

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 1999

SENATE BILL 1381  
RATIFIED BILL

AN ACT TO REALLOCATE THE PROCEEDS OF THE CLEAN WATER BONDS.

The General Assembly of North Carolina enacts:

Section 1. Withdrawal of Loan Funds. – Pursuant to Section 5.1(i) of S.L. 1998-132, the following amounts of the Clean Water Bond proceeds allocated for loans in Section 5.1(h) of S.L. 1998-132 are withdrawn from allocation under Section 5.1(h) of S.L. 1998-132 and reallocated as provided in Section 2 of this act:

- (1) Water supply and distribution systems and water conservation projects:
    - a. Reserved for loans to local government units whose bond rating is less than 75 or who have no bond rating \$ 3,500,000
    - b. Reserved for loans to local government units whose bond rating is 75 or more \$ 90,600,000.
  - (2) Wastewater collection systems and wastewater treatment works:
    - a. Reserved for loans to local government units whose bond rating is less than 75 or who have no bond rating \$ 7,100,000
    - b. Reserved for loans to local government units whose bond rating is 75 or more \$ 98,800,000
- Total Withdrawn for Reallocation \$200,000,000.

Section 2.(a) Reallocation for High-Unit Cost Grants. – Of the funds withdrawn pursuant to Section 1 of this act from allocation under Section 5.1(h) of S.L. 1998-132, the sum of one hundred forty-six million dollars (\$146,000,000) shall be used by the Department of Environment and Natural Resources to provide grants to local government units for the same purpose and in accordance with Section 5.1(c) of S.L. 1998-132 and shall be allocated for this purpose as follows:

- (1) High-Unit Cost Wastewater Account:
  - a. Reserved for grants to local government units whose bond rating is less than 75 or who have no bond rating \$ 37,960,000
  - b. Reserved for grants to local government units whose bond rating is 75 or greater \$ 35,040,000.
- (2) High-Unit Cost Water Supply Account:
  - a. Reserved for grants to local government units whose bond rating is less than 75 or who have no bond rating \$ 37,960,000
  - b. Reserved for grants to local government units whose bond

rating is 75 or greater    \$ 35,040,000

Total Reallocated for Grants

Under Section 5.1(c)    \$146,000,000.

Section 2.(b) Reallocation for Unsewered Community Grants. – Of the funds withdrawn pursuant to Section 1 of this act from allocation under Section 5.1(h) of S.L. 1998-132, the sum of twenty-five million nine hundred twenty thousand dollars (\$25,920,000) is reallocated to be used to provide unsewered community grants to eligible local government units to assist with wastewater treatment works and wastewater collection systems for the same purpose and in accordance with Section 5.1(g) of S.L. 1998-132. Grants from amounts reallocated shall be awarded and administered by the Rural Economic Development Center in accordance with Section 5.1(g) of S.L. 1998-132. The funds reallocated under this section shall be awarded on the criteria set out in Section 5.1(g) of S.L. 1998-132.

Section 2.(c) Reallocation for Supplemental and Capacity Grants. – Of the funds withdrawn pursuant to Section 1 of this act from allocation under Section 5.1(h) of S.L. 1998-132, the sum of twenty-eight million eighty thousand dollars (\$28,080,000) is reallocated to be used to provide supplemental and capacity grants to eligible local government units to match federal, State, and other grant or loan program funds to plan or improve needed water and sewer projects. Grants from amounts reallocated shall be awarded and administered by the Rural Economic Development Center in accordance with Section 5.1(f) of S.L. 1998-132 and this section. The proceeds reallocated under this section shall be allocated between supplemental grants and capacity grants as follows:

(1) Supplemental Grants.....\$22,460,000

(2) Capacity Grants.....\$ 5,620,000

The funds reallocated under this section shall be awarded on the criteria set out in Section 5.1(f) of S.L. 1998-132.

Notwithstanding the provisions of Section 5.1(f) of S.L. 1998-132, a maximum of twelve million dollars (\$12,000,000) of supplemental grant funds and a maximum of three million dollars (\$3,000,000) of capacity grant funds may be certified by the Rural Economic Development Center to the State Treasurer each fiscal year through June 30, 2005, and the State Treasurer may issue the amount certified up to fifteen million dollars (\$15,000,000) each fiscal year through June 30, 2005. Upon certification for the fiscal year ending June 30, 2005, the State Treasurer may issue the remaining balance of the funds allocated under Section 5.1(f) of S.L. 1998-132 and under this section for any purpose authorized under Section 5.1(f) of S.L. 1998-132.

