

113TH CONGRESS
1ST SESSION

H. R. 1877

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

IN THE HOUSE OF REPRESENTATIVES

MAY 8, 2013

Mr. BISHOP of New York (for himself, Mr. RAHALL, Mr. YOUNG of Alaska, Ms. NORTON, Mr. KING of New York, Ms. ESTY, Mrs. NAPOLITANO, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. GARAMENDI, Mr. CUMMINGS, Mr. NADLER, Mr. CAPUANO, Ms. BROWN of Florida, Mr. LARSEN of Washington, Mr. MICHAUD, Ms. EDWARDS, Ms. FRANKEL of Florida, Mr. DEFazio, Mr. NOLAN, Mrs. KIRKPATRICK, Mr. SEAN PATRICK MALONEY of New York, Mr. COHEN, Mr. SIRES, Ms. HAHN, Mr. LIPINSKI, Ms. TITUS, Mr. WALZ, and Mrs. BUSTOS) introduced the following bill; which was referred to the Committee on Transportation and Infrastructure, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

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 Protection and Job Creation Act of
 4 2013”.

5 (b) TABLE OF CONTENTS.—

Sec. 1. Short title; table of contents.
 Sec. 2. Amendment of Federal Water Pollution Control Act.

TITLE I—WATER QUALITY FINANCING

Subtitle A—Technical and Management Assistance

Sec. 1101. Technical assistance.
 Sec. 1102. State management assistance.
 Sec. 1103. Watershed pilot projects.

Subtitle B—Construction of Treatment Works

Sec. 1201. Sewage collection systems.
 Sec. 1202. Treatment works defined.

Subtitle C—State Water Pollution Control Revolving Funds

Sec. 1301. General authority for capitalization grants.
 Sec. 1302. Capitalization grant agreements.
 Sec. 1303. Water pollution control revolving loan funds.
 Sec. 1304. Allotment of funds.
 Sec. 1305. Intended use plan.
 Sec. 1306. Annual reports.
 Sec. 1307. Technical assistance; requirements for use of American materials.
 Sec. 1308. Economic hardship waiver.
 Sec. 1309. Authorization of appropriations.

Subtitle D—General Provisions

Sec. 1401. Definition of treatment works.
 Sec. 1402. Funding for Indian programs.

Subtitle E—Tonnage Duties

Sec. 1501. Tonnage duties.

TITLE II—ALTERNATIVE WATER SOURCE PROJECTS

Sec. 2001. Pilot program for alternative water source projects.

TITLE III—SEWER OVERFLOW CONTROL GRANTS

Sec. 3001. Sewer overflow control grants.

TITLE IV—CLEAN WATER TRUST FUND

Sec. 4001. Establishment of Clean Water Trust Fund.
 Sec. 4002. Allocation of funds.

Sec. 4003. Revenues for Clean Water Trust Fund.

TITLE V—WATER POLLUTION CONTROL INVESTMENT

Sec. 5001. Short title.

Sec. 5002. Definitions.

Sec. 5003. Direct loans.

Sec. 5004. Guarantees.

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—WATER QUALITY** 10 **FINANCING**

11 **Subtitle A—Technical and** 12 **Management Assistance**

13 **SEC. 1101. TECHNICAL ASSISTANCE.**

14 (a) TECHNICAL ASSISTANCE FOR RURAL AND SMALL
15 TREATMENT WORKS.—Section 104(b) (33 U.S.C.
16 1254(b)) is amended—

17 (1) by striking “and” at the end of paragraph
18 (6);

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

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

22 “(8) make grants to nonprofit organizations—

1 “(A) to provide technical assistance to
2 rural and small municipalities and tribal gov-
3 ernments for the purpose of assisting, in con-
4 sultation with the State in which the assistance
5 is provided, such municipalities and tribal gov-
6 ernments in the planning, developing, and ac-
7 quisition of financing for eligible projects de-
8 scribed in section 603(c);

9 “(B) to provide technical assistance and
10 training for rural, small, and tribal publicly
11 owned treatment works and decentralized
12 wastewater treatment systems to enable such
13 treatment works and systems to protect water
14 quality and achieve and maintain compliance
15 with the requirements of this Act; and

16 “(C) to disseminate information to rural,
17 small, and tribal municipalities and municipali-
18 ties that meet the affordability criteria estab-
19 lished under section 603(i)(2) by the State in
20 which the municipality is located with respect to
21 planning, design, construction, and operation of
22 publicly owned treatment works and decentral-
23 ized wastewater treatment systems.”.

24 (b) AUTHORIZATION OF APPROPRIATIONS.—Section

25 104(u) (33 U.S.C. 1254(u)) is amended—

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

3 (2) by inserting before the period at the end the
 4 following: “; and (7) not to exceed \$100,000,000 for
 5 each of fiscal years 2014 through 2018 for carrying
 6 out subsections (b)(3), (b)(8), and (g), except that
 7 not less than 20 percent of the amounts appro-
 8 priated pursuant to this paragraph in a fiscal year
 9 shall be used for carrying out subsection (b)(8)”.

10 (c) SMALL FLOWS CLEARINGHOUSE.—Section
 11 104(q)(4) (33 U.S.C. 1254(q)(4)) is amended—

12 (1) in the first sentence by striking
 13 “\$1,000,000” and inserting “\$3,000,000”; and

14 (2) in the second sentence by striking “1986”
 15 and inserting “2018”.

16 **SEC. 1102. STATE MANAGEMENT ASSISTANCE.**

17 (a) AUTHORIZATION OF APPROPRIATIONS.—Section
 18 106(a) (33 U.S.C. 1256(a)) is amended—

19 (1) by striking “and” at the end of paragraph
 20 (1);

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

23 (3) by inserting after paragraph (2) the fol-
 24 lowing:

1 “(3) such sums as may be necessary for each
 2 of fiscal years 1991 through 2013, and
 3 \$300,000,000 for each of fiscal years 2014 through
 4 2018;”.

5 (b) TECHNICAL AMENDMENT.—Section 106(e) (33
 6 U.S.C. 1256(e)) is amended by striking “Beginning in fis-
 7 cal year 1974 the” and inserting “The”.

8 **SEC. 1103. WATERSHED PILOT PROJECTS.**

9 (a) PILOT PROJECTS.—Section 122 (33 U.S.C.
 10 1274) is amended—

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

13 (2) in subsection (a)—

14 (A) in the matter preceding paragraph
 15 (1)—

16 (i) by striking “for treatment works”
 17 and inserting “to a municipality or munic-
 18 ipal entity”; and

19 (ii) by striking “of wet weather dis-
 20 charge control”;

21 (B) in paragraph (2) by striking “in reduc-
 22 ing such pollutants” and all that follows before
 23 the period at the end and inserting “to manage,
 24 reduce, treat, or reuse municipal stormwater,
 25 including low-impact development technologies

1 and other techniques that utilize infiltration,
2 evapotranspiration, and reuse of storm water on
3 site”; and

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

5 “(3) WATERSHED PARTNERSHIPS.—Efforts of
6 municipalities and property owners to demonstrate
7 cooperative ways to address nonpoint sources of pol-
8 lution to reduce adverse impacts on water quality.

9 “(4) INTEGRATED WATER RESOURCE PLAN.—
10 The development of an integrated water resource
11 plan for the coordinated management and protection
12 of surface water, ground water, and stormwater re-
13 sources on a watershed or subwatershed basis to
14 meet the objectives, goals, and policies of this Act.

15 “(5) MUNICIPALITY-WIDE STORM WATER MAN-
16 AGEMENT PLANNING.—The development of a mu-
17 nicipality-wide plan that identifies the most effective
18 placement of storm water technologies and manage-
19 ment approaches, including green infrastructure, to
20 reduce water quality impairments from storm water
21 on a municipality-wide basis.

