

**Calendar No. 772**108<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION**S. 2550****[Report No. 108-386]**

To amend the Federal Water Pollution Control Act and the Safe Drinking Water Act to improve water and wastewater infrastructure in the United States.

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**IN THE SENATE OF THE UNITED STATES**

JUNE 21, 2004

Mr. CRAPO (for himself, Mr. INHOFE, and Ms. MURKOWSKI) introduced the following bill; which was read twice and referred to the Committee on Environment and Public Works

OCTOBER 7, 2004

Reported by Mr. INHOFE, with an amendment

[Strike out all after the enacting clause and insert the part printed in *italic*]

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**A BILL**

To amend the Federal Water Pollution Control Act and the Safe Drinking Water Act to improve water and wastewater infrastructure in the United States.

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) **SHORT TITLE.**—This Act may be cited as the  
 3 “Water Infrastructure Financing Act”.

4 (b) **TABLE OF CONTENTS.**—The table of contents of  
 5 this Act is as follows:

Sec. 1. Short title; table of contents.

**TITLE I—WATER POLLUTION INFRASTRUCTURE**

Sec. 101. Technical assistance for rural and small treatment works.  
 Sec. 102. Projects eligible for assistance.  
 Sec. 103. Affordability.  
 Sec. 104. Water pollution control revolving loan funds.  
 Sec. 105. Transferability of funds.  
 Sec. 106. Grants program.  
 Sec. 107. Costs of administering water pollution control revolving loan funds.  
 Sec. 108. Allocation formula.  
 Sec. 109. Authorization of appropriations.  
 Sec. 110. Reports.

**TITLE II—SAFE DRINKING WATER INFRASTRUCTURE**

Sec. 201. Technical assistance for small centers.  
 Sec. 202. Preconstruction work.  
 Sec. 203. Affordability.  
 Sec. 204. Safe drinking water revolving loan funds.  
 Sec. 205. Grants program.  
 Sec. 206. Other authorized activities.  
 Sec. 207. Small system revolving loan fund.  
 Sec. 208. Authorization of appropriations.

**TITLE III—MISCELLANEOUS**

Sec. 301. Definition of Administrator.  
 Sec. 302. Demonstration grant program for water quality enhancement and  
 management.  
 Sec. 303. Cost of service study.  
 Sec. 304. State revolving fund review process.

1       **TITLE I—WATER POLLUTION**  
 2                   **INFRASTRUCTURE**

3       **SEC. 101. TECHNICAL ASSISTANCE FOR RURAL AND SMALL**  
 4                   **TREATMENT WORKS.**

5 Title II of the Federal Water Pollution Control Act is  
 6 amended by adding after section 221 (33 U.S.C. 1301)  
 7 the following:

8       **“SEC. 222. TECHNICAL ASSISTANCE FOR RURAL AND SMALL**  
 9                   **TREATMENT WORKS.**

10       “(a) **DEFINITION OF QUALIFIED NONPROFIT TECH-**  
 11 **NICAL ASSISTANCE PROVIDER.**—In this section, the term  
 12 ‘qualified nonprofit technical assistance provider’ means a  
 13 qualified nonprofit technical assistance provider of water  
 14 and wastewater services to small rural communities that  
 15 provide technical assistance to treatment works that—

16               “(1) serve not more than 10,000 users; and

17               “(2) are located in a rural area.

18       “(b) **GRANT PROGRAM.**—

19               “(1) **IN GENERAL.**—The Administrator may  
 20 make grants to qualified nonprofit technical assist-  
 21 ance providers—

22                   “(A) to assist small treatment works in  
 23 planning, developing, and obtaining financing  
 24 for eligible projects described in section 603(e);

1           “(B) to capitalize revolving loan funds to  
2 provide loans, in consultation with the State in  
3 which the assistance is provided, to rural and  
4 small municipalities for predevelopment costs  
5 (including costs for planning, design, associated  
6 preconstruction, and necessary activities for  
7 siting the facility and related elements) associ-  
8 ated with wastewater infrastructure projects or  
9 short-term costs incurred for equipment re-  
10 placement that is not part of regular operation  
11 and maintenance activities for existing waste-  
12 water systems, so long as—

13           “(i) any loan from the fund is made  
14 at or below market interest rate, for a  
15 term not to exceed 10 years;

16           “(ii) the amount of a single loan does  
17 not exceed \$100,000;

18           “(iii) all loan repayments are credited  
19 to the fund;

20           “(C) to provide technical assistance and  
21 training for rural and small publicly owned  
22 treatment works and decentralized wastewater  
23 treatment systems to enable those treatment  
24 works and systems to protect water quality and

1           achieve and maintain compliance with this Act;  
2           and

3           “(D) to disseminate information to rural  
4           and small municipalities with respect to plan-  
5           ning, design, construction, and operation of  
6           publicly owned treatment works and decentral-  
7           ized wastewater treatment systems.

8           “(2) DISTRIBUTION OF GRANT.—In carrying  
9           out this subsection, the Administrator shall ensure,  
10          to the maximum extent practicable, that technical  
11          assistance provided using funds from a grant under  
12          paragraph (1) is made available in each State.

13          “(3) CONSULTATION.—As a condition of receiv-  
14          ing a grant under this subsection, a qualified non-  
15          profit technical assistance provider shall consult with  
16          each State in which grant funds are to be expended  
17          or otherwise made available before the grant funds  
18          are expended or made available in the State.

19          “(4) ANNUAL REPORT.—For each fiscal year, a  
20          qualified nonprofit technical assistance provider that  
21          receives a grant under this paragraph shall submit  
22          to the Administrator a report that—

23                  “(A) describes the activities of the quali-  
24                  fied nonprofit technical assistance provider

1 using grant funds received under this section  
 2 for the fiscal year; and

3 “(B) specifies the number of communities  
 4 served; the size of those communities; and the  
 5 type of financing provided.

6 “(e) AUTHORIZATION OF APPROPRIATIONS.—There  
 7 is authorized to be appropriated to carry out this sub-  
 8 section \$25,000,000 for each of fiscal years 2005 through  
 9 2009.”.

10 **SEC. 102. PROJECTS ELIGIBLE FOR ASSISTANCE.**

11 Section 603 of the Federal Water Pollution Control  
 12 Act (33 U.S.C. 1383) is amended by striking subsection  
 13 (e) and inserting the following:

14 “(e) PROJECTS ELIGIBLE FOR ASSISTANCE.—Funds  
 15 in each State water pollution control revolving fund shall  
 16 be used only for—

17 “(1) providing financial assistance to a munici-  
 18 pality, intermunicipal, interstate, or State agency, or  
 19 private utility that principally treats municipal  
 20 wastewater or domestic sewage, for construction (in-  
 21 cluding costs for planning, design, associated  
 22 preconstruction, and necessary activities for siting  
 23 the facility and related elements) of treatment works  
 24 (as defined in section 212);

1           “(2) implementation of a management program  
2 established under section 319;

3           “(3) development and implementation of a con-  
4 servation and management plan under section 320;

5           “(4) water conservation projects or activities  
6 the primary purpose of which is the protection, pres-  
7 ervation, or enhancement of water quality, including  
8 through—

9           “(A) piping or lining of an irrigation canal;

10           “(B) recovery or recycling of wastewater or  
11 runoff from irrigation;

12           “(C) irrigation scheduling;

13           “(D) measurement or metering of water  
14 use; or

15           “(E) improvement of on-field irrigation ef-  
16 ficiency;

17           “(5) reuse, reclamation, or recycling projects  
18 the primary purpose of which is the protection, pres-  
19 ervation, or enhancement of water quality;

20           “(6) projects to increase the security of waste-  
21 water treatment works (excluding any expenditure  
22 for operations or maintenance); or

23           “(7) measures to control municipal stormwater,  
24 the primary purpose of which is the preservation,  
25 protection, or enhancement of water quality.”.

1 **SEC. 103. AFFORDABILITY.**

2 Section 603 of the Federal Water Pollution Control  
3 Act (33 U.S.C. 1383) is amended—

4 (1) by redesignating subsections (e) through (h)  
5 as subsections (f) through (i); and

6 (2) by inserting after subsection (d) the fol-  
7 lowing:

8 “(e) TYPES OF ASSISTANCE FOR DISADVANTAGED  
9 COMMUNITIES.—

10 “(1) DEFINITION OF DISADVANTAGED COMMU-  
11 NITY.—In this subsection, the term ‘disadvantaged  
12 community’ means the service area, or portion of a  
13 service area, of a treatment works that meets afford-  
14 ability criteria established after public review and  
15 comment by the State in which the treatment works  
16 is located.

17 “(2) LOAN SUBSIDY.—Notwithstanding any  
18 other provision of this section, in a case in which the  
19 State makes a loan from the water pollution control  
20 revolving loan fund in accordance with subsection (e)  
21 to a disadvantaged community or a community that  
22 the State expects to become a disadvantaged com-  
23 munity as the result of a proposed project, the State  
24 may provide additional subsidization, including the  
25 forgiveness of the principal of the loan.

1           “(3) **TOTAL AMOUNT OF SUBSIDIES.**—For each  
2           fiscal year, the total amount of loan subsidies made  
3           by the State pursuant to this subsection may not ex-  
4           ceed 30 percent of the amount of the capitalization  
5           grant received by the State for the fiscal year.

6           “(4) **EXTENDED TERM.**—A State may provide  
7           an extended term for a loan if the extended term—

8                   “(A) terminates not later than the date  
9                   that is 30 years after the date of completion of  
10                  the project; and

11                   “(B) does not exceed the expected design  
12                  life of the project.

13           “(5) **INFORMATION.**—The Administrator may  
14           publish information to assist States in establishing  
15           affordability criteria described in paragraph (1).”.

16 **SEC. 104. WATER POLLUTION CONTROL REVOLVING LOAN**  
17 **FUNDS.**

18           Section 603 of the Federal Water Pollution Control  
19 Act (33 U.S.C. 1383) is amended by striking subsection  
20 (h) (as redesignated by section 103) and inserting the fol-  
21 lowing:

22           “(h) **PRIORITY SYSTEM REQUIREMENT.**—

23                   “(1) **DEFINITIONS.**—In this subsection:

24                           “(A) **RESTRUCTURING.**—The term ‘re-  
25                           structuring’ means—

1                   “(i) the consolidation of management  
2                   functions or ownership with another facil-  
3                   ity; or

4                   “(ii) the formation of cooperative  
5                   partnerships.

6                   “(B) TRADITIONAL WASTEWATER AP-  
7                   PROACH.—The term ‘traditional wastewater ap-  
8                   proach’ means a managed system used to col-  
9                   lect and treat wastewater from an entire service  
10                  area consisting of—

11                   “(i) collection sewers;

12                   “(ii) a centralized treatment plant  
13                   using biological or physical/chemical treat-  
14                   ment processes; and

15                   “(iii) a direct point source discharge  
16                   to surface water.

17                  “(2) PRIORITY SYSTEM.—A State shall provide  
18                  financial assistance from the water pollution control  
19                  revolving fund of the State only for projects de-  
20                  scribed in subsection (e) by amending the priority  
21                  system established by the State under subsection (g)  
22                  under which the State—

23                   “(A) gives more weight to an application  
24                   for assistance by a treatment works if the appli-  
25                   cation includes—

1           “(i) an inventory of assets, including  
2 a description of the condition of those as-  
3 sets;

4           “(ii) a schedule for replacement of as-  
5 sets;

6           “(iii) a financing plan indicating  
7 sources of revenue from rate payers,  
8 grants, bonds, other loans, and other  
9 sources;

10          “(iv) a review of options for restruc-  
11 turing the treatment works;

12          “(v) a review of options for ap-  
13 proaches other than a traditional waste-  
14 water approach that may include actions  
15 or projects that treat or minimize sewage  
16 or urban stormwater discharges using—

17               “(I) decentralized or distributed  
18 stormwater controls;

19               “(II) decentralized wastewater  
20 treatment;

21               “(III) low impact development  
22 technologies;

23               “(IV) stream buffers;

24               “(V) wetland restoration; or

1                   “(VI) actions to minimize the  
2                   amount of and direct connections to  
3                   impervious surfaces; or

4                   “(vi) such other information as the  
5                   State determines to be appropriate;

6                   “(B) takes into consideration appropriate  
7                   chemical, physical, and biological data that the  
8                   State considers reasonably available and of suf-  
9                   ficient quality;

10                  “(C) provides for public notice and oppor-  
11                  tunity to comment on establishment of the sys-  
12                  tem and the summary under subparagraph (D);

13                  “(D) publishes not less than biennially in  
14                  summary form a description of projects in the  
15                  State that are eligible for assistance under this  
16                  title that indicates—

17                         “(i) the priority assigned to each  
18                         project under the priority system of the  
19                         State; and

20                         “(ii) the funding schedule for each  
21                         project, to the extent that such information  
22                         is available; and

23                  “(E) ensures that projects undertaken with  
24                  assistance under this title are designed to  
25                  achieve, in the estimation of the State, the opti-

1           mum water quality management, consistent  
 2           with the public health and water quality goals  
 3           and requirements of this title.”.

4 **SEC. 105. TRANSFERABILITY OF FUNDS.**

5           Section ~~603~~ of the Federal Water Pollution Control  
 6 Act (~~33~~ U.S.C. ~~1383~~) (as amended by section ~~103~~) is  
 7 amended by adding at the end the following:

8           “(j) TRANSFER OF FUNDS.—

9           “(1) IN GENERAL.—The Governor of a State  
 10 may—

11                   “(A)(i) reserve not more than ~~33~~ percent  
 12 of a capitalization grant made under this title;  
 13 and

14                   “(ii) add the funds reserved to any funds  
 15 provided to the State under section ~~1452~~ of the  
 16 Safe Drinking Water Act (~~42~~ U.S.C. ~~300j-12~~);  
 17 and

18                   “(B)(i) reserve in any year an amount that  
 19 does not exceed the amount that may be re-  
 20 served under subparagraph (A) for that year  
 21 from capitalization grants made under section  
 22 ~~1452~~ of that Act (~~42~~ U.S.C. ~~300j-12~~); and

23                   “(ii) add the reserved funds to any funds  
 24 provided to the State under this title.

1           “(2) STATE MATCH.—Funds reserved under  
2 this subsection shall not be considered to be a State  
3 contribution for a capitalization grant required  
4 under this title or section 1452(b) of the Safe  
5 Drinking Water Act (42 U.S.C. 300j-12(b)).”.

6 **SEC. 106. GRANTS PROGRAM.**

7           Section 603 of the Federal Water Pollution Control  
8 Act (33 U.S.C. 1383) (as amended by section 105) is  
9 amended by adding at the end the following:

10           “(k) SETASIDE.—

11           “(1) \$3,000,000,000 OR LESS MADE AVAIL-  
12 ABLE.—

13           “(A) IN GENERAL.—For a fiscal year in  
14 which appropriations for State revolving loan  
15 funds do not exceed \$3,000,000,000, a State  
16 shall set aside 10 percent of its capitalization  
17 grant under section 601(a) to provide grants to  
18 eligible users described in subsection (c) in the  
19 amount of not more than 55 percent of the  
20 total cost of a project for which a grant is  
21 made.

22           “(B) WAIVER.—A State may waive the re-  
23 quirement of subparagraph (A) if the average  
24 time for processing loan applications during the  
25 preceding 12 months did not exceed 90 days.



1           “(3) NEEDS SURVEY PERCENTAGE.— The term  
2           ‘needs survey percentage’, with respect to a State,  
3           means the percentage applicable to the State under  
4           a formula for the allotment of funds made available  
5           to carry out this section for a fiscal year to States  
6           in amounts determined by the Administrator based  
7           on the ratio that—

8                   “(A) the needs of a State described in cat-  
9                   egories I through VII of the most recent needs  
10                  survey; bears to

11                   “(B) the needs of all States described in  
12                   categories I through VII of the most recent  
13                  needs survey.

14           “(4) NEXT NEEDS SURVEY.—The term ‘next  
15           needs survey’ means the first needs survey that is  
16           completed after the 2000 needs survey.

17           “(5) STATE.—The term ‘State’ means a State,  
18           the District of Columbia, and the Commonwealth of  
19           Puerto Rico.

20           “(b) ALLOCATION OF FUNDS.—

21                   “(1) IN GENERAL.—Funds made available to  
22                   carry out this section for a fiscal year shall be allo-  
23                   cated by the Administrator in accordance with this  
24                   subsection.

1           “(2) INDIAN TRIBES.—Of the total amount of  
2 funds available, 1.5 percent shall be allocated to In-  
3 dian tribes (within the meaning of section 518(e)).

4           “(3) CERTAIN TERRITORIES AND FREELY ASSO-  
5 CIATED STATES.—Of the total amount of funds  
6 made available, 0.25 percent shall be allocated to  
7 Guam, the Virgin Islands, Samoa, the Common-  
8 wealth of the Northern Mariana Islands, the Fed-  
9 erated States of Micronesia, the Republic of the  
10 Marshall Islands, and the Republic of Palau to be  
11 allocated among those territories and freely associ-  
12 ated states, as determined by the Administrator.

13           “(4) STATES.—

14           “(A) TARGET ALLOCATION.—Each State  
15 shall have a target allocation, which—

16           “(i) in the case of a State for which  
17 the needs survey percentage is less than  
18 1.0 percent, shall be 1.0 percent; and

19           “(ii) in the case of any other State,  
20 shall be the needs survey percentage.

21           “(B) LIMITATION ON GROWTH.—

22           “(i) APPLICABILITY.—This subpara-  
23 graph applies with respect to any fiscal  
24 year for which the amount of funds made

1 available to carry out this section is  
2 \$3,150,000,000 or less.

3 “(ii) STATES FOR WHICH THE NEEDS  
4 SURVEY PERCENTAGE IS LESS THAN 1.0  
5 PERCENT.—In the case of a State for  
6 which the needs survey percentage is 1.0  
7 percent or less, the growth in allocation in  
8 dollar terms relative to the base formula  
9 shall be limited to—

10 “(I) 12 percent for fiscal year  
11 2005;

12 “(II) 16 percent for fiscal year  
13 2006;

14 “(III) 20 percent for fiscal year  
15 2007;

16 “(IV) 24 percent for fiscal year  
17 2008; and

18 “(V) 28 percent for fiscal year  
19 2009 and each fiscal year thereafter.

