

HOUSE BILL REPORT

ESB 5251

As Reported by House Committee On:
General Government & Information Technology
Capital Budget

Title: An act relating to transferring public water system financial assistance activities from the public works board and the department of commerce to the department of health.

Brief Description: Transferring public water system financial assistance activities from the public works board and the department of commerce to the department of health.

Sponsors: Senators Honeyford and Keiser; by request of Department of Health.

Brief History:

Committee Activity:

General Government & Information Technology: 3/24/15, 3/31/15 [DP];

Capital Budget: 4/6/15 [DP].

Brief Summary of Engrossed Bill

- Transfers the financial administration of the Safe Drinking Water Assistance Account from the Public Works Board and the Department of Commerce to the Department of Health.

HOUSE COMMITTEE ON GENERAL GOVERNMENT & INFORMATION TECHNOLOGY

Majority Report: Do pass. Signed by 7 members: Representatives Hudgins, Chair; Senn, Vice Chair; MacEwen, Ranking Minority Member; Caldier, Assistant Ranking Minority Member; McCabe, Morris and Takko.

Staff: Marsha Reilly (786-7135).

Background:

Established in 1974, the Safe Drinking Water Act (SDWA) is the federal law that ensures the quality of drinking water. Under the SDWA, the United States Environmental Protection Agency sets standards for drinking water quality and oversees the states, localities, and water

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suppliers who implement those standards. The law requires actions to protect drinking water and its sources: rivers, lakes, reservoirs, springs, and ground water wells. Federal funds are provided to states for water system infrastructure assistance through a multi-billion-dollar state revolving loan fund.

The Drinking Water Assistance Account (DWAA) was created in the State Treasury in 1995 to allow the state to use federal funding made available through the SDWA to fund a state revolving loan fund program. The loan program is administered through the Department of Health (DOH), the Public Works Board (PWB), and the Department of Commerce (COM). The DWAA is specifically authorized to receive interest, and the interest transferred to the DWAA may be used for eligible account purposes. The statute specifies any necessary subaccounts may be created within the DWAA, and in 2001 two accounts were created in the State Treasury, the Drinking Water Assistance Administrative Account and the Drinking Water Assistance Repayment Account, to receive proportionate shares of interest based on their average daily balance.

Expenditures from the DWAA may be made by the Secretary of Health (Secretary), the PWB, or the COM. The account funds are to be used to assist local governments and public water systems to provide safe and reliable drinking water, to provide services and assistance authorized by federal law, and to administer the revolving loan program.

Money may be placed in the DWAA from the proceeds of bonds, transfers from other state funds or accounts, federal capitalization grants or assistance, repayments of moneys borrowed from the DWAA, and interest payments made by borrowers from the DWAA. All interest earned on moneys deposited in the account, including repayments, remain in the DWAA and may be used for any eligible purpose.

To administer the program, the DOH, the PWB, and the COM are tasked with the following duties:

- timely disbursement of federal funds to eligible public water systems;
- establish a prioritized list of projects;
- provide assistance for planning and engineering to ensure consistence, coordination, and proper professional review are incorporated into projects or activities proposed for funding;
- establish minimum standards for water system capacity;
- oversee testing and evaluation of the water quality of public water systems; and
- coordinate with other state programs that provide financial assistance to public water systems and state programs that address existing or potential water quality or drinking water contamination problems.

Summary of Bill:

All duties for administering the DWAA are transferred from the PWB and the COM to the DOH. By December 31, 2015, the DOH, the PWB, and the COM must develop a memorandum of understanding for the transfer. Beginning July 1, 2017, expenditures from the DWAA may only be made by the Secretary. The Drinking Water Assistance

Administrative Account and the Drinking Water Assistance Repayment Account are eliminated and an administrative subaccount is created in the State Treasury.

The prioritized list of projects submitted to the PWB must also be submitted to the appropriate committees of the Legislature by February 1 of each year.

Technical changes are made to update and clarify the statute and to reflect the transfer of the program.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This good government bill transfers all responsibility for the SDWA to the DOH.

The Senate amended the bill to require the DOH to provide a list of prioritized projects to the Legislature and the PWB in February of each year. The fund program provides low interest loans to local government and has provided nearly \$1 billion in funding over the past years. There has never been a default on a loan. The single agency model addresses many of the inefficiencies and will save money and, therefore, make more money available for grants. It is a one-stop grant program, and these changes are important to our clients.

(Opposed) None.

Persons Testifying: Senator Honeyford, prime sponsor; and Clark Halvorson, Department of Health.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON CAPITAL BUDGET

Majority Report: Do pass. Signed by 9 members: Representatives Dunshee, Chair; Stanford, Vice Chair; DeBolt, Ranking Minority Member; Smith, Assistant Ranking Minority Member; Kilduff, Kochmar, Peterson, Riccelli and Walsh.

Staff: Meg VanSchoorl (786-7105).

Summary of Recommendation of Committee On Capital Budget Compared to Recommendation of Committee On General Government & Information Technology:

No new changes were recommended.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) These are federal funds that can only be used for loans and for administration. The Department of Health will use the resulting savings for loans to drinking water systems.

(Opposed) None.

Persons Testifying: Joe Crossland, Department of Health.

Persons Signed In To Testify But Not Testifying: None.