

110TH CONGRESS  
1ST SESSION

# H. R. 720

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IN THE SENATE OF THE UNITED STATES

MARCH 12, 2007

Received; read twice and referred to the Committee on Environment and  
Public Works

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## AN ACT

To amend the Federal Water Pollution Control Act to authorize appropriations for State water pollution control revolving funds, and for other purposes.

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

**1 SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) IN GENERAL.—This Act may be cited as the  
 3 “Water Quality Financing Act of 2007”.

4 (b) TABLE OF CONTENTS.—

Sec. 1. Short title; table of contents.

Sec. 2. Amendment of Federal Water Pollution Control Act.

**TITLE I—TECHNICAL AND MANAGEMENT ASSISTANCE**

Sec. 101. Technical assistance.  
 Sec. 102. State management assistance.  
 Sec. 103. Watershed pilot projects.

**TITLE II—CONSTRUCTION OF TREATMENT WORKS**

Sec. 201. Sewage collection systems.  
 Sec. 202. Treatment works defined.  
 Sec. 203. Policy on cost effectiveness.

**TITLE III—STATE WATER POLLUTION CONTROL REVOLVING FUNDS**

Sec. 301. General authority for capitalization grants.  
 Sec. 302. Capitalization grant agreements.  
 Sec. 303. Water pollution control revolving loan funds.  
 Sec. 304. Allotment of funds.  
 Sec. 305. Intended use plan.  
 Sec. 306. Annual reports.  
 Sec. 307. Technical assistance.  
 Sec. 308. Authorization of appropriations.

**TITLE IV—GENERAL PROVISIONS**

Sec. 401. Definition of treatment works.  
 Sec. 402. Funding for Indian programs.

**TITLE V—STUDIES**

Sec. 501. Study of long-term, sustainable, clean water funding.  
 Sec. 502. Feasibility study of supplemental and alternative clean water funding mechanisms.  
 Sec. 503. Great Lakes water quality.

**TITLE VI—TONNAGE DUTIES**

Sec. 601. Tonnage duties.

**TITLE VII—SECURE MARITIME AND VESSEL WORKFORCE**

Sec. 701. Prohibition of issuance of transportation security cards to convicted felons.

1 **SEC. 2. AMENDMENT OF FEDERAL WATER POLLUTION CON-**2 **TROL ACT.**

3        Except as otherwise expressly provided, whenever in  
4 this Act an amendment or repeal is expressed in terms  
5 of an amendment to, or repeal of, a section or other provi-  
6 sion, the reference shall be considered to be made to a  
7 section or other provision of the Federal Water Pollution  
8 Control Act (33 U.S.C. 1251 et seq.).

9        **TITLE I—TECHNICAL AND**  
10        **MANAGEMENT ASSISTANCE**11 **SEC. 101. TECHNICAL ASSISTANCE.**

12        (a) **TECHNICAL ASSISTANCE FOR RURAL AND SMALL**  
13 **TREATMENT WORKS.**—Section 104(b) (33 U.S.C.  
14 1254(b)) is amended—

15                (1) by striking “and” at the end of paragraph  
16 (6);

17                (2) by striking the period at the end of para-  
18 graph (7) and inserting “; and”; and

19                (3) by adding at the end the following:

20                “(8) make grants to nonprofit organizations—  
21                        “(A) to provide technical assistance to  
22 rural and small municipalities for the purpose  
23 of assisting, in consultation with the State in  
24 which the assistance is provided, such munici-  
25 palities in the planning, developing, and acquisi-

3                         “(B) to provide technical assistance and  
4                         training for rural and small publicly owned  
5                         treatment works and decentralized wastewater  
6                         treatment systems to enable such treatment  
7                         works and systems to protect water quality and  
8                         achieve and maintain compliance with the re-  
9                         quirements of this Act; and

18 (b) AUTHORIZATION OF APPROPRIATIONS.—Section

19 104(u) (33 U.S.C. 1254(u)) is amended—

20 (1) by striking “and (6)” and inserting “(6)”;

21 and

22 (2) by inserting before the period at the end the  
23 following: “; and (7) not to exceed \$75,000,000 for  
24 each of fiscal years 2008 through 2012 for carrying  
25 out subsections (b)(3) and (b)(8), except that not

1 less than 20 percent of the amounts appropriated  
2 pursuant to this paragraph in a fiscal year shall be  
3 used for carrying out subsection (b)(8)’.

4 (c) SMALL FLOWS CLEARINGHOUSE.—Section  
5 104(q)(4) (33 U.S.C. 1254(q)(4)) is amended—

6 (1) in the first sentence by striking  
7 “\$1,000,000” and inserting “\$3,000,000”; and  
8 (2) in the second sentence by striking “1986”  
9 and inserting “2009”.

10 (d) COMPETITIVE PROCEDURES FOR AWARDING  
11 GRANTS.—Section 104 (33 U.S.C. 1254(b)) is amended  
12 by adding at the end the following:

13 “(w) COMPETITIVE PROCEDURES FOR AWARDING  
14 GRANTS.—The Administrator shall establish procedures  
15 that, to the maximum extent practicable, promote com-  
16 petition and openness in the award of grants to nonprofit  
17 private agencies, institutions, and organizations under this  
18 section.”.

