

SENATE BILL 2151

By Kilby

AN ACT to amend Tennessee Code Annotated, Title 68,  
Chapter 221, relative to rural water supply.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 68, Chapter 221, is amended by adding sections 2 through 5 as a new, appropriately designated part:

SECTION 2. The division of water supply of the department of environment and conservation shall have the authority and responsibility to request and receive information from all branches of state and local government, in order to prepare a complete inventory of all existing water plants and their financial condition. The division shall also prepare a statewide plan for the provision of potable water to all citizens of the state, and assure that no state or federal funds shall be used for the development of a water system that is not in compliance with the statewide plan upon its adoption.

SECTION 3. It is the policy of the state that the division shall be nonpartisan and shall place first and foremost, the accumulation of accurate information with regard to the state's water supply, and particularly the water supply to rural areas of the state.

SECTION 4.

(a) The division shall also have the authority and responsibility to create a revolving loan fund for the purpose of facilitating compliance with state and federal standards for rural water supply. This fund shall also provide Tennessee water systems with low-cost loans and other financial assistance for system improvements through the creation of a self-sustaining revolving loan program so as to improve rural access to water supply; and enable the department to receive and use federal funds for the loan program and other purposes, including but not limited to technical assistance, authorized by federal law. It is intended that the water supply revolving loan program be used in coordination with state and federal assistance programs.

(b) The division may receive and accept any and all appropriations which may be made by the general assembly. The division may also receive from the state, its agencies and any federal agency, grants for, or in aid of, any infrastructure project, and grants for, or in aid of, research or management studies or training projects related to the purposes for which the agency is created, the grants or contributions to be held, used and applied only for the purposes for which the grants and contributions are made and received.

SECTION 5. The division may enter into interim financing agreements with governmental agencies, and governmental agencies may enter into interim financing agreements with the division in connection with eligible projects. Each such interim financing agreement may be subject to the approval by the department of environment and conservation, if applicable, may contain and include such provisions as may be agreed upon by the parties thereto, and shall include and prescribe the following provisions:

- (1) An estimate of the reasonable cost of the eligible project, as determined by the division;
- (2) The amount of state or federal grants or loans to be made to the governmental agency;
- (3) The time or times at which such state or federal grants or loans shall become payable to the governmental agency;
- (4) The specific purpose or purposes for which the proceeds of state or federal grants or loans made to the governmental agency shall be expended;
- (5) The conditions under which state or federal grants or loans may be expended on account of the eligible project by the governmental agency; and
- (6) An agreement by the governmental agency:

(A) To proceed expeditiously with and promptly complete the eligible project or cause the eligible project to be completed in accordance with the plans and specifications approved by federal and state agencies;

(B) To commence or cause to be commenced operation of the eligible project on completion of construction and not to discontinue operations or dispose of such eligible project without the approval of the division, or another division of the department of environment and conservation, if applicable;

(C) To operate and maintain or cause to be operated and maintained the eligible project in accordance with applicable provisions of federal and state law and the terms and conditions of the loan documents implementing federal or state grants or loans to the governmental agency; and

(D) To provide for the payment of the governmental agency's share of the cost of the eligible project through the issuance of the governmental agency long term debt obligations in the appropriate manner and at the appropriate time in order that sufficient funds will be available to repay and retire bond anticipation notes issued by the division on behalf of said governmental agency.

SECTION 6. This act shall take effect upon becoming a law, the public welfare requiring it.