20 “(iii) STATES FOR WHICH THE NEEDS  
21 SURVEY PERCENTAGE IS 1.0 PERCENT OR  
22 MORE.—In the case of a State for which  
23 the needs survey percentage is greater  
24 than 1.0 percent, the growth in allocation

1 in dollar terms relative to the base formula  
2 shall be limited to 0.0 percent.

3 “(C) LIMITATION ON LOSS.—

4 “(i) GROWTH OF LESS THAN 1.0 PER-  
5 CENT.—A dollar amount that is not less  
6 than the dollar amount under the base for-  
7 mula shall be allocated to States described  
8 in subparagraph (A)(i) but not described  
9 in subparagraph (D).

10 “(ii) GROWTH OF 1.0 PERCENT OR  
11 MORE.—A dollar amount that is equal to  
12 the dollar amount under the base formula  
13 shall be allocated to States described in  
14 subparagraph (A)(ii) but not described in  
15 subparagraph (D) that—

16 “(I) in the most recent needs  
17 survey, reported higher needs in both  
18 categories V and VII than the State  
19 reported in the previous needs survey;

20 “(II) grew in population by more  
21 than 10 percent between the 1990  
22 decennial census and the 2000  
23 decennial census; or

24 “(III) has a population equal to  
25 4 percent or more of the total popu-

1                   lation of the United States, as re-  
2                   ported in the 2000 decennial census.

3                   “(D) UNALLOCATED BALANCE.—The  
4                   unallocated balance of available funds shall be  
5                   allocated in equal parts to all States that, in  
6                   the most recent needs survey, report higher  
7                   total needs both in absolute dollar terms and as  
8                   a percentage of total United States needs.”.

9 **SEC. 109. AUTHORIZATION OF APPROPRIATIONS.**

10           The Federal Water Pollution Control Act is amended  
11 by striking section 607 (33 U.S.C. 1387) and inserting  
12 the following:

13 **“SEC. 607. AUTHORIZATION OF APPROPRIATIONS.**

14           “(a) IN GENERAL.—There are authorized to be ap-  
15 propriated to carry out this title—

16                   “(1) \$3,200,000,000 for each of fiscal years  
17                   2005 and 2006;

18                   “(2) \$3,600,000,000 for fiscal year 2007;

19                   “(3) \$4,000,000,000 for fiscal year 2008; and

20                   “(4) \$6,000,000,000 for fiscal year 2009.

21           “(b) AVAILABILITY.—Amounts made available under  
22 this section shall remain available until expended.

23           “(c) RESERVATION FOR NEEDS SURVEYS.—Of the  
24 amount made available under subsection (a) to carry out  
25 this title for a fiscal year, the Administrator may reserve

1 not more than \$1,000,000 per year to pay the costs of  
 2 conducting needs surveys under section 516(2).”.

3 **SEC. 110. REPORTS.**

4 Section 516 of the Federal Waste Pollution Control  
 5 Act (~~33~~ U.S.C. 1375) is amended in the second sentence  
 6 by striking “odd-numbered” and inserting “fourth”.

7 **TITLE II—SAFE DRINKING**  
 8 **WATER INFRASTRUCTURE**

9 **SEC. 201. TECHNICAL ASSISTANCE FOR SMALL CENTERS.**

10 Section 1420(g) of the Safe Drinking Water Act (~~42~~  
 11 U.S.C. ~~300g-9(g)~~) is amended by striking paragraph (4)  
 12 and inserting the following:

13 “(4) AUTHORIZATION OF APPROPRIATIONS.—

14 There is authorized to be appropriated to carry out  
 15 this subsection \$2,000,000 for each of fiscal years  
 16 2005 through 2009.”.

17 **SEC. 202. PRECONSTRUCTION WORK.**

18 Section 1452(a)(2) of the Safe Drinking Water Act  
 19 (~~42~~ U.S.C. ~~300j-12(a)(2)~~) is amended in the second sen-  
 20 tence—

21 (1) by striking “(not” and inserting “(including  
 22 expenditures for planning, design, and associated  
 23 preconstruction and for recovery for siting of the fa-  
 24 cility and related elements but not”; and

1           (2) by inserting before the period at the end the  
 2 following: “or to replace or rehabilitate aging collec-  
 3 tion, treatment, storage (including reservoirs), and  
 4 distribution facilities of public water systems or pro-  
 5 vide for capital projects to upgrade the security of  
 6 public water systems”.

7 **SEC. 203. AFFORDABILITY.**

8           Section 1452(d)(3) of the Safe Drinking Water Act  
 9 (~~42 U.S.C. 300j-12(d)(3)~~) is amended in the first sen-  
 10 tence by inserting “, or portion of a service area,” after  
 11 “service area”.

12 **SEC. 204. SAFE DRINKING WATER REVOLVING LOAN**  
 13 **FUNDS.**

14           (a) **IN GENERAL.**—Section 1452(g) of the Safe  
 15 Drinking Water Act (~~42 U.S.C. 300j-12(g)~~) is amended—

16           (1) in paragraph (2)—

17                   (A) in the first sentence, by striking “4”  
 18 and inserting “6”; and

19                   (B) by striking “1419” and all that follows  
 20 and inserting “1419.”; and

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

22           “**(5) TRANSFER OF FUNDS.**—

23                   “(A) **IN GENERAL.**—The Governor of a  
 24 State may—

1           “(i)(I) reserve not more than ~~33~~ per-  
 2           cent of a capitalization grant made under  
 3           this section; and

4           “(H) add the funds reserved to any  
 5           funds provided to the State under section  
 6           ~~601~~ of the Federal Water Pollution Con-  
 7           trol Act (~~33~~ U.S.C. ~~1381~~); and

8           “(ii)(I) reserve for any year an  
 9           amount that does not exceed the amount  
 10          that may be reserved under clause (i)(I)  
 11          for that year from capitalization grants  
 12          made under section ~~601~~ of that Act (~~33~~  
 13          U.S.C. ~~1381~~); and

14          “(H) add the reserved funds to any  
 15          funds provided to the State under this sec-  
 16          tion.

17          “(B) STATE MATCH.—Funds reserved  
 18          under this paragraph shall not be considered to  
 19          be a State match of a capitalization grant re-  
 20          quired under this section or section ~~602(b)~~ of  
 21          the Federal Water Pollution Control Act (~~33~~  
 22          U.S.C. ~~1382(b)~~).”.

23          (b) PRIORITY SYSTEM REQUIREMENTS.—Section  
 24          ~~1452(b)(3)~~ of the Safe Drinking Water Act (~~42~~ U.S.C.  
 25          ~~300j-12(3)~~) is amended—

1           (1) by redesignating subparagraph (B) as sub-  
2           paragraph (C);

3           (2) by striking subparagraph (A) and inserting  
4           the following:

5                   “(A) DEFINITIONS.—In this paragraph:

6                           “(i) RESTRUCTURING.—The term ‘re-  
7                           structuring’ means—

8                                   “(I) the consolidation of manage-  
9                                   ment functions or ownership with an-  
10                                  other facility; or

11                                   “(II) the formation of cooperative  
12                                  partnerships.

13                           “(ii) TRADITIONAL APPROACH.—The  
14                           term ‘traditional approach’ means a man-  
15                           aged system used to treat and distribute  
16                           drinking water to an entire service area  
17                           consisting of a centralized water system  
18                           using biological or physical/chemical treat-  
19                           ment processes.

20                           “(B) PRIORITY SYSTEM.—An intended use  
21                           plan shall provide, to the maximum extent prac-  
22                           ticable, that the State shall give more weight to  
23                           an application for assistance by a community  
24                           water system if the application includes—

1                   “(i) an inventory of assets, including  
2                   a description of the condition of those as-  
3                   sets;

4                   “(ii) a schedule for replacement of as-  
5                   sets;

6                   “(iii) a financing plan indicating  
7                   sources of revenue from rate payers,  
8                   grants, bonds, other loans, and other  
9                   sources;

10                  “(iv) a review of options for restruc-  
11                  turing the public water system;

12                  “(v) a review of options for ap-  
13                  proaches other than a traditional approach;  
14                  or

15                  “(vi) such other information as the  
16                  State determines to be appropriate.”; and

17                  (3) in subparagraph (C) (as redesignated by  
18                  paragraph (1)), by striking “periodically” and in-  
19                  serting “at least biennially”.

20 **SEC. 205. GRANTS PROGRAM.**

21                  Section 1452 of the Safe Drinking Water Act (42  
22                  U.S.C. 300j-12) is amended by adding at the end the fol-  
23                  lowing:

24                  “(s) SETASIDE.—

1           “(1) \$2,500,000,000 OR LESS MADE AVAIL-  
2           ABLE.—

3           “(A) IN GENERAL.—For a fiscal year in  
4           which appropriations for State revolving loan  
5           funds do not exceed \$2,500,000,000, a State  
6           shall set aside 10 percent of its capitalization  
7           grant under subsection (a) to provide grants to  
8           eligible users described in subsection (e) of not  
9           more than 55 percent of the total cost of a  
10          project for which a grant is made.

11          “(B) WAIVER.—A State may waive the re-  
12          quirement of subparagraph (A) if the average  
13          time for processing loan applications during the  
14          preceding 12 months did not exceed 90 days.

15          “(2) MORE THAN \$2,500,000,000 MADE AVAIL-  
16          ABLE.—For a fiscal year in which appropriations for  
17          State revolving loan funds exceed \$2,500,000,000, a  
18          State shall set aside not more than 5 nor less than  
19          2.5 percent of its State revolving loan fund.”.

20   **SEC. 206. OTHER AUTHORIZED ACTIVITIES.**

21          Section 1452(k)(2)(D) of the Safe Drinking Water  
22   Act (~~42 U.S.C. 300j-12(k)(2)(D)~~) is amended by inserting  
23   before the period at the end the following: “(including im-  
24   plementation of source water protection plans)”.

1 **SEC. 207. SMALL SYSTEM REVOLVING LOAN FUND.**

2 Section 1442(e) of the Safe Drinking Water Act (42  
3 U.S.C. 300j-1(e)) is amended—

4 (1) by striking “The Administrator may pro-  
5 vide” and inserting the following:

6 “(1) IN GENERAL.—The Administrator may  
7 provide”; and

8 (2) by adding at the end the following:

9 “(2) SMALL SYSTEM REVOLVING LOAN FUND.—

10 “(A) IN GENERAL.—In addition to  
11 amounts provided under this section, each State  
12 may provide grants to qualified private, non-  
13 profit entities to capitalize revolving funds to  
14 provide financing to eligible entities described in  
15 subparagraph (B) for—

16 “(i) predevelopment costs (including  
17 costs for planning, design, associated  
18 preconstruction, and necessary activities  
19 for siting the facility and related elements)  
20 associated with proposed water projects or  
21 with existing water systems; and

22 “(ii) short-term costs incurred for re-  
23 placement equipment, small-scale extension  
24 services, or other small capital projects  
25 that are not part of the regular operations

1           and maintenance activities of existing  
2           water systems.

3           “(B) ELIGIBLE ENTITIES.—Only small  
4           water systems (as described in section  
5           1412(b)(4)(E)(ii)) shall be eligible for assist-  
6           ance under this paragraph.

7           “(C) MAXIMUM AMOUNT OF LOANS.—The  
8           amount of financing made to an eligible entity  
9           under this paragraph shall not exceed—

10           “(i) \$100,000 for costs described in  
11           subparagraph (A)(i); and

12           “(ii) \$100,000 for costs described in  
13           subparagraph (A)(ii).

14           “(D) TERM.—The term of a loan made to  
15           an eligible entity under this paragraph shall not  
16           exceed 10 years.

17           “(E) ANNUAL REPORT.—For each fiscal  
18           year, a nonprofit entity that receives a grant  
19           under this paragraph shall submit to the Ad-  
20           ministrator a report that—

21           “(i) describes the activities of non-  
22           profit entities receiving grants reauthorized  
23           under this paragraph for the fiscal year;  
24           and

1           “(ii) specifies the number of commu-  
2           nities served, the size of those commu-  
3           nities, and the type of financing provided.

4           “(F) AUTHORIZATION OF APPROPRIA-  
5           TIONS.—There is authorized to be appropriated  
6           to carry out this subsection \$25,000,000 for  
7           each of fiscal years 2005 through 2009.”.

8 **SEC. 208. AUTHORIZATION OF APPROPRIATIONS.**

9           Section 1452 of the Safe Drinking Water Act (42  
10 U.S.C. 300j-12) is amended by striking subsection (m)  
11 and inserting the following:

12           “(m) AUTHORIZATION OF APPROPRIATIONS.—

13           “(1) IN GENERAL.—There are authorized to be  
14           appropriated to carry out this section—

15           “(A) \$1,500,000,000 for fiscal year 2005;

16           “(B) \$2,000,000,000 for each of fiscal  
17           years 2006 and 2007;

18           “(C) \$3,500,000,000 for fiscal year 2008;

19           and

20           “(D) \$6,000,000,000 for fiscal year 2009.

21           “(2) AVAILABILITY.—Amounts made available  
22           under this subsection shall remain available until ex-  
23           pended.

24           “(3) RESERVATION FOR NEEDS SURVEYS.—Of  
25           the amount made available under paragraph (1) to

1 carry out this section for a fiscal year, the Adminis-  
 2 trator may reserve not more than \$1,000,000 per  
 3 year to pay the costs of conducting needs surveys  
 4 under subsection (h).”.

### 5 **TITLE III—MISCELLANEOUS**

#### 6 **SEC. 301. DEFINITION OF ADMINISTRATOR.**

7 In this title, the term “Administrator” means the Ad-  
 8 ministrator of the Environmental Protection Agency.

#### 9 **SEC. 302. DEMONSTRATION GRANT PROGRAM FOR WATER** 10 **QUALITY ENHANCEMENT AND MANAGEMENT.**

11 (a) ESTABLISHMENT.—

12 (1) IN GENERAL.—As soon as practicable after  
 13 the date of enactment of this Act, the Administrator  
 14 shall establish a nationwide demonstration grant  
 15 program to—

16 (A) promote innovations in technology and  
 17 alternative approaches to water quality manage-  
 18 ment or water supply; and

19 (B) reduce costs to municipalities incurred  
 20 in complying with—

21 (i) the Federal Water Pollution Con-  
 22 trol Act (33 U.S.C. 1251 et seq.); and

23 (ii) the Safe Drinking Water Act (42  
 24 U.S.C. 300f et seq.).

1           (2) SCOPE.—The demonstration grant program  
 2 shall consist of 10 projects each year, to be carried  
 3 out in municipalities selected by the Administrator  
 4 under subsection (b).

5           (b) SELECTION OF MUNICIPALITIES.—

6           (1) APPLICATION.—A municipality that seeks  
 7 to be selected to participate in the demonstration  
 8 grant program shall submit to the Administrator a  
 9 plan that—

10                   (A) is developed in coordination with—

11                           (i) the agency of the State having ju-  
 12                           isdiction over water quality or water sup-  
 13                           ply matters; and

14                           (ii) interested stakeholders;

15                   (B) describes water impacts specific to  
 16 urban or rural areas;

17                   (C) includes a strategy under which the  
 18 municipality, through participation in the dem-  
 19 onstration grant program, could effectively—

20                           (i) address those problems; and

21                           (ii) achieve the same water quality  
 22 goals as those goals that—

23                                   (I) could be achieved using more  
 24 traditional methods; or

25                                   (II) are mandated under—

1                   (aa) the Federal Water Pol-  
2                   lution Control Act (~~33~~ U.S.C.  
3                   ~~1251~~ et seq.); and

4                   (bb) the Safe Drinking  
5                   Water Act (~~42~~ U.S.C. ~~300f~~ et  
6                   seq.); and

7                   (D) includes a schedule for achieving the  
8                   goals of the municipality.

9                   (2) TYPES OF PROJECTS.—In carrying out the  
10                  demonstration grant program, the Administrator  
11                  shall provide grants for projects relating to water  
12                  supply or water quality matters such as—

13                   (A) excessive nutrient growth;

14                   (B) urban or rural population pressure;

15                   (C) lack of an alternative water supply;

16                   (D) difficulties in water conservation and  
17                  efficiency;

18                   (E) lack of support tools and technologies  
19                  to rehabilitate and replace water supplies;

20                   (F) lack of monitoring and data analysis  
21                  for water distribution systems;

22                   (G) nonpoint source water pollution (in-  
23                  cluding stormwater);

24                   (H) sanitary overflows;

25                   (I) combined sewer overflows;

1           (~~J~~) problems with naturally occurring con-  
2           stituents of concern; and

3           (~~K~~) problems with erosion and excess sedi-  
4           ment.

5           (~~3~~) RESPONSIBILITIES OF ADMINISTRATOR.—In  
6           providing grants for projects under this subsection,  
7           the Administrator shall—

8           (A) ensure, to the maximum extent prac-  
9           ticable, that—

10           (i) the demonstration program in-  
11           cludes a variety of projects with respect  
12           to—

13                           (I) geographic distribution;

14                           (II) innovative technologies used  
15                           for the projects; and

16                           (III) nontraditional approaches  
17                           (including low-impact development  
18                           technologies) used for the projects;  
19                           and

20           (ii) each category of project described  
21           in paragraph (2) is adequately represented;

22           (~~B~~) give higher priority to projects that—

23                           (i) address multiple problems; and

24                           (ii) are regionally applicable;

1           (C) ensure, to the maximum extent prac-  
2           ticable, that at least 1 community having a pop-  
3           ulation of 10,000 or fewer individuals receives  
4           a grant each fiscal year; and

5           (D) ensure that, for each fiscal year, no  
6           municipality receives more than 25 percent of  
7           the total amount of funds made available for  
8           the fiscal year to provide grants under this sec-  
9           tion.

10          (4) COST SHARING.—

11           (A) IN GENERAL.—Except as provided in  
12           subparagraph (B), the non-Federal share of the  
13           total cost of a project funded by a grant under  
14           this section shall be not less than 20 percent.

15           (B) WAIVER.—The Administrator may re-  
16           duce or eliminate the non-Federal share of the  
17           cost of a project for reasons of affordability.

18          (c) REPORTS.—

19           (1) REPORTS FROM GRANT RECIPIENTS.—A re-  
20           cipient of a grant under this section shall submit to  
21           the Administrator, on the date of completion of a  
22           project of the recipient and on each of the dates that  
23           is 1, 2, and 3 years after that date, a report that  
24           describes the effectiveness of the project.

