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110TH CONGRESS
1ST SESSION

H. R. 720

[Report No. 110-30]

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

IN THE HOUSE OF REPRESENTATIVES

JANUARY 30, 2007

Mr. OBERSTAR (for himself, Mr. YOUNG of Alaska, Ms. EDDIE BERNICE JOHNSON of Texas, and Mrs. TAUSCHER) introduced the following bill; which was referred to the Committee on Transportation and Infrastructure

MARCH 5, 2007

Additional sponsors: Mr. SAXTON, Mr. KAGEN, Mr. COSTELLO, Ms. MATSUI, Mr. MITCHELL, Mr. NADLER, Ms. HIRONO, Mr. FALEOMAVAEGA, Mr. DEFazio, Mr. CUMMINGS, Mr. BOUCHER, Mr. GALLEGLY, Mr. ARCURI, Mr. CARNAHAN, Mr. PASCRELL, Mr. DINGELL, Mr. HALL of New York, Mr. ABERCROMBIE, Mr. WELLER of Illinois, Ms. WOOLSEY, Mr. CAPUANO, Mr. CONYERS, Mr. GONZALEZ, Mr. DELAHUNT, Mr. MORAN of Virginia, Mr. CLEAVER, Mr. GILLMOR, Ms. LORETTA SANCHEZ of California, and Mr. STUPAK

MARCH 5, 2007

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]
 [For text of introduced bill, see copy of bill as introduced on January 30, 2007]

A BILL

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

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

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

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

6 (b) *TABLE OF CONTENTS.—*

Sec. 1. Short title; table of contents.

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

TITLE I—TECHNICAL AND MANAGEMENT ASSISTANCE

Sec. 101. Technical assistance.

Sec. 102. State management assistance.

Sec. 103. Watershed pilot projects.

TITLE II—CONSTRUCTION OF TREATMENT WORKS

Sec. 201. Sewage collection systems.

Sec. 202. Treatment works defined.

Sec. 203. Policy on cost effectiveness.

TITLE III—STATE WATER POLLUTION CONTROL REVOLVING FUNDS

Sec. 301. General authority for capitalization grants.

Sec. 302. Capitalization grant agreements.

Sec. 303. Water pollution control revolving loan funds.

Sec. 304. Allotment of funds.

Sec. 305. Intended use plan.

Sec. 306. Annual reports.

Sec. 307. Technical assistance.

Sec. 308. Authorization of appropriations.

TITLE IV—GENERAL PROVISIONS

Sec. 401. *Definition of treatment works.*

Sec. 402. *Funding for Indian programs.*

TITLE V—STUDIES

Sec. 501. *Study of long-term, sustainable, clean water funding.*

Sec. 502. *Feasibility study of supplemental and alternative clean water funding mechanisms.*

TITLE VI—TONNAGE DUTIES

Sec. 601. *Tonnage duties.*

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

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

9 **TITLE I—TECHNICAL AND**
 10 **MANAGEMENT ASSISTANCE**

11 **SEC. 101. TECHNICAL ASSISTANCE.**

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

15 *(1) by striking “and” at the end of paragraph*

16 *(6);*

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

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

1 “(8) make grants to nonprofit organizations—

2 “(A) to provide technical assistance to rural
3 and small municipalities for the purpose of as-
4 sisting, in consultation with the State in which
5 the assistance is provided, such municipalities in
6 the planning, developing, and acquisition of fi-
7 nancing for wastewater infrastructure assistance;

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

15 “(C) to disseminate information to rural
16 and small municipalities and municipalities
17 that meet the affordability criteria established
18 under section 603(i)(2) by the State in which the
19 municipality is located with respect to planning,
20 design, construction, and operation of publicly
21 owned treatment works and decentralized waste-
22 water treatment systems.”.

23 (b) *AUTHORIZATION OF APPROPRIATIONS.*—Section
24 104(u) (33 U.S.C. 1254(u)) is amended—

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

3 (2) by inserting before the period at the end the
4 following: “; and (7) not to exceed \$75,000,000 for
5 each of fiscal years 2008 through 2012 for carrying
6 out subsections (b)(3) and (b)(8), except that not less
7 than 20 percent of the amounts appropriated pursu-
8 ant to this paragraph in a fiscal year shall be used
9 for carrying out subsection (b)(8)”.

