



NEW MEXICO
FINANCE AUTHORITY

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NMFA Proposed Statutory Cleanup Drinking Water State Revolving Loan Fund DWSRLF Act

Dan Opperman, Chief Legal Officer
Michael Vonderheide, Managing Director, Public Programs

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DWSRLF Background

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- ◆ The Drinking Water State Revolving Loan Fund (DWSRLF) was established in 1996 by amendments to the federal Safe Drinking Water Act (SDWA)
- ◆ Congress appropriates funding annually for the DWSRLF as part of the national budget and the U.S. Environmental Protection Agency awards capitalization grants to states
- ◆ The DWSRLF is jointly administered by the New Mexico Finance Authority (NMFA) and New Mexico Environment Department (NMED)
- ◆ NMFA serves as the grantee for the state and administers the loan fund which provides low-cost financial assistance to water systems to finance repair and replacement of drinking water infrastructure
- ◆ The first DWSRLF capitalization grant was received in 1997 and since program inception NMFA has made 190 loans totaling over \$390 million

DWSRLF Act and SDWA Act

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- ◆ The Drinking Water State Revolving Loan Fund (DWSRLF) Act was originally passed in New Mexico in 1997 allowing for receipt of the first DWSRLF capitalization grant
- ◆ Minor clarifications to the DWSRLF Act were passed in 2001 but the Act has not been substantially amended since
- ◆ At the Federal level, amendments were made to the Safe Drinking Water Act (SDWA) in America's Water Infrastructure Act (AWAI) of 2018
- ◆ And further amendments were made to the SDWA in the Bipartisan Infrastructure Law (BIL) of 2021
- ◆ Proposed changes to the DWSRLF Act would bring the State Act up to date, make needed clarifications, and allow for New Mexico to offer financial assistance and terms consistent with the current SDWA

DWSRLF Act Proposed Changes



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- ◆ Include grants in the definition of financial assistance under the Act
- ◆ Allow for extended maximum loan terms for Drinking Water SRF borrowers:
 - ◆ Maximum loan repayment terms for non-disadvantaged communities extended from 20 to 30 years
 - ◆ Maximum loan repayment terms for disadvantaged communities extended from 30 to 40 years, as long as the term does not exceed the design life of the project
- ◆ Allow for Drinking Water SRF borrowers to begin repayment of Drinking Water SRF loans not later than eighteen months after completion of the project, rather than one year
- ◆ Clarify that NMFA or the “authority” as the grantee prepares and submits applications for capitalization grants to the U.S. Environmental Protection Agency as required by the SDWA

DWSRLF Act Proposed Changes, cont.



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- ◆ Clarify that procedures are established by NMFA and federal regulations regarding imposing and collecting cost of issuance fees on Drinking Water SRF loans to cover administrative expenses
- ◆ Update the State's DWSRLF reporting requirements by changing bi-annual report to annual report as required by the SDWA
- ◆ Remove outdated and expiring provisions of the State Act to accommodate transfers between the DWSRLF and Clean Water State Revolving Loan Fund (CWSRLF) as allowed by the SDWA
- ◆ Make other minor changes and cleanup language in the original DWSRLF Act
- ◆ The proposed changes would facilitate NMFA and NMED updating our Operating Agreement with the U.S. Environmental Protection Agency
- ◆ If passed, NMFA would incorporate the changes to the DWSRLF Act into the Program's Loan Management Policies