Capital Budget Committee

HB 2116

Brief Description: Concerning water pollution control.

Sponsors: Representatives Maxwell, Dunshee, Upthegrove, Jacks, Liias and Simpson.

Brief Summary of Bill

- Allows the Department of Ecology to award federal funds as grants, forgiveness of principal, and negative interest for Water Pollution Control Revolving Fund projects.

Hearing Date: 2/19/09

Staff: Nona Snell (786-7153)

Background:

The Water Pollution Control Revolving Account, also known as State Revolving Fund (SRF), was established by Congress in 1987 under the Federal Clean Water Act to provide low interest loans to local governments for high priority water quality projects. The United States Environmental Protection Agency (EPA) provides money for the state loan funds.

The Department of Ecology (Department) administers the program. Loans are awarded through a statewide, competitive rating and ranking process. The funds are used by cities, counties, tribes, conservation districts, and some qualified non-profit organizations for planning, designing, acquiring, constructing, and improving water pollution control facilities and related activities that help meet state and federal water pollution control requirements.

Eighty percent of the loans are specifically for planning, design, or construction of water pollution control facilities. These facilities can include wastewater treatment plants, combined sewer overflow reduction facilities, main sewers, stormwater control projects, and other water pollution control facilities.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Twenty percent of the annual funding is for nonpoint source pollution projects and conservation and management projects for federally designated estuaries, Puget Sound, and the lower Columbia River. Nonpoint sources of pollution enter water from dispersed rather than point sources, for example, surface water run-off from agricultural lands, urban areas, or forest lands.

Sections 212, 319, and 320 of the Federal Clean Water Act define the statutory authority of the SRF. Section 212 is for the construction or replacement of publicly-owned water pollution control facilities. Section 319 is for the management of nonpoint sources of pollution, and section 320 is for the development and implementation of an estuary conservation and management plan.

On February 17, 2009, H.R. 1, the American Recovery and Reinvestment Act, was signed into law. Through the bill, Congress has provided funding to several types of programs, including $4 billion nationwide for the Clean Water Act. Washington state will receive approximately $69 million for the SRF program. The bill, H.R. 1, allows for the following uses of the funds:

1. funds are not subject to matching funds;
2. projects must be under contract within 12 months;
3. priority must be given to projects on the state priority list;
4. at least 50 percent of the grants may be used for additional subsidies in the form of forgiveness of principal, negative interest loans, or grants or a combination of assistance;
5. to the extent there are sufficient eligible project applications, at least 20 percent of the funds are for projects that address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities; and
6. up to 1.5 percent of the funds may be reserved for tribal grants.

Summary of Bill:

Grants, forgiveness of principal, and negative interest are added to the allowable uses of the Water Pollution Control Revolving Fund. The Department is required to accept applications through the end of December 2009 for the moneys provided from H.R. 1, the American Recovery and Reinvestment Act, and the bill lists the criteria for which the applicants must be prioritized.

Appropriation: None.

Fiscal Note: Requested on February 12, 2009

Effective Date: The bill contains an emergency clause and takes effect immediately.