

**ASSEMBLY BILL**

**No. 977**

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**Introduced by Assembly Member Mayes**

February 26, 2015

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An act to amend Section 13480 of the Water Code, relating to the State Water Pollution Control Revolving Fund.

LEGISLATIVE COUNSEL'S DIGEST

AB 977, as introduced, Mayes. State Water Pollution Control Revolving Fund.

Existing law continuously appropriates state and federal funds in the State Water Pollution Control Revolving Fund to the State Water Resources Control Board for loans and other financial assistance for the construction of publicly owned treatment works and other related purposes, to a municipality, intermunicipal agency, interstate agency, or state agency in accordance with the federal Clean Water Act and the Porter-Cologne Water Quality Control Act. Existing law requires that moneys in the fund be used only for permissible purposes allowed by the Clean Water Act or a federal capitalization grant deposited in the fund to the extent authorized and funded by the grant.

This bill would make nonsubstantive changes to the requirement that moneys in the fund be used only for permissible purposes allowed by the Clean Water Act or a federal capitalization grant deposited in the fund.

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

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

1 SECTION 1. Section 13480 of the Water Code is amended to  
2 read:

3 13480. (a) Moneys in the fund shall be used only for the  
4 permissible purposes allowed by the federal act or a federal  
5 capitalization grant deposited in the ~~fund~~ *fund*, to the extent  
6 authorized and funded by that grant, including providing financial  
7 assistance for the following purposes:

8 (1) The construction of publicly owned treatment works, as  
9 defined by Section 212 of the federal act (33 U.S.C. Sec. 1292),  
10 by any municipality.

11 (2) Implementation of a management program pursuant to  
12 Section 319 of the federal act (33 U.S.C. Sec. 1329).

13 (3) Development and implementation of a conservation and  
14 management plan under Section 320 of the federal act (33 U.S.C.  
15 Sec. 1330).

16 (4) Financial assistance, other than a loan, toward the nonfederal  
17 share of costs of any grant-funded treatment works project, but  
18 only if that assistance is necessary to permit the project to proceed.

19 (5) Financial assistance provided under the federal American  
20 Recovery and Reinvestment Act of 2009 (Public Law 111-5) for  
21 projects authorized pursuant to this subdivision.

22 (b) Consistent with expenditure for authorized purposes, moneys  
23 in the fund may be used for the following purposes:

24 (1) Loans that meet all of the following requirements:

25 (A) Are made at or below market interest rates.

26 (B) Require annual payments of principal and any interest, with  
27 repayment commencing not later than one year after completion  
28 of the project for which the loan is made and full amortization not  
29 later than 20 years after project completion unless otherwise  
30 authorized by a federal capitalization grant deposited in the ~~fund~~  
31 *fund*, to the extent authorized and funded by that grant. Loan  
32 forgiveness is permissible to the extent authorized by a federal  
33 capitalization grant deposited in the ~~fund~~ *fund*, to the extent  
34 authorized and funded by that grant.

35 (C) Require the loan recipient to establish an acceptable  
36 dedicated source of revenue for repayment of a loan.

37 (D) (i) Contain other terms and conditions required by the board  
38 or the federal act or applicable rules, regulations, guidelines, and

1 policies. To the extent permitted by federal law, the combined  
2 interest and loan service rate shall be set at a rate that does not  
3 exceed 50 percent of the interest rate paid by the state on the most  
4 recent sale of state general obligation bonds and the combined  
5 interest and loan service rate shall be computed according to the  
6 true interest cost method. If the combined interest and loan service  
7 rate so determined is not a multiple of one-tenth of 1 percent, the  
8 combined interest and loan service rate shall be set at the multiple  
9 of one-tenth of 1 percent next above the combined interest and  
10 loan service rate so determined. A loan from the fund used to  
11 finance costs of facilities planning, or the preparation of plans,  
12 specifications, or estimates for construction of publicly owned  
13 treatment works shall comply with Section 603(e) of the federal  
14 act (33 U.S.C. Sec. 1383(e)).

15 (ii) Notwithstanding clause (i), if the loan applicant is a  
16 municipality, an applicant for a loan for the implementation of a  
17 management program pursuant to Section 319 of the federal ~~Clean~~  
18 ~~Water Act~~ *act* (33 U.S.C. Sec. 1329), or an applicant for a loan  
19 for nonpoint source or estuary enhancement pursuant to Section  
20 320 of the federal ~~Clean Water Act~~ *act* (33 U.S.C. Sec. 1330), and  
21 the applicant provides matching funds, the combined interest and  
22 loan service rate on the loan shall be 0 percent. A loan recipient  
23 that returns to the fund an amount of money equal to 20 percent  
24 of the remaining unpaid federal balance of an existing loan shall  
25 have the remaining unpaid loan balance refinanced at a combined  
26 interest and loan service rate of 0 percent over the time remaining  
27 in the original loan contract.

28 (2) To buy or refinance the debt obligations of municipalities  
29 within the state at or below market rates if those debt obligations  
30 were incurred after March 7, 1985.

31 (3) To guarantee, or purchase insurance for, local obligations  
32 where that action would improve credit market access or reduce  
33 interest rates.

34 (4) As a source of revenue or security for the payment of  
35 principal and interest on revenue or general obligation bonds issued  
36 by the state, if the proceeds of the sale of those bonds will be  
37 deposited in the fund.

38 (5) To establish loan guarantees for similar revolving funds  
39 established by municipalities.

40 (6) To earn interest.

1 (7) For payment of the reasonable costs of administering the  
2 fund and conducting activities under ~~Title~~ *Subchapter VI*  
3 (commencing with Section 601) of the federal act (33 U.S.C. Sec.  
4 1381 et seq.). Those costs shall not exceed 4 percent of all federal  
5 contributions to the fund, except that if permitted by federal and  
6 state law, interest repayments into the fund and other moneys in  
7 the fund may be used to defray additional administrative and  
8 activity costs to the extent permitted by the federal government  
9 and approved by the Legislature in the Budget Act.

10 (8) For financial assistance toward the nonfederal share of the  
11 costs of grant-funded treatment works projects to the extent  
12 permitted by the federal act.

13 (9) Grants, principal forgiveness, negative interest rates, and  
14 any other type of, or variation on the above types of, assistance  
15 authorized by a federal capitalization grant deposited in the ~~fund~~  
16 *fund*, to the extent authorized and funded by that grant.