

109<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# S. 1400

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

JULY 14, 2005

Mr. CHAFEE (for himself, Mrs. CLINTON, Mr. INHOFE, and Mr. JEFFORDS) introduced the following bill; which was read twice and referred to the Committee on Environment and Public Works

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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,*

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

4        (a) SHORT TITLE.—This Act may be cited as the  
5        “Water Infrastructure Financing Act”.

6        (b) TABLE OF CONTENTS.—The table of contents of  
7        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. Water pollution control revolving loan funds.
- Sec. 104. Affordability.
- Sec. 105. Transferability of funds.
- Sec. 106. Costs of administering water pollution control revolving loan funds.
- Sec. 107. Water pollution control revolving loan funds.
- Sec. 108. Noncompliance.
- Sec. 109. Authorization of appropriations.
- Sec. 110. Critical water infrastructure projects.

#### TITLE II—SAFE DRINKING WATER INFRASTRUCTURE

- Sec. 201. Preconstruction work.
- Sec. 202. Affordability.
- Sec. 203. Safe drinking water revolving loan funds.
- Sec. 204. Other authorized activities.
- Sec. 205. Priority system requirements.
- Sec. 206. Authorization of appropriations.
- Sec. 207. Critical drinking water infrastructure projects.
- Sec. 208. Small system revolving loan funds.
- Sec. 209. Study on lead contamination in drinking water.
- Sec. 210. District of Columbia lead service line replacement.

#### TITLE III—MISCELLANEOUS

- Sec. 301. Definitions.
- Sec. 302. Demonstration grant program for water quality enhancement and management.
- Sec. 303. Agricultural pollution control technology grant program.
- Sec. 304. State revolving fund review process.
- Sec. 305. Cost of service study.
- Sec. 306. Water resources study.

1       **TITLE I—WATER POLLUTION**  
 2                   **INFRASTRUCTURE**  
 3   **SEC. 101. TECHNICAL ASSISTANCE FOR RURAL AND SMALL**  
 4                   **TREATMENT WORKS.**

5           (a) IN GENERAL.—Title II of the Federal Water Pol-  
 6 lution Control Act (33 U.S.C. 1281 et seq.) is amended  
 7 by adding at the end the following:

1 **“SEC. 222. TECHNICAL ASSISTANCE FOR RURAL AND SMALL**  
2 **TREATMENT WORKS.**

3 “(a) DEFINITION OF QUALIFIED NONPROFIT TECH-  
4 NICAL ASSISTANCE PROVIDER.—In this section, the term  
5 ‘qualified nonprofit technical assistance provider’ means a  
6 qualified nonprofit technical assistance provider of water  
7 and wastewater services to small rural communities that  
8 provide technical assistance to treatment works (including  
9 circuit rider programs and training and preliminary engi-  
10 neering evaluations) that—

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

12 “(2) may include a State agency.

13 “(b) GRANT PROGRAM.—

14 “(1) IN GENERAL.—The Administrator may  
15 make grants to qualified nonprofit technical assist-  
16 ance providers that are qualified to provide assist-  
17 ance on a broad range of wastewater and  
18 stormwater approaches—

19 “(A) to assist small treatment works to  
20 plan, develop, and obtain financing for eligible  
21 projects described in section 603(c);

22 “(B) to capitalize revolving loan funds to  
23 provide loans, in consultation with the State in  
24 which the assistance is provided, to rural and  
25 small municipalities for predevelopment costs  
26 (including costs for planning, design, associated

1           preconstruction, and necessary activities for  
2           siting the facility and related elements) associ-  
3           ated with wastewater infrastructure projects or  
4           short-term costs incurred for equipment re-  
5           placement that is not part of regular operation  
6           and maintenance activities for existing waste-  
7           water systems, if—

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

11                  “(ii) the amount of any single loan  
12                  does not exceed \$100,000; and

13                  “(iii) all loan repayments are credited  
14                  to the fund;

15                  “(C) to provide technical assistance and  
16                  training for rural and small publicly owned  
17                  treatment works and decentralized wastewater  
18                  treatment systems to enable those treatment  
19                  works and systems to protect water quality and  
20                  achieve and maintain compliance with this Act;  
21                  and

22                  “(D) to disseminate information to rural  
23                  and small municipalities with respect to plan-  
24                  ning, design, construction, and operation of

1 publicly owned treatment works and decentral-  
2 ized wastewater treatment systems.

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

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

14 “(4) ANNUAL REPORT.—For each fiscal year, a  
15 qualified nonprofit technical assistance provider that  
16 receives a grant under this subsection shall submit  
17 to the Administrator a report that—

18 “(A) describes the activities of the quali-  
19 fied nonprofit technical assistance provider  
20 using grant funds received under this sub-  
21 section for the fiscal year; and

22 “(B) specifies—

23 “(i) the number of communities  
24 served;

1                   “(ii) the sizes of those communities;  
 2                   and  
 3                   “(iii) the type of financing provided  
 4                   by the qualified nonprofit technical assist-  
 5                   ance provider.

6           “(c) AUTHORIZATION OF APPROPRIATIONS.—There  
 7 is authorized to be appropriated to carry out this section  
 8 \$25,000,000 for each of fiscal years 2006 through 2010.”.

9           (b) GUIDANCE FOR SMALL SYSTEMS.—Section 602  
 10 of the Federal Water Pollution Control Act (33 U.S.C.  
 11 1382) is amended by adding at the end the following:

12           “(c) GUIDANCE FOR SMALL SYSTEMS.—

13                   “(1) DEFINITION OF SMALL SYSTEM.—In this  
 14 subsection, the term ‘small system’ means a sys-  
 15 tem—

16                           “(A) for which a municipality or inter-  
 17 municipal, interstate, or State agency seeks as-  
 18 sistance under this title; and

19                           “(B) that serves a population of 10,000 or  
 20 fewer households.

21                   “(2) SIMPLIFIED PROCEDURES.—Not later than  
 22 1 year after the date of enactment of this sub-  
 23 section, the Administrator shall assist the States in  
 24 establishing simplified procedures for small systems  
 25 to obtain assistance under this title.

1           “(3) PUBLICATION OF MANUAL.—Not later  
2 than 1 year after the date of enactment of this sub-  
3 section, after providing notice and opportunity for  
4 public comment, the Administrator shall publish—

5                   “(A) a manual to assist small systems in  
6 obtaining assistance under this title; and

7                   “(B) in the Federal Register, notice of the  
8 availability of the manual.”.