19 **SEC. 102. STATE MANAGEMENT ASSISTANCE.**

20 Section 106(a) (33 U.S.C. 1256(a)) is amended—

21 (1) by striking “and” at the end of paragraph  
22 (1);

23 (2) by striking the semicolon at the end of  
24 paragraph (2) and inserting “; and”; and

(3) by inserting after paragraph (2) the following:

3                   “(3) such sums as may be necessary for each  
4                   of fiscal years 1991 through 2007, and  
5                   \$300,000,000 for each of fiscal years 2008 through  
6                   2012;”.

## 7 SEC. 103. WATERSHED PILOT PROJECTS.

8 (a) PILOT PROJECTS.—Section 122 (33 U.S.C.  
9 1274) is amended—

10 (1) in the section heading by striking “**WET**  
11 **WEATHER**”; and

12 (2) in subsection (a)—

13 (A) in the matter preceding paragraph (1)  
14 by striking “wet weather discharge”;

15 (B) in paragraph (2) by striking “in reduc-  
16 ing such pollutants” and all that follows before  
17 the period at the end and inserting “to manage,  
18 reduce, treat, or reuse municipal stormwater,  
19 including low-impact development technologies”;  
20 and

21 (C) by adding at the end the following:

22                   “(3) WATERSHED PARTNERSHIPS.—Efforts of  
23                   municipalities and property owners to demonstrate  
24                   cooperative ways to address nonpoint sources of pol-  
25                   lution to reduce adverse impacts on water quality.

1                   “(4) INTEGRATED WATER RESOURCE PLAN.—

2                   The development of an integrated water resource  
3                   plan for the coordinated management and protection  
4                   of surface water, ground water, and stormwater re-  
5                   sources on a watershed or subwatershed basis to  
6                   meet the objectives, goals, and policies of this Act.”.

7                   (b) AUTHORIZATION OF APPROPRIATIONS.—Section  
8                   122(c)(1) is amended by striking “for fiscal year 2004”  
9                   and inserting “for each of fiscal years 2004 through  
10                   2012”.

11                   (c) REPORT TO CONGRESS.—Section 122(d) is  
12                   amended by striking “5 years” and inserting “10 years”.

13                   **TITLE II—CONSTRUCTION OF  
14                   TREATMENT WORKS**

15                   **SEC. 201. SEWAGE COLLECTION SYSTEMS.**

16                   Section 211 (33 U.S.C. 1291) is amended—

17                   (1) by striking the section designation and all  
18                   that follows through “(a) No” and inserting the fol-  
19                   lowing:

20                   **“SEC. 211. SEWAGE COLLECTION SYSTEMS.**

21                   “(a) IN GENERAL.—No”;

22                   (2) in subsection (b) by inserting “POPULATION  
23                   DENSITY.—” after “(b)”;

24                   (3) by striking subsection (c) and inserting the  
25                   following:

1       “(c) EXCEPTIONS.—

2           “(1) REPLACEMENT AND MAJOR REHABILITA-  
3           TION.—Notwithstanding the requirement of sub-  
4           section (a)(1) concerning the existence of a collection  
5           system as a condition of eligibility, a project for re-  
6           placement or major rehabilitation of a collection sys-  
7           tem existing on January 1, 2007, shall be eligible for  
8           a grant under this title if the project otherwise  
9           meets the requirements of subsection (a)(1) and  
10          meets the requirement of paragraph (3).

11          “(2) NEW SYSTEMS.—Notwithstanding the re-  
12          quirement of subsection (a)(2) concerning the exist-  
13          ence of a community as a condition of eligibility, a  
14          project for a new collection system to serve a com-  
15          munity existing on January 1, 2007, shall be eligible  
16          for a grant under this title if the project otherwise  
17          meets the requirements of subsection (a)(2) and  
18          meets the requirement of paragraph (3).

19          “(3) REQUIREMENT.—A project meets the re-  
20          quirement of this paragraph if the purpose of the  
21          project is to accomplish the objectives, goals, and  
22          policies of this Act by addressing an adverse envi-  
23          ronmental condition existing on the date of enact-  
24          ment of this paragraph.”.

1 **SEC. 202. TREATMENT WORKS DEFINED.**

2 Section 212(2)(A) (33 U.S.C. 1292(2)(A)) is amend-

3 ed—

4 (1) by striking “any works, including site”;

5 (2) by striking “is used for ultimate” and in-  
6 serting “will be used for ultimate”; and

7 (3) by inserting before the period at the end the  
8 following: “and acquisition of other lands, and inter-  
9 ests in lands, which are necessary for construction”.

10 **SEC. 203. POLICY ON COST EFFECTIVENESS.**

11 Section 218(a) (33 U.S.C. 1298(a)) is amended by  
12 striking “combination of devices and systems” and all that  
13 follows through the period at the end and inserting “treat-  
14 ment works that meets the requirements of this Act. The  
15 system may include water efficiency measures and de-  
16 vices.”.

17 **TITLE III—STATE WATER POLLU-  
18 TION CONTROL REVOLVING  
19 FUNDS**

20 **SEC. 301. GENERAL AUTHORITY FOR CAPITALIZATION  
21 GRANTS.**

22 Section 601(a) (33 U.S.C. 1381(a)) is amended by  
23 striking “for providing assistance” and all that follows  
24 through the period at the end and inserting the following:  
25 “to accomplish the objectives, goals, and policies of this

1 Act by providing assistance for projects and activities  
2 identified in section 603(c).”.

3 **SEC. 302. CAPITALIZATION GRANT AGREEMENTS.**

4 (a) REPORTING INFRASTRUCTURE ASSETS.—Section  
5 602(b)(9) (33 U.S.C. 1382(b)(9)) is amended by striking  
6 “standards” and inserting “standards, including stand-  
7 ards relating to the reporting of infrastructure assets”.

