

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 1756

**DATE:** March 16, 2009

**Version:** As Introduced

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**Subject:** Public Facilities Authority

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### Overview

Provides for use of federal funds under the American Recovery and Reinvestment Act of 2009 (ARRA) for clean water and drinking water purposes. Amends current laws governing Public Facilities Authority (PFA) loans from the clean water revolving fund and the drinking water revolving fund.

#### Section

- 1**      **Loan conditions.** Makes changes relating to loans made by the PFA from the clean water revolving fund:
  - Provides that the term of the loans must not exceed what is allowed under the federal Water Pollution Control Act (instead of the 20 years specified in current law);
  - Creates an exception to the 20-year loan amortization requirement if the borrower's average annual residential rainwater system costs would exceed 1.4 percent of median household income (in these cases the loan can be amortized within 30 years of project completion).
  
- 2**      **Loan conditions.** Makes changes relating to loans made by the PFA from the drinking water revolving fund:
  - Provides that the terms of the loans must not exceed what is allowed under the federal Safe Drinking Water Act (instead of the 20 years specified in current law);
  - Creates an exception to the 20-year loan amortization requirement if the borrower's average annual residential rainwater system costs would exceed 1.4 percent of median household income (in these cases the loan can be amortized within 30 years of project completion).

### 3 Federal stimulus funds.

**Subd. 1. Clean water revolving fund loans and grants.** (a) Appropriates to the PFA money allocated under ARRA for capitalization grants for clean water revolving funds. Provides that authority to make loans under this subdivision expires when funds appropriated under ARRA are spent.

(b) 50 percent of funds must be used for grants as specified in paragraph (d) or for grants up to 65 percent of grants need identified by the U.S. Department of Agriculture Rural Economic and Community Development program.

(c) To the extent of eligible applications, 20 percent must be used for grants and loans for projects to address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities. (Grants under this paragraph count toward the 50 percent requirement in paragraph b.)

(d) Grants must be based on as-bid costs and awarded in the order that eligible projects are certified by the Pollution Control Agency and as-bid costs are submitted to the PFA. The bill specifies a process and criteria for awarding base grants and supplemental grants, and grants to address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities.

**Subd. 2. Drinking water revolving fund loans and grants.** (a) Appropriates to the PFA money allocated under ARRA for capitalization grants for drinking water state revolving funds. Provides that authority to make loans under this subdivision expires when funds appropriated under ARRA are spent.

(b) 50 percent of funds must be used for grants as specified in paragraph (d) or for grants up to 65 percent of grants need identified by the U.S. Department of Agriculture Rural Economic and Community Development program.

(c) To the extent of eligible applications, 20 percent must be used for grants and loans for projects to address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities. (Grants under this paragraph count toward the 50 percent requirement in paragraph b.)

(d) Grants must be based on as-bid costs and awarded in the order that eligible projects are certified by the Department of Health and as-bid costs are submitted to the PFA. The bill specifies a process and criteria for awarding base grants and supplemental grants, grants to address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities, and projects need to comply with drinking water standard.