

ENVIRONMENTAL IMPROVEMENT FUND

Budget Summary					FTE Position Summary		
	2006-07	<u>Request</u>		2007-09 Change Over		Positions for the Environmental Improvement Fund program are provided under the Departments of Administration and Natural Resources	
Fund	Adjusted Base	2007-08	2008-09	Base Year Doubled	Amount		%
GPR	\$46,046,200	\$46,046,200	\$46,046,200	\$0	0.0%		
SEG	<u>6,000,000</u>	<u>6,000,000</u>	<u>6,000,000</u>	<u>0</u>	0.0		
Total	\$52,046,200	\$52,046,200	\$52,046,200	\$0	0.0%		
BR		\$460,000,000					

Major Request Items

1. GENERAL AND REVENUE OBLIGATION BONDING AUTHORITY

BR	\$460,000,000
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Request an increase in bonding authority of \$460,000,000 for the environmental improvement fund, as shown in the table. This includes \$91.8 million in general obligation and \$368.2 million in revenue obligation bonding authority. Revenue obligations are issued to provide financial assistance for municipal wastewater facility projects in the clean water fund program. State revenue bonds are retired primarily through repayments of program loans and issuance of general obligation bonds to pay for the state subsidy costs of low-interest loans in the clean water fund program. General obligation bonds are also issued to pay for the 20% state match to the federal capitalization grants for the clean water fund program and the safe drinking water loan program.

Environmental Improvement Fund (EIF) Bonding Authority

	<u>Current</u>	<u>Request</u>	<u>Total</u>
Clean water fund program general obligation	\$637,743,200	\$85,700,000	\$723,443,200
Clean water fund program revenue obligation	1,615,955,000	368,200,000	1,984,155,000
Safe drinking water loan program general obligation	<u>32,310,000</u>	<u>6,100,000</u>	<u>38,410,000</u>
Total	\$2,286,008,200	\$460,000,000	\$2,746,008,200

2. PRESENT VALUE SUBSIDY LIMIT

Request a "present value subsidy limit" totaling \$163.2 million for the environmental improvement fund as shown in the table. The subsidy limit represents the estimated state cost, in 2007 dollars, to provide 20 years of subsidy for the projects that would be funded in the 2007-09 biennium. The clean water fund program provides low-interest loans to municipalities for planning, designing, constructing or replacing a wastewater treatment facility, or for nonpoint source pollution abatement or urban stormwater runoff control projects. The safe drinking water loan program provides financial assistance to municipalities for the planning, design, construction or modification of public water systems. The land recycling loan program provides financial assistance to certain local governments for the investigation and remediation of contaminated (brownfields) properties.

EIF Present Value Subsidy Limit

	2005-07 <u>Authorized</u>	2007-09 <u>Request</u>
Clean water fund program	\$109,600,000	\$143,100,000
Safe drinking water loan program	12,800,000	16,700,000
Land recycling loan program	<u>2,700,000</u>	<u>3,400,000</u>
Total	\$125,100,000	\$163,200,000

3. DEBT SERVICE COSTS

While no increase is requested for GPR debt service costs for general obligation bonds issued for the environmental improvement fund, a reestimate of obligations will be included in the Governor's budget. The following table shows recent debt service levels. The land recycling loan program is funded through loan repayments of clean water fund loans made with the proceeds of federal grants to the clean water fund and does not have a separate general fund debt service cost.

Environmental Improvement Fund General Fund Debt Service Expenditures

	<u>Clean Water Fund Program*</u>	<u>Safe Drinking Water Loan Program</u>	<u>Total</u>
2004-05 Actual	\$15,977,200	\$1,489,600	\$17,466,800
2005-06 Actual	36,248,800	1,989,700	38,238,500
2006-07 Budget	43,338,100	2,708,100	46,046,200

*An additional \$6.0 million SEG is paid each year from municipal loan repayments received.