

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, 19.2, 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 require assistance in
10 financing the construction of water ~~wastewater~~ treatment works
11 and projects in order to comply with the State's program of
12 environmental protection and federally mandated requirements;

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

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

21 (d) that the federal Safe Drinking Water Act ("SDWA"), P.L.
22 93-523, as now or hereafter amended, provides an important
23 source of capitalization grant awards to the State to provide

1 assistance to local government units and privately owned
2 community water supplies through the Public Water Supply Loan
3 Program;

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

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

17 (g) that the American Recovery and Reinvestment Act of 2009
18 provides a source of capitalization grant awards to the State
19 to provide loans and additional subsidization, including, but
20 not limited to, forgiveness of principal, negative interest
21 loans, and grants, to local government units through the Water
22 Pollution Control Loan Program and to local government units
23 and privately owned community water supplies through the Public
24 Water Supply Loan Program; ~~and~~

25 (h) that expanding eligibility to include publicly owned
26 municipal storm water projects eligible for financing as

1 treatment works, as defined under Section 212 of the Federal
2 Water Pollution Control Act, will provide the Agency with the
3 statutory authority to use moneys in the Water Pollution
4 Control Loan Program to provide financial assistance for
5 eligible projects, including those that encourage green
6 infrastructure, that manage and treat storm water, and that
7 maintain and restore natural hydrology by infiltrating,
8 evapotranspiring, and capturing and using storm water;

9 (i) that in planning projects for which financing will be
10 sought from the Water Pollution Control Loan Program,
11 municipalities may benefit from efforts to consider a project's
12 lifetime costs; the availability of long-term funding for the
13 construction, operation, maintenance, and replacement of the
14 project; the resilience of the project to the effects of
15 climate change; the project's ability to increase water
16 efficiency; the capacity of the project to restore natural
17 hydrology or to preserve or restore landscape features; the
18 cost-effectiveness of the project; and the overall
19 environmental innovativeness of the project; and

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

25 (Source: P.A. 96-8, eff. 4-28-09.)

1 (415 ILCS 5/19.2) (from Ch. 111 1/2, par. 1019.2)

2 Sec. 19.2. As used in this Title, unless the context
3 clearly requires otherwise:

4 (a) "Agency" means the Illinois Environmental Protection
5 Agency.

6 (b) "Fund" means the Water Revolving Fund created pursuant
7 to this Title, consisting of the Water Pollution Control Loan
8 Program, the Public Water Supply Loan Program, and the Loan
9 Support Program.

10 (c) "Loan" means a loan made from the Water Pollution
11 Control Loan Program or the Public Water Supply Loan Program to
12 an eligible applicant as a result of a contractual agreement
13 between the Agency and such applicant.

14 (d) "Construction" means any one or more of the following
15 which is undertaken for a public purpose: preliminary planning
16 to determine the feasibility of the treatment works or public
17 water supply, engineering, architectural, legal, fiscal or
18 economic investigations or studies, surveys, designs, plans,
19 working drawings, specifications, procedures or other
20 necessary actions, erection, building, acquisition,
21 alteration, remodeling, improvement or extension of treatment
22 works or public water supplies, or the inspection or
23 supervision of any of the foregoing items. "Construction" also
24 includes implementation of source water quality protection
25 measures and establishment and implementation of wellhead
26 protection programs in accordance with Section 1452(k)(1) of

1 the federal Safe Drinking Water Act.

2 (e) "Intended use plan" means a plan which includes a
3 description of the short and long term goals and objectives of
4 the Water Pollution Control Loan Program and the Public Water
5 Supply Loan Program, project categories, discharge
6 requirements, terms of financial assistance and the loan
7 applicants to be served.

8 (f) "Treatment works" means treatment works, as defined in
9 Section 212 of the Federal Water Pollution Control Act,
10 including, but not limited to, the following: any devices and
11 systems owned by a local government unit and used in the
12 storage, treatment, recycling, and reclamation of sewerage or
13 industrial wastes of a liquid nature, including intercepting
14 sewers, outfall sewers, sewage collection systems, pumping
15 power and other equipment, and appurtenances; extensions,
16 improvements, remodeling, additions, and alterations thereof;
17 elements essential to provide a reliable recycled supply, such
18 as standby treatment units and clear well facilities; ~~and~~ any
19 works, including site acquisition of the land that will be an
20 integral part of the treatment process for wastewater
21 facilities; and any other method or system for preventing,
22 abating, reducing, storing, treating, separating, or disposing
23 of municipal waste, including storm water runoff, or industrial
24 waste, including waste in combined storm water and sanitary
25 sewer systems as those terms are defined in the Federal Water
26 Pollution Control Act.