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

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

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

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

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

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

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

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

6 **SEC. 103. WATERSHED PILOT PROJECTS.**

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

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

11 (2) in subsection (a)—

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

14 (B) in paragraph (2) by inserting “, in-
15 cluding low-impact development technologies” be-
16 fore the period at the end; and

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

18 “(3) *WATERSHED PARTNERSHIPS.*—Efforts of
19 municipalities and property owners to demonstrate
20 cooperative ways to address nonpoint sources of pollu-
21 tion to reduce adverse impacts on water quality.”.

22 (b) *AUTHORIZATION OF APPROPRIATIONS.*—Section
23 122(c)(1) is amended by striking “for fiscal year 2004” and
24 inserting “for each of fiscal years 2004 through 2012”.

1 (c) *REPORT TO CONGRESS.*—Section 122(d) is amend-
2 *ed by striking “5 years” and inserting “10 years”.*

3 **TITLE II—CONSTRUCTION OF**
4 **TREATMENT WORKS**

5 **SEC. 201. SEWAGE COLLECTION SYSTEMS.**

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

7 (1) *by striking the section designation and all*
8 *that follows through “(a) No” and inserting the fol-*
9 *lowing:*

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

11 **“(a) IN GENERAL.—No”;**

12 (2) *in subsection (b) by inserting “POPULATION*
13 *DENSITY.—” after “(b)”;* and

14 (3) *by striking subsection (c) and inserting the*
15 *following:*

16 **“(c) EXCEPTIONS.—**

17 **“(1) REPLACEMENT AND MAJOR REHABILITA-**
18 *TION.—Notwithstanding the requirement of subsection*
19 *(a)(1) concerning the existence of a collection system*
20 *as a condition of eligibility, a project for replacement*
21 *or major rehabilitation of a collection system existing*
22 *on January 1, 2007, shall be eligible for a grant*
23 *under this title if the project otherwise meets the re-*
24 *quirements of subsection (a)(1) and meets the require-*
25 *ment of paragraph (3).*

1 “(2) *NEW SYSTEMS.*—Notwithstanding the re-
2 *quirement of subsection (a)(2) concerning the exist-*
3 *ence of a community as a condition of eligibility, a*
4 *project for a new collection system to serve a commu-*
5 *nity existing on January 1, 2007, shall be eligible for*
6 *a grant under this title if the project otherwise meets*
7 *the requirements of subsection (a)(2) and meets the re-*
8 *quirement of paragraph (3).*”

9 “(3) *REQUIREMENT.*—A project meets the re-
10 *quirement of this paragraph if the purpose of the*
11 *project is to accomplish the objectives, goals, and poli-*
12 *cies of this Act by addressing an adverse environ-*
13 *mental condition existing on the date of enactment of*
14 *this paragraph.*”

15 **SEC. 202. TREATMENT WORKS DEFINED.**

16 Section 212(2)(A) (33 U.S.C. 1292(2)(A)) is amend-
17 *ed—*

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

19 (2) *by striking “is used for ultimate” and insert-*
20 *ing “will be used for ultimate”; and*

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

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

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

8 **TITLE III—STATE WATER POLLU-**
9 **TION CONTROL REVOLVING**
10 **FUNDS**

11 **SEC. 301. GENERAL AUTHORITY FOR CAPITALIZATION**
12 **GRANTS.**

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

19 **SEC. 302. CAPITALIZATION GRANT AGREEMENTS.**

20 (a) **REPORTING INFRASTRUCTURE ASSETS.**—Section
21 602(b)(9) (33 U.S.C. 1382(b)(9)) is amended by striking
22 “standards” and inserting “standards, including standards
23 relating to the reporting of infrastructure assets”.

