

Department of Finance		Fund: 0707
STATE OF CALIFORNIA MANUAL OF STATE FUNDS		PAGE 1 Renumbered From:
<u>Legal Title</u> California Safe Drinking Water Fund		
<u>Legal Citation/Authority</u> Chapter 1008, Statutes of 1975 Water Code sections 13850-13875		
<u>Fund Classification</u> <u>GAAP Basis</u> Governmental/Special Revenue Funds	<u>Fund Classification</u> <u>Legal Basis</u> Nongovernmental/Bond Funds	
<u>Purpose</u> <p>The California Safe Drinking Water Bond Law provided for the sale of bonds, up to \$175 million, to be deposited in this fund and expended for the purpose of making loans to suppliers of domestic water to upgrade domestic water supply systems. The law also provided that the Legislature may authorize up to \$15 million to be used for grants to political subdivisions of the state for upgrading their water systems if it is determined that such suppliers are otherwise unable to meet minimum safe drinking water standards. No one supplier may be granted more than \$400,000 and each individual grant requires legislative approval.</p> <p>The Department of Health Services advises the Department of Water Resources in the adoption of rules and regulations necessary to carry out the provisions of this law. The Department of Health Services also establishes the priority of such suppliers that are to be considered for financing and approves project plans of such suppliers before the Department of Water Resources may enter into a loan contract with suppliers of domestic water. The Water Code limits the amount that may be loaned to any supplier to \$1,500,000 unless the Legislature should amend this section of the code.</p> <p>The Department of Health Services and the Department of Water Resources may charge the fund for administrative costs. These charges may not exceed three percent of the bond proceeds deposited in the fund. The Department of Water Resources, in turn, charges a fee to domestic water suppliers who obtain loans from the fund. This fee is added to the principal of the loan rather than being treated as an amount immediately due.</p> <p>The loans are credited to the General Fund when they are repaid to reimburse the General Fund for principal and interest paid on the bonds issued by the state pursuant to this law.</p> <p>Section 13862 of the code provides for the use of up to three percent of the bond proceeds deposited in the fund for administrative purposes.</p>		
<u>Administering Agency/Organization Code</u> Department of Water Resources/Org 3860 with the Department of Health Services/Org 4260 acting in an advisory role.		

Major Revenue Source

Proceeds from the sale of bonds.

Disposition of Fund (upon abolishment)

Pursuant to Government Code section 16346, in the absence of language that identifies a successor fund, any balance remaining in this fund upon abolishment, shall be transferred to the General Fund.

Appropriation Authority

Section 13861 of the Water Code continuously appropriates the moneys in the fund for the purpose of making loans.

State Appropriations Limit

Always Excluded – Revenues in this fund are not proceeds of taxes and even after transfer, will never become proceeds of taxes because the major revenue source is derived from a Bond Fund.

Comments/Historical Information