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Joint Committee on Finance

Paper #610

Well Compensation Grant Program (Natural Resources -- Water Quality)

[LFB 2023-25 Budget Summary: Page 462, #1]

CURRENT LAW

The well compensation grant program was created in 1984 to provide financial assistance for replacing, reconstructing, or treating contaminated wells that serve certain private residences or are used for watering livestock. Grants can also pay costs of well abandonment. The Department of Natural Resources (DNR) determines that wells meet certain eligibility criteria related to contamination from substances such as heavy metals, volatile organic compounds, industrial solvents, gasoline, fuel oil, paint, and pesticides. Under some circumstances, eligibility includes contamination from arsenic, livestock fecal bacteria, or nitrates. Grant recipients must have a family income not exceeding \$65,000. The maximum eligible cost is \$16,000, and the grant may cover up to 75% of eligible costs, equaling a maximum grant of \$12,000. Grant recipients must pay a \$250 copayment, unless the grant is for well abandonment.

The program is funded from a continuing appropriation in the environmental management account of the segregated (SEG) environmental fund, which means that appropriated unexpended funds are carried forward for expenditure in subsequent years. The program is appropriated \$1,200,000 SEG in 2022-23, and in addition had an available carry-in balance of \$2 million from 2021-22. Any funds not spent in 2022-23 will carry forward and be available for expenditure in 2023-24.

DISCUSSION POINTS

1. Assembly Bill 43/Senate Bill 70 would adopt the following provisions regarding the well compensation grant program:

(a) Create a new appropriation and provide base funding of \$1,000,000 GPR in 2024-25 for well compensation and well abandonment grants.

(b) Increase the maximum annual family income of the landowner or lessee of the property on which the contaminated well is located from \$65,000 to \$100,000.

(c) Allow an owner or renter of a transient non-community water supply apply for a grant. A transient non-community water supply is defined as a water system that serves at least 25 persons at least 60 days of the year but that does not regularly serve at least 15 connections to year-round residents or 25 of the same persons over six months per year. Examples would include campgrounds or gas stations.

(d) Specify that a well producing water containing levels of a per- or polyfluoroalkyl substance in excess of a DNR or Department of Health Services (DHS) advisory or the maximum level set by federal or state law, whichever is applicable, is eligible for grant funds.

(e) Specify that a well or private water supply that produces water with a concentration of at least 10 parts per billion of arsenic or 10 parts per million of nitrate nitrogen is an eligible contaminated well or contaminated private water supply.

(f) Delete the requirement that if a claim is based on contamination by nitrates and not by any other substance, DNR may make a well compensation award only if the well: (1) is used as a source of drinking water for livestock or for both livestock and a residence; (2) is used at least three months of each year and while in use provides an estimated average of more than 100 gallons per day for consumption by livestock; and (3) produces water containing nitrates exceeding 40 parts per million (ppm) nitrate nitrogen. This would make residential wells that are not also used to water livestock, and that have nitrate contamination, eligible for the program.

(g) Make the following program changes regarding well compensation grant awards: (1) allow a claimant whose family income is below the state's median income to receive a grant of up to 100% of eligible project costs, rather than 75% under current law, but not to exceed \$16,000 as under current law; and (2) eliminate the requirement to reduce an award by 30% of the amount by which the claimant's income exceeds \$45,000 if the claimant's family income exceeds \$45,000.

(h) Create an exception to the current requirement that DNR must allocate money for the payment of claims according to the order in which completed claims are received. The exception would specify that if the well compensation grant program has insufficient funds to pay claims, DNR would have discretion to prioritize claims based on nitrate contamination in the following order of priority: (1) claims based on water containing more than 40 ppm nitrate nitrogen; (2) claims based on water containing more than 30 but not more than 40 ppm nitrate nitrogen; (3) claims based on water containing more than 25 but not more than 30 ppm nitrate nitrogen; (4) claims based on water containing more than 20 but not more than 25 ppm nitrate nitrogen; and (5) claims based on water containing more than 10 but not more than 20 ppm nitrate nitrogen. The bill would apply this prioritization to funding if the existing well compensation grant appropriation of \$200,000 environmental management SEG each year or the GPR provided under AB 43/SB 70 were insufficient to pay claims.

