

SENATE BILL REPORT

HB 1198

As Reported By Senate Committee On:
Environment, Energy & Water, March 29, 2001

Title: An act relating to naming drinking water assistance subaccounts to place them in interest-bearing accounts.

Brief Description: Including drinking water accounts in interest-bearing accounts.

Sponsors: By Representatives G. Chandler and Cooper; by request of Department of Health.

Brief History:

Committee Activity: Environment, Energy & Water: 3/23/01, 3/29/01 [DP].

SENATE COMMITTEE ON ENVIRONMENT, ENERGY & WATER

Majority Report: Do pass.

Signed by Senators Fraser, Chair; Regala, Vice Chair; Eide, Hale, Honeyford, Jacobsen, McDonald, Morton and Patterson.

Staff: Jim Metropulos (786-7784)

Background: In 1995, the Legislature established an account in the state treasury to take advantage of federal funding to finance improvements to local drinking water systems. Because federal law requires that the funds reside in interest bearing accounts, the enabling legislation for that drinking water state revolving fund provided that the account earn interest. The legislation also provided the authority to establish sub-accounts with the same rights as the main account.

In 1999, the Department of Health established a sub-account for fees charged for processing loans from the revolving fund. Since the state accounting system does not recognize sub-accounts, the fee account was established as a separate account. In order for the fee account to earn and accrue interest, as required by federal law, the State Treasurer requires that it be specifically listed in the statute.

Failure to pass this bill and allow the posting of accrued interest to these sub-accounts places the Department of Health in noncompliance with federal law and may pose a risk to continued federal funding. The Department of Health projects the interest for the 2003-'05 biennium to be \$54,000.

Summary of Bill: Titles are added for the fee account and the additional account is added to the State Treasurer's list. The State Treasurer can automatically post interest to the sub-accounts as required by federal law.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: The bill will ensure that the Department of Health will be in compliance with federal laws and regulations under the Safe Drinking Water Act.

Testimony Against: None.

Testified: Brian Peyton, Department of Health (pro).