

ASSEMBLY BILL

No. 1588

Introduced by Assembly Member Mathis

January 6, 2016

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 1588, as introduced, 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 \$20,000,000 from the General Fund.

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

Vote: $\frac{2}{3}$. 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 as
2 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 distressed communities and
10 individuals to address drinking water and wastewater needs.
11 Unfortunately, there is no program in place to provide similar
12 assistance to individual homeowners and renters who are reliant
13 on their own groundwater wells and who may not be able to afford
14 conventional private loans to undertake vital water supply, water
15 quality, and wastewater improvements.

16 (c) The program created by this act is intended to bridge that
17 gap by providing assistance to individual homeowners and renters
18 to undertake actions necessary to provide safer, cleaner, and more
19 reliable drinking water and wastewater treatment. These actions
20 may include, but are not limited to, digging deeper wells,
21 improving existing wells and related equipment, addressing
22 drinking water contaminants in the homeowner’s water, or
23 connecting to a local water or wastewater system.

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

26
27 CHAPTER 6.6. WATER AND WASTEWATER LOAN AND GRANT
28 PROGRAM
29

30 13486. (a) The board shall establish a program in accordance
31 with this chapter to provide low-interest loans and grants to local
32 agencies for low-interest loans and grants to eligible applicants
33 for any of the following purposes:

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

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

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

4 (4) Deepening an existing groundwater well.

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

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

10 (b) The board may adopt any regulation it determines is
11 necessary to carry out the purposes of the chapter. A regulation
12 adopted pursuant to this subdivision shall not be subject to the
13 rulemaking requirements of Chapter 3.5 (commencing with Section
14 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

15 13487. (a) The Water and Wastewater Loan and Grant Fund
16 is hereby created in the State Treasury. The moneys in the Water
17 and Wastewater Loan and Grant Fund are available, upon
18 appropriation by the Legislature, to the board for expenditure in
19 accordance with this chapter.

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

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

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

27 13488. (a) An eligible applicant for a loan shall meet all of
28 the following criteria:

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

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

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

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

38 (b) Any loan granted shall be secured by a mortgage on the
39 residence and repaid within 20 years in accordance with terms
40 established by the board. The interest rate on the loan shall not

1 exceed 1 percent. While any balance on the loan is outstanding, a
2 loan recipient shall furnish evidence of and continually maintain
3 homeowner’s insurance on the security residence to protect the
4 state’s interest in the residence.

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

11 13489. (a) An eligible applicant for a grant shall meet both of
12 the following criteria:

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

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

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

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

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

30 In order to provide eligible households with access to safer,
31 cleaner, and more reliable drinking water and wastewater treatment
32 during California’s prolonged drought, it is necessary that this act
33 take effect immediately.