Section 2.(d) Moratorium. – The Department of Environment and Natural Resources may award no more than one-half of the funds reallocated under subsection (a) of this section before March 31, 2001. Funds awarded by the Department of Environment and Natural Resources before March 31, 2001, may be awarded only as grants to eligible applicants whose applications for grants had been received by the Department on or before July 1, 2000. An application received on or before July 1, 2000, may be updated and supplemental information regarding the application may be submitted to the Department of Environment and Natural Resources on or before August 15, 2000. No applications may be updated or supplemented with additional information after that date.

The Rural Economic Development Center may award no more than one-half of the funds reallocated under subsection (b) of this section before March 31, 2001. The Rural Economic Development Center may award no more than one-half of the funds reallocated under subsection (c) of this section before March 31, 2001.

Section 2.1. Study. – The State Infrastructure Council established in G.S. 143B-344.30 shall study the geographic distribution of loans and grants from the proceeds of the Clean Water Bonds and determine the extent to which geographic disparities and inequities of distribution exist. The Department of Environment and Natural Resources and the Rural Economic Development Center, Inc., shall cooperate

with the Council in its study. The Council shall also develop a plan to redress the disparities or inequities identified. To the extent that any disparities or inequities can be addressed only through legislative action, the Council shall develop and recommend legislative proposals. No later than December 1, 2000, the Council shall report the results of its evaluation, any administrative actions taken, and any legislative proposals developed to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Fiscal Research Division.

Section 3. G.S. 159G-6(a) reads as rewritten:

- "(a) Revolving loans and grants.
- (1) All funds appropriated or accruing to the Clean Water Revolving Loan and Grant Fund, other than funds set aside for administrative expenses, shall be used for revolving loans and grants to applicants for construction costs of wastewater treatment works, wastewater collection systems and water supply systems and other assistance as provided in this Chapter.
  - (2) The maximum principal amount of a revolving loan or a grant may be one hundred percent (100%) of the nonfederal share of the construction costs of any eligible project. The maximum principal amount of revolving loans made to any one applicant during any fiscal year shall be eight million dollars (\$8,000,000).
  - (2a) ~~The maximum principal amount of grants made to any applicant during any fiscal year over a period of three fiscal years shall be three million dollars (\$3,000,000). The Department of Environment and Natural Resources may limit the maximum principal amount of the a grant under this subdivision to two million dollars (\$2,000,000) or two-thirds of the eligible project cost, whichever is less, when the bond rating of the local government unit equals or is greater than 75 during any fiscal year and when one million dollars (\$1,000,000) or one-third of the eligible project cost, whichever is less, is available to the local government unit as a loan from any source.~~
  - (2b) Notwithstanding G.S. 159G-6(a)(2a), the maximum principal amount of grants made to any applicant for a high-unit cost wastewater project under G.S. 159G-6(b)(2) during any fiscal year shall be three million dollars (\$3,000,000) if the applicant is a sewer district that includes three or more local government units. Notwithstanding G.S. 159G-6(a)(2a), the maximum principal amount of grants made to any applicant for a high-unit cost water supply system under G.S. 159G-6(c)(2) during any fiscal year shall be three million dollars (\$3,000,000) if the applicant is either: (i) a water district that includes three or more local government units, or (ii) a county in which less than fifty percent (50%) of the population of the county is served by a public water system that is owned or operated by a local government unit or a nonprofit water corporation.
  - (3) The State Treasurer shall be responsible for investing and distributing all funds appropriated or accruing to the Clean Water Revolving Loan and Grant Fund for revolving loans and grants under this Chapter. In fulfilling his responsibilities under this section, the State Treasurer shall make a written request to the Department of Environment and Natural Resources to arrange for the appropriated funds to be (i) transferred from the appropriate accounts to an applicant to provide funds for one or more revolving loans or grants or (ii) invested as authorized by this Chapter with the interest on and the principal of such investments to be transferred to the applicant to provide funds for one or more revolving loans or grants."

Section 4. Section 3 of this act is effective retroactively to July 1, 1999, and applies to grants made on or after the date this act becomes law. The remainder of this act becomes effective August 1, 2000.

In the General Assembly read three times and ratified this the 13th day of July, 2000.

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Dennis A. Wicker  
President of the Senate

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James B. Black  
Speaker of the House of Representatives

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James B. Hunt, Jr.  
Governor

Approved \_\_\_\_\_ .m. this \_\_\_\_\_ day of \_\_\_\_\_ , 2000