

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: SB 628  
 SPONSOR: Senator Mitchell  
 SUBJECT: Safe Water Assurance Act  
 DATE: February 28, 2001      REVISED: 03/07/01 \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Branning</u>	<u>Voigt</u>	<u>NR</u>	<u>Fav/1 amendment</u>
2.	_____	_____	<u>CA</u>	_____
3.	_____	_____	<u>AGG</u>	_____
4.	_____	_____	<u>AP</u>	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

**I. Summary:**

This bill directs the Department of Environmental Protection and the Department of Community Affairs to establish a grant program for funding water and wastewater treatment facilities. One hundred million dollars from the General Revenue Fund is to be deposited into the Water and Wastewater Treatment Grant Program Trust Fund annually for the next 10 years.

**II. Present Situation:**

Under current law, there are six financial programs that are authorized to provide financial assistance to local governments for construction of water and sewer facilities.

1. Sections 403.1821 – 403.1832, F.S., known as the Florida Water Pollution Control and Sewage Treatment Plant Grant Act, authorize the Department of Environmental Protection (DEP) to make grants to local government agencies for construction of sewage treatment facilities. Local governments are required to provide 45 percent of eligible project costs. No funding is currently provided to implement these provisions. They were used several years ago when the federal Environmental Protection Agency provided states with funds to pass through to local governments. (Since these provisions are outdated, consideration should be given to repealing these provisions.)
  
2. Section 403.1834, F.S., authorizes a program to finance or refinance the construction of water supply and distribution facilities, stormwater control and treatment facilities and air and water pollution control and abatement and solid waste disposal facilities. This program can issue state revenue bonds pursuant to s. 14, Art. VII of the State Constitution. The bonds are financed by loan agreements with local governments that use these proceeds for facilities.

3. Section 403.1835, F.S., authorizes a revolving loan program that is capitalized with federal funds and matching state funds and used for construction of wastewater management systems, stormwater management systems, nonpoint source pollution management systems and estuary conservation and management.
4. Section 403.8352, F.S., authorizes a revolving loan program for construction of drinking water facilities. This program is similar to the sewer loan program in that Florida receives federal funds that must be matched with state funds to capitalize a trust fund for making low interest loans.
5. Section 403.1837, F.S., creates the Florida Water Pollution Control Financing Corporation for financing the cost of water pollution control projects and activities. Generally, this independent corporation will leverage funds available pursuant to s. 403.1835, F.S., to raise \$50 million in fiscal year 2000-2001, \$75 million in fiscal year 2001-2002, and \$100 million in fiscal year 2002-2003.
6. Section 403.1838, F.S., authorizes the Small Community Sewer Construction Assistance Program, which provides funds for construction of wastewater facilities for financially disadvantaged small communities with a population of 7,500 or less. DEP has just over \$2 million for this program for fiscal year 2001. When grant proposals were solicited in early 2000, the DEP received requests from over 60 local government agencies totaling approximately \$210 million.

### **III. Effect of Proposed Changes:**

The bill directs the Department of Environmental Protection as lead agency and in conjunction with the Department of Community Affairs to establish a Water and Wastewater Treatment Grant Program. A priority list of eligible local governments must be established for grants under the program.

In developing the priority list, the department shall first consider:

1. Counties having a population of less than 125,000.
2. Municipalities having a population of less than 12,500.

The Department of Environmental Protection shall adopt rules for awarding water and wastewater treatment grants based on, but not limited to, the following criteria:

1. The need for water and wastewater utilities; and
2. Environmental issues related to septic tanks or the lack of utilities, such as:
  - a) Public health and safety;
  - b) Lack of local fiscal resources;
  - c) Consent orders or other state or federal regulatory action; and
  - d) Coordination or leverage of federal funds.

The bill directs that beginning with fiscal year 2001-2002 and until fiscal year 2011-2012, \$100 million shall be annually deposited into the Water and Wastewater Treatment Grant Program Trust Fund from the General Revenue Fund for the purpose of funding the Water and Wastewater Treatment Grant Program.

#### **IV. Constitutional Issues:**

##### **A. Municipality/County Mandates Restrictions:**

None.

##### **B. Public Records/Open Meetings Issues:**

None.

##### **C. Trust Funds Restrictions:**

None.

#### **V. Economic Impact and Fiscal Note:**

##### **A. Tax/Fee Issues:**

None.

##### **B. Private Sector Impact:**

Improved protection for water quality in surface and ground waters could be expected from the construction of facilities that provide better levels of treatment of sewage. Improved drinking water facilities that protect public health could be expected. Households likely would be required to pay connection fees to newly constructed central sewer and water facilities.

##### **C. Government Sector Impact:**

The Department of Environmental Protection has staff that is involved with the review, monitoring, and accounting for grants and loans for water and sewer facilities. The amount of funds available and the number of grants will have some impact on the staffing needs of these agencies, but an exact amount is indeterminate at this time.

The Wastewater Treatment Revolving Loan Trust Fund received \$9 million in General Revenue and \$45 million in federal funds last fiscal year. The Drinking Water Revolving Loan Trust Fund received approximately \$5 million in General Revenue and \$25 million in federal funds last fiscal year. A portion of the loan repayments for the Wastewater Treatment Loan Program, amounting to just over \$2 million, is available for the Small Community Sewer Construction Program.

During the Legislative Session for 2000, there were 123 wastewater projects seeking funding from the Governor's Water Advisory Panel. Funding mostly from the General Revenue Fund was provided for nearly 60 projects and totaled just over \$36 million.

**VI. Technical Deficiencies:**

Subsection (3) of section two of the bill refers to provisions in s. 216.3541, F.S. This section does not exist and it is not clear what section should be referenced.

**VII. Related Issues:**

None.

**VIII. Amendments:**

#1 by Natural Resources:

This amendment rewrites the bill to amend s. 403.1838, F.S., the Small Community Sewer Construction Assistance Act, rather than creating a new, duplicative program. The term "financially disadvantaged small community" is amended to include a municipality or county government located within an area designated as a rural area of critical economic concern pursuant to s. 288.0656(7), F.S. The existing criteria for projects are amended to require consideration of systems operating under pending consent orders as well as public health and water pollution abatement.

Currently, two-tenths of one percent from the proceeds from the sales and use tax are transferred to the Solid Waste Management Trust Fund. This amendment amends s. 212.20(6)(e), F.S., to provide that one-tenth of one percent shall be transferred to the Solid Waste Management Trust Fund and one-tenth of one percent shall be transferred to the Small Community Sewer Construction Trust Fund, which is created pursuant to SB 630. As a result of this amendment, approximately \$15 million will be transferred into the Solid Waste Management Trust Fund and \$15 million will be transferred into the Small Community Sewer Construction Trust Fund. (WITH TITLE AMENDMENT)