

LEGISLATIVE COMMITTEE MINUTES

HB412

Bill as Introduced

HB 412 - AS AMENDED BY THE HOUSE

6Jan2022... 2172h

2021 SESSION

21-0467
06/08

HOUSE BILL **412**

AN ACT making an appropriation to the department of environmental services for the purpose of funding public water system projects.

SPONSORS: Rep. Buco, Carr. 2; Rep. Umberger, Carr. 2; Rep. Leishman, Hills. 24; Rep. Hatch, Coos 6; Sen. Bradley, Dist 3; Sen. Watters, Dist 4

COMMITTEE: Finance - *HOUSE OTT/A 21-0*

ANALYSIS

This bill makes appropriations to the department of environmental services for the purpose of funding public water system projects under RSA 486-A.

Explanation: Matter added to current law appears in ***bold italics***.
Matter removed from current law appears [~~in brackets and struck through~~].
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

HB 412 - AS AMENDED BY THE HOUSE

6Jan2022... 2172h

21-0467
06/08

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty One

AN ACT making an appropriation to the department of environmental services for the purpose of funding public water system projects.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 1 Department of Environmental Services; Appropriation. There is hereby appropriated to the
2 department of environmental services the sum of \$500,000 for the fiscal year ending June 30, 2023
3 and \$500,000 for the fiscal year ending June 30, 2024, which shall be nonlapsing, for the purpose of
4 funding public water system projects eligible for state and/or federal assistance. The governor is
5 authorized to draw a warrant for said sums out of any money in the treasury not otherwise
6 appropriated.

7 2 Effective Date. This act shall take effect July 1, 2022.

**HB 412 FISCAL NOTE
 AS AMENDED BY THE HOUSE (AMENDMENT #2021-2172h)**

AN ACT making an appropriation to the department of environmental services for the purpose of funding public water system projects.

FISCAL IMPACT: State County Local None

STATE:	Estimated Increase / (Decrease)			
	FY 2022	FY 2023	FY 2024	FY 2025
Appropriation	\$0	\$500,000	\$500,000	\$0
Revenue	\$0	\$0	\$0	\$0
Expenditures	\$0	\$500,000	\$500,000	\$0
Funding Source:	<input checked="" type="checkbox"/> General	<input type="checkbox"/> Education	<input type="checkbox"/> Highway	<input type="checkbox"/> Other

LOCAL:

Revenue	\$0	\$500,000	\$500,000	\$0
Expenditures	\$0	\$0	\$0	\$0

METHODOLOGY:

This bill appropriates \$500,000 in each FY 2023 and FY 2024 of general funds to the Department of Environmental Services for the purpose of funding public water system projects eligible for state and/or federal assistance. This bill will increase state expenditures and local revenue by \$500,000 in each FY 2023 and FY 2024. These appropriations shall be nonlapsing.

AGENCIES CONTACTED:

None

Committee Minutes

ATTENDANCE

25

SENATE CALENDAR NOTICE
Finance

- ✓ Sen Gary Daniels, Chair
- ✓ Sen John Reagan, Vice Chair
- ✓ Sen Bob Giuda, Member
- ✓ Sen Erin Hennessey, Member
- ✓ Sen Chuck Morse, Member
- ✓ Sen Lou D'Allesandro, Member
- ✓ Sen Cindy Rosenwald, Member

START: 1:22 pm

STOP: 1:47 pm

Date: February 9, 2022

HEARINGS

Tuesday	02/15/2022
(Day)	(Date)
Finance	State House 103
(Name of Committee)	(Place)
	1:00 p.m.
	(Time)

1:00 p.m. **HB 398** making an appropriation to the department of environmental services for funding eligible wastewater projects.

~~1:00 p.m.~~ ~~HB 412~~ ~~making an appropriation to the department of environmental services for the purpose of funding public water system projects.~~

EXECUTIVE SESSION MAY FOLLOW

Sponsors:

- | | | | | |
|---------------|--------------|---------------|---------------|--------------|
| HB 398 | Rep. Buco | Rep. Umberger | Rep. Leishman | Sen. Watters |
| HB 412 | Rep. Buco | Rep. Umberger | Rep. Leishman | Rep. Hatch |
| | Sen. Bradley | Sen. Watters | | |

Deb Martone 271-4980

Gary L. Daniels
Chairman

Senate Finance Committee

Deb Martone 271-4980

HB 412, making an appropriation to the department of environmental services for the purpose of funding public water system projects.

Hearing Date: February 15, 2022

Time Opened: 1:22 pm

Time Closed: 1:47 pm

Members of the Committee Present: Senators Daniels, Reagan, Giuda, Hennessey, Morse, D'Allesandro and Rosenwald

Bill Analysis: This bill makes appropriations to the department of environmental services for the purpose of funding public water system projects under RSA 486-A.

Sponsors:

Rep. Buco

Rep. Umberger

Rep. Leishman

Rep. Hatch

Sen. Bradley

Sen. Watters

Who supports the bill: Senators Chuck Morse and David Watters; Representatives Tom Buco, Tracy Emerick and Karen Umberger; Russell Dean (Town of Exeter); Dan Driscoll; Katherine Heck (New Hampshire Municipal Association); Boyd Smith (NH Water Works Association); William Hounsell (Granite State Rural Water Association); Dennis Shanahan (City of Dover); Peter Goodwin (NH Water Pollution Control Association); Paul Dargie; Danielle Basora; Robert Hinkel; Ed Morris (Town of Enfield); Robina Parise; Brian Goetz (City of Portsmouth); Shelagh Connelly.

