

AMENDED IN SENATE JULY 6, 2015
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~~ *Members Mathis and Alejo*
(Principal coauthor: Assembly ~~Member~~ Alejo)
(Principal coauthor: Senator Vidak)

February 26, 2015

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 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 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 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 program. This bill would transfer to the Water and Wastewater Loan and Grant Fund \$10,000,000 from the General Fund.

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

Vote: 2/3. 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:~~ *as follows:*

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:

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

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

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

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

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

15 (4) Deepening an existing groundwater well.

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

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

21 (b) The board may adopt any regulation it determines is
22 necessary to carry out the purposes of the chapter. A regulation
23 adopted pursuant to this subdivision shall not be subject to the
24 rulemaking requirements of Chapter 3.5 (commencing with Section
25 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

26 13487. (a) The Water and Wastewater Loan and Grant Fund
27 is hereby created in the State Treasury. The moneys in the Water
28 and Wastewater Loan and Grant Fund are available, upon
29 appropriation by the Legislature, to the board for expenditure in
30 accordance with this chapter.

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

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

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

38 13488. (a) An eligible applicant for a loan shall meet all of
39 the following criteria:

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

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

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

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

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

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

23 13489. (a) An eligible applicant for a grant shall meet all of
24 the following criteria:

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

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

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

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

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

36 SEC. 3. Ten million dollars (\$10,000,000) is hereby transferred
37 from the General Fund to the Water and Wastewater Loan and
38 Grant Fund.

39 SEC. 4. This act is an urgency statute necessary for the
40 immediate preservation of the public peace, health, or safety within

1 the meaning of Article IV of the Constitution and shall go into
2 immediate effect. The facts constituting the necessity are:
3 In order to provide eligible households with access to safer,
4 cleaner, and more reliable drinking water and wastewater treatment
5 during California's prolonged drought, it is necessary that this act
6 take effect immediately.

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