

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 56

BY ENVIRONMENT, ENERGY, AND TECHNOLOGY COMMITTEE

AN ACT

RELATING TO PUBLIC DRINKING WATER SYSTEM LOANS; AMENDING SECTION 39-7602, IDAHO CODE, TO REVISE USE PROVISIONS RELATING TO AMOUNTS DEPOSITED INTO THE DRINKING WATER LOAN FUND AND TO MAKE TECHNICAL CORRECTIONS.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That Section 39-7602, Idaho Code, be, and the same is hereby amended to read as follows:

39-7602. DISBURSEMENTS BY THE DIRECTOR OF LOANS TO PUBLIC WATER SYSTEMS -- LIMITATIONS ON LOANS -- RULES -- APPROVAL OF THE ATTORNEY GENERAL -- AUDIT OF DISBURSEMENTS. (1) There is hereby created the drinking water loan fund. The department of environmental quality shall use moneys from this fund only for providing loans, or as a source of reserve and security for leveraged loans, the proceeds of which are deposited in the drinking water loan fund, or for other financial assistance authorized in this chapter or by federal law to community water systems and nonprofit noncommunity water systems. Financial assistance under this section may be used by a public water system only for project expenditures, not including monitoring, operation and maintenance expenditures, which will facilitate compliance with national primary drinking water standards applicable to the system or which will significantly further the health protection objectives of this chapter. The funds may also be used for public water systems using constructed conveyances and not piped water systems if they meet the requirements of the safe drinking water act amendments of 1996 and the director determines that the water provided for residential or similar uses for cooking, drinking and bathing is centrally treated or treated at the point of entry to achieve the equivalent level of protection provided by the applicable national primary drinking water regulations. The funds shall not be used for the acquisition of real property or an interest in real property unless the acquisition is integral to the project authorized by this section and the purchase is from a willing seller.

(2) (a) Except as provided in subsection (2) (b) of this section, no loan assistance shall be provided to a public water system that:

(i) Does not have the technical, managerial and financial capability to ensure compliance with the requirements of this chapter;

or

(ii) Is in significant noncompliance with any requirement of a national primary drinking water regulation or variance.

(b) A public water system referenced in subsection (2) (a) of this section may receive assistance under this section if:

(i) The assistance will ensure compliance; and

(ii) If subsection (2) (a) (i) of this section applies to the system, the owner or operator of the system agrees to undertake fea-

1 sible and appropriate changes in operations, including ownership,
 2 management, accounting, rates, maintenance, consolidation, al-
 3 ternative water supply or other procedures, and then only if the
 4 director determines that the measures are necessary to ensure that
 5 the system has the technical, managerial and financial capability
 6 to comply with the requirements of this chapter and the safe drink-
 7 ing water act amendments of 1996.

8 (3) Except as otherwise prohibited by state law, the amounts deposited
 9 into the drinking water loan fund under this chapter may be used only for the
 10 following:

11 (a) To make loans on the conditions that:

12 (i) The interest rate for each loan is less than or equal to the
 13 market interest rate~~;~~i

14 (ii) Principal and interest payments on each loan will commence
 15 not later than one (1) year after completion of the project for
 16 which the loan was made and each loan will be fully amortized
 17 not later than ~~twenty~~ thirty (230) years after completion of the
 18 project, ~~except that in the case of a disadvantaged community, an~~
 19 ~~extended form for a loan may be allowed if it terminates not later~~
 20 ~~than thirty (30) years after the date the project is completed,~~ and
 21 does not exceed the design life of the project~~;~~i

22 (iii) The recipient of each loan will establish a dedicated source
 23 of revenue, or, in the case of a privately owned system, demon-
 24 strate that there is adequate security, for the repayment of the
 25 loan~~;~~i and

26 (iv) The drinking water loan fund will be credited with all pay-
 27 ment of principal and interest on each loan~~;~~i

28 (b) To buy or refinance the debt obligation of a municipality or an in-
 29 termunicipal or interstate agency within the state at an interest rate
 30 that is less than or equal to the market interest rate in any case in
 31 which a debt obligation is incurred after July 1, 1993;

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

36 (d) To earn interest on the amounts deposited into the drinking water
 37 loan fund.

38 (4) For every agreement between the state and the federal government by
 39 which funds are made available, the state shall deposit in the drinking water
 40 loan fund an amount equal to at least twenty percent (20%) of the total amount
 41 of the grant to be made to the state on or before the dates on which grant pay-
 42 ments are made to the state.

43 (5) The director may promulgate rules necessary for the making and en-
 44 forcing of loan contracts hereunder and for establishing procedures to be
 45 followed in applying for state loans or loan subsidies or training assis-
 46 tance herein authorized as shall be necessary for the effective administra-
 47 tion of the loan program.

48 (6) All contracts entered into pursuant to this chapter shall be sub-
 49 ject to approval by the attorney general as to form. All disbursements by the

1 state pursuant to such contracts shall be made after audit and upon warrant
2 as provided by law on vouchers approved by the director.