

Sponsor Statement

SB 184

Construction of Water & Sewage Facilities

“User contributions toward the cost of construction of certain water and sewer facilities”

Water and Sewer projects funded through the “Village Safe Water Act” (VSW) program benefits villages with between 25 and 600 residents within a two-mile radius, a second or first class city with not more than 600 residents. The program is sustained through federal dollars and the Alaska Housing Finance Corporation (AHFC) dividend payment to the state.

Current statutes actually prohibit any requirement of a local contribution in support of local water and sewer enhancements under this program. SB 184 does not mandate that local communities benefited by this program contribute a certain amount for local enhancements. It does, however, remove the barrier to local financial support of water and sewer construction costs under the VSW program.

Eligible VSW projects receive 2/3rd of the funding from the federal government with the remaining 1/3rd supplied with state AHFC dividend funding. There are many more communities that do not receive requested funding than do receive funding in any given year. There is just not enough funding to support all the requests for VSW projects. Local contribution toward these programs will free up additional money in order to fund some of the requests that currently go unfunded each year. The FY 01 VSW appropriation was for \$53.0 million. If local communities contributed just 5 percent toward the cost, there would have been an additional \$2.7 million available to fund additional community requests.

With passage of this bill, the Department of Environmental Conservation will be encouraged to draft regulations creating a framework for local participation in water and sewer construction projects funded by the VSW program.

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