

**SB**

**330**

**HFIN**

**FILE**

# HOUSE COMMITTEE REPORT

(11)  
Date Referred: March 29, 1994

FURTHER REFERRALS:

Date of Committee Action: \_\_\_\_\_

The FINANCE Committee considered:

CSSB 330(RLS)

CS FOR SENATE BILL NO. 330(RLS)

WATER QUALITY FUNDS AND GRANTS

"An Act relating to water quality enhancement, water supply, wastewater, and solid waste grants; the Alaska clean water fund; the establishment of the Alaska clean water account, the Alaska drinking water fund, and the Alaska drinking water account; and providing for an effective date."

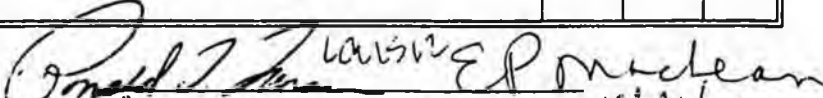
- RECOMMENDATIONS:  
 be replaced with CSSB 330(RLS)  the same title  
 a new title  
 have attached amendments(s)  
 do pass  
 do not pass  
 no recommendations  
 individual recommendations  
 additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

- ATTACHES NEW FISCAL NOTE(S): (Dept) \_\_\_\_\_  
 fiscal impact \_\_\_\_\_  
 zero fiscal note \_\_\_\_\_

- APPROVES PREVIOUS: (Dept/Date) \_\_\_\_\_  
 fiscal note(s) \_\_\_\_\_  
 zero fiscal note(s) DEC. 2/24/94

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
		Ed Machean		✓	
<del>Banks</del> <sup>Yussif</sup>	x	Ronald J. Z...		(3)	
Sean Parnell	✓	Mark Hanku		x	
Kay Brown	✓	Terry Martin		x	
Mike Sporne	✓	<del>...</del>		<del>...</del>	
		<del>...</del>		<del>...</del>	
		Thomault		x	
		Richard J. Foster		x	
		<del>...</del>			
		<del>...</del>			
		<del>...</del>			

  
 Co CHAIRMAN'S SIGNATURE Machean

# FISCAL NOTE

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BILL NO. SB 330

Revision Date: \_\_\_\_\_  
Title: Water Quality Funds and Grants

Department Affected: Environmental Conservation

Sponsor: Senator Halford  
Requestor: Senator Phillips

BRU: Facility, Construction, and Operation  
Component: Facility, Construction, and Operation

COMPONENT SERIAL NO. 637

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>CAPITAL EXPENDITURES</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>CHANGE IN REVENUES ( )</b>	0.0	0.0	0.0	0.0	0.0	0.0

**FUND SOURCE**

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipt						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY94) cost: \$ \_\_\_\_\_

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY	0.0	0.0	0.0	0.0	0.0	0.0

**ANALYSIS:** (Attach a separate page if necessary.)

No overall fiscal impacts are anticipated. No new positions will be created. As a result of the Drinking Water Loan Fund portion of the bill, the funding sources for existing personnel will be shifted to the revolving loan fund from a federal grant program, which is being discontinued.

Prepared by: Bob Poe, Director  
Division: Information and Administrative Services

Phone: 465-5010  
Date: 2/15/94

Approved by Commissioner: Asen Q. Tonder  
Agency: Department of Environmental Conservation

Date: 2/15/94

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# ALASKA STATE LEGISLATURE

Senator Rick Halford

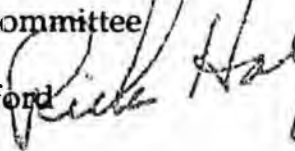
President of the Senate

## MEMORANDUM

While in Session:  
State Capitol  
Juneau, AK 99801-1182  
907-465-4958

While in Interim:  
P.O. Box 670190  
Chugiak, AK 99567  
907-694-4958

TO: House Finance Committee

FROM: Senator Rick Halford 

DATE: March 31, 1994

SUBJECT: Sponsor Statement --- Senate Bill 330

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Senate Bill 330 proposes modifications to two statutes administered by the Division of Facility Construction and Operation within the Department of Environmental Conservation; AS 46.03.030 (Municipal Matching Grants) and AS 46.03.032 (Alaska Clean Water Fund).

By way of background, in 1987 I sponsored Senate Bill 167 which created the Alaska Clean Water Fund (ACWF) to provide low interest loans for the construction of municipal wastewater projects. This program, capitalized 83 percent by the federal government, was designed to replace the EPA construction grants program. Since the ACWF can only finance wastewater projects, the Legislature also created a separate account for excess State appropriations to provide loans for water supply and solid waste projects. This account has never been capitalized. The ACWF as presently capitalized can provide loans only for wastewater projects.

SB 330 provides funding assistance through grants and loans to Alaska's incorporated municipalities for the construction of water, wastewater and solid waste improvements. By amending AS 46.03.030, the flexibility of funding alternatives available to incorporated governments will be increased. Changes to AS 46.03.032 will position the State to take advantage of a new federal loan program for construction of water supply systems. This legislation is now pending in Congress and by passing this bill this session, it will enable the State to participate at the earliest possible opportunity.

