



**ASSEMBLY SUBSTITUTE AMENDMENT 1,  
TO 1997 ASSEMBLY BILL 188**

April 24, 1997 - Offered by Representative SCHNEIDER.

1     **AN ACT to repeal** 25.46 (10m), 281.59 (3) (a) 4., 292.31 (2) (f), 292.35 (9) (b) 2. and  
2           292.61; **to renumber** 281.59 (1) (a); **to renumber and amend** 281.59 (3) (c),  
3           (d), (dm), (e), (f) and (i) and 292.35 (9) (b) 1.; **to amend** 13.101 (11), 13.48 (26),  
4           18.06 (9), 18.57 (3), 20.320 (intro.), 20.320 (1) (title), 20.320 (1) (a), 20.320 (1)  
5           (c), 20.320 (1) (q), 20.320 (1) (r), 20.320 (1) (s), 20.320 (1) (t), 20.320 (1) (u), 20.370  
6           (2) (mt), 20.370 (2) (mx), 20.370 (6) (mu), 20.370 (6) (mx), 20.370 (8) (mr), 20.505  
7           (1) (v), 20.505 (1) (x), 20.536 (1) (ka), 20.866 (1) (u), 20.866 (2) (tc), 25.17 (2) (d),  
8           25.43 (title) and (1) (intro.), 25.43 (1) (b), 25.43 (1) (c), 25.43 (1) (d), 25.43 (1) (e),  
9           25.43 (1) (f), 25.43 (1) (h), 25.43 (2) (a), 25.43 (2) (b), 25.43 (2) (c), 25.43 (3), 66.36  
10          (intro.), 281.58 (1) (cg), 281.58 (2m) (a), 281.58 (3m) (a), 281.58 (6) (a) (intro.),  
11          281.58 (6) (b) (intro.), 281.58 (6) (b) 8., 281.58 (7) (a), 281.58 (7) (b) (intro.),  
12          281.58 (8) (a) (intro.), 281.58 (8) (d), 281.58 (8) (g), 281.58 (8) (i), 281.58 (8) (L)  
13          (intro.), 281.58 (9) (a), 281.58 (9) (b), 281.58 (9) (c), 281.58 (9) (e), 281.58 (9) (f),

1 281.58 (9m) (c), 281.58 (9m) (e), 281.58 (9m) (f) (intro.), 281.58 (9m) (g), 281.58  
2 (12) (a) (intro.), 281.58 (12) (c) 1., 281.58 (13) (b) (intro.), 281.58 (13m), 281.58  
3 (14) (b) (intro.), 281.59 (title), 281.59 (1) (b), 281.59 (1) (d), 281.59 (2) (a), 281.59  
4 (2) (b), 281.59 (2) (c), 281.59 (2m) (title), 281.59 (2m) (a) 1., 281.59 (2m) (b) 1.,  
5 281.59 (2m) (b) 2., 281.59 (3) (a) 1., 281.59 (3) (a) 2., 281.59 (3) (a) 5., 281.59 (3)  
6 (a) 6., 281.59 (3) (a) 7., 281.59 (3) (a) 8., 281.59 (3) (b), 281.59 (3) (j), 281.59 (4)  
7 (am), 281.59 (4) (c), 281.59 (9) (a), (am) and (b) (intro.) and 1., 281.59 (11), 281.59  
8 (13m), 281.59 (13s), 281.59 (14), 292.01 (18) and 292.35 (1) (f); and **to create**  
9 20.320 (1) (sm), 20.320 (2), 20.370 (2) (mz), 20.370 (6) (my), 20.505 (1) (y), 20.866  
10 (2) (td), 25.43 (1) (am), 25.43 (1) (bm), 25.43 (2) (am), 25.43 (2m), 234.86,  
11 234.933, 281.58 (1) (ai), 281.59 (1) (ag), 281.59 (1) (as), 281.59 (1) (cm), 281.59  
12 (1m), 281.59 (3) (a) 6e., 281.59 (3) (a) 6m., 281.59 (3e) (title), 281.59 (3m), 281.59  
13 (3s), 281.60, 281.61, 281.62 and 281.625 of the statutes; **relating to:** a safe  
14 drinking water loan program, a safe drinking water loan guarantee program,  
15 other drinking water activities, a loan program for projects to remedy  
16 environmental contamination, granting bonding authority, providing an  
17 exemption from emergency rule procedures, granting rule-making authority  
18 and making appropriations.

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

19 **SECTION 1.** 13.101 (11) of the statutes is amended to read:

20 13.101 (11) The committee may approve a clean water fund program interest  
21 rate change as specified under s. 281.58 (12) (f) or a safe drinking water loan program  
22 interest rate change as specified under s. 281.61 (11) (b).

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

1           13.48 **(26)** (title) ~~CLEAN WATER~~ ENVIRONMENTAL IMPROVEMENT ANNUAL FINANCE  
2           PLAN APPROVAL. The building commission shall review the versions of the biennial  
3           finance plan and any amendments to the biennial finance plan submitted to it by the  
4           department of natural resources and the department of administration under s.  
5           281.59 (3) (bm) and the recommendations of the joint committee on finance and the  
6           standing committees to which the versions of the biennial finance plan and any  
7           amendments were submitted under s. 281.59 (3) (bm). The building commission  
8           shall consider the extent to which that version of the biennial finance plan that is  
9           updated to reflect the adopted biennial budget act will maintain the ~~clean water~~  
10          environmental improvement fund in perpetuity. The building commission shall  
11          consider the extent to which the implementation of the clean water fund program,  
12          the safe drinking water loan program and the land recycling loan program, as set  
13          forth in the biennial finance plan updated to reflect the adopted biennial budget act,  
14          implements legislative intent on the clean water fund program, the safe drinking  
15          water loan program and the land recycling loan program. The building commission  
16          shall, no later than 60 days after the date of enactment of the biennial budget act,  
17          either approve or disapprove the biennial finance plan that is updated to reflect the  
18          adopted biennial budget act, except that the building commission may not  
19          disapprove those amounts that the legislature approves under s. 281.59 ~~(3) (e)~~ (3e)  
20          (a), (3m) (a) and (3s) (a). If the building commission disapproves the version of the  
21          biennial finance plan that is updated to reflect the adopted biennial budget act, it  
22          must notify the department of natural resources and the department of  
23          administration of its reasons for disapproving the plan, and those departments must  
24          revise that version of the biennial finance plan and submit the revision to the  
25          building commission.

1 SECTION 3. 18.06 (9) of the statutes is amended to read:

2 18.06 (9) (title) CLEAN WATER FUND PROGRAM BONDS. Notwithstanding sub. (4),  
3 the sale of bonds under this subchapter to provide revenue for the clean water fund  
4 program may be a private sale to the clean-water environmental improvement fund  
5 under s. 25.43, if the bonds sold are held or owned by the clean-water environmental  
6 improvement fund, or a public sale, as provided in the authorizing resolution.

7 SECTION 4. 18.57 (3) of the statutes is amended to read:

8 18.57 (3) Moneys in such funds may be commingled only for the purpose of  
9 investment with other public funds, but they shall be invested only in investment  
10 instruments permitted in s. 25.17 (3) (dg) or in clean-water environmental  
11 improvement fund investment instruments permitted in s. 281.59 (2m). All such  
12 investments shall be the exclusive property of such fund and all earnings on or  
13 income from investments shall be credited to such fund and shall become available  
14 for any of the purposes under sub. (2) and for the payment of interest on related  
15 revenue obligations.

16 SECTION 5. 20.005 (3) (schedule) of the statutes: at the appropriate place, insert  
17 the following amounts for the purposes indicated:

18 **1995-96          1996-97**

19 **20.370 Natural resources, department of**

20 (2) ENVIRONMENTAL QUALITY

21 (mz) General program operations —

22 safe drinking water loan pro-

23 grams; federal funds                      SEG-F C                      -0-                      -0-

**1995-96****1996-97****1 20.505 Administration, department of****2 (1) SUPERVISION AND MANAGEMENT****3 (y) General program operations —****4 safe drinking water loan pro-****5 gram; federal funds****SEG-F C****-0-****-0-****6 SECTION 6.** 20.320 (intro.) of the statutes is amended to read:**7 20.320 (title) ~~Clean water fund~~ Environmental improvement program.****8 (intro.) There is appropriated for the ~~clean water fund~~ environmental improvement****9 program:****10 SECTION 7.** 20.320 (1) (title) of the statutes is amended to read:**11 20.320 (1) (title) CLEAN WATER FUND PROGRAM OPERATIONS.****12 SECTION 8.** 20.320 (1) (a) of the statutes is amended to read:**13 20.320 (1) (a) (title) *Environmental aids — clean water fund program.* The****14 amounts in the schedule to be paid into the environmental improvement fund for the****15 clean water fund program under s. 281.58.****16 SECTION 9.** 20.320 (1) (c) of the statutes is amended to read:**17 20.320 (1) (c) (title) *Principal repayment and interest — clean water fund*****18 program. A sum sufficient to reimburse s. 20.866 (1) (u) for the payment of principal****19 and interest costs incurred in transferring moneys from s. 20.866 (2) (tc) to the clean****20 water environmental improvement fund for the purposes specified in s. 25.43 (3) of****21 the clean water fund program under s. 281.58.****22 SECTION 10.** 20.320 (1) (q) of the statutes is amended to read:

1           20.320 (1) (q) (title) *Clean water fund program revenue obligation funding*. As  
2 a continuing appropriation, all proceeds from revenue obligations issued under  
3 subch. II or IV of ch. 18, as authorized under s. 281.59 (4) and deposited in the fund  
4 in the state treasury created under s. 18.57 (1), providing for reserves and for  
5 expenses of issuance and management of the revenue obligations, and the remainder  
6 to be transferred to the ~~clean water~~ environmental improvement fund for the  
7 purposes ~~specified in s. 25.43 (3) of the clean water fund program~~ under s. 281.58.  
8 Estimated disbursements under this paragraph shall not be included in the schedule  
9 under s. 20.005.

10           **SECTION 11.** 20.320 (1) (r) of the statutes is amended to read:

11           20.320 (1) (r) (title) *Clean water fund program repayment of revenue*  
12 *obligations*. From the ~~clean water~~ environmental improvement fund, a sum  
13 sufficient to repay the fund in the state treasury created under s. 18.57 (1) the  
14 amount needed to retire revenue obligations issued under subch. II or IV of ch. 18,  
15 as authorized under s. 281.59 (4).

16           **SECTION 12.** 20.320 (1) (s) of the statutes is amended to read:

17           20.320 (1) (s) (title) *Clean water fund program financial assistance*. From the  
18 ~~clean water~~ environmental improvement fund, a sum sufficient for the purposes of  
19 ~~ss. 25.43, providing clean water fund program financial assistance under s. 281.58~~  
20 ~~and 281.59, other than general program operations specified under s. 20.370 (2) (mt)~~  
21 ~~or (mx) or 20.505 (1) (v) or (x) and other than administration of ss. 25.43, 281.58 and~~  
22 ~~281.59.~~

23           **SECTION 13.** 20.320 (1) (sm) of the statutes is created to read:

24           20.320 (1) (sm) *Land recycling loan program financial assistance*. From the  
25 clean water fund program federal revolving loan fund account in the environmental

1 improvement fund, a sum sufficient, not to exceed a total of \$20,000,000, to provide  
2 land recycling loan program financial assistance under s. 281.60.

