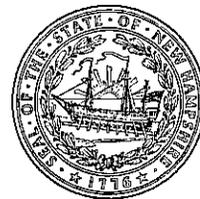




The State of New Hampshire
DEPARTMENT OF ENVIRONMENTAL SERVICES



Thomas S. Burack, Commissioner

February 2, 2010

The Honorable Marjorie Smith, Chairman
House Finance Committee
Legislative Office Building, Room 210-211
Concord, New Hampshire 03301

Re: HB 1606 relative to the transfer of funds within the department of environmental services

Dear Chairman Smith:

This letter is to expand upon our original testimony on HB 1606 relative to the transfer of funds within the Department of Environmental Services (DES) as presented in our letter to you dated January 20, 2010. Specifically, this additional testimony is to explain in greater detail a budget scenario for the next biennium under which the projects that have been deferred, and that HB 1606 seeks to address, would be addressed in the FY 2012-13 budget.

In our January 20, 2010 letter of testimony, as well as oral testimony by Harry Stewart and Susan Carlson, we noted that DES hopes that funding could be provided for the deferred projects in future state budgets on a "first in, first out" basis as funding becomes available. And, Mr. Stewart briefly explained that, should the state aid grant budgets be funded at the same total level in the FY 2012-13 biennium as currently exist for the FY 2010-11 biennium, payments could be initiated for the projects that have been deferred due to lack of funding in the FY 2010-2011 biennium. The attached figure and the explanation below provide further detail as to how this can be accomplished.

As shown in the attached figure, the total water supply and wastewater state aid grant appropriations for the FY 2010-11 biennium are \$16,333,058. These appropriations were based on the funding required to meet state obligations during FY 2010-11 for those projects approved by the Governor and Executive Council prior to November 2008. As discussed in our January 20, 2010 letter, this has unfortunately left a backlog of 57 wastewater projects and 9 water supply projects spread across 34 communities whose state aid grants have been deferred. By the end of the FY 2010-11 biennium, total grant obligations for previously-approved projects will be reduced to \$10,195,946 because the last state aid grant payments for a number of these projects will have been made in this biennium. (Most state commitments under these programs are for 5, 10, 15 or 20 year terms, although some small commitments in the past have been paid in single lump sums.)

As a result, if the FY 2012-13 water and wastewater state aid grant budgets were funded at FY 2010-11 levels, there would be \$6,137,112 available to support payments to deferred projects and, at this time, \$5,028,308 would be required in FY 2012-13 to begin making annual payments for deferred projects. Therefore, with level funding, enough funds would be available for the annual payments for deferred projects, with just over \$1.1 million available for other

DES Web site: www.des.nh.gov

P.O. Box 95, 29 Hazen Drive, Concord, New Hampshire 03302-0095

Telephone: (603) 271-3503 • Fax: (603) 271-2867 • TDD Access: Relay NH 1-800-735-2964

The Honorable Marjorie Smith

HB 1606 – relative to the transfer of funds within the department of environmental services

Additional Testimony by the Department of Environmental Services

February 2, 2010

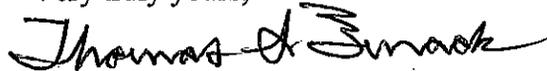
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eligible projects that could be completed before the end of FY 2013. The figure also demonstrates, based on a projection through the FY 2018-19 biennium, and assuming level funding in subsequent biennia, that the funds available for other new projects, or to accelerate payments on currently deferred projects, will increase over time as the annual state aid grant commitments for other previously-approved projects are fully satisfied.

With level funding of \$16,333,058 for state aid grants in FY 2012-13, the initial payments would be delayed by no more than 2 ½ years for the deferred projects. The net result would be that the first few payments and the last few payments would be delayed. However, since many of these projects have 20-year loans, the bulk of the intermediate payments would be made on the same schedules that would have occurred had funds been available and the projects approved by the Governor and Executive Council during FY 2009, 2010 or 2011. By taking this approach, the deferred projects can be funded by the state aid grant programs during the FY 2012-13 biennium and thereafter on a going-forward basis with no financial impacts on the communities beyond the initial payment delays (assuming inclusion of adequate funds in future state budgets).

Thank you for this opportunity to comment on this bill. Please feel free to call me at 271-2958, or Harry Stewart at 271-3308, if you have any questions or need additional information.

Very truly yours,



Thomas S. Burack
Commissioner

cc: Representative Buco
Representative Baroody
Representative Katsiantonis
Representative Keans
Senator Gallus