22 “(6) INCREASED RESILIENCE OF TREATMENT
23 WORKS.—Efforts to assess future risks and
24 vulnerabilities of publicly owned treatment works to
25 man-made or natural disasters, including extreme

1 weather events and sea-level rise, and to carry out
 2 measures, on a system-wide or area-wide basis, to
 3 increase the resiliency of publicly owned treatment
 4 works.”.

5 (b) AUTHORIZATION OF APPROPRIATIONS.—The first
 6 sentence of section 122(c)(1) is amended—

7 (1) by striking “and”; and

8 (2) by striking the period and inserting “, such
 9 sums as may be necessary for each of fiscal years
 10 2005 through 2013, and \$120,000,000 for each of
 11 fiscal years 2014 through 2018”.

12 (c) REPORT TO CONGRESS.—Section 122(d) is
 13 amended by striking “5 years after the date of enactment
 14 of this section,” and inserting “October 1, 2015,”.

15 **Subtitle B—Construction of** 16 **Treatment Works**

17 **SEC. 1201. SEWAGE COLLECTION SYSTEMS.**

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

19 (1) by striking the section heading and all that
 20 follows through “(a) No” and inserting the fol-
 21 lowing:

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

23 “(a) IN GENERAL.—No”;

24 (2) in subsection (b) by inserting “POPULATION
 25 DENSITY.—” after “(b)”; and

1 (3) by striking subsection (c) and inserting the
2 following:

3 “(c) EXCEPTIONS.—

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

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

21 “(3) REQUIREMENT.—A project meets the re-
22 quirement of this paragraph if the purpose of the
23 project is to accomplish the objectives, goals, and
24 policies of this Act by addressing an adverse envi-

1 ronmental condition existing on the date of enact-
2 ment of this paragraph.”.

3 **SEC. 1202. TREATMENT WORKS DEFINED.**

4 Section 212(2)(A) (33 U.S.C. 1292(2)(A)) is amend-
5 ed—

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

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

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

12 **Subtitle C—State Water Pollution**
13 **Control Revolving Funds**

14 **SEC. 1301. GENERAL AUTHORITY FOR CAPITALIZATION**
15 **GRANTS.**

16 Section 601(a) (33 U.S.C. 1381(a)) is amended by
17 striking “for providing assistance” and all that follows
18 through the period at the end and inserting the following:
19 “to accomplish the objectives, goals, and policies of this
20 Act by providing assistance for projects and activities
21 identified in section 603(c).”.

22 **SEC. 1302. CAPITALIZATION GRANT AGREEMENTS.**

23 (a) REPORTING INFRASTRUCTURE ASSETS.—Section
24 602(b)(9) (33 U.S.C. 1382(b)(9)) is amended by striking

1 “standards” and inserting “standards, including stand-
2 ards relating to the reporting of infrastructure assets”.

3 (b) ADDITIONAL REQUIREMENTS.—Section 602(b)
4 (33 U.S.C. 1382(b)) is amended—

5 (1) in paragraph (6)—

6 (A) by striking “before fiscal year 1995”;

7 (B) by striking “funds directly made avail-
8 able by capitalization grants under this title
9 and section 205(m) of this Act” and inserting
10 “assistance made available by a State water
11 pollution control revolving fund as authorized
12 under this title, or with assistance made avail-
13 able under section 205(m), or both,”; and

14 (C) by striking “201(b)” and all that fol-
15 lows through “513” and inserting “211 and
16 511(c)(1)”;

17 (2) by striking “and” at the end of paragraph
18 (9);

19 (3) by striking the period at the end of para-
20 graph (10) and inserting a semicolon; and

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

22 “(11) the State will establish, maintain, invest,
23 and credit the fund with repayments, such that the
24 fund balance will be available in perpetuity for pro-

1 viding financial assistance in accordance with this
2 title;

3 “(12) any fees charged by the State to recipi-
4 ents of assistance that are considered program in-
5 come will be used for the purpose of financing the
6 cost of administering the fund or financing projects
7 or activities eligible for assistance from the fund;

8 “(13) beginning in fiscal year 2014, the State
9 will include as a condition of providing assistance to
10 a municipality or intermunicipal, interstate, or State
11 agency that the recipient of such assistance certify,
12 in a manner determined by the Governor of the
13 State, that the recipient—

14 “(A) has studied and evaluated the cost
15 and effectiveness of the processes, materials,
16 techniques, and technologies for carrying out
17 the proposed project or activity for which assist-
18 ance is sought under this title, and has selected,
19 to the extent practicable, a project or activity
20 that maximizes the potential for efficient water
21 use, reuse, and conservation, and energy con-
22 servation, taking into account the cost of con-
23 structing the project or activity, the cost of op-
24 erating and maintaining the project or activity

1 over its life, and the cost of replacing the
2 project or activity; and

3 “(B) has considered, to the maximum ex-
4 tent practicable and as determined appropriate
5 by the recipient, the costs and effectiveness of
6 other design, management, and financing ap-
7 proaches for carrying out a project or activity
8 for which assistance is sought under this title,
9 taking into account the cost of constructing the
10 project or activity, the cost of operating and
11 maintaining the project or activity over its life,
12 and the cost of replacing the project or activity;

13 “(14) the State will use at least 15 percent of
14 the amount of each capitalization grant received by
15 the State under this title after September 30, 2014,
16 to provide assistance to municipalities of fewer than
17 10,000 individuals that meet the affordability cri-
18 teria established by the State under section
19 603(i)(2) for projects or activities included on the
20 State’s priority list established under section 603(g),
21 to the extent that there are sufficient applications
22 for such assistance;

23 “(15) a contract to be carried out using funds
24 directly made available by a capitalization grant
25 under this title for program management, construc-

tion management, feasibility studies, preliminary engineering, design, engineering, surveying, mapping, or architectural related services shall be negotiated in the same manner as a contract for architectural and engineering services is negotiated under chapter 11 of title 40, United States Code, or an equivalent State qualifications-based requirement (as determined by the Governor of the State); and

“(16) 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.”.

SEC. 1303. WATER POLLUTION CONTROL REVOLVING LOAN FUNDS.

(a) PROJECTS AND ACTIVITIES ELIGIBLE FOR ASSISTANCE.—Section 603(c) (33 U.S.C. 1383(c)) is amended to read as follows:

“(c) PROJECTS AND ACTIVITIES ELIGIBLE FOR ASSISTANCE.—The amounts of funds available to each State water pollution control revolving fund shall be used only for providing financial assistance—

1 “(1) to any municipality or intermunicipal,
2 interstate, or State agency for construction of pub-
3 licly owned treatment works;

4 “(2) for the implementation of a management
5 program established under section 319;

6 “(3) for development and implementation of a
7 conservation and management plan under section
8 320;

9 “(4) for repair or replacement of decentralized
10 wastewater treatment systems that treat domestic
11 sewage;

12 “(5) for measures to manage, reduce, treat, or
13 reuse municipal stormwater;

14 “(6) to any municipality or intermunicipal,
15 interstate, or State agency for measures to reduce
16 the demand for publicly owned treatment works ca-
17 pacity through water conservation, efficiency, or
18 reuse;

19 “(7) for the development and implementation of
20 watershed projects meeting the criteria set forth in
21 section 122; and

22 “(8) to any municipality or intermunicipal,
23 interstate, or State agency for measures to reduce
24 the energy consumption needs for publicly owned
25 treatment works, including the implementation of

1 energy-efficient or renewable-energy generation tech-
2 nologies.”.

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

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

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

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

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

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

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

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

7 “(iii) a certification that the recipient
8 has evaluated and will be implementing
9 water and energy conservation efforts as
10 part of the plan; and

11 “(iv) a plan for maintaining, repair-
12 ing, and, as necessary, replacing that por-
13 tion of the treatment works and a plan for
14 funding such activities;”.

