

**SENATE APPROPRIATIONS COMMITTEE  
FISCAL NOTE**

**BILL NO.** House Bill 1712

**PRINTER NO.** 2772

**AMOUNT**

No Fiscal Impact

**FUND**

General Fund  
Private Dam Financial Assurance Fund

**DATE INTRODUCED**

November 30, 2015

**PRIME SPONSOR**

Representative R. Brown

**DESCRIPTION AND PURPOSE OF BILL**

House Bill 1712 establishes the Private Dam Financial Assurance Program (Program) and the Private Dam Financial Assurance Fund (Fund).

The Program would be administered by the Department of Community and Economic Development (DCED) in consultation with the Department of Environmental Protection (DEP), to provide financial assurance for dam owners to assist in meeting financial obligations under the Dam Safety and Encroachments Act of 1978. To be eligible for financial assurance assistance, dam owners must:

- Demonstrate compliance with the Dam Safety and Encroachments Act and the regulations promulgated under the act, as determined by DEP, including annual inspection reporting, payment of registration fees, and compliance with an approved emergency action plan;
- Pay a one-time program enrollment fee of \$1,000 per dam; and
- Pay an annual fee equal to 1% of the bond amount required by DEP.

The legislation establishes the Private Dam Financial Assurance Fund in the State Treasury. Program premiums and fees will be deposited into the Fund. All money deposited into the Fund and any interest it accrues are appropriated to DCED for use in accordance with this act, and to DEP for costs associated with the entry, correction, repair, operation, maintenance, inspection, monitoring or removal of a dam as necessary in response to:

- The failure of an owner enrolled in the program to comply with the Dam Safety and Encroachments Act; or
- Abandonment of the dam by an owner enrolled in the program.

The bill authorizes DCED, in consultation with DEP, to establish a revolving loan program to award loans to provide maintenance and repair assistance of up to 50% of eligible costs, or \$500,000, to dam owners enrolled in the Program. Loan terms will be up to 10 years. Interest rates shall be fixed at an interest rate in effect at the time the loan is made and equal to the Five-Year United States Treasury Note on the date the loan is awarded. DCED may charge a loan origination fee not to exceed 2.5% of the approved loan amount.

# SENATE APPROPRIATIONS COMMITTEE

## FISCAL NOTE

DCED, in consultation with DEP, shall establish penalties for loan recipients who fail to meet their repayment obligations under the loan terms.

DCED may begin accepting and approving loan applications at any time the Fund has a balance equal to or greater than \$1.5 million, and DEP has not identified the need for an amount in excess of \$1.5 million to correct the failure of owners to comply with the Dam Safety and Encroachments Act. DCED may begin accepting and approving owner loan applications for eligible costs so long as a balance of at least \$1 million remains in the Fund. The fund may be supplemented by appropriations from Federal, State, or local government or from any private source.

This legislation shall take effect immediately.

### **FISCAL IMPACT:**

Enactment of this legislation would have no adverse fiscal impact on Commonwealth funds. DCED and DEP have determined that they will be able to administer the program without additional resources.

According to the Division of Dam Safety at DEP, there are 396 high-hazard private dam owners who would be eligible to participate in the Program.