Summary of testimony presented in support:

Representative Tom Buco, Prime Sponsor:

- The funding in this bill will restart the State Aid Grant Program, which has been effectively shut down since 2008.
- This grant funding is an incentive for municipalities to upgrade aging water systems. The grants can leverage additional funding by complimenting the State Groundwater Trust Fund and by providing matching funds to leverage USDA Rural Development grant and loan programs.
- HB 412 fulfills the state funding commitment to aid municipalities in complying with clean water mandates.
- Senator Morse inquired if the committee were to assume this bill is a priority from the House. Representative Buco replied, "Yes". He explained the bill was retained by the House until they found the funding. Once they realized there was a surplus, they passed the bill over to the Senate. Senator Morse indicated the House has \$400 million in spending requests, and not all House bills will be

approved by the Senate. Representative Buco asked committee members to keep SB 412 in mind.

Representative Tracy Emerick:

- Representative Emerick indicated he wouldn't represent HB 412 as a priority bill.
- SB 412 is a "prime the pump" bill. Projects need to be fully engineered when they apply for grants. Towns don't have funds to hire consultants for project engineering. The idea behind this bill is to "prime the pump" at the Department of Environmental Services to encourage them to find consultants to help the towns apply for the federal money.
- Hopefully, this would not impact the budget as an expenditure. It would be a line item.
- Senator D'Allesandro reiterated they are looking for any amount of money available. Representative Emerick agreed; all they want is a line item and approval to go do it. Senator D'Allesandro commented these water systems have to be maintained and upgraded. The assistance in the bill is what is needed to keep it going. Representative Emerick agreed.

Katherine Heck, Government Finance Advisor, New Hampshire Municipal Association:

- In 2013 there was some funding for these projects. The Governor and Executive Council approved funds for drinking water projects dating back to 2007. Since then the program has remained unfunded.
- These dollars would go far in ensuring these projects are engineered and ready so that grants can be obtained at the federal level. You cannot apply for federal grants until the engineering studies are complete.
- Ms. Heck urged committee members to support the bill in an amount it feels appropriate.

Boyd Smith, Director, NH Water Work Association:

- These projects are funded by federal funds, ratepayers chip in, and state aid grants, which are an excellent way to leverage other grant funds.
- There are truckloads of funds coming from the infrastructure funding, but that will pass.
- Keeping these systems updated as new technologies come along, as materials fade, and as new contaminants emerge, work is constantly being performed costing millions of dollars every year. The state leveraging dollars to help make these projects happen allows cities and towns to be proactive and makes the projects affordable.
- "Imagine a day when toilets don't flush. Imagine a day when taps run dry."
- The \$500,000 in HB 412 is a good number to hold.
- This isn't a big enough program for DES to take on. But it will help these towns do the engineering studies.
- Hopefully, going forward we will be able to have a conversation about a regular, dependable contribution from the state to maintain the critical infrastructure for the citizens of New Hampshire. We need to invest on a regular basis into our public goods and services, such as wastewater and drinking water.

William Hounsell, Policy Analyst, Granite State Rural Water Association:

- Mr. Hounsell represents both North Conway Water Precinct and Lower Bartlett Water Precinct.
- A moratorium was placed on this program since 2008. As a result of that, the state is not receiving applications from communities. HB 412 gets this up and running again. It funds the regionalized connection part of it. It incentivizes municipalities to do the planning of water systems out beyond the borders of small water systems, the trailer park associations. It's the understanding to build a system with the capacity to extend beyond your borders to help your fellow neighbors that need water. With this infrastructure money, it will be affordable to do that. It requires planning at the local level
- According to DES Commissioner Scott, in the future this should be expanded to address manganese, arsenic and water treatment facilities.
- This is an opportunity to do better planning at the local level for regionalized interconnections, which is in the state's interest.
- There will not be a demand on the money until the projects are complete. It is a complicated procedure to take a pipeline through many municipalities, build it, and interconnect. A vote on a warrant article is needed at a town's annual meeting or special meeting. Then preliminary engineering is required to determine costs. The project must be bid and a contract awarded. All of this occurs before the first payment.
- HB 412 will lift the moratorium, and communities can start to file for applications.
- The Groundwater and Drinking Water Trust Fund is money of the last resort. The fund urges communities to seek every other source of funding first before turning to the Trust Fund. Once the grants of HB 412 are in place, less requests will be received by the Trust Fund.
- This money goes from the General Fund back to the municipalities in the form of principal interest payments. It is a pass through to DES, except for staffing costs.

Neutral Information Presented:

Senator Chuck Morse:

- The state has gone far beyond SAG grants. The state has set up a complete new system.
- There are many new employees in the new Water Department. They operate exactly like SAG used to.
- There will be an April meeting attended by all communities where they will figure out how projects can be funded.
- The Groundwater and Drinking Water Trust fund has \$27 million, and is the fund of last resort. A couple million dollars will go to protect existing water today; the balance of the fund will go to develop systems.
- They do encourage everyone to go find the other two-thirds' funding. That is how they make the money in the fund work more.

