



99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

HB3559

by Rep. Sheri L Jesiel

SYNOPSIS AS INTRODUCED:

415 ILCS 5/19.1	from Ch. 111 1/2, par. 1019.1
415 ILCS 5/19.3	from Ch. 111 1/2, par. 1019.3
415 ILCS 5/19.4	from Ch. 111 1/2, par. 1019.4

Amends the Environmental Protection Act. Provides that local taxing authorities may receive grants under the Water Pollution Control Loan Program. Effective immediately.

LRB099 08075 MGM 28221 b

1 AN ACT concerning safety.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Environmental Protection Act is amended by
5 changing Sections 19.1, 19.3, and 19.4 as follows:

6 (415 ILCS 5/19.1) (from Ch. 111 1/2, par. 1019.1)

7 Sec. 19.1. Legislative findings. The General Assembly
8 finds:

9 (a) that local government units and local taxing
10 authorities require assistance in financing the
11 construction of water treatment works and projects in order
12 to comply with the State's program of environmental
13 protection and federally mandated requirements;

14 (b) that the federal Water Quality Act of 1987 provides
15 an important source of grant awards to the State for
16 providing assistance to local government units and local
17 taxing authorities through the Water Pollution Control
18 Loan Program;

19 (c) that local government units, local taxing
20 authorities, and privately owned community water supplies
21 require assistance in financing the construction of their
22 public water supplies to comply with State and federal
23 drinking water laws and regulations;

1 (d) that the federal Safe Drinking Water Act ("SDWA"),
2 P.L. 93-523, as now or hereafter amended, provides an
3 important source of capitalization grant awards to the
4 State to provide assistance to local government units,
5 local taxing authorities, and privately owned community
6 water supplies through the Public Water Supply Loan
7 Program;

8 (e) that violations of State and federal drinking water
9 standards threaten the public interest, safety, and
10 welfare, which demands that the Illinois Environmental
11 Protection Agency expeditiously adopt emergency rules to
12 administer the Public Water Supply Loan Program;

13 (f) that the General Assembly agrees with the
14 conclusions and recommendations of the "Report to the
15 Illinois General Assembly on the Issue of Expanding Public
16 Water Supply Loan Eligibility to Privately Owned Community
17 Water Supplies", dated August 1998, including the stated
18 access to the Public Water Supply Loan Program by the
19 privately owned public water supplies so that the long term
20 integrity and viability of the corpus of the Fund will be
21 assured;

22 (g) that the American Recovery and Reinvestment Act of
23 2009 provides a source of capitalization grant awards to
24 the State to provide loans and additional subsidization,
25 including, but not limited to, forgiveness of principal,
26 negative interest loans, and grants, to local government

1 units and local taxing authorities through the Water
2 Pollution Control Loan Program and to local government
3 units, local taxing authorities, and privately owned
4 community water supplies through the Public Water Supply
5 Loan Program;

6 (h) that expanding eligibility to include publicly
7 owned municipal storm water projects eligible for
8 financing as treatment works, as defined under Section 212
9 of the Federal Water Pollution Control Act, will provide
10 the Agency with the statutory authority to use moneys in
11 the Water Pollution Control Loan Program to provide
12 financial assistance for eligible projects, including
13 those that encourage green infrastructure, that manage and
14 treat storm water, and that maintain and restore natural
15 hydrology by infiltrating, evapotranspiring, and capturing
16 and using storm water;

17 (i) that in planning projects for which financing will
18 be sought from the Water Pollution Control Loan Program,
19 municipalities may benefit from efforts to consider a
20 project's lifetime costs; the availability of long-term
21 funding for the construction, operation, maintenance, and
22 replacement of the project; the resilience of the project
23 to the effects of climate change; the project's ability to
24 increase water efficiency; the capacity of the project to
25 restore natural hydrology or to preserve or restore
26 landscape features; the cost-effectiveness of the project;

1 and the overall environmental innovativeness of the
2 project; and

3 (j) that projects implementing a management program
4 established under Section 319 of the Federal Water
5 Pollution Control Act may benefit from the creation of a
6 linked deposit program that would make loans available at
7 or below market interest rates through private lenders.