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

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

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

16                   “(1) providing financial assistance to any mu-  
17 nicipality or an intermunicipal, interstate, or State  
18 agency that principally treats municipal wastewater  
19 or domestic sewage for construction (including plan-  
20 ning, design, associated preconstruction, and activi-  
21 ties relating to the siting of a facility) of a treatment  
22 works (as defined in section 212);

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

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

3           “(4) providing financial assistance to a munic-  
4           ipality or an intermunicipal, interstate, or State  
5           agency for projects to increase the security of waste-  
6           water treatment works (excluding any expenditure  
7           for operations or maintenance);

8           “(5) providing financial assistance to a munic-  
9           ipality or an intermunicipal, interstate, or State  
10          agency for measures to control municipal  
11          stormwater, the primary purpose of which is the  
12          preservation, protection, or enhancement of water  
13          quality;

14          “(6) water conservation projects, the primary  
15          purpose of which is the protection, preservation, and  
16          enhancement of water quality; or

17          “(7) reuse, reclamation, and recycling projects,  
18          the primary purpose of which is the protection, pres-  
19          ervation, and enhancement of water quality.”.

20 **SEC. 103. WATER POLLUTION CONTROL REVOLVING LOAN**  
21 **FUNDS.**

22          Section 603(d) of the Federal Water Pollution Con-  
23          trol Act (33 U.S.C. 1383(d)) is amended—

24                 (1) in paragraph (6), by striking “and” at the  
25                 end;

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

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

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

6                   “(A) operated by a municipal, intermunicipal,  
7                   or interstate entity, State, public or private utility,  
8                   corporation, partnership, association, or nonprofit agency; and  
9                   

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

13 **SEC. 104. AFFORDABILITY.**

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

16                   (1) by redesignating subsections (e) through (h)  
17                   as subsections (f) through (i), respectively; and

18                   (2) by inserting after subsection (d) the following:  
19                   

20                   “(e) TYPES OF ASSISTANCE FOR DISADVANTAGED  
21                   COMMUNITIES.—

22                           “(1) DEFINITION OF DISADVANTAGED COMMUNITY.—In this subsection, the term ‘disadvantaged  
23                           community’ means the service area, or portion of a  
24                           service area, of a treatment works that meets afford-  
25

1 ability criteria established after public review and  
2 comment by the State in which the treatment works  
3 is located.

4 “(2) LOAN SUBSIDY.—Notwithstanding any  
5 other provision of this section, in a case in which the  
6 State makes a loan from the water pollution control  
7 revolving loan fund in accordance with subsection (c)  
8 to a disadvantaged community or a community that  
9 the State expects to become a disadvantaged com-  
10 munity as the result of a proposed project, the State  
11 may provide additional subsidization, including—

12 “(A) the forgiveness of the principal of the  
13 loan; and

14 “(B) an interest rate on the loan of zero  
15 percent.

16 “(3) TOTAL AMOUNT OF SUBSIDIES.—For each  
17 fiscal year, the total amount of loan subsidies made  
18 by the State pursuant to this subsection may not ex-  
19 ceed 30 percent of the amount of the capitalization  
20 grant received by the State for the fiscal year.

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

23 “(A) terminates not later than the date  
24 that is 30 years after the date of completion of  
25 the project; and

1           “(B) does not exceed the expected design  
2           life of the project.

3           “(5) INFORMATION.—The Administrator may  
4           publish information to assist States in establishing  
5           affordability criteria described in paragraph (1).”.

6           (b) CONFORMING AMENDMENT.—Section 221(d) of  
7           the Federal Water Pollution Control Act (33 U.S.C.  
8           1301(d)) is amended in the second sentence by striking  
9           “603(h)” and inserting “603(i)”.

10 **SEC. 105. TRANSFERABILITY OF FUNDS.**

11           Section 603 of the Federal Water Pollution Control  
12           Act (33 U.S.C. 1383) (as amended by section 104(a)(1))  
13           is amended 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  
18           of a capitalization grant made under this title;  
19           and

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

24           “(B)(i) reserve for any year an amount  
25           that does not exceed the amount that may be

1 reserved under subparagraph (A) for that year  
 2 from capitalization grants made under section  
 3 1452 of that Act (42 U.S.C. 300j-12); and

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

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

11 **SEC. 106. COSTS OF ADMINISTERING WATER POLLUTION**  
 12 **CONTROL REVOLVING LOAN FUNDS.**

13 Section 603(d)(7) of the Federal Water Pollution  
 14 Control Act (33 U.S.C. 1383(d)(7)) is amended by strik-  
 15 ing “4 percent” and inserting “6 percent”.

16 **SEC. 107. 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 104) 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, physical, or chemical  
14                  treatment processes; and

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

17                  “(2) PRIORITY SYSTEM.—In providing financial  
18                  assistance from the water pollution control revolving  
19                  fund of the State, the State shall—

20                  “(A) give greater weight to an application  
21                  for assistance by a treatment works if the appli-  
22                  cation includes such other information as the  
23                  State determines to be appropriate and—

- 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 the  
5 assets;
- 6           “(iii) a financing plan indicating  
7 sources of revenue from ratepayers, grants,  
8 bonds, other loans, and other sources;
- 9           “(iv) a review of options for restruc-  
10 turing the treatment works;
- 11           “(v) a review of options for ap-  
12 proaches other than a traditional waste-  
13 water approach that may include actions  
14 or projects that treat or minimize sewage  
15 or urban stormwater discharges using—
- 16           “(I) decentralized or distributed  
17 stormwater controls;
- 18           “(II) decentralized wastewater  
19 treatment;
- 20           “(III) low impact development  
21 technologies;
- 22           “(IV) stream buffers;
- 23           “(V) wetland restoration; or

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

4                   “(vi) demonstration of consistency  
5                   with State, regional, and municipal water-  
6                   shed plans;

7                   “(vii) a review of options for urban  
8                   waterfront development or brownfields re-  
9                   vitalization to be completed in conjunction  
10                  with the project; or

11                  “(viii) provides the applicant the flexi-  
12                  bility through alternative means to carry  
13                  out responsibilities under Federal regula-  
14                  tions, that may include watershed permit-  
15                  ting and other innovative management ap-  
16                  proaches, while achieving results that—

17                  “(I) the State, with the delegated  
18                  authority under section 402(a)(5), de-  
19                  termines meet permit requirements  
20                  for permits that have been issued in  
21                  accordance with the national pollution  
22                  discharge elimination system under  
23                  section 402; or

1                   “(II) the Administrator deter-  
2                   mines are measurably superior when  
3                   compared to regulatory standards;

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

8                   “(C) provide for public notice and oppor-  
9                   tunity to comment on the establishment of the  
10                  system and the summary under subparagraph  
11                  (D);

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

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

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

22                  “(E) ensure that projects undertaken with  
23                  assistance under this title are designed to  
24                  achieve, as determined by the State, the opti-  
25                  mum water quality management, consistent

1 with the public health and water quality goals  
2 and requirements of this title.

