the clean water fund.

3. The building commission approves the action before the department of administration acts.

(3) FINANCIAL MANAGEMENT; BIENNIAL FINANCE PLAN. (a) By August 1 of each even-numbered year, the department of administration and the department jointly shall prepare a biennial finance plan that includes all of the following information:

6. An amount equal to the estimated present value of subsidies for all clean water fund loans and grants expected to be made for the wastewater treatment projects listed in the biennial needs list under s. 144.241 (3m), discounted at a rate of 7% per year to the first day of the biennium for which the biennial finance plan is prepared.

7. A discussion of the assumptions made in calculating the amount under subd. 6.

Vetoed in Part

Vetoed in Part

8. The amount of any service fee expected to be charged during the next biennium under this section to an applicant.

9. The impact of the biennial finance plan on the guidelines under par. (b).

(b) The department of administration and the department shall consider the following as guidelines in preparing the biennial finance plan:

1. That all state water pollution abatement general obligation debt service costs should not increase more than 4% annually.

2. That all state water pollution abatement general obligation debt service costs should not exceed 50% of all general obligation debt service costs to the state.

(bm) 1. By August 1 of each even-numbered year, the version of the biennial finance plan initially prepared as part of the budget process.

2. When the biennial budget is submitted to the legislature under s. 16.45, the version of the biennial finance plan that contains material approved by the governor for inclusion in the budget.

3. No later than 7 days after the day on which the governor signs the biennial budget, a version of the biennial finance plan, updated to reflect the adopted biennial budget act.

(c) No moneys from the clean water fund may be expended in a biennium until the legislature reviews and approves all of the following, either in 1989 Wisconsin Act (this act) for the 1989-91 biennium or as part of the biennial budget act for any other biennium:

1. An amount that is specified for that biennium under par. (d) and, for any biennium after the 1989-91 biennium, is based on the amount included in the biennial finance plan under par. (a) 6.

2. The amount of public debt, authorized under s. 20.866 (2) (tc), that the state may contract for the purposes of s. 144.241 and this section.

3. The amount of revenue obligations, authorized under sub. (4) (f), that may be issued for the purposes specified in s. 25.43 (3).

(d) The amount that is specified under par. (c) 1 and approved by the legislature under this paragraph may not exceed \$179,304,000 during the 1989-91 biennium and may not exceed \$1,000 for any other biennium.

(e) The department may expend, for financial assistance in a biennium other than financial hardship assistance under s. 144.241 (13) (e), an amount up to 80% of the amount approved by the legislature under par. (d). The department may expend such amount only from the percentage of the amount approved under par. (d) that is not available under par. (f) for financial hardship assistance or under par. (g) for additional costs.

(f) The department may expend, for financial hardship assistance in a biennium under s. 144.241 (13) (e), an amount up to 12% of the amount approved by the legislature under par. (d) for that biennium. The

department may expend such amount only from the percentage of the amount approved by the legislature under par. (d) that is not available under par. (e) for financial assistance or under par. (g) for additional costs.

(g) 1. The department may expend, for additional costs directly associated with those projects in each biennium that are approved for financial assistance by the department, an amount up to 8% of the amount approved by the legislature under par. (d) for that biennium.

2. The department may expend the amount under subd. 1 only from the percentage of the amount approved by the legislature under par. (d) that is not available under par. (e) for financial assistance or under par. (f) for financial hardship assistance. No municipality may receive additional financial assistance under this paragraph in an amount greater than 10% of the amount specified in subd. 1.

(i) Using the amount approved under par. (d) as a base, the department of administration and the department shall calculate the present value of the actual subsidy of each clean water fund loan or grant to be made for those projects in each biennium that are approved for financial assistance by the 2 departments. The present value shall be discounted as provided under par. (a) 6.

(j) No later than January 1 of each even-numbered year, the department of administration and the department jointly shall submit a report, to the building commission and committees as required under par. (bm), on the implementation of the amount established under par. (d) as required under s. 144.241 (11) (d), and on the operations and activities of the clean water fund program for the previous biennium and for the fiscal year during which the report is prepared.

(4) (a) The clean water fund program is a revenue-producing enterprise or program as defined in s. 18.52 (6).

(9) CONDITIONS OF FINANCIAL ASSISTANCE.

