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**Capital Budget Committee**

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**HB 3185**

**Brief Description:** Providing for a water system acquisition and rehabilitation program.

**Sponsors:** Representatives Appleton, Dunshee and Crouse.

**Brief Summary of Bill**

- Establishes the Water System Acquisition and Rehabilitation Program (WSARP) in statute.
- Requires the Joint Legislative Audit and Review Committee (JLARC) to report on the WSARP and make recommendations regarding strengthening the program and increasing financial assistance provided through the program.

**Hearing Date:** 2/1/08

**Staff:** Nona Snell (786-7153).

**Background:**

The WSARP provides grants to municipal water systems to acquire and rehabilitate water systems that have water quality problems or deteriorated infrastructure.

Grants may be used to pay for a portion of planning, design, and other pre-construction activities, system acquisition, and capital construction costs. Applicants with sound drinking water utility management that own at least one municipal Group A public water system are eligible for funding, including counties, cities, and special purpose districts.

The WSARP is jointly administered by the state Department of Health (DOH), the Public Works Board (PWB), and the Department of Community, Trade and Economic Development (CTED).

The program is not established in statute, but funding for the program has been provided through the following Capital Budget appropriations:

- 2003: \$4 million was appropriated. Twenty-eight water systems were acquired and rehabilitated with the funds.

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- 2005: \$2 million was appropriated. Twelve water systems are in the process of being acquired and rehabilitated.
- 2007: \$3.75 million was appropriated, including \$1 million for the City of Republic to acquire and rehabilitate a water system. Additionally, fourteen water systems will be acquired and rehabilitated.

The Drinking Water Revolving Loan Fund Program (DWRLF) provides loans to community and nonprofit non-community water systems for capital improvements that increase public health protection and compliance with drinking water regulations. The basic interest rate is 1.5%. The DWRLF program is jointly managed by the DOH and the PWB, in partnership with the CTED.

**Summary of Bill:**

The bill establishes the WSARP grant program in statute. The program is jointly administered by the DOH, the PWB, and the CTED. The agencies are directed to adopt guidelines based on the Drinking Water Revolving Loan Program, also jointly administered by those same agencies. The WSARP grants may not exceed 25 percent of the funds allocated to the appropriation in a fiscal year.

The JLARC is required to report on the program by January 1, 2009, and to make recommendations regarding strengthening the program and increasing financial assistance.

**Appropriation:** None.

**Fiscal Note:** Requested on 1/29/08.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.