

H/B 363

# COMMITTEE REPORT

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## HOUSE

Mr. Speaker:

Date                     

The Committee on                      has had                     

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR                      AND THAT

CS FOR                      DO PASS

"and" recommends it BE REFERRED TO THE                     

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

|       |       |       |
|-------|-------|-------|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ Chairman

HOUSE RESOURCES COMMITTEE WORK SHEET

BILL NO.      DATE      PAGE      TITLE      SPONSOR      FURTHER REFERRALS

This Bill If Enacted Would:

House Bill 363

by Chance

3/26/73

Rept C. RAF To Rept of N. AF.

When Bill Considered by RA Committee:

Action Taken by Committee:

Amendments: Amended to Provide That:

Deegan -

Witnesses Testifying Before Committee: (summary of testimony)

# STATE OF ALASKA

WILLIAM A. EGAN, GOVERNOR

## DEPT. OF ENVIRONMENTAL CONSERVATION

POUCH 0 — JUNEAU 99801

March 26, 1973

The Honorable Joseph McGill  
Chairman, House Resources Committee  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99801

Dear Representative McGill:

The Department of Environmental Conservation, presently responsible for administering AS 46.03.030, the statute providing State financial assistance for municipal water supply and sewerage systems, as well as the Village Safe Water Act, has reviewed House Bills 363 and 364 and provides the following information for Committee consideration in evaluating this proposal for a "community water and sewer revolving loan fund."

Although the two bills specify administration of the new loan funds by the Department of Community and Regional Affairs, I have discussed the matter briefly with Commissioner Byron Mallott of that Department, and Commissioner Mallott concurs that if the new program is created, it should reside in the Department of Environmental Conservation as being complementary to the water and sewer system support programs presently under Environmental Conservation jurisdiction.

As you may know, the original State statute providing for financial assistance to Alaska municipalities was prepared in 1970 to take advantage of certain federal funding programs which have since been modified or eliminated. In addition to a completely revamped Federal Water Pollution Control Act passed by the Congress in October 1972, we have seen in recent months the termination of all federal grants by departments other than the Environmental Protection Agency. The Farmers Home Administration of the Department of Agriculture, however, continues to make federal loans at rates almost as favorable as those shown in House Bill 363, to municipalities of under 10,000 population. It is our understanding that approximately \$340 million has been requested for this purpose during FY 74. Most Alaska municipalities are aware of this loan fund and are taking advantage of its provisions when they are prepared to sell local bonds for water and sewer system improvements. The present FHA rate of interest is five percent for a maximum 40-year period.

March 26, 1973

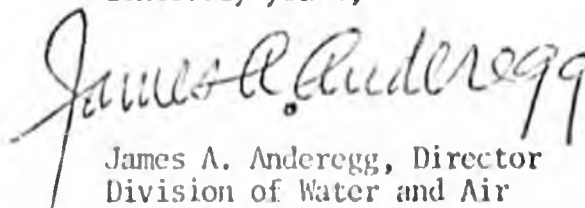
Significantly, the Water Pollution Control Act Amendments of 1972 no longer permit State and municipal prefinancing of sewage treatment projects as was authorized under the old Public Law 660. You will recall that our Alaska law was designed to permit State loans of the federal share in any year in which the federal allocation to Alaska had been exhausted. Now that Alaska citizens have voted a substantial \$32 million bond issue last November, the Department no longer is able to lend this federal share and advises municipalities that they must await firm federal commitments before initiating sewage interceptor and treatment plant projects.

### Summary

In summary, the Department respectfully suggests to the Committee that House Bills 363 and 364 be not favorably considered because:

- (1) Since federal sewage treatment grants can no longer be prefinanced by state and municipal governments, this new revolving loan fund essentially could apply only to collection sewer and water system improvements.
- (2) An almost identical federal program with adequate funding for all Alaska needs is in existence and has been most helpful to Alaskan municipalities.
- (3) The sum of \$1 million appropriated in House Bill 364 is grossly inadequate even if the federal program did not exist. Several Alaska projects being considered by municipal officials have a local 75 percent share in excess of the \$1 million contemplated.
- (4) All Alaska municipalities except the four with populations of over 10,000 could continue to have access to Farmers Home Administration loan funds as well as those created by this bill. Thus, HB 363 would provide real assistance only to Anchorage, Fairbanks, Juneau and Ketchikan.

Sincerely yours,



James A. Anderegg, Director  
Division of Water and Air  
Quality Control

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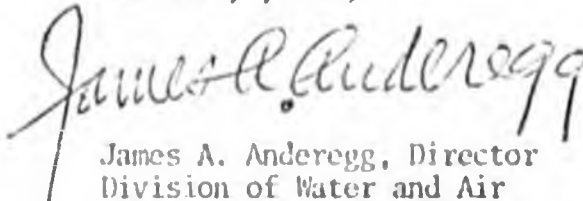
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Sincerely yours,



James A. Anderegg, Director  
Division of Water and Air  
Quality Control

§ 46.03.030 WATER, AIR & ENVIRONMENTAL CONSERVATION § 46.03.030

**Sec. 46.03.030. Grants and loans for water supply and sewerage systems.** (a) The department may pay, as funds are available, 25 per cent of the estimated reasonable cost, as determined by the Secretary of the Interior, of each waste treatment works project approved for a federal grant by the Federal Water Quality Administration or its predecessor, the Federal Water Pollution Control Administration, and on which construction was initiated after June 30, 1967. As funds are available, the department may lend on an interest-free basis for a project approved after June 30, 1970, any part of an anticipated federal grant. Money received from the Federal Water Quality Administration for the project after the loan is given must be used to repay the loan, but the loan need be repaid only to the extent of this federal assistance.

(b) The department may pay to a municipality, as funds are available, up to the lesser of 25 per cent of the estimated cost or 50 per cent of the estimated cost not borne by the federal government, if there is federal assistance, of water systems, including collection and impounding facilities, and of those portions of sewerage systems not covered by (a) of this section. The estimated cost of any part of a system will be as determined by the federal agency which gives the most monetary assistance or, if none, by the department. Systems shall be constructed according to plans and specifications approved by the federal agency which gives the most monetary assistance or, if none, by the department.

(c) There is a water supply and sewerage systems fund created in the department to carry out the purposes of this section. (§ 3 ch 120 SLA 1971)