15 (d) ADMINISTRATIVE EXPENSES.—Section 603(d)(7)
16 (33 U.S.C. 1383(d)(7)) is amended by inserting before the
17 period at the end the following: “, \$400,000 per year, or
18 $\frac{1}{5}$ percent per year of the current valuation of the fund,
19 whichever amount is greatest, plus the amount of any fees
20 collected by the State for such purpose regardless of the
21 source”.

22 (e) TECHNICAL AND PLANNING ASSISTANCE FOR
23 SMALL SYSTEMS.—Section 603(d) (33 U.S.C. 1383(d)) is
24 amended—

1 (1) by striking “and” at the end of paragraph
2 (6);

3 (2) by striking the period at the end of para-
4 graph (7) and inserting a semicolon; and

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

6 “(8) to provide grants to owners and operators
7 of treatment works that serve a population of
8 10,000 or fewer for obtaining technical and planning
9 assistance and assistance in financial management,
10 user fee analysis, budgeting, capital improvement
11 planning, facility operation and maintenance, equip-
12 ment replacement, repair schedules, and other activi-
13 ties to improve wastewater treatment plant manage-
14 ment and operations, except that the total amount
15 provided by the State in grants under this para-
16 graph for a fiscal year may not exceed one percent
17 of the total amount of assistance provided by the
18 State from the fund in the preceding fiscal year, or
19 2 percent of the total amount received by the State
20 in capitalization grants under this title in the pre-
21 ceding fiscal year, whichever amount is greatest; and

22 “(9) to provide grants to owners and operators
23 of treatment works for conducting an assessment of
24 the energy and water consumption of the treatment
25 works, and evaluating potential opportunities for en-

1 ergy and water conservation through facility oper-
 2 ation and maintenance, equipment replacement, and
 3 projects or activities that promote the efficient use
 4 of energy and water by the treatment works, except
 5 that the total amount provided by the State in
 6 grants under this paragraph for a fiscal year may
 7 not exceed one percent of the total amount of assist-
 8 ance provided by the State from the fund in the pre-
 9 ceding fiscal year, or 2 percent of the total amount
 10 received by the State in capitalization grants under
 11 this title in the preceding fiscal year, whichever
 12 amount is greatest.”.

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

16 “(i) ADDITIONAL SUBSIDIZATION.—

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

23 “(A) to benefit a municipality that—

1 “(i) meets the State’s affordability
2 criteria established under paragraph (2);
3 or

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

6 “(I) seeks additional subsidiza-
7 tion to benefit individual ratepayers in
8 the residential user rate class;

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

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

22 “(B) to implement a process, material,
23 technique, or technology to address water-effi-
24 ciency goals, address energy-efficiency goals,
25 mitigate stormwater runoff, or encourage envi-

ronmentally sustainable project planning, design, and construction.

“(2) AFFORDABILITY CRITERIA.—

“(A) ESTABLISHMENT.—On or before September 30, 2014, and after providing notice and an opportunity for public comment, a State shall establish affordability criteria to assist in identifying municipalities that would experience a significant hardship raising the revenue necessary to finance a project or activity eligible for assistance under section 603(c)(1) if additional subsidization is not provided. Such criteria shall be based on income data, population trends, and other data determined relevant by the State, including whether the project or activity is to be carried out in an economically distressed area, as described in section 301 of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3161).

“(B) EXISTING CRITERIA.—If a State has previously established, after providing notice and an opportunity for public comment, affordability criteria that meet the requirements of subparagraph (A), the State may use the criteria for the purposes of this subsection. For

1 purposes of this Act, any such criteria shall be
2 treated as affordability criteria established
3 under this paragraph.

4 “(C) INFORMATION TO ASSIST STATES.—

5 The Administrator may publish information to
6 assist States in establishing affordability cri-
7 teria under subparagraph (A).

8 “(3) PRIORITY.—A State may give priority to a
9 recipient for a project or activity eligible for funding
10 under section 603(c)(1) if the recipient meets the
11 State’s affordability criteria.

12 “(4) SET-ASIDE.—

13 “(A) IN GENERAL.—In any fiscal year in
14 which the Administrator has available for obli-
15 gation more than \$1,000,000,000 for the pur-
16 poses of this title, a State shall provide addi-
17 tional subsidization under this subsection in the
18 amount specified in subparagraph (B) to eligi-
19 ble entities described in paragraph (1) for
20 projects and activities identified in the State’s
21 intended use plan prepared under section
22 606(c) to the extent that there are sufficient
23 applications for such assistance.

24 “(B) AMOUNT.—In a fiscal year described
25 in subparagraph (A), a State shall set aside for

1 purposes of subparagraph (A) an amount not
 2 less than 25 percent of the difference be-
 3 tween—

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

10 “(ii) the total amount allotted to the
 11 State under section 604 for such fiscal
 12 year.

13 “(5) LIMITATION.—The total amount of addi-
 14 tional subsidization provided under this subsection
 15 by a State may not exceed 30 percent of the total
 16 amount of capitalization grants received by the State
 17 under this title in fiscal years beginning after Sep-
 18 tember 30, 2013.”.

19 **SEC. 1304. ALLOTMENT OF FUNDS.**

20 (a) IN GENERAL.—Section 604(a) (33 U.S.C.
 21 1384(a)) is amended to read as follows:

22 “(a) ALLOTMENTS.—

23 “(1) FISCAL YEARS 2014 AND 2015.—Sums ap-
 24 propriated to carry out this title for each of fiscal
 25 years 2014 and 2015 shall be allotted by the Admin-

1 istrator in accordance with the formula used to allot
2 sums appropriated to carry out this title for fiscal
3 year 2013.

4 “(2) FISCAL YEAR 2016 AND THEREAFTER.—
5 Sums appropriated to carry out this title for fiscal
6 year 2016 and each fiscal year thereafter shall be al-
7 lotted by the Administrator as follows:

8 “(A) Amounts that do not exceed
9 \$1,350,000,000 shall be allotted in accordance
10 with the formula described in paragraph (1).

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

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

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

20 “(d) FORMULA BASED ON WATER QUALITY
21 NEEDS.—Not later than September 30, 2015, and after
22 providing notice and an opportunity for public comment,
23 the Administrator shall publish an allotment formula
24 based on water quality needs in accordance with the most
25 recent survey of needs developed by the Administrator

1 under section 516(b) and any other information the Ad-
2 ministrator considers appropriate.”.

3 **SEC. 1305. INTENDED USE PLAN.**

4 (a) INTEGRATED PRIORITY LIST.—Section 603(g)
5 (33 U.S.C. 1383(g)) is amended to read as follows:

6 “(g) PRIORITY LIST.—

7 “(1) IN GENERAL.—For fiscal year 2015 and
8 each fiscal year thereafter, a State shall establish or
9 update a list of projects and activities for which as-
10 sistance is sought from the State’s water pollution
11 control revolving fund. Such projects and activities
12 shall be listed in priority order based on the method-
13 ology established under paragraph (2). The State
14 may provide financial assistance from the State’s
15 water pollution control revolving fund only with re-
16 spect to a project or activity included on such list.
17 In the case of projects and activities eligible for as-
18 sistance under section 603(c)(2), the State may in-
19 clude a category or subcategory of nonpoint sources
20 of pollution on such list in lieu of a specific project
21 or activity.

22 “(2) METHODOLOGY.—

23 “(A) IN GENERAL.—Not later than 1 year
24 after the date of enactment of this paragraph,
25 and after providing notice and opportunity for

1 public comment, each State (acting through the
2 State’s water quality management agency and
3 other appropriate agencies of the State) shall
4 establish a methodology for developing a pri-
5 ority list under paragraph (1).

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

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

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

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

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

5 “(iv) conservation and management
6 plans developed under section 320.