1           (2) REPORTS TO CONGRESS.—Not later than 2  
2           years after the date of enactment of this Act, and  
3           every 2 years thereafter, the Administrator shall  
4           submit to the Committee on Environment and Pub-  
5           lic Works of the Senate and the Committee on  
6           Transportation and Infrastructure and the Com-  
7           mittee on Energy and Commerce of the House of  
8           Representatives a report that describes the status  
9           and results of the demonstration program.

10          (d) INCORPORATION OF RESULTS AND INFORMA-  
11          TION.—To the maximum extent practicable, the Adminis-  
12          trator shall incorporate the results of, and information ob-  
13          tained from, successful projects under this section into  
14          programs administered by the Administrator.

15          (e) RESEARCH AND DEVELOPMENT.—

16                (1) IN GENERAL.—As soon as practicable after  
17                the date of enactment of this Act, the Administrator  
18                shall, through a competitive process, award grants  
19                and enter into contracts and cooperative agreements  
20                for research and development on the use of innova-  
21                tive and alternative technologies to improve water  
22                quality or drinking water supply.

23                (2) TYPES OF PROJECTS.—In carrying out this  
24                subsection, the Administrator may select projects re-

1       lating to such matters as innovative or alternative  
2       technologies, approaches, practices, or methods—

3               (A) to increase the effectiveness and effi-  
4       ciency of public water supply systems, includ-  
5       ing—

6                       (i) source water protection;

7                       (ii) water use reduction;

8                       (iii) water reuse;

9                       (iv) water treatment;

10                      (v) water distribution and collection  
11       systems; and

12                      (vi) water security;

13               (B) to encourage the use of innovative or  
14       alternative technologies or approaches relating  
15       to water supply or availability; or

16               (C) to increase the effectiveness and effi-  
17       ciency of treatment works, including—

18                      (i) methods of collecting, treating, dis-  
19       persing, reusing, reclaiming, and recycling  
20       wastewater;

21                      (ii) system design;

22                      (iii) nonstructural alternatives;

23                      (iv) decentralized approaches;

24                      (v) assessment;

25                      (vi) water efficiency; and

1 (vii) wastewater security.

2 (3) RECIPIENTS.—Grant recipients and parties  
3 to contracts or cooperative agreements under this  
4 subsection may be research institutions or consortia  
5 or educational institutions or consortia.

6 (4) AUTHORIZATION OF APPROPRIATIONS.—  
7 There is authorized to be appropriated to carry out  
8 this subsection \$20,000,000 for each of fiscal years  
9 2005 through 2009.

10 (f) AUTHORIZATION OF APPROPRIATIONS.—There is  
11 authorized to be appropriated to carry out this section  
12 (other than subsection (e)) \$20,000,000 for each of fiscal  
13 years 2005 through 2009.

14 **SEC. 303. COST OF SERVICE STUDY.**

15 (a) IN GENERAL.—Not later than 2 years after the  
16 date of enactment of this Act, the Administrator shall  
17 enter into a contract with the National Academy of  
18 Sciences for, and the National Academy of Sciences shall  
19 complete and provide to the Administrator the results of,  
20 a study of the means by which public water systems and  
21 treatment works selected by the Academy in accordance  
22 with subsection (c) meet the costs associated with oper-  
23 ations, maintenance, capital replacement, and regulatory  
24 requirements.

25 (b) REQUIRED ELEMENTS.—

1           ~~(1) AFFORDABILITY.—The study shall, at a~~  
2           ~~minimum—~~

3                   ~~(A) identify existing standards for afford-~~  
4                   ~~ability;~~

5                   ~~(B) determine the manner in which those~~  
6                   ~~standards are determined and defined;~~

7                   ~~(C) determine the manner in which afford-~~  
8                   ~~ability varies with respect to communities of~~  
9                   ~~different sizes and in different regions; and~~

10                   ~~(D) determine the extent to which afford-~~  
11                   ~~ability affects the decision of a community to~~  
12                   ~~increase public water system and treatment~~  
13                   ~~works rates (including the decision relating to~~  
14                   ~~the percentage by which those rates should be~~  
15                   ~~increased).~~

16           ~~(2) DISADVANTAGED COMMUNITIES.—The~~  
17           ~~study shall, at a minimum—~~

18                   ~~(A) survey a cross-section of States rep-~~  
19                   ~~resenting different sizes, demographics, and~~  
20                   ~~geographical regions;~~

21                   ~~(B) describe, for each State described in~~  
22                   ~~subparagraph (A), the definition of “disadvan-~~  
23                   ~~taged community” used in the State in carrying~~  
24                   ~~out projects and activities under the Safe~~  
25                   ~~Drinking Water Act (42 U.S.C. 300f et seq.);~~

1           (C) review other means of identifying the  
2           meaning of the term “disadvantaged”, as that  
3           term applies to communities;

4           (D) determine which factors and character-  
5           istics are required for a community to be con-  
6           sidered “disadvantaged”; and

7           (E) evaluate the degree to which factors  
8           such as a reduction in the tax base over a pe-  
9           riod of time, a reduction in population, the loss  
10          of an industrial base, and the existence of areas  
11          of concentrated poverty are taken into account  
12          in determining whether a community is a dis-  
13          advantaged community.

14          (e) SELECTION OF COMMUNITIES.—The National  
15          Academy of Sciences shall select communities, the public  
16          water system and treatment works rate structures of  
17          which are to be studied under this section, that include  
18          a cross section of communities representing various popu-  
19          lations, income levels, demographics, and geographical re-  
20          gions.

21          (d) USE OF RESULTS OF STUDY.—On receipt of the  
22          results of the study, the Administrator shall—

23                  (1) submit to Congress a report that describes  
24                  the results of the study; and

1           (2) make the results available to treatment  
2 works and public water systems for use by the pub-  
3 licly owned treatment works and public water sys-  
4 tems, on a voluntary basis, in determining whether  
5 1 or more new approaches may be implemented at  
6 facilities of the publicly owned treatment works and  
7 public water systems.

8           (e) AUTHORIZATION OF APPROPRIATIONS.—There is  
9 authorized to be appropriated to carry out this section  
10 \$1,000,000 for each of fiscal years 2005 and 2006.

11 **SEC. 304. STATE REVOLVING FUND REVIEW PROCESS.**

12           As soon as practicable after the date of enactment  
13 of this Act, the Administrator shall—

14           (1) consult with States, utilities, and other Fed-  
15 eral agencies providing financial assistance to iden-  
16 tify ways to expedite and improve the application  
17 and review process for the provision of assistance  
18 from—

19           (A) the State water pollution control re-  
20 volving funds established under title VI of the  
21 Federal Water Pollution Control Act (33 U.S.C.  
22 1381 et seq.); and

23           (B) the State drinking water treatment re-  
24 volving loan funds established under section

1           ~~1452~~ of the Safe Drinking Water Act (~~42~~  
2           U.S.C. ~~300j-12~~); and

3           ~~(2)~~ take such administrative action as is nec-  
4           essary to expedite and improve the process as the  
5           Administrator has authority to take under existing  
6           law; and

7           ~~(3)~~ submit to Congress a report that, based on  
8           the information identified under paragraph ~~(1)~~, con-  
9           tains recommendations for legislation to facilitate  
10          further streamlining and improvement of the proc-  
11          ess.

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

13          (a) *SHORT TITLE.*—*This Act may be cited as the*  
14          *“Water Infrastructure Financing Act”.*

15          (b) *TABLE OF CONTENTS.*—*The table of contents of this*  
16          *Act is as follows:*

*Sec. 1. Short title; table of contents.*

**TITLE I—WATER POLLUTION INFRASTRUCTURE**

*Sec. 101. Technical assistance for rural and small treatment works.*

*Sec. 102. Projects eligible for assistance.*

*Sec. 103. Water pollution control revolving loan funds.*

*Sec. 104. Affordability.*

*Sec. 105. Water pollution control revolving loan funds.*

*Sec. 106. Transferability of funds.*

*Sec. 107. Grants program.*

*Sec. 108. Costs of administering water pollution control revolving loan funds.*

*Sec. 109. Allocation formula.*

*Sec. 110. Authorization of appropriations.*

*Sec. 111. Reports.*

*Sec. 112. Pilot program for alternative water source projects.*

*Sec. 113. Wet weather grants.*

*Sec. 114. Technical correction.*

*TITLE II—SAFE DRINKING WATER INFRASTRUCTURE*

- Sec. 201. Technical assistance for small centers.*  
*Sec. 202. Labor standards.*  
*Sec. 203. Preconstruction work.*  
*Sec. 204. Affordability.*  
*Sec. 205. Safe drinking water revolving loan funds.*  
*Sec. 206. Grants program.*  
*Sec. 207. Other authorized activities.*  
*Sec. 208. Small system revolving loan funds.*  
*Sec. 209. Authorization of appropriations.*  
*Sec. 210. Removal of lead from drinking water in schools and in the District of Columbia.*  
*Sec. 211. Small public water system assistance program.*  
*Sec. 212. Small public water system assistance program.*

*TITLE III—MISCELLANEOUS*

- Sec. 301. Definition of Administrator.*  
*Sec. 302. Demonstration grant program for water quality enhancement and management.*  
*Sec. 303. Cost of service study.*  
*Sec. 304. State revolving fund review process.*  
*Sec. 305. Southeast Colorado safe drinking water supply.*  
*Sec. 306. Assessment of perchlorate contamination.*  
*Sec. 307. National estuary program.*  
*Sec. 308. Sewage control technology grant program.*  
*Sec. 309. Special water resources study.*

1       ***TITLE I—WATER POLLUTION***  
2                   ***INFRASTRUCTURE***

3       ***SEC. 101. TECHNICAL ASSISTANCE FOR RURAL AND SMALL***  
4                   ***TREATMENT WORKS.***

5           *Title II of the Federal Water Pollution Control Act is*  
6 *amended by adding at the end the following:*

7       ***“SEC. 222. TECHNICAL ASSISTANCE FOR RURAL AND SMALL***  
8                   ***TREATMENT WORKS.***

9           ***“(a) DEFINITION OF QUALIFIED NONPROFIT TECH-***  
10 *NICAL ASSISTANCE PROVIDER.—In this section, the term*  
11 *‘qualified nonprofit technical assistance provider’ means a*  
12 *qualified nonprofit technical assistance provider of water*

1 *and wastewater services to small rural communities that*  
2 *provides technical assistance to treatment works that—*

3 *“(1) serve not more than 10,000 users; and*

4 *“(2) are located in a rural area.*

5 *“(b) GRANT PROGRAM.—*

6 *“(1) IN GENERAL.—The Administrator may*  
7 *make grants to qualified nonprofit technical assist-*  
8 *ance providers—*

9 *“(A) to assist small treatment works in*  
10 *planning, developing, and obtaining financing*  
11 *for eligible projects described in section 603(c);*

12 *“(B) to capitalize revolving loan funds to*  
13 *provide loans, in consultation with the State in*  
14 *which the assistance is provided, to rural and*  
15 *small municipalities for predevelopment costs*  
16 *(including costs for planning, design, associated*  
17 *preconstruction, and necessary activities for*  
18 *siting the facility and related elements) associ-*  
19 *ated with wastewater infrastructure projects or*  
20 *short-term costs incurred for equipment replace-*  
21 *ment that is not part of regular operation and*  
22 *maintenance activities for existing wastewater*  
23 *systems, if—*

1           “(i) any loan from the fund is made at  
2           or below market interest rate, for a term not  
3           to exceed 10 years;

4           “(ii) the amount of a single loan does  
5           not exceed \$100,000; and

6           “(iii) all loan repayments are credited  
7           to the fund;

8           “(C) to provide technical assistance and  
9           training for rural and small publicly owned  
10          treatment works and decentralized wastewater  
11          treatment systems to enable those treatment  
12          works and systems to protect water quality and  
13          achieve and maintain compliance with this Act;  
14          and

15          “(D) to disseminate information to rural  
16          and small municipalities with respect to plan-  
17          ning, design, construction, and operation of pub-  
18          licly owned treatment works and decentralized  
19          wastewater treatment systems.

20          “(2) *DISTRIBUTION OF GRANT.*—In carrying out  
21          this subsection, the Administrator shall ensure, to the  
22          maximum extent practicable, that technical assistance  
23          provided using funds from a grant under paragraph  
24          (1) is made available in each State.

1           “(3) *CONSULTATION.*—As a condition of receiv-  
2           ing a grant under this subsection, a qualified non-  
3           profit technical assistance provider shall consult with  
4           each State in which grant funds are to be expended  
5           or otherwise made available before the grant funds are  
6           expended or made available in the State.

7           “(4) *ANNUAL REPORT.*—For each fiscal year, a  
8           qualified nonprofit technical assistance provider that  
9           receives a grant under this subsection shall submit to  
10          the Administrator a report that—

11                 “(A) describes the activities of the qualified  
12                 nonprofit technical assistance provider using  
13                 grant funds received under this subsection for the  
14                 fiscal year; and

15                 “(B) specifies—

16                         “(i) the number of communities served;

17                         “(ii) the sizes of those communities;

18                         and

19                         “(iii) the type of financing provided by  
20                         the qualified nonprofit technical assistance  
21                         provider.

22           “(c) *AUTHORIZATION OF APPROPRIATIONS.*—There is  
23           authorized to be appropriated to carry out this section  
24           \$25,000,000 for each of fiscal years 2005 through 2009.”.

1 **SEC. 102. PROJECTS ELIGIBLE FOR ASSISTANCE.**

2 *Section 603 of the Federal Water Pollution Control Act*  
3 *(33 U.S.C. 1383) is amended by striking subsection (c) and*  
4 *inserting the following:*

5 “(c) **PROJECTS ELIGIBLE FOR ASSISTANCE.**—

6 “(1) **REQUIREMENTS.**—*A project shall be eligible*  
7 *to receive funding, in whole or in part, from a State*  
8 *water pollution control revolving fund under this sec-*  
9 *tion only if the project meets the requirements of sec-*  
10 *tion 513.*

11 “(2) **USE OF FUNDS.**—*Funds in each State*  
12 *water pollution control revolving fund shall be used*  
13 *only for—*

14 “(A) *providing financial assistance to a*  
15 *municipality, intermunicipal, interstate, or*  
16 *State agency, or private utility that principally*  
17 *treats municipal wastewater or domestic sewage,*  
18 *for construction (including costs for planning,*  
19 *design, associated preconstruction, and necessary*  
20 *activities for siting the facility and related ele-*  
21 *ments) of treatment works (as defined in section*  
22 *212);*

23 “(B) *implementation of a management pro-*  
24 *gram established under section 319;*

1           “(C) development and implementation of a  
2 conservation and management plan under sec-  
3 tion 320;

4           “(D) water conservation projects or activi-  
5 ties the primary purpose of which is the protec-  
6 tion, preservation, or enhancement of water qual-  
7 ity, including through—

8                 “(i) piping or lining of an irrigation  
9 canal;

10                “(ii) recovery or recycling of waste-  
11 water or runoff from irrigation;

12                “(iii) irrigation scheduling;

13                “(iv) measurement or metering of  
14 water use; or

15                “(v) improvement of on-field irrigation  
16 efficiency;

17           “(E) providing financial assistance to a  
18 municipality or an intermunicipal, interstate, or  
19 State agency for reuse, reclamation, or recycling  
20 projects the primary purpose of which is the pro-  
21 tection, preservation, or enhancement of water  
22 quality;

23           “(F) providing financial assistance to a  
24 municipality or an intermunicipal, interstate, or  
25 State agency for projects to increase the security

1           *of wastewater treatment works (excluding any*  
 2           *expenditure for operations or maintenance); or*

3           *“(G) providing financial assistance to a*  
 4           *municipality or an intermunicipal, interstate, or*  
 5           *State agency for measures to control municipal*  
 6           *stormwater, the primary purpose of which is the*  
 7           *preservation, protection, or enhancement of*  
 8           *water quality.”.*

9   **SEC. 103. WATER POLLUTION CONTROL REVOLVING LOAN**  
 10           **FUNDS.**

11           *Section 603(d) of the Federal Water Pollution Control*  
 12   *Act (33 U.S.C. 1383(d)) is amended—*

13           *(1) in paragraph (6), by striking “and” at the*  
 14           *end;*

15           *(2) in paragraph (7), by striking the period at*  
 16           *the end and inserting “; and”; and*

17           *(3) by adding at the end the following:*

18           *“(8) to carry out a project under paragraph (2)*  
 19           *or (3) of section 601(a), which may be—*

20           *“(A) operated by a municipal, intermunicipal,*  
 21           *or interstate entity, State, public or private*  
 22           *utility, corporation, partnership, association, or*  
 23           *nonprofit agency; and*

1                   “(B) used to make loans that will be fully  
2                   amortized not later than 30 years after the date  
3                   of the completion of the project.”.

