

SB

167

SENATE COMMITTEE REPORT

FURTHER:

DATE TURNED INTO OFFICE 4/9/87

Mr. President:

FINANCE Committee considered SB 167

grants for water supply, sewage, and solid waste facilities; establishing a revolving loan fund; efd.

and recommended:

replace with CS FOR \_\_\_\_\_ )  same title  
 or adopt \_\_\_\_\_ CS FOR \_\_\_\_\_ )  new title

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

letter of intent adopted \_\_\_\_\_

Committee  attached or  adopted fiscal note(s)

new  updated or  previous #2  
 zero  fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

*[Handwritten signatures: Paul G. Murphy, John D. ...]*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*[Handwritten signature: John ...]* DO PASS  
Chairman signature and recommendation

Committee Backup Attached

ADOPTED

2

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

REQUEST: \_\_\_\_\_

Bill Version: SB 167  
Publish Date: \_\_\_\_\_

Revision Date: \_\_\_\_\_  
Title: Grants for water supply & sewage facilities; establishing revolving loan fund  
Sponsor: Senator Halford  
Requestor: \_\_\_\_\_

Agency Affected: Environmental Conservation  
BRU: Facility Construction & Operation  
Components: \_\_\_\_\_

EXPENDITURES: REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING						

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	2179.0	2152.7	2252.7	2905.4	2179.0
FEDERAL FUNDS	-0-	10895.4	10763.6	11263.6	14527.2	10895.4
OTHER						
TOTAL	-0-	13074.4	12916.3	13516.3	17432.6	13074.4

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary) Passage of the revolving loan fund bill will give the state the ability to accept a total of \$69,240,000 in federal dollars to capitalize the fund. Federal funds require a 20% state match. Passage of the bill does not obligate the state to accept the federal dollars or to appropriate the match. \*Please see attachment.

Prepared by: Lori Telfer  
Division: Facility Construction and Operation

Phone: 465-2610  
Date: 3/17/87

Approved by Commissioner: [Signature]  
Agency: Environmental Conservation

Date: 3/17/87

- Distribution (by preparer):
- Legislative Finance
  - Legislative Sponsor
  - Requestor
  - Office of Management and Budget
  - Impacted Agency(ies)
  - Senate Secretary



1 IN THE SENATE

BY HALFORD

2

SENATE BILL NO. 167

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to grants for water supply, sewage,

7

and solid waste facilities; establishing a revolving

8

loan fund; and providing for an effective date."

9

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10

\* Section 1. AS 46.03.030(c) is amended to read:

11

(c) There is a water quality enhancement program and [,] water

12

supply, sewage [SEWERAGE], and solid waste facilities fund created in

13

the department to carry out the purposes of this section.

14

\* Sec. 2. AS 46.03.030(d) is amended to read:

15

(d) The department shall, by regulation, identify those costs

16

that [WHICH] are eligible costs for the purposes of this section.

17

Eligible costs include the costs established in a construction con-

18

tract which are necessary for construction of a project, but do not

19

include the cost of interest and financing and right-of-way acquisi-

20

tion, or costs related to operation, maintenance, or repair [OR RE-

21

PLACEMENT] of a project.

22

\* Sec. 3. AS 46.03.030(e) is amended to read:

23

(e) The department may grant to a municipality not more than 50

24

percent of the eligible costs that [, INCLUDING COSTS OF OBTAINING

25

FEDERAL WAIVERS FROM THE REQUIREMENT FOR SECONDARY TREATMENT PLANTS,

26

WHICH] are not paid for by the federal government for solid waste

27

processing or disposal facilities constructed after July 1, 1980.

28

However, the department may grant a municipality up to 60 percent of

29

the eligible costs not paid for by the federal government for a solid

1 waste processing or disposal facility constructed after July 1, 1980,  
2 if the facility is used for resource recovery. The eligible costs of  
3 a solid waste processing or disposal facility are determined by the  
4 federal agency granting the most monetary assistance for construction  
5 of the facility. For a solid waste processing or disposal facility  
6 for which federal money is not available, the department shall deter-  
7 mine the eligible costs in accordance with (d) of this section. A  
8 municipality shall construct solid waste processing or disposal  
9 facilities financed by grants under this section according to plans  
10 and specifications approved by the department.