8 (Source: P.A. 98-782, eff. 7-23-14.)

9 (415 ILCS 5/19.3) (from Ch. 111 1/2, par. 1019.3)

10 Sec. 19.3. Water Revolving Fund.

11 (a) There is hereby created within the State Treasury a
12 Water Revolving Fund, consisting of 3 interest-bearing special
13 programs to be known as the Water Pollution Control Loan
14 Program, the Public Water Supply Loan Program, and the Loan
15 Support Program, which shall be used and administered by the
16 Agency.

17 (b) The Water Pollution Control Loan Program shall be used
18 and administered by the Agency to provide assistance for the
19 following purposes:

20 (1) to accept and retain funds from grant awards,
21 appropriations, transfers, and payments of interest and
22 principal;

23 (2) to make direct loans at or below market interest
24 rates and to provide additional subsidization, including,
25 but not limited to, forgiveness of principal, negative

1 interest rates, and grants, to any eligible local
2 government unit or local taxing authority to finance the
3 construction of treatments works, including storm water
4 treatment systems that are treatment works, and projects
5 that fulfill federal State Revolving Fund grant
6 requirements for a green project reserve;

7 (2.5) with respect to funds provided under the American
8 Recovery and Reinvestment Act of 2009:

9 (A) to make direct loans at or below market
10 interest rates to any eligible local government unit or
11 local taxing authority and to provide additional
12 subsidization to any eligible local government unit or
13 local taxing authority, including, but not limited to,
14 forgiveness of principal, negative interest rates, and
15 grants;

16 (B) to make direct loans at or below market
17 interest rates to any eligible local government unit or
18 local taxing authority to buy or refinance debt
19 obligations for treatment works incurred on or after
20 October 1, 2008; and

21 (C) to provide additional subsidization,
22 including, but not limited to, forgiveness of
23 principal, negative interest rates, and grants for
24 treatment works incurred on or after October 1, 2008;

25 (3) to make direct loans at or below market interest
26 rates and to provide additional subsidization, including,

1 but not limited to, forgiveness of principal, negative
2 interest rates, and grants, to any eligible local
3 government unit or local taxing authority to buy or
4 refinance debt obligations for costs incurred after March
5 7, 1985, for the construction of treatment works, including
6 storm water treatment systems that are treatment works, and
7 projects that fulfill federal State Revolving Fund grant
8 requirements for a green project reserve;

9 (3.5) to make loans, including, but not limited to,
10 loans through a linked deposit program, at or below market
11 interest rates for the implementation of a management
12 program established under Section 319 of the Federal Water
13 Pollution Control Act, as amended;

14 (4) to guarantee or purchase insurance for local
15 obligations where such action would improve credit market
16 access or reduce interest rates;

17 (5) as a source of revenue or security for the payment
18 of principal and interest on revenue or general obligation
19 bonds issued by the State or any political subdivision or
20 instrumentality thereof, if the proceeds of such bonds will
21 be deposited in the Fund;

22 (6) to finance the reasonable costs incurred by the
23 Agency in the administration of the Fund;

24 (7) to transfer funds to the Public Water Supply Loan
25 Program; and

26 (8) notwithstanding any other provision of this

1 subsection (b), to provide, in accordance with rules
2 adopted under this Title, any financial assistance that may
3 be provided under Section 603 of the Federal Water
4 Pollution Control Act for any projects eligible for
5 assistance under subsections (c)(1) or (c)(2) of that
6 Section or federal rules adopted under those subsections.

7 (c) The Loan Support Program shall be used and administered
8 by the Agency for the following purposes:

9 (1) to accept and retain funds from grant awards and
10 appropriations;

11 (2) to finance the reasonable costs incurred by the
12 Agency in the administration of the Fund, including
13 activities under Title III of this Act, including the
14 administration of the State construction grant program;

15 (3) to transfer funds to the Water Pollution Control
16 Loan Program and the Public Water Supply Loan Program;

17 (4) to accept and retain a portion of the loan
18 repayments;

19 (5) to finance the development of the low interest loan
20 programs for water pollution control and public water
21 supply projects;

22 (6) to finance the reasonable costs incurred by the
23 Agency to provide technical assistance for public water
24 supplies; and

25 (7) to finance the reasonable costs incurred by the
26 Agency for public water system supervision programs, to

1 administer or provide for technical assistance through
2 source water protection programs, to develop and implement
3 a capacity development strategy, to delineate and assess
4 source water protection areas, and for an operator
5 certification program in accordance with Section 1452 of
6 the federal Safe Drinking Water Act.

