

SB

282

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. SB 282

Revision Date: _____
 Title: Eligible Match Money
Water/Sewer Grants
 Sponsor: Senate Community and Regional Affairs
 Requestor: Senator Zharoff

Department Affected: Environmental Conservation
 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						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ()	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						
TOTAL	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						

ANALYSIS: (Attach a separate page if necessary.)

No fiscal impacts expected. This bill does not generate additional work. The only program change is to all federal funds to be used in the existing program.

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

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

Approved by Commissioner: [Signature]
 Agency: Department of Environmental Conservation

Date: 2/15/94

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February 9, 1994

MEMORANDUM

To: Rep. Olberg, Chair
Community & Regional Affairs Committee

From: Rep. Mackie *Jerry Mackie*

Re: Financing of municipal water and sewer projects.

SB 282 (attached) embodies an idea that I believe has a lot of merit. It allows a community to use federal funds to provide the local match in the state's matching grant programs for water and sewer projects.

I feel that the costs of basic water and sewer systems today have escalated beyond the financial ability of most small communities to address, even with the generous 50 % state matching grant program. The program by itself is no where near a sufficient inducement for small communities to correct serious water and sewer problems. As a result less is being done. And most often what is being done is with the assistance of substantial federal funds. By allowing the use of federal funds to qualify for the state matching program, I believe many small communities will have the ability to commit to resolving their water and sewer problems.

I therefore would appreciate your consideration for introducing a CRA committee bill similar to SB 282.

Priority 1: Sewage Treatment Plant Expansion

In order to meet basic sewage treatment for the community, and current E.P.A. standards, a new sewage treatment plant must be constructed.

The greatest problem with the existing treatment plant is its tendency to become hydraulically overloaded during peak use periods and at certain times of the year. The size of the population using the system indicates an abnormally high flow. Some of this high flow is the result of infiltration caused by residents leaving their water running during the cold periods to avoid frozen water lines. P.V. inspection and grouting work included elsewhere in this plan should solve the infiltration problem. A combination of community education and proper insulation of water service lines would reduce water waste.

The City and Borough of Yakutat contracted with engineers conduct an assessment of the existing facility, and determine the cost of a new, or expanded facility. The Tlingit and Haida Regional Housing Authority and Indian Health Service have procured funding for half of the facility, as was determined by the engineering study. The Borough is lacking the "matching" funds, or second half of the required money.

Total Project Cost: \$1,806,000
Remaining: \$ 898,000

Division of Facility Construction & Operations

Municipal Grants and Loans



**Alaska Department
of Environmental
Conservation**

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Issues

The Municipal Grants and Loans group provides water, sewerage and solid waste facilities to urban residents, fulfilling statutory requirements of AS 46.03.030 and AS 03.032. According to the U.S. Environmental Protection Agency (EPA), the state will need to spend at least \$107 million on just sewage treatment plants in urban areas over the next 18 years. These costs will continue to grow, assuming the state's population grows. The estimates do not include the cost of water system expansions required by the surface water treatment rule or new treatment techniques that will be required in future years. As provided by Congress, EPA will "seed" the state revolving loan program with annual grants until 1994. In order to capture the federal grant, however, the state has contributed a 20% match. The fund has received a total of \$28,519,592 in federal capitalization. Additionally, the Legislature has appropriated \$10,236,000 to the program for required state match. An additional \$23,200,000 remains to be granted by the federal government. Unless Congress appropriates more money than was initially authorized, only \$94,400 of additional match requests to the Legislature are expected.

Major Features

50% matching grants:

- Conduct an annual needs assessment each fall of the facility improvements sought by communities. The division then compiles an annual capital budget needs request for review by the state Office of Management and Budget. The Governor then submits a funding request to lawmakers in January.
- Award grants and begin project construction after legislative appropriation.