8 (b) ADDITIONAL REQUIREMENTS.—Section 602(b)  
9 (33 U.S.C. 1382(b)) is amended—

10 (1) by striking “and” at the end of paragraph  
11 (9);

12 (2) by striking the period at the end of para-  
13 graph (10) and inserting a semicolon; and

14 (3) by adding at the end the following:

15 “(11) the State will establish, maintain, invest,  
16 and credit the fund with repayments, such that the  
17 fund balance will be available in perpetuity for pro-  
18 viding financial assistance in accordance with this  
19 title;

20 “(12) any fees charged by the State to recipi-  
21 ents of assistance will be used for the purpose of fi-  
22 nancing the cost of administering the fund or fi-  
23 nancing projects or activities eligible for assistance  
24 from the fund;

1           “(13) beginning in fiscal year 2009, the State  
2 will include as a condition of providing assistance to  
3 a municipality or intermunicipal, interstate, or State  
4 agency that the recipient of such assistance certify,  
5 in a manner determined by the Governor of the  
6 State, that the recipient—

7           “(A) has studied and evaluated the cost  
8 and effectiveness of innovative and alternative  
9 processes, materials, techniques, and tech-  
10 nologies for carrying out the proposed project  
11 or activity for which assistance is sought under  
12 this title, and has selected, to the extent prac-  
13 ticable, a project or activity that may result in  
14 greater environmental benefits or equivalent en-  
15 vironmental benefits when compared to stand-  
16 ard processes, materials, techniques, and tech-  
17 nologies and more efficiently uses energy and  
18 natural and financial resources; and

19           “(B) has considered, to the maximum ex-  
20 tent practical and as determined appropriate by  
21 the recipient, the costs and effectiveness of  
22 other design, management, and financing ap-  
23 proaches for carrying out a project or activity  
24 for which assistance is sought under this title,  
25 taking into account the cost of operating and

1                   maintaining the project or activity over its life,  
2                   as well as the cost of constructing the project  
3                   or activity;

4                   “(14) the State will use at least 15 percent of  
5                   the amount of each capitalization grant received by  
6                   the State under this title after September 30, 2007,  
7                   to provide assistance to municipalities of fewer than  
8                   10,000 individuals that meet the affordability cri-  
9                   teria established by the State under section  
10                  603(i)(2) for activities included on the State’s pri-  
11                  ority list established under section 603(g), to the ex-  
12                  tent that there are sufficient applications for such  
13                  assistance;

14                  “(15) treatment works eligible under section  
15                  603(c)(1) which will be constructed in whole or in  
16                  part with funds made available under section  
17                  205(m) or by a State water pollution control revolv-  
18                  ing fund under this title, or both, will meet the re-  
19                  quirements of, or otherwise be treated (as deter-  
20                  mined by the Governor of the State) under sections  
21                  204(a)(6), 204(b)(1), 211, 218, and 511(c)(1) in the  
22                  same manner as treatment works constructed with  
23                  assistance under title II of this Act;

24                  “(16) a contract to be carried out using funds  
25                  directly made available by a capitalization grant

1 under this title for program management, construction  
2 management, feasibility studies, preliminary engineering,  
3 design, engineering, surveying, mapping,  
4 or architectural related services shall be negotiated  
5 in the same manner as a contract for architectural  
6 and engineering services is negotiated under chapter  
7 11 of title 40, United States Code, or an equivalent  
8 State qualifications-based requirement (as determined  
9 by the Governor of the State); and

“(17) the requirements of section 513 will apply to the construction of treatment works carried out in whole or in part with assistance made available by a State water pollution control revolving fund as authorized under this title, or with assistance made available under section 205(m), or both, in the same manner as treatment works for which grants are made under this Act.”.

18 SEC. 303. WATER POLLUTION CONTROL REVOLVING LOAN  
19 FUND\$.

20 (a) PROJECTS AND ACTIVITIES ELIGIBLE FOR AS-  
21 SISTANCE.—Section 603(c) (33 U.S.C. 1383(c)) is amend-  
22 ed to read as follows:

23        "(c) PROJECTS AND ACTIVITIES ELIGIBLE FOR AS-  
24 SISTANCE.—The amounts of funds available to each State

1 water pollution control revolving fund shall be used only  
2 for providing financial assistance—  
3       “(1) to any municipality or intermunicipal,  
4       interstate, or State agency for construction of pub-  
5       licly owned treatment works;  
6       “(2) for the implementation of a management  
7       program established under section 319;  
8       “(3) for development and implementation of a  
9       conservation and management plan under section  
10      320;  
11      “(4) for the implementation of lake protection  
12      programs and projects under section 314;  
13      “(5) for repair or replacement of decentralized  
14      wastewater treatment systems that treat domestic  
15      sewage;  
16      “(6) for measures to manage, reduce, treat, or  
17      reuse municipal stormwater;  
18      “(7) to any municipality or intermunicipal,  
19      interstate, or State agency for measures to reduce  
20      the demand for publicly owned treatment works ca-  
21      pacity through water conservation, efficiency, or  
22      reuse;  
23      “(8) for measures to increase the security of  
24      publicly owned treatment works; and

1           “(9) for the development and implementation of  
2       watershed projects meeting the criteria set forth in  
3       section 122.”.

