Drinking Water Capitalization Grant Subsidy - IIJA, Division J, Title VI **FY2023 Request: $6,246,545**
Reference No: 63864

AP/AL: Appropriation
Category: Health/Human Services
Location: Statewide
Impact House District: Statewide (HD 1-40)
Estimated Project Dates: 07/01/2022 - 06/30/2027

Project Type: Water / Sewer / Solid Waste
House District: Statewide (HD 1-40)
Contact: Randy Bates
Contact Phone: (907)465-5307

Brief Summary and Statement of Need:
The Department of Environmental Conservation is required to issue subsidies as a condition of the Clean Water Loan Fund Capitalization Grant. The Infrastructure Investment and Jobs Act provides hundreds of millions in federal funds that will be awarded to Alaska for water and wastewater projects. At this time the department anticipates $423.7 million in federal capitalization grants to the Alaska Clean Water and Alaska Drinking Water State Revolving Loan Funds (SRF) over the next five fiscal years. The department is required to subsidize a percentage of loans made from the fund. Capital appropriations are required to record that subsidy in the state accounting system.

Funding:	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	Total
1100 ADWF	$6,246,545	$7,231,804	$7,891,928	$8,548,767	$8,548,767		$38,467,811
Total:	$6,246,545	$7,231,804	$7,891,928	$8,548,767	$8,548,767	$0	$38,467,811

☐ State Match Required ☐ One-Time Project ☐ Phased - new ☐ Phased - underway ☑ Ongoing
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Prior Funding History / Additional Information:
Sec8 Ch1 SLA2021 P71 L31 HB69 $5,800,000
Sec1 Ch3 SLA2019 P3 L16 SB19 $2,500,000
Sec1 Ch19 SLA2018 P4 L25 SB142 $2,041,000
Sec1 Ch1 SLA2017 P4 L11 SB23 $2,041,000
Sec1 Ch2 SLA2016 P4 L5 SB138 $2,526,300
Sec1 Ch38 SLA2015 P3 L30 SB26 $2,526,300
Sec1 Ch18 SLA2014 P51 L12 SB119 $2,526,300
Sec1 Ch16 SLA2013 P63 L10 SB18 $2,692,800
Sec1 Ch17 SLA2012 P113 L11 SB160 $4,634,000
Sec1 Ch5 SLA2011 P81 L9 SB46 $4,071,900
Sec1 Ch43 SLA2010 P23 L19 SB230 $4,071,900

In FY2023, roughly $6.2 million is expected to be made available for traditional loans from the Drinking Water loan fund.

Project Description/Justification:
The Department of Environmental Conservation receives an annual capitalization grant from Environmental Protection Agency (EPA) that funds the Alaska Drinking Water Loan Fund. Under the

terms of the grant, the state is required to issue a certain amount of subsidies to grantees in the form of loan forgiveness.

This appropriation will be used as subsidy for traditional loans from the additional funds made available through the federal Infrastructure Investment and Jobs Act and is required to properly record the loan forgiveness as an expense in the Alaska Drinking Water Loan Fund.