11 \* Sec. 4. AS 46.03 is amended by adding a new section to read:

12 Sec. 46.03.032. ALASKA CLEAN WATER FUND. (a) There is estab-  
13 lished as a separate fund the Alaska clean water fund, which is dis-  
14 tinct from any other money or fund in the treasury, and which consists  
15 of money appropriated by the legislature, federal capitalization  
16 grants, loan repayments, interest received from loan repayments, and  
17 interest received from investment of money in the clean water fund.

18 (b) The department shall administer the Alaska clean water fund.

19 (c) The department may accept and make use of all capitalization  
20 grants provided by the federal government under the federal Clean  
21 Water Act, as amended by P.L. 100-4.

22 (d) Except as otherwise limited by federal law, the Alaska clean  
23 water fund may be used for the following:

24 (1) buying or refinancing treatment works debt obligations  
25 of municipalities;

26 (2) planning, designing, building, constructing, and re-  
27 habilitating facilities associated with public sewage collection,  
28 treatment, and discharge facilities;

29 (3) constructing, equipping, modifying, improving, and

1 expanding public water supply, treatment, and distribution systems;  
2 (4) guaranteeing or purchasing insurance for public agency  
3 obligations related to treatment works construction.  
4 (e) Repayment of loans must be secured in a manner that the  
5 department determines is feasible to assure prompt repayment under a  
6 loan agreement entered into with the borrower.  
7 (f) The department may spend money from the fund to pay the  
8 costs of administering the fund.  
9 (g) A municipality wishing to borrow money from the fund must  
10 demonstrate to the satisfaction of the department,  
11 (1) sufficient legal authority to incur the debt for which  
12 it is applying; and  
13 (2) that it will establish and maintain a dedicated source  
14 of revenue or other acceptable revenue source for repayment of the  
15 loan.  
16 (h) Allocation of Alaska clean water fund loans must be made in  
17 accordance with the priority list developed by the department, using  
18 criteria specified in regulations adopted by the department.  
19 (i) Before making a loan from the Alaska clean water fund, the  
20 department shall, by regulation, specify  
21 (1) standards for the eligibility of borrowers and the type  
22 of projects to be financed with loans;  
23 (2) loan term and interest rate policies for loans made  
24 from the fund;  
25 (3) standards regarding the technical and economic viability  
26 and revenue self-sufficiency of eligible projects;  
27 (4) collateral or other security required for loans;  
28 (5) terms of loans; and  
29 (6) other relevant criteria, standards, or procedures.

1           (j) A loan made by the department must be made according to the  
2 standards, criteria, and procedures established by regulations under  
3 this section.

4           (k) The department shall prepare reports required by the federal  
5 government in conjunction with federal capitalization grant award  
6 conditions. The department shall also provide the Alaska legislature  
7 with an annual report on the Alaska clean water fund on or before the  
8 first day of each legislative session.

9           (1) Loan repayments and interest earned by loans from the Alaska  
10 clean water fund must be deposited in the fund.

11           (m) Annual principal payments must commence within one year  
12 after project completion, or within two years after the date the loan  
13 is made, whichever is earlier.

14 \* Sec. 5. This Act takes effect immediately under AS 01.10.070(c).

# STATE OF ALASKA

STEVE COWPER, GOVERNOR

## DEPT. OF ENVIRONMENTAL CONSERVATION

### POSITION PAPER

Bill No: SB 167

Date: March 16, 1987

Title: An Act relating to grants for water supply, sewage, and solid waste facilities; establishing a Revolving Loan Fund; and providing for an effective date.

Contact: Gary Hayden  
465-2610

#### Department's Position

We support the bill.

#### Effect of the Bill

SB 167 would create the mechanism the State needs to take advantage of federal dollars authorized under the 1987 amendments to the Clean Water Act. The amendments provide for a transition from a federally funded grant program for sewage treatment facilities to a federally and State funded loan program. About \$69 million in federal funds will be available in the next seven years to capitalize a revolving loan fund in Alaska. The State would match with another twenty percent. SB 167 will allow the Department of Environmental Conservation to make low interest loans to communities to construct sewage treatment plants.

The bill also makes adjustments to the existing statute concerning the Department's fifty percent Construction Grants Program.

#### Impact on the Agency

The proposed revolving loan program would replace the federal grant program being administered by the Department. Therefore, we would administer the proposed loan program with existing staff, with no increase in the operating budget.