4       (b) EXTENDED REPAYMENT PERIOD.—Section  
5       603(d)(1) (33 U.S.C. 1383(d)(1)) is amended—

6           (1) in subparagraph (A) by striking “20 years”  
7       and inserting “the lesser of 30 years or the design  
8       life of the project to be financed with the proceeds  
9       of the loan”; and

10          (2) in subparagraph (B) by striking “not later  
11       than 20 years after project completion” and insert-  
12       ing “upon the expiration of the term of the loan”.

13       (c) FISCAL SUSTAINABILITY PLAN.—Section  
14       603(d)(1) (33 U.S.C. 1383(d)(1)) is further amended—

15           (1) by striking “and” at the end of subpara-  
16       graph (C);

17           (2) by inserting “and” at the end of subpara-  
18       graph (D); and

19           (3) by adding at the end the following:

20           “(E) for any portion of a treatment works  
21       proposed for repair, replacement, or expansion,  
22       and eligible for assistance under section  
23       603(c)(1), the recipient of a loan will develop  
24       and implement a fiscal sustainability plan that  
25       includes—

1                             “(i) an inventory of critical assets  
2                             that are a part of that portion of the treat-  
3                             ment works;

4                             “(ii) an evaluation of the condition  
5                             and performance of inventoried assets or  
6                             asset groupings; and

7                             “(iii) a plan for maintaining, repair-  
8                             ing, and, as necessary, replacing that por-  
9                             tion of the treatment works and a plan for  
10                             funding such activities;”.

11                             (d) ADMINISTRATIVE EXPENSES.—Section 603(d)(7)  
12                             (33 U.S.C. 1383(d)(7)) is amended by inserting before the  
13                             period at the end the following: “, \$400,000 per year, or  
14                              $\frac{1}{5}$  percent per year of the current valuation of the fund,  
15                             whichever amount is greatest, plus the amount of any fees  
16                             collected by the State for such purpose regardless of the  
17                             source”.

18                             (e) TECHNICAL AND PLANNING ASSISTANCE FOR  
19                             SMALL SYSTEMS.—Section 603(d) (33 U.S.C. 1383(d)) is  
20                             amended—

21                             (1) by striking “and” at the end of paragraph  
22                             (6);

23                             (2) by striking the period at the end of para-  
24                             graph (7) and inserting “; and”; and

25                             (3) by adding at the end the following:

1           “(8) to provide owners and operators of treat-  
2       ment works that serve a population of 10,000 or  
3       fewer with technical and planning assistance and as-  
4       sistance in financial management, user fee analysis,  
5       budgeting, capital improvement planning, facility op-  
6       eration and maintenance, equipment replacement,  
7       repair schedules, and other activities to improve  
8       wastewater treatment plant management and oper-  
9       ations; except that such amounts shall not exceed 2  
10      percent of grant awards to such fund under this  
11      title.”.

12           (f) ADDITIONAL SUBSIDIZATION.—Section 603 (33  
13      U.S.C. 1383) is amended by adding at the end the fol-  
14      lowing:

15           “(i) ADDITIONAL SUBSIDIZATION.—

16           “(1) IN GENERAL.—In any case in which a  
17      State provides assistance to a municipality or inter-  
18      municipal, interstate, or State agency under sub-  
19      section (d), the State may provide additional sub-  
20      sidization, including forgiveness of principal and  
21      negative interest loans—

22           “(A) to benefit a municipality that—

23           “(i) meets the State’s affordability  
24      criteria established under paragraph (2);  
25      or

1                     “(ii) does not meet the State’s afford-  
2                     ability criteria if the recipient—

3                         “(I) seeks additional subsidiza-  
4                     tion to benefit individual ratepayers in  
5                     the residential user rate class;

6                         “(II) demonstrates to the State  
7                     that such ratepayers will experience a  
8                     significant hardship from the increase  
9                     in rates necessary to finance the  
10                    project or activity for which assistance  
11                    is sought; and

12                         “(III) ensures, as part of an as-  
13                     sistance agreement between the State  
14                     and the recipient, that the additional  
15                     subsidization provided under this  
16                    paragraph is directed through a user  
17                    charge rate system (or other appro-  
18                    priate method) to such ratepayers; or

19                         “(B) to implement an innovative or alter-  
20                     native process, material, technique, or tech-  
21                     nology (including low-impact technologies, non-  
22                     structural protection of surface waters, a new  
23                     or improved method of waste treatment, and  
24                     nutrient pollutant trading) that may result in  
25                     greater environmental benefits, or equivalent

1           environmental benefits at reduced cost, when  
2           compared to a standard process, material, tech-  
3           nique, or technology.

4           **“(2) AFFORDABILITY CRITERIA.—**

5           **“(A) ESTABLISHMENT.—**On or before Sep-  
6           tember 30, 2008, and after providing notice  
7           and an opportunity for public comment, a State  
8           shall establish affordability criteria to assist in  
9           identifying municipalities that would experience  
10           a significant hardship raising the revenue nec-  
11           essary to finance a project or activity eligible  
12           for assistance under section 603(c)(1) if addi-  
13           tional subsidization is not provided. Such cri-  
14           teria shall be based on income data, population  
15           trends, and other data determined relevant by  
16           the State.

17           **“(B) EXISTING CRITERIA.—**If a State has  
18           previously established, after providing notice  
19           and an opportunity for public comment, afford-  
20           ability criteria that meet the requirements of  
21           subparagraph (A), the State may use the cri-  
22           teria for the purposes of this subsection. For  
23           purposes of this Act, any such criteria shall be  
24           treated as affordability criteria established  
25           under this paragraph.