24 (b) **ADDITIONAL REQUIREMENTS.**—Section 602(b) (33
25 U.S.C. 1382(b)) is amended—

1 (1) *by striking “and” at the end of paragraph*
2 (9);

3 (2) *by striking the period at the end of para-*
4 *graph (10) and inserting a semicolon; and*

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

6 “(11) *the State will establish, maintain, invest,*
7 *and credit the fund with repayments, such that the*
8 *fund balance will be available in perpetuity for pro-*
9 *viding financial assistance in accordance with this*
10 *title;*

11 “(12) *any fees charged by the State to recipients*
12 *of assistance will be used for the purpose of financing*
13 *the cost of administering the fund or financing*
14 *projects or activities eligible for assistance from the*
15 *fund;*

16 “(13) *beginning in fiscal year 2009, the State*
17 *will include as a condition of providing assistance to*
18 *a municipality or intermunicipal, interstate, or State*
19 *agency that the recipient of such assistance certify, in*
20 *a manner determined by the Governor of the State,*
21 *that the recipient—*

22 “(A) *has studied and evaluated the cost and*
23 *effectiveness of innovative and alternative proc-*
24 *esses, materials, techniques, and technologies for*
25 *carrying out the proposed project or activity for*

1 *which assistance is sought under this title, and*
2 *has selected, to the extent practicable, a project*
3 *or activity that may result in greater environ-*
4 *mental benefits or equivalent environmental ben-*
5 *efits when compared to standard processes, mate-*
6 *rials, techniques, and technologies and more effi-*
7 *ciently uses energy and natural and financial*
8 *resources; and*

9 *“(B) has considered the cost and effective-*
10 *ness of alternative management and financing*
11 *approaches for carrying out a project or activity*
12 *for which assistance is sought under this title,*
13 *taking into account the cost of operating and*
14 *maintaining the project or activity over its life,*
15 *as well as the cost of constructing the project or*
16 *activity;*

17 *“(14) the State will use at least 15 percent of the*
18 *amount of each capitalization grant received by the*
19 *State under this title after September 30, 2007, to*
20 *provide assistance to municipalities of fewer than*
21 *10,000 individuals that meet the affordability criteria*
22 *established by the State under section 603(i)(2) for*
23 *activities included on the State’s priority list estab-*
24 *lished under section 603(g), to the extent that there*
25 *are sufficient applications for such assistance;*

1 “(15) *treatment works eligible under section*
2 *603(c)(1) which will be constructed in whole or in*
3 *part with funds made available under section 205(m)*
4 *or by a State water pollution control revolving fund*
5 *under this title, or both, will meet the requirements*
6 *of, or otherwise be treated (as determined by the Gov-*
7 *ernor of the State) under sections 204(b)(1), 211, 218,*
8 *and 511(c)(1) in the same manner as treatment works*
9 *constructed with assistance under title II of this Act;*

10 “(16) *a contract to be carried out using funds*
11 *directly made available by a capitalization grant*
12 *under this title for program management, construc-*
13 *tion management, feasibility studies, preliminary en-*
14 *gineering, design, engineering, surveying, mapping,*
15 *or architectural related services shall be negotiated in*
16 *the same manner as a contract for architectural and*
17 *engineering services is negotiated under chapter 11 of*
18 *title 40, United States Code, or an equivalent State*
19 *qualifications-based requirement (as determined by*
20 *the Governor of the State); and*

21 “(17) *the requirements of section 513 will apply*
22 *to the construction of treatment works carried out in*
23 *whole or in part with assistance made available by*
24 *a State water pollution control revolving fund as au-*
25 *thorized under this title, or with assistance made*

1 *available under section 205(m), or both, in the same*
2 *manner as treatment works for which grants are*
3 *made under this Act.”.*

4 **SEC. 303. WATER POLLUTION CONTROL REVOLVING LOAN**
5 **FUNDS.**

6 *(a) PROJECTS AND ACTIVITIES ELIGIBLE FOR ASSIST-*
7 *ANCE.—Section 603(c) (33 U.S.C. 1383(c)) is amended to*
8 *read as follows:*

9 *“(c) PROJECTS AND ACTIVITIES ELIGIBLE FOR AS-*
10 *SISTANCE.—The amounts of funds available to each State*
11 *water pollution control revolving fund shall be used only*
12 *for providing financial assistance—*