3 **SECTION 14.** 20.320 (1) (t) of the statutes is amended to read:

4 20.320 (1) (t) (title) *Principal repayment and interest — clean water fund*  
5 *program bonds.* From the ~~clean water~~ environmental improvement fund, the  
6 amounts in the schedule to reimburse s. 20.866 (1) (u) for the payment of principal  
7 and interest costs incurred in transferring moneys from s. 20.866 (2) (tc) to the ~~clean~~  
8 ~~water~~ environmental improvement fund for the purposes ~~specified in s. 25.43 (3) of~~  
9 the clean water fund program under s. 281.58. Fifty percent of all moneys received  
10 from municipalities as payment of interest on loans or portions of loans under ~~ss.~~  
11 ~~144.241 and 144.2415~~ s. 281.58 the revenues of which have not been pledged to  
12 secure revenue obligations shall be credited to this appropriation account.

13 **SECTION 15.** 20.320 (1) (u) of the statutes is amended to read:

14 20.320 (1) (u) (title) *Principal repayment and interest — clean water fund*  
15 *program revenue obligation repayment.* From the fund in the state treasury created  
16 under s. 18.57 (1), all moneys received by the fund and not transferred under s.  
17 281.59 (4) (c) to the ~~clean water~~ environmental improvement fund, for the purpose  
18 of the retirement of revenue obligations, providing for reserves and for operations  
19 relating to the management and retirement of revenue obligations issued under  
20 subch. II or IV of ch. 18, as authorized under s. 281.59 (4). All moneys received are  
21 irrevocably appropriated in accordance with subch. II of ch. 18 and further  
22 established in resolutions authorizing the issuance of the revenue obligations and  
23 setting forth the distribution of funds to be received thereafter.

24 **SECTION 16.** 20.320 (2) of the statutes is created to read:

1           20.320 (2) SAFE DRINKING WATER LOAN PROGRAM OPERATIONS. (c) *Principal*  
2           *repayment and interest — safe drinking water loan program.* A sum sufficient to  
3           reimburse s. 20.866 (1) (u) for the payment of principal and interest costs incurred  
4           in financing the safe drinking water loan program under s. 20.866 (2) (td).

5           (s) *Safe drinking water programs financial assistance.* From the  
6           environmental improvement fund, a sum sufficient for financial assistance under  
7           the safe drinking water loan program under s. 281.61, for other drinking water  
8           quality activities under s. 281.62 and to transfer funds to the Wisconsin drinking  
9           water reserve fund under s. 234.933, as authorized under s. 281.625 (4).

10          (x) *Safe drinking water programs financial assistance; federal.* From the safe  
11          drinking water loan program federal revolving loan fund account in the  
12          environmental improvement fund, all moneys received from the federal government  
13          to provide financial assistance under the safe drinking water loan program under s.  
14          281.61, as authorized by the governor under s. 16.54, for financial assistance under  
15          the safe drinking water loan program under s. 281.61, for other drinking water  
16          quality activities under s. 281.62 and to transfer funds to the Wisconsin drinking  
17          water reserve fund under s. 234.933, as authorized under s. 281.625 (4).

18          **SECTION 17.** 20.370 (2) (mt) of the statutes is amended to read:

19          20.370 (2) (mt) (title) *General program operations — ~~clean water fund program~~*  
20          *environmental improvement programs; state funds.* From the ~~clean water~~  
21          environmental improvement fund, the amounts in the schedule for general program  
22          operations under s. 281.58 ~~or~~, 281.59, 281.60, 281.61 or 281.62.

23          **SECTION 18.** 20.370 (2) (mx) of the statutes is amended to read:

24          20.370 (2) (mx) *General program operations — clean water fund program;*  
25          *federal funds.* As a continuing appropriation, from the clean water fund program



1 federal revolving loan fund account in the ~~clean water~~ environmental improvement  
2 fund, the amounts in the schedule for general program operations of the clean water  
3 fund program under s. 281.58 or 281.59.

4 **SECTION 19.** 20.370 (2) (mz) of the statutes is created to read:

5 20.370 (2) (mz) *General program operations — safe drinking water loan*  
6 *programs; federal funds.* As a continuing appropriation, from the safe drinking  
7 water loan program federal revolving loan fund account in the environmental  
8 improvement fund, the amounts in the schedule for general program operations of  
9 the safe drinking water loan program under s. 281.59 or 281.61 and other drinking  
10 water quality activities under s. 281.62.

11 **SECTION 20.** 20.370 (6) (mu) of the statutes is amended to read:

12 20.370 (6) (mu) (title) *Aids administration — ~~clean water fund program~~*  
13 *environmental improvement programs; state funds.* From the ~~clean water~~  
14 environmental improvement fund, the amounts in the schedule for the  
15 administration of s. ~~ss.~~ 281.58, 281.60, 281.61 and 281.62.

16 **SECTION 21.** 20.370 (6) (mx) of the statutes is amended to read:

17 20.370 (6) (mx) *Aids administration — clean water fund program; federal*  
18 *funds.* From the clean water fund program federal revolving loan fund account in  
19 the ~~clean water~~ environmental improvement fund, all moneys received from the  
20 federal government to administer the clean water fund program, as authorized by  
21 the governor under s. 16.54, for the administration of the clean water fund program  
22 under s. 281.58 or 281.59.

23 **SECTION 22.** 20.370 (6) (my) of the statutes is created to read:

24 20.370 (6) (my) *Aids administration — safe drinking water programs; federal*  
25 *funds.* From the safe drinking water loan program federal revolving loan fund

1 account in the environmental improvement fund, all moneys received from the  
2 federal government to administer safe drinking water programs, as authorized by  
3 the governor under s. 16.54, for the administration of the safe drinking water loan  
4 program under s. 281.59 or 281.61 and other drinking water quality activities under  
5 s. 281.62.

6 **SECTION 23.** 20.370 (8) (mr) of the statutes is amended to read:

7 20.370 (8) (mr) (title) *General program operations — ~~clean water~~*  
8 *environmental improvement fund*. From the ~~clean water~~ environmental  
9 improvement fund, the amounts in the schedule for the general administration and  
10 field administration of the department.

11 **SECTION 24.** 20.505 (1) (v) of the statutes is amended to read:

12 20.505 (1) (v) (title) *General program operations — ~~clean water fund program~~*  
13 *environmental improvement programs; state funds*. From the ~~clean water~~  
14 environmental improvement fund, the amounts in the schedule for general program  
15 operations under s. 281.58 ~~or~~, 281.59, 281.60 or 281.61.

16 **SECTION 25.** 20.505 (1) (x) of the statutes is amended to read:

17 20.505 (1) (x) *General program operations — ~~clean water fund program; federal~~*  
18 *funds*. As a continuing appropriation, from the clean water fund program federal  
19 revolving loan fund account in the ~~clean water~~ environmental improvement fund,  
20 the amounts in the schedule for general program operations of the clean water fund  
21 program under s. 281.58 or 281.59.

22 **SECTION 26.** 20.505 (1) (y) of the statutes is created to read:

23 20.505 (1) (y) *General program operations — ~~safe drinking water loan program;~~*  
24 *federal funds*. As a continuing appropriation, from the safe drinking water loan  
25 program federal revolving loan fund account in the environmental improvement

1 fund, the amounts in the schedule for general program operations of the safe  
2 drinking water loan program under s. 281.59 or 281.61.

3 **SECTION 27.** 20.536 (1) (ka) of the statutes is amended to read:

4 20.536 (1) (ka) (title) *General program operations; ~~clean-water~~ environmental*  
5 *improvement fund.* All moneys received for providing services to the department of  
6 administration or the department of natural resources in administering ss. 25.43,  
7 281.58 ~~and~~, 281.59, 281.60, 281.61 and 281.62, for general program operations.

8 **SECTION 28.** 20.866 (1) (u) of the statutes is amended to read:

9 20.866 (1) (u) *Principal repayment and interest.* A sum sufficient from moneys  
10 appropriated under sub. (2) (zp) and ss. 20.190 (1) (c), (i) and (j), 20.225 (1) (c), 20.245  
11 (1) (e), (2) (e) and (j), (4) (e) and (5) (e), 20.250 (1) (e), 20.255 (1) (d), 20.285 (1) (d), (db),  
12 (fh), (ih) and (kd) and (5) (i), 20.320 (1) (c) and (t) and (2) (c), 20.370 (7) (aa), (ac), (aq),  
13 (ar), (at), (ba), (ca), (cb), (cc), (cd), (ea) and (eq), 20.395 (6) (aq) and (ar), 20.410 (1) (e),  
14 (ec) and (ko) and (3) (e), 20.435 (2) (ee) and (6) (e), 20.465 (1) (d), 20.485 (1) (f) and  
15 (go) and (3) (t), 20.505 (5) (g) and (kc) and 20.867 (1) (a) and (b) and (3) (a), (b), (g),  
16 (h), (i) and (q) for the payment of principal and interest on public debt contracted  
17 under subchs. I and IV of ch. 18.

18 **SECTION 29.** 20.866 (2) (tc) of the statutes is amended to read:

19 20.866 (2) (tc) (title) *Clean water fund program.* From the capital improvement  
20 fund, a sum sufficient to be transferred to the ~~clean-water~~ environmental  
21 improvement fund for the purposes of the clean water fund program under ss. 281.58  
22 and 281.59. The state may contract public debt in an amount not to exceed  
23 \$553,194,000 for this purpose. Of this amount, the amount needed to meet the  
24 requirements for state deposits under 33 USC 1382 is allocated for those deposits.

1 Of this amount, \$8,250,000 is allocated to fund the minority business development  
2 and training program under s. 66.905 (2) (b).

3 **SECTION 30.** 20.866 (2) (td) of the statutes is created to read:

4 20.866 (2) (td) *Safe drinking water loan program.* From the capital  
5 improvement fund, a sum sufficient to be transferred to the environmental  
6 improvement fund for the safe drinking water loan program under s. 281.61. The  
7 state may contract public debt in an amount not to exceed \$22,000,000 for this  
8 purpose.

9 **SECTION 31.** 25.17 (2) (d) of the statutes is amended to read:

10 25.17 (2) (d) Invest the ~~clean-water~~ environmental improvement fund, and  
11 collect the principal and interest of all moneys loaned or invested from the ~~clean~~  
12 ~~water~~ environmental improvement fund, as directed by the department of  
13 administration under s. 281.59 (2m). In making such investment, the investment  
14 board shall accept any reasonable terms and conditions that the department of  
15 administration specifies and is relieved of any obligations relevant to prudent  
16 investment of the fund, including those set forth under ch. 881.

17 **SECTION 32.** 25.43 (title) and (1) (intro.) of the statutes are amended to read:

18 **25.43** (title) ~~Clean-water~~ **Environmental improvement fund.** (1) (intro.)

19 There is established a separate nonlapsible trust fund designated as the ~~clean-water~~  
20 environmental improvement fund, to consist of all of the following:

21 **SECTION 33.** 25.43 (1) (am) of the statutes is created to read:

22 25.43 (1) (am) All capitalization grants provided by the federal government  
23 under 42 USC 300j-12.

24 **SECTION 34.** 25.43 (1) (b) of the statutes is amended to read:

1           25.43 (1) (b) All state funds appropriated or transferred to the ~~clean water~~  
2 environmental improvement fund to meet the requirements for state deposits under  
3 33 USC 1382.