Current Program

2. The well compensation grant program provides two types of grants. First, it provides financial assistance for replacing, reconstructing, or treating contaminated wells that serve certain private residences or are used for watering livestock. Second, grants can also pay costs of well abandonment. An owner or lessee of the property on which the contaminated well is located may submit a claim. Eligible wells include private water supplies used for potable water and that are: (a) a residential water supply, which is a well that is used for humans or humans and livestock and is connected to 14 or fewer dwelling units; or (b) a livestock water supply well used only for livestock. To be considered contaminated, the water supply must have been tested twice, at least two weeks apart, according to specified procedures, and the results exceed state or federal water standards for contaminants. In the past 15 years, well compensation grants have addressed contamination from livestock fecal bacteria, arsenic, metals, benzene, gasoline additives, nitrates, and pesticides.

3. Under certain circumstances, current eligibility includes contamination from nitrates. The statutes specify that if a claim is based on contamination by nitrates and not by any other substance, DNR may make a well compensation award only if the well: (a) is used as a source of drinking water for livestock or for both livestock and a residence; (b) is used at least three months of each year and while in use provides an estimated average of more than 100 gallons per day for consumption by livestock; and (c) produces water containing nitrates exceeding 40 parts per million expressed as nitrate-nitrogen. Residential wells contaminated by nitrates and not by any other substance are not eligible unless they are also used for livestock as described above.

4. Bacterial contamination is eligible if it is from livestock fecal contamination and in an area DNR has declared to be an area of special eligibility. DNR has declared 33 areas of special eligibility since 2006, seven of which were in Kewaunee County. Of this total, DNR declared three areas in 2018 through 2020, including one in Washington County, one in Brown County, and one in Dodge County. No additional areas have been declared. The statutes specify that a claim is ineligible if the contaminated private water supply is a residential water supply, is contaminated by bacteria or nitrates or both, and is not contaminated by any other substance, except if it is in an area of special eligibility.

5. The statutes specify that a claim is ineligible if all of the contaminants upon which the claim is based are naturally occurring substances and the concentration of the contaminants in water produced by the well does not significantly exceed the background concentration of the contaminants in groundwater at that location. Contamination from arsenic is currently eligible under the state-funded program only if it is equal to or exceeds a concentration of 50 parts per billion (ppb), also described as 50 micrograms per liter, which DNR has determined is the background concentration statewide.

6. Under administrative code Chapter NR 738, funds from a separate state-funded spills response appropriation from the environmental management account of the environmental fund are used to provide a permanent replacement water supply if the owner of the contaminated well is otherwise eligible for a well compensation grant and demonstrates financial hardship beyond the amount of financial assistance available through a well compensation grant. This appropriation is primarily used for DNR-led cleanups of contaminated sites where the responsible party is unknown

or cannot or will not clean up the site. In cases where the owner of the contaminated well meets financial hardship criteria, the grant recipient first receives a grant under the well compensation grant appropriation. Supplemental expenditures are made through the state-funded spills response appropriation. When supplemental financial hardship assistance is provided, the sum of assistance provided to a recipient sometimes exceeds the maximum eligible costs of \$16,000 and maximum grant of \$12,000 under the well compensation grant program.

7. When DNR makes a financial hardship payment from the state-funded spills response appropriation for a permanent replacement private water supply, the Department bases the payment on the annual family income of the well owner as follows: (a) if the annual family income of the well owner is 50% or less of the county median income for the county in which the residence is located, DNR may pay 100% of the remaining eligible costs not covered by a well compensation award, less a deductible amount of \$250; (b) if the annual family income of the well owner is more than 50% but not more than 75% of the county median income for the county in which the residence is located, DNR may pay 50% of the remaining eligible costs not covered by a well compensation award, less a deductible amount of \$250; and (c) if a well owner has received a well compensation grant, and if the well owner's share of eligible costs for the permanent replacement water supply exceeds 25% of the annual family income of the well owner, DNR may pay the remaining eligible costs not covered by a well compensation grant, less a deductible amount of 5% of the annual family income.