13 *“(1) to any municipality or intermunicipal,*
14 *interstate, or State agency for construction of publicly*
15 *owned treatment works;*

16 *“(2) for the implementation of a management*
17 *program established under section 319;*

18 *“(3) for development and implementation of a*
19 *conservation and management plan under section*
20 *320;*

21 *“(4) for the implementation of lake protection*
22 *programs and projects under section 314;*

23 *“(5) for repair or replacement of decentralized*
24 *wastewater treatment systems that treat domestic sew-*
25 *age;*

1 “(6) for measures to manage or reduce munic-
2 ipal stormwater runoff;

3 “(7) to any municipality or intermunicipal,
4 interstate, or State agency for measures to reduce the
5 demand for publicly owned treatment works capacity
6 through water conservation, efficiency, or reuse;

7 “(8) for measures to increase the security of pub-
8 licly owned treatment works; and

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

12 (b) *EXTENDED REPAYMENT PERIOD.*—Section
13 603(d)(1) (33 U.S.C. 1383(d)(1)) is amended—

14 (1) in subparagraph (A) by striking “20 years”
15 and inserting “the lesser of 30 years or the design life
16 of the project to be financed with the proceeds of the
17 loan”; and

18 (2) in subparagraph (B) by striking “not later
19 than 20 years after project completion” and inserting
20 “upon the expiration of the term of the loan”.

21 (c) *FISCAL SUSTAINABILITY PLAN.*—Section 603(d)(1)
22 (33 U.S.C. 1383(d)(1)) is further amended—

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

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

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

4 “(E) for any portion of a treatment works
5 proposed for repair, replacement, or expansion,
6 and eligible for assistance under section
7 603(c)(1), the recipient of a loan will develop
8 and implement a fiscal sustainability plan that
9 includes—

10 “(i) an inventory of critical assets that
11 are a part of that portion of the treatment
12 works;

13 “(ii) an evaluation of the condition
14 and performance of inventoried assets or
15 asset groupings; and

16 “(iii) a plan for maintaining, repair-
17 ing, and, as necessary, replacing that por-
18 tion of the treatment works and a plan for
19 funding such activities;”.

20 (d) *ADMINISTRATIVE EXPENSES*.—Section 603(d)(7)
21 (33 U.S.C. 1383(d)(7)) is amended by inserting before the
22 period at the end the following: “, \$400,000 per year, or
23 $\frac{1}{5}$ percent per year of the current valuation of the fund,
24 whichever amount is greatest, plus the amount of any fees

1 *collected by the State for such purpose regardless of the*
2 *source”.*

3 (e) *TECHNICAL AND PLANNING ASSISTANCE FOR*
4 *SMALL SYSTEMS.—Section 603(d) (33 U.S.C. 1383(d)) is*
5 *amended—*

6 (1) *by striking “and” at the end of paragraph*
7 *(6);*

8 (2) *by striking the period at the end of para-*
9 *graph (7) and inserting “; and”; and*

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

11 “(8) *to provide owners and operators of treat-*
12 *ment works that serve a population of 10,000 or fewer*
13 *with technical and planning assistance and assistance*
14 *in financial management, user fee analysis, budg-*
15 *eting, capital improvement planning, facility oper-*
16 *ation and maintenance, equipment replacement, re-*
17 *pair schedules, and other activities to improve waste-*
18 *water treatment plant management and operations;*
19 *except that such amounts shall not exceed 2 percent*
20 *of grant awards to such fund under this title.”.*

21 (f) *ADDITIONAL SUBSIDIZATION.—Section 603 (33*
22 *U.S.C. 1383) is amended by adding at the end the following:*

23 “(i) *ADDITIONAL SUBSIDIZATION.—*

24 “(1) *IN GENERAL.—In any case in which a*
25 *State provides assistance to a municipality or inter-*

1 *municipal, interstate, or State agency under sub-*
2 *section (d), the State may provide additional sub-*
3 *sidization, including forgiveness of principal and neg-*
4 *ative interest loans—*

5 *“(A) to benefit a municipality that—*

6 *“(i) meets the State’s affordability cri-*
7 *teria established under paragraph (2); or*

8 *“(ii) does not meet the State’s afford-*
9 *ability criteria if the recipient—*

