

HOUSE BILL REPORT

HB 1419

As Passed House
March 13, 1993

Title: An act relating to investment earnings of the water pollution control revolving fund.

Brief Description: Including the water pollution control revolving fund in the funds that will be credited with earnings of investments of surplus funds.

Sponsors: Representatives G. Fisher, Horn and Rust; by request of Department of Ecology.

Brief History:

Reported by House Committee on:

Environmental Affairs, February 11, 1993, DP;

Revenue, March 8, 1993, DP;

Passed House, March 13, 1993, 97-0.

HOUSE COMMITTEE ON ENVIRONMENTAL AFFAIRS

Majority Report: Do pass. Signed by 14 members: Representatives Rust, Chair; Flemming, Vice Chair; Horn, Ranking Minority Member; Van Luven, Assistant Ranking Minority Member; Bray; Edmondson; Foreman; Hansen; Holm; L. Johnson; J. Kohl; Linville; Roland; and Sheahan.

Staff: Rick Anderson (786-7114).

HOUSE COMMITTEE ON REVENUE

Majority Report: Do pass. Signed by 16 members: Representatives G. Fisher, Chair; Holm, Vice Chair; Foreman, Ranking Minority Member; Fuhrman, Assistant Ranking Minority Member; Anderson; Brown; Cothorn; Leonard; Morris; Romero; Rust; Silver; Talcott; Thibaudeau; Van Luven; and Wang.

Staff: Nancy Stevenson (786-7137).

Background: In 1987, Congress enacted amendments to the federal Clean Water Act. The amendments, in part, created a program to establish state permanent revolving funds to finance water quality projects. The revolving fund program was intended to phase out federal appropriations to state water quality projects over an eight year period.

In 1988, the Washington State Legislature created the Water Pollution Control Revolving Fund, also known as the State Revolving Fund. The fund consists of federal grants and state funds (cigarette tax funds, loan repayments, and interest from the loans and the revolving fund) that are used to make low interest loans to public entities for high priority water quality needs. Ecology regulations establish three categories of projects that are eligible for funding: sewage treatment plants, which are eligible for up to 80 percent of funds; non-point and estuary projects, which are each eligible for up to 10 percent of funds. A project can receive up to 50 percent of funds from any category.

The federal contribution to the fund is \$33.8 million in 1993, and is projected to be \$35.4 million in 1994, and \$35.4 million in 1995. The state contribution is \$6.8 million in 1993 and is projected to be \$7.0 million in 1994 and 1995.

In 1991, the Legislature passed a law requiring interest earnings from many accounts, including the Water Pollution Control Revolving Fund, to be deposited into the state general fund.

A 1992 attorney general memorandum reported that the federal Clean Water Act, Environmental Protection Agency (EPA) regulations, and annual contracts between EPA and the Department of Ecology require interest earnings to be deposited into the revolving fund. As a result of the memorandum, the State Treasurer has credited the revolving fund with interest earnings since enactment of the 1991 law.

Summary of Bill: Interest earnings from the Water Pollution Control Revolving Fund are to be credited to the revolving fund and not to the general fund.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: (Environmental Affairs): The bill is necessary to continue receiving federal grants for water pollution control projects.

(Revenue): In order to meet the intent of the federal program in providing an ongoing source of funds for water pollution control projects, interest earnings need to be credited to the loan fund. The fund provides financial assistance to communities for sewage treatment plants, non-point pollution projects and estuary management.

Testimony Against: (Environmental Affairs): None.

(Revenue): None.

Witnesses: (Environmental Affairs): Bruce Wishart, Sierra Club (pro); and Cheryl Strange, Department of Ecology (pro).

(Revenue): Cheryl Strange, Department of Ecology (pro).