

SENATE BILL REPORT

2ESB 5251

As Passed Senate, February 11, 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: Agriculture, Water & Rural Economic Development: 2/03/15, 2/03/15 [DP-WM].

Ways & Means: 2/17/15, 2/23/15 [DP, w/oRec].

Passed Senate: 3/05/15, 48-1; 6/30/15, 43-2; 2/11/16, 48-1.

SENATE COMMITTEE ON AGRICULTURE, WATER & RURAL ECONOMIC DEVELOPMENT

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Warnick, Chair; Danel, Vice Chair; Hobbs, Honeyford and Hatfield.

Staff: Bonnie Kim (786-7316)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Hill, Chair; Braun, Vice Chair; Dammeier, Vice Chair; Honeyford, Vice Chair, Capital Budget Chair; Hargrove, Ranking Member; Keiser, Assistant Ranking Member on the Capital Budget; Ranker, Ranking Minority Member, Operating; Bailey, Becker, Billig, Brown, Conway, Fraser, Hasegawa, Hewitt, O'Ban, Parlette, Rolfes, Schoesler, Warnick, Hatfield and Kohl-Welles.

Minority Report: That it be referred without recommendation.

Signed by Senator Padden.

Staff: Mark Eliason (786-7454)

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.

Background: In 1995 the Legislature created a drinking water assistance account to allow the state to assist water systems in providing safe drinking water using funds available under federal Safe Drinking Water Act (SDWA). The water system acquisition and rehabilitation program is administered by the Department of Commerce (Commerce) and the Public Works Board (PWB). Expenditures from the account may only be made after appropriation by the Department of Health (DOH), Commerce, or PWB.

As part of the program, DOH must:

- develop guidelines for providing public water assistance and related prioritization and oversight responsibilities;
- submit pre-application information to PWB for review and comment;
- submit a prioritized list of projects to PWB for determination of the applicant's ability to repay the loan and project readiness;
- determine consistency with existing water resource planning and management;
- determine least-cost solutions where consolidation and restructuring of systems is appropriate, regional benefits, and compliance with SDWA;
- implement water use efficiency and other demand management measures;
- assist planning and engineering to ensure professional review of projects;
- establish minimum standards for water system capacity; and
- coordinate with other state programs addressing water quality or drinking water contamination.

Summary of Second Engrossed Bill: By December 31, 2016, DOH, Commerce, and PWB must develop memorandums of understanding transferring financial administration of the program to DOH. Until June 30, 2018, expenditures may be made by DOH, PWB, and Commerce. Beginning July 1, 2018, only DOH may expend money from the account.

Technical changes are made:

- clarifies that the account assists local governments and public water systems;
- removes expired rulemaking and reporting provisions;
- removes examples of cost-effective and timely services;
- removes a provision requiring DOH to submit pre-application information to PWB;
- removes examples of criteria for financial assistance for public water systems.
- removes the requirement for approval by PWB; and
- adds a requirement for submitting a prioritized list to the Legislature each year.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony (Agriculture, Water & Rural Economic Development): PRO: This bill makes sense because DOH should be able to manage contracts and release loans in a program it administers. DOH requested this bill to improve the way we provide low-interest loans to water systems. This bill creates administrative

efficiency. Commerce supports this bill; this bill will not disturb the relationship between Commerce and DOH. This bill will make more funds available for water system consolidation projects.

Persons Testifying (Agriculture, Water & Rural Economic Development): PRO: Senator Honeyford, prime sponsor; Mark Barkley, Commerce; Bill Clarke, WA PUD Assn.; Clark Halvorson, Office of Drinking Water, Director.

Persons Signed In To Testify But Not Testifying (Agriculture, Water & Rural Economic Development): No one.

Staff Summary of Public Testimony (Ways & Means): PRO: This program has provided \$1 billion in funding to communities across the state over the last 18 years. This program has never defaulted on a loan and has the highest fund utilization rate of any program in the United States. This bill would move the program from a three-agency model to a single-agency model and will create administrative savings of over \$800,000 per biennium. This will provide more money for additional construction, loans, and grants.

Persons Testifying (Ways & Means): PRO: Clark Halvorson, Office of Drinking Water, Director.

Persons Signed In To Testify But Not Testifying (Ways & Means): No one.