(am) The department of administration, in consultation with the department, may establish those terms and conditions of a financial assistance agreement that relate to its financial management, including what type of municipal obligation, as set forth under s. 66.36, is required for the repayment of the financial assistance. Any terms and conditions established under this paragraph by the department of administration shall comply with the requirements of this section and s. 144.241. In setting such terms and conditions, the department of administration may consider factors that the department of administration finds are relevant, including the type of municipal obligation evidencing the loan or a municipality's creditworthiness.

(b) As a condition of receiving financial assistance under this section and s. 144.241, a municipality shall do all of the following:

(11) (am) The department of administration shall make the financial assistance payments to a municipality to which the department has made a financial assistance commitment under par. (a).

(13) (e) The department of administration and the department may not make loans under s. 144.241 (20), 1987 stats., as affected by 1989 Wisconsin Acts 31, 336 and ... (this act), or under this subsection to a metropolitan sewerage district that serves a 1st class city that total more than \$230,900,000.

(13m) **LEGISLATIVE MORAL OBLIGATION.** The building commission may, at the time the loan is made, by resolution designate a loan made under this section and s. 144.241 as one to which this subsection applies. If at any time the payments received or expected to be received from a municipality on any loan so designated are pledged to secure revenue obligations of the state issued pursuant to subch. II of ch. 18 and are insufficient to pay when due principal of and interest on such loan, the department of administration shall certify the amount of such insufficiency to the secretary of administration, the governor and the joint committee on finance. If the certification is received by the secretary of administration in an even-numbered year before the completion of the budget under s. 16.43, the secretary of administration shall include the certified amount in the budget compilation. In any event, the joint committee on finance shall introduce in either house, in bill form, an appropriation of the amount so requested for the purpose of payment of the revenue obligation secured thereby. Recognizing its moral obligation to do so, the legislature hereby expresses its expectation and aspiration that, if ever called upon to do so, it shall make the appropriation.

(14) **RULES.** The department of administration shall promulgate rules that are necessary for the proper execution of this section.

(15) **CONSTRUCTION.** This section shall be liberally construed in aid of the purposes of this section.

SECTION 115m. 144.25 (4) (cm) of the statutes is amended to read:

144.25 (4) (cm) Identify watershed areas in the Milwaukee river basin as priority watershed areas, notwithstanding par. (c), and identify the best management practices necessary to meet water quality objectives in those watershed areas. For the purposes of this paragraph, the Kinnickinnic river shall be treated as being within a watershed area in the Milwaukee river basin. The department shall appoint an advisory committee which represents appropriate local interests to assist it in the planning and implementation of projects and best management practices in these watershed areas. The advisory committee shall include a member of the county board from each county with any area in the Milwaukee river basin.

SECTION 116. 147.26 (2) (intro.) of the statutes is amended to read:

147.26 (2) (intro.) All plans submitted under s. 144.04 after July 22, 1973, for new treatment works, or

modifications of treatment works, which will be eligible for construction grants or loans under s. 144.21; or 144.24 or under ss. 144.241 and 144.2415, shall contain:

SECTION 117. 147.30 (2) of the statutes is amended to read:

147.30 (2) Financial assistance under s. 144.21; or 144.24 or under ss. 144.241 and 144.2415; and

SECTION 118. Nonstatutory provisions; administration. (1) **CLEAN WATER FUND PROGRAM POSITIONS.** The authorized FTE positions for the department of administration are increased by 4.0 SEG positions, to be funded from the appropriation under section 20.505 (1) (v) of the statutes, as created by this act, for the purpose of administering the clean water fund program.

(2) **CLEAN WATER FUND RULES.** Using the procedure under section 227.24 of the statutes, the department of administration may promulgate rules on the clean water fund program under section 144.2415 (14) of the statutes, as created by this act, for the period before the effective date of the rules submitted under that section. Notwithstanding section 227.24 (1) and (3) of the statutes, the department is not required to make a finding of emergency. Notwithstanding section 227.24 (1) (c) of the statutes, a rule promulgated under this subsection remains in effect only for 180 days, unless the rule promulgated under this subsection is extended by the joint committee for review of administrative rules under section 227.24 (2) (a) of the statutes.