10 *“(I) seeks additional subsidization*
11 *to benefit individual ratepayers in the*
12 *residential user rate class;*

13 *“(II) demonstrates to the State*
14 *that such ratepayers will experience a*
15 *significant hardship from the increase*
16 *in rates necessary to finance the*
17 *project or activity for which assistance*
18 *is sought; and*

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

1 “(B) to implement an innovative or alter-
2 native process, material, technique, or technology
3 (including nonstructural protection of surface
4 waters, a new or improved method of waste
5 treatment, and pollutant trading) that may re-
6 sult in greater environmental benefits, or equiva-
7 lent environmental benefits at reduced cost, when
8 compared to a standard process, material, tech-
9 nique, or technology.

10 “(2) AFFORDABILITY CRITERIA.—

11 “(A) ESTABLISHMENT.—On or before Sep-
12 tember 30, 2008, and after providing notice and
13 an opportunity for public comment, a State shall
14 establish affordability criteria to assist in identi-
15 fying municipalities that would experience a sig-
16 nificant hardship raising the revenue necessary
17 to finance a project or activity eligible for assist-
18 ance under section 603(c)(1) if additional sub-
19 sidization is not provided. Such criteria shall be
20 based on income data, population trends, and
21 other data determined relevant by the State.

22 “(B) EXISTING CRITERIA.—If a State has
23 previously established, after providing notice and
24 an opportunity for public comment, affordability
25 criteria that meet the requirements of subpara-

1 *graph (A), the State may use the criteria for the*
2 *purposes of this subsection. For purposes of this*
3 *Act, any such criteria shall be treated as afford-*
4 *ability criteria established under this paragraph.*

5 “(C) *INFORMATION TO ASSIST STATES.—*
6 *The Administrator may publish information to*
7 *assist States in establishing affordability criteria*
8 *under subparagraph (A).*

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

13 “(4) *SET-ASIDE.—*

14 “(A) *IN GENERAL.—In any fiscal year in*
15 *which the Administrator has available for obliga-*
16 *tion more than \$1,000,000,000 for the purposes*
17 *of this title, a State shall provide additional sub-*
18 *sidization under this subsection in the amount*
19 *specified in subparagraph (B) to eligible entities*
20 *described in paragraph (1) for projects and ac-*
21 *tivities identified in the State’s intended use*
22 *plan prepared under section 606(c) to the extent*
23 *that there are sufficient applications for such as-*
24 *sistance.*

1 “(B) AMOUNT.—In a fiscal year described
2 in subparagraph (A), a State shall set aside for
3 purposes of subparagraph (A) an amount not
4 less than 25 percent of the difference between—

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

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

13 “(5) LIMITATION.—The total amount of addi-
14 tional subsidization provided under this subsection by
15 a State may not exceed 30 percent of the total amount
16 of capitalization grants received by the State under
17 this title in fiscal years beginning after September 30,
18 2007.”.

19 **SEC. 304. ALLOTMENT OF FUNDS.**

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

22 “(a) ALLOTMENTS.—

23 “(1) FISCAL YEARS 2008 AND 2009.—Sums appro-
24 priated to carry out this title for each of fiscal years
25 2008 and 2009 shall be allotted by the Administrator

1 *in accordance with the formula used to allot sums ap-*
2 *propriated to carry out this title for fiscal year 2007.*

3 “(2) *FISCAL YEAR 2010 AND THEREAFTER.—*
4 *Sums appropriated to carry out this title for fiscal*
5 *year 2010 and each fiscal year thereafter shall be al-*
6 *lotted by the Administrator as follows:*

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

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

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

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

19 “(d) *FORMULA BASED ON WATER QUALITY NEEDS.—*
20 *Not later than September 30, 2009, and after providing no-*
21 *tice and an opportunity for public comment, the Adminis-*
22 *trator shall publish an allotment formula based on water*
23 *quality needs in accordance with the most recent survey of*
24 *needs developed by the Administrator under section*
25 *516(b).”.*

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

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

4 “(g) *PRIORITY LIST.*—

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

19 “(2) *METHODOLOGY.*—

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

1 *establish a methodology for developing a priority*
2 *list under paragraph (1).*

