

AMENDED IN ASSEMBLY JUNE 2, 2015

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

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An act to add Chapter 6.6 (commencing with Section 13486) to Division 7 of the Water Code, relating to water, *and declaring the urgency thereof, to take effect immediately.*

### 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~~ \$10,000,000 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.~~

*This bill would declare that it is to take effect immediately as an urgency statute.*

Vote: ~~majority~~<sup>2/3</sup>. 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:

CHAPTER 6.6. WATER AND WASTEWATER LOAN AND GRANT  
PILOT PROGRAM

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

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

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

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

(4) Deepening an existing groundwater well.

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

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

(b) The board may adopt any regulation it determines is necessary to carry out the purposes of the ~~chapter as an emergency regulation in accordance with chapter. A regulation adopted pursuant to this subdivision shall not be subject to the rulemaking requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.~~

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

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

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

13487. (a) The Water and Wastewater Loan and Grant Fund is hereby created in the State Treasury. The moneys in the Water and Wastewater Loan and Grant Fund are available, upon

1 appropriation by the Legislature, to the board for expenditure in  
2 accordance with this chapter.

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

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

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

10 13488. (a) An eligible applicant for a loan shall meet all of  
11 the following criteria:

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

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

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

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

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

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

34 13489. (a) An eligible applicant for a grant shall meet all of  
35 the following criteria:

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

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

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

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

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

9 SEC. 3. ~~Twenty million dollars (\$20,000,000)~~ *Ten million*  
10 *dollars (\$10,000,000)* is hereby transferred from the General Fund  
11 to the Water and Wastewater Loan and Grant Fund.

12 SEC. 4. *This act is an urgency statute necessary for the*  
13 *immediate preservation of the public peace, health, or safety within*  
14 *the meaning of Article IV of the Constitution and shall go into*  
15 *immediate effect. The facts constituting the necessity are:*

16 *In order to provide eligible households with access to safer,*  
17 *cleaner, and more reliable drinking water and wastewater*  
18 *treatment during California's prolonged drought, it is necessary*  
19 *that this act take effect immediately.*