## 1                   “(C) INFORMATION TO ASSIST STATES.—

2                   The Administrator may publish information to  
3                   assist States in establishing affordability cri-  
4                   teria under subparagraph (A).5                   “(3) PRIORITY.—A State may give priority to a  
6                   recipient for a project or activity eligible for funding  
7                   under section 603(c)(1) if the recipient meets the  
8                   State’s affordability criteria.

## 9                   “(4) SET-ASIDE.—

10                  “(A) IN GENERAL.—In any fiscal year in  
11                  which the Administrator has available for obli-  
12                  gation more than \$1,000,000,000 for the pur-  
13                  poses of this title, a State shall provide addi-  
14                  tional subsidization under this subsection in the  
15                  amount specified in subparagraph (B) to eligi-  
16                  ble entities described in paragraph (1) for  
17                  projects and activities identified in the State’s  
18                  intended use plan prepared under section  
19                  606(c) to the extent that there are sufficient  
20                  applications for such assistance.21                  “(B) AMOUNT.—In a fiscal year described  
22                  in subparagraph (A), a State shall set aside for  
23                  purposes of subparagraph (A) an amount not  
24                  less than 25 percent of the difference be-  
25                  tween—

1                             “(i) the total amount that would have  
2                             been allotted to the State under section  
3                             604 for such fiscal year if the amount  
4                             available to the Administrator for obliga-  
5                             tion under this title for such fiscal year  
6                             had been equal to \$1,000,000,000; and

7                             “(ii) the total amount allotted to the  
8                             State under section 604 for such fiscal  
9                             year.

10                             “(5) LIMITATION.—The total amount of addi-  
11                             tional subsidization provided under this subsection  
12                             by a State may not exceed 30 percent of the total  
13                             amount of capitalization grants received by the State  
14                             under this title in fiscal years beginning after Sep-  
15                             tember 30, 2007.”.

16 **SEC. 304. ALLOTMENT OF FUNDS.**

17                             (a) IN GENERAL.—Section 604(a) (33 U.S.C.  
18 1384(a)) is amended to read as follows:

19                             “(a) ALLOTMENTS.—

20                             “(1) FISCAL YEARS 2008 AND 2009.—Sums ap-  
21                             propriated to carry out this title for each of fiscal  
22                             years 2008 and 2009 shall be allotted by the Admin-  
23                             istrator in accordance with the formula used to allot  
24                             sums appropriated to carry out this title for fiscal  
25                             year 2007.

1                   “(2) FISCAL YEAR 2010 AND THEREAFTER.—

2                   Sums appropriated to carry out this title for fiscal  
3                   year 2010 and each fiscal year thereafter shall be al-  
4                   lotted by the Administrator as follows:

5                   “(A) Amounts that do not exceed  
6                   \$1,350,000,000 shall be allotted in accordance  
7                   with the formula described in paragraph (1).

8                   “(B) Amounts that exceed \$1,350,000,000  
9                   shall be allotted in accordance with the formula  
10                   developed by the Administrator under sub-  
11                   section (d).”.

12                   (b) PLANNING ASSISTANCE.—Section 604(b) (33  
13 U.S.C. 1384(b)) is amended by striking “1 percent” and  
14 inserting “2 percent”.

15                   (c) FORMULA.—Section 604 (33 U.S.C. 1384) is  
16 amended by adding at the end the following:

17                   “(d) FORMULA BASED ON WATER QUALITY  
18 NEEDS.—Not later than September 30, 2009, and after  
19 providing notice and an opportunity for public comment,  
20 the Administrator shall publish an allotment formula  
21 based on water quality needs in accordance with the most  
22 recent survey of needs developed by the Administrator  
23 under section 516(b).”.

1 **SEC. 305. INTENDED USE PLAN.**

2 (a) INTEGRATED PRIORITY LIST.—Section 603(g)  
3 (33 U.S.C. 1383(g)) is amended to read as follows:

## 4 “(g) PRIORITY LIST.—

5 “(1) IN GENERAL.—For fiscal year 2009 and  
6 each fiscal year thereafter, a State shall establish or  
7 update a list of projects and activities for which as-  
8 sistance is sought from the State’s water pollution  
9 control revolving fund. Such projects and activities  
10 shall be listed in priority order based on the method-  
11 ology established under paragraph (2). The State  
12 may provide financial assistance from the State’s  
13 water pollution control revolving fund only with re-  
14 spect to a project or activity included on such list.  
15 In the case of projects and activities eligible for as-  
16 sistance under section 603(c)(2), the State may in-  
17 clude a category or subcategory of nonpoint sources  
18 of pollution on such list in lieu of a specific project  
19 or activity.

## 20 “(2) METHODOLOGY.—

21 “(A) IN GENERAL.—Not later than 1 year  
22 after the date of enactment of this paragraph,  
23 and after providing notice and opportunity for  
24 public comment, each State (acting through the  
25 State’s water quality management agency and  
26 other appropriate agencies of the State) shall

1 establish a methodology for developing a pri-  
2 ority list under paragraph (1).