4           **SECTION 35.** 25.43 (1) (bm) of the statutes is created to read:

5           25.43 (1) (bm) All state funds appropriated or transferred to the environmental  
6 improvement fund to meet the requirements for state deposits under 42 USC  
7 300j-12.

8           **SECTION 36.** 25.43 (1) (c) of the statutes is amended to read:

9           25.43 (1) (c) All other appropriations and transfers of state funds to the ~~clean~~  
10 ~~water~~ environmental improvement fund.

11           **SECTION 37.** 25.43 (1) (d) of the statutes is amended to read:

12           25.43 (1) (d) All gifts, grants and bequests to the ~~clean water~~ environmental  
13 improvement fund.

14           **SECTION 38.** 25.43 (1) (e) of the statutes is amended to read:

15           25.43 (1) (e) All repayments of principal and ~~payment~~ payments of interest on  
16 loans made from the ~~clean water~~ environmental improvement fund and on  
17 obligations acquired by the department of administration under s. 281.59 (12).

18           **SECTION 39.** 25.43 (1) (f) of the statutes is amended to read:

19           25.43 (1) (f) All moneys received by the ~~clean water~~ environmental  
20 improvement fund from the proceeds of the sale of general or revenue obligations  
21 under ch. 18 for the purpose of s. 20.866 (2) (tc) or (td) or 281.59 (4).

22           **SECTION 40.** 25.43 (1) (h) of the statutes is amended to read:

23           25.43 (1) (h) The fees imposed under s. ~~ss.~~ 281.58 (9) (d) and 281.60 (11m).

24           **SECTION 41.** 25.43 (2) (a) of the statutes is amended to read:

1           25.43 (2) (a) There is established in the ~~clean water~~ environmental  
2 improvement fund a clean water fund program federal revolving loan fund account  
3 consisting of the capitalization grants under sub. (1) (a) and (b) ~~and, except as~~  
4 provided under sub. (2m) (b), all repayments under sub. (1) (e) and (g) of  
5 capitalization grants under sub. (1) (a) and (b) and all moneys transferred to the  
6 account under sub. (2m) (a).

7           **SECTION 42.** 25.43 (2) (am) of the statutes is created to read:

8           25.43 (2) (am) There is established in the environmental improvement fund a  
9 safe drinking water loan program federal revolving loan fund account consisting of  
10 the capitalization grants under sub. (1) (am) and (bm), except as provided under sub.  
11 (2m) (a), all repayments under sub. (1) (e) of capitalization grants under sub. (1) (am)  
12 and (bm) and all moneys transferred to the account under sub. (2m) (b).

13           **SECTION 43.** 25.43 (2) (b) of the statutes is amended to read:

14           25.43 (2) (b) There is established in the ~~clean water~~ environmental  
15 improvement fund a state revolving loan fund account consisting of all moneys in the  
16 fund not included in accounts under par. (a), (am) or (c).

17           **SECTION 44.** 25.43 (2) (c) of the statutes is amended to read:

18           25.43 (2) (c) The department of administration may establish and change  
19 accounts in the ~~clean water~~ environmental improvement fund other than those  
20 under pars. (a), (am) and (b). The department of administration shall consult the  
21 department of natural resources before establishing or changing an account that is  
22 needed to administer the ~~program~~ programs under ~~s. ss. 281.58 and, 281.59 and~~  
23 281.61.

24           **SECTION 41m.** 25.43 (2m) of the statutes is created to read:

1           25.43 **(2m)** (a) In any year, the governor may transfer an amount that does not  
2 exceed 33% of a capitalization grant under sub. (1) (am) provided in that year from  
3 the account under sub. (2) (am) to the account under sub. (2) (a).

4           (b) In any year, the governor may transfer an amount that does not exceed 33%  
5 of a capitalization grant under sub. (1) (am) provided in that year from the account  
6 under sub. (2) (a) to the account under sub. (2) (am).

7           **SECTION 45.** 25.43 (3) of the statutes is amended to read:

8           25.43 **(3)** Except for the purpose of investment as provided in s. 25.17 (2) (d),  
9 the ~~clean water~~ environmental improvement fund may be used only for the purposes  
10 authorized under ss. 20.320 (1) (r), (s) ~~and, (sm) and (t) and (2) (s) and (x)~~, 20.370 (2)  
11 (mt) ~~and, (mx) and (mz)~~, (6) (mu) ~~and, (mx) and (my)~~ and (8) (mr), 20.505 (1) (v) ~~and,~~  
12 (x) ~~and (y)~~, 281.58 ~~and, 281.59, 281.60, 281.61 and 281.62.~~

13           **SECTION 46.** 25.46 (10m) of the statutes is repealed.

14           **SECTION 47.** 66.36 (intro.) of the statutes is amended to read:

15           **66.36** (title) **Municipal financing; clean water fund project program**  
16 **costs.** (intro.) Subject to the terms and conditions of its financial assistance  
17 agreement, a municipality may repay financial assistance costs received ~~from~~ under  
18 the clean water fund program under ss. 281.58 and 281.59 by any lawful method,  
19 including any one of the following methods or any combination thereof:

20           **SECTION 48.** 234.86 of the statutes is created to read:

21           **234.86 Drinking water loan guarantee program. (1) DEFINITIONS.** In this  
22 section:

23           (a) “Community water system” means a public water system that serves at  
24 least 15 service connections used by year-round residents or that regularly serves  
25 at least 25 year-round residents.

1 (b) "Department" means the department of natural resources.

2 (c) "Local governmental unit" has the meaning given in s. 281.61 (1) (a).

3 (d) "Noncommunity water system" means a public water system that is not a  
4 community water system.

5 (e) "Public water system" has the meaning given in s. 281.61 (1) (c).

6 **(2) GUARANTEE REQUIREMENTS.** The authority may use money from the  
7 Wisconsin drinking water reserve fund under s. 234.933 to guarantee a loan under  
8 this section if all of the following apply:

9 (a) The borrower is not a local governmental unit and is one of the following:

10 1. The owner of a community water system.

11 2. The owner of a noncommunity water system and is not operated for profit.

12 (b) The loan qualifies as an eligible loan under sub. (3).

13 (c) The lender is a financial institution that enters into an agreement under s.  
14 234.933 (3) (a).

15 **(3) ELIGIBLE LOANS.** A loan is an eligible loan if all of the following apply:

16 (a) The department determines that the loan will facilitate compliance with  
17 national primary drinking water regulations under 42 USC 300g-1 or otherwise  
18 significantly further the health protection objectives of the Safe Drinking Water Act,  
19 42 USC 300f to 300j-26.

20 (b) The department determines that the loan satisfies the requirements under  
21 s. 281.62 (2).

22 **(4) GUARANTEE OF COLLECTION.** (a) Subject to par. (b), the authority may  
23 guarantee collection of a percentage, not exceeding 80%, of the principal of any loan  
24 eligible for a guarantee under this section. The authority shall establish the  
25 percentage of the unpaid principal of an eligible loan that will be guaranteed using



1 the procedures described in the guarantee agreement under s. 234.933 (3) (a). The  
2 authority may establish a single percentage for all guaranteed loans or establish  
3 different percentages for eligible loans on an individual basis.

4 (b) Except as provided in s. 234.933 (4), the total outstanding principal amount  
5 of all guaranteed loans under par. (a) may not exceed \$3,000,000.

6 **SECTION 49.** 234.933 of the statutes is created to read:

7 **234.933 Wisconsin drinking water reserve fund. (1) DEFINITION.** In this  
8 section, “drinking water loan guarantee program” means the program under s.  
9 234.86.

10 **(2) ESTABLISHMENT OF FUND.** There is established under the jurisdiction and  
11 control of the authority, for the purpose of providing funds for guaranteeing loans  
12 under s. 234.86, a Wisconsin drinking water reserve fund, consisting of all of the  
13 following:

14 (a) Moneys transferred to the authority from the appropriation accounts under  
15 s. 20.320 (2) (s) and (x) or received by the authority for the Wisconsin drinking water  
16 reserve fund from any other source.

17 (b) Any income from investment of money in the Wisconsin drinking water  
18 reserve fund by the authority under s. 234.03 (18).

19 **(3) PROGRAM ADMINISTRATION.** (a) The authority shall enter into a guarantee  
20 agreement with any bank, production credit association, credit union, savings bank,  
21 savings and loan association or other person who wishes to participate in the  
22 drinking water loan guarantee program. The authority may determine all of the  
23 following, consistent with the terms of the loan guarantee program:

24 1. The form of the agreement.

1           2. Any conditions upon which the authority may refuse to enter into such an  
2 agreement.

3           3. Any procedures required to carry out the agreement, including default  
4 procedures and procedures for determining the guaranteed percentage of each loan.

5           (b) The authority may not use any moneys other than those in the Wisconsin  
6 drinking water reserve fund for the drinking water loan guarantee program, and  
7 may not use moneys in the Wisconsin drinking water reserve fund for any programs  
8 other than the drinking water loan guarantee program.

9           (c) The authority may establish an eligibility criteria review panel, consisting  
10 of experts in finance and in the subject area of the drinking water loan guarantee  
11 program, to provide advice about lending requirements and issues related to the  
12 drinking water loan guarantee program.

13           (d) The authority shall ensure that the cash balance in the Wisconsin drinking  
14 water reserve fund is sufficient to fund guarantees under the drinking water loan  
15 guarantee program at a ratio of \$1 of reserve funding to \$4 of total outstanding  
16 guaranteed principal that the authority may guarantee under the program and to  
17 pay all outstanding claims under the program. The authority shall regularly  
18 monitor the cash balance in the Wisconsin drinking water reserve fund to ensure  
19 that the cash balance is sufficient for the purposes specified in this paragraph.

20           **(4) INCREASES OR DECREASES IN LOAN GUARANTEES.** The authority may request  
21 the joint committee on finance to take action under s. 13.10 to permit the authority  
22 to increase or decrease the total outstanding guaranteed principal amount of loans  
23 that it may guarantee under the drinking water loan guarantee program. Included  
24 with its request, the authority shall provide a projection, for the next June 30, that  
25 compares the amounts required on that date to pay outstanding claims and to fund

1 guarantees under the drinking water loan guarantee program, and the balance  
2 remaining in the Wisconsin drinking water reserve fund on that date after deducting  
3 such amounts, if the increase or decrease is approved, with such amounts and the  
4 balance remaining, if the increase or decrease is not approved.

5 (5) ANNUAL REPORT. Annually, the authority shall report on the number and  
6 total dollar amount of guaranteed loans under the drinking water loan guarantee  
7 program, the default rate on the loans and any other information on the program that  
8 the authority determines is significant.

9 (6) MORAL OBLIGATION. Recognizing its moral obligation, the legislature  
10 expresses its expectation that, if called upon to do so, it shall make an appropriation  
11 to meet all demands for funds guaranteed by the Wisconsin drinking water reserve  
12 fund.

13 **SECTION 50.** 281.58 (1) (ai) of the statutes is created to read:

14 281.58 (1) (ai) "Clean water fund program" means the program administered  
15 under this section with financial management provided under s. 281.59.

16 **SECTION 51.** 281.58 (1) (cg) of the statutes is amended to read:

17 281.58 (1) (cg) "Market interest rate" means the interest at the effective rate  
18 of a revenue obligation issued by the state to fund a project loan or a portion of a  
19 project loan under ~~this section and s. 281.59~~ the clean water fund program.