1 (g) "Local government unit" means a county, municipality,
2 township, municipal or county sewerage or utility authority,
3 sanitary district, public water district, improvement
4 authority or any other political subdivision whose primary
5 purpose is to construct, operate and maintain wastewater
6 treatment facilities, including storm water treatment systems,
7 or public water supply facilities or both.

8 (h) "Privately owned community water supply" means:

9 (1) an investor-owned water utility, if under Illinois
10 Commerce Commission regulation and operating as a separate
11 and distinct water utility;

12 (2) a not-for-profit water corporation, if operating
13 specifically as a water utility; and

14 (3) a mutually owned or cooperatively owned community
15 water system, if operating as a separate water utility.

16 (Source: P.A. 91-36, eff. 6-15-99; 91-52, eff. 6-30-99; 91-501,
17 eff. 8-13-99; 92-16, eff. 6-28-01.)

18 (415 ILCS 5/19.3) (from Ch. 111 1/2, par. 1019.3)

19 Sec. 19.3. Water Revolving Fund.

20 (a) There is hereby created within the State Treasury a
21 Water Revolving Fund, consisting of 3 interest-bearing special
22 programs to be known as the Water Pollution Control Loan
23 Program, the Public Water Supply Loan Program, and the Loan
24 Support Program, which shall be used and administered by the
25 Agency.

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

4 (1) to accept and retain funds from grant awards,
5 appropriations, transfers, and payments of interest and
6 principal;

7 (2) to make direct loans at or below market interest
8 rates and to provide additional subsidization, including,
9 but not limited to, forgiveness of principal, negative
10 interest rates, and grants, to any eligible local
11 government unit to finance the construction of ~~wastewater~~
12 treatments works, including storm water treatment systems
13 that are treatment works, and projects that fulfill federal
14 State Revolving Fund grant requirements for a green project
15 reserve;

16 (2.5) with respect to funds provided under the American
17 Recovery and Reinvestment Act of 2009:

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

24 (B) to make direct loans at or below market
25 interest rates to any eligible local government unit to
26 buy or refinance debt obligations for treatment works

1 incurred on or after October 1, 2008; and

2 (C) to provide additional subsidization,
3 including, but not limited to, forgiveness of
4 principal, negative interest rates, and grants for
5 treatment works incurred on or after October 1, 2008;

6 (3) to make direct loans at or below market interest
7 rates and to provide additional subsidization, including,
8 but not limited to, forgiveness of principal, negative
9 interest rates, and grants, to any eligible local
10 government unit to buy or refinance debt obligations for
11 costs incurred after March 7, 1985, for the construction of
12 ~~wastewater~~ treatment works, including storm water
13 treatment systems that are treatment works, and projects
14 that fulfill federal State Revolving Fund grant
15 requirements for a green project reserve;

16 (3.5) to make ~~direct~~ loans, including, but not limited
17 to, loans through a linked deposit program, at or below
18 market interest rates for the implementation of a
19 management program established under Section 319 of the
20 Federal Water Pollution Control Act, as amended;

21 (4) to guarantee or purchase insurance for local
22 obligations where such action would improve credit market
23 access or reduce interest 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 in the Fund;

3 (6) to finance the reasonable costs incurred by the
4 Agency in the administration of the Fund; ~~and~~

5 (7) to transfer funds to the Public Water Supply Loan
6 Program; and -

7 (8) notwithstanding any other provision of this
8 subsection (b), to provide, in accordance with rules
9 adopted under this Title, any financial assistance that may
10 be provided under Section 603 of the Federal Water
11 Pollution Control Act for any projects eligible for
12 assistance under subsections (c)(1) or (c)(2) of that
13 Section or federal rules adopted under those subsections.

