

**Drinking Water Capitalization Grant Subsidy Emerging Contaminants- IIJA, Division J, Title VI**

**FY2026 Request: \$7,640,000**  
**Reference No: 64196**

**AP/AL:** Appropriation **Project Type:** Water / Sewer / Solid Waste  
**Category:** Health/Human Services  
**Location:** Statewide **House District:** Statewide (HD 1 - 40)  
**Impact House District:** Statewide (HD 1 - 40) **Contact:** Gene McCabe  
**Estimated Project Dates:** 07/01/2025 - 06/30/2030 **Contact Phone:** (907)269-7580

**Brief Summary and Statement of Need:**

The Department of Environmental Conservation (DEC) is required to issue subsidies as a condition of the Clean Water Loan Fund Capitalization Grant. The Infrastructure Investment and Jobs Act (IIJA) provides hundreds of millions in federal funds that will be awarded to Alaska for water and wastewater projects. The DEC currently 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 DEC 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:	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	Total
1100 Drk Wtr Fd	\$7,640,000	\$7,640,000	\$7,640,000	\$7,640,000	\$7,640,000		\$38,200,000
<b>Total:</b>	<b>\$7,640,000</b>	<b>\$7,640,000</b>	<b>\$7,640,000</b>	<b>\$7,640,000</b>	<b>\$7,640,000</b>	<b>\$0</b>	<b>\$38,200,000</b>

<input type="checkbox"/> State Match Required	<input type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input checked="" type="checkbox"/> Ongoing
0% = Minimum State Match % Required		<input type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

**Operating & Maintenance Costs:**

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	0
<b>Totals:</b>	<b>0</b>	<b>0</b>

**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

**Project Description/Justification:**

The Department of Environmental Conservation receives an annual capitalization grant from the 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

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of loan forgiveness. Funding for emerging contaminants requires that 100 percent of the federal funds be used as subsidization.

This appropriation will be used as subsidy to issue fully forgiven loans to address emerging contaminants from the additional funds made available through the federal Infrastructure Investment and Jobs Act and is required to properly record the grant as an expense in the Alaska Drinking Water Loan Fund.