3 “(3) SAVINGS CLAUSE.—Nothing in paragraph  
4 (2)(A)(viii) affects the authority of the Adminis-  
5 trator under section 402(a)(5).”.

6 **SEC. 108. NONCOMPLIANCE.**

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) NONCOMPLIANCE.—

11 “(1) IN GENERAL.—Except as provided in para-  
12 graph (2), no assistance (other than assistance that  
13 is to be used by a treatment works solely for plan-  
14 ning, design, or security purposes) shall be provided  
15 under this title to a treatment works that has been  
16 in significant noncompliance with any requirement  
17 of this Act for any of the 4 quarters in the previous  
18 8 quarters, unless the treatment works is in compli-  
19 ance with, or has entered into, an enforceable ad-  
20 ministrative order to effect compliance with the re-  
21 quirement.

22 “(2) EXCEPTION.—A treatment works that is  
23 determined under paragraph (1) to be in significant  
24 noncompliance with a requirement described in that  
25 paragraph may receive assistance under this title if

1 the Administrator and the State providing the as-  
2 sistance determine that—

3 “(A) the entity conducting the enforcement  
4 action on which the determination of significant  
5 noncompliance is based has determined that the  
6 use of assistance would enable the treatment  
7 works to take corrective action toward resolving  
8 the violations; or

9 “(B) the entity conducting the enforcement  
10 action on which the determination of significant  
11 noncompliance is based has determined that the  
12 assistance would be used on a portion of the  
13 treatment works that is not directly related to  
14 the cause of finding significant noncompli-  
15 ance.”.

16 **SEC. 109. AUTHORIZATION OF APPROPRIATIONS.**

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

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

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

23 “(1) \$3,200,000,000 for each of fiscal years  
24 2006 and 2007;

25 “(2) \$3,600,000,000 for fiscal year 2008;

1           “(3) \$4,000,000,000 for fiscal year 2009; and

2           “(4) \$6,000,000,000 for fiscal year 2010.

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

5           “(c) RESERVATION FOR NEEDS SURVEYS.—Of the  
6 amount made available under subsection (a) to carry out  
7 this title for a fiscal year, the Administrator may reserve  
8 not more than \$1,000,000 per year to pay the costs of  
9 conducting needs surveys under section 516(2).”.

10 **SEC. 110. CRITICAL WATER INFRASTRUCTURE PROJECTS.**

11           (a) ESTABLISHMENT.—Not later than 180 days after  
12 the date of enactment of this Act, the Administrator shall  
13 establish a program under which grants are provided to  
14 eligible entities for use in carrying out projects and activi-  
15 ties the primary purpose of which is watershed restoration  
16 through the protection or improvement of water quality.

17           (b) PROJECT SELECTION.—

18           (1) IN GENERAL.—The Administrator may pro-  
19 vide funds under this section to an eligible entity to  
20 carry out an eligible project described in paragraph  
21 (2).

22           (2) EQUITABLE DISTRIBUTION.—The Adminis-  
23 trator shall ensure an equitable distribution of  
24 projects under this section, taking into account cost

1 and number of requests for each category listed in  
2 paragraph (3).

3 (3) ELIGIBLE PROJECTS.—A project that is eli-  
4 gible to be carried out using funds provided under  
5 this section may include projects that—

6 (A) are listed on the priority list of a State  
7 under section 216 of the Federal Water Pollu-  
8 tion Control Act (33 U.S.C. 1296);

9 (B) mitigate wet weather flows, including  
10 combined sewer overflows, sanitary sewer over-  
11 flows, and stormwater discharges;

12 (C) upgrade publicly owned treatment  
13 works with a permitted design capacity to treat  
14 an annual average of at least 500,000 gallons  
15 of wastewater per day, the upgrade of which  
16 would produce the greatest nutrient load reduc-  
17 tions at points of discharge, or result in the  
18 greatest environmental benefits, with nutrient  
19 removal technologies that are designed to re-  
20 duce total nitrogen in discharged wastewater to  
21 an average annual concentration of 3 milli-  
22 grams per liter;

23 (D) implement locally based watershed  
24 protection plans created by local nonprofit orga-  
25 nizations that—

1 (i) provide a coordinating framework  
2 for management that focuses public and  
3 private efforts to address the highest pri-  
4 ority water-related problems within a geo-  
5 graphic area, considering both ground and  
6 surface water flow; and

7 (ii) includes representatives from both  
8 point source and nonpoint source contribu-  
9 tors;

10 (E) are contained in a State plan devel-  
11 oped in accordance with section 319 or 320 of  
12 the Federal Water Pollution Control Act (33  
13 U.S.C. 1329, 1330); or

14 (F) include means to develop alternative  
15 water supplies.

16 (c) LOCAL PARTICIPATION.—In prioritizing projects  
17 for implementation under this section, the Administrator  
18 shall consult with, and consider the priorities of—

19 (1) affected State and local governments; and

20 (2) public and private entities that are active in  
21 watershed planning and restoration.

22 (d) COST SHARING.—Before carrying out any project  
23 under this section, the Administrator shall enter into a  
24 binding agreement with 1 or more non-Federal interests  
25 that shall require the non-Federal interests—

1           (1) to pay 45 percent of the total costs of the  
 2           project, which may include services, materials, sup-  
 3           plies, or other in-kind contributions;

4           (2) to provide any land, easements, rights-of-  
 5           way, and relocations necessary to carry out the  
 6           project; and

7           (3) to pay 100 percent of any operation, main-  
 8           tenance, repair, replacement, and rehabilitation costs  
 9           associated with the project.

10          (e) WAIVER.—The Administrator may waive the re-  
 11          quirement to pay the non-Federal share of the cost of car-  
 12          rying out an eligible activity using funds from a grant pro-  
 13          vided under this section if the Administrator determines  
 14          that an eligible entity is unable to pay, or would experience  
 15          significant financial hardship if required to pay, the non-  
 16          Federal share.

17          (f) AUTHORIZATION OF APPROPRIATIONS.—There is  
 18          authorized to be appropriated to carry out this section  
 19          \$300,000,000 for each of fiscal years 2006 through 2010.