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

16 (1) to accept and retain funds from grant awards and
17 appropriations;

18 (2) to finance the reasonable costs incurred by the
19 Agency in the administration of the Fund, including
20 activities under Title III of this Act, including the
21 administration of the State construction grant program;

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

24 (4) to accept and retain a portion of the loan
25 repayments;

26 (5) to finance the development of the low interest loan

1 programs for water pollution control and public water
2 supply projects;

3 (6) to finance the reasonable costs incurred by the
4 Agency to provide technical assistance for public water
5 supplies; and

6 (7) to finance the reasonable costs incurred by the
7 Agency for public water system supervision programs, to
8 administer or provide for technical assistance through
9 source water protection programs, to develop and implement
10 a capacity development strategy, to delineate and assess
11 source water protection areas, and for an operator
12 certification program in accordance with Section 1452 of
13 the federal Safe Drinking Water Act.

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

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

21 (2) to make direct loans at or below market interest
22 rates and to provide additional subsidization, including,
23 but not limited to, forgiveness of principal, negative
24 interest rates, and grants, to any eligible local
25 government unit or to any eligible privately owned
26 community water supply to finance the construction of water

1 supplies and projects that fulfill federal State Revolving
2 Fund grant requirements for a green project reserve;

3 (2.5) with respect to funds provided under the American
4 Recovery and Reinvestment Act of 2009:

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

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

16 (C) to provide additional subsidization,
17 including, but not limited to, forgiveness of
18 principal, negative interest rates, and grants for a
19 local government unit for costs incurred on or after
20 October 1, 2008;

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

1 for costs incurred on or after July 17, 1997, for the
2 construction of water supplies and projects that fulfill
3 federal State Revolving Fund requirements for a green
4 project reserve;

5 (4) to guarantee local obligations where such action
6 would improve credit market access or reduce interest
7 rates;

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

13 (6) to transfer funds to the Water Pollution Control
14 Loan Program.

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

23 (f) The Agency shall have the power to enter into
24 intergovernmental agreements with the federal government or
25 the State, or any instrumentality thereof, for purposes of
26 capitalizing the Water Revolving Fund. Moneys on deposit in the

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

15 (Source: P.A. 96-8, eff. 4-28-09; 96-917, eff. 6-9-10.)

16 (415 ILCS 5/19.4) (from Ch. 111 1/2, par. 1019.4)

17 Sec. 19.4. Regulations; priorities.

18 (a) The Agency shall have the authority to promulgate
19 regulations for the administration of this Title, including,
20 but not limited to, rules setting ~~to set~~ forth procedures and
21 criteria concerning loan applications and the issuance of
22 loans. For loans to units of local government, the regulations
23 shall include, but need not be limited to, the following
24 elements:

25 (1) loan application requirements;

1 (2) determination of credit worthiness of the loan
2 applicant;

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

5 (4) assurance of payment;

6 (5) interest rates;

7 (6) loan support rates;

8 (7) impact on user charges;

9 (8) eligibility of proposed construction;

10 (9) priority of needs;

11 (10) special loan terms for disadvantaged communities;

12 (11) maximum limits on annual distributions of funds to
13 applicants or groups of applicants;

14 (12) penalties for noncompliance with loan
15 requirements and conditions, including stop-work orders,
16 termination, and recovery of loan funds; and

17 (13) indemnification of the State of Illinois and the
18 Agency by the loan recipient.

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

26 (1) types of security required for the loan;

1 (2) types of collateral, as necessary, that can be
2 pledged for the loan; and

3 (3) staged access to fund privately owned community
4 water supplies.

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

21 (d) The Agency shall have the authority to promulgate
22 regulations to set forth procedures and criteria concerning
23 loan applications for funds provided under the American
24 Recovery and Reinvestment Act of 2009. In addition, due to time
25 constraints in the American Recovery and Reinvestment Act of
26 2009, the Agency shall adopt emergency rules as necessary to

1 allow the timely administration of funds provided under the
2 American Recovery and Reinvestment Act of 2009. Emergency rules
3 adopted under this subsection (d) shall be adopted in
4 accordance with Section 5-45 of the Illinois Administrative
5 Procedure Act.

6 (e) The Agency may adopt rules to create a linked deposit
7 loan program through which loans made pursuant to paragraph
8 (3.5) of subsection (b) of Section 19.3 may be made through
9 private lenders. Rules adopted under this subsection (e) shall
10 include, but shall not be limited to, provisions requiring
11 private lenders, prior to disbursing loan proceeds through the
12 linked deposit loan program, to verify that the loan recipients
13 have been approved by the Agency for financing under paragraph
14 (3.5) of subsection (b) of Section 19.3.

15 (Source: P.A. 96-8, eff. 4-28-09.)

16 Section 99. Effective date. This Act takes effect upon
17 becoming law.