8. Table 1 shows expenditures under the well compensation grant program appropriation for the prior 10 fiscal years, and for 2022-23 to date. Expenditures can occur in the same or subsequent year as the year of the grant award. The number of well compensation awards for replacement, reconstruction, or treating the contaminated well ranged from one to 10 per year during the 10 years. The number of well abandonment awards ranged from 33 to 89 per year during the same time period. Table 1 also shows expenditures for supplemental financial hardship assistance for well compensation under the separate state-funded response appropriation. Annual expenditures have averaged \$156,100 for the prior 10 fiscal years for the combined well compensation and supplemental financial assistance programs. DNR indicates it is unable to reasonably estimate how many wells are eligible for well compensation grants under current program eligibility requirements.

TABLE 1**Well Compensation Expenditures
2012-13 Through 2022-23**

<u>Fiscal Year</u>	<u>Well Compensation Grant Appropriation Expenditures</u>	<u>Supplemental Financial Hardship Expenditures*</u>	<u>Total</u>
2012-13	\$130,772	\$81,348	\$212,120
2013-14	88,579	25,584	114,163
2014-15	153,260	41,979	195,239
2015-16	115,585	35,910	151,495
2016-17	97,692	4,854	102,546
2017-18	123,288	61,350	184,638
2018-19	106,785	12,876	119,661
2019-20	144,714	111,210	255,924
2020-21	126,919	21,713	148,632
2021-22	76,369	0	76,369
2022-23**	51,983	10,334	62,317

* Expenditures made from SEG state-funded spills response appropriation.

** As of April 1, 2023.

Arsenic, Nitrate, and PFAS Contamination

9. Arsenic is an element that occurs naturally in soil and bedrock formations, and can be released into the groundwater and drawn into wells. The federal and state drinking water standards are 10 parts per billion (ppb). High levels of arsenic can increase the risk of some types of cancer, and may increase the negative health effects of blood vessel damage, high blood pressure, nerve damage, anemia, stomach upsets, and skin changes. DNR and DHS recommend that no one drink water that exceeds the drinking water standard of 10 ppb.

10. Nitrate is a compound made up of nitrogen and oxygen. Typical sources of nitrate include nitrogen fertilizers, animal manure, and human waste from septic systems or wastewater treatment facilities. The state and federal nitrate drinking water standards are 10 parts per million (ppm). High levels of nitrates can negatively impact the ability of blood in a person's body to carry oxygen, which, in infants can cause a harmful health condition known as "blue baby syndrome." Studies suggest that high levels of nitrates may also increase the risk of certain other health problems, such as thyroid disease, diabetes, and some types of cancer. DNR and DHS recommend that no infant or any female who is or may become pregnant should consume any water that exceeds the nitrate standard, either by drinking or eating foods prepared with the water (such as formula, juices, and coffee). In addition, DHS recommends that all people avoid long-term consumption of water that has a nitrate level greater than 10 ppm.

11. DNR believes arsenic is being released into groundwater at elevated levels in the areas of Outagamie, Winnebago, and Brown Counties, at least partly because people are using more water than years ago. This has lowered the water table, drawing more arsenic into groundwater. High levels of arsenic have been found in wells in most areas of the state. Recent studies of private wells have identified high levels of nitrates in wells in the northeastern, western, and southwestern areas of Wisconsin. It is uncertain how many wells have water exceeding both the arsenic and nitrate standard.

12. The well compensation grant program was created in 1983 Wisconsin Act 410, the groundwater act, after a 1982 Legislative Council study committee made several recommendations related to groundwater. There was discussion during the development of the legislation about which contaminants were of great enough concern to be eligible for compensation. The original authorizing language created the limitation on eligibility for residential wells contaminated by nitrates and not used for livestock, and this provision has existed since then. The state nitrate standard went into effect prior to creation of the program, and the federal standard went into effect several years after the program was created.

13. In the 1980s, it was sometimes considered acceptable to address nitrate contamination by providing bottled drinking water for infants and pregnant women. DNR currently considers provision of bottled water a temporary solution to drinking water quality issues and not a viable long-term solution because it is cumbersome and expensive. NR 738 authorizes provision of temporary emergency water supplies for up to six months when a water supply is adversely affected by environmental pollution or a hazardous substances discharge. However, this code provision specifically excludes contamination by nitrates.

