

HOUSE BILL REPORT

2ESB 5251

As Passed House:
March 3, 2016

Title: An act relating to transferring public water system financial assistance activities from the public works board and the department of commerce to the department of health.

Brief Description: Transferring public water system financial assistance activities from the public works board and the department of commerce to the department of health.

Sponsors: Senators Honeyford and Keiser; by request of Department of Health.

Brief History:

Committee Activity:

General Government & Information Technology: 3/24/15, 3/31/15 [DP]; 2/24/16, 2/29/16 [DP];

Capital Budget: 4/6/15 [DP].

Floor Activity:

Passed House: 3/3/16, 92-4.

Brief Summary of Second Engrossed Bill

- Transfers the financial administration of the Safe Water Assistance Account from the Public Works Board and the Department of Commerce to the Department of Health.

HOUSE COMMITTEE ON GENERAL GOVERNMENT & INFORMATION TECHNOLOGY

Majority Report: Do pass. Signed by 7 members: Representatives Hudgins, Chair; Kuderer, Vice Chair; MacEwen, Ranking Minority Member; Caldier, Assistant Ranking Minority Member; Johnson, Morris and Senn.

Staff: Dawn Eychaner (786-7135).

Background:

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.

Established in 1974, the Safe Drinking Water Act (SDWA) is the federal law that ensures the quality of drinking water. Under the SDWA, the United States Environmental Protection Agency sets standards for drinking water quality and oversees the states, localities, and water suppliers who implement those standards. The law requires actions to protect drinking water and its sources: rivers, lakes, reservoirs, springs, and ground water wells. Federal funds are provided to states for water system infrastructure assistance through a multi-billion-dollar state revolving loan fund.

The Drinking Water Assistance Account (DWAA) was created in the State Treasury in 1995 to allow the state to use federal funding made available through the SDWA to fund a state revolving loan fund program. The loan fund program is administered through the Department of Health (DOH), the Public Works Board (PWB), and the Department of Commerce (COM). The DWAA is specifically authorized to receive interest, and the interest transferred to the DWAA may be used for eligible account purposes. The statute specifies any necessary subaccounts may be created within the DWAA, and in 2001 two subaccounts were created in the State Treasury: the Drinking Water Assistance Administrative Account and the Drinking Water Assistance Repayment Account, to receive proportionate shares of interest based on their average daily balance.

Expenditures from the DWAA may be made by the Secretary of Health (Secretary), the PWB, or the COM. The account funds are to be used to assist local governments and water systems to provide safe and reliable drinking water, to provide services and assistance authorized by federal law, and to administer the revolving loan program.

Money may be placed in the DWAA from the proceeds of bonds, transfers from other state funds or accounts, federal capitalization grants or assistance, repayments of moneys borrowed from the DWAA, and interest payments made by borrowers from the DWAA. All interest earned on moneys deposited in the account, including repayments, remain in the DWAA and may be used for any eligible purpose.

To administer the program, the DOH, the PWB, and the COM are tasked with the following duties:

- timely disbursement of federal funds to eligible water systems;
- establish a prioritized list of projects;
- provide assistance for planning and engineering to ensure consistence, coordination, and proper professional review are incorporated into projects or activities proposed for funding;
- establish minimum standards for water system capacity;
- oversee testing and evaluation of the water quality of public water systems; and
- coordinate with other state programs that provide financial assistance to public water systems and state programs that address existing or potential water quality or drinking water contamination problems.

Summary of Bill:

All duties for administering the DWAA are transferred from the PWB and the COM to the DOH. By December 31, 2016, the DOH, the PWB, and the COM must develop a memorandum of understanding for the transfer. Beginning July 1, 2018, expenditures from

the DWAA may only be made by the Secretary. The Drinking Water Assistance Administrative Account and the Drinking Water Assistance Repayment Account are eliminated and an administrative subaccount is created in the State Treasury.

A prioritized list of projects must be submitted by the DOH to the PWB for coordination with other infrastructure assistance programs and to the appropriate committees of the Legislature by February 1 of each year.

Technical changes are made to update and clarify the statute and to reflect the transfer of the program.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) Public Utility Districts have been working closely with the DOH for many years to acquire and rehabilitate substandard water systems and fully support the DOH Drinking Water Program. The DOH has had a good partnership with the COM and the PWB. A lean process pointed toward cost savings that could be achieved through a single agency model, as provided in this bill. With these cost savings, the DOH can pay for additional drinking water projects. These funds replace failing infrastructure and help systems keep up with changing federal standards. The Pollution Liability Insurance Agency (PLIA) remediates underground storage tanks. This provides the PLIA with a vehicle to distribute loan funds to operators of underground tanks to protect drinking water.

(Opposed) None.

Persons Testifying: Bill Clark, Washington Public Utilities District Association; Clark Halvorson, Department of Health; and Russ Olsen, Pollution Liability Insurance Agency.

Persons Signed In To Testify But Not Testifying: None.