- That is not, however, the only money the State of New Hampshire has put in place the last couple of years. DES just recently received \$150 million of federal funding. Of that amount, 58 different towns and cities received money on SRFs, something we have not been able to do before. This is under a time constraint of approximately four years. That money is already on the street working.
 - There is \$75 million in two buckets for PFOAs; \$25 million in grants, \$50 million in loans. The state put money away for contamination of PFOAs. That money is out there already.
 - If we go forward with HB 412, it could solve a problem we might find out about within the next month or two. We could use it as a vehicle to do something about water,
 - Senator Morse does not see starting up the SAG grants on water as a way to go. The state is headed in a different direction. He believes there is \$38 million in federal money in 2023 and 2024 coming to the state, with a \$19 million General Fund match to take it. Legislation will be coming shortly.
-
- As we look to water, both the state and DES get it. The Department is teaching communities how to apply for more money.
 - Currently, there is \$200,000 at the Department's disposal to help disadvantaged towns develop systems. They can give that money out in grants.
 - We had better be careful. There is a ton of money coming into New Hampshire. We are working with DES to make sure it gets on the street immediately.
 - Senator Morse is a bit confused on the numbers for the clean water portion, i.e., six towns we were going to fund, not eight.
 - The Department is doing an unbelievable job working with communities on water. Senator Morse doesn't think we need to put more into it.

dm

Date Hearing Report completed: February 16, 2022

Speakers

Senate Remote Testify

Finance Committee Testify List for Bill ~~HB412~~ on 2022-02-15

~~Support: 11 Oppose: 0~~

<u>Name</u>	<u>Title</u>	<u>Representing</u>	<u>Position</u>
✓ Goodwin, Peter	A Member of the Public	New Hampshire Water Pollution Control Association (NHWPCA) Government Affairs Committee	Support
✓ Watters, Senator David	An Elected Official	Myself	Support
✓ Dargie, Paul	An Elected Official	Myself	Support
✓ Basora, Danielle	A Member of the Public	Myself	Support
✓ Hinkel, Robert	An Elected Official	Myself	Support
✓ Morris, Ed	A Member of the Public	Town of Enfield	Support
✓ Buco, Thomas	An Elected Official	Myself	Support
✓ PARISE, ROBINA	A Member of the Public	Myself	Support
✓ Goetz, Brian	A Member of the Public	City of Portsmouth	Support
✓ SHANAHAN, DENNIS	An Elected Official	City of Dover	Support
✓ Connelly, Shelagh	A Member of the Public	Myself	Support

Testimony

House Bill 412

Senate Finance Committee

February 15, 2022

Thank you Mr. Chairman:

For the record my name is Tom Buco.

I represent Carroll County District #2 which includes the towns of Chatham, Conway, Eaton and Hale's Location.

I appear before you today to request that this Senate Finance Committee recommend House Bill 412 Ought to Pass as Amended.

HB 412 makes appropriations to the Department of Environmental Services to fund public water system projects under RSA 486-A.

The funding in this bill will re-start the state aid grant program which has been effectively shut down since 2008.

This grant funding is an incentive for municipalities to upgrade aging water systems and can leverage additional funding by complimenting the state ground water trust fund and by providing matching funds to leverage USDA Rural Development grant and loan programs.

This bill as amended fulfills the state funding commitment to aid municipalities in complying with clean water mandates.

The amendment updates the effective date.

The House Finance Committee recommended Ought to Pass with Amendment by roll call vote of 21-0.

The bill then went to the House Floor where it passed by Voice Vote with no debate.

HB 412 is now here before the Senate Finance Committee where I request that you send it to the full Senate with a recommendation of Ought to Pass with Amendment.

Thank you.

Representative Tom Buco

Tom.buco@leg.state.nh.us

603-986-5629

Granite State Rural Water Association -North Conway Water Precinct
Lower Bartlett Water Precinct

Good afternoon, I am William Hounsell representing Granite State Rural Water Association, North Conway Water Precinct and Lower Bartlett Water Precinct. These precincts are in the home areas of the prime co-sponsors of HB398 and HB412, all within Senator Bradley's District.

We gathered here to discuss a huge generational funding opportunity. I started this water journey in 1977 as a Commissioner of Conway Village Fire District, then served as Selectman in the Town of Conway, then a representative to the General Court and then a consultant/lobbyist on water issues. I am of the seventh generation living in Conway. I have worked on this funding issue steadily for 45 years.

We are all aware that water is the essence of life and community survival.

The language of HB398 and HB412 have passed the Senate on policy as part of SB127 and laid on the table until the availability of money became better understood. Now it is understood and we have the money. Now is the time for action and commitment to the obligation of the words under law, "the State Shall Pay". It is so counter productive to have to fight every session to fund two long established State Aid Grant Program for drinking water and wastewater infrastructure grant funding. It is essential that these programs can be trusted to be in place and funded in an ongoing manner. These funds are of the people and for the people, and pass through the NHDES for engineering oversight and management. It has been clearly stated before the Finance Committees of the House and Senate that these grant funds are not part of the NHDES budget; these funds pass through the NHDES except that some of these funds are allocated through the budget process to the NHDES to pay for staff to meet the management engineering oversight of RSA 486 and RSA 486-A. HB412 offers just that combination of uses in order to lift the moratorium of funding, which was put in place in 2008, and gets the program started up again.