Dennis D. Kelso  
Commissioner

ATTACHED

1

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

REQUEST: \_\_\_\_\_

Bill Version : SB 167  
Publish Date : \_\_\_\_\_

Revision Date: \_\_\_\_\_  
Title: Act establishing a Revolving  
Loan Fund (Alaska Clean Water Fund)  
Sponsor: Senator Rick Halford  
Requestor: \_\_\_\_\_

Agency Affected: Environmental Conservation  
BRU: Facility Construction & Operation

Components : \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING						

CAPITAL						
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REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	2,179.0	2,152.7	2,252.7	2,905.4	2,179.0	1,452.7
FEDERAL FUNDS	10,895.4	10,763.6	11,263.6	14,527.2	10,895.4	7,263.6
OTHER						
TOTAL	13,074.4	12,916.3	13,516.3	17,432.6	13,074.4	8,716.3

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary) Passage of the revolving loan fund bill will give the state the ability to accept a total of \$69,240,000 in federal dollars to capitalize the funds. Federal Funds require a 20% state match. Passage of the bill does not obligate the state to accept the federal dollars or to appropriate the match (see attachment).

Prepared by: Lori Telfer Phone: 465-2610  
Division: Facility Construction & Operation Date: 3/17/87

Approved by Commissioner: \_\_\_\_\_ Date: \_\_\_\_\_  
Agency: Environmental Conservation

- Distribution (by preparer):
- Legislative Finance
  - Legislative Sponsor
  - Requestor
  - Office of Management and Budget
  - Impacted Agency(ies)
  - Senate Secretary

ATTACHED

3

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FISCAL NOTE

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Sponsor: Senator Rick Halford  
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PERSONAL SERVICES						
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GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING						

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	4,331.8	2,252.7	2,905.4	2,179.0	1,452.7
FEDERAL FUNDS	-0-	21,659.0	11,263.6	14,527.2	10,895.4	7,262.6
OTHER						
TOTAL	-0-	25,990.8	13,516.3	17,432.6	13,074.4	8,715.3

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary) Passage of the revolving loan fund bill will give the state the ability to accept a total of \$69,240,000 in federal dollars to capitalize the funds. Federal funds require a 20% state match. Passage of the bill does not obligate the state to accept the federal dollars or to appropriate the match (see attachment).

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Division: Facility Construction & Operation Date: 3/17/87

Approved by Commissioner: \_\_\_\_\_ Date: \_\_\_\_\_  
Agency: Environmental Conservation

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

3-17-87

513167

CAPITALIZATION OF THE STATE REVOLVING LOAN FUND

FED F.Y.	FED SEED GRANT	STATE MATCH	TOTAL
88	\$10,895,400	\$2,179,080	\$13,074,480
89	\$10,763,600	\$2,152,720	\$12,916,320
90	\$11,263,600	\$2,252,720	\$13,516,320
91	\$14,527,200	\$2,905,440	\$17,432,640
92	\$10,895,400	\$2,179,080	\$13,074,480
93	\$7,263,600	\$1,452,720	\$8,716,320
94	\$3,631,800	\$726,360	\$4,358,160
TOTALS:	\$69,240,600	\$13,848,120	\$83,088,720

## CAPITALIZATION OF THE STATE REVOLVING LOAN FUND

1987	1988	1989	1990	1991	1992	1993	1994	1995
July	July	July	July	July	July	July	July	July
SFY 88	SFY 89	SFY 90	SFY 91	SFY 92	SFY 93	SFY 94		