20                   **TITLE II—SAFE DRINKING**  
 21                   **WATER INFRASTRUCTURE**

22          **SEC. 201. PRECONSTRUCTION WORK.**

23          Section 1452(a)(2) of the Safe Drinking Water Act  
 24          (42 U.S.C. 300j–12(a)(2)) is amended in the second sen-  
 25          tence—

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

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

11 **SEC. 202. AFFORDABILITY.**

12          Section 1452(d)(3) of the Safe Drinking Water Act  
13 (42 U.S.C. 300j-12(d)(3)) is amended in the first sen-  
14 tence by inserting “, or portion of a service area,” after  
15 “service area”.

16 **SEC. 203. SAFE DRINKING WATER REVOLVING LOAN**  
17 **FUNDS.**

18          Section 1452(g) of the Safe Drinking Water Act (42  
19 U.S.C. 300j-12(g)) is amended—

20           (1) paragraph (2)—

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

23           (B) by striking “1419,” and all that fol-  
24           lows through “1933.” and inserting “1419.”;  
25           and

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

2 “(5) TRANSFER OF FUNDS.—

3 “(A) IN GENERAL.—The Governor of a  
4 State may—

5 “(i)(I) reserve not more than 33 per-  
6 cent of a capitalization grant made under  
7 this section; and

8 “(II) add the funds reserved to any  
9 funds provided to the State under section  
10 601 of the Federal Water Pollution Con-  
11 trol Act (33 U.S.C. 1381); and

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

18 “(II) add the reserved funds to any  
19 funds provided to the State under this sec-  
20 tion.

21 “(B) STATE MATCH.—Funds reserved  
22 under this paragraph shall not be considered to  
23 be a State match of a capitalization grant re-  
24 quired under this section or section 602(b) of

1           the Federal Water Pollution Control Act (33  
2           U.S.C. 1382(b)).”.

3 **SEC. 204. OTHER AUTHORIZED ACTIVITIES.**

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

8 **SEC. 205. PRIORITY SYSTEM REQUIREMENTS.**

9           Section 1452(b)(3) of the Safe Drinking Water Act  
10 (42 U.S.C. 300j–12(b)(3)) is amended—

11           (1) by redesignating subparagraph (B) as sub-  
12           paragraph (D);

13           (2) by striking subparagraph (A) and inserting  
14           the following:

15           “(A) DEFINITION OF RESTRUCTURING.—

16           In this paragraph, the term ‘restructuring’  
17           means changes in operations (including owner-  
18           ship, accounting, rates, maintenance, consolida-  
19           tion, and alternative water supply).

20           “(B) PRIORITY SYSTEM.—An intended use  
21           plan shall provide, to the maximum extent prac-  
22           ticable, that priority for the use of funds be  
23           given to projects that—

24           “(i) address the most serious risk to  
25           human health;

1           “(ii) are necessary to ensure compli-  
2           ance with this title (including requirements  
3           for filtration); and

4           “(iii) assist systems most in need on  
5           a per-household basis according to State  
6           affordability criteria.

7           “(C) WEIGHT GIVEN TO APPLICATIONS.—  
8           After determining project priorities under sub-  
9           paragraph (B), an intended use plan shall fur-  
10          ther provide that the State shall give greater  
11          weight to an application for assistance by a  
12          community water system if the application in-  
13          cludes such other information as the State de-  
14          termines to be necessary and—

15               “(i) an inventory of assets, including  
16               a description of the condition of the assets;

17               “(ii) a schedule for replacement of as-  
18               sets;

19               “(iii) a financing plan indicating  
20               sources of revenue from ratepayers, grants,  
21               bonds, other loans, and other sources;

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

1                   “(v) demonstration of consistency  
2                   with State, regional, and municipal water-  
3                   shed plans; or

4                   “(vi) a review of options for urban  
5                   waterfront development or brownfields re-  
6                   vitalization to be completed in conjunction  
7                   with the project;” and

8                   (3) in subparagraph (D) (as redesignated by  
9                   paragraph (1)), by striking “periodically” and in-  
10                  serting “at least biennially”.

11 **SEC. 206. AUTHORIZATION OF APPROPRIATIONS.**

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

15                  “(m) AUTHORIZATION OF APPROPRIATIONS.—

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

18                   “(A) \$1,500,000,000 for fiscal year 2006;

19                   “(B) \$2,000,000,000 for each of fiscal  
20                  years 2007 and 2008;

21                   “(C) \$3,500,000,000 for fiscal year 2009;

22                  and

23                   “(D) \$6,000,000,000 for fiscal year 2010.

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 per  
8           year to pay the costs of conducting needs surveys  
9           under subsection (h).”.

10 **SEC. 207. CRITICAL DRINKING WATER INFRASTRUCTURE**  
11 **PROJECTS.**

12           (a) ESTABLISHMENT.—Not later than 180 days after  
13 the date of enactment of this Act, the Administrator of  
14 the Environmental Protection Agency shall establish a  
15 program under which grants are provided to eligible enti-  
16 ties for use in carrying out projects and activities the pri-  
17 mary purpose of which is to assist community water sys-  
18 tems in meeting the requirements of the Safe Drinking  
19 Water Act (42 U.S.C. 300f et seq.).

20           (b) PROJECT SELECTION.—A project that is eligible  
21 to be carried out using funds provided under this section  
22 may include projects that—

- 23           (1) develop alternative water sources;  
24           (2) provide assistance to small systems; or  
25           (3) assist a community water system—

1 (A) to comply with a national primary  
2 drinking water regulation; or

3 (B) to mitigate groundwater contamina-  
4 tion.

5 (c) ELIGIBLE ENTITIES.—An entity eligible to re-  
6 ceive a grant under this section is—

7 (1) a community water system as defined in  
8 section 1401 of the Safe Drinking Water Act (42  
9 U.S.C. 300f); or

10 (2) a system that is located in an area governed  
11 by an Indian Tribe, as defined in section 1401 of the  
12 Safe Drinking Water Act (42 U.S.C. 300f);

13 (d) PRIORITY.—In prioritizing projects for implemen-  
14 tation under this section, the Administrator shall give pri-  
15 ority to community water systems that—

16 (1) serve a community that, under affordability  
17 criteria established by the State under section  
18 1452(d)(3) of the Safe Drinking Water Act (42  
19 U.S.C. 300j-12), is determined by the State to be—

20 (A) a disadvantaged community; or

21 (B) a community that may become a dis-  
22 advantaged community as a result of carrying  
23 out an eligible activity; or

24 (2) serve a community with a population of less  
25 than 10,000 households.

