

SOUTHERN CALIFORNIA GROUNDWATER REMEDIATION
ACT

SEPTEMBER 8, 2004.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

Mr. POMBO, from the Committee on Resources,
submitted the following

R E P O R T

[To accompany H.R. 4606]

[Including cost estimate of the Congressional Budget Office]

The Committee on Resources, to whom was referred the bill (H.R. 4606) to authorize the Secretary of the Interior, acting through the Bureau of Reclamation and in coordination with other Federal, State, and local government agencies, to participate in the funding and implementation of a balanced, long-term groundwater remediation program in California, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Southern California Groundwater Remediation Act”.

SEC. 2. DEFINITIONS.

For the purposes of this Act:

(1) **GROUNDWATER REMEDIATION.**—The term “groundwater remediation” means actions that are necessary to prevent, minimize, clean up, or mitigate damage to groundwater.

(2) **LOCAL WATER AUTHORITY.**—The term “local water authority” means a currently existing (on the the date of the enactment of this Act) public water district, public water utility, public water planning agency, municipality, or Indian Tribe located within the natural watershed of the Santa Ana River in the State of California.

(3) **REMEDATION FUND.**—The term “Remediation Fund” means the Southern California Groundwater Remediation Fund established pursuant to section 3(a).

(4) **SECRETARY.**—The term “Secretary” means the Secretary of the Interior.

SEC. 3. SOUTHERN CALIFORNIA GROUNDWATER REMEDIATION.

(a) **SOUTHERN CALIFORNIA GROUNDWATER REMEDIATION.**—

(1) ESTABLISHMENT OF REMEDIATION FUND.—There shall be established within the Treasury of the United States an interest bearing account to be known as the “Southern California Groundwater Remediation Fund”.

(2) ADMINISTRATION OF REMEDIATION FUND.—The Remediation Fund shall be administered by the Secretary, acting through the Bureau of Reclamation. The Secretary shall administer the Remediation Fund in cooperation with the local water authority.

(3) PURPOSES OF REMEDIATION FUND.—

(A) IN GENERAL.—Subject to subparagraph (B), the amounts in the Remediation Fund, including interest accrued, shall be used by the Secretary to provide grants to the local water authority to reimburse the local water authority for the Federal share of the costs associated with designing and constructing groundwater remediation projects to be administered by the local water authority.

(B) COST-SHARING LIMITATION.—

(i) IN GENERAL.—The Secretary may not obligate any funds appropriated to the Remediation Fund in a fiscal year until the Secretary has deposited into the Remediation Fund an amount provided by non-Federal interests sufficient to ensure that at least 35 percent of any funds obligated by the Secretary for a groundwater remediation project are from funds provided to the Secretary for that project by the non-Federal interests.

(ii) NON-FEDERAL RESPONSIBILITY.—Each local water authority shall be responsible for providing the non-Federal amount required by clause (i) for projects under that local water authority. The State of California, local government agencies, and private entities may provide all or any portion of the non-Federal amount.

(iii) CREDITS TOWARD NON-FEDERAL SHARE.—For purposes of clause (ii), the Secretary shall credit the appropriate local water authority with the value of all prior expenditures by non-Federal interests made after January 1, 2000, that are compatible with the purposes of this section, including—

(I) all expenditures made by non-Federal interests to design and construct groundwater remediation projects, including expenditures associated with environmental analyses, and public involvement activities that were required to implement the groundwater remediation projects in compliance with applicable Federal and State laws; and

(II) all expenditures made by non-Federal interests to acquire lands, easements, rights-of-way, relocations, disposal areas, and water rights that were required to implement a groundwater remediation project.

(b) COMPLIANCE WITH APPLICABLE LAW.—In carrying out the activities described in this section, the Secretary shall comply with any applicable Federal and State laws.

(c) RELATIONSHIP TO OTHER ACTIVITIES.—Nothing in this section shall be construed to affect other Federal or State authorities that are being used or may be used to facilitate remediation and protection of the groundwater in the natural watershed of the Santa Ana River in the State of California. In carrying out the activities described in this section, the Secretary shall integrate such activities with ongoing Federal and State projects and activities. None of the funds made available for such activities pursuant to this section shall be counted against any Federal authorization ceiling established for any previously authorized Federal projects or activities.

(d) FINANCIAL STATEMENTS AND AUDITS.—The Secretary shall ensure that all funds obligated and disbursed under this Act and expended by a local water authority, are accounted for in accordance with generally accepted accounting principles and are subjected to regular audits in accordance with applicable procedures, manuals, and circulars of the Department of the Interior and the Office of Management and Budget.