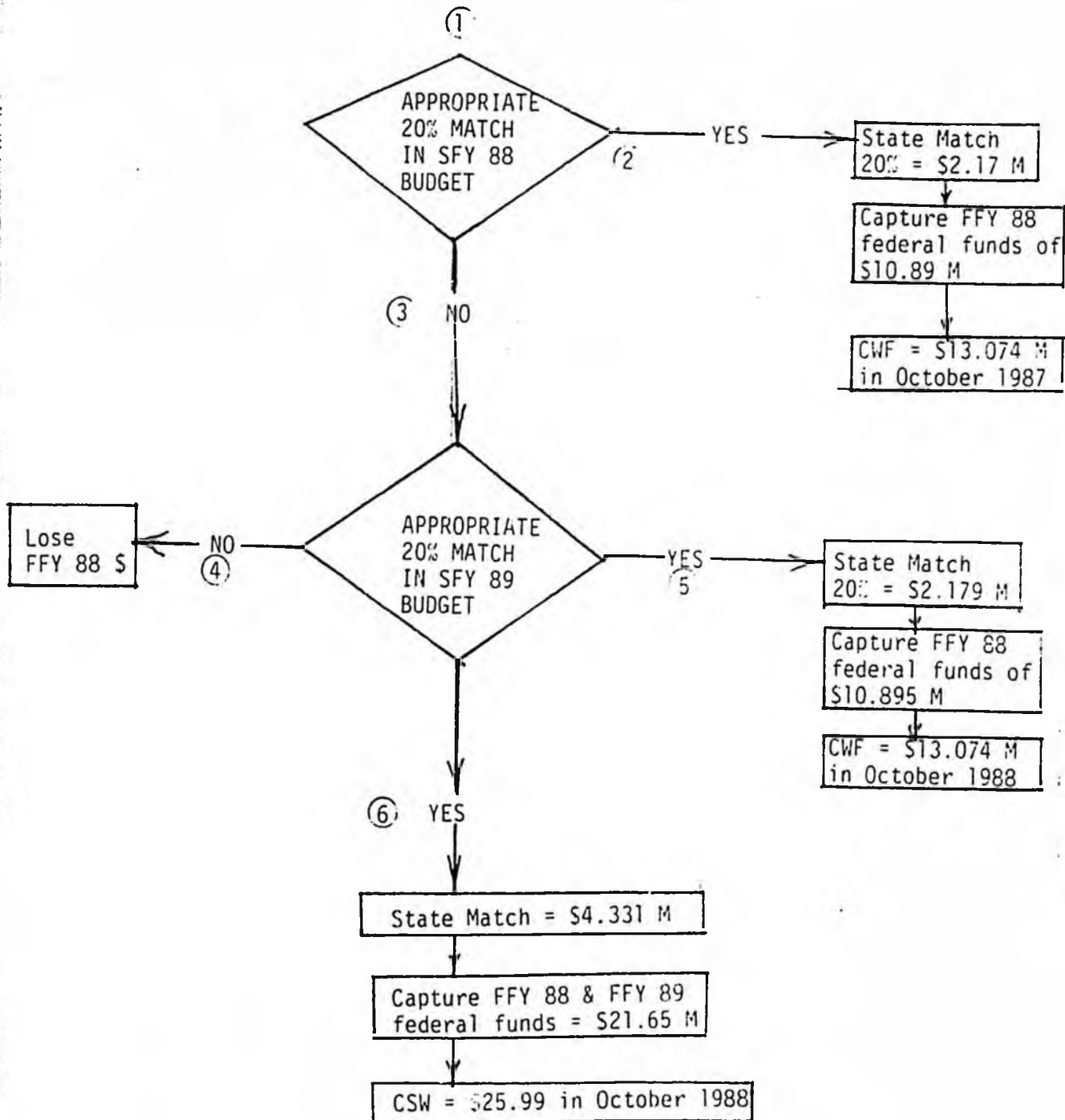
Oct	Oct	Oct	Oct	Oct	Oct	Oct	Oct	Oct
FFY 88	FFY 89	FFY 90	FFY 91	FFY 92	FFY 93	FFY 94		
\$ 10.89 M	\$ 10.76 M	\$ 11.26 M	\$ 14.53 M	\$ 10.89 M	\$ 7.26 M	\$ 3.63 M		

3-17-87

SB167

### STATE MATCH DECISION TREE

Note: SFY=State Fiscal Year  
FFY=Federal Fiscal Year



# Alaska State Legislature

ARLISS STURGULEWSKI, Chairman  
TIM KELLY, Vice Chairman  
RICK HALFORD  
MIKE SZYMANSKI  
FRED ZHAROFF



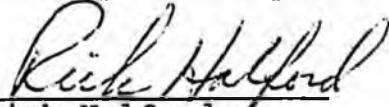
P. O. BOX V  
JUNEAU, ALASKA 99811  
(907) 465-4589

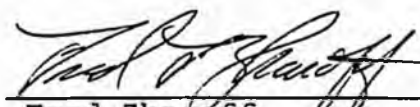
## Senate Community and Regional Affairs Committee