1 (e) LOCAL PARTICIPATION.—In prioritizing projects  
2 for implementation under this section, the Administrator  
3 shall consult with, and consider the priorities of, affected  
4 States, Tribes, and local governments.

5 (f) COST SHARING.—Before carrying out any project  
6 under this section, the Administrator shall enter into a  
7 binding agreement with 1 or more non-Federal interests  
8 that shall require the non-Federal interests—

9 (1) to pay 45 percent of the total costs of the  
10 project, which may include services, materials, sup-  
11 plies, or other in-kind contributions;

12 (2) to provide any land, easements, rights-of-  
13 way, and relocations necessary to carry out the  
14 project; and

15 (3) to pay 100 percent of any operation, main-  
16 tenance, repair, replacement, and rehabilitation costs  
17 associated with the project.

18 (g) WAIVER.—The Administrator may waive the re-  
19 quirement to pay the non-Federal share of the cost of car-  
20 rying out an eligible activity using funds from a grant pro-  
21 vided under this section if the Administrator determines  
22 that an eligible entity is unable to pay, or would experience  
23 significant financial hardship if required to pay, the non-  
24 Federal share.

1 (h) AUTHORIZATION OF APPROPRIATIONS.—There is  
2 authorized to be appropriated to carry out this section  
3 \$300,000,000 for each of fiscal years 2006 through 2010.

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

5 Section 1442(e) of the Safe Drinking Water Act (42  
6 U.S.C. 300j–1(e)) is amended—

7 (1) in the first sentence, by striking “The Ad-  
8 ministrator may provide” and inserting the fol-  
9 lowing:

10 “(1) IN GENERAL.—The Administrator may  
11 provide”; and

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

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

14 “(A) IN GENERAL.—In addition to  
15 amounts provided under this section, the Ad-  
16 ministrator may provide grants to qualified pri-  
17 vate, nonprofit entities to capitalize revolving  
18 funds to provide financing to eligible entities  
19 described in subparagraph (B) for—

20 “(i) predevelopment costs (including  
21 costs for planning, design, associated  
22 preconstruction, and necessary activities  
23 for siting the facility and related elements)  
24 associated with proposed water projects or  
25 with existing water systems; and

1           “(ii) short-term costs incurred for re-  
2           placement equipment, small-scale extension  
3           services, or other small capital projects  
4           that are not part of the regular operations  
5           and maintenance activities of existing  
6           water systems.

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

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

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

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

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

21          “(E) ANNUAL REPORT.—For each fiscal  
22          year, a qualified private, nonprofit entity that  
23          receives a grant under subparagraph (A) shall  
24          submit to the Administrator a report that—

1 “(i) describes the activities of the  
 2 qualified private, nonprofit entity under  
 3 this paragraph for the fiscal year; and

4 “(ii) specifies—

5 “(I) the number of communities  
 6 served;

7 “(II) the sizes of those commu-  
 8 nities; and

9 “(III) the type of financing pro-  
 10 vided by the qualified private, non-  
 11 profit entity.

12 “(F) AUTHORIZATION OF APPROPRIA-  
 13 TIONS.—There is authorized to be appropriated  
 14 to carry out this subsection \$25,000,000 for  
 15 each of fiscal years 2006 through 2010.”.

16 **SEC. 209. STUDY ON LEAD CONTAMINATION IN DRINKING**  
 17 **WATER.**

18 (a) IN GENERAL.—As soon as practicable after the  
 19 date of enactment of this Act, the Administrator of the  
 20 Environmental Protection Agency shall enter into a coop-  
 21 erative agreement with the National Academy of Sciences  
 22 to carry out a study to analyze existing market conditions  
 23 for plumbing components, including pipes, faucets, water  
 24 meters, valves, household valves, and any other plumbing

1 components that come into contact with water commonly  
2 used for human consumption.

3 (b) COMPONENTS.—In conducting the study under  
4 subsection (a), the National Academy of Sciences shall  
5 evaluate for each category of plumbing components de-  
6 scribed in subsection (a)—

7 (1) the availability of plumbing components in  
8 each category with lead content below 8 percent, in-  
9 cluding those between 0 percent and 4 percent and  
10 those between 4 percent and 8 percent;

11 (2) the relative market share of the plumbing  
12 components;

13 (3) the relative cost of the plumbing compo-  
14 nents;

15 (4) the issues surrounding transition from cur-  
16 rent market to plumbing components with not more  
17 than 0.2 percent lead;

18 (5) the feasibility of manufacturing plumbing  
19 components with lead levels below 8 percent; and

20 (6) the use of lead alternatives in plumbing  
21 components with lead levels below 8 percent.

22 (c) REPORT.—Not late than 1 year after the date of  
23 enactment of this Act, the National Academy of Sciences  
24 shall submit to the Committee on Environment and Public  
25 Works of the Senate and the Committee on Energy and

1 Commerce of the House of Representatives a report de-  
2 scribing the findings of the study under this section.

3 (d) AUTHORIZATION OF APPROPRIATIONS.—There is  
4 authorized to be appropriated to carry out this section  
5 \$500,000.

6 **SEC. 210. DISTRICT OF COLUMBIA LEAD SERVICE LINE RE-**  
7 **PLACEMENT.**

8 (a) AUTHORIZATION OF APPROPRIATIONS.—There is  
9 authorized to be appropriated to carry out lead service line  
10 replacement in the District of Columbia \$30,000,000 for  
11 each of fiscal years 2007 through 2011.

12 (b) LEAD SERVICE LINE REPLACEMENT ASSISTANCE  
13 FUND.—

14 (1) IN GENERAL.—Of the funds provided under  
15 subsection (a), not more than \$2,000,000 per year  
16 may be allocated for water service line replacement  
17 grants to provide assistance to low-income residents  
18 to replace the privately-owned portion of lead service  
19 lines.

20 (2) LIMITATION.—Individual grants shall be  
21 limited to not more than \$5,000.

22 (3) DEFINITION OF LOW INCOME.—For the  
23 purpose of this subsection, the term “low-income”  
24 shall be defined by the District of Columbia.

1       **TITLE III—MISCELLANEOUS**

2       **SEC. 301. DEFINITIONS.**

3       In this title:

4               (1) ADMINISTRATOR.—The term “Adminis-  
5       trator” means the Administrator of the Environ-  
6       mental Protection Agency.

7               (2) SECRETARY.—The term “Secretary” means  
8       the Secretary of the Interior, acting through the Di-  
9       rector of the United States Geological Survey.

