

1       **AN ACT** *to amend* 281.58 (8) (b) 1.; and *to create* 281.41 (3), 281.58 (1) (cv), 281.58  
2           (7) (b) 7. and 281.58 (12) (a) 5. of the statutes; **relating to:** clean water fund loans  
3           for septage treatment and disposal facilities at sewage treatment plants and facilities  
4           plans for septage disposal in sewage treatment plants.

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

**JOINT LEGISLATIVE COUNCIL PREFATORY NOTE:** This draft was prepared for the joint legislative council's special committee on septage disposal.

The current statutes create the clean water fund program, which provides financial assistance to municipalities for the cost of planning, design, and construction of wastewater treatment facilities, and other surface water and groundwater pollution abatement facilities. The program includes various forms of financial assistance, including market interest rate or below market interest rate loans. This bill draft modifies the clean water fund program to provide zero percent interest rate loans for any portion of a treatment work project that relates to facilities for receiving and capacity for treating septage.

Currently, a municipality has no guarantee that septage haulers will continue to bring septage to the treatment work, or that contracts for disposal of septage at the treatment work will be renewed. The purpose of this draft is to reduce some of the potential risk incurred by the municipality in providing facilities and capacity for septage disposal, as well as to provide an incentive for the municipality to provide these facilities and capacity.

**COMMENT:** This bill draft relates to issues in memo no. 1, *suggestions of issues for committee discussion* (October 4, 2004) (part A, publicly owned treatment works, section 1, capacity for disposal).

The special committee requested a bill draft to provide an incentive for a sewage treatment (or "disposal") plant to provide facilities for handling and treating septage. At the October 14, 2004 meeting, staff suggested the possibility of a loan forgiveness for that portion of the clean water fund loan if the expected septage was not disposed at the treatment work, with the resulting loss of revenue. Instead of a loan forgiveness, this bill draft provides a zero percent interest rate loan for the portion of a project

(handling facilities and capacity) attributed to septage disposal. This approach requires the municipality to maintain an ownership interest in that portion of the facility, and provides an incentive for the municipality to market the septage disposal service.

1       **SECTION 1.** 281.41 (3) of the statutes is created to read:

2       281.41 (3) (a) The department shall require each owner that prepares a plan under this  
3       section for a proposed sewage disposal plant or an extension of an existing sewage disposal  
4       plant to address the need for and include plans for the disposal of septage, as defined in s.  
5       281.48 (1) (d). The plans required under this subsection shall address all of the following:

6           1. The amount of septage produced throughout the septage service area and the  
7       expected increase in septage production during the planning period.

8           2. The current and future capacity for the disposal of septage on land within the septage  
9       service area, in the sewage disposal plant, and by other available methods.

10          3. The location of private sewage systems within the septage service area, and the  
11       distances required to haul septage for disposal either on land or to the sewage disposal plant.

12          4. The potential for contracts with private sewage system owners, licensed disposers,  
13       as defined in s. 281.49 (1) (b), or municipalities to assure delivery of septage to the sewage  
14       disposal plant.

15          (b) In this subsection, “septage service area” means the area containing private sewage  
16       systems served or anticipated to be served by a sewage disposal plant during the planning  
17       period.

**NOTE:** Facilities plans are prepared for each sewage treatment plant. There is not currently a specific requirement to address the issues related to septage disposal, although these issues could be included in the plans. This bill draft creates a specific requirement to address septage disposal needs in these plans. The plans will address such issues as the amount of land and sewage treatment plant capacity available for septage disposal, the location of land disposal sites and sewage treatment plans in relation to the sources of septage, and other related issues.

1       **SECTION 2.** 281.58 (1) (cv) of the statutes is created to read:

2       281.58 (1) (cv) “Septage” has the meaning designated under s. 281.48 (2) (e).

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

4       281.58 (7) (b) 7. Projects or capacity for the receiving, storage, and disposal of septage.

**NOTE:** The current statutes create the clean water fund program, which provides financial assistance to municipalities for the cost of planning, design and construction of wastewater treatment facilities, and other surface and groundwater pollution abatement facilities. The program includes various forms of financial assistance, including market interest rate or below market interest rate loans.

      The current clean water fund program can be used as a source of funding for a portion of a sewage treatment plant project that provides receiving, storage, and disposal of septage. However, this is not expressly stated in the statute. This bill draft adds an explicit statement that such facilities for septage are eligible for financial assistance under the clean water fund.

5       **SECTION 4.** 281.58 (8) (b) 1. of the statutes is amended to read:

6       281.58 (8) (b) 1. Except as provided in subd. 2. and par. (k), the amount of reserve  
7       capacity for a project eligible for financial assistance through a method specified under sub.  
8       (6) (b) is limited to that future capacity required to serve the users of the project expected to  
9       exist within the sewer service area of the project and that future capacity required to serve the  
10      need expected to exist outside of the sewer service area of the project for septage that is  
11      reasonably likely to be disposed in the project 10 years after the project is estimated to become  
12      operational. The department, in consultation with the demographic services center in the  
13      department of administration under s. 16.96, shall promulgate rules defining procedures for  
14      projecting population used in determining the amount of reserve capacity.

**NOTE:** The current clean water fund program places a limit on the allowable reserve capacity of a sewage treatment plant in order to qualify for below market rate loans and certain other financial assistance. Reserve capacity is the extra capacity to treat wastewater beyond present needs. The current statutory limit is the capacity to treat wastewater

from users within the service area for no more than 10 years after completion of the project. This bill draft adds to the allowable reserve capacity an amount needed to provide septage disposal for property located outside of the sewer service area for that 10-year period if the septage is reasonably likely to be taken to the sewage treatment plant.

1           **SECTION 5.** 281.58 (12) (a) 5. of the statutes is created to read:

2            281.58 **(12)** (a) 5. The interest rate for the portion of a project that provides facilities  
3            for receiving and treating septage and capacity for disposal of septage is zero percent.

**NOTE:** This bill draft creates a zero percent interest rate for the portion of a clean water fund loan for septage receiving and treatment facilities and capacity for septage disposal. This interest rate applies even though the rest of the project has a different interest rate or method of financial assistance. The purpose of the zero percent interest rate is to provide an incentive for a municipality to add facilities and capacity for septage disposal, and to reduce the risk for the municipality of providing that capacity, but then not receiving the expected amount of septage. Even though the interest rate is zero, the municipality will need to repay the clean water fund loan, so the municipality will still have an incentive to build cost-effective projects and to market the septage disposal service.

4 (END)