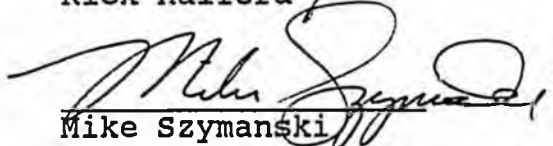
LETTER OF INTENT  
SB 167

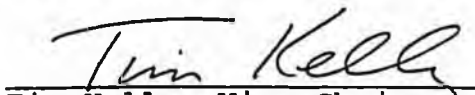
It is the intent of the Senate Committee on Community and Regional Affairs that, contingent upon federal requirements, when establishing interest rate policy as defined in AS 46.03.032 (i) (2) and setting interest standards for collateral or security as defined in AS 46.03.032 (i) (4) and (e), the department will adhere to the following;


1. The interest rate charged to a community for loans from the Alaska Clean Water Fund will be 66% of the current rate for revenue bonds as defined by the Alaska Municipal Bond Bank Authority for all loans prior to July 1, 1992, and 75% of the current rate for all loans after July 1, 1992; and
2. In order to determine that repayment of loans is secured (as required by federal legislation), the department will perform a financial capability review of the community. This review must demonstrate that the recipient has sufficiently pledged a dedicated revenue stream to repay the loan as well as operate and maintain the facility; and
3. Municipalities that repay loans to the Alaska Clean Water Fund by consumer utility billings will charge a rate that is consistent with the savings realized by municipalities participating in this loan program.

  
Rick Halford

  
Fred Zharoff

  
Mike Szymanski

  
Tim Kelly, Vice Chairman

  
Arliss Sturgulewski, Chair

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 3/19/87 5-DAY NOTICE  
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER: FINANCE

\*\*FISCAL NOTE(S) ATTACHED  \*\*  
IN ACCORDANCE WITH AS 24.08.035  
(see below)

3/11/87

DATE TURNED INTO OFFICE 4/1/87

Mr. President:

C&RA Committee considered SB 167

grants for water supply, sewage, and solid waste facilities;  
establishing a revolving loan fund; efd.

and recommended:

- replace with CS \_\_\_\_\_  same title
- attached amendment(s) and  new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to \_\_\_\_\_
- letter of intent adopted and attached
- \*\* Committee  <sup>(2)</sup> attached <sup>and</sup>  <sup>1</sup> adopted fiscal note(s)
- zero  fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Rick Hatfield  
Mike Symantzi  
and [Signature]

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Artis Stimpulinski DePano  
Chairman signature and recommendation

Committee Backup Attached

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y STATE CAPITOL  
JUNEAU, ALASKA 99811  
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

March 27, 1987

SUBJECT: Dedication of funds to clean water fund by  
SB 167 (Grants for water supply, sewage and  
solid waste facilities)

TO: Senator Rick Halford

FROM: Teresa B. Cramer *TBC*  
Legislative Counsel

You have asked whether the Alaska clean water loan fund created by SB 167 violates the constitutional prohibition against the dedication of state funds for a special purpose. You have provided me with a copy of Title VI (State Water Pollution Control Revolving Funds) of P.L. 100-4, amending the Federal Water Pollution Control Act (33 U.S.C. 1251 - 1376), commonly known as the Clean Water Act.

The Alaska Constitution, Article IX, Section 7, permits the state to dedicate funds "when required by the federal government for participation in federal programs." The question then is whether SB 167 creates a dedicated fund in order to participate in a federal program and whether the state program is not more extensive than the federal requirements. In my opinion, the bill complies with the requirements of the exception for a federal program.

The recent amendments to the federal Clean Water Act require that states establish revolving loan funds that meet certain standards in order to be eligible to participate in the capitalization grants. The state must establish a separate fund consisting of federal capitalization grant payments (Sec. 602(b)(1)), the required state matching funds (Sec. 602(b)(2)), loan repayments including interest (Sec. 603(d)(1)(D)), and interest earned on fund accounts (Sec. 603(d)(6)). As long as the state does not deposit more than the required state match in the fund, contributions specified in the bill should be exempt from the prohibition against dedicated funds.

Senator Halford  
Page 2  
March 27, 1987

The requirements imposed in SB 167 for management of the fund and the projects that are eligible for participation in the program appear to be consistent with the federal legislation. Under AS 46.03.032(d), added by section 4 of SB 167, the state permits the fund to be used for

- (1) buying or refinancing municipal treatment works debt obligations;
- (2) constructing facilities associated with public sewage collection treatment and discharge facilities;
- (3) constructing public water supply, treatment, and distribution systems; and
- (4) guaranteeing or purchasing insurance for public agency obligations related to treatment works construction.