We have worked for 14 years steady to fund the wastewater SAG obligations and now it is time to fund both water and wastewater programs, as was done 18 years in a row before that time. HB398 does this.

SB127 omnibus policy bill that passed the senate unanimously addresses affordable housing as well as wastewater and drinking water. It also addresses economic development , (and the creation of new jobs).

HB398 and HB412 as amended also allows for more affordable housing and protects, and enhances the health of the citizens of New Hampshire, and makes economic development possible.

It is imperative that we work together to protect water sources and develop new sources. Water into the house and water out of the house- it is essential that we understand that both aspects of this are one and the same, accessing the source and protecting the source.

486-A:1 Purpose.

SAG programs are the people's money, out of the general fund, and partners in bond payments with cities, towns, precincts and village districts to bring regionalized planning and construction of drinking water infrastructure, including the purchase of land for drinking water source development and the construction of wells and necessary treatment and pump house infrastructure for regional distribution.

This regionalized approach will require public water systems at the local level to plan beyond just there own needs, but instead to plan and build infrastructure to serve other

systems beyond their borders. This approach is in the interest of the state as well as all of its communities. It allows for more to be constructed in an affordable manner.

The financial vehicle that allows this to be done at the local level is the three- legged stool of public financing, namely federal grants, state grants and local bond debt.

The State Aid Grant program's debt obligation is only 25% of the eligible project cost on water infrastructure and 20% to 30% on wastewater infrastructure (depending on medium household incomes and stress level of rates). The grants are in the form of annual P&I payments by the state on the local bond debt.

In the 1970's the federal grant was 75%, the state grant was 20% and the local debt was 5%. That was when the last national water infrastructure was built with a more global planning approach as it had to do with cleaning up our rivers, lakes and streams from contamination by building the major water wastewater infrastructure that has aged since. It is our understanding NOW that the federal grants on wastewater could be at the 50% level.

Matched with the SAG programs of (on average) 25% level, that leaves the local debt payments at 25%. Keep in mind that the local bond debt is 50%, but with the state share of annual principal and interest payments it is affordable. The affordability formulas are derived from the federal and state perspective and the people at the local level are all right with that. The warrant articles to authorize bonding for projects will pass at that affordable level. The voters just need to know that the state funding partnership is dependable.

Our municipalities will be faced with supply delays, product shortages, and rising cost of construction due to inflation. It will take time for many of these projects to get voter bond approval. It will take time to get preliminary engineering done (master plan for water and wastewater infrastructure). It will take time to design each project, time to advertise, bid and award contract. Substantial time to construct, complete and one year of time for warranty to pass before the first SAG payment is due.

If SAG is reliably funded every year at an established flat-line level then there will be trust at the local level that the state, through it's legislators, will always fund the policy law and the word "SHALL PAY" relative to RSA 486 and 486A will mean something. Then they will pass these bonds and put their homes and land up as collateral to do so. SAG incentivizes the municipalities and districts and precincts to plan regionally and vote for warrant articles to do all of this.

The state and its agencies cannot make the voters at the local level pass articles for debt authorization. However the people who vote want to do what the federal regulatory drivers are telling them to do, and will do so IF IT IS AFFORDABLE.

NOW IS THE TIME TO FUND SAG WATER AND SAG WASTEWATER PROGRAMS.

Let's get the NHDES engineering bureaus and the staff engineers to work again to help oversee and build this very critical municipal infrastructure in a partnership for accomplishment with the states local governmental entities. Funding SAG does that.

Please read the NHDES's oversight of projects according to **RSA 486:1 State Contributions.** – V. The department shall perform the following functions related to administration of the provisions of RSA 486:1, III:.....

Granite State Rural Water Association -North Conway Water Precinct
Lower Bartlett Water Precinct

State Aid Grant programs offer a partnership with the state and federal governments that combines the broadest knowledge of regional planning and state and federal oversight with the local desire to find an affordable way to accomplish the maximum that can affordably be constructed at the local level.

These SAG programs match nicely with the SRF funding through the EPA and Rural Development funding through the department of Agriculture and can be matched with Northern Borders, Economic Development Administration, CDBG and private funds and then finally, as the place of last resort, the Drinking Water and Groundwater Trust Fund loan/grant funding. This SAG program for drinking water will eventually help us address the huge cost of PFAS contaminants as well as arsenic and manganese and the installation of drinking water treatment systems as stated in testimony February 8,2021 by NHDES Commissioner Robert R. Scott.

These two State Aid Grant programs are not new programs. They were established in 1990 and 1992 with bipartisan support.

Please vote - Ought To Pass.

Respectfully submitted, Bill Hounsell

Jim Donchess

Mayor • City of Nashua

February 14, 2022

Senate Finance Committee
New Hampshire Statehouse Room 103
107 N. Main Street
Concord, NH 03301

RE: ~~House Bills~~ 398 and 412

Mr. Chairman and Members of the Committee,

As the Mayor of the City of Nashua, I am writing to you in support of House Bill 398 and House Bill 412. Nashua currently has \$21,460,373 in eligible wastewater projects that some of the funding in these bills could go towards. Because these projects are not eligible for American Rescue Plan Act (ARPA) funding, the State's financial support of these capital projects is even more critical.