Alaska Clean Water Fund:

- From the Federal Account—
 - Loan money only for wastewater projects.
 - Prioritize loans according to the severity of pollution problems, public health needs, available money, readiness to proceed, and each community's ability to repay.
 - Make loans for 20 years with interest rates of 75 percent of the current Municipal Bond Index rate, as of July 1, 1992. Loans can be awarded for 100% of eligible costs, including planning, design, and construction.
 - Ensure loans meet federal and state requirements. These will relax somewhat as the second generation of loans are made later in the 1990s.
- From the State Account—
 - Make loans for projects other than just wastewater improvements, including solid waste facilities.
 - Allow payments to municipalities to be made on a pre-negotiated schedule based on a community's forecasted cash flow needs, rather than on a reimbursement-only basis. State Account loans do not need to meet federal standards. To date, this account has not been capitalized by the Legislature. Loans may be fully capitalized

only by state general fund appropriations.

Program Background

In urban areas, the 50 percent Municipal Matching Grant Program provides up to 50% of the non-federally financed costs for water, sewerage and solid waste improvements. These grants are used to pay for engineering, construction, legal, administrative and equipment costs. Grants are available only to incorporated municipalities. The program has funded over 600 projects in 45 communities since 1970. This program also administers federal funds for construction of sewerage facilities. Administration of these funds is governed by the Clean Water Act and regulations promulgated by the U.S. Environmental Protection Agency (EPA). The state has been delegated authority from EPA to administer the federal funds. The program also administers the Alaska Clean Water Fund, through which communities may receive low-interest loans for planning, design, and construction costs associated with water, sewerage and solid waste management projects.

Program Benefits

By improving Alaska's wastewater treatment facilities and drinking water systems, the Municipal Grants and Loans program has reduced the incidence of water-borne disease in many parts of the state. It has helped ensure compliance with wastewater discharge standards, thus providing water of better quality for public use. Construction of solid waste facilities has helped improve litter containment and better overall disposal of trash. While Alaska's public facilities are some distance from the level found routinely in other states, the program has made significant improvements in urban areas during the past two decades. The revolving loan concept offers the promise of a dependable source of funding for sanitation projects in future years when communities' financing options narrow. As costs rise there is an increased danger that towns might have to forego construction projects, either endangering public health, or threatening the community with sizable federal fines for violations of federal water quality standards. The loan fund is a step toward preventing such problems.

1993 PROGRAM ACCOMPLISHMENTS *

MUNICIPAL GRANTS AND LOANS

Federal Wastewater Construction Grants Program

During the year, major projects were completed and federal closeouts took place on the following projects:

Anchorage - Eagle River Sewage Treatment Facility
 Anchorage - Campbell Creek Interceptor
 Cordova - Infiltration/Inflow
 Homer - Wastewater Treatment Facility
 Juneau - Mendenhall Sewage Treatment Facility
 Ketchikan - Sewage Treatment Facility
 Soldotna - Sewage Treatment Facility

Construction continued on the following projects:

Juneau - Juneau Douglas Sludge Facility
 Nome - Sewage Treatment Facility

State Construction Grants Program

A total of 52 grants were awarded during FY 93 for construction of water, wastewater and solid waste projects across the State for a total of \$15,888,787 as follows:

Community	No. of Project	Total Grant Amount
Anchorage	33	\$ 4,434,515
Bristol Bay Borough	2	3,357,200
Fairbanks	3	309,000
Haines	1	351,300
Juneau	2	1,063,000
Kake	1	501,000
Kenai	1	850,000
Ketchikan	1	130,000
Klawock	1	1,600,000
Kodiak	1	50,000
Nome	2	1,511,881
Seward	1	924,000
Skagway	1	100,000
Thorne Bay	1	206,891
Wasilla	1	500,000
TOTAL	52	\$15,888,787

§ 46.03.030

WATER, AIR, ENERGY, ETC.