Congress is also presently considering several bills for the re-authorization of the Safe Water Drinking Act. These bills all contemplate a loan program for the construction of water supply projects. It is proposed that federal appropriations and the corresponding State match will be used to capitalize an Alaska Drinking Water Fund.

The proposed changes to AS 46.03.032 clarify the relationship of the ACWF to the account and establishes a parallel Alaska Drinking Water Fund and account. Again, early action by the Legislation allows the State to receive federal funding as soon as it is available.

I request the committees' favorable consideration of Senate Bill 330.

## DIVISION OF LEGAL SERVICES

### LEGISLATIVE AFFAIRS AGENCY STATE OF ALASKA

(907) 465-3867 or 465-2450

FAX (907) 465-2029

Mail Stop 3101

130 Seward Street, Suite 409  
Juneau, Alaska 99801-2105

#### MEMORANDUM

February 18, 1994

**SUBJECT:** Sectional Summary of SB 330; An Act relating to water quality enhancement, water supply, wastewater, and solid waste grants; the Alaska clean water fund; the establishment of the Alaska clean water account, the Alaska drinking water fund, and the Alaska drinking water account; and providing for an effective date. (Work Order No. 8-LS1739\E)

**TO:** Senator Rick Halford

**FROM:** George Utermohle, *GU*  
Legislative Counsel

You have requested a sectional summary of SB 330; An Act relating to water quality enhancement, water supply, wastewater, and solid waste grants; the Alaska clean water fund; the establishment of the Alaska clean water account, the Alaska drinking water fund, and the Alaska drinking water account; and providing for an effective date.

A sectional summary of a bill is not an authoritative interpretation of the bill. The bill itself is the best statement of its contents.

**Section 1** of the bill repeals and reenacts AS 46.03.030(b) to set out the purposes for which grants may be made to municipalities: a water quality enhancement project; a public water supply, treatment, or distribution system; a wastewater collection, treatment, or discharge system; or a solid waste processing, disposal, or resource recovery system.

**Section 2** of the bill makes technical amendments to AS 46.03.030(c).

**Section 3** of the bill amends AS 46.03.030(d) to change the definition of eligible costs of projects that can be funded by grants under AS 46.03.030.

**Section 4** of the bill repeals and reenacts AS 46.03.030(e) to set out that portion of the eligible costs of a project that may be funded by grants under AS 46.03.030.

Section 5 of the bill adds new subsections to AS 46.03.030 specifying what types of funds may be used to match grants under AS 46.03.030 and requiring that the Department of Environmental Conservation must approve project plans and specifications before construction of the project may begin.

Section 6 of the bill amends AS 46.03.032(d) to change the purposes for which the Alaska clean water fund may be used.

Sections 7, 8, and 9 of the bill make minor technical changes to AS 46.03.032(f), (g), and (l), respectively.

Section 10 of the bill amends AS 46.03.032(m) to require that annual repayments of principal on loans from the Alaska clean water fund must commence within one year after completion of the project for which the loan is made.

Section 11 of the bill adds a new section to AS 46.03 to create the Alaska clean water account as a separate account in the state treasury. The account may be used for the same purposes as the Alaska clean water fund. Repayments of principal on loans from the account shall be deposited in the Alaska clean water fund. Interest payments on loans made from the account are dedicated back to the account.

Section 12 of the bill adds a new section to AS 46.03 to create the Alaska drinking water fund as a separate fund in the state treasury. The Department of Environmental Conservation may adopt regulations to ensure that it administers the fund in a manner consistent with federal law.

Section 13 of the bill adds a new section to AS 46.03 to create the Alaska drinking water account as a separate account in the state treasury. The account may be used for the same purposes as the Alaska drinking water fund. Repayments of principal on loans from the account shall be deposited in the Alaska drinking water fund. Interest payments on loans made from the account are dedicated back to the account.

Section 14 of the bill repeals AS 46.03.030(f) and 46.03.032(n).

Section 15 of the bill allows the Department of Environmental Conservation to retain certain regulations relating to water quality enhancement, water supply, wastewater, and solid waste system grants, the Alaska clean water fund, or the Alaska clean water account until the effective date of regulations adopted by the department to implement changes made by this Act.

Section 16 of the bill provides that, except for secs. 12 and 13, the bill takes effect July 1, 1994.

Senator Rick Halford  
February 18, 1994  
Page 3

Section 17 of the bill provides that secs. 12 and 13, relating to the Alaska drinking water fund and the Alaska drinking water account, take effect on the effective date of a federal law allowing the state to participate in federal capitalization grants to finance projects related to drinking water.