4 **SEC. 104. AFFORDABILITY.**

5           (a) *IN GENERAL.*—Section 603 of the Federal Water  
6 *Pollution Control Act (33 U.S.C. 1383) is amended—*

7                   (1) *by redesignating subsections (e) through (h)*  
8                   *as subsections (f) through (i), respectively; and*

9                   (2) *by inserting after subsection (d) the fol-*  
10                  *lowing:*

11               “(e) *TYPES OF ASSISTANCE FOR DISADVANTAGED*  
12 *COMMUNITIES.*—

13                   “(1) *DEFINITION OF DISADVANTAGED COMMU-*  
14 *NITY.*—*In this subsection, the term ‘disadvantaged*  
15 *community’ means the service area, or portion of a*  
16 *service area, of a treatment works that meets afford-*  
17 *ability criteria established after public review and*  
18 *comment by the State in which the treatment works*  
19 *is located.*

20                   “(2) *LOAN SUBSIDY.*—*Notwithstanding any*  
21 *other provision of this section, in a case in which the*  
22 *State makes a loan from the water pollution control*  
23 *revolving loan fund in accordance with subsection (c)*  
24 *to a disadvantaged community or a community that*  
25 *the State expects to become a disadvantaged commu-*

1        *nity as the result of a proposed project, the State may*  
2        *provide additional subsidization, including the for-*  
3        *giveness of the principal of the loan.*

4            *“(3) TOTAL AMOUNT OF SUBSIDIES.—For each*  
5        *fiscal year, the total amount of loan subsidies made*  
6        *by the State pursuant to this subsection may not ex-*  
7        *ceed 30 percent of the amount of the capitalization*  
8        *grant received by the State for the fiscal year.*

9            *“(4) EXTENDED TERM.—A State may provide*  
10       *an extended term for a loan if the extended term—*

11            *“(A) terminates not later than the date that*  
12        *is 30 years after the date of completion of the*  
13        *project; and*

14            *“(B) does not exceed the expected design life*  
15        *of the project.*

16            *“(5) INFORMATION.—The Administrator may*  
17        *publish information to assist States in establishing*  
18        *affordability criteria described in paragraph (1).”.*

19        *(b) CONFORMING AMENDMENT.—Section 221(d) of the*  
20        *Federal Water Pollution Control Act (33 U.S.C. 1301(d))*  
21        *is amended in the second sentence by striking “603(h)” and*  
22        *inserting “603(i)”.*

1 **SEC. 105. WATER POLLUTION CONTROL REVOLVING LOAN**  
2 **FUNDS.**

3 *Section 603 of the Federal Water Pollution Control Act*  
4 *(33 U.S.C. 1383) is amended by striking subsection (h) (as*  
5 *redesignated by section 104) and inserting the following:*

6 “(h) *PRIORITY SYSTEM REQUIREMENT.*—

7 “(1) *DEFINITIONS.*—*In this subsection:*

8 “(A) *RESTRUCTURING.*—*The term ‘restruc-*  
9 *turing’ means—*

10 “(i) *the consolidation of management*  
11 *functions or ownership with another facil-*  
12 *ity; or*

13 “(ii) *the formation of cooperative part-*  
14 *nerships.*

15 “(B) *TRADITIONAL WASTEWATER AP-*  
16 *PROACH.*—*The term ‘traditional wastewater ap-*  
17 *proach’ means a managed system used to collect*  
18 *and treat wastewater from an entire service area*  
19 *consisting of—*

20 “(i) *collection sewers;*

21 “(ii) *a centralized treatment plant*  
22 *using biological, physical, or chemical treat-*  
23 *ment processes; and*

24 “(iii) *a direct point source discharge to*  
25 *surface water.*

1           “(2) *PRIORITY SYSTEM.*—*A State shall establish*  
2           *a system for providing financial assistance from the*  
3           *water pollution control revolving fund of the State*  
4           *under which the State—*

5                   “(A) *gives more weight to an application*  
6                   *for assistance by a treatment works if the appli-*  
7                   *cation includes such other information as the*  
8                   *State determines to be appropriate and—*

9                           “(i) *an inventory of assets, including a*  
10                           *description of the condition of those assets;*

11                           “(ii) *a schedule for replacement of as-*  
12                           *sets;*

13                           “(iii) *a financing plan indicating*  
14                           *sources of revenue from rate payers, grants,*  
15                           *bonds, other loans, and other sources;*

16                           “(iv) *a review of options for restruc-*  
17                           *turing the treatment works; or*

18                           “(v) *a review of options for approaches*  
19                           *other than a traditional wastewater ap-*  
20                           *proach that may include actions or projects*  
21                           *that treat or minimize sewage or urban*  
22                           *stormwater discharges using—*

23                                   “(I) *decentralized or distributed*  
24                                   *stormwater controls;*

1                   “(II) decentralized wastewater  
2                   treatment;

3                   “(III) low impact development  
4                   technologies;

5                   “(IV) stream buffers;

6                   “(V) wetland restoration; or

7                   “(VI) actions to minimize the  
8                   amount of and direct connections to  
9                   impervious surfaces;

10                  “(B) takes into consideration appropriate  
11                  chemical, physical, and biological data that the  
12                  State considers reasonably available and of suffi-  
13                  cient quality;

14                  “(C) provides for public notice and oppor-  
15                  tunity to comment on establishment of the sys-  
16                  tem and the summary under subparagraph (D);

17                  “(D) publishes not less than biennially in  
18                  summary form a description of projects in the  
19                  State that are eligible for assistance under this  
20                  title that indicates—

21                         “(i) the priority assigned to each  
22                         project under the priority system of the  
23                         State; and

1                   “(ii) the funding schedule for each  
2                   project, to that extent the such information  
3                   is available; and

4                   “(E) ensures that projects undertaken with  
5                   assistance under this title are designed to  
6                   achieve, in the estimation of the State, the opti-  
7                   mum water quality management, consistent with  
8                   the public health and water quality goals and re-  
9                   quirements of this title.”.

10 **SEC. 106. TRANSFERABILITY OF FUNDS.**

11           Section 603 of the Federal Water Pollution Control Act  
12 (33 U.S.C. 1383) (as amended by section 104(1)) is amend-  
13 ed by adding at the end the following:

14           “(j) *TRANSFER OF FUNDS.*—

15                   “(1) *IN GENERAL.*—The Governor of a State  
16                   may—

17                           “(A)(i) reserve not more than 33 percent of  
18                           a capitalization grant made under this title; and

19                           “(ii) add the funds reserved to any funds  
20                           provided to the State under section 1452 of the  
21                           Safe Drinking Water Act (42 U.S.C. 300j-12);  
22                           and

23                           “(B)(i) reserve for any year an amount that  
24                           does not exceed the amount that may be reserved  
25                           under subparagraph (A) for that year from cap-

1           italization grants made under section 1452 of  
2           that Act (42 U.S.C. 300j-12); and

3           “(i) add the reserved funds to any funds  
4           provided to the State under this title.

5           “(2) STATE MATCH.—Funds reserved under this  
6           subsection shall not be considered to be a State con-  
7           tribution for a capitalization grant required under  
8           this title or section 1452(b) of the Safe Drinking  
9           Water Act (42 U.S.C. 300j-12(b)).”.

10 **SEC. 107. GRANTS PROGRAM.**

11           Section 603 of the Federal Water Pollution Control Act  
12           (33 U.S.C. 1383) (as amended by section 106) is amended  
13           by adding at the end the following:

14           “(k) SET-ASIDE.—

15           “(1) \$3,000,000,000 OR LESS MADE AVAIL-  
16           ABLE.—

17           “(A) IN GENERAL.—In the case of a fiscal  
18           year for which appropriations for State revolv-  
19           ing loan funds do not exceed \$3,000,000,000, a  
20           State shall set aside 10 percent of the capitaliza-  
21           tion grant of the State under section 601(a) to  
22           provide grants to eligible users described in sub-  
23           section (c) in the amount of not more than 55  
24           percent of the total cost of a project for which a  
25           grant is made.



1       *available to carry out this section for a fiscal year to*  
2       *States in accordance with section 205(c)(3).*

3               “(2) *NEEDS SURVEY.*—*The term ‘needs survey’*  
4       *means a needs survey conducted under section 516(2).*

5               “(3) *NEEDS SURVEY PERCENTAGE.*—*The term*  
6       *‘needs survey percentage’, with respect to a State,*  
7       *means the percentage applicable to the State under a*  
8       *formula for the allotment of funds made available to*  
9       *carry out this section for a fiscal year to States in*  
10       *amounts determined by the Administrator based on*  
11       *the ratio that—*

12                       “(A) *the needs of a State described in cat-*  
13       *egories I through VII of the most recent needs*  
14       *survey; bears to*

15                       “(B) *the needs of all States described in cat-*  
16       *egories I through VII of the most recent needs*  
17       *survey.*

18               “(4) *NEXT NEEDS SURVEY.*—*The term ‘next*  
19       *needs survey’ means the first needs survey that is*  
20       *completed after the 2000 needs survey.*

21               “(5) *STATE.*—*The term ‘State’ means a State,*  
22       *the District of Columbia, and the Commonwealth of*  
23       *Puerto Rico.*

24               “(b) *ALLOCATION OF FUNDS.*—

1           “(1) *IN GENERAL.*—*Funds made available to*  
2           *carry out this section for a fiscal year shall be allo-*  
3           *cated by the Administrator in accordance with this*  
4           *subsection.*

5           “(2) *INDIAN TRIBES.*—*Of the total amount of*  
6           *funds available, 1.5 percent shall be allocated to In-*  
7           *dian tribes (within the meaning of section 518(c)).*

8           “(3) *CERTAIN TERRITORIES AND FREELY ASSO-*  
9           *CIATED STATES.*—*Of the total amount of funds made*  
10          *available, 0.25 percent shall be allocated to Guam, the*  
11          *United States Virgin Islands, American Samoa, the*  
12          *Commonwealth of the Northern Mariana Islands, the*  
13          *Federated States of Micronesia, the Republic of the*  
14          *Marshall Islands, and the Republic of Palau to be al-*  
15          *located among those territories and freely associated*  
16          *states, as determined by the Administrator.*

17          “(4) *STATES.*—

18                 “(A) *TARGET ALLOCATION.*—*Each State*  
19                 *shall have a target allocation that—*

20                         “(i) *in the case of a State for which the*  
21                         *needs survey percentage is less than 1.0 per-*  
22                         *cent, shall be 1.0 percent; and*

23                         “(ii) *in the case of any other State,*  
24                         *shall be the needs survey percentage.*

25                 “(B) *LIMITATION ON GROWTH.*—

1           “(i) *APPLICABILITY.*—*This subpara-*  
2           *graph applies with respect to any fiscal*  
3           *year for which the amount of funds made*  
4           *available to carry out this section is*  
5           *\$3,150,000,000 or less.*

6           “(ii) *STATES WITH A NEEDS SURVEY*  
7           *PERCENTAGE OF 1.0 PERCENT OR LESS.*—*In*  
8           *the case of a State for which the needs sur-*  
9           *vey percentage is 1.0 percent or less, the*  
10           *growth in allocation in dollar terms relative*  
11           *to the base formula shall be limited to—*

12                   “(I) *12 percent for fiscal year*  
13                   *2005;*

14                   “(II) *16 percent for fiscal year*  
15                   *2006;*

16                   “(III) *20 percent for fiscal year*  
17                   *2007;*

18                   “(IV) *24 percent for fiscal year*  
19                   *2008; and*

20                   “(V) *28 percent for fiscal year*  
21                   *2009 and each fiscal year thereafter.*

22           “(iii) *STATES WITH A NEEDS SURVEY*  
23           *PERCENTAGE OF GREATER THAN 1.0 PER-*  
24           *CENT.*—*In the case of a State for which the*  
25           *needs survey percentage is greater than 1.0*

1           *percent, the growth in allocation in dollar*  
2           *terms relative to the base formula shall be*  
3           *limited to 0.0 percent (before an allocation,*  
4           *if any, is made under subparagraph (D)).*

5           “(C) *LIMITATION ON LOSS.—*

6                 “(i) *STATES WITH A NEEDS SURVEY*  
7                 *PERCENTAGE OF 1.0 PERCENT OR LESS.—A*  
8                 *dollar amount that is not less than the dol-*  
9                 *lar amount under the base formula shall be*  
10                *allocated to States described in subpara-*  
11                *graph (A)(i).*

12               “(ii) *STATES FOR WHICH THE NEEDS*  
13                *SURVEY PERCENTAGE IS GREATER THAN 1.0*  
14                *PERCENT.—A dollar amount that is equal*  
15                *to the dollar amount under the base formula*  
16                *shall be allocated to States described in sub-*  
17                *paragraph (A)(ii) (before an allocation, if*  
18                *any, is made under subparagraph (D))*  
19                *that—*

20                         “(I) *in the most recent needs sur-*  
21                         *vey, reported higher needs in both cat-*  
22                         *egories V and VII than the State re-*  
23                         *ported in the previous needs survey;*

24                         “(II) *grew in population by more*  
25                         *than 10 percent between the 1990*

1                   *decennial census and the 2000*  
2                   *decennial census; or*

3                   “*(III) has a population equal to 4*  
4                   *percent or more of the total population*  
5                   *of the United States, as reported in the*  
6                   *2000 decennial census.*

7                   “(D) *UNALLOCATED BALANCE.—*

8                   “*(i) LESS THAN \$1,380,000,000 MADE*  
9                   *AVAILABLE.—For a fiscal year for which*  
10                  *less than \$1,380,000,000 is made available*  
11                  *to carry out this section, the unallocated*  
12                  *balance of available funds shall be allocated*  
13                  *in equal amounts to all States that, in the*  
14                  *most recent needs survey, report higher total*  
15                  *needs both in absolute dollar terms and as*  
16                  *a percentage of the total United States*  
17                  *needs.*

18                  “*(ii) \$1,380,000,000 OR MORE MADE*  
19                  *AVAILABLE.—For a fiscal year for which*  
20                  *\$1,380,000,000 or more is made available to*  
21                  *carry out this section, the unallocated bal-*  
22                  *ance of available funds shall be allocated in*  
23                  *equal amounts to all States that—*

24                  “*(I) are described in clause (i); or*

1                                   “(II) are described in subpara-  
2                                   graph (C).”; and

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

4                   “(f) *RESERVATION OF FUNDS FOR PLANNING.*—A  
5 *State shall reserve to carry out planning under sections*  
6 *205(j) and 303(e) for each fiscal year the greater of—*

7                                   “(1) *2 percent of the amount allocated to the*  
8                                   *State under this section for the fiscal year; or*

9                                   “(2) *\$100,000.*”.

10 **SEC. 110. AUTHORIZATION OF APPROPRIATIONS.**

11                   *Section 607 of the Federal Water Pollution Control Act*  
12 *(33 U.S.C. 1387) is amended to read as follows:*

13 **“SEC. 607. AUTHORIZATION OF APPROPRIATIONS.**

14                   “(a) *IN GENERAL.*—*There are authorized to be appro-*  
15 *priated to carry out this title—*

16                                   “(1) *\$3,200,000,000 for each of fiscal years 2005*  
17 *and 2006;*

18                                   “(2) *\$3,600,000,000 for fiscal year 2007;*

19                                   “(3) *\$4,000,000,000 for fiscal year 2008; and*

20                                   “(4) *\$6,000,000,000 for fiscal year 2009.*

21                   “(b) *AVAILABILITY.*—*Amounts made available under*  
22 *this section shall remain available until expended.*

23                   “(c) *RESERVATION FOR NEEDS SURVEYS.*—*Of the*  
24 *amount made available under subsection (a) to carry out*  
25 *this title for a fiscal year, the Administrator may reserve*

1 *not more than \$1,000,000 per year to pay the costs of con-*  
 2 *ducting needs surveys under section 516(2).”.*

3 **SEC. 111. REPORTS.**

4 *Section 516 of the Federal Water Pollution Control Act*  
 5 *(33 U.S.C. 1375) is amended in the second sentence by*  
 6 *striking “odd-numbered” and inserting “fourth”.*

7 **SEC. 112. PILOT PROGRAM FOR ALTERNATIVE WATER**  
 8 **SOURCE PROJECTS.**

9 *Section 220(j) of the Federal Water Pollution Control*  
 10 *Act (33 U.S.C. 1300(j)) is amended in the first sentence*  
 11 *by striking “a total of \$75,000,000 for fiscal years 2002*  
 12 *through 2004” and inserting “\$25,000,000 for each of fiscal*  
 13 *years 2005 through 2007”.*

14 **SEC. 113. WET WEATHER GRANTS.**

15 *Section 221 of the Federal Water Pollution Control Act*  
 16 *(33 U.S.C. 1301) is amended—*

17 *(1) by striking the section heading and inserting*  
 18 *the following:*

19 **“SEC. 221. WET WEATHER GRANTS.”;**

20 *(2) in subsection (a)(1), by striking “and sani-*  
 21 *tary sewer overflows” and inserting “, sanitary sewer*  
 22 *overflows, and stormwater runoff”;*

23 *(3) in subsection (b)—*

24 *(A) in paragraph (2), by striking “or a sep-*  
 25 *arate sanitary sewer overflow control plan” and*

1           inserting “, sanitary sewer overflow control plan,  
2           or stormwater runoff control plan”;

3                   (B) by redesignating paragraphs (3) and  
4           (4) as paragraphs (4) and (5), respectively; and

5                   (C) by inserting after paragraph (2) the fol-  
6           lowing:

7                   “(3) is a municipality that is subject to the  
8           Phase I or Phase II stormwater regulations;”;

9                   (4) in subsection (f), by striking “section  
10          \$750,000,000” and all that follows and inserting “sec-  
11          tion \$250,000,000 for each of fiscal years 2005  
12          through 2009, to remain available until expended.”;

13                  (5) in subsection (g)(2)(B), by striking “and  
14          sanitary sewer overflow controls” and inserting “,  
15          sanitary sewer overflow controls, and stormwater run-  
16          off controls”; and

17                  (6) in subsection (i), by striking “and sanitary  
18          sewer overflow controls” and inserting “, sanitary  
19          sewer overflow, and stormwater runoff”.

20   **SEC. 114. TECHNICAL CORRECTION.**

21           Title I of the Federal Water Pollution Control Act is  
22   amended by redesignating the second section 121 (33 U.S.C.  
23   1274) as section 122.

