

May 9, 2006

H 1809. CLEAN WATER BONDS ACT OF 2006. Filed 5/4/06. *TO AUTHORIZE THE ISSUANCE OF GENERAL OBLIGATION BONDS OF THE STATE, SUBJECT TO A VOTE OF THE QUALIFIED VOTERS OF THE STATE, TO ADDRESS STATEWIDE CRITICAL INFRASTRUCTURE NEEDS BY PROVIDING FUNDS FOR GRANTS FOR WASTEWATER AND DRINKING WATER PROJECTS.* Authorizes the state to issue \$1 billion in general obligation bonds for clean water purposes if approved by the voters of the state in an election to be held Tuesday, November 7, 2006. The issuance of the bonds is staggered as follows: up to \$200 million before July 1, 2007; up to \$400 million before July 1, 2008; up to \$800 million before July 1, 2010; and the total amount thereafter.

The bond proceeds are to be used for the following purposes: (1) 45% for grants to be made by the Rural Economic Development Center (Rural Center) for publicly owned wastewater collection systems and wastewater treatment works and public water systems through the rural center reserve, which this act adds to the Water Infrastructure Fund in GS 159G-22; (2) 22.5% for grants (but not loans) to be made by the Department of Environment and Natural Resources (DENR) for wastewater systems in the same manner as funds in the wastewater reserve of the Water Infrastructure Fund in GS 159G-22; (3) 22.5% for grants (but not loans) to be made by DENR for public water systems in the same manner as funds in the drinking water reserve of the Water Infrastructure Fund in GS 159G-22; and (4) 10% for economic development grants to be made by the Department of Commerce to local governments for clean water projects in connection with industrial location and expansion by the industries defined in GS 105-129.2 (the Bill Lee Act) in distressed counties and counties with populations below 50,000.

The projects for which the Department of Commerce may make economic development grants are limited to water or sewer distribution lines or equipment, wastewater treatment works, and improvements that will expand the capacity of existing wastewater treatment works or water supply systems. To be eligible, projects must have a favorable impact on the clean water objectives of the state.

The act adds a new Article 3 to GS Chapter 159G governing water infrastructure grants from the rural center reserve, to be administered by the Rural Center. Half of the funds must be used for wastewater collection systems and wastewater treatment works projects, and the other half must be used for public water system projects. Article 3 sets eligibility requirements for local governments seeking grants, delineates the types of grants that may be made, and sets for each type of grant maximum amounts, matching requirements, and additional eligibility requirements. Article 3 further establishes criteria for selecting grant recipients, requires applicants to obtain environmental assessments, and regulates the Rural Center's administration of the grant program. The act also makes conforming changes to various other statutes in Article 1 of GS Chapter 159G to reflect the addition of new Article 3.

The act sets out standard provisions governing the issuance and administration of State general obligation bonds, including terms and conditions; signature, form, and registration; manner of sale; expenses; notes; repayment; refunding bonds and notes; tax treatment; investment eligibility; pledge of the state's full faith and credit and taxing power; and variable interest rates.

Intro. by Owens, Gibson, Ross, Daughtridge. GS 159G, APPROP