

## Discussion of 2021-23 Biennial State Budget

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Governor Tony Evers has delivered his 2021-23 biennial budget proposal to the Legislature. The \$91 billion two-year spending plan calls for a \$3.2 billion increase in general purpose revenue, nearly 10% over current levels. Evers's plan taps into the state's \$1 billion plus surplus, increases taxes on the wealthy and large manufacturers, and expands Medicaid to capture federal funds.

Republican leaders have already signaled several measures are dead on arrival and have suggested setting the entire budget aside and creating a new budget. Two years ago Republicans did just that – stripping many of Evers's proposals out of his budget as they crafted their own plan. Evers ultimately signed it on time with more than 70 line-item vetoes.

Below are the items in the '21-23 budget that may be of interest to MEUW members:

- Create a new earnings activity for the Business Development Credit for energy efficiency and renewable energy project expenditures by a business, specifying WEDC may provide an incentive of up to 25 percent of expenditures on real or personal property for such projects.
- Create the Office of Environmental Justice within the Department of Administration, which will facilitate collaboration across state agencies and engage with environmental justice advocates, communities of color, Native Nations, and low-income populations to design climate policies that reduce emissions and pollutants and address the cumulative and deadly impact of their concentration within those communities. Provide a new 1.0 FTE PR-S unclassified office director position, appointed by the Secretary of Administration. In addition, reallocate 2.0 FTE vacant positions within the department for classified office staff.
- Provide funding to the Office of Environmental Justice for the execution of state and local government climate risk assessment and resilience plans. Provide a new 1.0 FTE PR-S unclassified position for a new chief resilience officer to oversee development and execution of these plans.
- Establish a technical assistance grant program to assist municipalities and tribal nations to develop a plan to be carbon-free by 2050. Provide \$200,000 GPR over the biennium at the new Office of Environmental Justice for this purpose.
- Require a comprehensive plan be developed by municipalities to address climate change, require that local hazard mitigation plans include climate change, and require communities throughout the state to include climate change in their community health improvement assessment and plans.
- Establish the existing Office of Sustainability and Clean Energy in statute within the Department of Administration, which will continue to promote the development and use of clean and renewable energy across the state, advance innovative sustainability solutions that improve the state's economy and environment, diversify the resources used to meet the state's energy needs, and generate family supporting jobs by promoting the expansion of Wisconsin's clean energy economy.
- Create a \$4 million renewable and clean energy research grant in fiscal year 2021-22 administered by the Office of Sustainability and Clean Energy and funded by the environmental fund.

- Allocate \$10 million of the remaining Volkswagen emissions settlement funds to be dedicated to the reestablishment an electric vehicle charging station grant program administered by the Department of Administration. Allocate remaining funds in excess of \$10 million for the replacement of state vehicles with a focus on clean energy vehicles.
- Require the Public Service Commission to reevaluate the appropriate social cost of carbon every two years, in consultation with the Department of Natural Resources, and report the findings in a biennial report to the standing legislative committees. Require the commission to consider the social cost of carbon when determining whether to issue construction certifications.
- Direct the Public Service Commission to establish an Innovative Technologies Pilot Program, which would set a voluntary goal for utilities to collectively spend \$100 million over five years on a pilot for a range of innovative technologies, including storage and microgrids.
- Expand low-cost debt financing of clean energy projects for residential, commercial, and governmental customers, including:
  - Require the Public Service Commission to create a model ordinance for counties to establish a property assessed clean energy (PACE) financing program.
  - Authorizing the Focus on Energy program to allocate funds to market PACE programs across the state.
  - Authorize regulated utilities to offer inclusive on-bill financing for energy efficiency improvements.
- Expand the types of remaining costs incurred by retiring power plants that can be securitized using environmental trust bonds, which can result in cost-savings for customers.
- Authorize \$5 million in bonding for electric vehicle charging infrastructure to allow greater use of electric vehicles throughout the state.
- The budget also allows utilities and electric cooperatives holding an electric easement to use the easement to install, maintain, or own broadband infrastructure on that easement.
- Doubling the required utility contribution for the Focus on Energy program from 1.2 percent to 2.4 percent of annual operating revenues, which would generate an additional \$100 million in funding for the program. Focus on Energy provides both business and residential programs. Examples of programs include: assistance for businesses applying for federal grants from the U.S. Department of Energy, providing no or low-cost energy tips, training opportunities for businesses, and financial incentives for residents seeking to improve the energy efficiency in their homes.
- Reserving a portion of the additional Focus on Energy funds for the Public Service Commission to develop a low-income customer track that will, in partnership with the Department of Administration Weatherization Program, offer enhanced incentives for eligible customers. Examples of expansion could include the development of a workforce training element, addition 116 of solar panels as an eligible measure for the Weatherization Program, and addition of a low-income solar subscription or grant program.
- **Public construction competitive bidding threshold.** The bill increases the amount at which a municipal public construction contract must be competitively bid from \$25,000 to \$50,000.
- **Public records location fee.** Under the bill, the cost of locating a public record must be \$100 or more before an authority may impose a fee to cover the actual, necessary, and direct cost of locating the record. Under current law, the location costs must be \$50 or more before a fee may be charged.
- **Local government civil service system and grievance procedure requirements.** The bill modifies the requirements for any grievance system established by local governments, including

adding a requirement for any civil service system or grievance procedure to include a just cause standard of review for employee terminations. Current law also requires that if a local governmental unit creates a grievance procedure, the procedure must contain certain elements, including a written document specifying the process that a grievant and an employer must follow; a hearing before an impartial hearing officer; and an appeal process in which the highest level of appeal is the governing body of the local governmental unit. The bill provides that the hearing officer must be from the Wisconsin Employment Relations Commission, and adds two additional required elements in the grievance procedure: (1) a provision indicating the grievant is entitled to representation throughout the grievance process; and (2) a provision indicating that the employer must bear all fees and costs related to the grievance process, except the grievant's representational fees and costs.

- **Repeal of certain Act 10 provisions.** There are many provisions in the bill that would roll-back the impact of Act 10 with respect to such things as collective bargaining, prevailing wage, and the "right to work." These provisions are unlikely to see the light of day and are not summarized here.
- **Removal of some restrictions on municipal investment in broadband.** Eliminate several statutory restrictions for certain municipalities defined as broadband "underserved" or "unserved" to directly invest in broadband infrastructure and provide service to residents. Allow these communities to apply directly for broadband grants from the PSC. Other provisions were invest over \$200 million to expand broadband access; most of funds would go to expanding the PSC's Broadband Expansion Grant Program.
- **Also, of interest mainly to water utilities –**
  - Provide \$40 million GPR for the replacement of lead service lines through the Safe Drinking Water Loan Program.
  - Increase funding by \$1 million GPR in each year for financial assistance under the well compensation program. Amend the well compensation program to bring the program's contamination criteria in line with federal water quality standards. Update the program's financial qualifications to allow the program to serve more Wisconsin residents.

For more information on the items above and the entire budget these resources are available:

- [Budget in Brief](#) (Department of Administration summary)
- [Executive Budget](#) (Complete budget document)