

AMENDED IN ASSEMBLY MARCH 26, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 954

Introduced by Assembly Member Mathis

February 26, 2015

An act to add Chapter 6.6 (commencing with Section 13486) to Division 7 of the Water Code, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

AB 954, as amended, Mathis. ~~Water Quality, Supply, and Infrastructure Improvement Act of 2014. Water and Wastewater Loan and Grant Pilot Program.~~

Existing law, the Safe Drinking Water State Revolving Fund Law of 1997, establishes the Safe Drinking Water State Revolving Fund to provide grants or revolving fund loans for the design and construction of projects for public water systems that will enable those systems to meet safe drinking water standards.

This bill would require the State Water Resources Control Board to establish a pilot program to provide low-interest loans and grants to eligible applicants for specified purposes relating to drinking water and wastewater treatment. This bill would prohibit the board from issuing these loans or grants on or after January 1, 2026. This bill would create the Water and Wastewater Loan and Grant Fund and provide that the moneys in this fund are available, upon appropriation by the Legislature, to the board for expenditure for the pilot program. This bill would transfer to the Water and Wastewater Loan and Grant Fund \$20,000,000 from the General Fund.

~~Existing law, the Water Quality, Supply, and Infrastructure Improvement Act of 2014, approved by the voters as Proposition 1 at~~

~~the November 4, 2014, statewide general election, authorizes the issuance of general obligation bonds in the amount of \$7,545,000,000 to finance a water quality, supply, and infrastructure improvement program.~~

~~This bill would state the intent of the Legislature to enact legislation to implement this bond act.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes.
State-mandated local program: no.

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

1 SECTION 1. *The Legislature hereby finds and declares the*
2 *following:*

3 (a) *Many areas of the state are disproportionately impacted by*
4 *drought because they are heavily dependent or completely reliant*
5 *on groundwater from basins that are in overdraft and in which*
6 *the water table declines year after year or from basins that are*
7 *contaminated.*

8 (b) *There are a number of state grant and loan programs that*
9 *provide financial assistance to communities to address drinking*
10 *water and wastewater needs. Unfortunately, there is no program*
11 *in place to provide similar assistance to individual homeowners*
12 *who are reliant on their own groundwater wells and who may not*
13 *be able to afford conventional private loans to undertake vital*
14 *water supply, water quality, and wastewater improvements.*

15 (c) *The program created by this act is intended to bridge that*
16 *gap by providing low-interest loans, grants, or both, to individual*
17 *homeowners to undertake actions necessary to provide safer,*
18 *cleaner, and more reliable drinking water and wastewater*
19 *treatment. These actions may include, but are not limited to,*
20 *digging deeper wells, improving existing wells and related*
21 *equipment, addressing drinking water contaminants in the*
22 *homeowner's water, or connecting to a local water or wastewater*
23 *system.*

24 SEC. 2. *Chapter 6.6 (commencing with Section 13486) is added*
25 *to Division 7 of the Water Code, to read:*

1 *CHAPTER 6.6. WATER AND WASTEWATER LOAN AND GRANT*
2 *PILOT PROGRAM*

3
4 13486. (a) *The board shall establish a pilot program in*
5 *accordance with this chapter to provide low-interest loans and*
6 *grants to eligible applicants for any of the following purposes:*

7 (1) *Extending or connecting service lines from a water or*
8 *wastewater system to the applicant's residence or plumbing.*

9 (2) *Paying reasonable charges or fees for connecting to a water*
10 *or wastewater system.*

11 (3) *Paying costs to close abandoned septic tanks and water*
12 *wells, as necessary, to protect health and safety as required by*
13 *local or state law.*

14 (4) *Deepening an existing groundwater well.*

15 (5) *Improving an existing groundwater well, including*
16 *associated equipment.*

17 (6) *Installing a water treatment system if the groundwater*
18 *exceeds a primary or secondary drinking standard, as defined in*
19 *Section 116275 of the Health and Safety Code.*

20 (b) *The board may adopt any regulation it determines is*
21 *necessary to carry out the purposes of the chapter as an emergency*
22 *regulation in accordance with Chapter 3.5 (commencing with*
23 *Section 11340) of Part 1 of Division 3 of Title 2 of the Government*
24 *Code.*

25 (c) *The board shall not issue loans or grants pursuant to this*
26 *chapter on or after January 1, 2026. This subdivision shall not*
27 *terminate either of the following rights, obligations, or authorities,*
28 *or any provision necessary to carry out these rights, obligations,*
29 *or authorities:*

30 (1) *The repayment of a loan due and payable to the board.*

31 (2) *The resolution of a cost recovery action or the initiation of*
32 *an action or other collection process to recover defaulted loan*
33 *moneys due to the board or to recover grant moneys paid.*

34 13487. (a) *The Water and Wastewater Loan and Grant Fund*
35 *is hereby created in the State Treasury. The moneys in the Water*
36 *and Wastewater Loan and Grant Fund are available, upon*
37 *appropriation by the Legislature, to the board for expenditure in*
38 *accordance with this chapter.*

39 (b) *The following moneys shall be deposited in the Water and*
40 *Wastewater Loan and Grant Fund:*

1 (1) Moneys repaid to the board pursuant to any grant or loan
2 made in accordance with this chapter, including interest payments.

3 (2) Notwithstanding Section 16475 of the Government Code,
4 any interest earned upon the moneys in the Water and Wastewater
5 Loan and Grant Fund.

6 13488. (a) An eligible applicant for a loan shall meet all of
7 the following criteria:

8 (1) Have a household income below the statewide median
9 household income.

10 (2) Have an ownership interest in the residence.

11 (3) Be unable to obtain financial assistance at reasonable terms
12 and conditions from private lenders and lack the personal
13 resources to undertake these improvements.

14 (4) Demonstrate an ability to repay the loan. This requirement
15 may be satisfied by having another party join the application as
16 a cosigner.

17 (b) Any loan granted shall be secured by a mortgage on the
18 residence and repaid within 20 years in accordance with terms
19 established by the board. The interest rate on the loan shall not
20 exceed 1 percent. While any balance on the loan is outstanding,
21 a loan recipient shall furnish evidence of and continually maintain
22 homeowner's insurance on the security residence to protect the
23 state's interest in the residence.

24 (c) The board may enter into a contract with a private financial
25 institution to provide loans consistent with the purposes of this
26 chapter. If the board exercises this authority, the board may utilize
27 a portion of the moneys in the Water and Wastewater Loan and
28 Grant Fund to provide a loan guarantee or similar loss mitigation
29 mechanism.

30 13489. (a) An eligible applicant for a grant shall meet all of
31 the following criteria:

32 (1) Have a household income that is 60 percent or less of the
33 statewide median household income.

34 (2) Have an ownership interest in the residence.

35 (3) Be unable to obtain financial assistance at reasonable terms
36 and conditions from private lenders and lack the personal
37 resources to undertake these improvements.

38 (b) A grant recipient shall repay to the board the grant amount
39 in full if that recipient sells the residence less than five years from
40 the date that the grant agreement was signed.

1 (c) A grant recipient shall repay to the board any unused grant
2 funds.

3 SEC. 3. Twenty million dollars (\$20,000,000) is hereby
4 transferred from the General Fund to the Water and Wastewater
5 Loan and Grant Fund.

6 ~~SECTION 1. It is the intent of the Legislature to enact~~
7 ~~legislation to implement the Water Quality, Supply, and~~
8 ~~Infrastructure Improvement Act of 2014, approved by the voters~~
9 ~~as Proposition 1 at the November 4, 2014, statewide general~~
10 ~~election.~~