20 **SECTION 52.** 281.58 (2m) (a) of the statutes is amended to read:

21 281.58 (2m) (a) Administer its responsibilities under ~~this section and s. 281.59~~  
22 the clean water fund program.

23 **SECTION 53.** 281.58 (3m) (a) of the statutes is amended to read:

1           281.58 **(3m)** (a) A list of wastewater treatment projects that the department  
2 estimates will apply for financial assistance under ~~this section and s. 281.59~~ the  
3 clean water fund program during the next biennium.

4           **SECTION 54.** 281.58 (6) (a) (intro.) of the statutes is amended to read:

5           281.58 **(6)** (a) (intro.) The department may determine whether a municipality  
6 is eligible for financial assistance under ~~this section and s. 281.59~~ the clean water  
7 fund program for any of the following:

8           **SECTION 55.** 281.58 (6) (b) (intro.) of the statutes is amended to read:

9           281.58 **(6)** (b) (intro.) The following methods of providing financial assistance  
10 may be used under ~~this section and s. 281.59~~ the clean water fund program:

11           **SECTION 56.** 281.58 (6) (b) 8. of the statutes is amended to read:

12           281.58 **(6)** (b) 8. Providing payments to the board of commissioners of public  
13 lands to reduce principal or interest payments, or both, on loans made to  
14 municipalities under subch. II of ch. 24 by the board of commissioners of public lands  
15 for projects that are eligible for financial assistance under ~~this section and s. 281.59~~  
16 the clean water fund program.

17           **SECTION 57.** 281.58 (7) (a) of the statutes is amended to read:

18           281.58 **(7)** (a) The department shall, by rule, establish criteria for determining  
19 which applicants and which projects are eligible to receive financial assistance under  
20 ~~this section and s. 281.59~~ the clean water fund program. The primary criteria for  
21 eligibility shall be water quality and public health. The rules for clean water fund  
22 projects funded from the account under s. 25.43 (2) (a) shall be consistent with 33  
23 USC 1251 to 1376 and 33 USC 1381 to 1387 and the regulations promulgated  
24 thereunder. The rules for clean water fund projects funded from the account under

1 s. 25.43 (2) (b) may be consistent with 33 USC 1251 to 1376 and 33 USC 1381 to 1387  
2 and the regulations promulgated thereunder.

3 **SECTION 58.** 281.58 (7) (b) (intro.) of the statutes is amended to read:

4 281.58 (7) (b) (intro.) The department may determine whether a municipality  
5 is eligible for financial assistance under ~~this section and s. 281.59~~ the clean water  
6 fund program for any of the following types of projects:

7 **SECTION 59.** 281.58 (8) (a) (intro.) of the statutes is amended to read:

8 281.58 (8) (a) (intro.) The following are not eligible for financial assistance from  
9 the clean water fund ~~under this section and s. 281.59~~ program:

10 **SECTION 60.** 281.58 (8) (d) of the statutes is amended to read:

11 281.58 (8) (d) An unsewered municipality that is not constructing a treatment  
12 work and will be disposing of wastewater in the treatment work of another  
13 municipality is not eligible for financial assistance under ~~this section and s. 281.59~~  
14 the clean water fund program until it executes an agreement under s. 66.30 with  
15 another municipality to receive, treat and dispose of the wastewater of the  
16 unsewered municipality.

17 **SECTION 61.** 281.58 (8) (g) of the statutes is amended to read:

18 281.58 (8) (g) The sum of all of the financial assistance to a municipality  
19 approved under ~~this section and s. 281.59~~ the clean water fund program for a project  
20 may not result in the municipality paying less than 30% of the cost of the project.

21 **SECTION 62.** 281.58 (8) (i) of the statutes is amended to read:

22 281.58 (8) (i) After June 30, 1991, no municipality may receive for projects in  
23 a biennium an amount that exceeds 35.2% of the amount approved by the legislature  
24 under s. 281.59 ~~(3)-(d)~~ (3e) (b) for that biennium.

25 **SECTION 63.** 281.58 (8) (L) (intro.) of the statutes is amended to read:

1           281.58 (8) (L) (intro.) The total amount of capital cost loans made under ~~this~~  
2 ~~section and s. 281.59~~ the clean water fund program may not exceed \$120,000,000,  
3 and no capital cost loan funds may be released under ~~this section and s. 281.59~~ the  
4 clean water fund program until the secretary of administration has found in writing  
5 that all of the following facts have occurred:

6           **SECTION 64.** 281.58 (9) (a) of the statutes is amended to read:

7           281.58 (9) (a) After the department approves a municipality's facility plan  
8 submitted under sub. (8s), the municipality shall submit an application for  
9 participation to the department. The application shall be in such form and include  
10 such information as the department and the department of administration prescribe  
11 and shall include design plans and specifications that are approvable by the  
12 department under this chapter. The department shall review applications for  
13 participation in the clean water fund program ~~under this section and s. 281.59~~. The  
14 department shall determine which applications meet the eligibility requirements  
15 and criteria under subs. (6), (7), (8), (8m) and (13).

16           **SECTION 65.** 281.58 (9) (b) of the statutes is amended to read:

17           281.58 (9) (b) A municipality seeking financial assistance, except for a  
18 municipality seeking a capital cost loan, for a project under ~~this section and s. 281.59~~  
19 the clean water fund program shall complete an environmental analysis sequence  
20 as required by the department by rule.

21           **SECTION 66.** 281.58 (9) (c) of the statutes is amended to read:

22           281.58 (9) (c) If a municipality is serviced by more than one sewerage district  
23 for wastewater pollution abatement, each service area of the municipality shall be  
24 considered a separate municipality for purposes of obtaining financial assistance  
25 under ~~this section and s. 281.59~~ the clean water fund program.

1           **SECTION 67.** 281.58 (9) (e) of the statutes is amended to read:

2           281.58 **(9)** (e) If the governor's recommendation, as set forth in the executive  
3 budget bill, for the amount under s. 281.59 ~~(3)(d)~~ (3e) (b), the amount available under  
4 s. 20.866 (2) (tc) or the amount available under s. 281.59 (4) (f) for a biennium is 85%  
5 or less of the amount of present value subsidy, general obligation bonding authority  
6 or revenue bonding authority, respectively, requested for that biennium in the  
7 biennial finance plan submitted under s. 281.59 (3) (bm) 1., the department shall  
8 inform municipalities that, if the governor's recommendations are approved, clean  
9 water fund program assistance during a fiscal year of that biennium will only be  
10 available to municipalities that submit financial assistance applications by the June  
11 30 preceding that fiscal year.

12           **SECTION 68.** 281.58 (9) (f) of the statutes is amended to read:

13           281.58 **(9)** (f) The fees collected under par. (d) shall be credited to the clean  
14 water environmental improvement fund.

15           **SECTION 69.** 281.58 (9m) (c) of the statutes is amended to read:

16           281.58 **(9m)** (c) The department may approve an application under par. (a) in  
17 a year only after the amount under s. 281.59 ~~(3)(d)~~ (3e) (b) for the biennium in which  
18 that year falls has been approved by the legislature under s. 281.59 ~~(3)(d)~~ (3e) (b).

19           **SECTION 70.** 281.58 (9m) (e) of the statutes is amended to read:

20           281.58 **(9m)** (e) 1. Except as provided under par. (f) and sub. (13), if a sufficient  
21 amount of subsidy is available under s. 281.59 ~~(3)(d)~~ (3e) (b) for the municipality's  
22 project, based on the calculation under s. 281.59 ~~(3)(i)~~ (3e) (f), when the department  
23 approves the application under par. (a), the department of administration shall  
24 allocate that amount to the project.

1           2. If a sufficient amount of subsidy is not available under s. 281.59 ~~(3)-(d)~~ (3e)  
2 (b) for the municipality's project when the department approves the application  
3 under subd. 1., the department shall place the project on a list for allocation when  
4 additional subsidy becomes available.

5           **SECTION 71.** 281.58 (9m) (f) (intro.) of the statutes is amended to read:

6           281.58 **(9m)** (f) (intro.) If the amount approved under s. 281.59 ~~(3)-(d)~~ (3e) (b),  
7 the amount available under s. 20.866 (2) (tc) or the amount available under s. 281.59  
8 (4) (f) for a biennium is 85% or less of the amount of present value subsidy, general  
9 obligation bonding authority or revenue bonding authority, respectively, requested  
10 for that biennium in the biennial finance plan submitted under s. 281.59 (3) (bm) 1.,  
11 all of the following apply:

12           **SECTION 72.** 281.58 (9m) (g) of the statutes is amended to read:

13           281.58 **(9m)** (g) In allocating subsidy under this subsection, the department of  
14 administration shall adhere to the amount approved by the legislature for each  
15 biennium under s. 281.59 ~~(3)-(d)~~ (3e) (b).

16           **SECTION 73.** 281.58 (12) (a) (intro.) of the statutes is amended to read:

17           281.58 **(12)** (a) (intro.) The types of projects for which municipalities may  
18 receive loans under this section and s. 281.59 the clean water fund program shall be  
19 classified as follows for the purpose of setting the percentage of market interest rates  
20 on loans funding such projects:

21           **SECTION 74.** 281.58 (12) (c) 1. of the statutes is amended to read:

22           281.58 **(12)** (c) 1. The percentage of market interest rates established shall, to  
23 the extent possible, fully allocate the amount of public debt authorized under s.  
24 20.866 (2) (tc), the amount authorized under s. 281.59 ~~(3)-(d)~~ (3e) (b) and the amount  
25 of revenue obligations authorized under s. 281.59 (4) (f).



1           **SECTION 75.** 281.58 (13) (b) (intro.) of the statutes is amended to read:

2           281.58 **(13)** (b) (intro.) A municipality with an application that is approved  
3 under sub. (9m) is eligible for financial hardship assistance for the project costs that  
4 are eligible under ~~this section and s. 281.59~~ the clean water fund program, except for  
5 costs to which sub. (8) (b), (c), (f) or (h) applies, if the municipality meets all of the  
6 following criteria:

7           **SECTION 76.** 281.58 (13m) of the statutes is amended to read:

8           281.58 **(13m)** MINORITY BUSINESS DEVELOPMENT AND TRAINING PROGRAM. (a) The  
9 department shall make grants to projects that are eligible for financial assistance  
10 under ~~this section and s. 281.59~~ the clean water fund program and that are identified  
11 as being part of the minority business development and training program under s.  
12 66.905 (2) (b).

13           (b) Grants provided under this subsection are not included for the purposes of  
14 determining under sub. (8) (i) the amount that a municipality may receive for  
15 projects under ~~this section and s. 281.59~~ the clean water fund program. Grants  
16 awarded under this subsection are not considered for the purposes of sub. (9m) (e)  
17 or s. 281.59 ~~(3) (d)~~ (3e) (b).

18           **SECTION 77.** 281.58 (14) (b) (intro.) of the statutes is amended to read:

19           281.58 **(14)** (b) (intro.) As a condition of receiving financial assistance under  
20 ~~this section and s. 281.59~~ the clean water fund program, a municipality shall do all  
21 of the following:

22           **SECTION 78.** 281.59 (title) of the statutes is amended to read:

23           **281.59** (title) ~~Clean water~~ Environmental improvement fund program;  
24 **financial management.**

25           **SECTION 79.** 281.59 (1) (a) of the statutes is renumbered 281.59 (1) (am).

1           **SECTION 80.** 281.59 (1) (ag) of the statutes is created to read:

2           281.59 (1) (ag) “Clean water fund program” means the program administered  
3 under s. 281.58, with financial management provided under this section.

4           **SECTION 81.** 281.59 (1) (as) of the statutes is created to read:

5           281.59 (1) (as) “Land recycling loan program” means the program  
6 administered under s. 281.60, with financial management provided under this  
7 section.

8           **SECTION 82.** 281.59 (1) (b) of the statutes is amended to read:

9           281.59 (1) (b) “Market interest rate” means the interest at the effective rate of  
10 a revenue obligation issued by the state to fund a ~~project~~ loan or a portion of a ~~project~~  
11 loan ~~under this section and s. 281.58~~ for a project under the clean water fund  
12 program.

13           **SECTION 83.** 281.59 (1) (cm) of the statutes is created to read:

14           281.59 (1) (cm) “Safe drinking water loan program” means the program  
15 administered under s. 281.61, with financial management provided under this  
16 section.

17           **SECTION 84.** 281.59 (1) (d) of the statutes is amended to read:

18           281.59 (1) (d) “Subsidy” means the amounts provided ~~by the clean water from~~  
19 the environmental improvement fund to clean water fund program, safe drinking  
20 water loan program and land recycling loan program projects ~~receiving financial~~  
21 ~~assistance under this section and s. 281.58~~ for the following purposes:

22           1. To reduce the interest rate of clean water fund program, safe drinking water  
23 loan program and land recycling loan program loans from market rate to a subsidized  
24 rate.

1           2. ~~To~~ For the clean water fund program only, to provide for financial hardship  
2 assistance, including grants.

3           **SECTION 85.** 281.59 (1m) of the statutes is created to read:

4           281.59 **(1m)** ESTABLISHMENT OF PROGRAMS. (a) There is established a clean  
5 water fund program, administered under s. 281.58, with financial management  
6 provided under this section.

7           (b) There is established a safe drinking water loan program, administered  
8 under s. 281.61, with financial management provided under this section.

9           **SECTION 86.** 281.59 (2) (a) of the statutes is amended to read:

10          281.59 **(2)** (a) Administer its responsibilities under this section and ~~s.~~ ss.  
11 281.58, 281.60 and 281.61.

12          **SECTION 87.** 281.59 (2) (b) of the statutes is amended to read:

13          281.59 **(2)** (b) Cooperate with the department in administering the clean water  
14 fund program, the safe drinking water loan program and the land recycling loan  
15 program.

16          **SECTION 88.** 281.59 (2) (c) of the statutes is amended to read:

17          281.59 **(2)** (c) Accept and hold any letter of credit from the federal government  
18 through which the state receives federal capitalization grant payments and  
19 disbursements to the ~~clean water~~ environmental improvement fund.

20          **SECTION 89.** 281.59 (2m) (title) of the statutes is amended to read:

21          281.59 **(2m)** (title) INVESTMENT MANAGEMENT; ~~CLEAN WATER~~ ENVIRONMENTAL  
22 IMPROVEMENT FUND.

23          **SECTION 90.** 281.59 (2m) (a) 1. of the statutes is amended to read:

24          281.59 **(2m)** (a) 1. Subject to par. (b), direct the investment board under s. 25.17  
25 (2) (d) to make any investment of the ~~clean water~~ environmental improvement fund,

1 or in the collection of the principal and interest of all moneys loaned or invested from  
2 such that fund.

3 **SECTION 91.** 281.59 (2m) (b) 1. of the statutes is amended to read:

4 281.59 (2m) (b) 1. The action provides a financial benefit to the ~~clean-water~~  
5 environmental improvement fund.

6 **SECTION 92.** 281.59 (2m) (b) 2. of the statutes is amended to read:

7 281.59 (2m) (b) 2. The action does not contradict or weaken the purposes of the  
8 ~~clean-water~~ environmental improvement fund.

9 **SECTION 93.** 281.59 (3) (a) 1. of the statutes is amended to read:

10 281.59 (3) (a) 1. An estimate of wastewater treatment, safe drinking water and  
11 land recycling project needs of the state for the 4 fiscal years of the next 2 biennia.

12 **SECTION 94.** 281.59 (3) (a) 2. of the statutes is amended to read:

13 281.59 (3) (a) 2. The total amount of financial assistance planned to be provided  
14 or committed to ~~municipalities~~ for projects under subd. 1 during the 4 fiscal years of  
15 the next 2 biennia.

16 **SECTION 95.** 281.59 (3) (a) 4. of the statutes is repealed.

17 **SECTION 96.** 281.59 (3) (a) 5. of the statutes is amended to read:

18 281.59 (3) (a) 5. Audited financial statements of the past operations and  
19 activities of the ~~program under this section and s. 281.58, the estimated fund capital~~  
20 ~~available in each of the next 4 fiscal years, and the projected clean water fund balance~~  
21 ~~for each of the next 20 years given existing obligations and financial conditions~~ clean  
22 water fund program, the safe drinking water loan program and the land recycling  
23 loan program.

24 **SECTION 97.** 281.59 (3) (a) 6. of the statutes is amended to read:

1           281.59 (3) (a) 6. An amount equal to the estimated present value of subsidies  
2 for all clean water fund program loans and grants expected to be made for the  
3 wastewater treatment projects listed in the biennial needs list under s. 281.58 (3m),  
4 discounted at a rate of 7% per year to the first day of the biennium for which the  
5 biennial finance plan is prepared.

6           **SECTION 98.** 281.59 (3) (a) 6e. of the statutes is created to read:

7           281.59 (3) (a) 6e. An amount equal to the estimated present value of subsidies  
8 for all loans under the land recycling loan program to be made during the biennium  
9 for which the biennial finance plan is prepared, discounted at a rate of 7% per year  
10 to the first day of that biennium.

11           **SECTION 99.** 281.59 (3) (a) 6m. of the statutes is created to read:

12           281.59 (3) (a) 6m. An amount equal to the estimated present value of subsidies  
13 for all loans under the safe drinking water loan program to be made during the  
14 biennium for which the biennial finance plan is prepared, discounted at a rate of 7%  
15 per year to the first day of that biennium.

16           **SECTION 100.** 281.59 (3) (a) 7. of the statutes is amended to read:

17           281.59 (3) (a) 7. A discussion of the assumptions made in calculating the  
18 amount amounts under subd. subds. 6., 6e. and 6m.

19           **SECTION 101.** 281.59 (3) (a) 8. of the statutes is amended to read:

20           281.59 (3) (a) 8. The amount of any service fee expected to be charged under  
21 s. 281.58 (9) (d) during the next biennium ~~under this section to an applicant.~~

22           **SECTION 102.** 281.59 (3) (b) of the statutes is amended to read:

23           281.59 (3) (b) The department of administration and the department shall  
24 consider as a guideline in preparing the portion of the biennial finance plan for the  
25 clean water fund program that all state water pollution abatement general

1 obligation debt service costs should not exceed 50% of all general obligation debt  
2 service costs to the state.

3 **SECTION 103.** 281.59 (3) (c), (d), (dm), (e), (f) and (i) of the statutes are  
4 renumbered 281.59 (3e) (a), (b), (c), (d), (e) and (f), and 281.59 (3e) (a), (b) (intro.), (c),  
5 (d), (e) and (f), as renumbered, are amended to read:

6 281.59 (3e) (a) No moneys ~~from the clean water fund~~ may be expended for the  
7 clean water fund program in a biennium until the legislature reviews and approves  
8 all of the following as part of the biennial budget act for the biennium:

9 1. An amount of present value of the subsidy for the clean water fund program  
10 that is specified for that biennium under par. (d) (b) and is based on the amount  
11 included in the biennial finance plan under ~~par. sub. (3) (a) 6.~~

12 2. The amount of public debt, authorized under s. 20.866 (2) (tc), that the state  
13 may contract for the purposes of s. ~~281.58 and this section~~ the clean water fund  
14 program.

15 3. The amount of revenue obligations, authorized under sub. (4) (f), that may  
16 be issued for the purposes ~~specified in s. 25.43 (3) of the clean water fund program.~~

17 (b) (intro.) The amount of present value of the subsidy for the clean water fund  
18 program that is required to be specified under par. (e) (a) 1. and approved by the  
19 legislature under this paragraph is as follows:

20 (c) The department of administration may allocate amounts approved under  
21 par. (d) (b) as the present value of subsidies for financial assistance under ~~this section~~  
22 ~~and s. 281.58~~ the clean water fund program, including financial hardship assistance  
23 and assistance for the additional costs of approved projects. The department of  
24 administration may allocate amounts from the amount approved under par. (d) (b)  
25 for a biennium until December 30 of the fiscal year immediately following the

1 biennium for projects for which complete applications under s. 281.58 (9) (a) are  
2 submitted before the end of the biennium.

3 (d) The department may expend, for clean water fund program financial  
4 assistance in a biennium other than financial hardship assistance under s. 281.58  
5 (13) (e), an amount up to 85% of the amount approved by the legislature under par.  
6 ~~(d)~~ (b). The department may expend such amount only from the percentage of the  
7 amount approved under par. ~~(d)~~ (b) that is not available under par. ~~(f)~~ (e) for financial  
8 hardship assistance.

9 (e) The department may expend, for clean water fund program financial  
10 hardship assistance in a biennium under s. 281.58 (13) (e), an amount up to 15% of  
11 the amount approved by the legislature under par. ~~(d)~~ (b) for that biennium. The  
12 department may expend such amount only from the percentage of the amount  
13 approved by the legislature under par. ~~(d)~~ (b) that is not available under par. ~~(e)~~ (d)  
14 for financial assistance.

15 (f) Using the amount approved under par. ~~(d)~~ (b) as a base, the department of  
16 administration shall calculate the present value of the actual subsidy of each clean  
17 water fund program loan or grant to be made for those projects in each biennium that  
18 are approved for financial assistance by the 2 departments. The present value shall  
19 be discounted as provided under ~~par. sub. (3)~~ (a) 6.

20 **SECTION 104.** 281.59 (3) (j) of the statutes is amended to read:

21 281.59 **(3)** (j) No later than November 1 of each odd-numbered year, the  
22 department of administration and the department jointly shall submit a report, to  
23 the building commission and committees as required under par. (bm), on the  
24 implementation of the amount established under ~~par. (d)~~ sub. (3e) (b) as required  
25 under s. 281.58 (9m) (e), and on the operations and activities of the clean water fund

1 program, the safe drinking water loan program and the land recycling loan program  
2 for the previous biennium.

3 **SECTION 105.** 281.59 (3e) (title) of the statutes is created to read:

4 281.59 (3e) (title) CLEAN WATER FUND PROGRAM EXPENDITURES.

5 **SECTION 106.** 281.59 (3m) of the statutes is created to read:

6 281.59 (3m) LAND RECYCLING LOAN PROGRAM EXPENDITURES. (a) No moneys may  
7 be expended for the land recycling loan program in a biennium until the legislature  
8 reviews and approves, as part of the biennial budget act for the biennium, an amount  
9 of present value of the subsidy for the land recycling loan program that is specified  
10 for that biennium under par. (b) and is based on the amount included in the biennial  
11 finance plan under sub. (3) (a) 6e.

12 (b) The amount of present value of the subsidy for the land recycling loan  
13 program that is approved by the legislature under this paragraph is as follows:

- 14 1. Equal to \$4,500,000 during the 1997-99 biennium.
- 15 2. Equal to \$1,000 for any biennium after the 1997-99 biennium.

16 (c) The department of administration may allocate amounts approved under  
17 par. (b) as the present value of subsidies for financial assistance under the land  
18 recycling program.

19 (d) Using the amount approved under par. (b) as a base, the department of  
20 administration shall calculate the present value of the actual subsidy of each land  
21 recycling loan made for those projects in each biennium that are approved for  
22 financial assistance. The present value shall be discounted as provided under sub.  
23 (3) (a) 6e.

24 **SECTION 107.** 281.59 (3s) of the statutes is created to read:



1           281.59 (3s) SAFE DRINKING WATER LOAN PROGRAM EXPENDITURES. (a) No moneys  
2           may be expended for the safe drinking water loan program in a biennium until the  
3           legislature reviews and approves all of the following as part of the biennial budget  
4           act for the biennium:

5           1. An amount of present value of the subsidy for the safe drinking water loan  
6           program that is specified for that biennium under par. (b) and is based on the amount  
7           included in the biennial finance plan under sub. (3) (a) 6m.

8           2. The amount of public debt, authorized under s. 20.866 (2) (td), that the state  
9           may contract for the purposes of the safe drinking water loan program.

10          (b) The amount of present value of the subsidy for the safe drinking water loan  
11          program that is approved by the legislature under this paragraph is as follows:

12           1. Equal to \$18,000,000 during the 1997-99 biennium.

13           2. Equal to \$1,000 for any biennium after the 1997-99 biennium.

14          (c) The department of administration may allocate amounts approved under  
15          par. (b) as the present value of subsidies for financial assistance under the safe  
16          drinking water program.

17          (d) Using the amount approved under par. (b) as a base, the department of  
18          administration shall calculate the present value of the actual subsidy of each safe  
19          drinking water loan made for those projects in each biennium that are approved for  
20          financial assistance. The present value shall be discounted as provided under sub.  
21          (3) (a) 6m.

22          **SECTION 108.** 281.59 (4) (am) of the statutes is amended to read:

23          281.59 (4) (am) Deposits, appropriations or transfers to the ~~clean water~~  
24          environmental improvement fund for the purposes ~~specified in s. 25.43 (3) of the~~  
25          clean water fund program may be funded with the proceeds of revenue obligations

1 issued subject to and in accordance with subch. II of ch. 18 or in accordance with  
2 subch. IV of ch. 18 if designated a higher education bond.

3 **SECTION 109.** 281.59 (4) (c) of the statutes is amended to read:

4 281.59 (4) (c) The building commission may pledge any portion of revenues  
5 received or to be received in the fund established in par. (b) or the ~~clean water~~  
6 environmental improvement fund to secure revenue obligations issued under this  
7 subsection. The pledge shall provide for the transfer to the ~~clean water~~  
8 environmental improvement fund of all pledged revenues, including any interest  
9 earned on the revenues, which are in excess of the amounts required to be paid under  
10 s. 20.320 (1) (c) and (u) for the purposes ~~specified in s. 25.43 (3) of the clean water fund~~  
11 program. The pledge shall provide that the transfers be made at least twice yearly,  
12 that the transferred amounts be deposited in the ~~clean water~~ environmental  
13 improvement fund and that the transferred amounts are free of any prior pledge.

14 **SECTION 110.** 281.59 (9) (a), (am) and (b) (intro.) and 1. of the statutes are  
15 amended to read:

16 281.59 (9) (a) A loan approved under ~~this section and s. 281.58~~ the clean water  
17 fund program, the safe drinking water loan program or the land recycling loan  
18 program shall be for no longer than 20 years, as determined by the department of  
19 administration, be fully amortized not later than 20 years after the original date of  
20 the note, and require the repayment of principal and interest, if any, to begin not later  
21 than 12 months after the expected date of completion of the project that it funds, as  
22 determined by the department of administration.

23 (am) The department of administration, in consultation with the department,  
24 may establish those terms and conditions of a financial assistance agreement that  
25 relate to its financial management, including what type of municipal obligation, as

1 set forth under s. 66.36, is required for the repayment of the financial assistance.  
2 Any terms and conditions established under this paragraph by the department of  
3 administration shall comply with the requirements of this section and s. 281.58,  
4 281.60 or 281.61. In setting such ~~the~~ terms and conditions, the department of  
5 administration may consider factors that the department of administration finds are  
6 relevant, including the type of ~~municipal~~ obligation evidencing the loan, the pledge  
7 of security for the ~~municipal~~ obligation and the ~~municipality's~~ applicant's  
8 creditworthiness.

9 (b) (intro.) As a condition of receiving financial assistance under ~~this section~~  
10 ~~and s. 281.58~~, a ~~municipality~~ the clean water fund program, the safe drinking water  
11 loan program or the land recycling loan program, an ~~applicant~~ shall do all of the  
12 following:

13 1. Pledge the security, if any, required by the rules promulgated by the  
14 department of administration under this section and s. 281.58, 281.60 or 281.61.

15 **SECTION 111.** 281.59 (11) of the statutes is amended to read:

16 281.59 (11) FINANCIAL ASSISTANCE PAYMENTS. (a) The department of natural  
17 resources and the department of administration may enter into a financial  
18 assistance agreement with a ~~municipality~~ an applicant for which the department of  
19 administration has allocated subsidy under s. 281.58 (9m), 281.60 (8) or 281.61 (8)  
20 if the ~~municipality~~ applicant meets the conditions under sub. (9) ~~and s. 281.58 (14)~~  
21 and the other requirements under this section and s. 281.58, 281.60 or 281.61.

22 (am) The department of administration shall make the financial assistance  
23 payments to a ~~municipality~~ which an applicant that has entered into a financial  
24 assistance agreement under par. (a) or to the ~~municipality's~~ applicant's designated  
25 agent.

1 (b) If a municipality fails to make a principal repayment or interest payment  
2 after its due date, the department of administration shall place on file a certified  
3 statement of all amounts due under this section and s. 281.58, 281.60 or 281.61.  
4 After consulting the department, the department of administration may collect all  
5 amounts due by deducting those amounts from any state payments due the  
6 municipality or may add a special charge to the amount of taxes apportioned to and  
7 levied upon the county under s. 70.60. If the department of administration collects  
8 amounts due, it shall remit those amounts to the fund to which they are due and  
9 notify the department of that action.

10 (c) The department of administration may retain the last payment under a  
11 financial assistance agreement until the department of natural resources and the  
12 department of administration determine that the project is completed and meets the  
13 applicable requirements of this section and s. 281.58, 281.60 or 281.61 and that the  
14 conditions of the financial assistance agreement are met.

15 **SECTION 112.** 281.59 (13m) of the statutes is amended to read:

16 281.59 (13m) LEGISLATIVE MORAL OBLIGATION. The building commission may, at  
17 the time the loan is made, by resolution designate a loan made under ~~this section and~~  
18 ~~s. 281.58~~ the clean water fund program as one to which this subsection applies. If  
19 at any time the payments received or expected to be received from a municipality on  
20 any loan so designated are pledged to secure revenue obligations of the state issued  
21 pursuant to subch. II of ch. 18 and are insufficient to pay when due principal of and  
22 interest on such loan, the department of administration shall certify the amount of  
23 such insufficiency to the secretary of administration, the governor and the joint  
24 committee on finance. If the certification is received by the secretary of  
25 administration in an even-numbered year before the completion of the budget under

1 s. 16.43, the secretary of administration shall include the certified amount in the  
2 budget compilation. In any event, the joint committee on finance shall introduce in  
3 either house, in bill form, an appropriation of the amount so requested for the  
4 purpose of payment of the revenue obligation secured thereby. Recognizing its moral  
5 obligation to do so, the legislature hereby expresses its expectation and aspiration  
6 that, if ever called upon to do so, it shall make the appropriation.

7 **SECTION 113.** 281.59 (13s) of the statutes is amended to read:

8 281.59 (13s) POWERS. The department of administration may audit, or contract  
9 for audits of, projects receiving financial assistance under ~~this section and s. 281.58~~  
10 the clean water fund program, the safe drinking water loan program and the land  
11 recycling loan program.

12 **SECTION 114.** 281.59 (14) of the statutes is amended to read:

13 281.59 (14) RULES. The department of administration shall promulgate rules  
14 that are necessary for the proper execution of this section and of its responsibilities  
15 under s. ss. 281.58, 281.60 and 281.61.

16 **SECTION 115.** 281.60 of the statutes is created to read:

17 **281.60 Land recycling loan program. (1) DEFINITIONS.** In this section:

18 (a) "Landfill" has the meaning given in s. 289.01 (20).

19 (b) "Land recycling loan program" means the program administered under this  
20 section with financial management provided under s. 281.59.

21 (c) "Market interest rate" means the interest at the effective rate of a revenue  
22 obligation issued by this state to fund a loan or portion of a loan for a clean water fund  
23 program project under s. 281.58.

24 (d) "Political subdivision" means a city, village, town or county.

25 (e) "Site or facility" has the meaning given in s. 292.35 (1) (f).

1           **(2) GENERAL.** The department and the department of administration may  
2 administer a program to provide financial assistance to political subdivisions for  
3 projects to remedy environmental contamination of sites or facilities at which  
4 environmental contamination has affected groundwater or surface water or  
5 threatens to affect groundwater or surface water. The department and the  
6 department of administration may provide financial assistance under this section to  
7 a political subdivision only if the political subdivision owns the contaminated site or  
8 facility. The department and the department of administration may not provide  
9 financial assistance under this section to remedy environmental contamination at  
10 a site or facility that is not a landfill if the political subdivision caused the  
11 environmental contamination.

12           **(2r) METHODS OF PROVIDING FINANCIAL ASSISTANCE.** The following methods of  
13 providing financial assistance may be used under the land recycling loan program:

14           (a) Making loans below the market interest rate for projects described in sub.  
15 (2).

16           (b) Purchasing or refinancing the obligation of a political subdivision if the  
17 obligation was incurred to finance the cost of a project described in sub. (2) and the  
18 obligation was initially incurred after May 17, 1988.

19           (c) Guaranteeing, or purchasing insurance for, obligations incurred to finance  
20 the cost of projects described in sub. (2) if the guarantee or insurance will provide  
21 credit market access or reduce interest rates.

22           (d) Providing payments to the board of commissioners of public lands to reduce  
23 principal or interest payments, or both, on loans made to political subdivisions under  
24 subch. II of ch. 24 by the board of commissioners of public lands for projects that are  
25 eligible for financial assistance under the land recycling loan program.

1           **(3) NOTICE OF INTENT TO APPLY.** (a) A political subdivision shall submit notice  
2 of its intent to apply for financial assistance under the land recycling loan program.  
3 A political subdivision shall submit the notice at least 6 months before the beginning  
4 of the fiscal biennium in which it will request to receive funding. The notice shall  
5 be in a form prescribed by the department and the department of administration.

6           (b) The department may waive par. (a) upon the written request of a political  
7 subdivision.

8           **(5) APPLICATION.** After submitting a notice of intent to apply under sub. (3) (a)  
9 or obtaining a waiver under sub. (3) (b), a political subdivision shall submit an  
10 application for land recycling loan program financial assistance to the department.  
11 The applicant shall submit the application before the April 30 preceding the  
12 beginning of the fiscal year in which the applicant is requesting to receive the  
13 financial assistance. The application shall be in the form and include the  
14 information required by the department and the department of administration. An  
15 applicant may not submit more than one application per project per year.

16           **(6) PRIORITY LIST.** The department shall establish a priority list that ranks each  
17 land recycling loan program project. The department shall promulgate rules for  
18 determining project rankings based on the potential of projects to reduce  
19 environmental pollution and threats to human health and, for sites and facilities  
20 that are not landfills, the extent to which projects will prevent the development of  
21 undeveloped land by making land available for redevelopment after a cleanup is  
22 conducted. Before the department establishes the priority list, the department shall  
23 consider the recommendations of the department of administration and the  
24 department of commerce.

1           **(7) APPROVAL OF APPLICATION.** The department shall approve an application  
2 received under sub. (5) after all of the following occur:

3           (a) The project is ranked on the priority list under sub. (6).

4           (b) The department determines that the project meets the eligibility  
5 requirements under this section.

6           (c) The department of administration determines that the political subdivision  
7 will meet the requirements of s. 281.59 (9) (b).

8           (d) The legislature has approved an amount under s. 281.59 (3m) (b) for the  
9 biennium.

10           **(8) FUNDING LIST; ALLOCATION OF FUNDING.** (a) The department shall establish  
11 a funding list for each fiscal year that ranks projects of political subdivisions that  
12 submit approvable applications under sub. (5) before the April 30 preceding the  
13 beginning of the fiscal year in the same order that they appear on the priority list  
14 under sub. (6). If sufficient funds are not available to fund all approved applications  
15 for financial assistance, the department of administration shall allocate funding to  
16 projects that are approved under sub. (7) in the order that they appear on the funding  
17 list, except as follows:

18           1. The department of administration may not allocate more than 40% of the  
19 available funds in each fiscal year to projects to remedy contamination at landfills.

20           2. In any biennium, no political subdivision may receive more than 25% of the  
21 amount established under s. 281.59 (3m) (b) for that biennium.

22           (b) In allocating subsidy under this subsection, the department of  
23 administration shall adhere to the amount approved by the legislature for each  
24 biennium under s. 281.58 (3m) (b).



1           **(8m)** CONDITIONS OF FINANCIAL ASSISTANCE. As a condition of receiving financial  
2 assistance under the land recycling loan program, a political subdivision shall do all  
3 of the following:

4           (a) Establish a dedicated source of revenue for the repayment of the financial  
5 assistance.

6           (b) Comply with those provisions of 33 USC 1381 to 1387, this chapter, and the  
7 rules and regulations promulgated under those provisions, that the department  
8 specifies.

9           (c) Allow access to the project by representatives of the department for the  
10 purpose of making inspections.

11           **(9)** FINANCIAL ASSISTANCE COMMITMENTS. The department and the department  
12 of administration may, at the request of a political subdivision, issue a notice of  
13 financial assistance commitment after the political subdivision's application for land  
14 recycling loan program financial assistance has been approved and funding has been  
15 allocated under sub. (8) for the political subdivision's project. The notice of financial  
16 assistance commitment shall specify the conditions that the political subdivision  
17 must meet to secure financial assistance and shall include the estimated repayment  
18 schedules and other terms of financial assistance.

19           **(10)** DEADLINE FOR CLOSING. If funding is allocated to a project under sub. (8)  
20 for a loan and the loan is not closed before April 30 of the year following the year in  
21 which funding is allocated, the department of administration shall release the  
22 funding allocated to the project.

23           **(11)** LOAN INTEREST RATES. The interest rate on a land recycling loan program  
24 loan shall be 55% of market interest rate.

1           **(11m) SERVICE FEE.** The department and the department of administration  
2 shall jointly charge and collect an annual service fee for reviewing and acting upon  
3 land recycling loan program applications and servicing financial assistance  
4 agreements. The fee shall be in addition to interest payments at the rate under sub.  
5 (11). For the 1997-99 fiscal biennium, the service fee shall be 0.5% of the loan  
6 balance. Fee amounts for later biennia shall be established in the biennial finance  
7 plan under s. 281.59 (3) (a) 8. The department and the department of administration  
8 shall specify in the biennial finance plan a fee designed to cover the costs of reviewing  
9 and acting upon land recycling loan program applications and servicing financial  
10 assistance agreements.

11           **(12) SALE OF SITE OR FACILITY.** (a) A political subdivision may not sell a site or  
12 facility, or portion of a site or facility, for which the political subdivision has received  
13 a loan under this section, while the loan is outstanding, for less than fair market  
14 value.

15           (b) If a political subdivision sells a site or facility, or portion of a site or facility,  
16 for which the political subdivision has received a loan under this section, the political  
17 subdivision shall do the following:

18           1. If the sale proceeds are less than or equal to the remaining loan balance, pay  
19 the sale proceeds to the department of administration to repay all or a portion of the  
20 loan.

21           2. If the sale proceeds are greater than the remaining loan balance but less than  
22 or equal to the cost of the land plus the cost of the cleanup, pay an amount equal to  
23 the remaining loan balance to the department of administration and retain the  
24 remainder of the sale proceeds.

1           3. If the sale proceeds are greater than the cost of the land plus the cost of the  
2 cleanup, pay to the department of administration an amount equal to the remaining  
3 loan balance plus the lesser of 75% of the amount by which the sale proceeds exceed  
4 the cost of the land plus the cost of the cleanup or the amount of subsidy incurred for  
5 the project and retain the remainder of the sale proceeds.

6           **(13) DUTIES OF THE DEPARTMENT.** The department shall do all of the following:

7           (a) Seek approval of the federal environmental protection agency for the use  
8 of funds under 33 USC 1381 to 1387 for the land recycling loan program.

9           (b) Promulgate rules establishing eligibility criteria for applicants and projects  
10 under this section.

11           (c) Promulgate rules that are necessary for the execution of its responsibilities  
12 under the land recycling loan program.

13           (d) Cooperate with the department of administration in administering the land  
14 recycling loan program.

15           (e) Submit a biennial budget request under s. 16.42 for the land recycling loan  
16 program.

17           (f) Have the lead role with the federal environmental protection agency  
18 concerning the land recycling loan program.

19           (g) Have the lead role with political subdivisions in providing land recycling  
20 loan program information, and cooperate with the department of administration in  
21 providing that information to political subdivisions.

22           (h) Periodically inspect land recycling loan program projects to determine  
23 project compliance with the requirements of this section.

1 (i) By May 1 of each even-numbered year, prepare and submit to the  
2 department of administration a biennial needs list that includes all of the following  
3 information:

4 1. A list of land recycling loan program projects that the department estimates  
5 will apply for financial assistance under the land recycling loan program during the  
6 next biennium.

7 2. The estimated cost and estimated construction schedule of each project on  
8 the list under subd. 1., and the total of the estimated costs of all projects on the list  
9 under subd. 1.

10 3. The estimated rank of each project on the priority list under sub. (6).

11 **SECTION 116.** 281.61 of the statutes is created to read:

12 **281.61 Safe drinking water loan program. (1) DEFINITIONS.** In this section:

13 (a) “Local governmental unit” means a city, village, town, county, town sanitary  
14 district, public inland lake protection and rehabilitation district or municipal water  
15 district.

16 (b) “Market interest rate” means the interest at the effective rate of a revenue  
17 obligation issued by this state to fund a loan or portion of a loan for a clean water fund  
18 program project under s. 281.58.

19 (c) “Public water system” means a water system providing piped water to the  
20 public for human consumption if the water system has at least 15 service connections  
21 or regularly serves an average of at least 25 individuals daily for at least 60 days each  
22 year.

23 (d) “Safe drinking water loan program” means the program administered  
24 under this section, with financial management provided under s. 281.59.

1           **(2) GENERAL.** The department and the department of administration shall  
2 administer a program to provide financial assistance to local governmental units for  
3 projects for the planning, designing, construction or modification of public water  
4 systems, if the projects will facilitate compliance with national primary drinking  
5 water regulations under 42 USC 300g-1 or otherwise significantly further the health  
6 protection objectives of the Safe Drinking Water Act, 42 USC 300f to 300j-26.

7           **(2g) INELIGIBLE PROJECTS.** A local governmental unit is not eligible for financial  
8 assistance under this section if the local governmental unit does not have the  
9 technical, managerial or financial capacity to ensure compliance with the Safe  
10 Drinking Water Act, 42 USC 300f to 300j-26, or the public water system operated by  
11 the local governmental unit is in significant noncompliance with any requirement  
12 of a primary drinking water regulation or variance under 42 USC 300g-1 unless the  
13 financial assistance will ensure compliance with the Safe Drinking Water Act.

14           **(2r) METHODS OF PROVIDING FINANCIAL ASSISTANCE.** The following methods of  
15 providing financial assistance may be used under the safe drinking water loan  
16 program:

17           (a) Making loans below the market interest rate for projects described in sub.

18 (2).

19           (b) Purchasing or refinancing the obligation of a local governmental unit if the  
20 obligation was incurred to finance the cost of a project described in sub. (2) and the  
21 obligation was initially incurred after July 1, 1993.

22           (c) Guaranteeing, or purchasing insurance for, obligations incurred to finance  
23 the cost of projects described in sub. (2) if the guarantee or insurance will provide  
24 credit market access or reduce interest rates.

1 (d) Providing payments to the board of commissioners of public lands to reduce  
2 principal or interest payments, or both, on loans made to local governmental units  
3 under subch. II of ch. 24 by the board of commissioners of public lands for projects  
4 that are eligible for financial assistance under the safe drinking water loan program.

5 **(3) NOTICE OF INTENT TO APPLY.** (a) A local governmental unit shall submit notice  
6 of its intent to apply for financial assistance under the safe drinking water loan  
7 program at least 6 months before the beginning of the fiscal biennium in which it  
8 intends to receive the financial assistance. The notice shall be in a form prescribed  
9 by the department and the department of administration.

10 (b) If a local governmental unit does not apply for financial assistance by April  
11 30 of the 2nd year following the year in which it submitted notice under par. (a), the  
12 local governmental unit shall submit a new notice under par. (a).

13 (c) The department may waive par. (a) or (b) upon the written request of a local  
14 governmental unit.

15 **(4) ENGINEERING REPORT.** A local governmental unit seeking financial  
16 assistance for a project under this section shall submit an engineering report, as  
17 required by the department by rule.

18 **(5) APPLICATION.** After the department approves a local governmental unit's  
19 engineering report submitted under sub. (4), the local governmental unit shall  
20 submit an application for safe drinking water financial assistance to the department.  
21 The applicant shall submit the application before the April 30 preceding the  
22 beginning of the fiscal year in which the applicant wishes to receive the financial  
23 assistance. The application shall be in the form and include the information required  
24 by the department and the department of administration and shall include plans and

1 specifications that are approvable by the department under this section. An  
2 applicant may not submit more than one application per project per year.

3 **(6) PRIORITY LIST.** The department shall establish a priority list that ranks each  
4 safe drinking water loan program project. The department shall promulgate rules  
5 for determining project rankings that, to the extent possible, give priority to projects  
6 that address the most serious risks to human health, that are necessary to ensure  
7 compliance with the Safe Drinking Water Act, 42 USC 300f to 300j-26, and that  
8 assist local governmental units that are most in need on a per household basis,  
9 according to affordability criteria specified in the rules.

10 **(7) APPROVAL OF APPLICATION.** The department shall approve an application  
11 received under sub. (5) after all of the following occur:

12 (a) The project is ranked on the priority list under sub. (6).

13 (b) The department determines that the project meets the eligibility  
14 requirements under this section.