Nashua's eligible projects are necessary to stay operational and compliant with New Hampshire DES regulations and mandates. If these bills were to fail to pass, Nashua and other municipalities would be negatively impacted. This proposed state funding will make it easier for municipalities to fund these projects and avoid delays in updating necessary infrastructure.

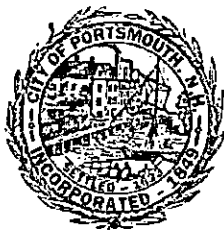
I ask that the members of this committee give these bills a recommendation of Ought to Pass. By making previously promised funding available and allocating additional funding for future projects, municipalities will be able to start the process of initiating these projects and protecting their infrastructure for their residents.

Thank you for your consideration.

Sincerely,

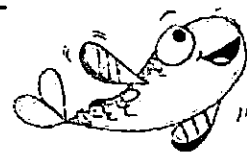


Jim Donchess, Mayor
City of Nashua



PUBLIC WORKS DEPARTMENT

CITY OF PORTSMOUTH
680 Peverly Hill Road Portsmouth N.H. 03801
(603) 427-1530
cityofportsmouth.com



Think Blue!
Water | Wastewater | Stormwater

Testimony for the New Hampshire Senate Finance Committee State Aid Grants for Wastewater Projects February 15, 2022

Brian Goetz
Deputy Director of Public Works
City of Portsmouth

My name is Brian Goetz and I am the Deputy Director of Public Works for the City of Portsmouth. In that capacity I am in charge of the City's water, wastewater and stormwater systems and have been intimately involved with the infrastructure improvement programs throughout the City and region. I am submitting testimony on behalf of the City of Portsmouth to recommend that the Finance Committee vote to pass HB 398 and ~~HB 412~~ bills related to State Aid Grant (SAG) funding.

For years the City has committed millions of dollars toward sewer system upgrades, including our recent efforts to upgrade our Peirce Island Wastewater Treatment Facility. To accomplish all of this work, the City has relied on State Revolving Fund loans and SAG for financing.

The City of Portsmouth has been proactively committed, to not only meet increasingly stringent regulatory guidelines for their water and wastewater system, but to also replace aging infrastructure on a programmed basis. This commitment continues. Our proposed six-year capital improvement plan includes millions of dollars for sewer system infrastructure and treatment improvements. This is in addition to the funds totaling nearly \$100 million recently spent to upgrade our Peirce Island Wastewater Treatment Facility. This has led to continued customer rate increases. Again, as with our capital planning, the City has been proactive with increasing sewer rates in anticipation of these projects to avoid rate shock. Even with that, the City sewer's rates will see an approximately four percent annual rate increase for the foreseeable future to bond and pay for these projects. These rate increases have been predicated on the anticipated funds already committed by the State through the SAG. If these funds are eliminated or deferred, it will result in additional costs for our customers in Portsmouth and New Castle.

These improvements, past and present, benefit not just the citizens of Portsmouth and New Castle but importantly, the waters of the State of New Hampshire. Many of these projects must meet regulatory requirements mandated by the New Hampshire Department of Environmental Services and the EPA. The City of Portsmouth, along with many other

communities in the State, particularly those in the Great Bay estuary who are facing the financial burden of significant sewer upgrades, support the continued appropriation of funds for SAG programs and oppose any legislation that suspend them.

The Portsmouth City Council recently adopted Principles for Legislative Positions. SB 398 and HB 412 support several of those principles, such as: support revenue streams to aid municipalities, specifically those that name Portsmouth or will directly support Portsmouth; support plans to fund/support infrastructure; support directing revenues to the purposes for which they are raised; and require the State to honor existing financial commitments to communities before new financial commitments are awarded, e.g. infrastructure reimbursements.

For the reasons set forth above, the City of Portsmouth supports HB 398 and HB 412 and urges the Senate Finance Committee to vote these bills Ought to Pass.

Debra Martone

From: Shelagh Connelly <shelagh.connelly@rmirecycles.com>
Sent: Tuesday, February 15, 2022 11:24 AM
To: Gary Daniels; John Reagan; Lou D'Allesandro; Chuck Morse; Bob Giuda; Cindy Rosenwald; Erin Hennessey; Debra Martone
Cc: Robert Robinson (rrobinson@manchesternh.gov); Elwood, Rebecca; mcarle@hamptonnh.gov; Bsmith@NHWWA.org
Subject: Support HB 398 and ~~HB 412~~ - Please vote OTP

Members of Senate Finance Committee:

I write to you today to ask that you support the two water infrastructure bills that are before you today. This is incredibly important as we look to continue the progress that has been made over the last 50 years under the Clean Water Act. We are anticipating that the NH Legislature will make good on promises made to these communities, and that this investment will keep towns and cities on track to achieve compliance with water quality standards.

As a member of the water quality professionals here in NH, it is essential to continue this very important investment – because Water's Worth It!

Thank you for your service in the Legislature.

Best,
Shelagh



Shelagh Connelly

President

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February 15th, 2022

Honorable Gary Daniels
Chairman, Finance Committee
State House
107 N. Main Street
Concord NH 03303

Dear Senator Daniels, Chair and Members of the Senate Finance Committee,

The Exeter Select Board writes today in support of fully funding HB398 and ~~HB412~~, which would restore funding for state aid grants (SAG) for wastewater projects in New Hampshire municipalities, water, and sewer districts.

