

AMENDED IN ASSEMBLY MARCH 9, 2016
AMENDED IN ASSEMBLY FEBRUARY 29, 2016
CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 1588

Introduced by Assembly ~~Member~~ Members Mathis and Alejo
(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 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 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: 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 to address
10 drinking water and wastewater needs. Unfortunately, there is no
11 program in place to provide similar assistance to individuals who
12 are reliant on their own groundwater wells and who may not be
13 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 assistance to individual homeowners and renters
17 to undertake actions necessary to provide safer, cleaner, and more
18 reliable drinking water and wastewater treatment. These actions
19 may include, but are not limited to, digging deeper wells,
20 improving existing wells and related equipment, addressing
21 drinking water contaminants in the individual’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:

25

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

29 13486. (a) The board shall establish a program in accordance
30 with this chapter to provide funding to counties to award

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

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

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

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

10 (4) Deepening an existing groundwater well.

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

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

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

21 13487. (a) The Water and Wastewater Loan and Grant Fund
22 is hereby created in the State Treasury. The moneys in the Water
23 and Wastewater Loan and Grant Fund are available, upon
24 appropriation by the Legislature, to the board to administer and
25 implement the program in accordance with this chapter.

26 (b) Notwithstanding Section 16475 of the Government Code,
27 any interest earned upon the moneys in the Water and Wastewater
28 Loan and Grant Fund shall be deposited in the Water and
29 Wastewater Loan and Grant Fund.

30 13487.5. (a) A county may apply to the board for a grant to
31 award loans or grants, or both, to residents of the county in
32 accordance with this chapter.

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

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

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

38 (2) The types of projects funded.

39 (3) Project costs.

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

1 13488. (a) An eligible applicant for a loan shall meet all of
2 the following criteria:

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

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

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

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

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

19 (c) The county may enter into a contract with a private financial
20 institution to provide loans consistent with the purposes of this
21 chapter.

22 13489. (a) An eligible applicant for a grant shall meet both of
23 the following criteria:

24 (1) Have a household income that is 80 percent or less of the
25 statewide median household income.

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

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

32 (c) A grant recipient shall repay to the county any unused grant
33 funds.

34 13489.5. Funding provided pursuant to this chapter is not
35 considered “water-related grant funding” for purposes of paragraph
36 (7) of subdivision (b) of Section 116682 of the Health and Safety
37 Code.

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

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

5 In order to provide eligible households with access to safer,
6 cleaner, and more reliable drinking water and wastewater treatment
7 during California's prolonged drought, it is necessary that this act
8 take effect immediately.

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