14. Per- and polyfluoroalkyl substances (PFAS) are synthetic, water-resistant compounds commonly found in nonstick surfaces, cookware, paint, and firefighting foam. They are an emerging class of contaminants that were not researched extensively until the early 2000s, when the National Institute for Occupational Safety and Health (NIOSH) began investigations of industrial workplace exposure. The Environmental Protection Agency reports that there are at least 12,000 unique types of PFAS. They are resistant to temperature, water, and oil. Epidemiological research and studies indicate that PFAS are toxic to humans, as they do not easily degrade and tend to accumulate in humans, animals, and the environment. In parts of the state, PFAS have dispersed through the environment from such sources as: (a) discharges of firefighting foams in municipal and military firefighting uses; and (b) industrial waste discharged to municipal sewerage systems, and then applied to land as septage (bio-solids). DNR maintains an interactive data map which displays all locations in the state where PFAS contamination has been identified. Each year, more locations are identified.

15. In June of 2022, the U.S. Environmental Protection Agency (EPA) updated a 2016 interim federal health advisory for two chemicals in the PFAS family of compounds, PFOA and PFOS. The 2022 action lowered the advisory level from 70 parts per trillion (ppt) to 0.004 ppt and 0.02 ppt, respectively. In March of 2023, the EPA released a draft of proposed rules for PFOA and PFOS at a limit of 4 ppt in drinking water. A hazard index would apply to four other forms of PFAS. Wisconsin's drinking water limit is currently set at 70 ppt for PFOA and PFOS. The state's maximum contaminant levels (MCLs) were created to match federal guidance from 2016 and would ultimately have to conform to the federal change.

16. DNR recommends, but does not require, that private well owners test their water annually. The state does not require private well owners to take any specific action if their well produces water with arsenic concentrations above 10 ppb or nitrate concentrations above 10 ppm. If a well owner wants to reduce the consumption of water containing arsenic or nitrate, the owner generally has the following options: (a) replace the well by constructing a new deeper well; (b) install a treatment system designed to remove nitrates; (c) connect to a community water supply (a public water system that serves at least 15 service connections used by year-round residents) instead of continuing to use the well; (d) reconstruct the well by deepening it, adding a liner, replacing the pump or making other physical modifications; or (e) temporarily use bottled drinking water. There is no specific nitrate or arsenic concentration threshold that determines which of these options a well owner should take. The well owner's decision on how to respond to arsenic or nitrate contamination is based on factors such as the owner's level of concern about the health risks of nitrates or arsenic, whether infants or pregnant women are consuming the water, the cost and affordability of options, the expected timeframe for a residence to be using the well, nearby land uses that may produce contaminants affecting the well, the well depth necessary to obtain water that does not exceed the drinking water threshold, the ability of a treatment system to treat the specific arsenic or nitrate level at the well, and the availability and proximity of a nearby community water supply.

17. Under current law, a well producing water with PFOA or PFOS concentrations at 70 ppt or above is eligible for a well compensation or well abandonment grant, based on the state MCL. Further, the promulgation of a federal MCL would make wells eligible for the state-funded well compensation program under current law if the contamination were from PFOA or PFOS at a concentration of at least 4 ppt, or from other federally-specified PFAS with a cumulative exposure reaching the hazard index. Under the bill, a well would also be eligible under the state-funded program if it produces water containing levels of specified PFAS compounds in excess of a federal interim drinking water health advisory, but only until the advisory would be superseded by the federal MCL or state enforcement standard. The federal rule is expected to be promulgated in 2023 or 2024.

18. The rationale for expanding grant eligibility to residential well contamination from nitrates that exceeds 10 ppm and arsenic that exceeds 10 ppb is that these are the federal and state standards. DNR does not track how many residential wells have nitrate contamination above 10 ppm, but the Department estimates that approximately 42,000 wells (6% of approximately 700,000 private wells in the state) produce water with nitrate contamination above the 10 ppm standard. DNR does not track how many wells have arsenic contamination above 10 ppb, but the Department estimates that 40,000 wells (5.7% of approximately 700,000 private wells in the state) produce water with arsenic contamination above the 10 ppb standard and below a 50 ppb background concentration threshold. The prevalence of PFAS-contaminated wells is unknown; additional affected wells are discovered as households seek testing, such as in conjunction with nearby site investigations.

