

## THE GENERAL ASSEMBLY OF PENNSYLVANIA

**SENATE BILL****No. 1341** Session of  
2008

INTRODUCED BY MUSTO, RAFFERTY, STOUT, ERICKSON, LAVALLE, FUMO,  
COSTA, WONDERLING, O'PAKE, TARTAGLIONE, WOZNIAK, FONTANA,  
BOSCOLA, GREENLEAF, MELLOW, KASUNIC, KITCHEN, WASHINGTON,  
STACK AND C. WILLIAMS, APRIL 3, 2008

SENATOR ARMSTRONG, APPROPRIATIONS, RE-REPORTED AS AMENDED,  
JUNE 16, 2008

## AN ACT

1 Authorizing the incurring of indebtedness, with the approval of  
2 the electors, of \$400,000,000 for the acquisition, repair,  
3 construction, reconstruction, rehabilitation, extension,  
4 expansion and improvement of water supply and sewage  
5 treatment systems; and providing for the powers and duties of  
6 the Pennsylvania Infrastructure Investment Authority.

7 The General Assembly of the Commonwealth of Pennsylvania  
8 hereby enacts as follows:

9 Section 1. Short title.

10 This act shall be known and may be cited as the Water and  
11 Sewer Systems Assistance Act.

12 Section 2. Legislative findings.

13 The General Assembly finds and declares as follows:

14 (1) Pennsylvania has an estimated 2,200 drinking water  
15 systems and 1,060 wastewater systems.

16 (2) Drinking water and wastewater treatment systems  
17 protect public health and the environment and are responsible  
18 for cleaning and treating waters of this Commonwealth.

1 (3) Changing Federal and State regulations relative to  
2 the treatment of drinking water and wastewater are creating  
3 financial problems for drinking water and wastewater  
4 treatment systems.

5 (4) Many of the drinking water and wastewater treatment  
6 systems must manage aging infrastructure and the maintenance  
7 and replacement costs are estimated to be in excess of  
8 \$18,000,000,000.

9 (5) According to the Environmental Protection Agency,  
10 Pennsylvania ranks seventh in infrastructure financing needs  
11 for water infrastructure.

12 (6) Additional funding sources are needed if  
13 Pennsylvania is to have a sustainable water infrastructure in  
14 the future.

15 (7) The Governor signed executive order 2008-02 creating  
16 a water infrastructure task force to ensure that Pennsylvania  
17 maintains a sustainable drinking water and wastewater  
18 infrastructure.

19 (8) It is beyond the financial means of local ratepayers  
20 to fund all the improvements that are needed for a  
21 sustainable drinking water and wastewater infrastructure.

### 22 Section 3. Definitions.

23 The following words and phrases when used in this act shall  
24 have the meanings given to them in this section unless the  
25 context clearly indicates otherwise:

26 "Authority." The Pennsylvania Infrastructure Investment  
27 Authority.

28 "Board." The board of directors of the Pennsylvania  
29 Infrastructure Investment Authority.

30 "Eligible cost." The cost of all labor, materials, necessary

1 operational machinery and equipment, lands, property, rights and  
2 easements, plans and specifications, surveys, estimates of costs  
3 and revenues, prefeasibility studies, engineering and legal  
4 services and all other expenses necessary or incident to the  
5 acquisition, construction, improvement, expansion, extension,  
6 repair or rehabilitation of all or part of a project.

7 "Grant." A direct payment from the Pennsylvania  
8 Infrastructure Investment Authority to a municipality.

9 "Municipality." A county, city, borough, incorporated town,  
10 township, home rule municipality and any municipal authority  
11 responsible for the provision of drinking water or sewage  
12 treatment services to any of them.