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

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

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

22 (1) in the matter preceding paragraph (1) by
23 striking “each State shall annually prepare” and in-
24 serting “each State (acting through the State’s
25 water quality management agency and other appro-

1 piate agencies of the State) shall annually prepare
2 and publish”;

3 (2) by striking paragraph (1) and inserting the
4 following:

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

7 (3) in paragraph (4)—

8 (A) by striking “and (6)” and inserting
9 “(6), (15), and (17)”; and

10 (B) by striking “and” at the end;

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

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

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

18 (c) TRANSITIONAL PROVISION.—Before completion
19 of a priority list based on a methodology established under
20 section 603(g) of the Federal Water Pollution Control Act
21 (as amended by this section), a State shall continue to
22 comply with the requirements of sections 603(g) and
23 606(c) of such Act, as in effect on the day before the date
24 of enactment of this Act.

1 **SEC. 1306. ANNUAL REPORTS.**

2 Section 606(d) (33 U.S.C. 1386(d)) is amended—

3 (1) by striking “(d) ANNUAL REPORT.—Begin-
4 ning” and inserting the following:

5 “(d) ANNUAL REPORTS.—

6 “(1) STATE REPORT.—Beginning”;

7 (2) in paragraph (1) (as so designated) by
8 striking “loan amounts,” and inserting “loan
9 amounts, the eligible purposes under section 603(c)
10 for which the assistance has been provided,”; and

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

12 “(2) FEDERAL REPORT.—The Administrator
13 shall annually prepare, and make publicly available,
14 a report on the performance of the projects and ac-
15 tivities carried out in whole or in part with assist-
16 ance made available by a State water pollution con-
17 trol revolving fund as authorized under this title
18 during the previous fiscal year, including—

19 “(A) the annual and cumulative financial
20 assistance provided to States under this title;

21 “(B) the categories and types of such
22 projects and activities;

23 “(C) an estimate of the number of jobs
24 created through carrying out such projects and
25 activities;

1 “(D) an assessment of the progress made
2 toward meeting the goals and purposes of this
3 Act through such projects and activities; and

4 “(E) any additional information that the
5 Administrator considers appropriate.”.

6 **SEC. 1307. TECHNICAL ASSISTANCE; REQUIREMENTS FOR**
7 **USE OF AMERICAN MATERIALS.**

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

9 (1) by redesignating section 607 as section 610;
10 and

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

12 **“SEC. 607. TECHNICAL ASSISTANCE.**

13 “(a) SIMPLIFIED PROCEDURES.—Not later than 1
14 year after the date of enactment of this section, the Ad-
15 ministrator shall assist the States in establishing sim-
16 plified procedures for treatment works to obtain assistance
17 under this title.

18 “(b) PUBLICATION OF MANUAL.—Not later than 2
19 years after the date of the enactment of this section, and
20 after providing notice and opportunity for public comment,
21 the Administrator shall publish a manual to assist treat-
22 ment works in obtaining assistance under this title and
23 publish in the Federal Register notice of the availability
24 of the manual.

1 “(c) COMPLIANCE CRITERIA.—At the request of any
 2 State, the Administrator, after providing notice and an op-
 3 portunity for public comment, shall assist in the develop-
 4 ment of criteria for a State to determine compliance with
 5 the conditions of funding assistance established under sec-
 6 tions 602(b)(13) and 603(d)(1)(E).

7 **“SEC. 608. BUY AMERICA.**

8 “(a) IN GENERAL.—Notwithstanding any other pro-
 9 vision of law, funds made available from a State water
 10 pollution control revolving fund established under this title
 11 may not be used for a project for the construction of treat-
 12 ment works unless the steel, iron, and manufactured goods
 13 used for the project are produced in the United States.

14 “(b) EXCEPTIONS.—Subsection (a) shall not apply to
 15 a project for the construction of treatment works if the
 16 Administrator (in consultation with the Governor of the
 17 State in which the treatment works will be constructed)
 18 makes a finding that—

19 “(1) the steel, iron, or manufactured goods re-
 20 quired for the project are a de minimis component
 21 of the project, as determined in accordance with reg-
 22 ulations to be issued by the Administrator;

23 “(2) the steel, iron, or manufactured goods re-
 24 quired for the project are not produced in the
 25 United States—

1 “(A) in sufficient and reasonably available
2 quantities; or

3 “(B) to a satisfactory quality; or

4 “(3) the use of steel, iron, and manufactured
5 goods produced in the United States for the project
6 will increase the total cost of the project by more
7 than 25 percent.

8 “(c) WAIVER REQUIREMENTS.—

9 “(1) PUBLIC NOTIFICATION AND OPPORTUNITY
10 FOR COMMENT.—

11 “(A) IN GENERAL.—At least 30 days be-
12 fore making a finding under subsection (b), the
13 Administrator shall provide notice of and an op-
14 portunity for public comment on the finding.

15 “(B) NOTICE REQUIREMENTS.—Any notice
16 provided under this subparagraph shall—

17 “(i) include a justification for the pro-
18 posed finding; and

19 “(ii) be provided by electronic means,
20 including on the Internet.

21 “(2) DETAILED JUSTIFICATION IN FEDERAL
22 REGISTER.—If the Administrator makes a finding
23 under subsection (b), the Administrator shall—

24 “(A) publish in the Federal Register a de-
25 tailed justification for the finding; and

1 “(B) provide notice of and an opportunity
2 for public comment on the detailed justification
3 at least 30 days before the finding takes effect.

4 “(3) ANNUAL REPORT.—Not later than Feb-
5 ruary 1 of each year beginning after the date of en-
6 actment of this section, the Administrator shall sub-
7 mit to the Committee on Transportation and Infra-
8 structure of the House of Representatives and the
9 Committee on Environment and Public Works of the
10 Senate a report that—

11 “(A) specifies each project with respect to
12 which the Administrator made a finding under
13 subsection (b) during the preceding calendar
14 year; and

15 “(B) describes the justification for each
16 such finding.

17 “(d) STATE REQUIREMENTS.—The Administrator
18 may not impose a limitation or condition on assistance
19 provided under this title that restricts—

20 “(1) a State from imposing requirements that
21 are more stringent than those imposed under this
22 section with respect to limiting the use of articles,
23 materials, or supplies mined, produced, or manufac-
24 tured in foreign countries for projects carried out
25 with such assistance; or

1 “(2) any recipient of assistance from a State
2 water pollution control revolving fund established
3 under this title from complying with such State re-
4 quirements.

5 “(e) INTENTIONAL VIOLATIONS.—Pursuant to proce-
6 dures established under subpart 9.4 of chapter 1 of title
7 48, Code of Federal Regulations, a person shall be ineli-
8 gible to receive a contract or subcontract funded with
9 amounts made available from a State water pollution con-
10 trol revolving fund established under this title if the Ad-
11 ministrators or a court determines that such person inten-
12 tionally—

13 “(1) affixed a label bearing a ‘Made in Amer-
14 ica’ inscription, or any inscription with the same
15 meaning, to any steel, iron, or manufactured goods
16 that—

17 “(A) were used in a project to which this
18 section applies; and

19 “(B) were not produced in the United
20 States; or

21 “(2) represented that any steel, iron, or manu-
22 factured goods were produced in the United States
23 that—

24 “(A) were used in projects to which this
25 section applies; and

1 “(B) were not produced in the United
2 States.

3 “(f) CONSISTENCY WITH INTERNATIONAL AGREE-
4 MENTS.—

5 “(1) IN GENERAL.—This section shall be ap-
6 plied in a manner that is consistent with United
7 States obligations under international agreements.

8 “(2) TREATMENT OF FOREIGN COUNTRIES IN
9 VIOLATION OF INTERNATIONAL AGREEMENTS.—The
10 Administrator shall prohibit the use of steel, iron,
11 and manufactured goods produced in a foreign coun-
12 try in a project funded with amounts made available
13 from a State water pollution control revolving fund
14 established under this title, including any project for
15 which the Administrator has made a finding under
16 subsection (b), if the Administrator, in consultation
17 with the United States Trade Representative, deter-
18 mines that the foreign country is in violation of the
19 terms of an agreement with the United States by
20 discriminating against steel, iron, or manufactured
21 goods that are produced in the United States and
22 covered by the agreement.”.