Under sec. 603 (c) of the federal legislation, amounts in the fund are to be used only for financial assistance

- (1) for construction of publicly owned treatment works (as defined in section 212 of this Act), (2) for the implementation of a management program established under section 319 of this Act, and (3) for development and implementation of a conservation and management plan under sec 320 of this Act.

Under Sec. 603(d)(2), the fund may also be used to buy or refinance municipal debt obligations.

"Treatment works" is defined at 33 U.S.C 1292(2)(A) and apparently is not amended in the new federal legislation. The term includes devices and systems used for storage, treatment, recycling, and reclamation of municipal sewage or industrial wastes or necessary to recycle or reuse water. The proposed use of funds in the Alaska clean water revolving loan fund appears consistent with the requirements of federal law and necessary to participate in a federal program. Therefore, the dedication of funds does not violate the Alaska constitution.

If I may be of further assistance, please advise.

TBC:mkr  
m10/063

OFFICE OF THE COMMISSIONER  
P.O. BOX 0, JUNEAU 99811-1800

March 25, 1987

The Honorable Arliss Sturgulewski  
Alaska State Senate  
P.O. Box V  
Juneau, AK 99811

Dear Senator Sturgulewski:

During the public hearing on SB 167 held by the Community and Regional Affairs Committee, you asked for an explanation of how the proposed Alaska Clean Water Fund will impact the Department's existing grant program.

The Department of Environmental Conservation administers three grant programs:

1. The 50 Percent Matching Construction Grants Program;
2. The Village Safe Water Program; and
3. The Federally Funded Construction Grants Program.

SB 167 would set up a state revolving loan fund that would take the place of the federally funded Construction Grants Program. This program is being phased out by Congress. However, federal restrictions would limit the type of projects that could be constructed through the proposed loan fund. Therefore, the State must maintain the two State funded programs. Additional reasons for this conclusion are described below.

1. 50 PERCENT MATCHING CONSTRUCTION GRANTS PROGRAM (AS 46.03)

The Construction Grants Program provides grants up to 50 percent of the nonfederally financed costs for water, sewer, and solid waste projects. These grants pay for engineering, construction, legal, administrative, and equipment costs. Only incorporated municipalities can receive grants through this program. Traditionally, local governments have raised their match by the formation of local improvement districts, sales tax, or the sale of local bonds.

*Back-up SB167*

2. VILLAGE SAFE WATER PROGRAM (AS 46.07)

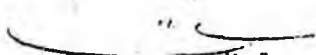
The Village Safe Water (VSW) Program is available to unincorporated and second class communities and covers 100 percent of project expenses. VSW is more than just a funding mechanism. Our engineering staff, experienced in cold climate utility development, acts as the village's "city engineer" in the planning, design, and construction management of the project when the community does not have the management expertise needed for a major capital project. These grants can be used for construction of water systems, wastewater collection and disposal, solid waste disposal, laundromats, and bathing facilities.

3. ALASKA CLEAN WATER ACT (Proposed by SB 167)

The Federal Construction Grants Program currently provides about \$14 million a year to Alaskan communities for construction of wastewater treatment plant projects. This program has existed since 1972, but will be phased out and replaced with a State Revolving Loan Fund Program. SB 167 establishes the framework for Alaska's revolving fund. Monies in the fund will be available to all incorporated communities. However, federal eligibility guidelines will restrict the use of the funds to major sewage treatment facilities and some segments of sewage collection systems. The federal monies cannot be used for water supply and solid waste projects.

Each program targets a different community-type and is tailored to meet specific needs. To maintain mechanisms for meeting the State's sanitation needs, all three programs must be in place. The Legislature, as it has in the past, will continue to direct the State's efforts in meeting these sanitation needs, through the capital budgeting process.

Sincerely,

  
Dennis D. Kelso  
Commissioner

DDK:GH:jh

**STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE**

**REQUEST:** \_\_\_\_\_

Bill Version : SB 167  
Publish Date : \_\_\_\_\_

Revision Date: \_\_\_\_\_  
Title: Grants for water supply & sewage facilities; establishing revolving loan fund  
Sponsor: Senator Halford  
Requestor: \_\_\_\_\_

Agency Affected: Environmental Conservation BRU: Facility Construction & Operation  
Components: \_\_\_\_\_

*Shirley FN  
Yuleal Wilson*

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>						
<b>CAPITAL</b>						
<b>REVENUE</b>						

