

The State of New Hampshire  
**Department of Environmental Services**



**Thomas S. Burack, Commissioner**

February 4, 2014

The Honorable Jeanie Forrester, Chair  
Senate Finance Committee  
State House Room 103  
Concord, NH 03301

**RE: SB 408-FN, An Act relative to aid for regional agreements of watershed municipalities**

Dear Chair Forrester and Members of the Committee:

Thank you for the opportunity to comment on SB 408-FN. This bill would provide 50% matching state aid grants under RSA 486 for certain regional watershed management plans and direct DES to give future grants for these projects "priority consideration." The Department of Environmental Services (DES) offers the following information and comments to assist the Committee in consideration of this bill.

The state aid grant (SAG) program for water pollution control authorized under RSA 486 has been among the most important and successful environmental programs in New Hampshire's history. This program has contributed to significant environmental progress and helped to make environmental infrastructure investment more affordable for New Hampshire's communities. Since its inception in 1959, this program has provided more than \$400 million in aid to eligible New Hampshire communities, typically through grants of 20% to 30% of annual loan costs. For several budget cycles (the period from late 2008 through June 30, 2013), due to state funding shortfalls caused by the recent slow economic period, no funds were appropriated for new state aid grants to municipalities under this program. Then, in the FY 2014 and FY 2015 budgets, additional funding was provided only for "delayed and deferred" wastewater projects. These SAG-eligible projects had been constructed by municipalities under the assumption that SAG funding would occur. Unfortunately, funding did not occur due to state funding issues. DES cannot predict whether or not funds will be appropriated in the future to support new state aid grants for wastewater infrastructure or for the planning grants proposed in SB 408. However, it is clear that the future municipal demand for state aid grants will be significant. Based on recent municipal estimates provided to DES, the ten-year need for wastewater infrastructure investment is about \$1.47 billion. At full funding of the state aid grant program, this translates to approximately about \$20 million per year in need for state aid grants for 20 years.

SB 408 would create a new type of eligible project under RSA 486 for state aid grants, namely regional adaptive watershed management and restoration plans (Watershed Management Plans). The bill would direct that funding for these plans be given "priority consideration" for future SAG funding, should funding become available. DES supports the development of regional plans to help identify and implement cost-effective solutions to watershed-wide water pollution issues and is supportive of assisting communities in preparing these plans. However, given the expected funding demands and limitations, we do not believe that funding for these plans should be universally given "priority consideration" over all wastewater infrastructure projects, as the bill could be interpreted. To avoid the potential for unnecessary confusion or conflicts in the

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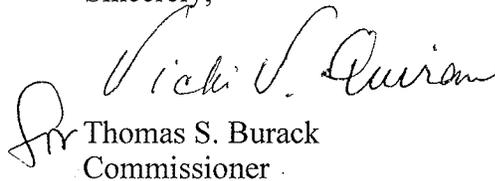
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future, we recommend that SB 408 be amended to include language that makes clear that any funds for Watershed Management Plans would be appropriated in a new account for prioritization, distribution and management separately from the existing wastewater state aid grants account. At your request, we would be happy to assist the Committee in developing bill language that addresses this concern.

Thank you for your consideration in this matter. If you have questions or need additional information, please contact either Paul Heitzler, Administrator of the Wastewater Engineering Bureau ([Paul.Heitzler@des.nh.gov](mailto:Paul.Heitzler@des.nh.gov), 271-2001) or me at [Thomas.Burack@des.nh.gov](mailto:Thomas.Burack@des.nh.gov), 271-2958.

Sincerely,

  
Thomas S. Burack  
Commissioner

CC: Sponsors of HB 408