23 **SEC. 1308. ECONOMIC HARDSHIP WAIVER.**

24 Notwithstanding the requirements of section
25 602(b)(2) of the Federal Water Pollution Control Act (33

1 U.S.C. 1382(b)(2)), for fiscal years 2014 and 2015, the
 2 Administrator of the Environmental Protection Agency
 3 may waive the requirement that a State deposit an amount
 4 equal to 20 percent of the State’s annual capitalization
 5 grant into the State’s water pollution control revolving
 6 fund established under title VI of that Act if the Adminis-
 7 trator determines that the State is currently experiencing
 8 a local, statewide, or regional economic hardship and that
 9 providing such a deposit would adversely impact the
 10 State’s ability to restore and maintain the chemical, phys-
 11 ical, and biological integrity of waters located within the
 12 State.

13 **SEC. 1309. AUTHORIZATION OF APPROPRIATIONS.**

14 Section 610 (as redesignated by section 1307 of this
 15 Act) is amended by striking paragraphs (1) through (5)
 16 and inserting the following:

- 17 “(1) \$2,400,000,000 for fiscal year 2014;
 18 “(2) \$2,700,000,000 for fiscal year 2015;
 19 “(3) \$2,800,000,000 for fiscal year 2016;
 20 “(4) \$2,900,000,000 for fiscal year 2017; and
 21 “(5) \$3,000,000,000 for fiscal year 2018.”.

22 **Subtitle D—General Provisions**

23 **SEC. 1401. DEFINITION OF TREATMENT WORKS.**

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

1 “(26) TREATMENT WORKS.—The term ‘treat-
 2 ment works’ has the meaning given that term in sec-
 3 tion 212.”.

4 **SEC. 1402. FUNDING FOR INDIAN PROGRAMS.**

5 Section 518(c) (33 U.S.C. 1377) is amended—

6 (1) by striking “The Administrator” and insert-
 7 ing the following:

8 “(1) FISCAL YEARS 1987–2013.—The Adminis-
 9 trator”;

10 (2) in paragraph (1) (as so designated)—

11 (A) by inserting “and ending before Octo-
 12 ber 1, 2013,” after “1986,”; and

13 (B) by striking the second sentence; and

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

15 “(2) FISCAL YEAR 2014 AND THEREAFTER.—
 16 For fiscal year 2014 and each fiscal year thereafter,
 17 the Administrator shall reserve, before allotments to
 18 the States under section 604(a), not less than 0.5
 19 percent and not more than 2.0 percent of the funds
 20 made available to carry out title VI.

21 “(3) USE OF FUNDS.—Funds reserved under
 22 this subsection shall be available only for grants for
 23 projects and activities eligible for assistance under
 24 section 603(c) to serve—

1 “(A) Indian tribes (as defined in section
2 518(h));

3 “(B) former Indian reservations in Okla-
4 homa (as determined by the Secretary of the
5 Interior); and

6 “(C) Native villages (as defined in section
7 3 of the Alaska Native Claims Settlement Act
8 (43 U.S.C. 1602)).”.

9 **Subtitle E—Tonnage Duties**

10 **SEC. 1501. TONNAGE DUTIES.**

11 (a) IN GENERAL.—Section 60301 of title 46, United
12 States Code, is amended by striking subsections (a) and
13 (b) and inserting the following:

14 “(a) LOWER RATE.—

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

18 “(A) a vessel entering from a foreign port
19 or place in North America, Central America,
20 the West Indies Islands, the Bahama Islands,
21 the Bermuda Islands, or the coast of South
22 America bordering the Caribbean Sea; or

23 “(B) a vessel returning to the same port or
24 place in the United States from which it de-

1 parted, and not entering the United States
2 from another port or place, except—

3 “(i) a vessel of the United States;

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

6 “(iii) a barge.

7 “(2) RATE.—The rate referred to in paragraph
8 (1) shall be—

9 “(A) 9.0 cents per ton (but not more than
10 a total of 45 cents per ton per year) for fiscal
11 years 2014 through 2023; and

12 “(B) 2 cents per ton (but not more than
13 a total of 10 cents per ton per year) for each
14 fiscal year thereafter.

15 “(b) HIGHER RATE.—

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

21 “(2) RATE.—The rate referred to in paragraph
22 (1) shall be—

23 “(A) 27 cents per ton (but not more than
24 a total of \$1.35 per ton per year) for fiscal
25 years 2014 through 2023; and

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

4 (b) CONFORMING AMENDMENTS.—Such title is fur-
5 ther amended—

6 (1) by striking the heading for subtitle VI and
7 inserting the following:

8 **“Subtitle VI—Clearance and**
9 **Tonnage Duties”;**

10 (2) in the heading for chapter 603, by striking
11 **“TAXES”** and inserting **“DUTIES”**;

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

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

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

20 (6) 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 DUTIES60101”;

3 (2) in the analysis for subtitle VI by striking
 4 the item relating to chapter 603 and inserting the
 5 following:

“603. Tonnage Duties and Light Money 60301”;

6 and

7 (3) in the analysis for chapter 603—

8 (A) by striking the items relating to sec-
 9 tions 60301 and 60302 and inserting the fol-
 10 lowing:

“60301. Regular tonnage duties.

“60302. Special tonnage duties.”;

11 and

12 (B) by striking the item relating to section
 13 60304 and inserting the following:

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

14 **TITLE II—ALTERNATIVE WATER** 15 **SOURCE PROJECTS**

16 **SEC. 2001. PILOT PROGRAM FOR ALTERNATIVE WATER** 17 **SOURCE PROJECTS.**

18 (a) SELECTION OF PROJECTS.—Section 220(d)(2)
 19 (33 U.S.C. 1300(d)(2)) is amended by inserting before the
 20 period at the end the following: “or whether the project
 21 is located in an area which is served by a public water
 22 system serving 10,000 individuals or fewer”.

1 (b) AUTHORIZATION OF APPROPRIATIONS.—Section
 2 220(j) (33 U.S.C. 1300(j)) is amended by striking
 3 “\$75,000,000 for fiscal years 2002 through 2004” and
 4 inserting “\$50,000,000 for each of fiscal years 2014
 5 through 2018”.

6 **TITLE III—SEWER OVERFLOW**
 7 **CONTROL GRANTS**

8 **SEC. 3001. SEWER OVERFLOW CONTROL GRANTS.**

9 (a) ADMINISTRATIVE REQUIREMENTS.—Section
 10 221(e) (33 U.S.C. 1301(e)) is amended to read as follows:

11 “(e) ADMINISTRATIVE REQUIREMENTS.—A project
 12 that receives assistance under this section shall be carried
 13 out subject to the same requirements as a project that
 14 receives assistance from a State water pollution control
 15 revolving fund under title VI, except to the extent that
 16 the Governor of the State in which the project is located
 17 determines that a requirement of title VI is inconsistent
 18 with the purposes of this section. For the purposes of this
 19 subsection, a Governor may not determine that the re-
 20 quirements of title VI relating to the application of section
 21 513 are inconsistent with the purposes of this section.”.

22 (b) AUTHORIZATION OF APPROPRIATIONS.—Section
 23 221(f) (33 U.S.C. 1301(f)) is amended to read as follows:

24 “(f) AUTHORIZATION OF APPROPRIATIONS.—

1 “(1) IN GENERAL.—There is authorized to be
2 appropriated to carry out this section \$500,000,000
3 for each of fiscal years 2014 through 2018.

4 “(2) MINIMUM ALLOCATIONS.—To the extent
5 there are sufficient eligible project applications, the
6 Administrator shall ensure that a State uses not less
7 than 20 percent of the amount of the grants made
8 to the State under subsection (a) in a fiscal year to
9 carry out projects to control municipal combined
10 sewer overflows and sanitary sewer overflows
11 through the use of green infrastructure, water and
12 energy efficiency improvements, and other environ-
13 mentally innovative activities.”.