**FUNDING: (Thousands of Dollars)**

GENERAL FUND	-0-	2179.0	2152.7	2252.7	2905.4	2179.0
FEDERAL FUNDS	-0-	10895.4	10763.6	11263.6	14527.2	10895.4
OTHER						
<b>TOTAL</b>	<b>-0-</b>	<b>13074.4</b>	<b>12916.3</b>	<b>13516.3</b>	<b>17432.6</b>	<b>13074.4</b>

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS :** (Attach a separate page if necessary) Passage of the revolving loan fund bill will give the state the ability to accept a total of \$69,240,000 in federal dollars to capitalize the fund. Federal funds require a 20% state match. Passage of the bill does not obligate the state to accept the federal dollars or to appropriate the match. \*Please see attachment.

Prepared by: Lori Telfer Phone: 465-2610  
Division: Facility Construction and Operation Date: 3/17/87

Approved by Commissioner: \_\_\_\_\_ Date: 3/17/87  
Agency: Environmental Conservation

- Distribution (by preparer):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)  
 Senate Secretary

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LEGISLATIVE FINANCE

**STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE**

**REQUEST:** \_\_\_\_\_

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Revision Date: \_\_\_\_\_

Agency Affects  
BRU: Facili

Title: Grants for water supply & sewage facilities; establishing revolving loan fund

Sponsor: Senator Halford

Components: \_\_\_\_\_

Requestor: \_\_\_\_\_

*This FN pulled from SFC member file*

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**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING						

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

**FUNDING: (Thousands of Dollars)**

GENERAL FUND	-0-	2179.0	2152.7	2252.7	2905.4	2179.0
FEDERAL FUNDS	-0-	10895.4	10763.6	11263.6	14527.2	10895.4
OTHER						
TOTAL	-0-	13074.4	12916.3	13516.3	17432.6	13074.4

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS :** (Attach a separate page if necessary) Passage of the revolving loan fund bill will give the state the ability to accept a total of \$69,240,000 in federal dollars to capitalize the fund. Federal funds require a 20% state match. Passage of the bill does not obligate the state to accept the federal dollars or to appropriate the match. \*Please see attachment.

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Approved by Commissioner: [Signature]  
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LEGISLATIVE FINANCE

Attachment 1

FISCAL NOTE ASSUMPTIONS AND ANALYSIS

- 1 All operating and administrative expenses will be paid by a percentage set aside from annual federal grants to the program. Operating projections have, therefore, been left blank. Additional staff will not be needed. Staff that now administer the federal grant program will administer the federal loan program.
- 2 Loan repayments to the fund and interest earned by the fund have not been included in this analysis.
- 3 Federal capitalization grants to the loan fund will be available annually for seven years (FFY 88 - FFY 94). An extension of the fiscal analysis on the front page is given below.

	<u>FY 93</u>	<u>FY 94</u>
General Fund	1,452,720	726,360
Federal Funds	7,262,600	3,631,800
Other	-0-	-0-
Total	8,716,320	4,358,160

SEVEN YEAR TOTAL:      General Fund    \$ 13,848,120  
                                 Federal Funds    \$ 69,240,600  
                                 \$ 83,088,720

# STATE OF ALASKA

STEVE COWPER, GOVERNOR

## DEPT. OF ENVIRONMENTAL CONSERVATION

### POSITION PAPER

Bill No: SB 167

Date: March 16, 1987

Title: An Act relating to grants for water supply, sewage, and solid waste facilities; establishing a Revolving Loan Fund; and providing for an effective date.

Contact: Gary Hayden  
465-2610

#### Department's Position

We support the bill.

#### Effect of the Bill

SB 167 would create the mechanism the State needs to take advantage of federal dollars authorized under the 1987 amendments to the Clean Water Act. The amendments provide for a transition from a federally funded grant program for sewage treatment facilities to a federally and State funded loan program. About \$69 million in federal funds will be available in the next seven years to capitalize a revolving loan fund in Alaska. The State would match with another twenty percent. SB 167 will allow the Department of Environmental Conservation to make low interest loans to communities to construct sewage treatment plants.

The bill also makes adjustments to the existing statute concerning the Department's fifty percent Construction Grants Program.

#### Impact on the Agency

The proposed revolving loan program would replace the federal grant program being administered by the Department. Therefore, we would administer the proposed loan program with existing staff, with no increase in the operating budget.



Dennis D. Kelso  
Commissioner