

AMENDED IN ASSEMBLY MAY 5, 2015

AMENDED IN ASSEMBLY MAY 4, 2015

AMENDED IN ASSEMBLY MARCH 26, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

## **ASSEMBLY BILL**

**No. 954**

---

**Introduced by Assembly Member Mathis**  
*(Principal coauthor: Assembly Member Alejo)*

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 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 local agencies for 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. This bill would require moneys in the Water and Wastewater Loan and Grant Fund after January 1, 2026, to revert to the General Fund.

Vote: majority. Appropriation: no. Fiscal committee: 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 the  
6 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 water  
14 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 treatment.  
19 These actions may include, but are not limited to, digging deeper  
20 wells, improving existing wells and related equipment, addressing  
21 drinking water contaminants in the homeowner's water, or  
22 connecting to a local water or wastewater system.

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

25  
26 CHAPTER 6.6. WATER AND WASTEWATER LOAN AND GRANT  
27 PILOT PROGRAM  
28

29 13486. (a) The board shall establish a pilot program in  
30 accordance with this chapter to provide low-interest loans and

1 grants to local agencies for low-interest loans and grants to eligible  
2 applicants for any of the following purposes:

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

5 (2) Paying reasonable charges or fees for connecting to a water  
6 or wastewater system.

7 (3) Paying costs to close abandoned septic tanks and water wells,  
8 as necessary, to protect health and safety as required by local or  
9 state law.

10 (4) Deepening an existing groundwater well.

11 (5) Improving an existing groundwater well, including associated  
12 equipment.

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

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

21 (c) The board shall not issue loans or grants pursuant to this  
22 chapter on or after January 1, 2026, after which time moneys in  
23 the Water and Wastewater Loan and Grant Fund shall revert to  
24 the General Fund. This subdivision shall not terminate either of  
25 the following rights, obligations, or authorities, or any provision  
26 necessary to carry out these rights, obligations, or authorities:

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

28 (2) The resolution of a cost recovery action or the initiation of  
29 an action or other collection process to recover defaulted loan  
30 moneys due to the board or to recover grant moneys paid.

31 13487. (a) The Water and Wastewater Loan and Grant Fund  
32 is hereby created in the State Treasury. The moneys in the Water  
33 and Wastewater Loan and Grant Fund are available, upon  
34 appropriation by the Legislature, to the board for expenditure in  
35 accordance with this chapter.

36 (b) The following moneys shall be deposited in the Water and  
37 Wastewater Loan and Grant Fund:

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

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

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

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

(2) Have an ownership interest in the residence.

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

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

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

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

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

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

(2) Have an ownership interest in the residence.

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

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

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

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

O