

CERTIFICATION OF ENROLLMENT

HOUSE BILL 2309

Chapter 88, Laws of 2016

64th Legislature
2016 Regular Session

WATER POLLUTION CONTROL REVOLVING FUND--LOAN TERMS

EFFECTIVE DATE: 6/9/2016

Passed by the House February 12, 2016
Yeas 96 Nays 0

FRANK CHOPP

Speaker of the House of Representatives

Passed by the Senate March 1, 2016
Yeas 46 Nays 0

BRAD OWEN

President of the Senate

Approved March 31, 2016 10:51 AM

JAY INSLEE

Governor of the State of Washington

CERTIFICATE

I, Barbara Baker, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **HOUSE BILL 2309** as passed by House of Representatives and the Senate on the dates hereon set forth.

BARBARA BAKER

Chief Clerk

FILED

April 1, 2016

**Secretary of State
State of Washington**

HOUSE BILL 2309

Passed Legislature - 2016 Regular Session

State of Washington 64th Legislature 2016 Regular Session

By Representatives Smith, Stanford, Griffey, Haler, Wilcox,
Tharinger, and Moscoso; by request of Department of Ecology

Prefiled 12/15/15. Read first time 01/11/16. Referred to Committee
on Capital Budget.

1 AN ACT Relating to increasing the available term of water
2 pollution control revolving fund program loans to reflect the 2014
3 amendments to the federal clean water act allowing such an increase;
4 and amending RCW 90.50A.010, 90.50A.020, 90.50A.030, 90.50A.040, and
5 90.50A.050.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 **Sec. 1.** RCW 90.50A.010 and 2013 c 96 s 1 are each amended to
8 read as follows:

9 The definitions in this section apply throughout this chapter
10 unless the context clearly requires otherwise.

11 (1) "Debt service" means the total of all principal, interest,
12 and administration charges associated with a water pollution control
13 revolving fund loan that must be repaid to the department by the
14 public body.

15 (2) "Department" means the department of ecology.

16 (3) "Eligible cost" means the cost of that portion of a water
17 pollution control facility or activity that can be financed under
18 this chapter.

19 (4) "Federal capitalization grants" means grants from the federal
20 government provided by the clean water ((quality)) act ((of 1987
21 ~~(P.L. 100-4)~~)).

1 (5) "Fund" means the water pollution control revolving fund in
2 the custody of the state treasurer.

3 (6) "Nonpoint source water pollution" means pollution that enters
4 any waters of the state from any dispersed water-based or land-use
5 activities, including, but not limited to, atmospheric deposition,
6 surface water runoff from agricultural lands, urban areas, and forest
7 lands, subsurface or underground sources, and discharges from boats
8 or other marine vessels.

9 (7) "Public body" means the state of Washington or any agency,
10 county, city or town, other political subdivision, municipal
11 corporation or quasi-municipal corporation, and those Indian tribes
12 now or hereafter recognized as such by the federal government.

13 (8) "Water pollution" means such contamination, or other
14 alteration of the physical, chemical, or biological properties of any
15 waters of the state, including change in temperature, taste, color,
16 turbidity, or odor of the waters, or such discharge of any liquid,
17 gaseous, solid, radioactive, or other substance into any waters of
18 the state as will or is likely to create a nuisance or render such
19 waters harmful, detrimental, or injurious to the public health,
20 safety, or welfare, or to domestic, commercial, industrial,
21 agricultural, recreational, or other legitimate beneficial uses, or
22 to livestock, wild animals, birds, fish, or other aquatic life.

23 (9) "Water pollution control activities" means actions taken by a
24 public body for the following purposes: (a) To control nonpoint
25 sources of water pollution; (b) to develop and implement a
26 comprehensive management plan for estuaries; and (c) to maintain or
27 improve water quality through the use of water pollution control
28 facilities or other means.

29 (10) "Water pollution control facility" or "water pollution
30 control facilities" means any facilities or systems owned or operated
31 by a public body for the control, collection, storage, treatment,
32 disposal, or recycling of wastewater, including but not limited to
33 sanitary sewage, storm water, combined sewer overflows, residential,
34 commercial, industrial, and agricultural wastes, which are causing
35 water quality degradation due to concentrations of conventional,
36 nonconventional, or toxic pollutants. Water pollution control
37 facilities include all equipment, utilities, structures, real
38 property, and interests in and improvements on real property
39 necessary for or incidental to such purpose. Water pollution control
40 facilities also include such facilities, equipment, and collection

1 systems as are necessary to protect federally designated sole source
2 aquifers.

3 (11) "Clean water act" means 33 U.S.C. Sec. 1251 through 1388, as
4 it existed on the effective date of this section.

5 **Sec. 2.** RCW 90.50A.020 and 1993 c 329 s 1 are each amended to
6 read as follows:

7 (1) The water pollution control revolving fund is hereby
8 established in the state treasury. Moneys in this fund may be spent
9 only after legislative appropriation. Moneys in the fund may be spent
10 only in a manner consistent with this chapter.

11 (2) The water pollution control revolving fund shall consist of:

12 (a) All capitalization grants provided by the federal government
13 under the (~~federal~~) clean water (~~quality~~) act (~~of 1987~~);

14 (b) All state matching funds appropriated or authorized by the
15 legislature;

16 (c) Any other revenues derived from gifts or bequests pledged to
17 the state for the purpose of providing financial assistance for water
18 pollution control projects;

19 (d) All repayments of moneys borrowed from the fund;

20 (e) All interest payments made by borrowers from the fund;

21 (f) Any other fee or charge levied in conjunction with
22 administration of the fund; and

23 (g) Any new funds as a result of leveraging.

