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*Water Infrastructure Financing Legislation: Comparison of
S. 2550 and H.R. 1560*

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July 27, 2004

Abstract. This report provides a side-by-side comparison of two major bills in the 108th Congress concerning water infrastructure project financing. It compares provisions of S. 2550, the Water Infrastructure Financing Act, which would amend the Clean Water Act (CWA) and the Safe Drinking Water Act (SDWA), and H.R. 1560, the Water Quality Financing Act of 2003, which would amend only the CWA. H.R. 1560 was approved by a House Transportation and Infrastructure subcommittee on July 17, 2003; S. 2550 was approved by the Senate Environment and Public Works Committee on June 23, 2004.

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July 27, 2004

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Water Infrastructure Financing Legislation: Comparison of S. 2550 and H.R. 1560

Summary

This report provides a side-by-side comparison of two major bills in the 108th Congress concerning water infrastructure project financing. It compares provisions of S. 2550, the Water Infrastructure Financing Act, which would amend the Clean Water Act (CWA) and the Safe Drinking Water Act (SDWA), and H.R. 1560, the Water Quality Financing Act of 2003, which would amend only the CWA. H.R. 1560 was approved by a House Transportation and Infrastructure subcommittee on July 17, 2003; S. 2550 was approved by the Senate Environment and Public Works Committee on June 23, 2004.

The CWA and SDWA provisions in these two bills principally involve the portions of those laws that authorize federal financial assistance to State Revolving Loan Funds (SRFs) for purposes of building and upgrading wastewater treatment and drinking water treatment facilities. Congress established the CWA SRF program in 1987 and the SDWA SRF program in 1996. Under both, federal capitalization grants are provided as seed money for state-administered loan programs. Communities repay loans to the state, providing a source of capital for future loans and other investments. Both laws contain provisions that specify requirements for states to establish SRFs and requirements that apply to the SRF's operation, such as plans and reporting. Both define categories of projects eligible for assistance, who may receive assistance, and types of assistance activities.

A key intention of both bills is to extend SRF authorizations. S. 2550 authorizes \$35 billion for FY2005-FY2009 for capitalization grants (\$20 billion for the CWA SRF, \$15 billion for the SDWA SRF). H.R. 1560 authorizes \$20 billion for CWA SRF capitalization grants for FY2004-FY2008. In addition, both would conform the two laws in several respects. For example, the SDWA currently allows states to offer additional subsidization to disadvantaged communities and longer loan repayment periods, and both bills would add similar provisions to the CWA.

The bills are not identical, however. In some cases, they take different approaches to an issue, such as how to revise the formula for state-by-state allotment of CWA SRF capitalization grants. S. 2550 includes provisions that would apply prevailing wage requirements of the Davis-Bacon Act to projects that receive SRF funding, and it includes a new grant program to assist small community drinking water projects, as well as grant programs to address lead contamination in schools and in the District of Columbia. H.R. 1560 includes provisions requiring communities to plan for capital replacement needs and to implement an asset management plan for the repair and maintenance of infrastructure.

Future prospects for the legislation are uncertain for several reasons, including controversies over application of the Davis-Bacon Act, Administration opposition to funding levels in the bills, limited legislative time remaining in the 108th Congress, and the lack of House consideration of a counterpart to the SDWA provisions of S. 2550. This report will be updated as warranted.

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Water Infrastructure Financing Legislation: Comparison of S. 2550 and H.R. 1560

Introduction

This report provides a side-by-side comparison of two major bills in the 108th Congress concerning water infrastructure project financing. It compares provisions of S. 2550, the Water Infrastructure Financing Act, which would amend both the Clean Water Act (CWA, 33 U.S.C. 1251 et seq.) and the Safe Drinking Water Act (SDWA, 42 U.S.C. 300f et seq.), and H.R. 1560, the Water Quality Financing Act of 2003, which would amend only the CWA. While a number of bills that address water infrastructure project financing have been introduced, these two measures are the focus of legislative activity in the 108th Congress. This report also describes relevant provisions of current law that would be affected or modified by the bills.

The CWA and SDWA provisions that these two bills would amend are principally the portions of those laws that authorize federal financial assistance to State Revolving Loan Funds (SRFs) for purposes of building and upgrading wastewater treatment and drinking water treatment facilities, respectively. At the federal level, the SRF programs in the laws are administered by the Environmental Protection Agency (EPA). Under the programs in both laws, federal capitalization grants are provided as seed money for state-administered loan programs. Recipients repay loans to the state, enabling the state to build up a source of capital for future loans and other investments. Thus, monies in the SRF consist of federal capitalization grants from congressional appropriations, required state matching funds (20% of a capitalization grant), and loan repayments. Congress established the CWA SRF program in 1987 (P.L. 100-4), replacing what previously had been a CWA program of grants to municipalities. Before 1996, the SDWA had not authorized federal assistance for drinking water treatment facilities, but in that year, Congress established the SDWA SRF program (P.L. 104-182), modeling it after the CWA program, while also refining it to reflect experiences gained during the early implementation of P.L. 100-4. (For background information, see CRS Report RL31116, *Water Infrastructure Funding: Review and Analysis of Current Issues.*)

A key intention of both of the current bills is to extend and increase SRF authorizations, because estimates by states and EPA of funding needed by wastewater and water utilities to comply with the two acts exceed \$330 billion. Needs estimates by other groups are even higher. In the case of the CWA program, authorizations under the 1987 law expired at the end of FY1994, while authorizations for the SDWA SRF program expired at the end of FY2003. However, Congress has continued to appropriate monies for capitalization grants each year for both since their authorizations expired.