§ 46.03.030

✱

Sec. 46.03.030. Water quality enhancement, water supply, sewage, and solid waste facilities grants. (a) *(Repealed, § 19 ch 220 SLA 1976.)*

(b) The department may grant to a municipality, as funds are available, up to 50 percent of eligible costs not financed by the federal government, for public water supply, treatment and distribution systems and public sewage collection, treatment and discharge facilities for which construction has not commenced on or before June 21, 1976. The eligible cost of a project or portions of a project are determined by the federal agency granting the most monetary assistance. On projects or portions of projects for which federal participation is not available, eligible costs shall be determined by the department in accordance with (d) of this section. Projects shall be constructed in accordance with plans and specifications approved by the department.

(c) There is a water quality enhancement program and water supply, sewage, and solid waste facilities fund created in the department to carry out the purposes of this section.

(d) The department shall, by regulation, identify those costs that are eligible costs for the purposes of this section. Eligible costs include the costs established in a construction contract that are necessary for construction of a project, but do not include the cost of interest and financing and right-of-way acquisition, or costs related to operation, maintenance, or repair of a project.

(e) The department may grant to a municipality not more than 50 percent of the eligible costs that are not paid for by the federal government for solid waste processing or disposal facilities constructed after July 1, 1980. However, the department may grant a municipality up to 60 percent of the eligible costs not paid for by the federal government for a solid waste processing or disposal facility constructed after July 1, 1980, if the facility is used for resource recovery. The eligible costs of a solid waste processing or disposal facility are determined by the federal agency granting the most monetary assistance for construction of the facility. For a solid waste processing or disposal facility for which federal money is not available, the department shall determine the eligible costs under (d) of this section. A municipality shall construct solid waste processing or disposal facilities financed by grants under this section according to plans and specifications approved by the department.

(f) The department may make a grant to a municipality for the eligible costs of programs and facilities for enhancing or protecting the water quality of streams, lakes, waterways, and other bodies of water if the costs are incurred after July 1, 1986. The grant may not exceed 50 percent of the eligible costs unless the department finds that the program or facility is needed to avert an immediate hazard to health, in which case the grant may be up to 100 percent of the eligible costs. Eligible costs are those not financed by the federal government and include costs of testing, research, education, enforcement, and clean-up programs for the purpose of discovering and solving existing or potential water pollution problems. A grant may be made under this subsection only for a water enhancement program approved by the department. (§ 3 ch 120 SLA 1971; am §§ 2, 19 ch 220 SLA 1976; am §§ 30, 31 ch 168 SLA 1978; am §§ 1-4 ch 163 SLA 1980; am §§ 1, 2 ch 90 SLA 1986; am §§ 1 — 3 ch 40 SLA 1987)

Effect of amendments. — The 1987 amendment substituted "program and water supply, sewage" for "water supply, sewerage"; in subsection (d) substituted "or repair" for "repair or replacement" in

the last sentence; and in the first sentence of subsection (e) substituted "that" for "including costs of obtaining federal waivers from the requirement for secondary treatment plants, which."

STATE OF ALASKA

DEPARTMENT OF ENVIRONMENTAL CONSERVATION

DIVISION OF FACILITY CONSTRUCTION AND OPERATION

Keith Kelton, Director

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FACSIMILE TRANSMITTAL

SENDING TO:

Name:

SHIRLEY ARMSTRONG

Facsimile Number: 4979

SENT BY:

KEITH KELTON

NUMBER OF PAGES (INCLUDING THIS COVER SHEET): 13

MESSAGE: Shirley - The following material includes

a: (1) Program overview; (2) statute 46.03.030
(3) FY 1993 Grant Program Accomplishments; and (4)
a draft of the information given Sen Hatford -
proposed bill and cost/benefit analysis. I have
marked the areas that relate to the grants program
and/or the effects of SB 282. Please call if you
have questions.

FCO/CLERICAL/MAK

Keith Kelton

SECTIONAL ANALYSIS
_____ BILL NO.