Exeter plans to use the state aid, if approved, to directly offset ratepayer costs associated with a record 54 million dollar-plus replacement of its Wastewater Treatment Facility and adjoining Main Pump Station. This project is the single largest capital project in Town history, and was developed in response to EPA regulations which impacted the Town per our latest NPDES permit, and was constructed via a consent order with the EPA. The new Wastewater Facility will discharge into the Squamscott River in Exeter and Stratham, which is on the impaired rivers list. Discharge will then travel to Great Bay.

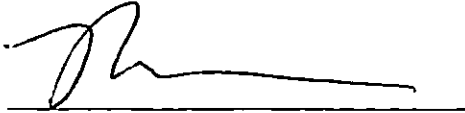
The project included the creation of a completely different treatment system for the Town, and has included the removal of hundreds of thousands of tons of sludge from old lagoons, which had been part of the wastewater site in Exeter since 1963. While this project is a great investment for the Town including the positive impacts on Great Bay, our ratepayers have been greatly impacted by the payback of the revolving fund loan required to fund the project, as these costs are passed along to our 3400 plus water/sewer account holders. These accounts represent all walks of life: residents, small businesses, large businesses, educational institutions, and not for profit organizations. All have been impacted by sewer rates that have risen nearly 400 percent.

Sewer rate relief is imperative for these key stakeholders, and restoring this funding would go a long way in affirming the State's commitment that it cares not only about improving the environment including Great Bay, but also cares about a commitment to residents and businesses and their ability to operate through the financial support the SAG program provides.

We hope you will look favorably at fully funding this bill. We hope the committee understands that although Exeter may be a prime beneficiary of this program, the projects to which it applies are equally as important to all public wastewater systems in the State. In addition, construction of facilities such as ours make regionalization possible. Communities that regionalize, particularly for sewer, are able to benefit from economies of scale and positively address environmental (ie treatment) issues in their communities. We are happy to share more of Exeter's experience and the

importance of this funding to not just Exeter, but to all communities attempting to fund valuable wastewater improvements, and why the time is now to restore this funding.

Sincerely,

A handwritten signature in black ink, appearing to be 'RD', written over a horizontal line.

Russell Dean, Town Manager



February 14, 2022

Honorable Gary Daniels, Chairman
Senate Finance Committee
State House Room 103
Concord, NH 03301

Re: HB 412, making an appropriation to the department of environmental services for the purpose of funding public water system projects.

Dear Chairman Daniels and Committee Members:

I write to express the New Hampshire Municipal Association's strong support for HB 412.

This bill would provide \$500,000 in state aid grants each year for fiscal year 2023 and 2024 for public water supply projects. Using these monies to pay back 20-25 percent of annual loan amortization amounts as set forth in RSA 486-A could generate a very positive environmental impact from a significant number of water system improvement projects.

RSA 486-A provides an incentive and creates affordability for municipal and community water systems, including planning and constructing systems that partner with other water systems to increase their capacity, mitigate water supply emergencies, and provide high quality clean water for their residents. While consolidating and connecting water systems is strongly advised and encouraged by state and federal agencies, forging these types of quality partnerships can be extremely difficult without direct assistance from the state and federal government.

RSA 486-A, states, "...any [project] which incurs eligible...costs...**shall be** eligible for a state contribution in accordance with the provisions of this chapter. It further states, "...the state **shall pay**...[20-] 25% of the annual amortization charges, meaning the principal and interest, on the bonded eligible...costs." However, there has been a moratorium on the public water system state aid grants since 2008. In 2013, when the program received some funding, the Governor and Executive Council approved drinking water projects retroactive back until 2007. Since then, however, the program has remained unfunded without any new public water system grants being approved, while more than 15 currently eligible drinking water interconnection projects await grant approval.

As we strive for clean drinking water consolidation to address source water contamination issues, fire suppression, and redundant source distribution to many public water systems, we will also

NEW HAMPSHIRE MUNICIPAL ASSOCIATION

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lower health risks and the cost to the general population that is drinking this water. The annual principal and interest payments made by the state to help construct these projects (that are bonded at the local level) is less than the amount of money that will come back into the state general fund from the enhancement of economic development and expansion of affordable housing that will be enabled by the quality and quantity of these water interconnection projects. The funding of this State Aid Grant Program now will allow municipalities to construct, expand, improve, and maintain these critical systems.

For all these reasons, we respectfully request you to recommend HB 412 Ought to Pass as Amended.

Respectfully submitted,

Katherine Heck
Government Finance Advisor



February 14, 2022

Honorable Senator Gary Daniels, Chairman
Senate Finance Committee
State House Room 103
Concord, NH 03301

Re: HB 398 and ~~HB412~~ making appropriations to the NH Department of Environmental Services (NHDES) to fund eligible public wastewater (HB398) and drinking water system (HB412) projects

Dear Chairman Daniels and Committee Members:

I am writing on behalf of the NH Water Works Association (NHWWA) and our 300+ members who represent the roughly 2,500 regulated public drinking water suppliers that serve two-thirds of our residents with safe, reliable, and affordable drinking water. Many of our members also operate wastewater treatment facilities, which is why funding for water infrastructure requires a broad perspective and understanding of this essential public service.