19. The full cost of replacing nitrate-, arsenic-, or PFAS-contaminated wells in Wisconsin is unknown. The 2022 report of the Wisconsin Groundwater Coordinating Council (GCC) estimates a total replacement cost of \$446 million for an estimated 42,000 wells with nitrate exceeding 10 ppm. The 2022 GCC report also notes a variety of data sources indicate nitrate contamination of groundwater "has increased in more locations over time rather than decreased." Some portion of households served by contaminated wells would be eligible for well compensation grants. However,

the income distribution of households with contaminated wells is unknown. It is likely that currently available balances in the well compensation program and the environmental management account are not sufficient to address expeditiously a significant number of wells with nitrate contamination exceeding 10 ppm.

ARPA-Funded Well Compensation Grant Program

20. In August of 2022, the Governor announced a \$10 million federal American Rescue Plan Act (ARPA)-funded well compensation grant program to support the replacement, reconstruction, treatment, or abandonment of contaminated private wells. The program is based on the state's current well compensation grant program; however, eligibility and income criteria are consistent with the criteria proposed under Assembly Bill 43/Senate Bill 70. Therefore, the ARPA-funded program may indicate the number of wells and grant funds eligible each year under the provisions of the bill.

21. DNR reports that the ARPA-funded program began accepting applications on October 3, 2022. Table 2 shows all data from the ARPA-funded program as of April 1, 2023. A total of 230 applications have been received for well compensation and well abandonment grants. Of those, 186 applications were for private contaminated wells, and 44 were for transient non-community water supplies. Of the 230 total applications, 96 have been approved for well compensation grant awards, with 80 having nitrate contamination above 10 parts per million, six with arsenic contamination above 10 parts per billion, one with PFAS contamination above 70 parts per trillion, and nine with other contaminants. \$1.5 million in eligible awards have been approved for payment, and \$99,200 has been expended as of April 1, 2023.

TABLE 2

ARPA-Funded Well Compensation Grant Program

<u>Grant Type</u>	<u>Total Applicants</u>		<u>Applicant Status</u>			<u>Awards Issued</u>
	<u>Private Well</u>	<u>Transient Non-Community Water Supply</u>	<u>Under Review</u>	<u>Eligible</u>	<u>Ineligible</u>	
Well Compensation	131	41	32	27	17	96
Well Abandonment	55	3	2	1	4	51

<u>Grant Type</u>	<u>Contaminants Reported for Awarded Grants</u>				<u>Total ARPA Grant Funds Awarded</u>	
	<u>Nitrate</u>	<u>Arsenic</u>	<u>PFAS</u>	<u>Other</u>	<u>Eligible Awards</u>	<u>Actual Funds Paid</u>
Well Compensation	80	6	1	9	\$1,509,400	\$99,200
Well Abandonment	N/A	N/A	N/A	N/A		

22. The ARPA-funded program has been in effect since October 3, 2022. Given that the program operated under identical criteria to the proposed program under AB 43/SB 70, it could be estimated that up to \$3 million in claims annually would be eligible for reimbursement.

23. 2021 Wisconsin Act 58, the biennial budget act, provided an additional \$1 million each year to the well compensation grant program on a one-time basis in the 2021-23 biennium, bringing its total authorization to \$1.2 million annually. However, DNR reports that the funds were unspent due to program eligibility requirements that precluded applicants. DNR indicates that if increased funding is provided without changes to program eligibility, the funding will continue to remain unspent.

24. Due to the public health concerns in consuming water from wells contaminated with nitrate, arsenic, and PFAS, the Committee could consider adopting provisions of AB 43/SB 70 to change eligibility for the well compensation grant program [Alternatives A1, B1, and C1]. While the bill would expand eligibility to nitrate, arsenic, and PFAS contamination, the eligibility expansion would conflict with two provisions in current law. The bill would not exempt arsenic or nitrate contamination from the requirement that DNR must deny claims that exceed the background level of contamination. Currently, this statutory provision precludes claims with arsenic concentration less than 50 ppb. In addition, the bill does not exempt arsenic or nitrate contamination from the requirement that DNR must deny claims if the contaminated private water supply is a residential water supply contaminated by bacteria or nitrates or both, and is not contaminated by any other substance. If the Committee chooses to expand eligibility for arsenic [Alternative A1] or nitrates [Alternative B1], it would be appropriate to include these exemptions from the current provisions for denial of claims to make it clear that arsenic and nitrate contamination are eligible. It could also be argued that DNR should be required to prioritize claims with nitrate contamination according to the level of contamination [Alternative B2], due to the desirability of eliminating wells with the greatest risks to public health.