13 "Project." The acquisition, construction, improvement,  
14 expansion, extension, repair, rehabilitation or security  
15 measures of all or part of a facility or system, ~~whether~~ ←  
16 ~~publicly or, in the case of paragraphs (1) and (2), privately~~  
17 ~~owned~~ for:

18 (1) the collection, treatment or disposal of wastewater,  
19 including industrial waste;

20 (2) the supply, treatment, storage or distribution of  
21 drinking water;

22 (3) the control and elimination of combined sewer  
23 overflows, defined as a point source discharge from a sewer  
24 system that combines sanitary wastewaters and storm waters;

25 (4) the reductions of nitrogen, phosphorus and sediment  
26 to comply with Pennsylvania's Chesapeake Bay Tributary  
27 Strategy;

28 (5) the control of storm water, which may include, but  
29 is not limited to, the transport, storage and the  
30 infiltration of storm water; or

1 (6) the best management practices to address point or  
2 nonpoint source pollution associated with storm water runoff  
3 or any other innovative techniques identified in the county-  
4 prepared watershed plans pursuant to the act of October 4,  
5 1978 (P.L.864, No.167), known as the Storm Water Management  
6 Act.

7 Section 4. Approval of debt incurrence by electors.

8 The question of incurring indebtedness of \$400,000,000 for  
9 grants and loans for the cost of all labor, materials, necessary  
10 operational machinery and equipment, lands, property, rights and  
11 easements, plans and specifications, surveys, estimates of costs  
12 and revenues, prefeasibility studies, engineering and legal  
13 services and all other expenses necessary or incident to the  
14 acquisition, construction, improvement, expansion, extension,  
15 repair or rehabilitation of all or part of a project shall be  
16 submitted to the electors at the next primary, municipal or  
17 general election following the effective date of this section.

18 Section 5. Certification.

19 The Secretary of the Commonwealth shall certify the question  
20 under section 4 to the county board of elections.

21 Section 6. Form of question.

22 The question under section 4 shall be in substantially the  
23 following form:

24 Do you favor the incurring of indebtedness by the  
25 Commonwealth of \$400,000,000 for grants and loans to  
26 municipalities for the cost of all labor, materials,  
27 necessary operational machinery and equipment, lands,  
28 property, rights and easements, plans and specifications,  
29 surveys, estimates of costs and revenues, prefeasibility  
30 studies, engineering and legal services and all other

1 expenses necessary or incident to the acquisition,  
2 construction, improvement, expansion, extension, repair  
3 or rehabilitation of all or part of drinking water system  
4 and wastewater treatment system projects?

5 Section 7. Election.

6 The election shall be conducted in accordance with the act of  
7 June 3, 1937 (P.L.1333, No.320), known as the Pennsylvania  
8 Election Code.

9 Section 8. Proceeds.

10 (a) Use.--Proceeds of borrowing shall be deposited in a  
11 special fund in the State Treasury and shall be used for grants  
12 and loans by the Pennsylvania Infrastructure Investment  
13 Authority for drinking water system and wastewater treatment  
14 system projects.

15 (b) Appropriation.--The proceeds of all bonds sold under  
16 this act are hereby appropriated on a continuing basis to the  
17 Pennsylvania Infrastructure Investment Authority for the purpose  
18 of making loans and grants under this act.

19 (c) Borrowing authorized.--Pursuant to section 7(a)(3) of  
20 Article VIII of the Constitution of Pennsylvania, the issuing  
21 officials are authorized and directed to borrow, on the credit  
22 of the Commonwealth, money not exceeding in the aggregate  
23 \$400,000,000 in increments of not more than \$150,000,000 every  
24 year over a three-year period after the effective date of this  
25 section.

26 (d) Grant limitations.--

27 (1) The aggregate amount of grants awarded under this  
28 section shall not exceed \$200,000,000.

29 (2) No grant awarded under this act shall be used to  
30 repair, rehabilitate or improve any sewage treatment system

1 or drinking water system on private property.

2 (3) The board shall have no power to award any grant,  
3 loan or combination thereof that exceeds the following  
4 monetary limits:

5 (i) For a sewage treatment system that has an annual  
6 average daily flow greater than 100,000,000 gallons per  
7 day or a water system that serves a population greater  
8 than 300,000 people, \$20,000,000.