Our Association supports both HB398 and HB412, and request that you support them, too. These Bills appropriate funds via State Aid Grants (SAG) for important water and wastewater projects not currently funded through other sources. The SAG programs are a legal promise made under RSA 486 to help towns with water infrastructure investments. These investments are not optional – our public health and economic wellbeing rely on them. Key points related to each bill are summarized below.

Until recently, public water infrastructure has been underfunded and accumulating deferred maintenance for nearly 40 years. Investment has lagged while user demand has grown, new contaminants have emerged, and infrastructure has aged. With this unusual influx of federal funds, we have a generational opportunity over the next decade to make up for the deterioration of critical public water systems.

Our key points in support of HB398 and HB412 include the following:

- Keeping promises made. Towns depend on the State meeting its legal obligation to support approved infrastructure projects. A town's collateral is its property base. Thus, residents are literally "betting the farm" on promised SAG funding.
- Consistent and meaningful state aid is affordable. The \$12.6Mm / year requested by HB398 is much less than one percent (1%) of the State budget. This amount should and can be readily committed annually as a critical investment in public and economic health.



- State aid is needed. Needed infrastructure projects can exceed a town's bonding and rate-structure capacity. By making local projects more affordable, projects are more likely to be done proactively versus an emergency mode. It is much more cost effective to be proactive.
 - SAG complements other State programs. SAG funds can act as match for federal funds and extend the impact and duration of the Drinking Water and Groundwater Trust Fund.
 - Federal fund ineligibility. Municipalities can NOT use ARPA funds for water and sewer projects completed prior to March 3, 2021. These town are counting on existing State promises to help fund approved, completed projects.
 - Senate approval received. Similar legislation was passed 24-0 by the Senate in the prior session.
-

The drinking water SAG program (HB412) has been unfunded for over a decade and allowed to wither. HB412 currently allocates \$500,000 / year to assist towns with planning to better utilize incoming federal funds within existing NHDES programs. Note that this amount was originally proposed in the early 1990s, and an equivalent amount in current dollar value would be roughly \$1.5 million.

While we support \$500,000 / year through HB412 as a starting point for full parity, we recognize that the amount, while helpful to towns, does not justify a new NHDES administrative program. We suggest these funds be allocated and the NHDES authorized to use them as it sees fit, in accordance with the intention of HB412.

Providing adequate and consistent funding for water infrastructure is a legal promise, a moral duty, and a sound investment in public and economic health. With substantial federal funding committed to upgrade aging infrastructure, the State has a perfect opportunity to leverage these new funds and contribute its fair share.

As a reliable and trustworthy partner, the State will enable municipalities to to engage in proactive and cost-effective infrastructure work. We urge your enthusiastic support of HB398 and HB412.

Thank you for considering our testimony.

Sincerely,

Boyd Smith
President and CEO
BSmith@NHWWA.org

Debra Martone

From: Julie Gilman
Sent: Monday, February 14, 2022 10:58 AM
To: ~Senate Finance Committee
Subject: Correction HB 398 and ~~HB 412~~ State Aid to water and wastewater projects

Senators,
Apologies for citing incorrect bill numbers. I intended to ask your support for HB398 and HB412.

Representative Julie D. Gilman
Rockingham District 18
Exeter
Municipal and County Government

From: Julie Gilman
Sent: Monday, February 14, 2022 10:39 AM
To: ~Senate Finance Committee <SenateFinanceCommittee@leg.state.nh.us>
Subject: SB 334 and SB 249 State Aid to water and wastewater projects

Honorable Senators,

I write to urge you to support SB 334 and SB 249 as OTP.

11 municipalities in New Hampshire have been promised aid for the cost of new water and wastewater projects we have had to build due to EPA and NHDES increased standards. Exeter's WWTF is an award winning treatment facility project the State should be proud to support. While we want to do our best to keep the Great Bay and surrounding estuaries clean and the Pandemic caused a pause, it has become the sole responsibility of our rate payers to bear the full costs while the promised State aid is withheld.

The remaining 110 projects deserve the same assistance for the same reasons.

Respectfully,

Representative Julie D. Gilman
Rockingham District 18
Exeter
Municipal and County Government

Voting Sheets

Senate Finance Committee

EXECUTIVE SESSION

Bill # HB 412

Hearing date: 02/15/22

Executive session date: 03/15/22

Motion of: ITL

VOTE: 7-0

<u>Made by</u> Daniels <input type="checkbox"/>	<u>Seconded</u> Daniels <input type="checkbox"/>	<u>Reported</u> Daniels <input checked="" type="checkbox"/>
<u>Senator:</u> Reagan <input type="checkbox"/>	<u>by Senator:</u> Reagan <input checked="" type="checkbox"/>	<u>by Senator:</u> Reagan <input type="checkbox"/>
Giuda <input type="checkbox"/>	Giuda <input type="checkbox"/>	Giuda <input type="checkbox"/>
Rosenwald <input type="checkbox"/>	Rosenwald <input type="checkbox"/>	Rosenwald <input type="checkbox"/>
D'Allesandro <input type="checkbox"/>	D'Allesandro <input type="checkbox"/>	D'Allesandro <input type="checkbox"/>
Morse <input checked="" type="checkbox"/>	Morse <input type="checkbox"/>	Morse <input type="checkbox"/>
Hennessey <input type="checkbox"/>	Hennessey <input type="checkbox"/>	Hennessey <input type="checkbox"/>

