

SENATE BILL REPORT

ESHB 2116

As Reported by Senate Committee On:
Environment, Water & Energy, March 20, 2009

Title: An act relating to funding for water pollution control.

Brief Description: Concerning water pollution control.

Sponsors: House Committee on Capital Budget (originally sponsored by Representatives Maxwell, Dunshee, Upthegrove, Jacks, Liias and Simpson).

Brief History: Passed House: 3/05/09, 89-8.

Committee Activity: Environment, Water & Energy: 3/18/09, 3/20/09 [DPA, DNP, w/oRec].

SENATE COMMITTEE ON ENVIRONMENT, WATER & ENERGY

Majority Report: Do pass as amended.

Signed by Senators Rockefeller, Chair; Pridemore, Vice Chair; Delvin, Fraser, Hatfield, Marr and Ranker.

Minority Report: Do not pass.

Signed by Senators Holmquist and Morton.

Minority Report: That it be referred without recommendation.

Signed by Senator Honeyford, Ranking Minority Member.

Staff: Karen Epps (786-7424)

Background: The Water Pollution Control Revolving Account, also known as the 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 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 nonprofit 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.

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.

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, storm water control projects, and other water pollution control facilities.

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, House Resolution 1 (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 will receive approximately \$65 million for the SRF program. The bill, H.R. 1, allows for the following uses of the funds:

- funds are not subject to matching funds;
- projects must be under contract within 12 months;
- priority must be given to projects on the state priority list;
- at least 50 percent of the grants may be used for additional subsidies in the form of forgiveness of principal, negative interest loans, grants, or a combination of assistance;
- 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
- up to 1.5 percent of the funds may be reserved for tribal grants.

Summary of Bill (Recommended Amendments): Grants, forgiveness of principal, and negative interest are added to the allowable uses of the Water Pollution Control Revolving Fund. The Department is directed to develop rules and regulations regarding sewer plans, facilities, and operations, and the bill lists the criteria for which the applicants must be prioritized.

The Department is required to allocate funds for competitive storm water, sewer, and septic systems prioritized on a worst case first basis.

EFFECT OF CHANGES MADE BY ENVIRONMENT, WATER & ENERGY COMMITTEE (Recommended Amendments): Makes changes to conform the bill to the American Recovery and Reinvestment Act of 2009.

Appropriation: None.

Fiscal Note: Requested on March 12, 2009.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony on Engrossed Substitute House Bill: PRO: The American Recovery and Reinvestment Act of 2009 will bring an estimated \$65 million from the federal government to the state's Clean Water Fund to address the backlog of clean water needs in Washington State. The Department estimates that there is a \$4.7 billion backlog of projects. This bill will help put the funds to work by mirroring the language in the federal recovery bill. This will provide greater flexibility when spending this money. Currently, the Department has received 120 applications, have inputted about 60 percent of them and are up to \$290 million in requests. Many local communities and their ratepayers who may not be able to afford to do these projects right now will be able to move them forward with the help of these funds. The implementation of this will put people to work. This bill aligns the allocation of funding with the Puget Sound Partnership's Action Agenda. This is an integral part of restoring the Sound by 2020.

Persons Testifying: PRO: Representative Maxwell, prime sponsor; Larry Bauman, city of Snohomish; Melodie Selby, Department of Ecology; Michael Grayum, Puget Sound Partnership.