9 (ii) For a sewage treatment system that has an  
10 annual average daily flow greater than ~~\$50,000,000~~ <—  
11 50,000,000 gallons per day but less than 100,000,000 <—  
12 gallons per day or a water system that serves a  
13 population between 100,000 and 300,000 people,  
14 \$15,000,000.

15 (iii) For a sewage treatment system that has an  
16 annual average daily flow greater than 20,000,000 gallons  
17 per day but less than 50,000,000 gallons per day or a  
18 water system that serves a population between 10,000 and  
19 100,000 people, \$10,000,000.

20 (iv) For a sewage treatment system that has an  
21 annual average daily flow greater than 10,000,000 gallons  
22 per day but less than 20,000,000 gallons per day or a  
23 water system that serves a population between 3,301 and  
24 10,000 people, \$5,000,000.

25 (v) For a sewage treatment system that has an annual  
26 average daily flow greater than 1,000,000 gallons per day  
27 but less than 10,000,000 gallons per day or a water  
28 system that serves a population between 501 and 3,300  
29 people, \$3,000,000.

30 (vi) For a sewage treatment system that has an

1 annual average daily flow less than 1,000,000 gallons per  
2 day or a water system that serves a population less than  
3 500 people, \$2,000,000.

4 (4) ~~However~~ NOTWITHSTANDING THE PROVISIONS OF PARAGRAPH <—  
5 (3), the board by a vote of at least nine members may  
6 authorize a grant in excess of the limits established in  
7 paragraph (3) to comprehensive projects providing or  
8 proposing consolidated service to a region encompassing all  
9 or parts of two or more municipalities.

10 (5) PROCEEDS FROM THE BOND ISSUED UNDER THIS ACT MAY BE <—  
11 USED FOR GRANTS OR LOANS TO ASSIST A PUBLIC UTILITY TO  
12 ACQUIRE A SMALL SEWER UTILITY OR SMALL WATER UTILITY AS  
13 DEFINED UNDER 66 PA.C.S. § 529 (RELATING TO POWER OF  
14 COMMISSION TO ORDER ACQUISITION OF SMALL WATER AND SEWER  
15 UTILITIES) IF THE FOLLOWING APPLY:

16 (I) THE PENNSYLVANIA PUBLIC UTILITY COMMISSION HAS  
17 DETERMINED THAT THE SMALL SEWER UTILITY OR SMALL WATER  
18 UTILITY HAS PROVIDED UNSAFE, INADEQUATE OR UNREASONABLE  
19 SERVICE.

20 (II) THE PENNSYLVANIA PUBLIC UTILITY COMMISSION HAS  
21 ASSESSED CIVIL PENALTIES AGAINST THE SMALL SEWER UTILITY  
22 OR SMALL WATER UTILITY.

23 (e) Restrictions.--Grants and loans awarded under this act  
24 shall not be subject to section 10(e) of the act of March 1,  
25 1988 (P.L.82, No.16), known as the Pennsylvania Infrastructure  
26 Investment Authority Act, or to 25 Pa. Code §§ 961.5(e)  
27 (relating to wastewater project evaluation criteria) and 961.9  
28 (relating to grants).

29 Section 9. Powers and duties of board.

30 (a) General rule.--By March 31, 2009, the board shall

1 implement and administer the proceeds of the bond under section  
2 8 in conformity with the provisions of section 10 of the act of  
3 March 1, 1988 (P.L.82, No.16), known as the Pennsylvania  
4 Infrastructure Investment Authority Act.

5 (b) Specific powers of board.--In addition to any powers  
6 under subsection (a), the board shall have the power to:

7 (1) Develop forms for the applications of grants and  
8 loans.

9 (2) Promulgate regulations to implement the provisions  
10 of this act.

11 (3) Take all other actions necessary to implement and  
12 administer the provisions of this act.

13 Section 10. Effective date.

14 This act shall take effect immediately.