Environmental Loans Overview

Learn about the Environmental Loans programs and find guidance at dnr.wi.gov/aid/eif.html

The Wisconsin Environmental Improvement Fund (EIF) is a state revolving loan fund that combines federal capitalization grants from the U.S. Environmental Protection Agency (EPA) Clean Water and Drinking Water State Revolving Funds (SRFs) with state funding to provide affordable financial assistance to municipalities for publicly-owned drinking water, wastewater, and water-quality-related storm water infrastructure projects that are needed to achieve or maintain compliance with federal and state regulations relating to water supply and wastewater treatment. It includes projects for compliance with a municipality’s Wisconsin Pollutant Discharge Elimination System permit.


Environmental Loans Programs

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

- **Clean Water Fund Program (CWFP)** for wastewater and storm water infrastructure projects, since 1991.
  - Common projects: sewer replacement or rehabilitation, and wastewater treatment facility/plant upgrades.

- **Safe Drinking Water Loan Program (SDWLP)** for drinking water infrastructure projects, since 1998.
  - Common projects: new wells, wellhouse rehabilitation, storage facilities, and watermain replacements.

Benefits & program features

- Fixed interest rates on long-term loans.
- Online system for notice of Intent to Apply (ITA) and Application submittals.
- Dedicated DNR loan project manager and construction management engineer.
- Coordination of funds with other funding sources.
- Program subsidy buys down the market rate on loans (reduced-interest rate loans).
- Some municipalities may be eligible for further subsidy to reduce its loan size (principal forgiveness).

How may the funds be used?

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

Who may apply?

Eligible applicants and funding recipients, also referred to as municipalities or local governments, include, but aren’t limited to: Wisconsin cities, towns, villages, counties, and sanitary districts.

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.

- **October 31st** - CWFP & SDWLP Intent to Apply (ITA) deadline for the following state fiscal year funding cycle.
- **June 30th** - SDWLP Application deadline for the upcoming state fiscal year funding cycle.
- **September 30th** - CWFP Application deadline if requesting principal forgiveness for the current funding cycle.
- Applications accepted year-round for CWFP projects not seeking principal forgiveness (PF).

Submit ITAs by 10/31/2023 deadline if seeking funding in SFY 2024 (07/01/2023 – 06/30/2024).
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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), municipalities may receive financial assistance in the form of subsidized loans; additional subsidy to reduce the size of a loan; or a combination of assistance to keep project costs low. The Environmental Loans programs can finance construction as it takes place; refinance interim debt used to design and construct a project; and reimburse municipal funds used for project costs.

Subsidized loans (loans at or below a competitive market rate)
Most eligible project costs are funded at a percentage of the market rate, in accordance with ss. 281.58(12)(a) and 281.61(11), Wis. Stats. Program subsidy buys down the market rate on loans. On a quarterly basis, the Wisconsin Department of Administration (DOA) assesses the market rate on which the CWFP and SDWLP subsidies are based. The rate applied to the loan is the market rate in effect at the time of the municipal meeting (at which a resolution(s) approving municipal obligations and Financial Assistance Agreements (FAAs) is signed/executed).


Additional subsidy (principal forgiveness)
Some municipalities may also be eligible for additional subsidy in the form of principal forgiveness (PF). PF is comparable to a grant because it reduces the size of the loan, thus reducing annual principal and interest payments. The PF allocation methodology is structured to allocate PF funds to the highest priority projects in municipalities with the greatest financial need.

- The CWFP Regular PF maximum is $750,000 per municipality.
  - Starting in SFY 2019, any CWFP Priority PF is awarded in addition to CWFP General PF with the caveat that no more than 70% of total eligible project costs are awarded as principal forgiveness.

- The SDWLP PF maximum is $500,000 per municipality.
  - No municipality can receive SDWLP PF for more than 70% of total eligible project costs.


Interim financing
The Environmental Loans programs can refinance an interim debt (e.g., bank loan) and reimburse internal funds a municipality temporarily used to pay for project costs before receiving its loan through the CWFP or SDWLP.

- Learn about interim financing at dnr.wi.gov/aid/documents/eif/guide/interim.html.

Multiple funding sources
The Wisconsin DNR Environmental Loans Section often partners with other funding agencies to ensure that municipalities get the best funding package to meet their needs. The DNR and other funding sources can collaborate to clarify the joint funding process and help with common paperwork challenges.

- View water and wastewater funding sources at dnr.wi.gov/aid/sources.html.