SECTION 119. Nonstatutory provisions; natural resources. (1) **CLEAN WATER FUND RULES.** Using the procedure under section 227.24 of the statutes, the department of natural resources may promulgate rules on the clean water fund program under section 144.241 (2) of the statutes, for the period before the effective date of the rules submitted under that section. Notwithstanding section 227.24 (1) and (3) of the statutes, the department is not required to make a finding of emergency. Notwithstanding section 227.24 (1) (c) of the statutes, a rule promulgated under this subsection remains in effect for only 180 days, unless the rule promulgated under this subsection is extended by the joint committee for review of administrative rules under section 227.24 (2) (a) of the statutes.

(2) **CLEAN WATER FUND PROGRAM POSITIONS.** The authorized FTE positions for the department of natural resources are increased by 7.5 FED positions on July 1, 1990, to be funded from the appropriation under section 20.370 (2) (mx) of the statutes, for clean water fund general program operations.

(3) **MUNICIPAL CLEAN DRINKING WATER GRANT PROGRAM RULES.** The department of natural resources shall submit the proposed rules required under section 144.0255 (4) of the statutes, as created by this act, to the legislative council staff under section 227.15 (1) of the statutes no later than the first day of the 5th month beginning after the effective date of this subsection.

(4) MUNICIPAL CLEAN DRINKING WATER GRANT PROGRAM POSITIONS. The authorized FTE positions for the department of natural resources are increased by 1.0 GPR position on July 1, 1990, to be funded from the appropriation under section 20.370 (4) (de) of the statutes, for the administration of the municipal clean drinking water grant program.

Vetoed in Part (5) MUNICIPAL CLEAN DRINKING WATER LOAN ~~GRANT~~ STUDY. The department of natural resources shall study the need for establishing a revolving loan ~~of state~~ program to assist municipalities to comply with safe drinking water standards. The study shall address the costs of correcting violations of current standards, if any, relating to radium, radon, volatile organic compounds, nitrates, pesticides, coliform bacteria and other substances that the department determines are appropriate for inclusion in this study. The department shall submit the results of the study to the chief clerk of each house of the legislature for distribution to the legislature in the manner provided in section 13.172 (2) of the statutes ~~no later than January 1, 1991.~~

Vetoed in Part

(5g) WELL CONTAMINATION INSURANCE PROPOSAL. The department of natural resources shall develop a proposal to make inability to obtain private insurance for well contamination a condition of eligibility for a grant for well contamination under section 144.027 of the statutes. The department shall submit the proposal to the chief clerk of each house of the legislature for distribution to the legislature in the manner provided in section 13.172 (2) of the statutes no later than January 1, 1991.

SECTION 120. Appropriation changes; natural resources. (1) GENERAL PROGRAM OPERATIONS; CLEAN WATER FUND. The dollar amounts in the schedule under section 20.005 (3) of the statutes for the appropriation to the department of natural resources under section 20.370 (2) (mt) of the statutes, as affected by

the acts of 1989, are decreased by \$302,100 for fiscal year 1990-91 to decrease the authorized FTE positions for the department by 7.5 SEG positions in the clean water fund program.

(1p) ENVIRONMENTAL FUND SUPPLEMENT; WELL CONTAMINATION COMPENSATION. The dollar amounts in the schedule under section 20.005 (3) of the statutes for the appropriation to the department of natural resources under section 20.370 (2) (md) of the statutes, as affected by the acts of 1989, are increased by \$500,000 for fiscal year 1990-91 to increase funds available for compensation for well contamination.

(1q) WELL CONTAMINATION COMPENSATION. The dollar amounts in the schedule under section 20.005 (3) of the statutes for the appropriation to the department of natural resources under section 20.370 (4) (cv) of the statutes, as affected by the acts of 1989, are increased by \$500,000 for fiscal year 1990-91 to increase funding for compensation for well contamination.

(2) GENERAL FUND SUPPLEMENT TO CLEAN WATER FUND. The dollar amounts in the schedule under section 20.005 (3) of the statutes for the appropriation to the clean water fund program under section 20.320 (1) (b) of the statutes, as affected by the acts of 1989, are increased by \$100,000 for fiscal year 1990-91 to supplement the clean water fund.

(3p) NONPOINT SOURCE ADMINISTRATION. The dollar amounts in the schedule under section 20.005 (3) of the statutes for the appropriation to the department of natural resources under section 20.370 (4) (ia) of the statutes, as affected by the acts of 1989, are increased by \$45,000 for fiscal year 1990-91 to increase the authorized FTE positions of the department by 1.0 GPR position to perform modeling and data collection tasks related to the Kinnickinnic river watershed.