7 (d) The Public Water Supply Loan Program shall be used and
8 administered by the Agency to provide assistance to local
9 government units, local taxing authority, and privately owned
10 community water supplies for public water supplies for the
11 following public purposes:

12 (1) to accept and retain funds from grant awards,
13 appropriations, transfers, and payments of interest and
14 principal;

15 (2) to make direct loans at or below market interest
16 rates and to provide additional subsidization, including,
17 but not limited to, forgiveness of principal, negative
18 interest rates, and grants, to any eligible local
19 government unit, eligible local taxing authority, or to any
20 eligible privately owned community water supply to finance
21 the construction of water supplies and projects that
22 fulfill federal State Revolving Fund grant requirements
23 for a green project reserve;

24 (2.5) with respect to funds provided under the American
25 Recovery and Reinvestment Act of 2009:

26 (A) to make direct loans at or below market

1 interest rates to any eligible local government unit,
2 eligible local taxing authority, or to any eligible
3 privately owned community water supply, and to provide
4 additional subsidization to any eligible local
5 government unit, eligible local taxing authority, or
6 to any eligible privately owned community water
7 supply, including, but not limited to, forgiveness of
8 principal, negative interest rates, and grants;

9 (B) to buy or refinance the debt obligation of a
10 local government unit or local taxing authority for
11 costs incurred on or after October 1, 2008; and

12 (C) to provide additional subsidization,
13 including, but not limited to, forgiveness of
14 principal, negative interest rates, and grants for a
15 local government unit or local taxing authority for
16 costs incurred on or after October 1, 2008;

17 (3) to make direct loans at or below market interest
18 rates and to provide additional subsidization, including,
19 but not limited to, forgiveness of principal, negative
20 interest rates, and grants, to any eligible local
21 government unit, eligible local taxing authority, or to any
22 eligible privately owned community water supply to buy or
23 refinance debt obligations for costs incurred on or after
24 July 17, 1997, for the construction of water supplies and
25 projects that fulfill federal State Revolving Fund
26 requirements for a green project reserve;

1 (4) to guarantee local obligations where such action
2 would improve credit market access or reduce interest
3 rates;

4 (5) as a source of revenue or security for the payment
5 of principal and interest on revenue or general obligation
6 bonds issued by the State or any political subdivision or
7 instrumentality thereof, if the proceeds of such bonds will
8 be deposited into the Fund; and

9 (6) to transfer funds to the Water Pollution Control
10 Loan Program.

11 (e) The Agency is designated as the administering agency of
12 the Fund. The Agency shall submit to the Regional Administrator
13 of the United States Environmental Protection Agency an
14 intended use plan which outlines the proposed use of funds
15 available to the State. The Agency shall take all actions
16 necessary to secure to the State the benefits of the federal
17 Water Pollution Control Act and the federal Safe Drinking Water
18 Act, as now or hereafter amended.

19 (f) The Agency shall have the power to enter into
20 intergovernmental agreements with the federal government or
21 the State, or any instrumentality thereof, for purposes of
22 capitalizing the Water Revolving Fund. Moneys on deposit in the
23 Water Revolving Fund may be used for the creation of reserve
24 funds or pledged funds that secure the obligations of repayment
25 of loans made pursuant to this Section. For the purpose of
26 obtaining capital for deposit into the Water Revolving Fund,

1 the Agency may also enter into agreements with financial
2 institutions and other persons for the purpose of selling loans
3 and developing a secondary market for such loans. The Agency
4 shall have the power to create and establish such reserve funds
5 and accounts as may be necessary or desirable to accomplish its
6 purposes under this subsection and to allocate its available
7 moneys into such funds and accounts. Investment earnings on
8 moneys held in the Water Revolving Fund, including any reserve
9 fund or pledged fund, shall be deposited into the Water
10 Revolving Fund.

