

SENATE BILL REPORT

SB 6150

As Passed Senate, February 10, 2016

Title: An act relating to increasing the available term of water pollution control revolving fund program loans to reflect the 2014 amendments to the federal clean water act allowing such an increase.

Brief Description: Increasing the available term of water pollution control revolving fund program loans to reflect the 2014 amendments to the federal clean water act allowing such an increase.

Sponsors: Senators Honeyford, McCoy, Sheldon, Parlette and Chase; by request of Department of Ecology.

Brief History:

Committee Activity: Energy, Environment & Telecommunications: 1/14/16 [DP].
Passed Senate: 2/10/16, 49-0.

SENATE COMMITTEE ON ENERGY, ENVIRONMENT & TELECOMMUNICATIONS

Majority Report: Do pass.

Signed by Senators Ericksen, Chair; Sheldon, Vice Chair; McCoy, Ranking Minority Member; Brown, Cleveland, Habib, Honeyford and Ranker.

Staff: Jan Odano (786-7486)

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 (CWA) to provide low-interest loans to local governments for high priority water quality projects.

The Department of Ecology (Ecology) administers the program. The loans are used by cities, counties, federally recognized tribes, special purpose districts, and other public bodies to plan, design, construct, and improve water pollution control facilities such as wastewater treatment plants, main sewers, and stormwater control projects. Borrowers must repay the loans, and the repayments are deposited into the SRF to be made available for future loans.

The SRF program receives funding from four sources: (1) loan repayments; (2) an annual capitalization grant from the Environmental Protection Agency (EPA); (3) a required 20

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percent state match appropriated by the Legislature; and (4) interest earnings on State Treasury investments.

Federal law prohibits the use of loan repayments for administration; however, Ecology may use up to 4 percent of the EPA capitalization grant to cover its SRF program administration costs.

The current SRF program portfolio is \$1.5 billion, with 106 loans in the disbursement and negotiation phase, and 333 loans in repayment status.

Amendments to the CWA program allows SRF loan terms for up to 30 years or the useful life of the project. Currently, the state SRF loan terms are limited to a maximum of 20 years.

Summary of Bill: Ecology may make loans from the SRF at terms that do not exceed 30 years, or the projected life of the project. References to the federal water quality act of 1987 are updated to reflect 2014 amendment revisions to the CWA.

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: PRO: This is a good bill, it extends loan terms to comply with federal law. In 2014, Congress amended the CWA with good new tools by extending the loan terms. This makes sense to match loan terms with the life of assets. The longer loan term makes a difference to the rate payers and gives them monthly savings. Lower rates are especially significant for small communities. This change allows Ecology to have flexibility for more tools for municipalities. The Advisory Committee for the SRF program has looked at this proposal and heartily recommends and supports this additional tool.

Persons Testifying: PRO: Sen. Honeyford, Prime Sponsor, Donald Seeberger, Dept. Of Ecology; Ed Thorpe, Sewer & Stormwater utilities.

Persons Signed In To Testify But Not Testifying: No one.