

HOUSE BILL REPORT

ESHB 1837

As Passed House:

March 13, 1995

Title: An act relating to water quality account distributions.

Brief Description: Establishing limitations on distributions from the water quality account for the period July 1, 1995, through June 30, 2005.

Sponsors: By House Committee on Agriculture & Ecology (originally sponsored by Representatives Chandler and Dellwo).

Brief History:

Committee Activity:

Agriculture & Ecology: 2/20/95, 3/1/95 [DPS];

Capital Budget: 3/6/95 [DPS (AG)].

Floor Activity:

Passed House: 3/13/95, 93-4.

HOUSE COMMITTEE ON AGRICULTURE & ECOLOGY

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 17 members: Representatives Chandler, Chairman; Koster, Vice Chairman; McMorris, Vice Chairman; Mastin, Ranking Minority Member; Chappell, Assistant Ranking Minority Member; Boldt; Clements; Delvin; R. Fisher; Honeyford; Johnson; Kremen; Poulsen; Regala; Robertson; Rust and Schoesler.

Staff: Rick Anderson (786-7114).

HOUSE COMMITTEE ON CAPITAL BUDGET

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 12 members: Representatives Sehlin, Chairman; Honeyford, Vice Chairman; Ogden, Ranking Minority Member; Chopp, Assistant Ranking Minority Member; Costa; Hankins; McMorris; Mitchell; Pennington; Regala; L. Thomas and Valle.

Staff: Nancy Stevenson (786-7137).

Background: In 1986, the Legislature created the water quality account and funded it through sales taxes on cigarettes, tobacco, and water pollution control equipment through fiscal year 2021. Most of the funds available from the water quality account are appropriated to the Department of Ecology (Ecology). State law directs Ecology to distribute the water quality account funds in the following way:

- No more than 50 percent for water pollution control facilities that discharge directly into marine waters;
- No more than 20 percent for groundwater projects, of which two-thirds must be devoted to the Spokane-Rathdrum Prairie aquifer;
- No more than 10 percent for freshwater lakes and rivers;
- No more than 10 percent for nonpoint water pollution control projects; and
- A 10 percent discretionary category for projects determined by the department.

This statutory distribution formula expires on June 30, 1995.

In addition, state law requires that 2.5 percent of the total distribution must be appropriated to the state Conservation Commission. The commission uses this appropriation to fund water pollution control activities conducted by local conservation districts. The statutory provision dedicating 2.5 percent of the water quality account distribution to the Conservation Commission expires on December 31, 1995.

Ecology is authorized by law to enter into extended grant payments with local governments. The amount of the grant payment cannot exceed 50 percent of the project's eligible cost. The grant payments can occur over a maximum of 20 years. Money appropriated by the Legislature from this account must first pay the department's contractual obligations for the extended payment. Currently, Ecology is making extended grant payments of \$12.5 million per year for the construction of the West Point sewage treatment plant in Seattle.

Under current law, if the taxes that fund the water quality account do not generate \$45 million per year, the State Treasurer must transfer state general funds to the account in an amount sufficient to equal \$45 million.

Summary of Bill: The distribution formula is changed. Fifty percent of the water quality account funds are to be used for activities and facilities to control pollution from point sources, and 50 percent of the funds are to be used for activities and facilities to control pollution from non-point sources. Half of the non-point distribution must go to the State Conservation Commission. This distribution formula expires at the end of the 2003-2005 biennium.

The definition of "water pollution control activity" or "activities" is amended to be consistent with the new distribution formula. "Point source" is also defined.

The Department of Ecology must enter into an extended grant payment contract to prevent or mitigate pollution to the Spokane Rathdrum Prairie aquifer. The amount of the annual payment is to be \$5 million per year through fiscal year 2010. The extended grant payments are not to be considered a distribution. The department's authority to enter into extended grant contracts is limited to \$17.5 million per year.

The requirement that the State Treasurer transfer state general funds to the account is removed.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Bill: The bill contains an emergency clause and takes effect immediately.

Testimony For: (Agriculture & Ecology) Local conservation districts have been very effective in encouraging voluntary implementation of best management practices and watershed restoration projects. Conservation districts need an increased level of funding beyond the current 2.5 percent of clean water account funds. Spokane needs an extended grant payment for 15 years in order to implement its capital improvement plan to protect its sole source aquifer.

(Capital Budget) Non point source pollution is the majority of the problem. More funds need to be directed to non point pollution. Conservation Districts are very effective in using voluntary compliance to present non point pollution problems. The funding commitment to protect the Spokane-Rathdrum Prairie Aquifer needs to be maintained for 20 years. Funds provided to Conservation Districts will be used for "on the ground work." The technical changes made in the substitute bill made sense.

Testimony Against: (Agriculture & Ecology) The task force that worked on this issue over the interim reached consensus that the clean water account funds should be used primarily for implementation. The current competitive structure of the grants process is preferable to providing a guaranteed amount of money to one entity. Conservation districts need a stable source of funds, but 50 percent of the non-point distribution is too much.

(Capital Budget) This source of funds helps keep local sewage rates down. Please keep that in mind when considering this bill. The informal task force that met on this issue recommends that the clean water funds be used 20 percent for planning and 80 percent for implementation.

Testified: (Agriculture & Ecology) Jackie Reid, Washington Conservation Commission (pro); Bob Haberman, Washington Association of Conservation Districts

(pro); Carolyn Kelly, Skagit Conservation District (pro); Bas Scholter, Washington Association of Conservation Districts (pro); Duane Vandergriend, Whatcom County Dairy (pro); Linda Arcuri, Pierce Conservation District (pro); Dave Stadleman, Upper Grant Conservation District (pro); Jay Gordon, Grays Harbor Conservation District (pro); Naki Stevens, People for Puget Sound (pro and con); Ed Thorpe, Coalition for Clear Water (pro and con); Maureen Morris, Association of Washington Cities (pro and con); Curt Eschels, Washington State Association of Counties (pro and con); Gordon White, Thurston County; Linda Crerar, Department of Ecology; and Kathleen Collins, King County Metro.

(Capital Budget) Ted Bottiger, Washington Conservation Districts (pro); Jackie Reid, Washington State Conservation Commission (pro); Linda Crerar, Department of Ecology; Ed Thorpe, Coalition for Clean Water (pro and con); Mark Stiltz, Spokane County (pro); Maureen Morris, Association of Washington Cities (pro and con); Curt Eschels, Washington State Association of Counties (pro and con); and Jan Gordon, Grays Harbor Conservation District (pro).