

AMENDED IN ASSEMBLY MAY 31, 2016
AMENDED IN ASSEMBLY MARCH 16, 2016
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 Members Mathis and Alejo
(Coauthors: Assembly Members Chávez and Lackey)
(Coauthors: Senators Berryhill, Cannella, and Vidak)

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~~ \$10,000,000 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 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:

1 CHAPTER 6.6. WATER AND WASTEWATER LOAN AND GRANT
2 PROGRAM
3

4 13486. (a) The board shall establish a program in accordance
5 with this chapter to provide funding to counties to award
6 low-interest loans and grants to eligible applicants for any of the
7 following purposes:

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

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

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

15 (4) Deepening an existing groundwater well.

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

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

21 (b) The board may adopt any guidelines it determines are
22 necessary to carry out the purposes of this chapter. A guideline
23 adopted pursuant to this subdivision shall not be subject to the
24 rulemaking requirements of Chapter 3.5 (commencing with Section
25 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

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

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

35 13487.5. (a) A county may apply to the board for a grant to
36 award loans or grants, or both, to residents of the county in
37 accordance with this chapter.

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

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

- 3 (1) The number of loans and grants awarded.
- 4 (2) The types of projects funded.
- 5 (3) Project costs.
- 6 (4) Whether there is demand for additional funding.

7 13488. (a) An eligible applicant for a loan shall meet all of
8 the following criteria:

- 9 (1) Have a household income below the statewide median
10 household income.
- 11 (2) Have an ownership interest in the residence.
- 12 (3) Be unable to obtain financial assistance at reasonable terms
13 and conditions from private lenders and lack the personal resources
14 to undertake these improvements.
- 15 (4) Demonstrate an ability to repay the loan. This requirement
16 may be satisfied by having another party join the application as a
17 cosigner.

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

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

28 13489. (a) An eligible applicant for a grant shall meet both of
29 the following criteria:

- 30 (1) Have a household income that is 80 percent or less of the
31 statewide median household income.
- 32 (2) 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 (b) A grant recipient shall repay to the county the grant amount
36 in full if that recipient sells the residence less than five years from
37 the date that the grant agreement was signed.

38 (c) A grant recipient shall repay to the county any unused grant
39 funds.

1 13489.5. Funding provided pursuant to this chapter is not
2 considered “water-related grant funding” for purposes of paragraph
3 (7) of subdivision (b) of Section 116682 of the Health and Safety
4 Code.

5 SEC. 3. ~~Twenty million dollars (\$20,000,000)~~ *Ten million*
6 *dollars (\$10,000,000)* is hereby transferred from the General Fund
7 to the Water and Wastewater Loan and Grant Fund.

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

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