A Legislative Perspective on the Chesapeake Bay Tributary Strategy

Financial Assistance Proposals

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One Critical Question

What is the cost to comply with the discharge limits on point sources?

- **DEP Perspective**
  - $376 million?  $190 million?  $620 million?

- **Municipality Perspective**
  - $1 billion or more
Senate Resolution 224 (Vance)

- Legislative Budget & Finance Committee Study
  - Impartial review of compliance costs
    - Construction / physical upgrades
    - Alternative means of compliance, including nutrient credit trading
  - Review of financial assistance programs
Legislative Proposals
Pending or Under Development

- Fair Share for Clean Water Funding Plan
- Senate Bill 1341
- Water Preservation and Safety Act
Pennsylvania Fair Share for
Clean Water Funding Plan

- $170 million first year cost
- $850 million or more over 5 to 7 years
Pennsylvania Fair Share for Clean Water Funding Plan

- Matching funds for wastewater treatment plant upgrades
  - $100 million per year for the first 3 years;
  - $50 million per year for the next 4 years

- $50 million per year over 5 years for REAP tax credits and grants to be administered by the State Conservation Commission
Pennsylvania Fair Share for Clean Water Funding Plan

- $10 million per year in new funding for county conservation districts
- $10 million this year to restore Department of Agriculture funding
Pennsylvania Fair Share for Clean Water Funding Plan

- Ensure a workable nutrient credit trading program
  - Nutrient credit trading bank to guarantee the availability of credits over a 20-30 year time period at a fixed cost.
  - How would such a program be structured and what are the costs?
Pennsylvania Fair Share for Clean Water Funding Plan

Potential funding sources not specifically identified in the proposal

- Pay-as-you-go (annual line item funding in the state budget)
- Issue debt
- Dedicated taxes or fees
Senate Bill 1341 (Musto)

- Ballot question on the issuance of indebtedness
  - Up to $300 million per year over 4 years
  - $1 billion total authorized debt
Senate Bill 1341 (Musto)

- Proceeds would be used by the Pennsylvania Infrastructure Investment Authority for drinking water system and wastewater system projects
  - $500 million aggregate limit on grants
  - Remainerd available for loans
Senate Bill 1341 (Musto)

- Projects not limited to the Chesapeake Bay watershed
Water Preservation and Safety Act

- Allocates unappropriated monies in the Pennsylvania Gaming Economic Development and Tourism Fund to the Commonwealth Financing Authority.

- The CFA would incur debt and the monies transferred to the CFA would be used to pay the debt service.
Water Preservation and Safety Act

- Assistance would be in the form of grants or loans for water and sewer, storm water, flood control and high hazard dam projects.

- Projects not limited to the Chesapeake Bay watershed
Sustainable Infrastructure Task Force

- The task force has been asked to identify the following:
  - The gap between financial need and available resources for drinking water and sewage infrastructure
  - Cost savings available from the implementation of non-structural alternatives
Sustainable Infrastructure Task Force

The task force has been asked to identify the following:

- Actual costs for providing services, including recommendations for allocating costs among customers and assistance programs
- Recommendations for legislative or regulatory changes.
What’s Next?

- Negotiations over the FY 2008-09 budget
- Reports
  - Legislative Budget & Finance Committee
  - Sustainable Infrastructure Task Force
- Consideration of legislative proposals