

February 7, 2007

**H 127. CLEAN WATER ACT OF 2007.** Filed 2/7/07. *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 AND LOANS FOR WASTEWATER AND DRINKING WATER PROJECTS.* Authorizes the state to issue \$500 million in general obligation bonds for clean water purposes if approved by the voters of the state in an election to be held Tuesday, November 6, 2007. The issuance of the bonds is staggered as follows: up to \$100 million before July 1, 2008; up to \$200 million before July 1, 2009; up to \$300 million before July 1, 2010; and up to \$400 million before July 1, 2011.

The bond proceeds are to be used for the following purposes: (1) 47.5% 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) 23.75% for grants to be made by the Department of Environment and Natural Resources (DENR) for wastewater projects in the same manner as funds in the Clean Water State Revolving Fund in GS 159G-22; (3) 23.75% for grants to be made by DENR for public water systems in the same manner as funds in the Drinking Water State Revolving Fund in GS 159G-22; and (4) 5% allocated to the Department of Commerce for grants to pay the costs of clean water projects in connection with the location and expansion of industry, to be granted to economically 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 (Water Infrastructure) governing water infrastructure grants 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.

Enacts GS 159G-27 to annually appropriate \$47.5 million from the General Fund to the Water Infrastructure Fund, with 25% allocated to the Clean Water State Revolving Fund, 25% allocated to the Drinking Water State Revolving Fund, and 50% allocated to the Rural Center Reserve. Enacts new GS 143B-431.3 to annually appropriate \$2.5 million from the General Fund to the Department of Commerce to make grants to local governments to pay for clean water projects in connection with the location of and expansion of industry in the state.

Makes conforming changes to GS Chapter 159G related to the creation of the rural center reserve in GS 159G-22(h), including the enactment of new GS 159G-24(c) specifying that the fee on a grant from the reserve is applied to the Rural Center's costs in administering the reserve.

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; minority business participation; other agreements and variable interest rates.

**Intro. by Owens, Wainwright, Daughtridge.**

GS 113A, 143B, 159G, APPROP