

AMENDED IN ASSEMBLY MARCH 26, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 977

Introduced by Assembly Member Mayes

February 26, 2015

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 amended, 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. Existing law requires the loans to meet certain criteria, including requiring full amortization not later than 20 years after project completion, except as specified.~~

~~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.~~

This bill would, subject to the same exception, require full amortization not later than 30 years after project completion.

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. 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, to the extent authorized
- 6 and funded by that grant, including providing financial assistance
- 7 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~~ 30 years after project completion unless otherwise
- 30 authorized by a federal capitalization grant deposited in the fund,
- 31 to the extent authorized and funded by that grant. Loan forgiveness
- 32 is permissible to the extent authorized by a federal capitalization

1 grant deposited in the fund, to the extent authorized and funded
2 by that grant.

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

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

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

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

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

- 1 (4) As a source of revenue or security for the payment of
2 principal and interest on revenue or general obligation bonds issued
3 by the state, if the proceeds of the sale of those bonds will be
4 deposited in the fund.
- 5 (5) To establish loan guarantees for similar revolving funds
6 established by municipalities.
- 7 (6) To earn interest.
- 8 (7) For payment of the reasonable costs of administering the
9 fund and conducting activities under Subchapter VI (commencing
10 with Section 601) of the federal act (33 U.S.C. Sec. 1381 et seq.).
11 Those costs shall not exceed 4 percent of all federal contributions
12 to the fund, except that if permitted by federal and state law,
13 interest repayments into the fund and other moneys in the fund
14 may be used to defray additional administrative and activity costs
15 to the extent permitted by the federal government and approved
16 by the Legislature in the Budget Act.
- 17 (8) For financial assistance toward the nonfederal share of the
18 costs of grant-funded treatment works projects to the extent
19 permitted by the federal act.
- 20 (9) Grants, principal forgiveness, negative interest rates, and
21 any other type of, or variation on the above types of, assistance
22 authorized by a federal capitalization grant deposited in the fund,
23 to the extent authorized and funded by that grant.