3 “(B) PRIORITY FOR PROJECTS AND AC-  
4 TIVITIES THAT ACHIEVE GREATEST WATER  
5 QUALITY IMPROVEMENT.—In developing the  
6 methodology, the State shall seek to achieve the  
7 greatest degree of water quality improvement,  
8 taking into consideration the requirements of  
9 section 602(b)(5) and section 603(i)(3), whether  
10 such water quality improvements would be  
11 realized without assistance under this title, and  
12 whether the proposed projects and activities  
13 would address water quality impairments asso-  
14 ciated with existing treatment works.

15 “(C) CONSIDERATIONS IN SELECTING  
16 PROJECTS AND ACTIVITIES.—In determining  
17 which projects and activities will achieve the  
18 greatest degree of water quality improvement,  
19 the State shall consider—

20 “(i) information developed by the  
21 State under sections 303(d) and 305(b);

22 “(ii) the State’s continuing planning  
23 process developed under section 303(e);

24 “(iii) the State’s management pro-  
25 gram developed under section 319; and

1                             “(iv) conservation and management  
2                             plans developed under section 320.

3                             “(D) NONPOINT SOURCES.—For categories  
4                             or subcategories of nonpoint sources of pollu-  
5                             tion that a State may include on its priority list  
6                             under paragraph (1), the State may consider  
7                             the cumulative water quality improvements as-  
8                             sociated with projects or activities in such cat-  
9                             egories or subcategories.

10                            “(E) EXISTING METHODOLOGIES.—If a  
11                             State has previously developed, after providing  
12                             notice and an opportunity for public comment,  
13                             a methodology that meets the requirements of  
14                             this paragraph, the State may use the method-  
15                             ology for the purposes of this subsection.”.

16                            (b) INTENDED USE PLAN.—Section 606(c) (33  
17                             U.S.C. 1386(c)) is amended—

18                             (1) in the matter preceding paragraph (1) by  
19                             striking “each State shall annually prepare” and in-  
20                             serting “each State (acting through the State’s  
21                             water quality management agency and other appro-  
22                             priate agencies of the State) shall annually prepare  
23                             and publish”;

24                             (2) by striking paragraph (1) and inserting the  
25                             following:

1           “(1) the State’s priority list developed under  
2        section 603(g);”;

3           (3) in paragraph (4)—

4           (A) by striking “and (6)” and inserting  
5        “(6), (15), and (17)”;

6           (B) by striking “and” at the end;

7           (4) by striking the period at the end of para-  
8        graph (5) and inserting “; and”; and

9           (5) by adding at the end the following:

10          “(6) if the State does not fund projects and ac-  
11        tivities in the order of the priority established under  
12        section 603(g), an explanation of why such a change  
13        in order is appropriate.”.

14          (c) TRANSITIONAL PROVISION.—Before completion  
15        of a priority list based on a methodology established under  
16        section 603(g) of the Federal Water Pollution Control Act  
17        (as amended by this section), a State shall continue to  
18        comply with the requirements of sections 603(g) and  
19        606(c) of such Act, as in effect on the day before the date  
20        of enactment of this Act.

21 **SEC. 306. ANNUAL REPORTS.**

22          Section 606(d) (33 U.S.C. 1386(d)) is amended by  
23        inserting “the eligible purpose under section 603(c) for  
24        which the assistance is provided,” after “loan amounts.”.

1 **SEC. 307. TECHNICAL ASSISTANCE.**

2 Title VI (33 U.S.C. 1381 et seq.) is amended—

3 (1) by redesignating section 607 as section 608;

4 and

5 (2) by inserting after section 606 the following:

6 **“SEC. 607. TECHNICAL ASSISTANCE.**7 “(a) SIMPLIFIED PROCEDURES.—Not later than 1  
8 year after the date of enactment of this section, the Ad-  
9 ministrator shall assist the States in establishing sim-  
10 plified procedures for treatment works to obtain assistance  
11 under this title.12 “(b) PUBLICATION OF MANUAL.—Not later than 2  
13 years after the date of the enactment of this section, and  
14 after providing notice and opportunity for public comment,  
15 the Administrator shall publish a manual to assist treat-  
16 ment works in obtaining assistance under this title and  
17 publish in the Federal Register notice of the availability  
18 of the manual.19 “(c) COMPLIANCE CRITERIA.—At the request of any  
20 State, the Administrator, after providing notice and an op-  
21 portunity for public comment, shall assist in the develop-  
22 ment of criteria for a State to determine compliance with  
23 the conditions of funding assistance established under sec-  
24 tions 602(b)(13) and 603(d)(1)(E).”.

1 **SEC. 308. AUTHORIZATION OF APPROPRIATIONS.**

2 Section 608 (as redesignated by section 307 of this  
3 Act) is amended by striking paragraphs (1) through (5)  
4 and inserting the following:

5 “(1) \$2,000,000,000 for fiscal year 2008;  
6 “(2) \$3,000,000,000 for fiscal year 2009;  
7 “(3) \$4,000,000,000 for fiscal year 2010; and  
8 “(4) \$5,000,000,000 for fiscal year 2011.”.

9 **TITLE IV—GENERAL  
10 PROVISIONS**

11 **SEC. 401. DEFINITION OF TREATMENT WORKS.**

12 Section 502 (33 U.S.C. 1362) is amended by adding  
13 at the end the following:

14 “(25) TREATMENT WORKS.—The term ‘treat-  
15 ment works’ has the meaning given that term in sec-  
16 tion 212.”.