1           **TITLE II—SAFE DRINKING**  
 2           **WATER INFRASTRUCTURE**

3   **SEC. 201. TECHNICAL ASSISTANCE FOR SMALL CENTERS.**

4           *Section 1420(g) of the Safe Drinking Water Act (42*  
 5 *U.S.C. 300g–9(g)) is amended by striking paragraph (4)*  
 6 *and inserting the following:*

7                   “(4) *AUTHORIZATION OF APPROPRIATIONS.—*  
 8           *There is authorized to be appropriated to carry out*  
 9           *this subsection \$2,000,000 for each of fiscal years*  
 10           *2005 through 2009.”.*

11   **SEC. 202. LABOR STANDARDS.**

12           *Section 1450(e) of the Safe Drinking Water Act (42*  
 13 *U.S.C. 300j–9(e)) is amended by striking “(e) The Adminis-*  
 14 *trator” and all that follows through “the Secretary of*  
 15 *Labor” in the second sentence and inserting the following:*

16                   “(e) *LABOR STANDARDS.—*

17                   “(1) *IN GENERAL.—The Administrator shall take*  
 18           *such action as is necessary to ensure that all laborers*  
 19           *and mechanics employed by contractors and sub-*  
 20           *contractors on construction projects financed, in*  
 21           *whole or in part, by a grant, loan, loan guarantee,*  
 22           *refinancing, or any other form of assistance provided*  
 23           *under this title (including assistance provided from*  
 24           *the State drinking water revolving fund under section*  
 25           *1452) are paid wages at rates that are not less than*

1     *the rates prevailing for the same type of work for*  
 2     *similar construction in the immediate locality, as de-*  
 3     *termined by the Secretary of Labor in accordance*  
 4     *with the Act of March 3, 1931 (40 U.S.C. 276a et*  
 5     *seq.).*

6             “(2) *AUTHORITY AND FUNCTIONS.*—*The Sec-*  
 7     *retary of Labor”.*

8     **SEC. 203. PRECONSTRUCTION WORK.**

9             *Section 1452(a)(2) of the Safe Drinking Water Act (42*  
 10     *U.S.C. 300j-12(a)(2)) is amended in the second sentence—*

11             *(1) by striking “(not” and inserting “(including*  
 12     *expenditures for planning, design, and associated*  
 13     *preconstruction and for recovery for siting of the fa-*  
 14     *cility and related elements but not”;* and

15             *(2) by inserting before the period at the end the*  
 16     *following: “or to replace or rehabilitate aging collec-*  
 17     *tion, treatment, storage (including reservoirs), or dis-*  
 18     *tribution facilities of public water systems or provide*  
 19     *for capital projects to upgrade the security of public*  
 20     *water systems”.*

21     **SEC. 204. AFFORDABILITY.**

22             *Section 1452(d)(3) of the Safe Drinking Water Act (42*  
 23     *U.S.C. 300j-12(d)(3)) is amended in the first sentence by*  
 24     *inserting “, or portion of a service area,” after “service*  
 25     *area”.*

1 **SEC. 205. SAFE DRINKING WATER REVOLVING LOAN FUNDS.**

2 (a) *IN GENERAL.*—Section 1452(g) of the Safe Drink-  
3 *ing Water Act (42 U.S.C. 300j-12(g)) is amended—*

4 (1) *in paragraph (2)—*

5 (A) *in the first sentence, by striking “4”*  
6 *and inserting “6”; and*

7 (B) *by striking “1419” and all that follows*  
8 *through “1993.” and inserting “1419.”; and*

9 (2) *by adding at the end the following:*

10 “(5) *TRANSFER OF FUNDS.*—

11 “(A) *IN GENERAL.*—*The Governor of a*  
12 *State may—*

13 “(i)(I) *reserve not more than 33 per-*  
14 *cent of a capitalization grant made under*  
15 *this section; and*

16 “(II) *add the funds reserved to any*  
17 *funds provided to the State under section*  
18 *601 of the Federal Water Pollution Control*  
19 *Act (33 U.S.C. 1381); and*

20 “(ii)(I) *reserve for any fiscal year an*  
21 *amount that does not exceed the amount*  
22 *that may be reserved under clause (i)(I) for*  
23 *that year from capitalization grants made*  
24 *under section 601 of that Act (33 U.S.C.*  
25 *1381); and*

1                   “(II) add the reserved funds to any  
2                   funds provided to the State under this sec-  
3                   tion.

4                   “(B) STATE MATCH.—Funds reserved under  
5                   this paragraph shall not be considered to be a  
6                   State match of a capitalization grant required  
7                   under this section or section 602(b) of the Fed-  
8                   eral Water Pollution Control Act (33 U.S.C.  
9                   1382(b)).”.

10           (b) PRIORITY SYSTEM REQUIREMENTS.—Section  
11 1452(b)(3) of the Safe Drinking Water Act (42 U.S.C. 300j-  
12 12(b)(3)) is amended—

13                   (1) by redesignating subparagraph (B) as sub-  
14                   paragraph (C);

15                   (2) by striking subparagraph (A) and inserting  
16                   the following:

17                   “(A) DEFINITIONS.—In this paragraph:

18                           “(i) RESTRUCTURING.—The term ‘re-  
19                           structuring’ means changes in operations  
20                           (including ownership, accounting, rates,  
21                           maintenance, consolidation, and alternative  
22                           water supply).

23                           “(ii) TRADITIONAL APPROACH.—The  
24                           term ‘traditional approach’ means a man-  
25                           aged system used to treat and distribute

1           *drinking water to an entire service area*  
2           *consisting of a centralized water system*  
3           *using biological, physical, or chemical treat-*  
4           *ment processes.*

5           “(B) *PRIORITY SYSTEM.*—*An intended use*  
6           *plan shall provide, to the maximum extent prac-*  
7           *ticable, that—*

8                   “(i) *priority for the use of funds be*  
9                   *given to projects—*

10                           “(I) *that address the most serious*  
11                           *risk to human health;*

12                           “(II) *that are necessary to ensure*  
13                           *compliance with the requirements of*  
14                           *this title (including requirements for*  
15                           *filtration); and*

16                           “(III) *that assist systems most in*  
17                           *need on a per-household basis accord-*  
18                           *ing to State affordability criteria; and*

19                           “(ii) *the State shall give more weight*  
20                           *to an application for assistance by a com-*  
21                           *munity water system if the application in-*  
22                           *cludes such other information as the State*  
23                           *determines to be necessary and—*

1                   “(I) an inventory of assets, in-  
2                   cluding a description of the condition  
3                   of those assets;

4                   “(II) a schedule for replacement of  
5                   assets;

6                   “(III) a financing plan indi-  
7                   cating sources of revenue from rate  
8                   payers, grants, bonds, other loans, and  
9                   other sources;

10                  “(IV) a review of options for re-  
11                  structuring the public water system; or

12                  “(V) a review of options for ap-  
13                  proaches other than a traditional ap-  
14                  proach.”; and

15                  (3) in subparagraph (C) (as redesignated by  
16                  paragraph (1)), by striking “periodically” and insert-  
17                  ing “at least biennially”.

18 **SEC. 206. GRANTS PROGRAM.**

19                  Section 1452 of the Safe Drinking Water Act (42  
20                  U.S.C. 300j-12) is amended by adding at the end the fol-  
21                  lowing:

22                  “(s) *SET-ASIDE*.—

23                         “(1) \$2,500,000,000 OR LESS MADE AVAIL-  
24                         *ABLE*.—

1           “(A) *IN GENERAL.*—*In the case of a fiscal*  
2           *year for which appropriations for State revolving*  
3           *loan funds do not exceed \$2,500,000,000, a*  
4           *State shall set aside 10 percent of the capitaliza-*  
5           *tion grant of the State under subsection (a) to*  
6           *provide grants to projects eligible for assistance*  
7           *under subsection (a)(2) of not more than 55 per-*  
8           *cent of the total cost of a project for which a*  
9           *grant is made.*

10           “(B) *WAIVER.*—*A State may waive the re-*  
11           *quirement of subparagraph (A) if the average*  
12           *time for processing loan applications during the*  
13           *preceding 12 months did not exceed 90 days.*

14           “(2) *MORE THAN \$2,500,000,000 MADE AVAIL-*  
15           *ABLE.*—*In the case of a fiscal year for which appro-*  
16           *priations for State revolving loan funds exceed*  
17           *\$2,500,000,000, a State shall set aside not more than*  
18           *5 nor less than 2.5 percent of the State revolving loan*  
19           *fund of the State.”.*

20   **SEC. 207. OTHER AUTHORIZED ACTIVITIES.**

21           *Section 1452(k)(2)(D) of the Safe Drinking Water Act*  
22           *(42 U.S.C. 300j-12(k)(2)(D)) is amended by inserting be-*  
23           *fore the period at the end the following: “(including imple-*  
24           *mentation of source water protection plans)”.*

1 **SEC. 208. SMALL SYSTEM REVOLVING LOAN FUNDS.**

2 *Section 1442(e) of the Safe Drinking Water Act (42*  
3 *U.S.C. 300j-1(e)) is amended—*

4 *(1) by striking “The Administrator may pro-*  
5 *vide” and inserting the following:*

6 *“(1) IN GENERAL.—The Administrator may pro-*  
7 *vide”; and*

8 *(2) by adding at the end the following:*

9 *“(2) SMALL SYSTEM REVOLVING LOAN FUND.—*

10 *“(A) IN GENERAL.—In addition to amounts*  
11 *provided under this section, the Administrator*  
12 *may provide grants to qualified private, non-*  
13 *profit entities to capitalize revolving funds to*  
14 *provide financing to eligible entities described in*  
15 *subparagraph (B) for—*

16 *“(i) predevelopment costs (including*  
17 *costs for planning, design, associated*  
18 *preconstruction, and necessary activities for*  
19 *siting the facility and related elements) as-*  
20 *sociated with proposed water projects or*  
21 *with existing water systems; and*

22 *“(ii) short-term costs incurred for re-*  
23 *placement equipment, small-scale extension*  
24 *services, or other small capital projects that*  
25 *are not part of the regular operations and*

1                   *maintenance activities of existing water sys-*  
2                   *tems.*

3                   “(B) *ELIGIBLE ENTITIES.*—*To be eligible*  
4                   *for assistance under this paragraph, an entity*  
5                   *shall be a small water system (as described in*  
6                   *section 1412(b)(4)(E)(ii)).*

7                   “(C) *MAXIMUM AMOUNT OF LOANS.*—*The*  
8                   *amount of financing made to an eligible entity*  
9                   *under this paragraph shall not exceed—*

10                    “(i) *\$100,000 for costs described in*  
11                    *subparagraph (A)(i); and*

12                    “(ii) *\$100,000 for costs described in*  
13                    *subparagraph (A)(ii).*

14                   “(D) *TERM.*—*The term of a loan made to*  
15                   *an eligible entity under this paragraph shall not*  
16                   *exceed 10 years.*

17                   “(E) *ANNUAL REPORT.*—*For each fiscal*  
18                   *year, a qualified private, nonprofit entity that*  
19                   *receives a grant under subparagraph (A) shall*  
20                   *submit to the Administrator a report that—*

21                    “(i) *describes the activities of the*  
22                    *qualified private, nonprofit entity under*  
23                    *this paragraph for the fiscal year; and*

24                    “(ii) *specifies—*

1                   “(I) the number of communities  
2                   served;

3                   “(II) the sizes of those commu-  
4                   nities; and

5                   “(III) the type of financing pro-  
6                   vided by the qualified private, non-  
7                   profit entity.

8                   “(F) AUTHORIZATION OF APPROPRIA-  
9                   TIONS.—There is authorized to be appropriated  
10                  to carry out this subsection \$25,000,000 for each  
11                  of fiscal years 2005 through 2009.”.

12 **SEC. 209. AUTHORIZATION OF APPROPRIATIONS.**

13                  Section 1452 of the Safe Drinking Water Act (42  
14                  U.S.C. 300j–12) is amended by striking subsection (m) and  
15                  inserting the following:

16                  “(m) AUTHORIZATION OF APPROPRIATIONS.—

17                         “(1) IN GENERAL.—There are authorized to be  
18                         appropriated to carry out this section—

19                                 “(A) \$1,500,000,000 for fiscal year 2005;

20                                 “(B) \$2,000,000,000 for each of fiscal years  
21                                 2006 and 2007;

22                                 “(C) \$3,500,000,000 for fiscal year 2008;

23                                 and

24                                 “(D) \$6,000,000,000 for fiscal year 2009.

1           “(2) *AVAILABILITY.*—Amounts made available  
2           under this subsection shall remain available until ex-  
3           pended.

4           “(3) *RESERVATION FOR NEEDS SURVEYS.*—Of  
5           the amount made available under paragraph (1) to  
6           carry out this section for a fiscal year, the Adminis-  
7           trator may reserve not more than \$1,000,000 for each  
8           fiscal year to pay the costs of conducting needs sur-  
9           veys under subsection (h).”.

10 **SEC. 210. REMOVAL OF LEAD FROM DRINKING WATER IN**  
11                                   **SCHOOLS AND IN THE DISTRICT OF COLUM-**  
12                                   **BIA.**

13           (a) *LEAD CONTAMINATION IN SCHOOL DRINKING*  
14 *WATER.*—Section 1464 of the Safe Drinking Water Act (42  
15 *U.S.C. 300j–24*) is amended by striking subsection (d) and  
16 *inserting the following:*

17           “(d) *REMOVAL OF LEAD IN SCHOOLS.*—

18           “(1) *IN GENERAL.*—Not later than 270 days  
19           after the date of enactment of the Water Infrastruc-  
20           ture Financing Act, in consultation with each State,  
21           the Administrator shall establish a program to pro-  
22           vide grants to States to assist in paying, or to pro-  
23           vide reimbursement for, costs incurred by local edu-  
24           cational agencies in testing for, remediating, and in-  
25           forming students, parents, teachers, and employees

1       *about lead contamination in drinking water from*  
 2       *coolers and from other sources of lead contamination*  
 3       *at schools under the jurisdiction of the local edu-*  
 4       *cational agencies.*

5               “(2) *FUNDING.—*

6                       “(A) *AUTHORIZATION OF APPROPRIA-*  
 7                       *TIONS.—There is authorized to be appropriated*  
 8                       *to carry out this subsection \$40,000,000 for each*  
 9                       *of fiscal years 2005 through 2008.*

10                      “(B) *ADMINISTRATIVE EXPENSES.—The Ad-*  
 11                      *ministrator may use not more than 5 percent of*  
 12                      *amounts made available under subparagraph*  
 13                      *(A) for a fiscal year to pay administrative ex-*  
 14                      *penses incurred in carrying out this subsection.”.*

15       (b) *LEAD CONTAMINATION IN DRINKING WATER IN*  
 16 *THE DISTRICT OF COLUMBIA.—Section 1465 of the Safe*  
 17 *Drinking Water Act (42 U.S.C. 300j-25) is amended to*  
 18 *read as follows:*

19       “**SEC. 1465. LEAD CONTAMINATION IN DRINKING WATER IN**  
 20                               **THE DISTRICT OF COLUMBIA.**

21               “(a) *GRANT.—*

22                       “(1) *IN GENERAL.—The Administrator may pro-*  
 23                       *vide to the District of Columbia a grant of*  
 24                       *\$20,000,000 to be used to address lead contamination*  
 25                       *in the water supply of the District of Columbia.*

1           “(2) *USE OF GRANT FUNDS.—Funds provided*  
2           *under paragraph (1) may be used for activities such*  
3           *as—*

4                   “(A) *assessment of infrastructure (which*  
5                   *may include, on a voluntary basis, fixtures with-*  
6                   *in private residences, including replacement fau-*  
7                   *cet strainers);*

8                   “(B) *testing of water supplies throughout*  
9                   *the water system;*

10                  “(C) *distribution of filters to residences*  
11                  *with high lead levels;*

12                  “(D) *evaluation of chemical additives (in-*  
13                  *cluding zinc orthophosphate) to the water sup-*  
14                  *ply;*

15                  “(E) *pipe replacement; and*

16                  “(F) *evaluation and improvement of com-*  
17                  *munication with the general public, particularly*  
18                  *households with water that tested above the ac-*  
19                  *tion level for lead.*

20           “(3) *AUTHORIZATION OF APPROPRIATIONS.—*  
21           *There is authorized to be appropriated to carry out*  
22           *this subsection \$20,000,000.*

23           “(b) *STUDY BY THE NATIONAL ACADEMY OF*  
24           *SCIENCES.—*

1           “(1) *IN GENERAL.*—*The Administrator shall con-*  
2           *tract with the National Academy of Sciences to con-*  
3           *duct a 2-phase study in accordance with this sub-*  
4           *section.*

5           “(2) *PHASE I.*—*In phase I of the study, the Na-*  
6           *tional Academy of Sciences shall conduct a com-*  
7           *prehensive evaluation of—*

8                   “(A) *compliance by the District of Colum-*  
9                   *bia Water and Sewer Authority with regulations*  
10                  *pertaining to lead and copper in drinking water*  
11                  *(including meeting the public notification re-*  
12                  *quirements of the regulations); and*

13                   “(B) *the potential causes of lead in the*  
14                  *water supply of the District of Columbia.*

15           “(3) *PHASE II.*—*In phase II of the study, the*  
16           *National Academy of Sciences shall assess, from a*  
17           *cross-section of cities of varying population sizes*  
18           *across the United States with lead service lines—*

19                   “(A) *the extent to which water levels in*  
20                  *those cities have exceeded the action level for*  
21                  *lead; and*

22                   “(B) *the potential causes of the exceedences*  
23                  *(including service lines, chemical additives in the*  
24                  *water supply, equipment upgrades, and pipes in*  
25                  *residences).*

1           “(4) *REPORT.*—Not later than 1 year after the  
 2           date of enactment of this paragraph, the National  
 3           Academy of Sciences shall submit to the Committee  
 4           on Environment and Public Works of the Senate and  
 5           the Committee on Energy and Commerce of the House  
 6           of Representatives a report describing the findings  
 7           made in the study.

8           “(5) *AUTHORIZATION OF APPROPRIATIONS.*—  
 9           There is authorized to be appropriated to carry out  
 10          this subsection \$2,000,000.”.

11 **SEC. 211. SMALL PUBLIC WATER SYSTEM ASSISTANCE PRO-**  
 12 **GRAM.**

13          (a) *ESTABLISHMENT OF PROGRAM.*—The Safe Drink-  
 14          ing Water Act (42 U.S.C. 300f et seq.) is amended by add-  
 15          ing at the end the following:

16                 **“PART G—SMALL PUBLIC WATER SYSTEM**  
 17                                 **ASSISTANCE**

18 **“SEC. 1471. DEFINITIONS.**

19                 *“In this part:*

20                         “(1) *ELIGIBLE ACTIVITY.*—

21                                 “(A) *IN GENERAL.*—The term ‘eligible activ-  
 22                                 ity’ means an activity that is carried out by an  
 23                                 eligible entity to ensure compliance with na-  
 24                                 tional primary drinking water regulations ap-  
 25                                 plicable to the eligible entity under section 1412.

