

AMENDED IN SENATE AUGUST 16, 2016  
AMENDED IN SENATE JUNE 15, 2016  
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**

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**Introduced by Assembly Members Mathis and Alejo**  
**(Coauthors: Assembly Members Arambula, Chávez, Lackey, and**  
**Olsen)**  
(Coauthors: Senators Berryhill, Cannella, and Vidak)

January 6, 2016

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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.~~ *water, and making an appropriation therefor.*

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~~ *would, to the extent funding is made available, authorize the State Water Resources Control Board to establish a program to provide funding to counties and qualified nonprofit organizations 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 or qualified nonprofit organization 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 \$10,000,000 from the General Fund. To fund this program, the bill would authorize the board to use funding appropriated in an item of the Budget Act of 2016 from the State Water Quality Control Fund, or to use any other funding source consistent with the purposes of the program. By expanding the purposes of an appropriation, the bill would make an appropriation.*

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

Vote:  $\frac{2}{3}$ . Appropriation: ~~no~~ yes. 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.~~

1 ~~(e) The program created by this act is intended to bridge that~~  
 2 ~~gap by providing assistance to individual homeowners and renters~~  
 3 ~~to undertake actions necessary to provide safer, cleaner, and more~~  
 4 ~~reliable drinking water and wastewater treatment. These actions~~  
 5 ~~may include, but are not limited to, digging deeper wells,~~  
 6 ~~improving existing wells and related equipment, addressing~~  
 7 ~~drinking water contaminants in the individual's water, or~~  
 8 ~~connecting to a local water or wastewater system.~~

9 ~~SEC. 2.~~

10 *SECTION 1.* Chapter 6.6 (commencing with Section 13486)  
 11 is added to Division 7 of the Water Code, to read:

12  
 13 CHAPTER 6.6. WATER AND WASTEWATER LOAN AND GRANT  
 14 PROGRAM  
 15

16 13486. (a) ~~The~~*To the extent the funding is made available,*  
 17 *the board shall may* establish a program in accordance with this  
 18 chapter to provide funding to counties *and qualified nonprofit*  
 19 *organizations* to award low-interest loans and grants to eligible  
 20 applicants for any of the following purposes:

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

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

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

28 (4) Deepening an existing groundwater well.

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

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

34 (b) The board may adopt any guidelines it determines are  
 35 necessary to carry out the purposes of this chapter. A guideline  
 36 adopted pursuant to this subdivision shall not be subject to the  
 37 rulemaking requirements of Chapter 3.5 (commencing with Section  
 38 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

39 (c) *As used in this chapter, "qualified nonprofit organization"*  
 40 *means an organization with experience in providing financial and*

1 *technical assistance to disadvantaged communities that is qualified*  
2 *to operate in California and qualified for exempt status under*  
3 *Section 501(c)(3) of the Internal Revenue Code.*

4 ~~13487. (a) The Water and Wastewater Loan and Grant Fund~~  
5 ~~is hereby created in the State Treasury. The moneys in the Water~~  
6 ~~and Wastewater Loan and Grant Fund are available, upon~~  
7 ~~appropriation by the Legislature, to the board to administer and~~  
8 ~~implement the program in accordance with this chapter.~~

9 ~~(b) Notwithstanding Section 16475 of the Government Code,~~  
10 ~~any interest earned upon the moneys in the Water and Wastewater~~  
11 ~~Loan and Grant Fund shall be deposited in the Water and~~  
12 ~~Wastewater Loan and Grant Fund.~~

13 *13487. (a) To fund the program authorized in this chapter,*  
14 *the board may use funding appropriated in Item 3940-101-0679*  
15 *in the Budget Act of 2016 (Chapter 23 of the Statutes of 2016), or*  
16 *any other funding source that is consistent with the purposes of*  
17 *this chapter.*

18 *(b) The board shall use reasonable and feasible efforts to secure*  
19 *local matching funds for the purposes of funding projects pursuant*  
20 *to this chapter.*

21 *13487.5. (a) A county or qualified nonprofit organization may*  
22 *apply to the board for a grant to award loans or grants, or both, to*  
23 *residents of the county in accordance with this chapter.*

24 ~~(b) The board shall develop guidelines that determine how to~~  
25 ~~apportion funds among the counties.~~

26 (e)

27 *(b) A county or qualified nonprofit organization that receives*  
28 *funding pursuant to this chapter shall annually provide the*  
29 *following information to the board:*

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

34 *(c) The board may advance funds pursuant to an agreement*  
35 *with a county or qualified nonprofit organization in accordance*  
36 *with this chapter. Section 11019 of the Government Code does not*  
37 *apply to an advance made pursuant to this subdivision.*

38 *13488. (a) An eligible applicant for a loan shall meet all of*  
39 *the following criteria:*

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

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

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

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

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

17 (c) The county *or qualified nonprofit organization* may enter  
18 into a contract with a private financial institution to provide loans  
19 consistent with the purposes of this chapter.

20 13489. (a) An eligible applicant for a grant shall meet both of  
21 the following criteria:

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

24 (2) *Have an ownership or leasehold interest in the residence.*

25 ~~(2)~~

26 (3) 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 *or qualified*  
30 *nonprofit organization* the grant amount in full if that recipient  
31 sells the residence less than five years from the date that the grant  
32 agreement was signed.

33 (c) A grant recipient shall repay to the county *or qualified*  
34 *nonprofit organization* any unused grant funds.

35 ~~SEC. 3. Ten million dollars (\$10,000,000) is hereby transferred~~  
36 ~~from the General Fund to the Water and Wastewater Loan and~~  
37 ~~Grant Fund.~~

38 ~~SEC. 4. This act is an urgency statute necessary for the~~  
39 ~~immediate preservation of the public peace, health, or safety within~~

1 ~~the meaning of Article IV of the Constitution and shall go into~~  
2 ~~immediate effect. The facts constituting the necessity are:~~  
3 ~~In order to provide eligible households with access to safer,~~  
4 ~~cleaner, and more reliable drinking water and wastewater treatment~~  
5 ~~during California's prolonged drought, it is necessary that this act~~  
6 ~~take effect immediately.~~

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