



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



**Robert R. Scott, Commissioner**

February 8, 2021

The Honorable Gary Daniels  
Chair, Senate Finance Committee  
State House, Room 105  
Concord, NH 03301

RE: SB 127, part VII – AN ACT making an appropriation to the department of environmental services for the purpose of funding public water system projects

Dear Chairman Daniels and Members of the Committee:

Thank you for the opportunity to comment on Part VII of SB 127. This bill would appropriate \$500,000 for eligible public water system projects as authorized by grants administered by the New Hampshire Department of Environmental Services (NHDES) pursuant to RSA 486-A. NHDES takes no position on Part VII of SB 127, but generally supports the goal of additional investments going to public water systems to achieve important public objectives.

Grant funding provides an incentive for New Hampshire communities to move forward on much needed public water system projects such as replacing aging infrastructure, developing new sources, installing treatment or investing in source water protection by securing undeveloped land that is critical for protecting the water quality of water supplies. Oftentimes these funds can be used to leverage other available funds from other private, local, state and federal partners. Investment in local drinking water infrastructure and water supply land protection benefits the entire state by ensuring there is an adequate quantity of high quality water to protect human health and support the economic development needs of the state.

Due to state revenue shortfalls during the recession, state appropriations for new grants for public water systems pursuant to RSA 486-A was discontinued in 2008, with the exception of a limited number of new grants that were approved for funding in 2011. Since that time, funds have only continued to be appropriated to make annual payments for state aid grants previously approved by the Governor and Executive Council.

It is important to note that the eligibility for funding of projects under RSA 486-A is currently limited to a very narrow set of activities. The eligible activities are:

- 1) Surface Water Treatment - In 1993, RSA 486-A was established to provide a state contribution (20-30% grant amortization payment meaning principal and interest) to public water systems that were required to achieve compliance with the surface water treatment rules of the

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federal Safe Drinking Water Act in 1986. At this time, water systems have substantially implemented improvements to comply with this rule and it is unlikely new projects will be proposed.

- 2) Water Supply Land Protection - In 2000, RSA 486-A was amended to include grant funding up to 25 percent of eligible water supply land protection costs in a one-time lump sum grant; and
- 3) Regional Water System Costs or Evaluation of Contamination – In 2003, RSA 486-A was amended to fund 25% of the annual amortization charges on the bonded eligible costs, or 25% of non-bonded, eligible regional water system costs.

NHDES would like to provide the following comments specific to SB 127:

- As the eligibility of projects for funding under RSA 486-A is currently very narrow, SB 127 would exclude projects; such as, the installation of drinking water treatment systems required to comply with new standards for arsenic and manganese.
- As proposed, SB 127 could fund any of the eligible activities described above. Given the nature of these eligible projects where some could be bonded over an extended period while others may be funded up front, the \$500,000 appropriated may be adequate to only fund a relatively small number of projects.
- Funding RSA 486-A would create a fourth distinct financial assistance program for drinking water systems that NHDES would manage. NHDES would require additional resources to administer this program. NHDES actively administers three existing financial assistance programs for water systems. The first is the State Revolving Loan Fund pursuant to RSA 486:14 which has been in place since 1997 and funds eligible projects for public water systems. The second program is the Drinking Water and Groundwater Trust Fund established pursuant to RSA 485-F in 2016 which also funds loans and grants to eligible projects for public water systems. The third program is the Per and Polyfluoroalkyl Substances (PFAS) Fund established pursuant to RSA 485-H which provides loans and loan forgiveness to water systems that have had sources of water contaminated by PFAS over the applicable standard.

The requirements and eligibility criteria for each of these programs requires NHDES staff to maintain different rules and accounting and administration processes even though the financial assistance programs fund similar projects. Should the legislature wish to pursue this course of action, it may be more efficient to utilize one of these existing programs rather than to create a new one.

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NHDES is available to provide background and technical information to assist the committee as needed. Please feel free to contact Brandon Kernan, Drinking Water and Groundwater Bureau Administrator, at 271-1168/[Brandon.Kernan@des.nh.gov](mailto:Brandon.Kernan@des.nh.gov) or Johnna McKenna at 271- 7017/ [Johnna.McKenna@des.nh.gov](mailto:Johnna.McKenna@des.nh.gov) if you have any questions or need additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert R. Scott", with a stylized flourish at the end.

Robert R. Scott  
Commissioner

ec: Sponsor of SB 127: Senator Bradley