

**ASSEMBLY BILL**

**No. 1349**

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**Introduced by Assembly Member Gatto**

February 22, 2013

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An act to add Division 30 (commencing with Section 81000) to the Water Code, relating to water, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 1349, as introduced, Gatto. CalConserve Water Use Efficiency Revolving Fund.

The California Constitution requires the reasonable and beneficial use of water.

This bill would establish the CalConserve Water Use Efficiency Revolving Fund administered by the Department of Water Resources and would continuously appropriate moneys in the fund, without regard to fiscal year, to the department, for the purpose of water use efficiency projects. This bill would require moneys in the fund to be used for purposes that include, but are not limited to, at-or-below market interest rate loans and would permit the department to enter into agreements with local governments or investor-owned utilities that provide water or recycled water service to provide loans.

Vote:  $\frac{2}{3}$ . Appropriation: yes. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Division 30 (commencing with Section 81000)
- 2 is added to the Water Code, to read:

1 DIVISION 30. CALCONSERVE WATER USE EFFICIENCY  
2 REVOLVING LOAN PROGRAM

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4 PART 1. GENERAL PROVISIONS  
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6 81000. (a) It is the intent of the Legislature in establishing the  
7 CalConserve Water Use Efficiency Revolving Fund to create a  
8 sustainable funding source for water use efficiency projects.

9 (b) It is further the intent of the Legislature that the funds from  
10 the CalConserve Water Use Efficiency Revolving Fund be used  
11 for the following purposes:

- 12 (1) Reduce urban per capita water use.
- 13 (2) Improve agricultural water use efficiency.
- 14 (3) Increase use of recycled water.
- 15 (4) Reduce greenhouse gas emissions through water efficiency  
16 improvements.

17 (c) It is the intent of the Legislature that any public funds made  
18 available by this division to investor-owned utilities regulated by  
19 the Public Utilities Commission should be for the benefit of the  
20 ratepayers or the public and not the investors pursuant to oversight  
21 by the Public Utilities Commission.

22 81005. For purposes of this division, “fund” means the  
23 CalConserve Water Use Efficiency Revolving Fund established  
24 pursuant to Section 81020.  
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26 PART 2. CALCONSERVE WATER USE EFFICIENCY  
27 REVOLVING FUND  
28

29 81020. The CalConserve Water Use Efficiency Revolving  
30 Fund is hereby created in the State Treasury. Notwithstanding  
31 Section 13340 of the Government Code, all moneys in the fund  
32 are continuously appropriated, without regard to fiscal year, to the  
33 department for expenditure in accordance with this division. The  
34 department is the state agency responsible for administering the  
35 fund.

36 81025. The department may undertake any of the following:

- 37 (a) Provide for the deposit of any available and necessary  
38 moneys into the fund.
- 39 (b) Enter into agreements with local governments or  
40 investor-owned utilities that provide water or recycled water service

1 to provide loans for the purposes described in subdivision (b) of  
2 Section 81000.

3 (c) Provide for appropriate audit, accounting, and fiscal  
4 management services, plans, and reports relative to the fund.

5 (d) Take additional incidental action as appropriate for the  
6 adequate administration and operation of the fund.

7 81030. Moneys in the fund shall be used for the following  
8 purposes:

9 (a) Loans that meet all of the following requirements:

10 (1) Are made at-or-below market interest rates.

11 (2) Require annual payments of principal and any interest, with  
12 repayment commencing not later than one year after loan funding  
13 and full amortization not later than 15 years after loan funding.  
14 Full amortization for loans to disadvantaged communities shall be  
15 not later than 20 years after loan funding.

16 (3) Require the loan recipient to establish an acceptable  
17 dedicated source of revenue for repayment of a loan.

18 (4) Contain other terms and conditions required by the  
19 department.

20 (b) As a source of revenue or security for the payment of  
21 principal and interest on revenue or general obligation bonds issued  
22 by the state, if the proceeds of the sale of those bonds will be  
23 deposited in the fund.

24 (c) To earn interest.

25 (d) For payment of the reasonable costs of administering the  
26 fund.

27 81035. Any repayment of fund moneys, including interest  
28 payments, and all interest earned on, or accruing to, any moneys  
29 in the fund, shall be deposited in the fund and shall be available  
30 for expenditure for the purposes and uses authorized by this  
31 division.

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### 33 PART 3. IMPLEMENTATION

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35 81040. Subject to all applicable constitutional restrictions, a  
36 local government may borrow money and incur indebtedness  
37 pursuant to this division.

1 81045. The department may adopt rules and regulations  
2 necessary or convenient to implement this division.

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