11 (Source: P.A. 98-782, eff. 7-23-14.)

12 (415 ILCS 5/19.4) (from Ch. 111 1/2, par. 1019.4)

13 Sec. 19.4. Regulations; priorities.

14 (a) The Agency shall have the authority to promulgate
15 regulations for the administration of this Title, including,
16 but not limited to, rules setting forth procedures and criteria
17 concerning loan applications and the issuance of loans. For
18 loans to units of local government and local taxing
19 authorities, the regulations shall include, but need not be
20 limited to, the following elements:

21 (1) loan application requirements;

22 (2) determination of credit worthiness of the loan
23 applicant;

24 (3) special loan terms, as necessary, for securing the
25 repayment of the loan;

- 1 (4) assurance of payment;
- 2 (5) interest rates;
- 3 (6) loan support rates;
- 4 (7) impact on user charges;
- 5 (8) eligibility of proposed construction;
- 6 (9) priority of needs;
- 7 (10) special loan terms for disadvantaged communities;
- 8 (11) maximum limits on annual distributions of funds to
- 9 applicants or groups of applicants;
- 10 (12) penalties for noncompliance with loan
- 11 requirements and conditions, including stop-work orders,
- 12 termination, and recovery of loan funds; and
- 13 (13) indemnification of the State of Illinois and the
- 14 Agency by the loan recipient.

15 (b) The Agency shall have the authority to promulgate
16 regulations to set forth procedures and criteria concerning
17 loan applications for loan recipients other than units of local
18 government. In addition to all of the elements required for
19 units of local government under subsection (a), the regulations
20 shall include, but need not be limited to, the following
21 elements:

- 22 (1) types of security required for the loan;
- 23 (2) types of collateral, as necessary, that can be
- 24 pledged for the loan; and
- 25 (3) staged access to fund privately owned community
- 26 water supplies.

1 (c) Rules adopted under this Title shall also include, but
2 shall not be limited to, criteria for prioritizing the issuance
3 of loans under this Title according to applicant need. Priority
4 in making loans from the Public Water Supply Loan Program must
5 first be given to local government units, local taxing
6 authorities, and privately owned community water supplies that
7 need to make capital improvements to protect human health and
8 to achieve compliance with the State and federal primary
9 drinking water standards adopted pursuant to this Act and the
10 federal Safe Drinking Water Act, as now and hereafter amended.
11 Rules for prioritizing loans from the Water Pollution Control
12 Loan Program may include, but shall not be limited to, criteria
13 designed to encourage green infrastructure, water efficiency,
14 environmentally innovative projects, and nutrient pollution
15 removal.

16 (d) The Agency shall have the authority to promulgate
17 regulations to set forth procedures and criteria concerning
18 loan applications for funds provided under the American
19 Recovery and Reinvestment Act of 2009. In addition, due to time
20 constraints in the American Recovery and Reinvestment Act of
21 2009, the Agency shall adopt emergency rules as necessary to
22 allow the timely administration of funds provided under the
23 American Recovery and Reinvestment Act of 2009. Emergency rules
24 adopted under this subsection (d) shall be adopted in
25 accordance with Section 5-45 of the Illinois Administrative
26 Procedure Act.

1 (e) The Agency may adopt rules to create a linked deposit
2 loan program through which loans made pursuant to paragraph
3 (3.5) of subsection (b) of Section 19.3 may be made through
4 private lenders. Rules adopted under this subsection (e) shall
5 include, but shall not be limited to, provisions requiring
6 private lenders, prior to disbursing loan proceeds through the
7 linked deposit loan program, to verify that the loan recipients
8 have been approved by the Agency for financing under paragraph
9 (3.5) of subsection (b) of Section 19.3.

10 (Source: P.A. 98-782, eff. 7-23-14.)

11 Section 99. Effective date. This Act takes effect upon
12 becoming law.