1           “(B) *INCLUSION.*—*The term ‘eligible activ-*  
2           *ity’ includes source water protection.*

3           “(C) *EXCLUSION.*—*The term ‘eligible activ-*  
4           *ity’ does not include any activity to increase the*  
5           *population served by a public water system, ex-*  
6           *cept to the extent that the Administrator deter-*  
7           *mines an activity to be necessary to—*

8                     “(i) *achieve compliance with a na-*  
9                     *tional primary drinking water regulation;*  
10                    *and*

11                   “(ii) *provide a water supply to a pop-*  
12                    *ulation that, as of the date of enactment of*  
13                    *this part, is not served by a safe public*  
14                    *water system.*

15           “(2) *ELIGIBLE ENTITY.*—*The term ‘eligible enti-*  
16            *ty’ means—*

17                   “(A) *a small public water system that—*

18                    “(i) *if located in a State, serves a com-*  
19                    *munity that, under affordability criteria es-*  
20                    *tablished by the State under section*  
21                    *1452(d), is determined by the State to be—*

22                             “(I) *a disadvantaged community;*

23                             *or*

24                             “(II) *a community that would*  
25                             *otherwise become a disadvantaged com-*

1                    *munity as a result of carrying out an*  
2                    *eligible activity, as determined by the*  
3                    *State; or*

4                    *“(ii) if located in an area governed by*  
5                    *an Indian Tribe, serves a community that*  
6                    *is determined by the Administrator, under*  
7                    *criteria published by the Administrator*  
8                    *under section 1452(d) and in consultation*  
9                    *with the Secretary, to be—*

10                    *“(I) a disadvantaged community;*  
11                    *or*

12                    *“(II) a community that would*  
13                    *otherwise become a disadvantaged com-*  
14                    *munity as a result of carrying out an*  
15                    *eligible activity, as determined by the*  
16                    *State; and*

17                    *“(B) a public water system that—*

18                    *“(i) would incur \$3,000,000 or more in*  
19                    *costs in complying with national primary*  
20                    *drinking water regulations promulgated*  
21                    *under this Act; and*

22                    *“(ii) is a disadvantaged community or*  
23                    *a community may otherwise become dis-*  
24                    *advantaged as a result of carrying out an*  
25                    *eligible activity, as determined by the State.*

1           “(3) *PROGRAM.*—*The term ‘program’ means the*  
 2           *small public water system assistance program estab-*  
 3           *lished under section 1472(a).*

4           “(4) *SECRETARY.*—*The term ‘Secretary’ means*  
 5           *the Secretary of Health and Human Services, acting*  
 6           *through the Director of the Indian Health Service.*

7           “(5) *SMALL PUBLIC WATER SYSTEM.*—*The term*  
 8           *‘small public water system’ means a public water sys-*  
 9           *tem (including a community water system and a*  
 10           *noncommunity water system) that serves a popu-*  
 11           *lation of 15,000 or fewer individuals.*

12   **“SEC. 1472. SMALL PUBLIC WATER SYSTEM ASSISTANCE**  
 13           **PROGRAM.**

14           “(a) *ESTABLISHMENT.*—*Not later than July 1, 2006,*  
 15           *the Administrator shall establish within the Environmental*  
 16           *Protection Agency a small public water system assistance*  
 17           *program for, and provide grants to, eligible entities for use*  
 18           *in carrying out eligible activities.*

19           “(b) *PRIORITY.*—

20           “(1) *IN GENERAL.*—*The Administrator shall pro-*  
 21           *vide grants to eligible entities for eligible activities*  
 22           *that—*

23                   “(A) *address the most serious risks to*  
 24                   *human health from lack of compliance with the*  
 25                   *regulations specified in subparagraph (B);*

1           “(B) are necessary to ensure compliance  
 2           with national primary drinking water regula-  
 3           tions applicable to eligible entities under section  
 4           1412; and

5           “(C) assist systems serving communities  
 6           that are most in need, as calculated on the basis  
 7           of median household income, under affordability  
 8           criteria established by the State under section  
 9           1452(d) (or, in the case of eligible entities in an  
 10          area governed by an Indian Tribe, under afford-  
 11          ability criteria established by the Administrator,  
 12          in consultation with the Secretary).

13          “(2) *MANAGEMENT COOPERATIVES.*—The Admin-  
 14          istrator shall consider giving priority for grants  
 15          under this section to eligible activities that are car-  
 16          ried out by communities that form management co-  
 17          operatives.

18          “(c) *TECHNICAL ASSISTANCE.*—In providing grants  
 19          under this section, the Administrator shall—

20                 “(1) use not less than 1.5 percent of funds made  
 21                 available to carry out this section to provide grants  
 22                 to nonprofit technical assistance organizations to be  
 23                 used to assist eligible entities in—

24                         “(A) assessing needs relating to eligible ac-  
 25                         tivities;

1           “(B) identifying additional available  
2 sources of funding to meet the cost-sharing re-  
3 quirements under the program; and

4           “(C) planning, implementing, and main-  
5 taining any eligible activities of the eligible enti-  
6 ties that receive funding under this section;

7           “(2) require that none of the funds provided  
8 under paragraph (1) be used to pay for lobbying ex-  
9 penses; and

10           “(3) require that for each fiscal year, not more  
11 than 5 percent of the funds received by an eligible en-  
12 tity under this section may be used to obtain tech-  
13 nical assistance in planning, implementing, and  
14 maintaining eligible activities for which funding is  
15 provided under this section.

16           “(d) INDIAN TRIBES.—

17           “(1) IN GENERAL.—In providing grants under  
18 this section, the Administrator shall use not less than  
19 3 percent of funds made available to carry out this  
20 section for each fiscal year to provide grants to eligi-  
21 ble entities that are located in areas governed by In-  
22 dian Tribes.

23           “(2) PROGRAM PRIORITY REQUIREMENT.—

24           “(A) LIST OF ELIGIBLE ACTIVITIES.—

1           “(i) *IN GENERAL.*—*The Administrator,*  
2           *in consultation with the Secretary, shall, for*  
3           *each fiscal year, identify, and, consistent*  
4           *with subsection (b) and considering the cri-*  
5           *teria described in subparagraph (B), list in*  
6           *descending order of priority, eligible activi-*  
7           *ties for eligible entities located in areas gov-*  
8           *erned by Indian Tribes for which funds pro-*  
9           *vided from a grant under this part may be*  
10          *used.*

11          “(ii) *COORDINATION.*—

12                 “(I) *IN GENERAL.*—*To the max-*  
13                 *imum extent practicable, the Adminis-*  
14                 *trator shall ensure that the preparation*  
15                 *of the list under clause (i) is coordi-*  
16                 *nated with any needs assessment con-*  
17                 *ducted under section 1452(i)(4).*

18                 “(II) *ADDITIONAL CONSIDER-*  
19                 *ATION.*—*Any additional financial*  
20                 *needs of small public water systems lo-*  
21                 *cated in areas governed by Indian*  
22                 *Tribes that are associated with the cost*  
23                 *of complying with a national primary*  
24                 *drinking water regulation (including a*  
25                 *regulation concerning arsenic) that is*

1                   *promulgated after the then most recent*  
2                   *needs survey conducted under section*  
3                   *1452(i)(4) shall be factored into the de-*  
4                   *termination of financial need for, and*  
5                   *prioritization of, eligible activities*  
6                   *under this section.*

7                   “(B) *CRITERIA.—The Administrator shall,*  
8                   *in preparing a list under subparagraph (A),*  
9                   *consider giving priority to any listed eligible ac-*  
10                  *tivities that are to be carried out by communities*  
11                  *that form management cooperatives (including*  
12                  *management cooperatives between systems that*  
13                  *do not have public water system connections).*

14                  “(3) *ALLOCATION OF GRANT FUNDING.—For each*  
15                  *fiscal year, the Administrator, in consultation with*  
16                  *the Secretary, shall provide grants to eligible entities*  
17                  *located in an area governed by an Indian Tribe for*  
18                  *the maximum number of eligible activities for which*  
19                  *the funding allocation makes assistance available,*  
20                  *based on the priority assigned by the Administrator*  
21                  *to eligible activities under paragraph (2).*

22                  “(4) *LIMITATION ON USE OF FUNDS.—For each*  
23                  *fiscal year, not more than 5 percent of the funds re-*  
24                  *ceived by an eligible entity located in an area gov-*  
25                  *erned by an Indian Tribe under this section may be*

1       *used to obtain technical assistance in planning, im-*  
2       *plementing, and maintaining eligible activities that*  
3       *are funded under this section.*

4       “(e) *LIMITATION ON RECEIPT OF FUNDS.—An eligible*  
5       *entity may receive a grant under this section only—*

6               “(1) *if the Administrator determines that use of*  
7       *the grant will aid compliance with national primary*  
8       *drinking water regulations applicable to the eligible*  
9       *entity under section 1412;*

10              “(2)(A) *to restructure or consolidate the facility*  
11       *to achieve compliance with applicable national pri-*  
12       *mary drinking water regulations; or*

13              “(B) *in a case in which restructuring or consoli-*  
14       *dation of the facility is not practicable, if the Admin-*  
15       *istrator determines that—*

16                   “(i) *the eligible entity has made a good*  
17       *faith effort to achieve compliance with applicable*  
18       *national primary drinking water regulations;*  
19       *and*

20                   “(ii) *the eligible entity is adhering to an en-*  
21       *forceable schedule for complying with those regu-*  
22       *lations; and*

23              “(3) *if—*

24                   “(A) *the Administrator determines that an*  
25       *eligible entity may lack the technical, manage-*

1            *rial, operations, maintenance, or financial ca-*  
2            *capacity to ensure compliance with national pri-*  
3            *mary drinking water regulations applicable to*  
4            *the eligible entity under section 1412, and the el-*  
5            *igible entity agrees to undertake feasible and ap-*  
6            *propriate changes in operations (including*  
7            *changes in ownership, management, accounting,*  
8            *rates, maintenance, consolidation, provision of*  
9            *an alternative water supply, or other proce-*  
10           *dures); and*

11                    *“(B) the Administrator determines that the*  
12                    *measures are necessary to ensure that the eligible*  
13                    *entity has the technical, managerial, operational,*  
14                    *maintenance, and financial capacity to comply*  
15                    *with applicable national primary drinking*  
16                    *water regulations over the long term.*

17            *“(f) COST SHARING.—*

18                    *“(1) IN GENERAL.—*

19                            *“(A) LIMIT.—Except as provided in para-*  
20                            *graph (2), the share of the total cost of an eligi-*  
21                            *ble activity funded by a grant under this section*  
22                            *shall not exceed 80 percent.*

23                            *“(B) USE OF OTHER FEDERAL FUNDS.—To*  
24                            *pay the portion of an eligible activity that is not*  
25                            *funded by a grant under this section, an eligible*

1           *entity located in an area governed by an Indian*  
2           *Tribe may use Federal financial assistance other*  
3           *than assistance received under this section.*

4           “(2) *WAIVER OF COST-SHARING REQUIRE-*  
5           *MENT.—*

6                   “(A) *IN GENERAL.—The Administrator*  
7                   *may waive the requirement of an eligible entity*  
8                   *to pay all or a portion of the share of an eligible*  
9                   *activity that is not funded by a grant under this*  
10                  *section, based on a determination by the State*  
11                  *that the eligible entity is unable to pay any or*  
12                  *all of the share.*

13                   “(B) *LIMITATION.—For each fiscal year, the*  
14                   *total amount of cost-share waivers provided by*  
15                   *the Administrator to eligible entities located in*  
16                   *an area governed by an Indian Tribe under sub-*  
17                   *paragraph (A) shall not exceed 30 percent of the*  
18                   *amount of funding used to provide grants to In-*  
19                   *dian Tribes under this part.*

20                   “(g) *UNOBLIGATED FUNDS.—Any funds not obligated*  
21                   *by the small public water system assistance program estab-*  
22                   *lished under subsection (a) for an eligible activity within*  
23                   *1 year after the date on which funds are made available*  
24                   *to carry out this part shall be returned to the Administrator*  
25                   *for use in providing new grants under this part.*

1 **“SEC. 1473. REPORTS.**

2 *“Not later than January 1, 2006, and annually there-*  
3 *after through January 1, 2010, the Administrator shall—*

4 *“(1) submit, to the Committee on Environment*  
5 *and Public Works of the Senate and the Committee on*  
6 *Energy and Commerce of the House of Representa-*  
7 *tives, a report that, for the preceding fiscal year—*

8 *“(A) lists the eligible activities for eligible*  
9 *entities that receive funds under this part for the*  
10 *preceding fiscal year;*

11 *“(B) identifies the number of grants pro-*  
12 *vided under this part to eligible entities located*  
13 *in areas governed by Indian Tribes, and in each*  
14 *State;*

15 *“(C) identifies each eligible entity that re-*  
16 *ceives a grant to carry out an eligible activity;*

17 *“(D) identifies the amount of each grant*  
18 *provided to an eligible entity to carry out an eli-*  
19 *gible activity; and*

20 *“(E) describes each eligible activity funded*  
21 *by such a grant (including the status of the eligi-*  
22 *ble activity); and*

23 *“(2) make the report under paragraph (1) avail-*  
24 *able to the public.*

1 **“SEC. 1474. AUTHORIZATION OF APPROPRIATIONS.**

2       *“There is authorized to be appropriated to carry out*  
 3 *this part \$200,000,000 for each of fiscal years 2005 through*  
 4 *2009.”.*

5       **(b) CONFORMING AMENDMENT.**—*Section 1401(14) of*  
 6 *the Safe Drinking Water Act (42 U.S.C. 300f(14)) is*  
 7 *amended in the second sentence by striking “1452,” and*  
 8 *inserting “1452 and part G,”.*

9 **SEC. 212. SMALL PUBLIC WATER SYSTEM ASSISTANCE PRO-**  
 10 **GRAM.**

11       **(a) ESTABLISHMENT OF PROGRAM.**—*The Safe Drink-*  
 12 *ing Water Act (42 U.S.C. 300f et seq.) is amended by add-*  
 13 *ing at the end the following:*

14       **“PART G—SMALL PUBLIC WATER SYSTEM**  
 15 **ASSISTANCE**

16 **“SEC. 1471. DEFINITIONS.**

17       *“In this part:*

18               **“(1) ELIGIBLE ACTIVITY.**—

19                       **“(A) IN GENERAL.**—*The term ‘eligible activ-*  
 20 *ity’ means an activity that is carried out by an*  
 21 *eligible entity to ensure compliance with na-*  
 22 *tional primary drinking water regulations ap-*  
 23 *plicable to the eligible entity under section 1412.*

24                       **“(B) INCLUSION.**—*The term ‘eligible activ-*  
 25 *ity’ includes source water protection.*

1           “(C) *EXCLUSION.*—The term ‘eligible activ-  
 2           *ity*’ does not include any activity to increase the  
 3           population served by a public water system, ex-  
 4           cept to the extent that the Administrator deter-  
 5           mines an activity to be necessary to—

6                   “(i) achieve compliance with a na-  
 7                   tional primary drinking water regulation;  
 8                   and

9                   “(ii) provide a water supply to a pop-  
 10                  ulation that, as of the date of enactment of  
 11                  this part, is not served by a safe public  
 12                  water system.

13           “(2) *ELIGIBLE ENTITY.*—The term ‘eligible enti-  
 14           ty’ means—

15                   “(A) a small public water system that—

16                   “(i) if located in a State, serves a com-  
 17                   munity that, under affordability criteria es-  
 18                   tablished by the State under section  
 19                   1452(d), is determined by the State to be—

20                           “(I) a disadvantaged community;

21                           or

22                           “(II) a community that would  
 23                           otherwise become a disadvantaged com-  
 24                           munity as a result of carrying out an

1                   *eligible activity, as determined by the*  
2                   *State; or*

3                   “(ii) *if located in an area governed by*  
4                   *an Indian Tribe, serves a community that*  
5                   *is determined by the Administrator, under*  
6                   *criteria published by the Administrator*  
7                   *under section 1452(d) and in consultation*  
8                   *with the Secretary, to be—*

9                                 “(I) *a disadvantaged community;*  
10                                *or*

11                               “(II) *a community that would*  
12                                *otherwise become a disadvantaged com-*  
13                                *munity as a result of carrying out an*  
14                                *eligible activity, as determined by the*  
15                                *State; and*

16                   “(B) *a public water system that—*

17                                “(i) *would incur \$3,000,000 or more in*  
18                                *costs in complying with national primary*  
19                                *drinking water regulations promulgated*  
20                                *under this Act; and*

21                                “(ii) *is a disadvantaged community or*  
22                                *a community may otherwise become dis-*  
23                                *advantaged as a result of carrying out an*  
24                                *eligible activity, as determined by the State.*

1           “(3) *PROGRAM.*—*The term ‘program’ means the*  
 2           *small public water system assistance program estab-*  
 3           *lished under section 1472(a).*

4           “(4) *SECRETARY.*—*The term ‘Secretary’ means*  
 5           *the Secretary of Health and Human Services, acting*  
 6           *through the Director of the Indian Health Service.*

7           “(5) *SMALL PUBLIC WATER SYSTEM.*—*The term*  
 8           *‘small public water system’ means a public water sys-*  
 9           *tem (including a community water system and a*  
 10           *noncommunity water system) that serves a popu-*  
 11           *lation of 15,000 or fewer individuals.*

12   **“SEC. 1472. SMALL PUBLIC WATER SYSTEM ASSISTANCE**  
 13           **PROGRAM.**

14           “(a) *ESTABLISHMENT.*—*Not later than July 1, 2006,*  
 15           *the Administrator shall establish within the Environmental*  
 16           *Protection Agency a small public water system assistance*  
 17           *program for, and provide grants to, eligible entities for use*  
 18           *in carrying out eligible activities.*

19           “(b) *PRIORITY.*—

20           “(1) *IN GENERAL.*—*The Administrator shall pro-*  
 21           *vide grants to eligible entities for eligible activities*  
 22           *that—*

23                   “(A) *address the most serious risks to*  
 24                   *human health from lack of compliance with the*  
 25                   *regulations specified in subparagraph (B);*

1           “(B) are necessary to ensure compliance  
2           with national primary drinking water regula-  
3           tions applicable to eligible entities under section  
4           1412; and

5           “(C) assist systems serving communities  
6           that are most in need, as calculated on the basis  
7           of median household income, under affordability  
8           criteria established by the State under section  
9           1452(d) (or, in the case of eligible entities in an  
10          area governed by an Indian Tribe, under afford-  
11          ability criteria established by the Administrator,  
12          in consultation with the Secretary).

13          “(2) *MANAGEMENT COOPERATIVES.*—The Admin-  
14          istrator shall consider giving priority for grants  
15          under this section to eligible activities that are car-  
16          ried out by communities that form management co-  
17          operatives.

18          “(c) *TECHNICAL ASSISTANCE.*—In providing grants  
19          under this section, the Administrator shall—

20                 “(1) use not less than 1.5 percent of funds made  
21                 available to carry out this section to provide grants  
22                 to nonprofit technical assistance organizations to be  
23                 used to assist eligible entities in—

24                         “(A) assessing needs relating to eligible ac-  
25                         tivities;

1           “(B) identifying additional available  
2 sources of funding to meet the cost-sharing re-  
3 quirements under the program; and

4           “(C) planning, implementing, and main-  
5 taining any eligible activities of the eligible enti-  
6 ties that receive funding under this section;

7           “(2) require that none of the funds provided  
8 under paragraph (1) be used to pay for lobbying ex-  
9 penses; and

10           “(3) require that for each fiscal year, not more  
11 than 5 percent of the funds received by an eligible en-  
12 tity under this section may be used to obtain tech-  
13 nical assistance in planning, implementing, and  
14 maintaining eligible activities for which funding is  
15 provided under this section.

16           “(d) INDIAN TRIBES.—

17           “(1) IN GENERAL.—In providing grants under  
18 this section, the Administrator shall use not less than  
19 3 percent of funds made available to carry out this  
20 section for each fiscal year to provide grants to eligi-  
21 ble entities that are located in areas governed by In-  
22 dian Tribes.

23           “(2) PROGRAM PRIORITY REQUIREMENT.—

24           “(A) LIST OF ELIGIBLE ACTIVITIES.—

1           “(i) *IN GENERAL.*—*The Administrator,*  
2           *in consultation with the Secretary, shall, for*  
3           *each fiscal year, identify, and, consistent*  
4           *with subsection (b) and considering the cri-*  
5           *teria described in subparagraph (B), list in*  
6           *descending order of priority, eligible activi-*  
7           *ties for eligible entities located in areas gov-*  
8           *erned by Indian Tribes for which funds pro-*  
9           *vided from a grant under this part may be*  
10          *used.*

11          “(ii) *COORDINATION.*—

12                 “(I) *IN GENERAL.*—*To the max-*  
13                 *imum extent practicable, the Adminis-*  
14                 *trator shall ensure that the preparation*  
15                 *of the list under clause (i) is coordi-*  
16                 *nated with any needs assessment con-*  
17                 *ducted under section 1452(i)(4).*

18                 “(II) *ADDITIONAL CONSIDER-*  
19                 *ATION.*—*Any additional financial*  
20                 *needs of small public water systems lo-*  
21                 *cated in areas governed by Indian*  
22                 *Tribes that are associated with the cost*  
23                 *of complying with a national primary*  
24                 *drinking water regulation (including a*  
25                 *regulation concerning arsenic) that is*

1                    *promulgated after the then most recent*  
2                    *needs survey conducted under section*  
3                    *1452(i)(4) shall be factored into the de-*  
4                    *termination of financial need for, and*  
5                    *prioritization of, eligible activities*  
6                    *under this section.*

7                    *“(B) CRITERIA.—The Administrator shall,*  
8                    *in preparing a list under subparagraph (A),*  
9                    *consider giving priority to any listed eligible ac-*  
10                    *tivities that are to be carried out by communities*  
11                    *that form management cooperatives (including*  
12                    *management cooperatives between systems that*  
13                    *do not have public water system connections).*

14                    *“(3) ALLOCATION OF GRANT FUNDING.—For each*  
15                    *fiscal year, the Administrator, in consultation with*  
16                    *the Secretary, shall provide grants to eligible entities*  
17                    *located in an area governed by an Indian Tribe for*  
18                    *the maximum number of eligible activities for which*  
19                    *the funding allocation makes assistance available,*  
20                    *based on the priority assigned by the Administrator*  
21                    *to eligible activities under paragraph (2).*

22                    *“(4) LIMITATION ON USE OF FUNDS.—For each*  
23                    *fiscal year, not more than 5 percent of the funds re-*  
24                    *ceived by an eligible entity located in an area gov-*  
25                    *erned by an Indian Tribe under this section may be*

1       *used to obtain technical assistance in planning, im-*  
2       *plementing, and maintaining eligible activities that*  
3       *are funded under this section.*

4       “(e) *LIMITATION ON RECEIPT OF FUNDS.—*

5               “(1) *IN GENERAL.—Except as provided in para-*  
6       *graph (2), a grant under this section shall not be pro-*  
7       *vided to an eligible entity that, as determined by the*  
8       *Administrator—*

9               “(A) *does not have the technical, manage-*  
10       *rial, operations, maintenance, or financial ca-*  
11       *capacity to ensure compliance with national pri-*  
12       *mary drinking water regulations applicable to*  
13       *the eligible entity under section 1412; or*

14              “(B) *is in significant noncompliance with*  
15       *any applicable national primary drinking water*  
16       *regulation.*

17              “(2) *EXCEPTION FOR RECEIPT OF GRANT.—An*  
18       *eligible entity described in paragraph (1) may receive*  
19       *a grant under this section only—*

20              “(A) *if the Administrator determines that*  
21       *use of the grant will ensure compliance with na-*  
22       *tional primary drinking water regulations ap-*  
23       *plicable to the eligible entity under section 1412;*

1           “(B)(i) to restructure or consolidate the fa-  
2           cility to achieve compliance with applicable na-  
3           tional primary drinking water regulations; or

4           “(ii) in a case in which restructuring or  
5           consolidation of the facility is not practicable, if  
6           the Administrator determines that—

7                   “(I) the eligible entity has made a good  
8                   faith effort to achieve compliance with ap-  
9                   plicable national primary drinking water  
10                  regulations; and

11                  “(II) the eligible entity is adhering to  
12                  an enforceable schedule for complying with  
13                  those regulations; and

14           “(C) in a case in which paragraph (1)(A)  
15           applies to an eligible entity, and the eligible en-  
16           tity if—

17                   “(i) the eligible entity agrees to under-  
18                   take feasible and appropriate changes in op-  
19                   erations (including changes in ownership,  
20                   management, accounting, rates, mainte-  
21                   nance, consolidation, provision of an alter-  
22                   native water supply, or other procedures);  
23                  and

24                  “(ii) the Administrator determines that  
25                  the measures are necessary to ensure that

1           *the eligible entity has the capacity described*  
2           *in paragraph (1)(A) to comply with appli-*  
3           *cable national primary drinking water reg-*  
4           *ulations over the long term.*

5           “(3) *REVIEW.*—*Before providing assistance*  
6           *under this section to an eligible entity that is in sig-*  
7           *nificant noncompliance with any national primary*  
8           *drinking water regulation applicable to the eligible*  
9           *entity under section 1412, the Administrator shall*  
10          *conduct a review to determine whether paragraph*  
11          *(1)(A) applies to the entity.*

12          “(f) *COST SHARING.*—

13                 “(1) *IN GENERAL.*—

14                         “(A) *LIMIT.*—*Except as provided in para-*  
15                         *graph (2), the share of the total cost of an eligi-*  
16                         *ble activity funded by a grant under this section*  
17                         *shall not exceed 80 percent.*

18                         “(B) *USE OF OTHER FEDERAL FUNDS.*—*To*  
19                         *pay the portion of an eligible activity that is not*  
20                         *funded by a grant under this section, an eligible*  
21                         *entity located in an area governed by an Indian*  
22                         *Tribe may use Federal financial assistance other*  
23                         *than assistance received under this section.*

24                         “(2) *WAIVER OF COST-SHARING REQUIRE-*  
25                         *MENT.*—

1           “(A) *IN GENERAL.*—*The Administrator*  
2           *may waive the requirement of an eligible entity*  
3           *to pay all or a portion of the share of an eligible*  
4           *activity that is not funded by a grant under this*  
5           *section, based on a determination by the State*  
6           *that the eligible entity is unable to pay any or*  
7           *all of the share.*

8           “(B) *LIMITATION.*—*For each fiscal year, the*  
9           *total amount of cost-share waivers provided by*  
10           *the Administrator to eligible entities located in*  
11           *an area governed by an Indian Tribe under sub-*  
12           *paragraph (A) shall not exceed 30 percent of the*  
13           *amount of funding used to provide grants to In-*  
14           *Indian Tribes under this part.*

15           “(g) *UNOBLIGATED FUNDS.*—*Any funds not obligated*  
16           *by the small public water system assistance program estab-*  
17           *lished under subsection (a) for an eligible activity within*  
18           *1 year after the date on which funds are made available*  
19           *to carry out this part shall be returned to the Administrator*  
20           *for use in providing new grants under this part.*

21           **“SEC. 1473. REPORTS.**

22           *“Not later than January 1, 2006, and annually there-*  
23           *after through January 1, 2010, the Administrator shall—*

24           *“(1) submit, to the Committee on Environment*  
25           *and Public Works of the Senate and the Committee on*

1 *Energy and Commerce of the House of Representa-*  
2 *tives, a report that, for the preceding fiscal year—*

3 *“(A) lists the eligible activities for eligible*  
4 *entities that receive funds under this part for the*  
5 *preceding fiscal year;*

6 *“(B) identifies the number of grants pro-*  
7 *vided under this part to eligible entities located*  
8 *in areas governed by Indian Tribes, and in each*  
9 *State;*

10 *“(C) identifies each eligible entity that re-*  
11 *ceives a grant to carry out an eligible activity;*

12 *“(D) identifies the amount of each grant*  
13 *provided to an eligible entity to carry out an eli-*  
14 *gible activity; and*

15 *“(E) describes each eligible activity funded*  
16 *by such a grant (including the status of the eligi-*  
17 *ble activity); and*

18 *“(2) make the report under paragraph (1) avail-*  
19 *able to the public.*

20 **“SEC. 1474. AUTHORIZATION OF APPROPRIATIONS.**

21 *“There is authorized to be appropriated to carry out*  
22 *this part \$1,000,000,000 for each of fiscal years 2005*  
23 *through 2008.”.*

24 *(b) CONFORMING AMENDMENT.—Section 1401(14) of*  
25 *the Safe Drinking Water Act (42 U.S.C. 300f(14)) is*

1 *amended in the second sentence by striking “1452,” and*  
 2 *inserting “1452 and part G,”.*

3 ***TITLE III—MISCELLANEOUS***

4 ***SEC. 301. DEFINITION OF ADMINISTRATOR.***

5 *In this title, the term “Administrator” means the Ad-*  
 6 *ministrator of the Environmental Protection Agency.*

7 ***SEC. 302. DEMONSTRATION GRANT PROGRAM FOR WATER***

8 ***QUALITY ENHANCEMENT AND MANAGEMENT.***

9 *(a) ESTABLISHMENT.—*

10 *(1) IN GENERAL.—As soon as practicable after*  
 11 *the date of enactment of this Act, the Administrator*  
 12 *shall establish a nationwide demonstration grant pro-*  
 13 *gram to—*

14 *(A) promote innovations in technology and*  
 15 *alternative approaches to water quality manage-*  
 16 *ment or water supply; and*

17 *(B) reduce costs to municipalities incurred*  
 18 *in complying with—*

19 *(i) the Federal Water Pollution Control*  
 20 *Act (33 U.S.C. 1251 et seq.); and*

21 *(ii) the Safe Drinking Water Act (42*  
 22 *U.S.C. 300f et seq.).*

23 *(2) SCOPE.—The demonstration grant program*  
 24 *shall consist of 10 projects each year, to be carried out*

1       *in municipalities selected by the Administrator under*  
2       *subsection (b).*

3       **(b) SELECTION OF MUNICIPALITIES.—**

4               **(1) APPLICATION.—***A municipality that seeks to*  
5       *participate in the demonstration grant program shall*  
6       *submit to the Administrator a plan that—*

7               **(A)** *is developed in coordination with—*

8                       **(i)** *the agency of the State having ju-*  
9                       *risdiction over water quality or water sup-*  
10                      *ply matters; and*

11                     **(ii)** *interested stakeholders;*

12               **(B)** *describes water impacts specific to*  
13       *urban or rural areas;*

14               **(C)** *includes a strategy under which the mu-*  
15       *nicipality, through participation in the dem-*  
16       *onstration grant program, could effectively—*

17                     **(i)** *address water quality or water sup-*  
18                     *ply problems; and*

19                     **(ii)** *achieve the same water quality*  
20       *goals as the goals that—*

21                               **(I)** *could be achieved using more*  
22       *traditional methods; or*

23                               **(II)** *are required under—*

1                                    (aa) *the Federal Water Pol-*  
2                                    *lution Control Act (33 U.S.C.*  
3                                    *1251 et seq.); or*

4                                    (bb) *the Safe Drinking Water*  
5                                    *Act (42 U.S.C. 300f et seq.); and*

6                                    (D) *includes a schedule for achieving the*  
7                                    *water quality or water supply goals of the mu-*  
8                                    *nicipality.*

9                                    (2) *TYPES OF PROJECTS.—In carrying out the*  
10                                    *demonstration grant program, the Administrator*  
11                                    *shall provide grants for projects relating to water sup-*  
12                                    *ply or water quality matters such as—*

13                                    (A) *excessive nutrient growth;*

14                                    (B) *urban or rural population pressure;*

15                                    (C) *lack of an alternative water supply;*

16                                    (D) *difficulties in water conservation and*  
17                                    *efficiency;*

18                                    (E) *lack of support tools and technologies to*  
19                                    *rehabilitate and replace water supplies;*

20                                    (F) *lack of monitoring and data analysis*  
21                                    *for water distribution systems;*

22                                    (G) *nonpoint source water pollution (in-*  
23                                    *cluding stormwater);*

24                                    (H) *sanitary overflows;*

25                                    (I) *combined sewer overflows;*

1                    (J) problems with naturally occurring con-  
2                    stituents of concern;

3                    (K) problems with erosion and excess sedi-  
4                    ment;

5                    (L) new approaches to water treatment, dis-  
6                    tribution, and collection systems; and

7                    (M) new methods for collecting and treating  
8                    wastewater (including system design and non-  
9                    structural alternatives).

10                  (3) *RESPONSIBILITIES OF ADMINISTRATOR.*—In  
11                  providing grants for projects under this subsection,  
12                  the Administrator shall—

13                       (A) ensure, to the maximum extent prac-  
14                       ticable, that—

15                               (i) the demonstration program includes  
16                               a variety of projects with respect to—

17                                       (I) geographic distribution;

18                                       (II) innovative technologies used  
19                                       for the projects; and

20                                       (III) nontraditional approaches  
21                                       (including low-impact development  
22                                       technologies) used for the projects; and

23                               (ii) each category of project described  
24                               in paragraph (2) is adequately represented;

25                               (B) give higher priority to projects that—

1                   (i) address multiple problems; and

2                   (ii) are regionally applicable;

3                   (C) ensure, to the maximum extent prac-  
4                   ticable, that at least 1 community having a pop-  
5                   ulation of 10,000 or fewer individuals receives a  
6                   grant for each fiscal year; and

7                   (D) ensure that, for each fiscal year, no mu-  
8                   nicipality receives more than 25 percent of the  
9                   total amount of funds made available for the fis-  
10                  cal year to provide grants under this section.

11               (4) COST SHARING.—

12                   (A) IN GENERAL.—Except as provided in  
13                   subparagraph (B), the non-Federal share of the  
14                   total cost of a project funded by a grant under  
15                   this section shall be not less than 20 percent.

16                   (B) WAIVER.—The Administrator may re-  
17                   duce or eliminate the non-Federal share of the  
18                   cost of a project for reasons of affordability.

19               (c) REPORTS.—

20                   (1) REPORTS FROM GRANT RECIPIENTS.—A re-  
21                   cipient of a grant under this section shall submit to  
22                   the Administrator, on the date of completion of a  
23                   project of the recipient and on each of the dates that  
24                   is 1, 2, and 3 years after that date, a report that de-  
25                   scribes the effectiveness of the project.

1           (2) *REPORTS TO CONGRESS.*—Not later than 2  
2           years after the date of enactment of this Act, and  
3           every 2 years thereafter, the Administrator shall sub-  
4           mit to the Committee on Environment and Public  
5           Works of the Senate and the Committee on Transpor-  
6           tation and Infrastructure and the Committee on En-  
7           ergy and Commerce of the House of Representatives  
8           a report that describes the status and results of the  
9           demonstration program.

10          (d) *INCORPORATION OF RESULTS AND INFORMA-*  
11 *TION.*—To the maximum extent practicable, the Adminis-  
12 *trator shall incorporate the results of, and information ob-*  
13 *tained from, successful projects under this section into pro-*  
14 *grams administered by the Administrator.*

15          (e) *RESEARCH AND DEVELOPMENT.*—

16           (1) *IN GENERAL.*—As soon as practicable after  
17           the date of enactment of this Act, the Administrator  
18           shall, through a competitive process, award grants  
19           and enter into contracts and cooperative agreements  
20           with research institutions, educational institutions,  
21           and other appropriate entities (including consortia of  
22           such institutions and entities) for research and devel-  
23           opment on the use of innovative and alternative tech-  
24           nologies to improve water quality or drinking water  
25           supply.

1           (2) *TYPES OF PROJECTS.*—*In carrying out this*  
2 *subsection, the Administrator may select projects re-*  
3 *lating to such matters as innovative or alternative*  
4 *technologies, approaches, practices, or methods—*

5                   (A) *to increase the effectiveness and effi-*  
6 *ciency of public water supply systems, includ-*  
7 *ing—*

8                           (i) *source water protection;*

9                           (ii) *water use reduction;*

10                          (iii) *water reuse;*

11                          (iv) *water treatment;*

12                          (v) *water distribution and collection*  
13 *systems; and*

14                          (vi) *water security;*

15                   (B) *to encourage the use of innovative or al-*  
16 *ternative technologies or approaches relating to*  
17 *water supply or availability; or*

18                   (C) *to increase the effectiveness and effi-*  
19 *ciency of treatment works, including—*

20                           (i) *methods of collecting, treating, dis-*  
21 *persing, reusing, reclaiming, and recycling*  
22 *wastewater;*

23                           (ii) *system design;*

24                           (iii) *nonstructural alternatives;*

25                           (iv) *decentralized approaches;*

- 1                   (v) assessment;  
2                   (vi) water efficiency; and  
3                   (vii) wastewater security.

