S. 939

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.

IN THE SENATE OF THE UNITED STATES

May 10, 2011

Mr. Menendez (for himself and Mr. Crapo) introduced the following bill; which was read twice and referred to the Committee on Finance

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 "Sustainable Water In-
 - 5 frastructure Investment Act of 2011".
 - 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.
 - (2) In addition to protecting the health of our citizens, community water systems are essential to our local economies, enabling industries to achieve growth and productivity that make America strong and prosperous.
 - (3) Regulated under title XIV of the Public Health Service Act (42 U.S.C. 300f et seq.; commonly known as the "Safe Drinking Water Act") and the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.), community drinking water systems and wastewater collection and treatment facilities are critical elements in the Nation's infrastructure.
 - (4) Water and wastewater infrastructure is comprised of a mixture of old and new technology. In many local communities across the Nation, the old infrastructure has deteriorated to critical conditions and is very costly to replace. Recent government studies have estimated costs of \$500,000,000,000,000 to \$800,000,000,000 over the next 20 years for maintaining and improving the ex-

- isting inventory, building new infrastructure, and
 meeting new water quality standards.
 - (5) The historical approach of funding infrastructure is insufficient to meet the investment needs of the future.
 - (6) The Federal partnership with State and local communities has played a pivotal role in improving the Nation's water quality and drinking water supplies. Federal assistance under this partnership has been the linchpin of these improvements.
 - (7) In light of constrained Federal budgets, the availability of exempt-facility financing represents an important financing tool to help close the gap between funds currently being invested and water infrastructure needs, preserving the Federal partnership.
 - (8) Providing alternative financing solutions, such as tax-exempt securities, encourages investment in water and wastewater infrastructure that in turn creates local jobs and protects the health of our citizens.
 - (9) Federally mandated State volume cap restrictions in conjunction with other priorities have limited the use of tax-exempt securities on water and wastewater infrastructure investment.

- 1 (10) Removal of State volume caps for water 2 and wastewater infrastructure will accelerate and increase overall investment in the Nation's critical 3 water infrastructure; facilitate increased use of innovative infrastructure delivery methods supporting 5 6 sustainable water systems through public-private 7 partnerships that optimize design, financing, con-8 struction, and long-term management, maintenance 9 and viability; and provide for more effective risk 10 management of complex water infrastructure 11 projects by municipal utility and private sector part-12 ners.
- 13 (b) Purpose.—The purpose of this Act is to provide 14 alternative financing for long-term infrastructure capital 15 investment programs, and to restore the Nation's safe 16 drinking water and wastewater infrastructure capability 17 and protect the health of our citizens.

18 SEC. 3. EXEMPT-FACILITY BONDS FOR SEWAGE AND WATER 19 SUPPLY FACILITIES.

- 20 (a) Bonds for Water and Sewage Facilities
- 21 Exempt From Volume Cap on Private Activity
- 22 Bonds.—Paragraph (3) of section 146(g) of the Internal
- 23 Revenue Code of 1986 is amended by inserting "(4), (5),"
- 24 after "(2),".

- 1 (b) Conforming Change.—Paragraphs (2) and
- 2 (3)(B) of section 146(k) of the Internal Revenue Code of
- 3 1986 are both amended by striking "(4), (5), (6)," and
- 4 inserting "(6)".
- 5 (c) Effective Date.—The amendments made by
- 6 this section shall apply to obligations issued after the date
- 7 of the enactment of this Act.

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