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

12       (a) ESTABLISHMENT.—

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

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

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

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

24                               (ii) the Safe Drinking Water Act (42  
25                               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 participate in the demonstration grant program  
8 shall submit to the Administrator a plan that—

9                   (A) is developed in coordination with—

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

13                           (ii) interested stakeholders;

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

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

19                           (i) address water quality or water  
20                           supply problems; and

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

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

25                                   (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  
5 Water Act (42 U.S.C. 300f et  
6 seq.); and

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

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

14 (A) excessive nutrient growth;

15 (B) urban or rural population pressure;

16 (C) lack of an alternative water supply;

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

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

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

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

25 (H) sanitary overflows;

1 (I) combined sewer overflows;

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

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

6 (L) new approaches to water treatment,  
7 distribution, and collection systems; and

8 (M) new methods for collecting and treat-  
9 ing wastewater (including system design and  
10 nonstructural alternatives).

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

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

16 (i) the demonstration program in-  
17 cludes a variety of projects with respect  
18 to—

19 (I) geographic distribution;

20 (II) innovative technologies used  
21 for the projects; and

22 (III) nontraditional approaches  
23 (including low-impact development  
24 technologies) used for the projects;  
25 and

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

3 (B) give higher priority to projects that—

4 (i) address multiple problems; and

5 (ii) are regionally applicable;

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

10 (D) ensure that, for each fiscal year, no  
11 municipality receives more than 25 percent of  
12 the total amount of funds made available for  
13 the fiscal year to provide grants under this sec-  
14 tion.

15 (4) COST SHARING.—

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

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

23 (c) REPORTS.—

24 (1) REPORTS FROM GRANT RECIPIENTS.—A re-  
25 cipient of a grant under this section shall submit to

1 the Administrator, on the date of completion of a  
2 project of the recipient and on each of the dates that  
3 is 1, 2, and 3 years after that date, a report that  
4 describes the effectiveness of the project.

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

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

19 (e) RESEARCH AND DEVELOPMENT.—

20 (1) IN GENERAL.—As soon as practicable after  
21 the date of enactment of this Act, the Administrator  
22 shall, through a competitive process, award grants  
23 and enter into contracts and cooperative agreements  
24 with research institutions, educational institutions,  
25 and other appropriate entities (including consortia of

1 such institutions and entities) for research and de-  
2 velopment on the use of innovative and alternative  
3 technologies to improve water quality or drinking  
4 water supply.

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

9 (A) to increase the effectiveness and effi-  
10 ciency of public water supply systems, includ-  
11 ing—

12 (i) source water protection;

13 (ii) water use reduction;

14 (iii) water reuse;

15 (iv) water treatment;

16 (v) water distribution and collection

17 systems; and

18 (vi) water security;

19 (B) to encourage the use of innovative or  
20 alternative technologies or approaches relating  
21 to water supply or availability;

22 (C) to increase the effectiveness and effi-  
23 ciency of new and existing treatment works, in-  
24 cluding—

- 1 (i) methods of collecting, treating, dis-  
2 persing, reusing, reclaiming, and recycling  
3 wastewater;
- 4 (ii) system design;
- 5 (iii) nonstructural alternatives;
- 6 (iv) decentralized approaches;
- 7 (v) assessment;
- 8 (vi) water efficiency; and
- 9 (vii) wastewater security;
- 10 (D) to increase the effectiveness and effi-  
11 ciency of municipal separate storm sewer sys-  
12 tems;
- 13 (E) to promote new water treatment tech-  
14 nologies, including commercialization and dis-  
15 semination strategies for adoption of innovative  
16 or alternative low impact development tech-  
17 nologies in the homebuilding industry; or
- 18 (F) to maintain a clearinghouse of tech-  
19 nologies developed under this subsection and  
20 subsection (a) at a research consortium or insti-  
21 tute.
- 22 (3) AUTHORIZATION OF APPROPRIATIONS.—  
23 There is authorized to be appropriated to carry out  
24 this subsection \$20,000,000 for each of fiscal years  
25 2006 through 2010.

1 (f) AUTHORIZATION OF APPROPRIATIONS.—There is  
2 authorized to be appropriated to carry out this section  
3 (other than subsection (e)) \$20,000,000 for each of fiscal  
4 years 2006 through 2010.

5 **SEC. 303. AGRICULTURAL POLLUTION CONTROL TECH-**  
6 **NOLOGY GRANT PROGRAM.**

7 (a) DEFINITIONS.—In this section:

8 (1) ADMINISTRATOR.—The term “Adminis-  
9 trator” means the Administrator of the Environ-  
10 mental Protection Agency.

11 (2) AGRICULTURAL COMMODITY.—The term  
12 “agricultural commodity” means—

13 (A) agricultural, horticultural, viticultural,  
14 and dairy products;

15 (B) livestock and the products of livestock;

16 (C) the products of poultry and bee rais-  
17 ing;

18 (D) the products of forestry;

19 (E) other commodities raised or produced  
20 on agricultural sites, as determined to be appro-  
21 priate by the Secretary; and

22 (F) products processed or manufactured  
23 from products specified in subparagraphs (A)  
24 through (E), as determined by the Secretary.

1           (3) AGRICULTURAL PROJECT.—The term “agri-  
2           cultural project” means an agricultural pollution  
3           control technology project that, as determined by the  
4           Administrator—

5                   (A) is carried out at an agricultural site;

6                   and

7                   (B) achieves demonstrable reductions in  
8           air and water pollution.

9           (4) AGRICULTURAL SITE.—The term “agricul-  
10          tural site” means a farming or ranching operation of  
11          a producer.

12          (5) PRODUCER.—The term “producer” means  
13          any person who is engaged in the production and  
14          sale of an agricultural commodity in the United  
15          States and who owns, or shares the ownership and  
16          risk of loss of, the agricultural commodity.

17          (6) REVOLVING FUND.—The term “revolving  
18          fund” means an agricultural pollution control tech-  
19          nology State revolving fund established by a State  
20          using amounts provided under subsection (b)(1).

21          (7) SECRETARY.—The term “Secretary” means  
22          the Secretary of Agriculture.

23          (b) GRANTS FOR AGRICULTURAL STATE REVOLVING  
24          FUNDS.—

1           (1) IN GENERAL.—As soon as practicable after  
2 the date of enactment of this section, the Adminis-  
3 trator shall provide to each eligible State described  
4 in paragraph (2) 1 or more capitalization grants,  
5 that cumulatively equal no more than \$1,000,000  
6 per State, for use in establishing, within an agency  
7 of the State having jurisdiction over agriculture or  
8 environmental quality, an agricultural pollution con-  
9 trol technology State revolving fund.