24 (3) The state treasurer may invest and reinvest moneys in the
25 water pollution control revolving fund in the manner provided by law.
26 All earnings from such investment and reinvestment shall be credited
27 to the water pollution control revolving fund.

28 **Sec. 3.** RCW 90.50A.030 and 2007 c 341 s 38 are each amended to
29 read as follows:

30 The department shall use the moneys in the water pollution
31 control revolving fund to provide financial assistance as provided in
32 the clean water (~~quality~~) act (~~of 1987~~) and as provided in RCW
33 90.50A.040:

34 (1) To make loans, on the condition that:

35 (a) Such loans are made at or below market interest rates,
36 including interest free loans, at terms not to exceed (~~twenty~~
37 years) the lesser of thirty years or the projected useful life, as

1 determined by the state, of the project to be financed with the
2 proceeds of the loan;

3 (b) Annual principal and interest payments will commence not
4 later than one year after completion of any project and all loans
5 will be fully amortized (~~((not later than twenty years after project~~
6 ~~completion))~~ upon the expiration of the term of the loan;

7 (c) The recipient of a loan will establish a dedicated source of
8 revenue for repayment of loans; and

9 (d) The fund will be credited with all payments of principal and
10 interest on all loans.

11 (2) Loans may be made for the following purposes:

12 (a) To public bodies for the construction or replacement of water
13 pollution control facilities as defined in (~~(section 212 of)~~) the
14 (~~(federal)~~) clean water (~~(quality)~~) act (~~(of 1987)~~);

15 (b) For the implementation of a management program established
16 under (~~(section 319 of)~~) the (~~(federal)~~) clean water (~~(quality)~~) act
17 (~~(of 1987)~~) relating to the management of nonpoint sources of
18 pollution, subject to the requirements of that act; and

19 (c) For development and implementation of a conservation and
20 management plan under (~~(section 320 of)~~) the (~~(federal)~~) clean water
21 (~~(quality)~~) act (~~(of 1987)~~) relating to the national estuary program,
22 subject to the requirements of that act.

23 (3) The department may also use the moneys in the fund for the
24 following purposes:

25 (a) To buy or refinance the water pollution control facilities'
26 debt obligations of public bodies at or below market rates, if such
27 debt was incurred after March 7, 1985;

28 (b) To guarantee, or purchase insurance for, public body
29 obligations for water pollution control facility construction or
30 replacement or activities if the guarantee or insurance would improve
31 credit market access or reduce interest rates, or to provide loans to
32 a public body for this purpose;

33 (c) As a source of revenue or security for the payment of
34 principal and interest on revenue or general obligation bonds issued
35 by the state if the proceeds of the sale of such bonds will be
36 deposited in the fund;

37 (d) To earn interest on fund accounts; and

38 (e) To pay the expenses of the department in administering the
39 water pollution control revolving fund according to administrative
40 reserves authorized by federal and state law.

1 (4) The department shall present a biennial progress report on
2 the use of moneys from the account to the appropriate committees of
3 the legislature. The report shall consist of a list of each
4 recipient, project description, and amount of the grant, loan, or
5 both.

6 (5) The department may not use the moneys in the water pollution
7 control revolving fund for grants.

8 **Sec. 4.** RCW 90.50A.040 and 2007 c 341 s 39 are each amended to
9 read as follows:

10 Moneys deposited in the water pollution control revolving fund
11 shall be administered by the department. In administering the fund,
12 the department shall:

13 (1) Consistent with RCW 90.50A.030 and 90.50A.080, allocate funds
14 for loans in accordance with the annual project priority list in
15 accordance with ~~((section 212 of))~~ the ~~((federal))~~ clean water
16 ~~((pollution control))~~ act ~~((as amended in 1987, and allocate funds~~
17 ~~under sections 319 and 320 according to the provisions of that act))~~;

18 (2) Use accounting, audit, and fiscal procedures that conform to
19 generally accepted government accounting standards;

20 (3) Prepare any reports required by the federal government as a
21 condition to awarding federal capitalization grants;

22 (4) Adopt by rule any procedures or standards necessary to carry
23 out the provisions of this chapter;

24 (5) Enter into agreements with the federal environmental
25 protection agency;

26 (6) Cooperate with local, substate regional, and interstate
27 entities regarding state assessment reports and state management
28 programs related to the nonpoint source management programs as noted
29 in ~~((section 319(c) of))~~ the ~~((federal))~~ clean water ~~((pollution~~
30 ~~control))~~ act ~~((amendments of 1987 and estuary programs developed~~
31 ~~under section 320 of that act))~~;

32 (7) Comply with provisions of the clean water ~~((quality))~~ act
33 ~~((of 1987))~~; and

34 (8) After January 1, 2010, not provide funding for projects
35 designed to address the restoration of Puget Sound that are in
36 conflict with the action agenda developed by the Puget Sound
37 partnership under RCW 90.71.310.

1 **Sec. 5.** RCW 90.50A.050 and 1988 c 284 s 6 are each amended to
2 read as follows:

3 Any public body receiving a loan from the fund shall:

4 (1) Appear on the annual project priority list to be identified
5 for funding under (~~section 212 of~~) the (~~federal~~) clean water
6 (~~pollution control~~) act (~~amendments of 1987 or be eligible under~~
7 ~~sections 319 and 320 of that act~~);

8 (2) Submit an application to the department;

9 (3) Establish and maintain a dedicated source of revenue or other
10 acceptable source of revenue for the repayment of the loan; and

11 (4) Demonstrate to the satisfaction of the department that it has
12 sufficient legal authority to incur the debt for which it is
13 applying.

Passed by the House February 12, 2016.

Passed by the Senate March 1, 2016.

Approved by the Governor March 31, 2016.

Filed in Office of Secretary of State April 1, 2016.

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