GU:pl  
94-129.plm

**DEPT. OF ENVIRONMENTAL CONSERVATION****Department Position Paper  
SB 330**

*" An Act relating to water quality enhancement, water supply, wastewater, and solid waste grants; the Alaska clean water fund; the establishment of the Alaska clean water account, the Alaska drinking water fund, and the Alaska drinking water account; and providing for an effective date."*

**Legislative Intent:**


SB 330 would amend the statutes governing two funding programs administered by the Department of Environmental Conservation: Municipal Matching Grants and the Alaska Clean Water Fund. The intent of the bill is to: (1) improve existing funding alternatives available to incorporated communities; (2) provide a more equitable method for assisting mid-sized communities with populations ranging from 1,000 to 5,000; (3) expand loan eligibility similar to the Alaska Clean Water Fund to include drinking water projects; (4) enable Alaska to take advantage of federal capitalization grants to the drinking water loan program; and (5) clarify confusing and redundant language contained in the programs' existing statutes (AS 46.03.030 and AS 46.03.032).

**Bill/Program Effects:**

SB 330 would allow the Department of Environmental Conservation to better assist incorporated communities in financing the planning, design, and construction of water, sewerage, and solid waste systems. Financing programs are available to meet the needs of the State's larger urban communities and smaller unincorporated rural communities. However, incorporated "mid-sized" communities with population bases of 1,000 to 5,000 are not eligible to participate in the Village Safe Water program yet do not have the financial resources to pay one-half of a project's cost as currently required under the Municipal Matching Grants program. By increasing the percent of project costs eligible for grant funding to more closely parallel those allowed under AS 37.06, these communities will be better able to finance the sanitation needs of their residents. SB 330 would also position the State to take advantage of a proposed federal capitalization program by establishing a Drinking water revolving loan fund. Congress is expected to pass authorization language for the program this session. This program would provide communities with a predictable, perpetual and, eventually, self-sustaining financial resource for water supply projects.

**The Alaska Department of Environmental Conservation strongly supports SB 330 in its entirety.**

**This legislation would have a zero fiscal impact on the State's Operating Budget.**

  
Keith Kelton, Director  
Division of Facility Construction  
and Operation

2-17-94  
Date

# CITY of HOONAH

P.O. Box 360  
Hoonah, Alaska 99829  
(907) 945-3663  
FAX (907) 945-3445

February 23, 1994

RECEIVED  
FEB 28 1994  
ASD.....

*Randy*  
TO: Senator Randy Phillips, Chairman  
Senate Community & Regional Affairs Committee

*Albert W. Dick*  
FROM: Albert W. Dick  
Mayor

SUBJECT: SB 330 - An act relating to water quality enhancement, water supply, wastewater, and solid waste grants; the Alaska clean water fund; the establishment of the Alaska clean water account, the Alaska drinking water fund, and the Alaska drinking water; and providing for an effective date.

The City of Hoonah strongly supports SB 330 in it's entirety.

The City of Hoonah has been operating at 97% water treatment capacity for some time and is desperately in need of a new water treatment system which will allow it to treat a larger capacity of water, meet DEC/EPA regulations pertaining to the treatment of water and provide for future expansion of the City. This is more important as the U. S. Forest Service expands it's office and housing base in the community. It is getting more difficult for us to stay in compliance during peak periods when the Hoonah Cold storage is running.

This system was originally was installed by Indian Health Service some time ago. They have indicated that they would help us out anyway they can to get a new system on line. The City like most small communities does not have the funds to install this system, would be able to handle 15% of the cost. That is why we are requesting support of this bill especially as it pertains to Sec. 4. AS46.03.030(e)(2)(A) 85 percent of the eligible costs for a municipality with a population of 1,000 persons or less; and Sec. 5 AS46.03.030(g) the match required under this section may include (1) federal funds; or (2) state funds, other than those funds received under this section.

AWD:rgp

cc: Mackie, Zharoff, Halford

# HOUSE COMMITTEE REPORT

(7)

Date Referred: March 21, 1994

FURTHER REFERRALS:

Finance

Date of Committee Action: 3/29/94

The COMMUNITY AND REGIONAL AFFAIRS Committee considered:

CSSB 330(RLE)

CS FOR SENATE BILL NO. 330(RLS)

WATER QUALITY FUNDS AND GRANTS

"An Act relating to water quality enhancement, water supply, wastewater, and solid waste grants; the Alaska clean water fund; the establishment of the Alaska clean water account, the Alaska drinking water fund, and the Alaska drinking water account; and providing for an effective date."

**RECOMMENDATIONS:**

be replaced with \_\_\_\_\_  the same title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

ATTACHES NEW FISCAL NOTE(S): \_\_\_\_\_ (Dept)

APPROVES PREVIOUS: \_\_\_\_\_ (Dept/Date)

fiscal impact \_\_\_\_\_

fiscal note(s) \_\_\_\_\_

zero fiscal note \_\_\_\_\_

zero fiscal note(s) DEC 2/15/94

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Hayley Olberg</i>	✓	<i>Jim Sadler</i>		✓	
		<i>Pat Bunker</i>		✓	
		<i>John A. Kelly</i>		✓	
		<i>Bill Ellis</i>		✓	
		<i>W. Williams</i>		✓	

*Hayley Olberg*  
CHAIRMAN'S SIGNATURE