14 (c) ALLOCATION OF FUNDS.—Section 221(g) of such
15 Act (33 U.S.C. 1301(g)) is amended to read as follows:

16 “(g) ALLOCATION OF FUNDS.—

17 “(1) FISCAL YEAR 2014.—Subject to subsection
18 (h), the Administrator shall use the amounts appro-
19 priated to carry out this section for fiscal year 2014
20 for making grants to municipalities and municipal
21 entities under subsection (a)(2) in accordance with
22 the criteria set forth in subsection (b).

23 “(2) FISCAL YEAR 2015 AND THEREAFTER.—
24 Subject to subsection (h), the Administrator shall
25 use the amounts appropriated to carry out this sec-

1 tion for fiscal year 2015 and each fiscal year there-
 2 after for making grants to States under subsection
 3 (a)(1) in accordance with a formula to be established
 4 by the Administrator, after providing notice and an
 5 opportunity for public comment, that allocates to
 6 each State a proportional share of such amounts
 7 based on the total needs of the State for municipal
 8 combined sewer overflow controls and sanitary sewer
 9 overflow controls identified in the most recent survey
 10 conducted pursuant to section 516 and any other in-
 11 formation the Administrator considers appropriate.”.

12 (d) REPORTS.—The first sentence of section 221(i)
 13 (33 U.S.C. 1301(i)) is amended by striking “2003” and
 14 inserting “2015”.

15 **TITLE IV—CLEAN WATER TRUST** 16 **FUND**

17 **SEC. 4001. ESTABLISHMENT OF CLEAN WATER TRUST** 18 **FUND.**

19 Subchapter A of chapter 98 of the Internal Revenue
 20 Code of 1986 (relating to the establishment of trust funds)
 21 is amended by adding at the end the following new section:

22 **“SEC. 9512. CLEAN WATER TRUST FUND.**

23 “(a) CREATION OF TRUST FUND.—There is estab-
 24 lished in the Treasury of the United States a trust fund
 25 to be known as the ‘Clean Water Trust Fund’, consisting

1 of such amounts as may be appropriated or credited to
2 the Fund as provided in this section or section 9602(b).

3 “(b) TRANSFERS TO TRUST FUND.—There are here-
4 by appropriated to the Clean Water Trust Fund amounts
5 equivalent to—

6 “(1) fees, taxes, or other sources of revenue
7 specifically collected and deposited in the Fund or
8 received in the Treasury for the purposes provided
9 in this section; and

10 “(2) any penalty paid pursuant to section 309
11 of the Federal Water Pollution Control Act (33
12 U.S.C. 1319) (other than those that result of viola-
13 tions of section 311 of such Act).

14 “(c) APPROPRIATION OF ADDITIONAL SUMS.—There
15 are hereby authorized to be appropriated to the Clean
16 Water Trust Fund such additional sums as may be re-
17 quired to make the expenditures referred to in subsection
18 (d).

19 “(d) EXPENDITURES.—Amounts in the Clean Water
20 Trust Fund shall be available, as provided in appropria-
21 tions Acts, for the following purposes:

22 “(1) Capitalization grants under section 601 of
23 the Federal Water Pollution Control Act (33 U.S.C.
24 1381).

1 “(2) Grants to States and interstate agencies
2 under section 106(a) of that Act (33 U.S.C.
3 1256(a)).

4 “(3) Grants under sections 104(b) and 104(g)
5 of that Act (33 U.S.C. 1254(b) and 1254(g)).

6 “(4) To cover the cost of making direct loans
7 or guaranteeing obligations authorized under the
8 Water Pollution Control Investment Act.”.

9 **SEC. 4002. ALLOCATION OF FUNDS.**

10 Title VI (as amended by section 1307 of this Act)
11 is further amended by inserting after section 608 the fol-
12 lowing:

13 **“SEC. 609. CLEAN WATER TRUST FUND.**

14 “(a) ALLOCATION OF FUNDS.—The Administrator
15 shall allocate funds made available for a fiscal year out
16 of the Clean Water Trust Fund established by section
17 9512 of the Internal Revenue Code of 1986 among eligible
18 programs and activities as follows:

19 “(1) 80 percent for capitalization grants under
20 section 604.

21 “(2) 10 percent to cover the cost of making di-
22 rect loans or guaranteeing obligations authorized
23 under the Water Pollution Control Investment Act.

24 “(3) 7.5 percent for grants to States and inter-
25 state agencies under section 106(a).

1 “(4) 2.5 percent for grants under sections
2 104(b) and 104(g).

3 “(b) AMOUNTS MADE AVAILABLE FOR CAPITALIZA-
4 TION GRANTS.—To the extent there are sufficient applica-
5 tions, not less than 30 percent of the amounts allocated
6 for capitalization grants under subsection (a)(1) shall be
7 used for one or more of the following purposes:

8 “(1) Projects or activities to address green in-
9 frastructure.

10 “(2) Water or energy efficiency improvements
11 or other environmentally sustainable activities.

12 “(3) The implementation of best management
13 practices or measures identified in an approved
14 nonpoint source management program under section
15 319.”.

16 **SEC. 4003. REVENUES FOR CLEAN WATER TRUST FUND.**

17 (a) STUDY ON IDENTIFICATION OF REVENUES.—Not
18 later than 45 days after the date of enactment of this Act,
19 the Director of the Congressional Budget Office, in con-
20 sultation with the Administrator of the Environmental
21 Protection Agency and the Secretary of the Treasury,
22 shall undertake a study of potential funding mechanisms
23 and revenue sources for the Clean Water Trust Fund es-
24 tablished by section 9512(d) of the Internal Revenue Code
25 of 1986 (as added by this Act) that are sufficient to sup-

1 port annual funding levels of at least \$10,000,000,000 for
2 the purposes identified in section 9512(d) of that Act.

3 (b) CONDUCT OF STUDY.—In carrying out the study,
4 the Director shall—

5 (1) take into consideration whether potential
6 funding mechanisms and revenue sources—

7 (A) are broad based;

8 (B) are equitably allocated; and

9 (C) can be efficiently collected;

10 (2) review and, to the extent practicable, utilize
11 existing studies and reports on potential sources of
12 revenue for a clean water trust fund, including—

13 (A) the report of the Government Account-
14 ability Office entitled “Clean Water Infrastruc-
15 ture: A Variety of Issues Need to Be Consid-
16 ered When Designing a Clean Water Trust
17 Fund” (GAO–09–037, May 2009); and

18 (B) the report of the Environmental Pro-
19 tection Agency entitled “Alternative Funding
20 Study: Water Quality Fees and Debt Financing
21 Issues” (EPA 832–R–96–001, June 1996);

22 (3) consult with Federal, State, tribal, and local
23 agencies, representatives of business and industry,
24 representatives of entities operating publicly owned
25 treatment works, representatives of conservation and

1 environmental organizations, representatives of rate-
 2 payer organizations, and other interested persons;
 3 and

4 (4) provide the opportunity for public hearings.

5 (c) REPORT TO CONGRESS.—Not later than 1 year
 6 after the date of enactment of this Act, the Director shall
 7 submit a report on the results of the study to—

8 (1) the Committee on Transportation and In-
 9 frastructure, the Committee on Ways and Means,
 10 and the Committee on the Budget of the House of
 11 Representatives; and

12 (2) the Committee on Environment and Public
 13 Works, the Committee on Finance, and the Com-
 14 mittee on the Budget of the Senate.

15 **TITLE V—WATER POLLUTION** 16 **CONTROL INVESTMENT**

17 **SEC. 5001. SHORT TITLE.**

18 This title may be cited as the “Water Pollution Con-
 19 trol Investment Act”.

20 **SEC. 5002. DEFINITIONS.**

21 In this title, the following definitions apply:

22 (1) ADMINISTRATOR.—The term “Adminis-
 23 trator” means the Administrator of the Environ-
 24 mental Protection Agency.

