



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 1712

PRINTERS NO. 2772

PRIME SPONSOR: R. Brown

COST / (SAVINGS)

FUND	FY 2015/16	FY 2016/17
General Fund	\$0	\$0
Private Dam Financial Assurance Fund	\$0	\$0

SUMMARY: Establishes the freestanding Private Dam Financial Assurance Act. This legislation would take effect immediately.

ANALYSIS: This legislation creates the Private Dam Financial Assurance Program, administered by DCED in consultation with DEP, to provide financial assurance assistance for dam owners to assist in meeting financial obligations under the Dam Safety and Encroachments Act of 1978.

Private Dam Financial Assurance Program: To be eligible for this program, dam owners must:

- (1) Be in compliance with the Dam Safety and Encroachments Act and the corresponding regulations.
- (2) Pay a one-time registration fee of \$1,000 per dam.
- (3) Pay an annual fee equal to 1% of the bond amount required by DEP.

An owner that is enrolled in the program is deemed to have met all proof of financial responsibility requirements promulgated pursuant to Section 11 of the Dam Safety and Encroachments Act for the owner's dam.

Revolving Loan Program: The legislation authorizes the establishment of a revolving loan program for costs incurred to provide maintenance, repair, or permanent breach of the owner's dam. No loan shall exceed 50% of eligible costs and no loan shall exceed \$500,000. Loan terms will be up to 10 years; interest rates will be fixed and equal to the 5-Year U.S. Treasury Note on the date of application; and DCED may charge an origination fee of up to 2.5% of the loan amount.

Annual Reports: DCED, in consultation with DEP, shall prepare an annual report for the General Assembly concerning activities and expenditures made under the program for the preceding year.

Special Fund: The legislation also establishes a special fund in the State Treasury known as the Private Dam Financial Assurance Fund. Program premiums and fees are to be deposited into this special fund. The fund shall be utilized to provide loans for the correction, operation, maintenance, inspection, monitoring, or removal of a dam as necessary in response to the failure of an owner where that failure creates an unsafe condition under the Dam Safety and Encroachments Act or abandonment of the dam by an owner enrolled in the program.

When the special fund has a balance equal to or greater than \$1.5 million and DEP has not identified the need for an amount in excess of \$1.5 million to correct the failure of owners to comply with the Dam Safety and Encroachments Act, DCED may begin accepting and approving owner loan applications for eligible costs so long as a balance of at least \$1,000,000 remains in the fund.

The fund may be supplemented by appropriations from Federal, State, or local government or from any private source.

FISCAL IMPACT: This legislation would have no adverse fiscal impact on Commonwealth funds. DCED, along with DEP, have determined that they will be able to administer the program without additional resources.

PREPARED BY: Tim Rodrigo
House Appropriations Committee (R)

DATE: February 8, 2016

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.