25. Some may suggest that the recommended expansion of eligibility for arsenic, nitrate, and PFAS contamination should not be approved because: (a) contaminated wells should be replaced by the owner as a normal part of the responsibility of owning a property; and (b) households that do not have sufficient funds on hand to pay for the cost of replacing a contaminated well have the option of seeking a loan from a financial institution. The Committee could take no action on expansion for arsenic, nitrates, and PFAS [Alternatives A2, B3, and C2].

Income Limit, Eligible Facilities, Grant Formula Changes, and Funding

26. The maximum well compensation grant program income has not been increased since 1995. A decision on whether to increase the maximum income limit could be made separately from the decision on whether to change the eligibility for arsenic, nitrate, and PFAS contamination. Some might argue that the maximum eligible income should be increased to \$100,000 to benefit additional households with moderate incomes [Alternative D1]. This would also recognize the financial difficulty that a household with income between \$65,000 and \$100,000 might experience in paying for the \$18,900 average well replacement cost estimated by DNR. A \$100,000 maximum eligibility income may also be appropriate given \$65,000, when adjusted for inflation by the national Consumer Price Index since July, 1995, would be approximately \$130,100 in present value.

27. To avoid a significant increase in the program's income limit, the Committee could also approve an increase to \$80,000 in annual family income [Alternative D2]. Leaving the program income limit at \$65,000 [Alternative D3] would also continue to target assistance to those households perhaps least likely to afford the cost of well replacement.

28. The Committee could allow transient non-community water supplies to be eligible for grant funds [Alternative E1]. These water supplies include places like gas stations or campgrounds, where people do not remain for long periods of time. Such places can function as necessary drinking water providers for short-term customers and visitors, and who may be unable to afford well replacement costs. The Committee could also take no action [Alternative E2].

29. Providing all grants at 75% of costs instead of phasing the grant down by 30% of the amount by which income exceeds a threshold (such as the \$45,000 current law threshold) as income increases could be viewed preferable to avoid additional administrative impositions on DNR program staff. Further, DNR indicates the grant reduction formula often results in no, or a minimal, well abandonment award, which are generally smaller awards than well compensation grants. The Committee could consider repealing the grant phase-out [Alternative F1]. The Committee could also consider increasing the grant phase-out income level to \$65,000 [Alternative F2].

30. Under AB 43/SB 70, DNR would be authorized to award grants of up to 100% of costs for households with up to the statewide median family income (estimated at \$85,028 in 2021). This could be viewed as reasonable to provide additional support to families and households under the program [Alternative G1]. However, many state grant programs require some percentage match by participants, which helps ensure grantees administer projects with appropriate oversight for costs and quality if the project involves state funding. The Committee could authorize DNR to issue 100% grants for grantees below the statewide median household income (estimated at \$69,021 in 2021), to better target assistance to those most in need [Alternative G2]. The Committee could also take no action [Alternative G3], under which DNR could continue using hardship provisions of NR 738.

31. The provision of additional funding in 2024-25 under AB 43/SB 70 would have the effect of appropriating additional state funding as allocated federal funding is expiring. States must fully obligate their discretionary allocations under ARPA by December 31, 2024, and the funds must be fully expended by December 31, 2026. Any funds that have not been obligated or expended by those dates must be returned to the U.S. Treasury Department. With federal funding no longer allocable as of January 1, 2025, the Committee could consider providing \$1,000,000 beginning in 2024-25 [Alternative H1] or \$500,000 beginning in 2024-25 [Alternative H2]. Funding could be from either of GPR or environmental management SEG. It could be argued that the ARPA-funded program, with nearly \$8.5 million in remaining, uncommitted grant funding, is sufficient, and expansion of the state program is not necessary.

