

**DRINKING WATER BOARD LOAN AND GRANT**

**AMENDMENTS**

2002 GENERAL SESSION

STATE OF UTAH

**Sponsor: Bill Wright**

**This act modifies the Water and Irrigation Code to allow the Drinking Water Board to make loans or grants to political subdivisions for planning for drinking water projects.**

This act affects sections of Utah Code Annotated 1953 as follows:

AMENDS:

**73-10c-4**, as last amended by Chapters 12 and 175, Laws of Utah 2001

*Be it enacted by the Legislature of the state of Utah:*

Section 1. Section **73-10c-4** is amended to read:

**73-10c-4. Credit enhancement and interest buy-down agreements -- Loans -- Hardship grants.**

(1) On behalf of the state, the Water Quality Board and the Drinking Water Board may each enter into credit enhancement agreements with political subdivisions containing terms and provisions the acting board determines will reasonably improve the security for or marketability of drinking water and wastewater project obligations, including any of the following:

(a) a term providing security for drinking water and wastewater project obligations, as provided in Subsection 73-10c-6(2)(b), by agreeing to purchase the drinking water or wastewater project obligations of, or to make loans to, political subdivisions from a subaccount of the security fund for the purpose of preventing defaults in the payment of principal and interest on drinking water and wastewater project obligations;

(b) a term making loans to political subdivisions to pay the cost of obtaining:

(i) letters of credit from banks, savings and loan institutions, insurance companies, or other financial institutions;

(ii) municipal bond insurance; or

(iii) other forms of insurance or security to provide security for drinking water and wastewater project obligations; and

(c) a term providing other methods and assistance to political subdivisions which are reasonable and proper to enhance the marketability of or security for drinking water and wastewater project obligations.

(2) (a) The Drinking Water Board and the Water Quality Board may each make loans from a security fund subaccount to political subdivisions to finance all or part of drinking water and wastewater project costs by following the procedures and requirements of Sections 73-10c-4.1 and 73-10c-4.2.

(b) These loans may only be made after credit enhancement agreements, interest buy-down agreements, and all other financing alternatives have been evaluated by the acting board and the board determines those options are unavailable or unreasonably expensive for the subdivision requesting assistance.

(c) Loans may be made from the security fund subaccount at interest rates determined by the board.

(d) Loans may not be made from the \$5,000,000 appropriated to the security fund subaccount by the Legislature for fiscal year 1983-84.

(3) (a) The Drinking Water Board and the Water Quality Board may each make loans or grants from the security fund to political subdivisions for interest buy-down agreements for drinking water or wastewater project obligations.

(b) The Drinking Water Board may make loans or grants from the security account to political subdivisions for planning for drinking water projects.

(4) (a) Of the total amount of money annually available to the Drinking Water Board and Water Quality Board for financial assistance to political subdivisions, at least 10% shall be allocated by each board for credit enhancement and interest buy-down agreements.

(b) The requirement specified in Subsection (4)(a) shall apply only so long as sales and use tax is transferred to the Utah Wastewater Loan Program Subaccount and Drinking Water Loan Program Subaccount as provided in Section 59-12-103.

(5) To the extent money is available in the hardship grant subaccounts of the security fund, the Drinking Water Board and the Water Quality Board may each make grants to political

subdivisions that meet the drinking water or wastewater project loan considerations respectively, but whose projects are determined by the granting board to not be economically feasible unless grant assistance is provided.

(6) The Drinking Water and Water Quality Boards may at any time transfer money out of their respective hardship grant subaccounts of the security fund to their respective loan program subaccounts.