10           (2) ELIGIBLE STATES.—An eligible State re-  
11 ferred to in paragraph (1) is a State that agrees,  
12 prior to receipt of a capitalization grant under para-  
13 graph (1)—

14           (A) to establish, and deposit the funds  
15 from the grant in, a revolving fund;

16           (B) to provide, at a minimum, a State  
17 share in an amount equal to 20 percent of the  
18 capitalization grant;

19           (C) to use amounts in the revolving fund  
20 to make loans to producers in accordance with  
21 subsection (c); and

22           (D) to return amounts in the revolving  
23 fund if no loan applications are granted within  
24 2 years of the receipt of the initial capitaliza-  
25 tion grant.

1 (c) LOANS TO PRODUCERS.—

2 (1) USE OF FUNDS.—A State that establishes  
3 a revolving fund under subsection (b)(2) shall use  
4 amounts in the revolving fund to provide loans to  
5 producers for use in designing and constructing ag-  
6 ricultural projects.

7 (2) MAXIMUM AMOUNT OF LOAN.—The amount  
8 of a loan made to a producer using funds from a re-  
9 volving fund shall not exceed \$250,000, in the ag-  
10 gregate, for all agricultural projects serving an agri-  
11 cultural site of the producer.

12 (3) CONDITIONS ON LOANS.—A loan made to a  
13 producer using funds from a revolving fund shall—

14 (A) have an interest rate that is not more  
15 than the market interest rate, including an in-  
16 terest-free loan; and

17 (B) be repaid to the revolving fund not  
18 later than 10 years after the date on which the  
19 loan is made.

20 (d) REQUIREMENTS FOR PRODUCERS.—

21 (1) IN GENERAL.—A producer that seeks to re-  
22 ceive a loan from a revolving fund shall—

23 (A) submit to the State in which the agri-  
24 cultural site of the producer is located an appli-  
25 cation that—

1 (i) contains such information as the  
2 State may require; and

3 (ii) demonstrates, to the satisfaction  
4 of the State, that each project proposed to  
5 be carried out with funds from the loan is  
6 an agricultural project; and

7 (B) agree to expend all funds from a loan  
8 in an expeditious and timely manner, as deter-  
9 mined by the State.

10 (2) **MAXIMUM PERCENTAGE OF AGRICULTURAL**  
11 **PROJECT COST.**—Subject to subsection (c)(2), a pro-  
12 ducer that receives a loan from a revolving fund may  
13 use funds from the loan to pay up to 100 percent  
14 of the cost of carrying out an agricultural project.

15 (e) **AUTHORIZATION OF APPROPRIATIONS.**—There is  
16 authorized to be appropriated to carry out this section  
17 \$50,000,000.

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

19 As soon as practicable after the date of enactment  
20 of this Act, the Administrator shall—

21 (1) consult with States, utilities, and other Fed-  
22 eral agencies providing financial assistance to iden-  
23 tify ways to expedite and improve the application  
24 and review process for the provision of assistance  
25 from—

1 (A) the State water pollution control re-  
2 volving funds established under title VI of the  
3 Federal Water Pollution Control Act (33 U.S.C.  
4 1381 et seq.); and

5 (B) the State drinking water treatment re-  
6 volving loan funds established under section  
7 1452 of the Safe Drinking Water Act (42  
8 U.S.C. 300j-12);

9 (2) take such administrative action as is nec-  
10 essary to expedite and improve the process as the  
11 Administrator has authority to take under existing  
12 law;

13 (3) collect information relating to innovative ap-  
14 proaches taken by any State to simplify the applica-  
15 tion process of the State, and provide the informa-  
16 tion to each State; and

17 (4) submit to Congress a report that, based on  
18 the information identified under paragraph (1), con-  
19 tains recommendations for legislation to facilitate  
20 further streamlining and improvement of the proc-  
21 ess.

22 **SEC. 305. COST OF SERVICE STUDY.**

23 (a) IN GENERAL.—Not later than 2 years after the  
24 date of enactment of this Act, the Administrator shall  
25 enter into a contract with the National Academy of

1 Sciences for, and the National Academy of Sciences shall  
2 complete and provide to the Administrator the results of,  
3 a study of the means by which public water systems and  
4 treatment works selected by the Academy in accordance  
5 with subsection (c) meet the costs associated with oper-  
6 ations, maintenance, capital replacement, and regulatory  
7 requirements.

8 (b) REQUIRED ELEMENTS.—

9 (1) AFFORDABILITY.—The study shall, at a  
10 minimum—

11 (A) determine whether the rates at public  
12 water systems and treatment works for commu-  
13 nities included in the study were established  
14 using a full-cost pricing model;

15 (B) if a full-cost pricing model was not  
16 used, identify any incentive rate systems that  
17 have been successful in significantly reducing—

18 (i) per capita water demand;

19 (ii) the volume of wastewater flows;

20 (iii) the volume of stormwater runoff;

21 or

22 (iv) the quantity of pollution gen-  
23 erated by stormwater;

- 1 (C) identify a set of best industry practices  
2 that public water systems and treatment works  
3 may use in establishing a rate structure that—
- 4 (i) adequately addresses the true cost  
5 of services provided to consumers by public  
6 water systems and treatment works, in-  
7 cluding infrastructure replacement;
- 8 (ii) encourages water conservation;  
9 and
- 10 (iii) takes into consideration the needs  
11 of disadvantaged individuals and commu-  
12 nities, as identified by the Administrator;
- 13 (D) identify existing standards for afford-  
14 ability;
- 15 (E) determine the manner in which those  
16 standards are determined and defined;
- 17 (F) determine the manner in which afford-  
18 ability varies with respect to communities of  
19 different sizes and in different regions; and
- 20 (G) determine the extent to which afford-  
21 ability affects the decision of a community to  
22 increase public water system and treatment  
23 works rates (including the decision relating to  
24 the percentage by which those rates should be  
25 increased).

1           (2)   DISADVANTAGED   COMMUNITIES.—The  
2 study shall, at a minimum—

3           (A) survey a cross-section of States rep-  
4 resenting different sizes, demographics, and  
5 geographical regions;

6           (B) describe, for each State described in  
7 subparagraph (A), the definition of “disadvan-  
8 taged community” used in the State in carrying  
9 out projects and activities under the Safe  
10 Drinking Water Act (42 U.S.C. 300f et seq.);

11          (C) review other means of identifying the  
12 meaning of the term “disadvantaged”, as that  
13 term applies to communities;

14          (D) determine which factors and character-  
15 istics are required for a community to be con-  
16 sidered “disadvantaged”; and

17          (E) evaluate the degree to which factors  
18 such as a reduction in the tax base over a pe-  
19 riod of time, a reduction in population, the loss  
20 of an industrial base, and the existence of areas  
21 of concentrated poverty are taken into account  
22 in determining whether a community is a dis-  
23 advantaged community.