3 “(B) *PRIORITY FOR PROJECTS AND ACTIVITIES THAT ACHIEVE GREATEST WATER QUALITY*
4 *IMPROVEMENT.—In developing the methodology,*
5 *the State shall seek to achieve the greatest degree*
6 *of water quality improvement, taking into con-*
7 *sideration the requirements of section 602(b)(5)*
8 *and section 603(i)(3) and whether such water*
9 *quality improvements would be realized without*
10 *assistance under this title.*

11 “(C) *CONSIDERATIONS IN SELECTING*
12 *PROJECTS AND ACTIVITIES.—In determining*
13 *which projects and activities will achieve the*
14 *greatest degree of water quality improvement, the*
15 *State shall consider—*

16 “(i) *information developed by the State*
17 *under sections 303(d) and 305(b);*

18 “(ii) *the State’s continuing planning*
19 *process developed under section 303(e);*

20 “(iii) *the State’s management program*
21 *developed under section 319; and*

22 “(iv) *conservation and management*
23 *plans developed under section 320.*
24

1 “(D) *NONPOINT SOURCES.*—*For categories*
2 *or subcategories of nonpoint sources of pollution*
3 *that a State may include on its priority list*
4 *under paragraph (1), the State may consider the*
5 *cumulative water quality improvements associ-*
6 *ated with projects or activities in such categories*
7 *or subcategories.*

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

14 (b) *INTENDED USE PLAN.*—*Section 606(c) (33 U.S.C.*
15 *1386(c)) is amended—*

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

22 (2) *by striking paragraph (1) and inserting the*
23 *following:*

24 “(1) *the State’s priority list developed under sec-*
25 *tion 603(g);”;*

1 (3) in paragraph (4)—

2 (A) by striking “and (6)” and inserting

3 “(6), (15), and (17)”; and

4 (B) by striking “and” at the end;

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

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

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

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

19 **SEC. 306. ANNUAL REPORTS.**

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

23 **SEC. 307. TECHNICAL ASSISTANCE.**

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

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

2 *and*

3 (2) *by inserting after section 606 the following:*

4 **“SEC. 607. TECHNICAL ASSISTANCE.**

5 “(a) *SIMPLIFIED PROCEDURES.*—*Not later than 1*
6 *year after the date of enactment of this section, the Admin-*
7 *istrator shall assist the States in establishing simplified*
8 *procedures for treatment works to obtain assistance under*
9 *this title.*

10 “(b) *PUBLICATION OF MANUAL.*—*Not later than 2*
11 *years after the date of the enactment of this section, and*
12 *after providing notice and opportunity for public comment,*
13 *the Administrator shall publish a manual to assist treat-*
14 *ment works in obtaining assistance under this title and*
15 *publish in the Federal Register notice of the availability*
16 *of the manual.*

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

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

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

5 *“(1) \$2,000,000,000 for fiscal year 2008;*

6 *“(2) \$3,000,000,000 for fiscal year 2009;*

7 *“(3) \$4,000,000,000 for fiscal year 2010; and*

8 *“(4) \$5,000,000,000 for fiscal year 2011.”.*

9 **TITLE IV—GENERAL PROVISIONS**

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

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

13 *“(25) TREATMENT WORKS.—The term ‘treatment*
 14 *works’ has the meaning given that term in section*
 15 *212.”.*

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

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

18 *(1) by striking “The Administrator” and insert-*
 19 *ing the following:*

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

22 *(2) in paragraph (1) (as so designated)—*

23 *(A) by inserting “and ending before October*
 24 *1, 2006,” after “1986,”; and*

25 *(B) by striking the second sentence; and*

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

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

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

11 “(A) *Indian tribes;*

12 “(B) *former Indian reservations in Okla-*
 13 *homa (as determined by the Secretary of the In-*
 14 *terior); and*

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

18 **TITLE V—STUDIES**

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

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

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

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

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

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

19 (a) *STUDY.*—*Not later than 30 days after the date of*
20 *enactment of this Act, the Comptroller General shall com-*
21 *mence a study of funding mechanisms and funding sources*
22 *potentially available for wastewater infrastructure and*
23 *other water pollution control activities under the Federal*
24 *Water Pollution Control Act (33 U.S.C. 1251 et seq.).*