1 (2) BORROWER.—The term “borrower” means
2 a person who owes payments of interest or principal
3 on an obligation guaranteed under this title.

4 (3) COST OF A DIRECT LOAN.—The term “cost
5 of a direct loan” means the “cost of a direct loan”
6 as that term is used in section 502(5) of the Federal
7 Credit Reform Act of 1990 (2 U.S.C. 661a(5)).

8 (4) COST OF A GUARANTEE.—The term “cost
9 of a guarantee” means the “cost of a loan guar-
10 antee” as that term is used in section 502(5) of the
11 Federal Credit Reform Act of 1990 (2 U.S.C.
12 661a(5)).

13 (5) DIRECT LOAN.—The term “direct loan” has
14 the meaning given that term in section 502 of the
15 Federal Credit Reform Act of 1990 (2 U.S.C. 661a).

16 (6) GUARANTEE.—

17 (A) IN GENERAL.—The term “guarantee”
18 has the meaning given the term “loan guar-
19 antee” in section 502 of the Federal Credit Re-
20 form Act of 1990 (2 U.S.C. 661a).

21 (B) INCLUSION.—The term “guarantee”
22 includes a loan guarantee commitment (as that
23 term is defined in section 502 of the Federal
24 Credit Reform Act of 1990 (2 U.S.C. 661a)).

1 (7) LARGE WATER INFRASTRUCTURE
2 PROJECT.—

3 (A) IN GENERAL.—The term “large water
4 infrastructure project” means a project for con-
5 struction of a publicly owned treatment works
6 that qualifies for assistance under section
7 603(c) of the Federal Water Pollution Control
8 Act (33 U.S.C. 1383(c)), but because of its sig-
9 nificant scope and cost is not likely to receive
10 assistance under that Act, as determined by the
11 Administrator.

12 (B) GUIDELINES.—The Administrator
13 shall issue guidelines for determining whether a
14 project qualifies as a large water infrastructure
15 project.

16 (8) OBLIGATION.—The term “obligation”
17 means a loan or other debt obligation.

18 (9) STATE INFRASTRUCTURE FINANCING AU-
19 THORITY.—The term “State infrastructure financing
20 authority” means the State entity established or des-
21 ignated by the Governor of a State to receive a cap-
22 italization grant provided by, or otherwise carry out
23 the requirements of, title VI of the Federal Water
24 Pollution Control Act (33 U.S.C. 1381 et seq.).

1 **SEC. 5003. DIRECT LOANS.**

2 (a) IN GENERAL.—

3 (1) USE OF LOANS.—The Administrator may
4 make a direct loan to a State infrastructure financ-
5 ing authority for use in the same manner, and sub-
6 ject to the same terms and conditions (unless other-
7 wise specified in this section), as a capitalization
8 grant made under section 601 of the Federal Water
9 Pollution Control Act (33 U.S.C. 1831).

10 (2) TERMS AND CONDITIONS.—The Adminis-
11 trator may make a loan under this section on such
12 terms and conditions (including requirements for au-
13 dits) as the Administrator determines appropriate.

14 (b) LOAN REQUIREMENTS.—

15 (1) MAXIMUM AMOUNT.—The amount of a loan
16 made under this section to a State infrastructure fi-
17 nancing authority shall not exceed the applicable
18 percentage for the State establishing such authority
19 of the total amount available under this title for dis-
20 bursement, based on the allotment for the State in
21 accordance with section 604 of the Federal Water
22 Pollution Control Act (33 U.S.C. 1384).

23 (2) TERM OF LOAN.—The final maturity date
24 of a loan made under this section shall not be later
25 than 35 years after the date on which funds are dis-
26 bursed to a State infrastructure financing authority.

1 (3) INTEREST RATE.—The Administrator may
2 make a loan under this section only if the Adminis-
3 trator determines that the interest rate on the loan
4 is appropriate, taking into account the prevailing
5 rate of interest in the private sector for similar
6 loans.

7 (4) SECURITY.—The Administrator shall re-
8 quire a State infrastructure financing authority re-
9 ceiving a loan under this section to use a rate cov-
10 enant, coverage requirement, or similar security fea-
11 ture adequate to ensure loan repayment.

12 (5) REPAYMENT.—

13 (A) SCHEDULE.—The Administrator shall
14 set a repayment schedule for each loan made
15 under this section based on the projected cash
16 flow to the State infrastructure financing au-
17 thority, including consideration of the effect on
18 such cash flow of the security features de-
19 scribed in paragraph (4).

20 (B) COMMENCEMENT.—Scheduled loan re-
21 payments of principal or interest on a loan
22 made under this section shall commence not
23 later than 5 years after the date on which the
24 loan is made.

25 (C) DEFERRAL OF PAYMENTS.—

1 (i) IN GENERAL.—If the Adminis-
2 trator determines that a State infrastruc-
3 ture financing authority lacks the re-
4 sources to make scheduled payments on a
5 loan made under this section based on cir-
6 cumstances not foreseeable at the time the
7 loan is made, the Administrator may allow
8 for the deferral of such payments.

9 (ii) INTEREST.—Any payment de-
10 ferred under clause (i) shall—

11 (I) continue to accrue interest
12 until fully repaid; and

13 (II) be amortized over the re-
14 maining term of the loan.

15 (D) PREPAYMENT.—Payments on the loan
16 may be made in advance with no penalty.

17 (c) SALE OF LOANS.—After notifying the State infra-
18 structure financing authority, the Administrator, in con-
19 sultation with the Secretary of the Treasury, may sell a
20 loan made under this section, if the Administrator deter-
21 mines that the sale can be made on favorable terms.

22 (d) CONFORMING REQUIREMENTS.—The require-
23 ments of sections 211, 511(c)(1), and 513 of the Federal
24 Water Pollution Control Act (33 U.S.C. 1291, 1371(c)(2),
25 and 1372) apply to the construction of a project carried

1 out in whole or in part with assistance made available
2 through a loan under this section in the same manner as
3 treatment works for which grants are made available
4 under the Federal Water Pollution Control Act.

5 (e) FEES.—The Administrator shall charge and col-
6 lect fees from State infrastructure financing authorities
7 receiving loans under this section in amounts the Adminis-
8 trator determines are sufficient to cover the administrative
9 expenses associated with carrying out this section and, as
10 provided in advance in appropriations Acts, use such
11 amounts to cover such expenses.

12 (f) RECORDS; AUDITS.—

13 (1) IN GENERAL.—A State infrastructure fi-
14 nancing authority receiving a loan under this section
15 shall keep such records and other pertinent docu-
16 ments as the Administrator shall prescribe by regu-
17 lation, including such records as the Administrator
18 may require to facilitate an effective audit of loans
19 made under this section.

20 (2) ACCESS.—The Administrator and the
21 Comptroller General of the United States, or their
22 duly authorized representatives, shall have access,
23 for the purpose of audits, to records and other perti-
24 nent documents kept under paragraph (1).

1 **SEC. 5004. GUARANTEES.**

2 (a) IN GENERAL.—

3 (1) USE OF GUARANTEES.—The Administrator
4 may make a guarantee under this title for an obliga-
5 tion for construction of a large water infrastructure
6 project in accordance with the requirements of this
7 section.

8 (2) SELECTION CRITERIA.—

9 (A) ESTABLISHMENT.—The Administrator
10 shall establish criteria for selecting among large
11 water infrastructure projects in making guaran-
12 tees under this title.

13 (B) CRITERIA.—In establishing selection
14 criteria under this paragraph, the Adminis-
15 trator shall include consideration of the fol-
16 lowing:

17 (i) The extent to which the project is
18 nationally or regionally significant.

19 (ii) The creditworthiness of the
20 project, including a determination by the
21 Administrator that any financing has ap-
22 propriate features to ensure repayment.