17 **SEC. 402. FUNDING FOR INDIAN PROGRAMS.**

18 Section 518(c) (33 U.S.C. 1377) is amended—  
19 (1) by striking “The Administrator” and insert-  
20 ing the following:

21 “(1) FISCAL YEARS 1987–2006.—The Adminis-  
22 trator”;

23 (2) in paragraph (1) (as so designated)—  
24 (A) by inserting “and ending before Octo-  
25 ber 1, 2006,” after “1986,”; and  
26 (B) by striking the second sentence; and

1 (3) by adding at the end the following:

2                   “(2) FISCAL YEAR 2007 AND THEREAFTER.—

3 For fiscal year 2007 and each fiscal year thereafter,  
4 the Administrator shall reserve, before allotments to  
5 the States under section 604(a), not less than 0.5  
6 percent and not more than 1.5 percent of the funds  
7 made available to carry out title VI.

8               “(3) USE OF FUNDS.—Funds reserved under  
9               this subsection shall be available only for grants for  
10               projects and activities eligible for assistance under  
11               section 603(c) to serve—

13                   “(B) former Indian reservations in Okla-  
14                   homa (as determined by the Secretary of the  
15                   Interior); and

16                             “(C) Native villages (as defined in section  
17                             3 of the Alaska Native Claims Settlement Act  
18                             (43 U.S.C. 1602)).”.

## **TITLE V—STUDIES**

20 SEC. 501. STUDY OF LONG-TERM, SUSTAINABLE, CLEAN  
21 WATER FUNDING.

22 (a) STUDY.—Not later than 30 days after the date  
23 of enactment of this Act, the Comptroller General shall  
24 commence a study of the funding mechanisms and funding  
25 sources available to establish a Clean Water Trust Fund.

1       (b) CONTENTS.—The study shall include an analysis  
2 of potential revenue sources that can be efficiently col-  
3 lected, are broad based, are related to water quality, and  
4 that support the annual funding levels authorized by the  
5 amendments made by this Act.

6       (c) CONSULTATION.—In conducting the study, the  
7 Comptroller General, at a minimum, shall consult with  
8 Federal, State, and local agencies, representatives of busi-  
9 ness and industry, representatives of entities operating  
10 publicly owned treatment works, and other interested  
11 groups.

12       (d) REPORT.—Not later than January 1, 2008, the  
13 Comptroller General shall submit to the Committee on  
14 Transportation and Infrastructure of the House of Rep-  
15 resentatives and the Committee on Environment and Pub-  
16 lic Works of the Senate a report on the results of the  
17 study.

18 **SEC. 502. FEASIBILITY STUDY OF SUPPLEMENTAL AND AL-**  
19 **TERNATIVE CLEAN WATER FUNDING MECHA-**  
20 **NISMS.**

21       (a) STUDY.—Not later than 30 days after the date  
22 of enactment of this Act, the Comptroller General shall  
23 commence a study of funding mechanisms and funding  
24 sources potentially available for wastewater infrastructure

1 and other water pollution control activities under the Fed-  
2 eral Water Pollution Control Act (33 U.S.C. 1251 et seq.).

3 (b) CONTENTS.—The study shall include an analysis  
4 of funding and investment mechanisms and revenue  
5 sources from other potential supplemental or alternative  
6 public or private sources that could be used to fund waste-  
7 water infrastructure and other water pollution control ac-  
8 tivities under the Federal Water Pollution Control Act.

9 (c) CONSULTATION.—In conducting the study, the  
10 Comptroller General, at a minimum, shall consult with  
11 Federal, State, and local agencies, representatives of busi-  
12 ness, industry, and financial investment entities, rep-  
13 resentatives of entities operating treatment works, and  
14 other interested groups.

15 (d) REPORT.—Not later than January 1, 2008, the  
16 Comptroller General shall submit to the Committee on  
17 Transportation and Infrastructure of the House of Rep-  
18 resentatives and the Committee on Environment and Pub-  
19 lic Works of the Senate a report on the results of the  
20 study.

21 **SEC. 503. GREAT LAKES WATER QUALITY.**

22 (a) STUDY.—The Administrator of the Environ-  
23 mental Protection Agency, in consultation with the Sec-  
24 retary of State and the Government of Canada, shall con-  
25 duct a study of the condition of wastewater treatment fa-

1 cilities located in the United States and Canada that dis-  
2 charge into the Great Lakes.

3 (b) CONTENTS.—In conducting the study, the Ad-  
4 ministrator shall—

5 (1) determine the effect that such treatment fa-  
6 cilities have on Great Lakes water quality; and

7 (2) develop recommendations—

8 (A) to improve water quality monitoring by  
9 the operators of such treatment facilities;

10 (B) to establish a protocol for improved  
11 notification and information sharing between  
12 the United States and Canada; and

13 (C) to promote cooperation between the  
14 United States and Canada to prevent the dis-  
15 charge of untreated and undertreated waste  
16 into the Great Lakes.

17 (c) CONSULTATION.—In conducting the study, the  
18 Administrator shall consult with the International Joint  
19 Commission and Federal, State, and local governments.

20 (d) REPORT.—Not later than one year after the date  
21 of enactment of this Act, the Administrator shall submit  
22 to Congress a report on the results of the study, together  
23 with the recommendations developed under subsection  
24 (b)(2).

