

1 **DRINKING WATER BOARD LOAN AND GRANT**

2 **AMENDMENTS**

3 2002 GENERAL SESSION

4 STATE OF UTAH

5 **Sponsor: Bill Wright**

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

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

9 AMENDS:

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

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

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

13 **73-10c-4. Credit enhancement and interest buy-down agreements -- Loans --**
14 **Hardship grants.**

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

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

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

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

27 (ii) municipal bond insurance; or



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

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

33 (2) (a) The Drinking Water Board and the Water Quality Board may each make loans from
34 a security fund subaccount to political subdivisions to finance all or part of drinking water and
35 wastewater project costs by following the procedures and requirements of Sections 73-10c-4.1 and
36 73-10c-4.2.

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

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

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

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

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

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

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

56 (5) To the extent money is available in the hardship grant subaccounts of the security fund,
57 the Drinking Water Board and the Water Quality Board may each make grants to political
58 subdivisions that meet the drinking water or wastewater project loan considerations respectively,

59 but whose projects are determined by the granting board to not be economically feasible unless
60 grant assistance is provided.

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

Legislative Review Note
as of 12-5-01 4:38 PM

A limited legal review of this legislation raises no obvious constitutional or statutory concerns.

Office of Legislative Research and General Counsel