



[HB25-1120](#)

SHORT TITLE: Septic-System Replacement Enterprise

LONG TITLE: Concerning the creation of an enterprise to implement a loan program to replace failing septic systems.

SPONSORS: Rep. Smith/Sen. Roberts

COMMITTEES: House Energy and Environment

PURPOSE OF THE BILL: To establish a loan fund for owners of failing septic systems

PROPONENTS OF THE BILL:

POTENTIAL STAKEHOLDERS: Special districts, Counties, local boards of health, mobile home parks, individual homeowners not tied into a public system, CDPHE, DOLA, financial institutions, USDA rural development

BACKGROUND: Domestic wastewater dischargers outside the boundaries of public wastewater systems, rely on septic systems, which are self-contained and must be periodically pumped with waste transported for disposal. Liquid waste frequently percolates through the soil and into groundwater once those containment structures deteriorate. For flows 2,000 gallons per day or less, permitting is conducted by local counties; flows exceeding 2,000 gallons per day are Septic permits greater than 2,000 gallons per day must follow CDHE [design review facility approval process](#).

Is this bill necessary this year (is there a deadline for action)? No

How does the bill change current law? It establishes a new loan program as an enterprise of the State not subject to TABOR that would assist homeowners who are low income or with low credit scores to finance septic system replacement.

Does the bill affect the prior appropriations system? Not identified

How is the bill implemented? The seven-member Enterprise board must establish fees and contract with two community development financial institutions to administer the program. The Water Quality Control Commission may adopt rules governing collection of fees. The Water Quality Control Commission must consult and coordinate with local public health boards that will issue permits; DOLA must enter an MOU with each local board of health that issues permit and collects the fees. The local boards of health may not refuse to enter the MOU. Fees are then transferred to DOLA and held by the State Treasurer. When the amount held exceeds that necessary to fund the loan program, the Water Quality Control Commission may adjust the fees.

Practical considerations: There are a variety of existing programs to assist homeowner with loans for septic systems [OWTS Potential Funding Options.pdf - Google Drive](#). Would the permit fees in the bill provide revenue in sufficient amounts to fund such a replacement program? Enterprise will have authority to place liens on property; in event of default how will the Enterprise proceed to recover funds owed? Who will hold title to the property?

Fiscal Impact: The fiscal note is not available.