1 (b) *CONTENTS.*—*The study shall include an analysis*
 2 *of funding and investment mechanisms and revenue sources*
 3 *from other potential supplemental or alternative public or*
 4 *private sources that could be used to fund wastewater infra-*
 5 *structure and other water pollution control activities under*
 6 *the Federal Water Pollution Control Act.*

7 (c) *CONSULTATION.*—*In conducting the study, the*
 8 *Comptroller General, at a minimum, shall consult with*
 9 *Federal, State, and local agencies, representatives of busi-*
 10 *ness, industry, and financial investment entities, represent-*
 11 *atives of entities operating treatment works, and other in-*
 12 *terested groups.*

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

18 **TITLE VI—TONNAGE DUTIES**

19 **SEC. 601. TONNAGE DUTIES.**

20 (a) *IN GENERAL.*—*Section 60301 of title 46, United*
 21 *State Code, is amended—*

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

24 (2) *by amending subsections (a) and (b) to read*
 25 *as follows:*

1 “(a) *LOWER RATE.*—

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

5 “(A) *a vessel entering from a foreign port or*
6 *place in North America, Central America, the*
7 *West Indies Islands, the Bahama Islands, the*
8 *Bermuda Islands, or the coast of South America*
9 *bordering the Caribbean Sea; or*

10 “(B) *a vessel returning to the same port or*
11 *place in the United States from which it de-*
12 *parted, and not entering the United States from*
13 *another port or place, except—*

14 “(i) *a vessel of the United States;*

15 “(ii) *a recreational vessel (as defined*
16 *in section 2101 of this title); or*

17 “(iii) *a barge.*

18 “(2) *RATE.*—*The rate referred to in paragraph*
19 *(1) shall be—*

20 “(A) *4.5 cents per ton (but not more than*
21 *a total of 22.5 cents per ton per year) for fiscal*
22 *years 2006 through 2007;*

23 “(B) *9.0 cents per ton (but not more than*
24 *a total of 45 cents per ton per year) for fiscal*
25 *years 2008 through 2017; and*

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

4 “(b) HIGHER RATE.—

5 “(1) IMPOSITION OF DUTY.—A duty is imposed
6 at the rate described in paragraph (2) on a vessel at
7 each entry in a port of the United States from a for-
8 eign port or place not named in subsection (a)(1).

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

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

14 “(B) 27 cents per ton (but not more than a
15 total of \$1.35 per ton per year) for fiscal years
16 2008 through 2017, and

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

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

22 (b) CONFORMING AMENDMENTS.—Such title is further
23 amended—

24 (1) by striking the heading for subtitle VI and
25 inserting the following:

1 **“Subtitle VI—Clearance and**
 2 **Tonnage Duties”;**

3 (2) *in the headings of sections in chapter 603, by*
 4 *striking “taxes” each place it appears and inserting*
 5 **“duties”;**

6 (3) *in the heading for subsection (a) of section*
 7 60303, *by striking “TAX” and inserting “DUTY”;*

8 (4) *in the text of sections in chapter 603, by*
 9 *striking “taxes” each place it appears and inserting*
 10 *“duties”; and*

11 (5) *in the text of sections in chapter 603, by*
 12 *striking “tax” each place it appears and inserting*
 13 *“duty”.*

14 (c) *CLERICAL AMENDMENTS.—Such title is further*
 15 *amended—*

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

“VI. CLEARANCE AND TONNAGE DUTIES60101”;

18 *and*

19 (2) *in the analysis for chapter 603—*

20 (A) *by striking the items relating to sections*

21 60301 and 60302 and inserting the following:

“60301. Regular tonnage duties.

“60302. Special tonnage duties.”;

22 *and*

1 *(B) by striking the item relating to section*
2 *60304 and inserting the following:*

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

Union Calendar No. 11

110TH CONGRESS
1ST Session

H. R. 720

[Report No. 110-30]

A BILL

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

MARCH 5, 2007

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed