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Assembly Committee on Environment

Testimony from Rep. Will Penterman in favor of AB 10

Chairman Oldenburg and members of the Assembly Committee on Environment:

The Land Recycling Loan Program (LRLP) as part of the Environmental Improvement Fund (EIF) was established by 1997 Wisconsin Act 27 to provide local governments with loans to remediate contaminated lands which they own. To date, financial assistance agreements totaling \$15,218,900 have been entered into, with actual disbursements totaling \$13,500,300. Of that, \$12,729,600 has been repaid, and \$770,800 is still owed.

While LRLP has served its intended purpose, the program has not been used since 2008 as they have not received new applicants. The Federal Brownfield Grant Program through the Wisconsin Department of Natural Resources and the Idle Sites Redevelopment Program through the Wisconsin Economic Development Corporation take care of this instead of the LRLP. The Department of Natural Resources and the Department of Administration have been required for the last 15 years to report annually on the LRLP and manage their unused funds. Both would have the ability to recoup any remaining costs going forward.

Assembly Bill 10 would remove these obsolete provisions and terminate the LRLP, easing some of the administrative costs and staff time associated with the management of the EIF. The remaining \$299,657 in LRLP funds and all outstanding loan repayments would go to the Clean Water Fund Program, where the LRLP funding originated, to distribute to wastewater treatment plants.

The program was recommended to be eliminated in the 2021-23 State Budget proposal, but was removed as a nonfiscal policy item. It is good governance to clean-up the statutes by removing obsolete language to streamline the administration of these grant programs.

Thank you again for your time and consideration of AB 10. I hope you will join Senator Cowles and me in supporting this legislation.

ROBERT L. COWLES

Wisconsin State Senator, 2nd Senate District

STANDING COMMITTEES:

Natural Resources & Energy, Chair
Transportation & Local Government, Vice-Chair
Economic Development & Technical Colleges

Testimony on 2023 Assembly Bill 10

Senator Robert Cowles

Assembly Committee on Environment

March 16th, 2023

Thank you, Chair Oldenburg and Committee Members, for holding allowing me to testify on 2023 Assembly Bill 10. This simple bill terminates the defunct Land Recycling Loan Program.

Reacting to federal legislation, the Land Recycling Loan Program (LRLP) was created in the 1997-99 State Budget to provide local governments with loans to assist with the upfront cost of remediating contaminated lands under their ownership. Housed in the Environmental Improvement Fund (EIF) at the Department of Natural Resources (DNR) and Department of Administration (DOA), the LRLP was funded through a one-time \$20 million transfer from the Clean Water Fund Program (CWFP), setting it apart from the other two EIF programs which receive annual federal funding with a state match and which continue to award funds annually.

While the LRLP did assist with a handful of cleanups in the first decade of the program, it has gone underutilized and has been effectively defunct since 2008 as no funding has been awarded and no new applicants have been found. This is at least in-part due to a number of other state and federal programs which are better suited to assist localities in remediation and redevelopment efforts.

Despite no further interest in the program, the DNR and DOA have been required to report annually on the LRLP and manage these dormant funds. Assembly Bill 10 would remove these obsolete provisions and terminate the LRLP, easing some of the administrative costs and staff time associated with the management of the EIF. The remaining \$300,000 in LRLP funds and all outstanding loan repayments, including a loan to the Dry Cleaner Environmental Response Fund, will be credited to the CWFP for distributions to wastewater utilities.

Simply put, it's a matter of good governance to clean-up the statutes to remove outdated and inoperative language to help ease the understanding and administration of these laws. Termination of the program was recommended in the 2021-23 State Budget proposal, but was rightly removed as a nonfiscal policy item to allow for a committee process with proper consideration. In total, around two-pages of statutes will be removed by this legislation. This isn't much in the grand scheme of Wisconsin's laws, but it's a common-sense step towards eliminating unnecessary provisions in our state statutes and ensuring available funds go to somewhere they can be used.

AB 10 has been amended by Assembly Amendment 1, a simple amendment which eliminates the administrative rule chapter relating to the Land Recycling Loan Program to complete a full cleanup of the books all at once. This amendment was requested by the DNR during the Senate hearing, and with the amendment, the Senate Committee on Natural Resources and Energy recommended the bill for passage by a vote of 5 to 0 yesterday.



Assembly Committee on Environment

2023 Assembly Bill 10 *Elimination of the Land Recycling Loan Program* *March 16, 2023*

Good morning, Chair Oldenburg and members of the Committee. My name is Matt Marcum, and I am a Section Manager for the Environmental Loans program with the Wisconsin Department of Natural Resources. Thank you for the opportunity to testify, for informational purposes, on 2023 Assembly Bill 10, related to the elimination of the Land Recycling Loan Program.

The Land Recycling Loan Program (LRLP) was established by 1997 Act 27, which authorized the transfer of \$20 million from the Clean Water Fund Program (CWFP) to the LRLP. The intent of the program was to provide financial assistance to local governments for the investigation and remediation of contamination at sites if the contamination had affected, or threatened to affect, groundwater or surface water. From 2000 until 2008, the LRLP functioned as a sub-program of the CWFP and entered into financial assistance agreements totaling \$15.2 million with nine municipalities. A total of \$13.5 million in funding was ultimately disbursed for those projects. Most of the remaining balance of LRLP funds, about \$6.2 million, was transferred to the Dry Cleaner Environmental Response Fund (DERF) between 2009 and 2014, as authorized under 2009 Wisconsin Act 28. The transfers were made to cover shortfalls within the DERF. The LRLP is not currently an active DNR program, and no applicants have requested funding from the program since state fiscal year 2008. The current unallocated balance of the funds appropriated for LRLP financial assistance is \$305,657.

2023 Assembly Bill 10 proposes to eliminate the Land Recycling Loan Program. A provision within the bill specifies that the statutory requirements of the LRLP will continue to apply to any outstanding loans, including the transfer of funds from the LRLP to the DERF, and that all future loan repayments would be deposited into the Environmental Improvement Fund for the Clean Water Fund Program. This is consistent with how current LRLP loan repayments are deposited. 2023 Assembly Bill 10 also proposes to transfer the current unallocated balance of LRLP funds to the CWFP where the funds will be available to CWFP applicants.

Given that the LRLP is currently inactive with no plans for future funding or reinstatement, and that the proposed legislation would not have any measurable impact on outstanding LRLP loans, the department does not expect AB 10 to have any negative impacts.

We would like to thank the bill authors for the introduction and consideration of an amendment that would repeal chapter NR 167 of the Wisconsin Administrative Code, which sets the rules for the LRLP.

On behalf of the Department of Natural Resources, we would like to thank you for your time today. I would be happy to answer any questions you may have.