ALTERNATIVES

A. Eligibility for Arsenic Contamination

1. Add to the definition of eligible contaminated well or private water supply a well that

produces water containing arsenic of at least 10 parts per billion. In addition, exempt wells with arsenic contamination of at least 10 parts per billion from the requirements that: (a) a claim shall be denied if the concentration exceeds the background concentration of the contaminant; and (b) the contaminated private water supply is a residential water supply contaminated by bacteria or nitrates or both, and is not contaminated by any other substance.

2. Take no action. (Wells with contamination from arsenic of at least 10 ppb and less than 50 ppb would continue to be ineligible for the state-funded program.)

B. Eligibility for Nitrate Contamination

1. Make the following statutory changes to the program: (a) add to the definition of eligible contaminated well or private water supply a well that produces water containing nitrates of at least 10 parts per million; (b) delete the current limitations on claims for contamination by nitrates, making residential wells with nitrate contamination eligible; and (c) authorize DNR to prioritize claims for nitrate contamination based on five categories of concentration of parts per million nitrate nitrogen, with higher priority provided to higher concentrations, as specified in AB 43/SB 70. In addition, exempt wells with nitrate contamination of at least 10 parts per million from the current requirements that a claim be denied if: (a) the concentration exceeds the background concentration of the contaminant; and (b) the contaminated private water supply is a residential water supply contaminated by bacteria or nitrates or both, and is not contaminated by any other substance.

2. Approve Alternative B1, but require DNR to prioritize eligibility for higher concentrations of nitrates.

3. Take no action.

C. Eligibility for PFAS Contamination

1. Specify that a well producing water containing levels of per- or polyfluoroalkyl substances in excess of the maximum level set by federal or state law is eligible for grant funds.

2. Take no action. (Wells with PFAS contamination would continue to be ineligible for the program).

D. Maximum Income

1. Increase the maximum eligible annual family income of the landowner or lessee of the property on which the contaminated well is located to \$100,000.

2. Increase the maximum eligible annual family income of the landowner or lessee of the property on which the contaminated well is located to \$80,000.

3. Take no action. (This would maintain the current \$65,000 maximum annual family income.)

E. Transient Non-Community Water Supplies

1. Allow an owner or renter of a transient non-community water supply to apply for a grant. (A transient non-community water supply is defined as a water system that serves at least 25 persons at least 60 days of the year but that does not regularly serve at least 25 of the same persons over six months per year.)
2. Take no action. (This would maintain current law wherein owners or renters of transient non-community water supplies are not eligible for grants under the program).

F. Grant Formula

1. Repeal the current requirement that the grant is reduced by 30% of the amount by which the claimant's family income exceeds \$45,000.
2. Specify grants are reduced by 30% of the amount by which the claimant's family income exceeds \$65,000 (instead of \$45,000 under current law).
3. Take no action. (This would maintain the current law reduction of the grant by 30% of the amount by which the claimant's family income exceeds \$45,000.)

G. Eligibility for 100% Grant

1. Authorize DNR to award a grant of up to 100% of eligible costs if the annual family income of the claimant is below the median family income of the state (\$85,028 in 2021).
2. Authorize DNR to award a grant of up to 100% of eligible costs if the annual family income of the claimant is below the median household income of the state (\$69,021 in 2021).
3. Take no action. (DNR could continue to utilize the current administrative code provisions of NR 738 for supplemental financial assistance beyond the amounts provided from the well compensation grant appropriation.)

H. Well Compensation Grant Program Funding

1. Provide \$1,000,000 in 2024-25 for well compensation and well abandonment grants. Specify one of the following fund sources:
 - a. GPR in a new annual appropriation; or

ALT H1a	Change to Base
GPR	\$1,000,000

- b. Environmental management SEG.

ALT H1b	Change to Base
SEG	\$1,000,000

2. Provide \$500,000 in 2024-25 for well compensation and well abandonment grants. Specify one of the following fund sources:

- a. GPR in a new annual appropriation; or

ALT H2a	Change to Base
GPR	\$500,000

- b. Environmental management SEG.

ALT H2b	Change to Base
SEG	\$500,000

3. Take no action. (Base funding would remain \$200,000 environmental management SEG each year.)

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