(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Remediation such sums as may be necessary to carry out the purposes of this Act to remain available until expended.

PURPOSE OF THE BILL

The purpose of H.R. 4606 is to authorize the Secretary of the Interior, acting through the Bureau of Reclamation and in coordination with other federal, State and local government agencies, to

participate in the funding and implementation of a balanced, long-term groundwater remediation program in California, and for other purposes.

BACKGROUND AND NEED FOR LEGISLATION

Throughout the Santa Ana watershed in southern California, approximately 30 water wells are currently shut down or out of production due to perchlorate and other contaminants. Some estimate that an additional 300 wells are at risk because of perchlorate, a naturally occurring and man-made chemical. In Rialto, California, a perchlorate plume has spread approximately seven miles from the City's industrial area. The contamination, affecting 250,000 residents, has prompted State and federal investigations and triggered a water emergency.

Much of the perchlorate manufactured in the United States is used as an ingredient of solid rocket propellant, fireworks and roadside flares. Research indicates that perchlorate interferes with iodide uptake into the thyroid gland. In adults, the thyroid helps to regulate metabolism. In children, the thyroid plays a major role in proper development and metabolism. As a result, officials in southern California are working to develop long-term plans for groundwater remediation.

H.R. 4606 establishes the "Southern California Basins Groundwater Remediation Fund" within the U.S. Treasury. The Fund, subject to annual appropriations and administered by the Bureau of Reclamation, would provide such sums as may be necessary to remediate groundwater supplies in the Santa Ana watershed. The bill requires a local cost share of 35 percent. Perchlorate is the chemical compound of primary concern, although funds will be available to remediate other groundwater challenges in the area.

COMMITTEE ACTION

H.R. 4606 was introduced by Congressman Joe Baca (D-CA) on June 17, 2004. The bill was referred to the Committee on Resources and within the Committee to the Subcommittee on Water and Power. On June 23, 2004, the Subcommittee held a hearing on the bill. On July 8, 2004, the Subcommittee met to mark up the bill. No amendments were offered and the bill was forwarded to the Full Resources Committee by unanimous consent. On July 14, 2004, the Resources Committee met to mark up the bill. Congresswoman Grace Napolitano (D-CA) offered an amendment to strike all references to the San Gabriel Basin. The amendment was adopted by unanimous consent. No additional amendments were offered and the bill, as amended, was ordered favorably reported to the House of Representatives by unanimous consent.

SECTION-BY-SECTION ANALYSIS

Section 1. Short title

The bill may be cited as the "Southern California Groundwater Remediation Act."

Section 2. Definitions.

This section defines various terms used in the bill.

Section 3. Southern California Basins Remediation.

This section establishes the “Southern California Basins Groundwater Remediation Fund” within the Treasury of the United States. The Fund will be administered by the Secretary of the Interior, through the Bureau of Reclamation, and in cooperation with the local water authority. The section requires that the Fund shall be used for reimbursing the local water authority for the federal share of the costs for the planning, design, and construction of groundwater remediation projects. The Section requires that the local non-federal cost share be no less than 35 percent. Non-federal funding sources may include State or local government agencies and private entities.

As ordered reported, the section also states that the bill shall not affect other federal and State authorities being used or may be used for remediation and protection of the groundwater in the natural watersheds of the Santa Ana River in California. Furthermore, no funds used for activities and projects pursuant to this section shall be counted against federal authorization ceilings established for previously authorized federal activities and projects. This section also requires that the Secretary ensure that all funds obligated, disbursed, and expended by a local water authority are accounted for in accordance with generally accepted accounting principles. Regular audits may be conducted in accordance with applicable procedures of the Department of the Interior and the Office of Management and Budget.

COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

Regarding clause 2(b)(1) of rule X and clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee on Resources’ oversight findings and recommendations are reflected in the body of this report.

CONSTITUTIONAL AUTHORITY STATEMENT

Article I, section 8 of the Constitution of the United States grants Congress the authority to enact this bill.

COMPLIANCE WITH HOUSE RULE XIII

1. Cost of Legislation. Clause 3(d)(2) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison by the Committee of the costs which would be incurred in carrying out this bill. However, clause 3(d)(3)(B) of that rule provides that this requirement does not apply when the Committee has included in its report a timely submitted cost estimate of the bill prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act of 1974.

2. Congressional Budget Act. As required by clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974, this bill does not contain any new budget authority, credit authority, or an increase or decrease in revenues or tax expenditures. According to the Congressional Budget Office, enactment of this bill would increase direct spending by less than \$500,000 annually over the 2005–2006 time period and by about \$1 million annually from 2007–2014.

