

Senate Finance Committee

Deb Martone 271-4980

SB 541-FN-A, making an appropriation for regional drinking water infrastructure.

Hearing Date: January 20, 2026

Time Opened: 1:17 p.m.

Time Closed: 1:35 p.m.

Members of the Committee Present: Senators Gray, Innis, Birdsell, Lang, Rosenwald and Watters

Members of the Committee Absent: Senators Carson and Pearl

Bill Analysis: This bill makes an appropriation to the department of environmental services to fund regional drinking water infrastructure.

Sponsors:

Sen. Abbas

Sen. McGough

Sen. Birdsell

Sen. Avarad

Sen. Carson

Rep. DeSimone

Rep. Donnelly

Rep. Harb

Rep. Nelson

Rep. Sweeney

Who supports the bill: Senators Abbas and McGough; Sara Burke Cohen; Nick Taylor; Philip Croasdale; Fred Wallace; Wayne Amark; Charlie Lanza; Jeremy Bouvier; Nancy Bishop; Sara Persechino;

Who is neutral on the bill: Adam Crepeau; Mike Unger

Summary of testimony presented in support:

Senator Abbas, Prime Sponsor:

- There was a similar bill to this last session. It involves the Southern New Hampshire Regional Water Pipeline Project. Much infrastructure has already been invested in this project.
- This bill would appropriate \$16.5 million toward the project. Senator Abbas understands that is a difficult number.
- Money has been allocated for many miscellaneous parts of the project. One pumping station will be built in and maintained by the Town of Derry, but to complete that phase of the project they actually need two pumping stations.
- They are looking to pump approximately two million gallons of water per day. Most of the piping has already been put in. It is simply delivering the water.
- This project will serve the communities of Salem, Windham, minor parts of Derry, Plaistow, Atkinson, and Hampstead.

- There is much development going on in the southern part of the state. Much of it is restricted by what you can and cannot do based on what utility services you have, particularly in Salem. The development impacts Derry, Hampstead and Atkinson around Route 11. There is much state-owned land located in that area.
- There is also the potential for additional development, particularly with the allowance of commercial property for residential use. But again, with the lack of municipal utilities, it does limit what can be developed.
- There is a public interest in completing this project. The question is securing the financing.
- Clean, drinking water benefits all communities.

Neutral Information Presented:

Adam Crepeau, Assistant Commissioner, Department of Environmental Services:

- SB 541-FN-A would allow the Department and the communities of Salem, Windham, Hampstead, Atkinson, Plaistow, and many other southern New Hampshire communities to connect to clean, drinking water. We already have about one million gallons flowing to those communities today.
- Quite a bit of investment has gone into this project, which is a multi-year, multi-phase project to address PFAS contamination and economic development, and is by far one of the largest projects that the Department has worked on over the years.
- This funding would complete Phase 2b, which was funded via ARPA and various other funds. Some of Phase 2b was funded last session through a \$5 million capital appropriation and a \$11.5 million appropriation through the Drinking Water Groundwater Trust Fund.
- SB 541-FN-A would provide an additional \$16 million to complete Phase 2b. One million gallons is currently flowing into those communities. The project would allow for up to 3.13 million gallons to flow into those southern New Hampshire communities and will round out that project.
- The Department takes no position on the source of funds used for this. It believes it is an important project worth considering.
- If the Legislature does move forward with an appropriation, there are efforts being made to try and obtain federal funding for this project to supplant an appropriation. The Department can help draft an amendment should the committee desire one.
- Senator Gray indicated the Department can draft the amendment whether or not an appropriation is made or federal funds are sought. He suggested the Department do so, regardless of the state of the bill. Commissioner Crepeau agreed to provide an amendment.

Mike Unger, Drinking Water Program, Department of Environmental Services:

- Mr. Unger is the primary DES engineer on this project, working with the communities involved.
- There are members of the partner communities attending this hearing. They include Manchester Water Works, Salem, and Hampstead Area Water Company. These folks are available if there are specific questions for them.

- The Department is looking for the funding to complete Phase 2, which would let the water flow to the full 3.13 million gallons a day, which was in the intermunicipal agreement.
- Senator Rosenwald inquired if the Department had considered seeking authority for bonding the project. Commissioner Crepeau stated in the last Capital Budget they received \$5 million to bond this part of the project but the total cost is tens of millions of dollars. The remaining cost is \$19.83 million. Costs have escalated a little bit since the bill was drafted.
- Senator Lang assumed the Drinking Water Groundwater Trust Fund is zeroed out. There is no money available in the fund. This appropriation would be a General Fund appropriation? Commissioner Crepeau stated the Drinking Water Groundwater Trust Fund does have some funding in it, but that fund is governed by an advisory commission who determines where those funds go, not the Department. Senator Waters happens to sit on that commission. Senator Lang wondered if the bill must specify federal funding. Commissioner Crepeau indicated in other bills the Department has been involved with they have specified should other funds become available, those funds will supplant whatever funding is appropriated.
- Senator Rosenwald asked if the Legislature had previously appropriated money from the Drinking Water Groundwater Trust Fund for lead testing and for water. Commissioner Crepeau stated they had for schools and daycare centers. Senator Rosenwald reasoned the Legislature could also appropriate money from the Trust fund because the commission is a legislatively-created body. The Legislature could decide to appropriate money in addition to the commission. Commissioner Crepeau noted the Department does not have unilateral authority to take money out of the Trust Fund and designate it.
- Senator Watters indicated he does serve on the advisory commission. He was very supportive of this project in general. And he supported taking money out of the Trust Fund as mandated by HB 2 as it made sense. This bill makes sense, as well. But the advisory commission had to ensure that the Trust Fund would still be able to fund projects out to the 20-year date that was envisioned for PFAS and other remediation. They have to ensure funding to help people with their wells and water systems as a result of PFAS and many other projects. That appropriation out of the Trust Fund did require the advisory commission to reassess and re-estimate how far out the existing funding in the Trust Fund would last and prioritize projects.
- The trend has been to issue grants out of the Trust Fund to try and extend the life of those funds and get more value out of each dollar. The commission has a formula whereby it determines the capacity of communities to raise taxes. Certain criteria determines how much is granted versus how much is loaned. This is why it would be smart for this appropriation to come out of General Funds.
- This project is very unique to the other projects that the Trust Fund pays for or issues grants or loans to because it involves so many communities and affects so many different people on drinking water systems. There is not a good way to appropriate this amongst all the communities. The Department does have

agreements with all of the communities. But the funding becomes a little bit more difficult when you're allocating who's paying for what. That is why this is being sought out of the General Fund.

- Senator Rosenwald inquired if there have been any internal discussions about asking the communities that are going to benefit from this infrastructure to contribute to the cost of it. Commissioner Crepeau indicated there had been some discussions. Mr. Unger explained the communities are contributing by paying a "source development charge" to Manchester Water Works. That is a capital fee that is assessed whenever a new customer connects. Most if not all of the partners have received authority for that funding. It totals approximately \$11 million, which are direct contributions by the communities themselves to the project. There have been conversations about getting additional funding, whether it's through developer impact fees or other mechanisms. But at this point the source development charge is what they've committed to.

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Date Hearing Report completed: January 23, 2026