23 (iii) The extent to which the project
24 uses new technologies that enhance the en-
25 vironmental benefits of the project.

1 (iv) The cost of a guarantee under
2 this title.

3 (v) The extent to which the project
4 helps restore, maintain, or protect the en-
5 vironment.

6 (3) FISCAL YEAR LIMITATION.—The Adminis-
7 trator may not utilize more than 10 percent of the
8 funds made available under this title for a fiscal
9 year to make guarantees under this section during
10 that fiscal year.

11 (4) TERMS AND CONDITIONS.—The Adminis-
12 trator may make a guarantee for a large water in-
13 frastructure project under this title on such terms
14 and conditions (including requirements for audits)
15 as the Administrator determines appropriate.

16 (5) SECURITY.—The Administrator shall re-
17 quire a borrower to use a rate covenant, coverage re-
18 quirement, or similar security feature adequate to
19 ensure repayment of the obligation.

20 (b) GUARANTEE REQUIREMENTS.—

21 (1) PROBABILITY OF REPAYMENT.—The Ad-
22 ministrator may make a guarantee under this title
23 only if the Administrator determines that there is a
24 high probability of repayment by the borrower of the
25 principal and interest on the obligation.

1 (2) AMOUNT.—

2 (A) PERCENTAGE OF TOTAL COST.—The
3 Administrator may make a guarantee under
4 this title only if the amount of the obligation
5 does not exceed 75 percent of the total cost of
6 the large water infrastructure project, as esti-
7 mated at the time at which the guarantee is
8 issued.

9 (B) SUFFICIENCY.—The Administrator
10 may make a guarantee under this title only if
11 the Administrator determines that the amount
12 of the obligation, when combined with amounts
13 available from other sources, will be sufficient
14 to carry out the project.

15 (3) NONSUBORDINATION.—The Administrator
16 may make a guarantee under this title only if the
17 guarantee is not subordinate to other financing.

18 (4) INTEREST RATE.—The Administrator may
19 make a guarantee under this title only if the Admin-
20 istrator determines that the interest rate on the obli-
21 gation is appropriate, taking into account the pre-
22 vailing rate of interest in the private sector for simi-
23 lar obligations.

24 (5) TERM.—The Administrator may make a
25 guarantee under this title only if—

1 (A) repayment of the obligation is required
2 over a period not to exceed the lesser of—

3 (i) 35 years; or

4 (ii) 90 percent of the projected useful
5 life of the large water infrastructure
6 project to be financed by the obligation (as
7 determined by the Administrator); and

8 (B) payments on the obligation are sched-
9 uled to commence not later than 5 years after
10 the date of substantial completion of the large
11 water infrastructure project.

12 (c) CONFORMING REQUIREMENTS.—

13 (1) FISCAL SUSTAINABILITY PLAN.—The Ad-
14 ministrator may make a guarantee for a large water
15 infrastructure project under this title only if the
16 owner or operator of such project commits to de-
17 velop and implement a fiscal sustainability plan that
18 meets the requirements of section 603(d)(1)(E) of
19 the Federal Water Pollution Control Act, as added
20 by this Act.

21 (2) PRIORITY LIST.—The Administrator may
22 make a guarantee for a large water infrastructure
23 project under this title only if such project is on a
24 State priority list under section 603(g) of the Fed-

1 eral Water Pollution Control Act (33 U.S.C.
2 1383(g)), as amended by this Act.

3 (3) ADDITIONAL REQUIREMENTS.—The require-
4 ments of sections 211, 511(c)(1), and 513 of the
5 Federal Water Pollution Control Act (33 U.S.C.
6 1291, 1371(c)(2), and 1372) apply to the construc-
7 tion of a large water infrastructure project carried
8 out in whole or in part with financing made available
9 through an obligation guaranteed under this title in
10 the same manner as treatment works for which
11 grants are made available under the Federal Water
12 Pollution Control Act.

13 (d) DEFAULTS.—

14 (1) PAYMENT BY ADMINISTRATOR.—

15 (A) IN GENERAL.—If a borrower defaults
16 on an obligation guaranteed under this title (as
17 defined in regulations promulgated by the Ad-
18 ministrator and specified in the guarantee con-
19 tract), the holder of the guarantee shall have
20 the right to demand payment of the unpaid
21 amount from the Administrator.

22 (B) PAYMENT REQUIRED.—Within such
23 period as may be specified in the guarantee or
24 related agreements, the Administrator shall pay
25 to the holder of a guarantee the unpaid interest

1 on, and unpaid principal of, the obligation guar-
2 anteed under this title as to which the borrower
3 has defaulted, unless the Administrator finds
4 that there was no default by the borrower in
5 the payment of interest or principal or that the
6 default has been remedied.

7 (C) FORBEARANCE.—Nothing in this sub-
8 section precludes any forbearance by the holder
9 of a guarantee for the benefit of the borrower
10 which may be agreed upon by the parties to the
11 obligation and approved by the Administrator.

12 (2) SUBROGATION.—

13 (A) IN GENERAL.—If the Administrator
14 makes a payment under paragraph (1), the Ad-
15 ministrator shall be subrogated to the rights of
16 the holder of the guarantee as specified in the
17 guarantee or related agreements.

18 (B) SUPERIORITY OF RIGHTS.—The rights
19 of the Administrator, with respect to any prop-
20 erty acquired pursuant to a guarantee or re-
21 lated agreements, shall be superior to the rights
22 of any other person with respect to the prop-
23 erty.

24 (e) PAYMENT OF PRINCIPAL AND INTEREST BY AD-
25 MINISTRATOR.—

1 (1) IN GENERAL.—With respect to any obliga-
2 tion guaranteed under this title, the Administrator
3 may enter into a contract to pay, and pay, a holder
4 of the guarantee, for and on behalf of the borrower,
5 from funds appropriated for that purpose, the prin-
6 cipal and interest payments which become due and
7 payable on the unpaid balance of the obligation if
8 the Administrator finds that—

9 (A) the borrower is unable to meet the
10 payments and is not in default;

11 (B) it is in the public interest to permit
12 the borrower to continue to pursue the purposes
13 of the project;

14 (C) the probable net benefit to the Federal
15 Government in paying the principal and interest
16 will be greater than that which would result in
17 the event of a default; and

18 (D) the State or region in which the
19 project is located is experiencing a period of
20 local or regional economic hardship that has af-
21 fected the borrower's ability to meet the pay-
22 ments.

23 (2) AMOUNT.—The amount of the payment
24 that the Administrator is authorized to pay under
25 this subsection shall be no greater than the amount

1 of principal and interest that the borrower is obli-
2 gated to pay under the obligation.

3 (3) REIMBURSEMENT.—A payment may be
4 made under this subsection only if the borrower
5 agrees to reimburse the Administrator for the pay-
6 ment (including interest) on terms and conditions
7 that are satisfactory to the Administrator.

8 (f) FEES.—The Administrator shall charge and col-
9 lect fees from borrowers for guarantees made under this
10 title in amounts the Administrator determines are suffi-
11 cient to cover the administrative expenses associated with
12 carrying out this title and, as provided in advance in ap-
13 propriations Acts, use such amounts to cover such ex-
14 penses.

15 (g) RECORDS; AUDITS.—

16 (1) IN GENERAL.—A borrower shall keep such
17 records and other pertinent documents as the Ad-
18 ministrator shall prescribe by regulation, including
19 such records as the Administrator may require to fa-
20 cilitate an effective audit of guarantees made under
21 this title.

22 (2) ACCESS.—The Administrator and the
23 Comptroller General of the United States, or their
24 duly authorized representatives, shall have access,

1 for the purpose of audits, to records and other perti-
2 nent documents kept under paragraph (1).

3 (h) FULL FAITH AND CREDIT.—The full faith and
4 credit of the United States is pledged to the payment of
5 all guarantees made under this title.