3. General Performance Goals and Objectives. As required by clause 3(c)(4) of rule XIII, the general performance goal or objective of this bill is to authorize the Secretary of the Interior, acting through the Bureau of Reclamation and in coordination with other federal, State and local government agencies, to participate in the funding and implementation of a balanced, long-term groundwater remediation program in California, and for other purposes.

4. Congressional Budget Office Cost Estimate. Under clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 403 of the Congressional Budget Act of 1974, the Committee has received the following cost estimate for this bill from the Director of the Congressional Budget Office:

H.R. 4606—Southern California Groundwater Remediation Act

Summary: H.R. 4606 would establish an interest-bearing account in the Treasury called the Southern California Basins Groundwater Remediation Fund and would authorize the appropriation of such sums as is necessary to be deposited into the fund. The bill would authorize the Bureau of Reclamation to use the fund to provide grants to the local water authority for groundwater cleanup projects in the Santa Ana River watershed in California. H.R. 4606 would authorize the bureau to pay up to 65 percent of the cost of the groundwater cleanup projects. The bureau, however, would not have the authority to obligate money for a project until the non-federal share of the costs (35 percent) is either deposited into the account or credited to the account as an in-kind contribution.

Assuming appropriation of the necessary funds, CBO estimates that implementing H.R. 4606 would cost \$39 million over the 2005–2009 period and an additional \$46 million after that period. In addition, enacting this bill would increase direct spending by less than \$500,000 annually over the 2005–2006 period and by about \$1 million annually over the 2007–2014 period. (Enacting the bill would not affect federal revenues.)

H.R. 4606 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments. The federal funds authorized by this bill would benefit local governments in California. Any expenditures made by those governments to provide the required matching funds would be made voluntarily.

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 4606 is shown in the following table. The costs of this legislation fall within budget function 300 (natural resources and environment).

	By fiscal year, in millions of dollars—				
	2005	2006	2007	2008	2009
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Estimated Authorization Level	10	10	10	10	10
Estimated Outlays	3	7	9	10	10
CHANGES IN DIRECT SPENDING					
Estimated Authorization Level	*	*	1	1	1
Estimated Outlays	*	*	1	1	1

Note: * = less than \$500,000.

*Basis of estimate**Spending subject to appropriation*

For this estimate, CBO assumes that H.R. 4606 will be enacted near the start of fiscal year 2005 and that the necessary funds will be appropriated to the Southern California Basins Groundwater Remediation Fund in equal amounts over the 2005–2009 period.

H.R. 4606 would authorize appropriation of the necessary amounts to the Southern California Basins Groundwater Remediation Funds. For this estimate, CBO assumes that the federal funds needed to implement the bill would be similar to the authorization for the San Gabriel Basin Restoration Fund, which is \$85 million (Public Law 106–554) and addresses similar types of water quality projects in a watershed of a similar size. Because the bill would require that the nonfederal cost share be deposited into the fund or in-kind contributions be credited before funds could be obligated, CBO expects that spending on those projects would be somewhat slower than historical federal spending on water projects.

Direct spending

Under this bill, nonfederal funds equal to 35 percent of the total cost of the project would be required to be either deposited into the account or credited to the account as an in-kind contribution before any funds could be obligated. Any cash deposits would be recorded as offsetting receipts (a form of direct spending). Currently, it is unknown how much of the nonfederal contributions would be cash and how much would be in-kind donations. Any receipt to the fund, however, would be offset by equal amounts of direct spending from the fund over the 2005–2014 period, with no net significant impact in any year.

In addition, the bill would authorize the bureau to spend interest earned on the Southern California Basins Groundwater Remediation Fund. CBO estimates that provision would increase direct spending by less than \$500,000 annually over the 2005–2006 period and about \$1 million annually over the 2007–2014 period.

Intergovernmental and private-sector impact: H.R. 4606 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. The federal funds authorized by this bill would benefit local governments in California. Any expenditures made by those governments to provide the required matching funds would be made voluntarily.

Estimate prepared by: Federal Costs: Julie Middleton; Impact on State, Local, and Tribal Governments: Marjorie Miller; and Impact on the Private Sector: Karen Raupp.

Estimate approved by: Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

COMPLIANCE WITH PUBLIC LAW 104–4

This bill contains no unfunded mandates.

PREEMPTION OF STATE, LOCAL OR TRIBAL LAW

This bill is not intended to preempt any State, local or tribal law.

CHANGES IN EXISTING LAW

If enacted, this bill would make no changes in existing law.