4                   (3) *AUTHORIZATION OF APPROPRIATIONS.*—

5                   *There is authorized to be appropriated to carry out*  
6                   *this subsection \$20,000,000 for each of fiscal years*  
7                   *2005 through 2009.*

8                   (f) *AUTHORIZATION OF APPROPRIATIONS.*—*There is*  
9                   *authorized to be appropriated to carry out this section*  
10                  *(other than subsection (e)) \$20,000,000 for each of fiscal*  
11                  *years 2005 through 2009.*

12 **SEC. 303. COST OF SERVICE STUDY.**

13                  (a) *IN GENERAL.*—*Not later than 2 years after the*  
14                  *date of enactment of this Act, the Administrator shall enter*  
15                  *into a contract with the National Academy of Sciences for,*  
16                  *and the National Academy of Sciences shall complete and*  
17                  *provide to the Administrator the results of, a study of the*  
18                  *means by which public water systems and treatment works*  
19                  *selected by the Academy in accordance with subsection (c)*  
20                  *meet the costs associated with operations, maintenance,*  
21                  *capital replacement, and regulatory requirements.*

22                  (b) *REQUIRED ELEMENTS.*—

23                         (1) *AFFORDABILITY.*—*The study shall, at a min-*  
24                         *imum—*

1           (A) identify existing standards for afford-  
2           ability;

3           (B) determine the manner in which those  
4           standards are determined and defined;

5           (C) determine the manner in which afford-  
6           ability varies with respect to communities of dif-  
7           ferent sizes and in different regions; and

8           (D) determine the extent to which afford-  
9           ability affects the decision of a community to in-  
10          crease public water system and treatment works  
11          rates (including the decision relating to the per-  
12          centage by which those rates should be in-  
13          creased).

14          (2) *DISADVANTAGED COMMUNITIES.*—*The study*  
15          *shall, at a minimum—*

16               (A) survey a cross-section of States rep-  
17               resenting different sizes, demographics, and geo-  
18               graphical regions;

19               (B) describe, for each State described in  
20               subparagraph (A), the definition of “disadvan-  
21               taged community” used in the State in carrying  
22               out projects and activities under the Safe Drink-  
23               ing Water Act (42 U.S.C. 300f et seq.);

1           (C) review other means of identifying the  
2           meaning of the term “disadvantaged”, as that  
3           term applies to communities;

4           (D) determine which factors and character-  
5           istics are required for a community to be consid-  
6           ered “disadvantaged”; and

7           (E) evaluate the degree to which factors  
8           such as a reduction in the tax base over a period  
9           of time, a reduction in population, the loss of an  
10          industrial base, and the existence of areas of con-  
11          centrated poverty are taken into account in de-  
12          termining whether a community is a disadvan-  
13          taged community.

14          (c) *SELECTION OF COMMUNITIES.*—The National  
15          Academy of Sciences shall select communities, the public  
16          water system and treatment works rate structures of which  
17          are to be studied under this section, that include a cross-  
18          section of communities representing various populations,  
19          income levels, demographics, and geographical regions.

20          (d) *USE OF RESULTS OF STUDY.*—On receipt of the  
21          results of the study, the Administrator shall—

22                  (1) submit to Congress a report that describes the  
23                  results of the study; and

24                  (2) make the results available to treatment works  
25                  and public water systems for use by the publicly

1        *owned treatment works and public water systems, on*  
2        *a voluntary basis, in determining whether 1 or more*  
3        *new approaches may be implemented at facilities of*  
4        *the publicly owned treatment works and public water*  
5        *systems.*

6        *(e) AUTHORIZATION OF APPROPRIATIONS.—There is*  
7        *authorized to be appropriated to carry out this section*  
8        *\$1,000,000 for each of fiscal years 2005 and 2006.*

9        **SEC. 304. STATE REVOLVING FUND REVIEW PROCESS.**

10        *As soon as practicable after the date of enactment of*  
11        *this Act, the Administrator shall—*

12                *(1) consult with States, utilities, and other Fed-*  
13        *eral agencies providing financial assistance to iden-*  
14        *tify ways to expedite and improve the application*  
15        *and review process for the provision of assistance*  
16        *from—*

17                        *(A) the State water pollution control revolv-*  
18        *ing funds established under title VI of the Fed-*  
19        *eral Water Pollution Control Act (33 U.S.C.*  
20        *1381 et seq.); and*

21                        *(B) the State drinking water treatment re-*  
22        *volving loan funds established under section 1452*  
23        *of the Safe Drinking Water Act (42 U.S.C. 300j–*  
24        *12);*

1           (2) *take such administrative action as is nec-*  
 2           *essary to expedite and improve the process as the Ad-*  
 3           *ministrator has authority to take under existing law;*  
 4           *and*

5           (3) *submit to Congress a report that, based on*  
 6           *the information identified under paragraph (1), con-*  
 7           *tains recommendations for legislation to facilitate*  
 8           *further streamlining and improvement of the process.*

9   **SEC. 305. SOUTHEAST COLORADO SAFE DRINKING WATER**  
 10                                   **SUPPLY.**

11           (a) *IN GENERAL.*—*The Administrator shall provide a*  
 12           *grant to the Southeast Colorado Water Activity Enterprise,*  
 13           *a water activity enterprise of the Southeastern Colorado*  
 14           *Water Conservancy District, to construct a water trans-*  
 15           *mission line from the Pueblo Reservoir in Pueblo County,*  
 16           *Colorado, to the city of Lamar in Prowers County, Colo-*  
 17           *rado.*

18           (b) *AUTHORIZATION OF APPROPRIATIONS.*—*There is*  
 19           *authorized to be appropriated to carry out this section*  
 20           *\$85,000,000 for the period of fiscal years 2005 through*  
 21           *2010.*

22   **SEC. 306. ASSESSMENT OF PERCHLORATE CONTAMINA-**  
 23                                   **TION.**

24           *Not later than 1 year after the date of enactment of*  
 25           *this Act—*

1           (1) *the Secretary of the Interior, acting through*  
 2           *the United States Geological Survey, shall carry out*  
 3           *a nationwide assessment of sites contaminated with*  
 4           *perchlorate and the geological conditions at those*  
 5           *sites; and*

6           (2) *submit to Congress a report that describes the*  
 7           *results of the assessment.*

8   **SEC. 307. NATIONAL ESTUARY PROGRAM.**

9           *Section 320(i) of the Federal Water Pollution Control*  
 10          *Act (33 U.S.C. 1330(i)) is amended by striking*  
 11          *“\$35,000,000 for each of fiscal years 2001 through 2005”*  
 12          *and inserting “\$35,000,000 for each of fiscal years 2005*  
 13          *through 2010”.*

14   **SEC. 308. SEWAGE CONTROL TECHNOLOGY GRANT PRO-**  
 15                                   **GRAM.**

16          *The Federal Water Pollution Control Act (33 U.S.C.*  
 17          *1251 et seq.) is amended by adding at the end the following:*

18           **“TITLE VII—MISCELLANEOUS**

19          **“SEC. 701. SEWAGE CONTROL TECHNOLOGY GRANT PRO-**  
 20                                   **GRAM.**

21           **“(a) DEFINITION OF ELIGIBLE FACILITY.—***In this sec-*  
 22          *tion, the term ‘eligible facility’ means a municipal waste-*  
 23          *water treatment plant that—*

24                   **“(1) as of the date of enactment of this title, has**  
 25           *a permitted design capacity to treat an annual aver-*

1 *age of at least 500,000 gallons of wastewater per day;*  
2 *and*

3 *“(2) is located within the Chesapeake Bay water-*  
4 *shed in any of the States of Delaware, Maryland, New*  
5 *York, Pennsylvania, Virginia, or West Virginia or in*  
6 *the District of Columbia.*

7 *“(b) GRANT PROGRAM.—*

8 *“(1) ESTABLISHMENT.—Not later than 1 year*  
9 *after the date of enactment of this title, the Adminis-*  
10 *trator shall establish a program within the Environ-*  
11 *mental Protection Agency to provide grants to States*  
12 *and municipalities to upgrade eligible facilities with*  
13 *nutrient removal technologies.*

14 *“(2) PRIORITY.—In providing a grant under*  
15 *paragraph (1), the Administrator shall—*

16 *“(A) consult with the Chesapeake Bay Pro-*  
17 *gram Office;*

18 *“(B) give priority to eligible facilities at*  
19 *which nutrient removal upgrades would—*

20 *“(i) produce the greatest nutrient load*  
21 *reductions at points of discharge; or*

22 *“(ii) result in the greatest environ-*  
23 *mental benefits to local bodies of water sur-*  
24 *rounding, and the main stem of, the Chesa-*  
25 *apeake Bay; and*

1           “(C) *take into consideration the geographic*  
2           *distribution of the grants.*

3           “(3) *APPLICATION.—*

4           “(A) *IN GENERAL.—On receipt of an appli-*  
5           *cation from a State or municipality for a grant*  
6           *under this section, if the Administrator approves*  
7           *the request, the Administrator shall transfer to*  
8           *the State or municipality the amount of assist-*  
9           *ance requested.*

10           “(B) *FORM.—An application submitted by*  
11           *a State or municipality under subparagraph (A)*  
12           *shall be in such form and shall include such in-*  
13           *formation as the Administrator may prescribe.*

14           “(4) *USE OF FUNDS.—A State or municipality*  
15           *that receives a grant under this section shall use the*  
16           *grant to upgrade eligible facilities with nutrient re-*  
17           *moval technologies that are designed to reduce total*  
18           *nitrogen in discharged wastewater to an average an-*  
19           *nual concentration of 4 milligrams per liter.*

20           “(5) *COST SHARING.—*

21           “(A) *FEDERAL SHARE.—The Federal share*  
22           *of the cost of upgrading any eligible facility de-*  
23           *scribed in paragraph (1) using funds provided*  
24           *under this section shall not exceed 55 percent.*

1           “(B) *NON-FEDERAL SHARE.*—*The non-Fed-*  
2           *eral share of the costs of upgrading any eligible*  
3           *facility described in paragraph (1) using funds*  
4           *provided under this section may be provided in*  
5           *the form of funds made available to a State or*  
6           *municipality under—*

7                   “(i) *any provision of this Act other*  
8                   *than this section (including funds made*  
9                   *available from a State revolving fund estab-*  
10                  *lished under title VI); or*

11                  “(ii) *any other Federal or State law.*

12           “(c) *AUTHORIZATION OF APPROPRIATIONS.*—

13                  “(1) *IN GENERAL.*—*There is authorized to be ap-*  
14                  *propriated to carry out this section \$100,000,000 for*  
15                  *each of fiscal years 2005 through 2009, to remain*  
16                  *available until expended.*

17                  “(2) *ADMINISTRATIVE COSTS.*—*The Adminis-*  
18                  *trator may use not to exceed 4 percent of any amount*  
19                  *made available under paragraph (1) for a fiscal year*  
20                  *to pay administrative costs incurred in carrying out*  
21                  *this section.”.*

22   **SEC. 309. SPECIAL WATER RESOURCES STUDY.**

23           “(a) *HOMELAND SECURITY.*—*Section 101 of the Water*  
24           *Resources Planning Act (42 U.S.C. 1962a) is amended in*

1 *the first sentence by inserting “the Secretary of Homeland*  
2 *Security,” after “the Secretary of Agriculture,”.*

3 *(b) WATER RESOURCES STUDY.—Section 102 of the*  
4 *Water Resources Planning Act (42 U.S.C. 1962a–1) is*  
5 *amended—*

6 *(1) by redesignating subsections (a) and (b) as*  
7 *paragraphs (1) and (2), respectively;*

8 *(2) by striking “SEC. 102. The Council*  
9 *shall—” and inserting the following:*

10 **“SEC. 102. DUTIES OF COUNCIL.**

11 *“(a) IN GENERAL.—The Council shall—”;*

12 *(3) in subsection (a) (as amended by paragraphs*  
13 *(1) and (2))—*

14 *(A) in paragraph (1), by striking “and”*  
15 *after the semicolon;*

16 *(B) in paragraph (2), by striking the period*  
17 *at the end and inserting “; and”; and*

18 *(C) by adding at the end the following:*

19 *“(3) carry out a special water resources study in*  
20 *accordance with subsection (b).”;* and

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

22 **“(b) SPECIAL WATER RESOURCES STUDY.—**

23 *“(1) IN GENERAL.—The Council shall carry out*  
24 *a special water resources study to—*

1           “(A) use existing water assessments and  
2           conduct such additional assessments as are nec-  
3           essary to project future water supply and de-  
4           mand;

5           “(B) study water management programs  
6           used by the Federal Government, State and local  
7           governments, and private entities to increase  
8           water supplies and improve the availability, re-  
9           liability, and quality of freshwater resources;

10           “(C) consult with agencies and entities to  
11           develop recommendations consistent with laws  
12           (including treaties, decrees, and compacts) for a  
13           comprehensive water strategy that—

14                   “(i) respects the primary role of States  
15                   in regulating water rights and uses;

16                   “(ii) identifies incentives to ensure an  
17                   adequate and dependable supply of water  
18                   through the year 2054;

19                   “(iii) suggests strategies to avoid in-  
20                   creased mandates on State and local govern-  
21                   ments;

22                   “(iv) eliminates duplication and con-  
23                   flict among Federal programs;

24                   “(v) considers all available technologies  
25                   and methods to optimize water supply reli-

1           *ability, availability, and quality, while*  
2           *safeguarding the environment;*

3           “(vi) recommends means of capturing  
4           *excess water and flood water for conserva-*  
5           *tion and use in a drought;*

6           “(vii) suggests financing options for—

7                 “(I) water supply and water  
8                 *management projects; and*

9                 “(II) appropriate public works  
10                 *projects;*

11           “(viii) suggests strategies to conserve  
12           *existing water supplies, including rec-*  
13           *ommendations for repairing aging infra-*  
14           *structure; and*

15           “(ix) includes other objectives relating  
16           *to the effective management of the water*  
17           *supply to ensure reliability, availability,*  
18           *and quality;*

19           “(D) evaluate Federal water programs in  
20           *existence on the date of enactment of this para-*  
21           *graph and submit to Congress and the President*  
22           *recommendations on—*

23                 “(i) means of eliminating discrep-  
24                 *ancies between the goals of the programs*  
25                 *and actual service delivery;*

1                   “(ii) duplication among programs; and

2                   “(iii) any other circumstances that  
3                   interfere with the effective operation of the  
4                   programs;

5                   “(E) based on a review of water plans, de-  
6                   velop and make available to the public water  
7                   planning models to reduce water resource con-  
8                   flicts; and

9                   “(F) develop and coordinate public aware-  
10                  ness activities to provide the public with access  
11                  to understandable informational material, in-  
12                  cluding, at a minimum—

13                   “(i) descriptions of the value and bene-  
14                   fits of land stewardship to reduce the im-  
15                   pact of water shortages; and

16                   “(ii) clear instructions for appropriate  
17                   responses to water supply shortages, includ-  
18                   ing—

19                           “(I) water conservation;

20                           “(II) water reuse; and

21                           “(III) detection and elimination  
22                           of water leaks.

23                   “(2) CONSULTATION.—In carrying out this sub-  
24                   section, the Council shall consult with interested  
25                   groups, including groups that represent—

1           “(A) agricultural production, wildlife, and  
2           fishery interests;

3           “(B) forestry and fire management inter-  
4           ests;

5           “(C) rural and urban water associations;

6           “(D) environmental interests;

7           “(E) engineering and construction interests;

8           “(F) the portion of the scientific community  
9           that is concerned with climatology and hydrology;  
10          ogy;

11          “(G) resource-dependent businesses and  
12          other private entities (including the recreation  
13          and tourism industries); and

14          “(H) any other group, organization, or en-  
15          tity that the Council considers necessary to ad-  
16          vance the work of the Council.

17          “(3) REPORTS.—

18                 “(A) INTERIM REPORTS.—Not later than  
19                 180 days after the first meeting of the Council  
20                 following the date of enactment of this para-  
21                 graph, and every 180 days thereafter, the Coun-  
22                 cil shall submit to the President, the Committee  
23                 on Energy and Natural Resources and the Com-  
24                 mittee on the Environment and Public Works of  
25                 the Senate, and the Committee on Resources, the

1           *Committee on Transportation and Infrastruc-*  
2           *ture, and the Committee on Energy and Com-*  
3           *merce of the House of Representatives an interim*  
4           *report that describes the progress made by the*  
5           *Council in carrying out this subsection.*

6           “(B) *FINAL REPORT.*—*As soon as prac-*  
7           *ticable, but not later than 3 years, after the date*  
8           *of the first meeting of the Council referred to in*  
9           *subparagraph (A), the Council shall submit to*  
10           *the President and the Committees referred to in*  
11           *subparagraph (A) a final report that includes—*

12                   “(i) *a detailed statement of the find-*  
13                   *ings and conclusions of the Council; and*

14                   “(ii) *recommendations for legislation*  
15                   *and other policies to implement those find-*  
16                   *ings and conclusions, including—*

17                           “(I) *a list of recommendations*  
18                           *that can be implemented immediately*  
19                           *in accordance with existing law; and*

20                           “(II) *a list of recommendations*  
21                           *that require statutory changes prior to*  
22                           *implementation.”.*

23           (c) *AUTHORIZATION OF APPROPRIATIONS.*—*Section*  
24           *401 of the Water Resources Planning Act (42 U.S.C. 1962d)*  
25           *is amended—*

1           (1) *in the matter preceding subsection (a), by*  
2           *striking “Council:” and inserting “Council each of the*  
3           *following amounts:”;*

4           (2) *by redesignating subsections (a) through (c)*  
5           *as paragraphs (1) through (3), respectively;*

6           (3) *in paragraph (1) (as redesignated by para-*  
7           *graph (2))—*

8                   (A) *by striking “subsection (c) below:” and*  
9                   *inserting “paragraph (3):”; and*

10                   (B) *by striking the semicolon at the end and*  
11                   *inserting a period;*

12           (4) *in paragraph (2) (as redesignated by para-*  
13           *graph (2))—*

14                   (A) *by striking “the sum” and inserting*  
15                   *“The sum”; and*

16                   (B) *by striking “subsection (c) below;” and*  
17                   *inserting “paragraph (3).”; and*

18           (5) *by adding after paragraph (3) (as redesi-*  
19           *gnated by paragraph (2)) the following:*

20                   “(4) *The sum of \$9,000,000 for fiscal year 2005*  
21                   *to be used to carry out the special water resources*  
22                   *study under section 102(b), to remain available until*  
23                   *expended.”.*



Calendar No. 772

108<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

**S. 2550**

[Report No. 108-3861]

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## **A BILL**

To amend the Federal Water Pollution Control Act and the Safe Drinking Water Act to improve water and wastewater infrastructure in the United States.

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OCTOBER 7, 2004

Reported with an amendment