FOR AN ACT ENTITLED

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

BACKGROUND

This legislation 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	*
AS 46.03.032	Alaska Clean Water Fund	

These two programs provide funding assistance through grants and loans to Alaska's incorporated municipalities for the construction of water, wastewater and solid waste improvements. The primary purpose for amending AS 46.03.030 is to increase the flexibility of funding alternatives available to incorporated governments. The bill also more closely aligns funding assistance with the participation available from the Governor's matching grants program. 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 adoption of changes to the statute, this session, will allow the State to participate at the earliest possible opportunity. *

MUNICIPAL MATCHING GRANTS *

Bill Sections 1 through 5

Sections 1.2 & 3 - These sections are rewritten to consolidate language and to clarify intent. This statute has been modified over the years adding new sections on grant eligibility. As a result, the statute has become redundant and confusing. These proposed amendments clarify but do not alter previous intent. The grant eligible expenses are fixed by regulation and will remain the same.

Section 4 - This section is revised to increase the grant percentages available to smaller incorporated municipalities and to more closely align this program with the funding assistance available under AS 37.08. In the past, smaller municipalities have had a difficult time providing the 50 percent local match required to qualify for a state matching grant. This has frequently resulted in sanitation needs going unmet. Unincorporated communities are eligible for 100 percent grants from the Village Safe Water Program. The changes in grant percentages will discourage smaller communities from dissolving their governments to qualify for increased State assistance. For municipalities over 5,000 in population, there is no change in the grant participation currently available.

Section 5 - This amendment alters how Federal funds are to be treated. The original statute adopted in 1972 was written to maximize the use of Environmental Protection Agencies grants. These federal grants were for 75 percent of eligible costs. The statute was written to require the State and the grantee to equally fund the remaining project costs. (The Department may grant....up to 50 percent of eligible costs not financed by the federal government...)

The EPA grants program that generated the existing statute's language has since been discontinued. The requirement that State project funds be reduced for each dollar of federal funding obtained acts as a disincentive for local governments to seek federal grants. By allowing federal funds to be used as match for State grants this amendment will encourage grantees to apply for federal funding. Allowing grantees to reduce local participation will increase the likelihood that projects in smaller communities can be financed.

ALASKA CLEAN WATER FUND

Bill Sections 6 through 13

BACKGROUND

The Alaska Legislature created the Alaska Clean Water Fund (ACWF) in 1987 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 Alaska 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.

Congress is 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 Alaska Clean Water Fund to the Account and establishes a parallel Alaska Drinking Water Fund and Account. Early action by the Legislature to create a Drinking Water Fund will position the State to receive federal funding as soon as it is available.

Section 6 - This amendment cleans up existing language by removing references to water supply systems, which are now included in Section 12. This section also includes non-point source pollution control and estuary conservation as eligible activities under the ACWF loan program. These changes are made to comply with federal requirements and should have minimal impact on fund use in Alaska.

SECTION 7 - This amendment clarifies the name of the fund to be used in paying the costs of the program administration.

SECTIONS 8, 9 & 10 - These amendments clarify fund nomenclature and remove a provision in Section 10 that is not consistent with the federal law.

SECTION 11 - This section establishes an Alaska Clean Water Account to receive State appropriations in excess of the amount required to match the federal capitalization grants. There is no funding currently in this account.

SECTION 12 - This section establishes the Alaska Drinking Water Fund and positions the State to accept federal capitalization grants. Since federal legislation has not yet been adopted, language is broad, authorizing the Department to write the regulations needed to administer the program. This program is intended to parallel the ACWF loan program currently in place for wastewater projects.

SECTION 13 - This section establishes the Alaska Drinking Water Account to receive State appropriations in excess of the amount required to match federal capitalization grants. This is a parallel account to the Alaska Clean Water Account.

SECTIONS 14, 15, 16 & 17 - These sections relate to procedural matters and do not impact the intent of the proposed legislation.

PRESS COPY

SENATE BILL NO. 330

IN THE LEGISLATURE OF THE STATE OF ALASKA
EIGHTEENTH LEGISLATURE - SECOND SESSION

BY SENATOR HALFORD

Introduced:
Referred:

A BILL

FOR AN ACT ENTITLED

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

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

6 * Section 1. AS 46.03.030(b) is repealed and reenacted to read:

7 (b) The department may grant to a municipality, as funds are available, a grant
8 for any of the following:

- 9 (1) a water quality enhancement project;
- 10 (2) a public water supply, treatment, or distribution system;
- 11 (3) a wastewater collection, treatment, or discharge system;
- 12 (4) a solid waste processing, disposal, or resource recovery system.

