



WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

2017 Wisconsin Act 137
[2017 Senate Bill 48]

**Financial Assistance for Water
Service Lines Containing Lead**

2017 Wisconsin Act 137 (the Act) creates: (1) a process by which a water public utility may provide a grant, a loan, or both to a property owner for the purpose of assisting the property owner in replacing the portion of a lead-containing water service line that is owned by the property owner; and (2) a process by which a city, village, town, or county may provide a loan or facilitate owner-arranged financing from a third party for the purpose of replacing the portion of a lead-containing water service line that is owned by the property owner. The Act also authorizes a political subdivision to use its own workforce to perform, on private property, certain work that is ancillary to replacing the portion of a water service line that is owned by a public utility.

GRANTS AND LOANS PROVIDED BY A WATER PUBLIC UTILITY

Under the Act, a water public utility may provide a grant, a loan, or both to a property owner for the purpose of assisting the property owner in replacing the portion of a lead-containing water service line that is owned by the property owner, if all of the following requirements are satisfied:

1. The city, town, or village in which the water public utility provides utility service to the property has enacted an ordinance that: (1) permits the water public utility to provide a grant, a loan, or both; and (2) requires each owner of a premises located in the city, town, or village that is serviced by a customer-side water service line containing lead to replace that water service line.
2. The portion of the water service line that is owned by the public utility and the water main pipe that are connected to the property either do not contain lead or are replaced at the same time as the portion that is owned by the property owner.

This memo provides a brief description of the Act. For more detailed information, consult the text of the law and related legislative documents at the Legislature's Web site at: <http://www.legis.wisconsin.gov>.

3. The Public Service Commission (PSC) approves the public utility's plan for providing the financial assistance.

PSC Approval

To obtain approval from the PSC under the Act, a water public utility must submit an application to the PSC that includes a description of the proposed financial assistance to be provided to property owners, a description of the method for funding the financial assistance, a description of the customers served by the public utility that would be eligible for financial assistance, and any other information that the PSC requests.

Once the PSC has received a complete application, the PSC is required to investigate the application. As part of its investigation, the PSC may hold a public hearing on the application. The PSC must complete its investigation within 90 days if it does not hold a public hearing, and 180 days if it does hold a public hearing, unless the chairperson of the PSC extends the review period for good cause.

The PSC must grant its approval if it finds that a public utility's proposal is not unjust, unreasonable, or unfairly discriminatory; and the proposal satisfies all of the following conditions:

1. The amount of any **grant** provided to a property owner does not exceed **one-half** of the total cost of replacing the owner's portion of the water service line.
2. Any **loan** provided may not be forgiven by the water public utility or the municipality.
3. If a water public utility intends to provide **a grant, a loan, or both** as a percentage of the cost of replacing the property owner's portion of a water service line, the percentage is the same for each owner in a class of customers.
4. If a water public utility intends to provide **a grant, a loan, or both** as a specified dollar amount, the dollar amount is the same for each owner in a class of customers.

Use of Revenue Collected From Public Utility Charges

The Act provides that a water public utility may fund all or a portion of the cost of providing grants and loans using revenue collected from charges applied to retail customers receiving service from the water public utility in the same city, village, or town in which the property receiving the grant or loan is located. It also provides that the revenue collected from charges applied to a class of customers to fund grants and loans may not exceed an amount equal to the financial assistance received by the class.

Method for Collecting Loan Payments That are in Areams

The Act authorizes a municipally owned public utility to collect payments owing on loans for the purpose of assisting a property owner in replacing the portion of a lead-containing water service line by placing the charges on the property tax rolls, as a lien on the property served.

LOANS AND LOAN REPAYMENT AGREEMENTS BY A CITY, VILLAGE, TOWN, OR COUNTY

The Act authorizes, for the purpose of assisting a property owner in replacing the portion of a lead-containing water service line, a city, village, town, or county (“political subdivision”) to make a loan to the owner of a property or enter into a loan repayment agreement with a property owner, under which the owner obtains a loan from a private lender, and the political subdivision collects the loan repayment and forwards the amount collected to the lender.

The Act provides that, if a political subdivision makes such a loan, the political subdivision must require each owner of a premises located in the political subdivision that is serviced by a customer-side water service line containing lead to replace the water service line.

The Act authorizes a political subdivision to collect water service line replacement loan repayments in installments as a special charge on the property owner’s property tax bill, even if the repayment is not delinquent. If an installment payment is delinquent, it becomes a lien on the property.

PRIVATE CONSTRUCTION WORK BY POLITICAL SUBDIVISIONS AND MUNICIPAL PUBLIC UTILITIES

Current law generally prohibits a political subdivision from using its own workforce, including the workforce of a municipal public utility, to perform a construction project for which a private person is financially responsible.

The **Act** creates an exception for work ancillary to replacing a utility-side water service line containing lead that is performed with the consent of a private property owner and that does not involve replacing the customer-side water service line.

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