Motion of: _____

VOTE: _____

<u>Made by</u> Daniels <input type="checkbox"/>	<u>Seconded</u> Daniels <input type="checkbox"/>	<u>Reported</u> Daniels <input type="checkbox"/>
<u>Senator:</u> Reagan <input type="checkbox"/>	<u>by Senator:</u> Reagan <input type="checkbox"/>	<u>by Senator:</u> Reagan <input type="checkbox"/>
Giuda <input type="checkbox"/>	Giuda <input type="checkbox"/>	Giuda <input type="checkbox"/>
Rosenwald <input type="checkbox"/>	Rosenwald <input type="checkbox"/>	Rosenwald <input type="checkbox"/>
D'Allesandro <input type="checkbox"/>	D'Allesandro <input type="checkbox"/>	D'Allesandro <input type="checkbox"/>
Morse <input type="checkbox"/>	Morse <input type="checkbox"/>	Morse <input type="checkbox"/>
Hennessey <input type="checkbox"/>	Hennessey <input type="checkbox"/>	Hennessey <input type="checkbox"/>

<u>Committee Member</u>	<u>Present</u>	<u>Yes</u>	<u>No</u>	<u>Reported out by</u>
Senator Daniels, Chairman	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Senator Reagan, Vice-Chair	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Giuda	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Hennessey	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Rosenwald	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Morse	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator D'Allesandro	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Amendments: _____

Notes: _____

Committee Report

STATE OF NEW HAMPSHIRE
SENATE
REPORT OF THE COMMITTEE

Tuesday, March 15, 2022

THE COMMITTEE ON Finance

to which was referred **HB 412**

AN ACT

making an appropriation to the department of environmental services for the purpose of funding public water system projects.

Having considered the same, the committee recommends that the Bill

IS INEXPEDIENT TO LEGISLATE

BY A VOTE OF: 7-0

Senator Gary Daniels
For the Committee

Deb Martone 271-4980

Docket of HB412

Docket Abbreviations

Bill Title: making an appropriation to the department of environmental services for the purpose of funding public water system projects.

Official Docket of HB412.:

Date	Body	Description
1/10/2021	H	Introduced (in recess of) 01/06/2021 and referred to Finance HJ 2 P. 46
2/4/2021	H	Public Hearing: 02/09/2021 10:00 am Members of the public may attend using the following link: To join the webinar: https://www.zoom.us/j/92166004660 / Executive session on pending legislation may be held throughout the day (time permitting) from the time the committee is initially convened.
2/16/2021	H	Executive Session: 02/16/2021 10:30 am Members of the public may attend using the following link: To join the webinar: https://www.zoom.us/j/92166004660
3/23/2021	H	Retained in Committee
8/31/2021	H	Division I Work Session: 09/14/2021 01:45 pm LOB 212
9/15/2021	H	Division I Work Session: 09/28/2021 01:00 pm LOB 212
10/6/2021	H	Executive Session: 10/26/2021 10:00 am LOB 210-211
10/29/2021	H	Committee Report: Ought to Pass with Amendment #2021-2172h (Vote 21-0; RC) HC 48 P. 33
1/9/2022	H	Amendment #2021-2172h : AA VV 01/06/2022 HJ 1
1/9/2022	H	Ought to Pass with Amendment : MA VV 01/06/2022 HJ 1
1/18/2022	S	Introduced 01/05/2022 and Referred to Finance; SJ 2
2/9/2022	S	Hearing: 02/15/2022, Room 103, SH, 01:10 am; SC 7
3/16/2022	S	Committee Report: Inexpedient to Legislate, 03/24/2022; SC 12
3/24/2022	S	Sen. Bradley Moved Laid on Table, MA, VV; 03/24/2022; SJ 6
3/24/2022	S	Pending Motion Inexpedient to Legislate; 03/24/2022; SJ 6

NH House

NH Senate

Other Referrals

Senate Inventory Checklist for Archives

Bill Number: HB 412

Senate Committee: FINANCE

Please include all documents in the order listed below and indicate the documents which have been included with an "X" beside

Final docket found on Bill Status

Bill Hearing Documents: {Legislative Aides}

Bill version as it came to the committee

All Calendar Notices

Hearing Sign-up sheet(s)

Prepared testimony, presentations, & other submissions handed in at the public hearing

Hearing Report

Revised/Amended Fiscal Notes provided by the Senate Clerk's Office

Committee Action Documents: {Legislative Aides}

All amendments considered in committee (including those not adopted):

___ - amendment # _____ ___ - amendment # _____

___ - amendment # _____ ___ - amendment # _____

Executive Session Sheet

Committee Report

Floor Action Documents: {Clerk's Office}

All floor amendments considered by the body during session (only if they are offered to the senate):

___ - amendment # _____ ___ - amendment # _____

___ - amendment # _____ ___ - amendment # _____

Post Floor Action: (if applicable) {Clerk's Office}

___ Committee of Conference Report (if signed off by all members. Include any new language proposed by the committee of conference):

___ Enrolled Bill Amendment(s)

___ Governor's Veto Message

All available versions of the bill: {Clerk's Office}

___ as amended by the senate ___ as amended by the house

___ final version

Completed Committee Report File Delivered to the Senate Clerk's Office By:

Debra A. Martone
Committee Aide

06/14/22
Date

Senate Clerk's Office JM