13 * Sec. 2. AS 46.03 030(c) is amended to read:

14 (c) There is a water quality enhancement program and water supply,

1 wastewater [SEWAGE], and solid waste systems [FACILITIES] fund created in the
2 department to carry out the purposes of this section.

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

4 (d) The department shall, by regulation, identify those costs that are eligible
5 costs for the purposes of this section. Eligible costs [INCLUDE THE COSTS
6 ESTABLISHED IN A CONSTRUCTION CONTRACT THAT ARE NECESSARY
7 FOR CONSTRUCTION OF A PROJECT, BUT] do not include [THE COST OF]
8 interest and financing and right-of-way acquisition, or costs that are related to the
9 operation, maintenance, or repair of a system [PROJECT].

10 * Sec. 4. AS 46.03.030(e) is repealed and reenacted to read:

11 (e) A grant under this section to a municipality for a project funded by an
12 appropriation made by the legislature

13 (1) before July 1, 1994, may not exceed 50 percent of the eligible costs
14 of the project;

15 (2) after July 1, 1994, may not exceed

16 (A) 85 percent of the eligible costs for a municipality with a
17 population of 1,000 persons or less;

18 (B) 70 percent of the eligible costs for a municipality with a
19 population of 1,001 to 5,000 persons; and

20 (C) 50 percent of the eligible costs for a municipality with a
21 population greater than 5,000 persons; however, if a municipality with a
22 population greater than 5,000 persons seeks a grant for a project that relates to
23 a solid waste processing or disposal system that incorporates resource recovery,
24 the department may provide a grant for up to 60 percent of the eligible costs
25 of the project.

26 * Sec. 5. AS 46.03.030 is amended by adding new subsections to read:

27 (g) The match required for grants made under this section may include

28 (1) federal funds; or

29 (2) state funds, other than those funds received under this section or

30 AS 37.06.

31 (h) Construction of a project for which a grant is made under this section may

1 commence only after the department has approved in writing the plans and
2 specifications for the project.

3 * Sec. 6. AS 46.03.032(d) is amended to read:

4 (d) Except as otherwise limited by federal law, the Alaska clean water fund
5 may be used for

6 (1) buying or refinancing the debt obligations of a municipality for
7 a public wastewater treatment system or a [WORKS AND] solid waste management
8 system [DEBT OBLIGATIONS OF MUNICIPALITIES];

9 (2) planning, designing, building, constructing, and rehabilitating a
10 [FACILITIES ASSOCIATED WITH] solid waste management system or a [AND]
11 public wastewater [SEWAGE] collection, treatment, and discharge system
12 [FACILITIES];

13 (3) [CONSTRUCTING, EQUIPPING, MODIFYING, IMPROVING,
14 AND EXPANDING SOLID WASTE MANAGEMENT AND PUBLIC WATER
15 SUPPLY, TREATMENT, AND DISTRIBUTION SYSTEMS;

16 (4) guaranteeing or purchasing insurance for a public agency debt
17 obligation [OBLIGATIONS] related to the construction of a solid waste management
18 system or a public wastewater [AND] treatment system;

19 (4) developing and implementing a management program for
20 controlling water pollution from nonpoint sources under 33 U.S.C. 1329; and

21 (5) developing and implementing an estuary conservation and
22 management program under 33 U.S.C. 1330 [WORKS CONSTRUCTION].

23 * Sec. 7. AS 46.03.032(f) is amended to read:

24 (f) The department may spend money from the Alaska clean water fund to
25 pay the costs of administering the fund.

26 * Sec. 8. AS 46.03.032(g) is amended to read:

27 (g) A municipality wishing to borrow money from the Alaska clean water
28 fund shall demonstrate to the satisfaction of the department that the municipality [,]

29 (1) has sufficient legal authority to incur the debt for which it is
30 applying; and

31 (2) [THAT IT] will establish and maintain a dedicated source of

1 revenue or other acceptable revenue source for repayment of the loan.