24          (c) SELECTION OF COMMUNITIES.—The National  
25 Academy of Sciences shall select communities, the public

1 water system and treatment works rate structures of  
2 which are to be studied under this section, that include  
3 a cross-section of communities representing various popu-  
4 lations, income levels, demographics, and geographical re-  
5 gions.

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

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

10 (2) make the results available to treatment  
11 works and public water systems for use by the pub-  
12 licly owned treatment works and public water sys-  
13 tems, on a voluntary basis, in determining whether  
14 1 or more new approaches may be implemented at  
15 facilities of the publicly owned treatment works and  
16 public water systems.

17 (e) AUTHORIZATION OF APPROPRIATIONS.—There is  
18 authorized to be appropriated to carry out this section  
19 \$1,000,000 for each of fiscal years 2006 and 2007.

20 **SEC. 306. WATER RESOURCES STUDY.**

21 (a) ASSESSMENT.—

22 (1) IN GENERAL.—The Secretary shall—

23 (A) not later than 2 years after the date  
24 of enactment of this Act, conduct an assess-

1           ment of water resources in the United States;  
2           and

3                   (B) update the assessment every 2 years  
4           thereafter.

5           (2) COMPONENTS.—The assessment shall, at a  
6           minimum—

7                   (A) measure the status and trends of—

8                           (i) fresh water in rivers and res-  
9                           ervoirs;

10                           (ii) groundwater levels and volume of  
11                           useable fresh water stored in aquifers; and

12                           (iii) fresh water withdrawn from  
13                           streams and aquifers in the United States;  
14                   and

15                   (B) provide those measurements for—

16                           (i) watersheds defined by the 352 hy-  
17                           drologic accounting units of the United  
18                           States; and

19                           (ii) major aquifers of the United  
20                           States, as identified by the Secretary.

21           (3) REPORT.—Not later than 1 year after the  
22           date of completion of the assessment and every 2  
23           years thereafter, the Secretary shall submit to Con-  
24           gress a report—

1 (A) describing the results of the assess-  
2 ment; and

3 (B) containing any recommendations of  
4 the Secretary relating to the assessment that—

5 (i) are consistent with existing laws,  
6 treaties, decrees, and interstate compacts;  
7 and

8 (ii) respect the primary role of States  
9 in adjudicating, administering, and regu-  
10 lating water rights and uses.

11 (b) WATER RESOURCE RESEARCH PRIORITIES.—

12 (1) IN GENERAL.—The Secretary shall coordi-  
13 nate a process among Federal agencies and appro-  
14 priate State agencies to develop and publish, not  
15 later than 1 year after the date of enactment of this  
16 Act, a list of water resource research priorities that  
17 focuses on—

18 (A) water supply monitoring;

19 (B) means of capturing excess water and  
20 flood water for conservation and use in the  
21 event of a drought;

22 (C) strategies to conserve existing water  
23 supplies, including recommendations for repair-  
24 ing aging infrastructure;

1 (D) identifying incentives to ensure an  
2 adequate and dependable supply of water;

3 (E) identifying available technologies and  
4 other methods to optimize water supply reli-  
5 ability, availability, and quality, while safe-  
6 guarding the environment; and

7 (F) improving the quality of water re-  
8 source information available to State, tribal,  
9 and local water resource managers.

10 (2) USE OF LIST.—The list published under  
11 paragraph (1) shall be used by Federal agencies as  
12 a guide in making decisions on the allocation of  
13 water research funding.

14 (c) INFORMATION DELIVERY SYSTEM.—

15 (1) IN GENERAL.—The Secretary shall coordi-  
16 nate a process to develop an effective information  
17 delivery system to communicate information de-  
18 scribed in paragraph (2) to—

19 (A) decisionmakers at the Federal, re-  
20 gional, State, tribal, and local levels;

21 (B) the private sector; and

22 (C) the general public.

23 (2) TYPES OF INFORMATION.—The information  
24 referred to in paragraph (1) may include—

1 (A) the results of the national water re-  
2 source assessments under subsection (a);

3 (B) a summary of the Federal water re-  
4 search priorities developed under subsection (b);

5 (C) near real-time data and other informa-  
6 tion on water shortages and surpluses;

7 (D) planning models for water shortages or  
8 surpluses (at various levels including State,  
9 river basin, and watershed levels);

10 (E) streamlined procedures for States and  
11 localities to interact with and obtain assistance  
12 from Federal agencies that perform water re-  
13 source functions; and

14 (F) other water resource materials, as the  
15 Secretary determine appropriate.

16 (d) REPORT TO CONGRESS.—Not later than 2 years  
17 after the date of enactment of this Act, and every 2 years  
18 thereafter through fiscal year 2009, the Secretary shall  
19 submit to Congress a report on the implementation of this  
20 section.

21 (e) SAVINGS CLAUSE.—Nothing in this section—

22 (1) modifies, supercedes, abrogates, impairs, or  
23 otherwise affects in any way—

1 (A) any right or jurisdiction of any State  
2 with respect to the water (including boundary  
3 water) of the State;

4 (B) the authority of any State to allocate  
5 quantities of water within areas under the juris-  
6 diction of the State; or

7 (C) any right or claim to any quantity or  
8 use of water that has been adjudicated, allo-  
9 cated, or claimed—

10 (i) in accordance with State law;

11 (ii) in accordance with subsections (a)  
12 through (e) of section 208 of the Depart-  
13 ment of Justice Appropriation Act, 1953  
14 (43 U.S.C. 666);

15 (iii) by or pursuant to an interstate  
16 compact; or

17 (iv) by a decision of the United States  
18 Supreme Court;

19 (2) requires a change in the nature of use or  
20 the transfer of any right to use water or creates a  
21 limitation on the exercise of any right to use water;  
22 or

23 (3) requires modifying the delivery, diversion,  
24 non-diversion, allocation, storage, or release from  
25 storage of any water to be delivered by contract.

1 (f) AUTHORIZATION OF APPROPRIATIONS.—There  
2 are authorized to be appropriated—

3 (1) to carry out the report authorized by this  
4 section, \$3,000,000, to remain available until ex-  
5 pended; and

6 (2) to carry out the updates authorized by sub-  
7 section (a)(1)(B), such sums as are necessary.

○