



## 101ST GENERAL ASSEMBLY

### State of Illinois

2019 and 2020

HB2650

by Rep. Robert Rita

#### SYNOPSIS AS INTRODUCED:

415 ILCS 5/19.3

from Ch. 111 1/2, par. 1019.3

Amends the Environmental Protection Act. Requires the Environmental Protection Agency to adopt rules to expand the usage of federally allowable set-aside programs within the Water Revolving Fund, including, but not limited to, programs that provide financial assistance to utilities exploring consolidation or other collaborative approaches with separate utilities for the purpose of improving efficiency, sustainable water management, and equitable water rates. Effective immediately

LRB101 07219 CPF 52257 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 Section 19.3 as follows:

6 (415 ILCS 5/19.3) (from Ch. 111 1/2, par. 1019.3)

7 Sec. 19.3. Water Revolving Fund.

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

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

17 (1) to accept and retain funds from grant awards,  
18 appropriations, transfers, and payments of interest and  
19 principal;

20 (2) to make direct loans at or below market interest  
21 rates and to provide additional subsidization, including,  
22 but not limited to, forgiveness of principal, negative  
23 interest rates, and grants, to any eligible local

1 government unit to finance the construction of treatments  
2 works, including storm water treatment systems that are  
3 treatment works, and projects that fulfill federal State  
4 Revolving Fund grant requirements for a green project  
5 reserve;

6 (2.5) with respect to funds provided under the American  
7 Recovery and Reinvestment Act of 2009:

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

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

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

22 (3) to make direct loans at or below market interest  
23 rates and to provide additional subsidization, including,  
24 but not limited to, forgiveness of principal, negative  
25 interest rates, and grants, to any eligible local  
26 government unit to buy or refinance debt obligations for

1 costs incurred after March 7, 1985, for the construction of  
2 treatment works, including storm water treatment systems  
3 that are treatment works, and projects that fulfill federal  
4 State Revolving Fund grant requirements for a green project  
5 reserve;

6 (3.5) to make loans, including, but not limited to,  
7 loans through a linked deposit program, at or below market  
8 interest rates for the implementation of a management  
9 program established under Section 319 of the Federal Water  
10 Pollution Control Act, as amended;

11 (4) to guarantee or purchase insurance for local  
12 obligations where such action would improve credit market  
13 access or reduce interest rates;

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

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

21 (7) to transfer funds to the Public Water Supply Loan  
22 Program; and

23 (8) notwithstanding any other provision of this  
24 subsection (b), to provide, in accordance with rules  
25 adopted under this Title, any other financial assistance  
26 that may be provided under Section 603 of the Federal Water

1 Pollution Control Act for any other projects or activities  
2 eligible for assistance under that Section or federal rules  
3 adopted to implement that Section.

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

6 (1) to accept and retain funds from grant awards and  
7 appropriations;

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

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

14 (4) to accept and retain a portion of the loan  
15 repayments;

16 (5) to finance the development of the low interest loan  
17 programs for water pollution control and public water  
18 supply projects;

19 (6) to finance the reasonable costs incurred by the  
20 Agency to provide technical assistance for public water  
21 supplies; and

22 (7) to finance the reasonable costs incurred by the  
23 Agency for public water system supervision programs, to  
24 administer or provide for technical assistance through  
25 source water protection programs, to develop and implement  
26 a capacity development strategy, to delineate and assess

1 source water protection areas, and for an operator  
2 certification program in accordance with Section 1452 of  
3 the federal Safe Drinking Water Act.

4 (d) The Public Water Supply Loan Program shall be used and  
5 administered by the Agency to provide assistance to local  
6 government units and privately owned community water supplies  
7 for public water supplies for the following public purposes:

8 (1) to accept and retain funds from grant awards,  
9 appropriations, transfers, and payments of interest and  
10 principal;

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

19 (2.5) with respect to funds provided under the American  
20 Recovery and Reinvestment Act of 2009:

21 (A) to make direct loans at or below market  
22 interest rates to any eligible local government unit or  
23 to any eligible privately owned community water  
24 supply, and to provide additional subsidization to any  
25 eligible local government unit or to any eligible  
26 privately owned community water supply, including, but

1 not limited to, forgiveness of principal, negative  
2 interest rates, and grants;

3 (B) to buy or refinance the debt obligation of a  
4 local government unit for costs incurred on or after  
5 October 1, 2008; and

6 (C) to provide additional subsidization,  
7 including, but not limited to, forgiveness of  
8 principal, negative interest rates, and grants for a  
9 local government unit for costs incurred on or after  
10 October 1, 2008;

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

21 (4) to guarantee local obligations where such action  
22 would improve credit market access or reduce interest  
23 rates;

24 (5) as a source of revenue or security for the payment  
25 of principal and interest on revenue or general obligation  
26 bonds issued by the State or any political subdivision or

1 instrumentality thereof, if the proceeds of such bonds will  
2 be deposited into the Fund;

3 (6) to transfer funds to the Water Pollution Control  
4 Loan Program; and

5 (7) notwithstanding any other provision of this  
6 subsection (d), to provide to local government units and  
7 privately owned community water supplies any other  
8 financial assistance that may be provided under Section  
9 1452 of the federal Safe Drinking Water Act for any  
10 expenditures eligible for assistance under that Section or  
11 federal rules adopted to implement that Section.

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

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



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

12 (g) By August 1, 2020 the Agency shall adopt rules to  
13 expand the usage of set-aside programs within the Fund that are  
14 allowed by federal law, including, but not limited to, programs  
15 that provide financial assistance to utilities exploring  
16 consolidation or other collaborative approaches with separate  
17 utilities for the purpose of improving efficiency, sustainable  
18 water management, and equitable water rates.

19 (Source: P.A. 98-782, eff. 7-23-14; 99-187, eff. 7-29-15;  
20 99-922, eff. 1-17-17.)

21 Section 99. Effective date. This Act takes effect upon  
22 becoming law.