

AMENDED IN ASSEMBLY FEBRUARY 29, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 1588

Introduced by Assembly Member Mathis
(Coauthors: Assembly Members Chávez and Lackey)
(Coauthor: Senator Berryhill)

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 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 *funding to counties to award* 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 authorize a county to apply to the board for a grant to award loans or grants, or both, to residents of the county, as prescribed.* 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~~ *to administer and implement* 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~~ *individuals* who
13 are reliant on their own groundwater wells and who may not be
14 able to afford conventional private loans to undertake vital water
15 supply, water 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~~ *individual's*
23 water, or 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 *funding to counties to award*

1 low-interest loans and grants to local agencies for low-interest
2 loans and grants to eligible applicants for any of the following
3 purposes:

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

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

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

11 (4) Deepening an existing groundwater well.

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

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

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

23 13487. (a) The Water and Wastewater Loan and Grant Fund
24 is hereby created in the State Treasury. The moneys in the Water
25 and Wastewater Loan and Grant Fund are available, upon
26 appropriation by the Legislature, to the board ~~for expenditure to~~
27 *administer and implement the program* in accordance with this
28 chapter.

29 ~~(b) The following moneys shall be deposited in the Water and~~
30 ~~Wastewater Loan and Grant Fund:~~

31 ~~(1) Moneys repaid to the board pursuant to a grant or loan made~~
32 ~~in accordance with this chapter, including interest payments:~~

33 ~~(2)~~

34 ~~(b) Notwithstanding Section 16475 of the Government Code,~~
35 ~~any interest earned upon the moneys in the Water and Wastewater~~
36 ~~Loan and Grant Fund. Fund shall be deposited in the Water and~~
37 ~~Wastewater Loan and Grant Fund.~~

38 13487.5. (a) A county may apply to the board for a grant to
39 award loans or grants, or both, to residents of the county in
40 accordance with this chapter.

1 (b) The board shall develop guidelines that determine how to
2 apportion funds among the counties.

3 (c) A county that receives funding pursuant to this chapter shall
4 annually provide the following information to the board:

5 (1) The number of loans and grants awarded.

6 (2) The types of projects funded.

7 (3) Project costs.

8 (4) Whether there is demand for additional funding.

9 13488. (a) An eligible applicant for a loan shall meet all of
10 the following criteria:

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

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

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

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

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

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

33 13489. (a) An eligible applicant for a grant shall meet both of
34 the following criteria:

35 (1) Have a household income that is ~~60~~ 80 percent or less of the
36 statewide median household income.

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

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

4 (c) A grant recipient shall repay to the ~~board~~ county any unused
5 grant funds.

6 *13489.5. Funding provided pursuant to this chapter is not*
7 *considered “water-related grant funding” for purposes of*
8 *paragraph (7) of subdivision (b) of Section 116682 of the Health*
9 *and Safety Code.*

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

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

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