15 (c) The department of administration determines that the local governmental  
16 unit will meet the requirements of s. 281.59 (9) (b).

17 (d) The legislature has approved an amount under s. 281.59 (3s) (b) 1. for the  
18 biennium.

19 **(8) FUNDING LIST; ALLOCATION OF FUNDING.** (a) The department shall establish  
20 a funding list for each fiscal year that ranks projects of local governmental units that  
21 submit approvable applications under sub. (5) in the same order that they appear on  
22 the priority list under sub. (6). If sufficient funds are not available to fund all  
23 approved applications for financial assistance, the department of administration  
24 shall allocate funding to projects that are approved under sub. (7) in the order that  
25 they appear on the funding list, except as follows:

1           1. The department of administration shall allocate to projects for public water  
2 systems that regularly serve fewer than 10,000 persons 15% of the available funds  
3 in each fiscal year or such lesser amount that fully funds the eligible projects for  
4 those public water systems.

5           2. In any biennium, no local governmental unit may receive more than 25% of  
6 the amount established under s. 281.59 (3s) (b) for that biennium.

7           (b) In allocating subsidy under this subsection, the department of  
8 administration shall adhere to the amount approved by the legislature for each  
9 biennium under s. 281.59 (3s) (b).

10           **(8m)** CONDITIONS OF FINANCIAL ASSISTANCE. As a condition of receiving financial  
11 assistance under the safe drinking water loan program, a local governmental unit  
12 shall do all of the following:

13           (a) Establish a dedicated source of revenue for the repayment of the financial  
14 assistance.

15           (b) Comply with those provisions of 42 USC 300f to 300j-26 and this chapter  
16 and the regulations and rules promulgated under those provisions that the  
17 department specifies.

18           (c) Develop and adopt a program of water conservation as required by the  
19 department.

20           (d) Develop and adopt a program of systemwide operation and maintenance of  
21 the public water system, including the training of personnel, as required by the  
22 department.

23           (e) Develop and adopt a user fee system.

24           **(9)** FINANCIAL ASSISTANCE COMMITMENTS. The department and the department  
25 of administration may, at the request of a local governmental unit, issue a notice of



1 financial assistance commitment after the local governmental unit's application for  
2 safe drinking water financial assistance has been approved under sub. (7) and  
3 funding has been allocated under sub. (8) for the local governmental unit's project.  
4 The notice of financial assistance commitment shall specify the conditions that the  
5 local governmental unit must meet to secure financial assistance and shall include  
6 the estimated repayment schedules and other terms of the financial assistance.

7 **(10) DEADLINE FOR CLOSING.** If funding is allocated to a project under sub. (8)  
8 for a loan and the loan is not closed before April 30 of the year following the year in  
9 which funding is allocated, the department of administration shall release the  
10 funding allocated to the project.

11 **(11) LOAN INTEREST RATES.** (a) Except as provided under par. (b), the interest  
12 rate on a safe drinking water loan program loan shall be as follows:

13 1. For a local governmental unit that does not meet financial eligibility criteria  
14 established by the department by rule, 55% of market interest rate.

15 2. For a local governmental unit that meets financial eligibility criteria  
16 established by the department by rule, 33% of market interest rate.

17 (b) The department and the department of administration jointly may request  
18 the joint committee on finance to take action under s. 13.101 (11) to modify the  
19 percentage of market interest rate under par. (a) 1. or 2.

20 **(12) DUTIES OF THE DEPARTMENT.** The department shall do all of the following:

21 (a) Promulgate rules establishing eligibility criteria for applicants and projects  
22 under this section.

23 (b) Promulgate rules that are necessary for the execution of its responsibilities  
24 under the safe drinking water loan program.

1 (c) Cooperate with the department of administration in administering the safe  
2 drinking water loan program.

3 (d) By May 1 of each even-numbered year, prepare and submit to the  
4 department of administration a biennial needs list that includes all of the following  
5 information:

6 1. A list of drinking water projects that the department estimates will apply  
7 for financial assistance under the safe drinking water loan program during the next  
8 biennium.

9 2. The estimated cost and estimated construction schedule of each project on  
10 the list, and the total of the estimated costs of all projects on the list.

11 3. The estimated rank of each project on the priority list under sub. (6).

12 (e) Submit a biennial budget request under s. 16.42 for the safe drinking water  
13 loan program.

14 (f) Have the lead state role with the federal environmental protection agency  
15 concerning the safe drinking water loan program.

16 (g) Have the lead state role with local governmental units in providing safe  
17 drinking water loan program information, and cooperate with the department of  
18 administration in providing that information to local governmental units.

19 (h) Inspect periodically safe drinking water loan program project construction  
20 to determine project compliance with construction plans and specifications approved  
21 by the department and the requirements of the safe drinking water loan program.

22 **(13) CAPITALIZATION GRANT.** The department may enter into an agreement  
23 under 42 USC 300j-12 (a), with the federal environmental protection agency to  
24 receive a capitalization grant for the safe drinking water loan program.

25 **SECTION 106m.** 281.62 of the statutes is created to read:

1           **281.62 Other drinking water quality activities. (1)** In this section:

2           (a) “Community water system” means a public water system that serves at  
3           least 15 service connections used by year-round residents of the area served by the  
4           public water system or that regularly serves at least 25 year-round residents.

5           (b) “Noncommunity water system” means a public water system that is not a  
6           community water system.

7           (c) “Public water system” has the meaning given in s. 281.61 (1) (c).

8           **(2)** (a) With the approval of the department of administration, the department  
9           may expend funds from the appropriation accounts under s. 20.320 (2) (s) and (x) for  
10          any of the following:

11           1. Providing a loan to the owner of a community water system or a nonprofit  
12          noncommunity water system to acquire land or a conservation easement from a  
13          willing seller or grantor to protect the source water of the water system from  
14          contamination and to ensure compliance with national primary drinking water  
15          regulations under 42 USC 300g-1.

16           2. Providing a loan to the owner of a community water system to do any of the  
17          following:

18           a. Implement voluntary source water protection measures in areas delineated  
19          as provided in 42 USC 300j-13 in order to facilitate compliance with national  
20          primary drinking water regulations under 42 USC 300g-1 or otherwise significantly  
21          further the health protection objectives of the Safe Drinking Water Act, 42 USC 300f  
22          to 300j-26.

23           b. Implement a program for source water quality protection partnerships as  
24          provided in 42 USC 300j-14.

1           3. Assisting the owner of a public water system to develop the technical,  
2 managerial and financial capacity to comply with national primary drinking water  
3 regulations under 42 USC 300g-1.

4           4. Delineating or assessing source water protection areas as provided under 42  
5 USC 300j-13.

6           5. Protecting wellhead areas from contamination as provided in 42 USC  
7 300h-7.

8           (b) In any fiscal year, the department may not expend under par. (a) more than  
9 15% of the funds provided under 42 USC 300j-12 in that fiscal year. In any fiscal  
10 year, the department may not expend under par. (a) 1., 2., 3., 4. or 5. more than 10%  
11 of the funds provided under 42 USC 300j-12 in that fiscal year.

12           **(3)** (a) With the approval of the department of administration, the department  
13 may expend funds from the appropriation accounts under s. 20.320 (2) (s) and (x) for  
14 any of the following:

15           1. Public water system supervision as provided in 42 USC 300j-2 (a).

16           2. Technical assistance concerning source water protection.

17           3. Developing and implementing a capacity development strategy required  
18 under 42 USC 300g-9 (c).

19           4. Operator certification required under 42 USC 300g-8.

20           (b) In any fiscal year, the department may not expend under par. (a) more than  
21 10% of the funds provided under 42 USC 300j-12 in that fiscal year.

22           **(4)** With the approval of the department of administration, the department  
23 may expend funds from the appropriation accounts under s. 20.320 (2) (s) and (x) to  
24 provide technical assistance to public water systems serving 10,000 or fewer persons.

1 In any fiscal year, the department may not expend under this subsection more than  
2 2% of the funds provided under 42 USC 300j-12 in that fiscal year.

3 **SECTION 117.** 281.625 of the statutes is created to read:

4 **281.625 Drinking water loan guarantee program.** (1) In this section:

5 (a) "Community water system" means a public water system that serves at  
6 least 15 service connections used by year-round residents or that regularly serves  
7 at least 25 year-round residents.

8 (b) "Local governmental unit" has the meaning given in s. 281.61 (1) (a).

9 (c) "Noncommunity water system" means a public water system that is not a  
10 community water system.

11 (d) "Public water system" has the meaning given in s. 281.61 (1) (c).

12 (2) The department, in consultation with the department of administration,  
13 shall promulgate rules for determining whether a loan is an eligible loan under s.  
14 234.86 (3) for a loan guarantee under s. 234.86. The rules shall be consistent with  
15 42 USC 300j-12.

16 (3) The department shall determine whether a loan to the owner of a  
17 community water system or the nonprofit owner of a noncommunity water system  
18 is an eligible loan under s. 234.86 (3) for the purposes of the loan guarantee program  
19 under s. 234.86.

20 (4) With the approval of the department of administration, the department of  
21 natural resources may transfer funds from the appropriation accounts under s.  
22 20.320 (2) (s) and (x) to the Wisconsin drinking water reserve fund under s. 234.933  
23 to guarantee loans under s. 234.86.

24 **SECTION 118.** 292.01 (18) of the statutes is amended to read:

1           292.01 (18) "Site or facility" means, except in ~~ss. s. 292.35 and 292.61~~, an  
2 approved facility, an approved mining facility, a nonapproved facility or a waste site.

3           **SECTION 119.** 292.31 (2) (f) of the statutes is repealed.

4           **SECTION 120.** 292.35 (1) (f) of the statutes is amended to read:

5           292.35 (1) (f) "Site or facility" ~~has the meaning given in s. 292.61 (1) (b)~~ means  
6 an approved facility, an approved mining facility, a nonapproved facility, a waste site  
7 or any site where a hazardous substance is discharged on or after May 21, 1978.

8           **SECTION 121.** 292.35 (9) (b) 1. of the statutes is renumbered 292.35 (9) (b) and  
9 amended to read:

10           292.35 (9) (b) Except as provided in pars. (bm), (br) and (e), sub. (7) and s.  
11 292.21, a responsible party is liable for a portion of the costs, as determined under  
12 pars. (c) to (e), incurred by a political subdivision for remedial action in an agreement  
13 under sub. (5) or a recommendation under sub. (6) and for any related investigation.  
14 A right of action shall accrue to a political subdivision against the responsible party  
15 for costs listed in this subdivision paragraph.

16           **SECTION 122.** 292.35 (9) (b) 2. of the statutes is repealed.

17           **SECTION 123.** 292.61 of the statutes is repealed.

18           **SECTION 9137. Nonstatutory provisions.**

19           (1) **EMERGENCY RULES FOR LAND RECYCLING LOAN PROGRAM.** Before July 1, 1998,  
20 using the procedure under section 227.24 of the statutes, the department of natural  
21 resources may promulgate rules required under section 281.60 (13) (b) and (c) of the  
22 statutes, as created by this act, for the period before the effective date of the  
23 permanent rules required under those provisions, but not to exceed the period  
24 authorized under section 227.24 (1) (c) and (2) of the statutes. Notwithstanding  
25 section 227.24 (1) (a) and (2) (b) of the statutes, the department need not provide

1 evidence of the necessity of preservation of the public peace, health, safety or welfare  
2 in promulgating rules under this subsection.

3 (END)