2 * Sec. 9. AS 46.03.032(l) is amended to read:

3 (l) Loan [EXCEPT AS PROVIDED IN (n) OF THIS SECTION, LOAN]
4 repayments and interest earned by loans from the Alaska clean water fund shall be
5 deposited in the Alaska clean water fund.

6 * Sec. 10. AS 46.03.032(m) is amended to read:

7 (m) Annual principal payments shall commence within one year after project
8 completion [, OR WITHIN TWO YEARS AFTER THE DATE THE LOAN IS
9 MADE, WHICHEVER IS EARLIER].

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

11 Sec. 46.03.034. ALASKA CLEAN WATER ACCOUNT. (a) The Alaska
12 clean water account is established as a separate account which is distinct from other
13 money or funds in the treasury.

14 (b) The Alaska clean water account consists of state appropriations to the
15 Alaska clean water fund in excess of that amount required as a match for a federal
16 capitalization grant under 33 U.S.C. 1381 - 1387 (Clean Water Act).

17 (c) The department shall administer the Alaska clean water account.

18 (d) The Alaska clean water account may be used for purposes described in
19 AS 46.03.032(d).

20 (e) Principal repayments received on loans from the Alaska clean water
21 account shall be deposited in the Alaska clean water fund. Interest payments and
22 earnings shall be deposited in the clean water account.

23 * Sec. 12. AS 46.03 is amended by adding a new section to read:

24 Sec. 46.03.036. ALASKA DRINKING WATER FUND. (a) The Alaska
25 drinking water fund is established as a separate fund which is distinct from other
26 money or funds in the treasury. The Alaska drinking water fund consists of (1) federal
27 capitalization grants; (2) money appropriated by the legislature to meet federal
28 matching requirements; (3) loan repayments; and (4) if required by federal law or by
29 appropriation, interest received from loan repayments and interest received from
30 investment of money in the Alaska drinking water fund.

31 (b) The department may adopt regulations necessary to ensure that the

1 department administers and uses the Alaska drinking water fund in a manner consistent
2 with federal law.

3 * **Sec. 13.** AS 46.03 is amended by adding a new section to read.

4 Sec. 46.03.038. ALASKA DRINKING WATER ACCOUNT. (a) The Alaska
5 drinking water account is established as a separate account which is distinct from other
6 money or funds in the state treasury.

7 (b) The Alaska drinking water account consists of state appropriations to the
8 Alaska drinking water fund in excess of that amount required as a match for a federal
9 capitalization grant.

10 (c) The department shall administer the Alaska drinking water account.

11 (d) The Alaska drinking water account may be used for any purpose for which
12 the Alaska drinking water fund may be used.

13 (e) Principal repayments received on loans from the Alaska drinking water
14 account shall be deposited in the Alaska drinking water fund. Interest payments or
15 loans from the Alaska drinking water account and earnings on the Alaska drinking
16 water account shall be deposited in the Alaska drinking water account.

17 * **Sec. 14.** AS 46.03.030(f) and 46.03.032(n) are repealed.

18 * **Sec. 15.** Unless repealed by the department, regulations adopted by the Department of
19 Environmental Conservation before July 1, 1994, relating to water quality enhancement, water
20 supply, wastewater, and solid waste system grants, the Alaska clean water fund, or the Alaska
21 clean water account remain in effect until the effective date of regulations adopted by the
22 department to implement changes made by this Act.

23 * **Sec. 16.** Sections 1 - 11 and 14 - 15 of this Act take effect July 1, 1994.

24 * **Sec. 17.** Sections 12 and 13 of this Act take effect on the effective date of a federal law
25 authorizing changes to the federal Safe Water Drinking Act to allow the state to participate
26 in federal capitalization grants to finance projects related to drinking water. The commissioner
27 of environmental conservation shall certify to the revisor of statutes the effective date of a
28 federal law described in this section.