

109TH CONGRESS  
1ST SESSION

# H. R. 1708

To amend the Internal Revenue Code of 1986 to provide that the volume cap for private activity bonds shall not apply to bonds for facilities for the furnishing of water and sewage facilities.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 19, 2005

Mr. SHAW (for himself, Mr. DAVIS of Florida, Mr. ENGLISH of Pennsylvania, Mr. THOMPSON of California, and Mr. TURNER) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to provide that the volume cap for private activity bonds shall not apply to bonds for facilities for the furnishing of water and sewage facilities.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Clean Water Invest-  
5 ment and Infrastructure Security Act of 2005”.

6 **SEC. 2. FINDINGS AND PURPOSE.**

7 (a) FINDINGS.—Congress finds the following:

1           (1) Our Nation’s water and wastewater systems  
2           are among the best in the world, providing safe  
3           drinking water and sanitation to our citizens.

4           (2) In addition to protecting the health of our  
5           citizens, community water systems are essential to  
6           our local economies, enabling industries to achieve  
7           growth and productivity that makes America strong  
8           and prosperous.

9           (3) Regulated under title XIV of the Public  
10          Health Service Act (42 U.S.C. 300f et seq.; com-  
11          monly known as the “Safe Drinking Water Act”) and the Federal Water Pollution Control Act (33  
12          U.S.C. 1251 et seq.), community drinking water sys-  
13          tems and wastewater collection and treatment facili-  
14          ties are critical elements in the Nation’s infrastruc-  
15          ture.  
16

17          (4) Water and wastewater infrastructure is  
18          comprised of a mixture of old and new technology.  
19          The old infrastructure is deteriorating and is costly  
20          to replace. Recent government studies have esti-  
21          mated costs of \$500–\$800 billion over the next 20  
22          years for maintaining and improving the existing in-  
23          ventory, building new infrastructure, and meeting  
24          new water quality standards.

1           (5) Many local communities have neither the re-  
2           sources for water infrastructure rehabilitation, nor  
3           post-9/11 security upgrades, and need to find cre-  
4           ative solutions to this funding crisis.

5           (6) The historical approach of funding infra-  
6           structure is insufficient to meet the investment  
7           needs of the future. Federal financial assistance pro-  
8           grams have been dramatically reduced since the  
9           1970s, and currently are not sufficient to address  
10          the infrastructure funding crisis.

11          (7) The Federal partnership with State and  
12          local communities has played a pivotal role in im-  
13          proving the Nation's water quality and drinking  
14          water supplies. Federal assistance under this part-  
15          nership has been the linchpin of these improvements.

16          (8) In light of constrained Federal budgets, the  
17          availability of tax-exempt financing represents an  
18          important financing tool to help close the gap be-  
19          tween available Federal assistance and water infra-  
20          structure needs while preserving the Federal part-  
21          nership.

22          (9) Providing alternative financing solutions,  
23          such as tax-exempt securities, encourages investment  
24          in water and wastewater infrastructure that in turn

1 creates local jobs and protects the health of our citi-  
2 zens.

3 (10) Federally mandated State volume cap re-  
4 strictions in conjunction with other priorities have  
5 limited the use of tax-exempt securities on water and  
6 wastewater infrastructure investment.

7 (11) Removal of State volume caps for water  
8 and wastewater infrastructure will make lower inter-  
9 est capital available and enable municipalities, water  
10 districts, investor owned utilities, public-private part-  
11 nerships, rural water corporations, and river authori-  
12 ties to upgrade the Nation's critical water and  
13 wastewater infrastructure at the lowest possible cost  
14 and comply with Federal mandates.

15 (b) PURPOSE.—The purpose of this Act is to provide  
16 alternative financing for long-term infrastructure capital  
17 investment that is currently not being met by existing in-  
18 vestment programs, and to restore the Nation's safe  
19 drinking water and wastewater infrastructure capability  
20 and protect the health of our citizens.

21 **SEC. 3. TAX-EXEMPT BONDS FOR SEWAGE AND WATER SUP-**  
22 **PLY FACILITIES.**

23 (a) BONDS FOR WATER AND SEWAGE FACILITIES  
24 EXEMPT FROM VOLUME CAP ON PRIVATE ACTIVITY  
25 BONDS.—Paragraph (3) of section 146(g) of the Internal

1 Revenue Code of 1986 (relating to exception for certain  
2 bonds) is amended—

3 (1) by inserting “(4), (5), ” after “(2),”, and

4 (2) by inserting “facilities for the furnishing of  
5 water, sewage facilities,” after “docks and  
6 wharves,”.

7 (b) CONFORMING CHANGE.—Paragraph (2) and  
8 paragraph (3)(B) of section 146(k) of such Code are both  
9 amended by striking “(4), (5), (6),” and inserting “(6)”.

10 (c) EFFECTIVE DATE.—The amendments made by  
11 this section shall apply to obligations issued after the date  
12 of the enactment of this Act.

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