

# Environmental Loans Overview

Learn about the Environmental Loans programs and find guidance at [dnr.wi.gov/aid/eif.html](https://dnr.wi.gov/aid/eif.html)

The Wisconsin Environmental Improvement Fund (EIF) is a state revolving loan fund that combines state funding with federal capitalization grants from the U.S. Environmental Protection Agency's Clean Water and Drinking Water State Revolving Funds to provide affordable financial assistance to municipalities for water infrastructure projects that are needed to achieve or maintain compliance with federal and state regulations relating to water supply and wastewater treatment, such as Wisconsin Pollutant Discharge Elimination System permits.

The EIF includes two environmental financing programs (with subprograms) for local governments:

## Clean Water Fund Program (CWFP)

Since 1991, the CWFP is for wastewater and water quality-related storm water infrastructure projects. Common projects include sewer replacement or rehabilitation and wastewater treatment plant upgrades.

## Safe Drinking Water Loan Program (SDWLP)

Since 1998, the SDWLP is for drinking water infrastructure projects. Common projects include new wells, wellhouse rehabilitation, storage facility and watermain replacements.

Note: Effective with the state fiscal year 2025 funding cycle, all projects must follow the new versions of chapters NR 162 (CWFP) and NR 166 (SDWLP), Wis. Adm. Code, see [dnr.wi.gov/aid/documents/eif/statutes/elcodes.html](https://dnr.wi.gov/aid/documents/eif/statutes/elcodes.html).

## Benefits And Program Features

- Online application systems
- Fixed interest rates on long-term loans
- Coordination of funds with other funding sources
- Dedicated DNR loan project manager and construction management engineer
- Program subsidy buys down the market rate on loans (**standard interest rate is 55% of market rate**)
- Some municipalities may be eligible for further subsidy to reduce its loan size (i.e., principal forgiveness)

## How May The Funds Be Used?

Program funds are for reasonable and necessary costs directly related to the **planning, design and construction** of eligible projects. Funds may be used to construct, improve, modify, purchase, replace, restore and upgrade drinking water, wastewater and water quality-related storm water systems and infrastructure such as collection, conveyance, disposal, distribution, sourcing, storage, transmission and treatment.

## Who May Apply?

**Wisconsin cities, towns, villages, counties, sanitary districts and other qualifying municipalities.**

## How Do We Apply? When Do We Apply?

Application guidance and considerations are available under the How to Apply tab at [dnr.wi.gov/aid/eif.html#tabx3](https://dnr.wi.gov/aid/eif.html#tabx3). Deadlines are set in the program's annual intended use plan, see [dnr.wi.gov/aid/projectListsIUPs.html](https://dnr.wi.gov/aid/projectListsIUPs.html).

- **Oct. 31** – CWFP and SDWLP notice of intent to apply (ITA) deadline.
  - Submit ITAs by Oct. 31, 2024, if seeking financing in the state fiscal year (SFY) 2026 funding cycle.
- **June 30** – SDWLP application deadline.
  - Submit SDWLP applications by June 30, 2025, if seeking financing in the SFY 2026 funding cycle.
- **Sept. 30** – CWFP application deadline.
  - Submit CWFP applications by Sept. 30, 2025, if seeking financing in the SFY 2026 funding cycle.

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## What Kinds Of Financial Assistance Are Available?

Under the **Clean Water Fund Program (CWFP)** and the **Safe Drinking Water Loan Program (SDWLP)**, eligible municipalities may receive financial assistance in the form of subsidized loans and additional subsidy to reduce the size of the loan. The programs can finance construction as it takes place as well as refinance interim debt and reimburse internal funds a municipality temporarily used to pay for project costs before receiving its loan through the CWFP or the SDWLP. Eligible projects include those that are needed to achieve or maintain compliance with federal and state regulations relating to drinking water supply and wastewater treatment.

## Subsidized Loans

Program subsidy buys down the market rate on loans. Most eligible project costs are funded at a percentage of the market rate. **The standard interest rate is 55% of the market rate.** On a quarterly basis, the Wisconsin Department of Administration assesses the market rate. The fixed interest rate applied to the loan is based on the market rate in effect on the day the municipality passes a bond resolution to secure the program loan and signs the financial assistance agreement (loan). View the current rates at [dnr.wi.gov/aid/documents/eif/guide/interest.html](https://dnr.wi.gov/aid/documents/eif/guide/interest.html).

## Additional Subsidy

Some municipalities may also be eligible for additional subsidy in the form of **principal forgiveness (PF)**, which is comparable to a grant because it reduces the size of the program loan, thus reducing annual principal and interest payments. No municipality can receive principal forgiveness for more than 70% of total eligible project costs. The PF allocation methodology aims to allocate the PF funds to the highest priority projects in municipalities with the greatest financial need. Learn about the PF and the capped amounts at [dnr.wi.gov/aid/documents/eif/guide/pf.html](https://dnr.wi.gov/aid/documents/eif/guide/pf.html).

- The CWFP General PF limit is **\$2,100,000** per municipality for the state fiscal year 2024 projects.
  - Any Priority PF or Emerging Contaminants PF is awarded in addition to General PF but is still subject to the 70% maximum.
- The SDWLP General PF limit is **\$1,600,000** per municipality for the state fiscal year 2024 projects.
  - Any Emerging Contaminants PF is awarded in addition to General PF but is still subject to the 70% maximum.
  - Lead Service Line PF is not included in, or subject to, the General PF cap.

## Interim Debt

The programs can refinance an applicant's interim debt for an eligible project, subject to applicable requirements and limits established in related statutes and codes. Learn about it at [dnr.wi.gov/aid/documents/eif/guide/interim.html](https://dnr.wi.gov/aid/documents/eif/guide/interim.html). The CWFP and the SDWLP can:

- Refinance interim debt (e.g., bank loan) used to design and construct a project.
- Reimburse a municipal account that advanced internal funds to temporarily pay project costs.

## Contact Information

- Clean Water Fund Program questions can be sent to Lisa Bushby, CWFP coordinator, at [Lisa.Bushby@wisconsin.gov](mailto:Lisa.Bushby@wisconsin.gov).
- Safe Drinking Water Loan Program questions can be sent to Noah Balgooyen, SDWLP coordinator, at [Noah.Balgooyen@wisconsin.gov](mailto:Noah.Balgooyen@wisconsin.gov).