## 1      **TITLE VI—TONNAGE DUTIES**

### 2      **SEC. 601. TONNAGE DUTIES.**

3            (a) IN GENERAL.—Section 60301 of title 46, United  
4      State Code, is amended—

5                (1) in the section heading by striking “**taxes**”  
6      and inserting “**duties**”;

7                (2) by amending subsections (a) and (b) to read  
8      as follows:

9                “(a) LOWER RATE.—

10                “(1) IMPOSITION OF DUTY.—A duty is imposed  
11      at the rate described in paragraph (2) at each entry  
12      in a port of the United States of—

13                “(A) a vessel entering from a foreign port  
14      or place in North America, Central America,  
15      the West Indies Islands, the Bahama Islands,  
16      the Bermuda Islands, or the coast of South  
17      America bordering the Caribbean Sea; or

18                “(B) a vessel returning to the same port or  
19      place in the United States from which it de-  
20      parted, and not entering the United States  
21      from another port or place, except—

22                “(i) a vessel of the United States;

23                “(ii) a recreational vessel (as defined  
24      in section 2101 of this title); or

25                “(iii) a barge.

1           “(2) RATE.—The rate referred to in paragraph

2           (1) shall be—

3           “(A) 4.5 cents per ton (but not more than  
4           a total of 22.5 cents per ton per year) for fiscal  
5           years 2006 through 2007;

6           “(B) 9.0 cents per ton (but not more than  
7           a total of 45 cents per ton per year) for fiscal  
8           years 2008 through 2017; and

9           “(C) 2 cents per ton (but not more than  
10           a total of 10 cents per ton per year) for each  
11           fiscal year thereafter.

12           “(b) HIGHER RATE.—

13           “(1) IMPOSITION OF DUTY.—A duty is imposed  
14           at the rate described in paragraph (2) on a vessel  
15           at each entry in a port of the United States from  
16           a foreign port or place not named in subsection  
17           (a)(1).

18           “(2) RATE.—The rate referred to in paragraph

19           (1) shall be—

20           “(A) 13.5 cents per ton (but not more  
21           than a total of 67.5 cents per ton per year) for  
22           fiscal years 2006 through 2007;

23           “(B) 27 cents per ton (but not more than  
24           a total of \$1.35 per ton per year) for fiscal  
25           years 2008 through 2017, and

1                   “(C) 6 cents per ton (but not more than  
2                   a total of 30 cents per ton per year) for each  
3                   fiscal year thereafter.”; and

4                   (3) in subsection (c) by striking “taxes” and in-  
5                   serting “duties”.

6                   (b) CONFORMING AMENDMENTS.—Such title is fur-  
7                   ther amended—

8                   (1) by striking the heading for subtitle VI and  
9                   inserting the following:

10                   **“Subtitle VI—Clearance and  
11                   Tonnage Duties”;**

12                   (2) in the headings of sections in chapter 603,  
13                   by striking “**taxes**” each place it appears and in-  
14                   serting “**duties**”;

15                   (3) in the heading for subsection (a) of section  
16                   60303, by striking “TAX” and inserting “DUTY”;

17                   (4) in the text of sections in chapter 603, by  
18                   striking “taxes” each place it appears and inserting  
19                   “duties”; and

20                   (5) in the text of sections in chapter 603, by  
21                   striking “tax” each place it appears and inserting  
22                   “duty”.

23                   (c) CLERICAL AMENDMENTS.—Such title is further  
24                   amended—

1 (1) in the title analysis by striking the item re-  
2 lating to subtitle VI and inserting the following:

**“VI. CLEARANCE AND TONNAGE DUTIES ..... 60101”;**

3 and

4 (2) in the analysis for chapter 603—

5 (A) by striking the items relating to sec-  
6 tions 60301 and 60302 and inserting the fol-  
7 lowing:

“60301. Regular tonnage duties.

“60302. Special tonnage duties.”;

8 and

9 (B) by striking the item relating to section  
10 60304 and inserting the following:

“60304. Presidential suspension of tonnage duties and light money.”.

# **TITLE VII—SECURE MARITIME AND VESSEL WORKFORCE**

13 SEC. 701. PROHIBITION OF ISSUANCE OF TRANSPORTATION  
14 SECURITY CARDS TO CONVICTED FELONS.

15        No individual who has been issued a transportation  
16 worker identification card may board a maritime vessel if  
17 the individual has been convicted, or found not guilty by  
18 reason of insanity, in a civilian or military jurisdiction of  
19 any of the following felonies:

20 (1) Espionage or conspiracy to commit espio-  
21 nage.

22 (2) Sedition or conspiracy to commit sedition.

1 (3) Treason or conspiracy to commit treason.

5 (5) A crime involving a transportation security  
6 incident. In this paragraph, a transportation secu-  
7 rity incident—

14 (B) does not include a work stoppage or  
15 other nonviolent employee-related action, result-  
16 ing from an employer-employee dispute.

17 (6) Improper transportation of a hazardous ma-  
18 terial under section 5124 of title 49, United States  
19 Code, or a comparable State law

1       such title 18), or a destructive device (as defined in  
2       921(a)(4) of such title 18).

3                   (8) Murder.

4                   (9) Conspiracy or attempt to commit any of the  
5        crimes described in paragraphs (5) through (8).

6                   (10) A violation of the Racketeer Influenced  
7        and Corrupt Organizations Act (18 U.S.C. 1961 et  
8        seq.), or a comparable State law, if 1 of the predi-  
9        cate acts found by a jury or admitted by the defend-  
10      ant consists of 1 of the offenses listed in paragraphs  
11      (4) and (8).

Passed the House of Representatives March 9,  
2007.

Attest:

LORRAINE C. MILLER,

*Clerk.*