More recently, legislative activity concerning water infrastructure issues has been undertaken in the 107th and 108th Congresses. House and Senate committees held oversight hearings on water infrastructure financing issues during the first session of the 107th Congress, and in the second session, the House Transportation and Infrastructure Committee approved H.R. 3930. No committee report was filed. The Senate Environment and Public Works Committee approved and reported infrastructure financing legislation (S. 1961, S.Rept. 107-228).¹ No further action occurred on either bill, in large part due to controversies over provisions in both bills to apply requirements of the Davis-Bacon Act to SRF-funded water infrastructure projects² and also over grant allocation formulas in the two measures.

In the 108th Congress, the House Transportation and Infrastructure Subcommittee on Water Resources and Environment approved H.R. 1560, legislation similar to H.R. 3930 from the 107th Congress, in July 2003. H.R. 1560 would authorize \$20 billion for the clean water SRF program for FY2004-FY2008. It contains several provisions intended to benefit economically disadvantaged and small communities, such as allowing extended loan repayments (30 years) and additional subsidies, including forgiveness of the loan principal and negative interest loans, for communities that meet a state's affordability criteria. It includes provisions to require communities to plan for capital replacement needs and to develop and implement an asset management plan for the repair and maintenance of infrastructure that is being financed. The full committee has not acted on the subcommittee-approved bill.

On June 23, 2004, the Senate Environment and Public Works Committee approved S. 2550. It authorizes \$41.25 billion over five years for wastewater and drinking water infrastructure programs, including \$20 billion for the clean water SRF program and \$15 billion for the drinking water SRF program. The bill includes a new formula for state-by-state allocation of clean water SRF grants, expansion of the types of projects and activities eligible for SRF funding, and renewal of several Clean Water Act grant programs (for sewer overflow control projects, alternative water source pilot projects, and the National Estuary Program). It includes several provisions to conform administrative elements of the two laws' SRF programs (such as amounts reserved for state administrative costs). The Senate bill directs states to reserve a portion of their annual clean water and drinking water SRF capitalization grants for making grants to eligible communities, and further requires EPA to establish a small drinking water system grant program to help small water systems

¹ For information, see CRS Report RL31344, *Water Infrastructure Financing Legislation: Comparison of S. 1961 and H.R. 3930*.

² The Davis-Bacon Act requires, among other things, that not less than the locally prevailing wage be paid to workers employed, under contract, on federal construction work "to which the United States or the District of Columbia is a party." Critics say that it unnecessarily increases public construction costs and hampers competition. Supporters say that the law helps stabilize the local construction industry by preventing competition that could undercut local wages and working conditions. Congress has added Davis-Bacon prevailing wage provisions to more than 50 separate program statutes, including the Clean Water Act. For background, see CRS Report RL31491, *Davis-Bacon Act Coverage and the State Revolving Fund Program Under the Clean Water Act*.

comply with drinking water regulations.³ Among other provisions, the bill authorizes funds to address lead contamination in schools and in the District of Columbia, and directs the U.S. Geological Survey to assess perchlorate contamination nationwide. S. 2550 also amends the Water Resources Planning Act to require the Water Resources Council to conduct a special water resources study.

The House and Senate bills differ in a number of respects. In some cases, they take different approaches to an issue, such as how to revise the formula for state-by-state allotment of CWA SRF capitalization grants. They differ in other ways as well.

- S. 2550, but not H.R. 1560, includes provisions modeled on the current SDWA that would allow private utilities to receive CWA SRF assistance.
- Both bills would permit states to make longer-term SRF loans. H.R. 1560 generally would permit loans to be made for up to 30 years, while S. 2550 (adopting the current SDWA approach) extends clean water SRF loans made to disadvantaged communities from 20 years to up to 30 years.
- The House bill addresses several issues not included in the Senate measure. It would, for example, authorize states to use the clean water SRF to provide technical assistance to small treatment works; require aid recipients to conduct additional project evaluations, including of the cost and effectiveness of innovative and alternative processes and techniques; and reauthorize the existing Sewer Overflow Grant program in Section 121 of the Clean Water Act.
- The Senate bill also has several provisions not contained in H.R. 1560, including a cost of service study by the National Academy of Sciences, a nationwide demonstration program for innovations in water quality management or water supply, and a study of lead in drinking water by the National Academy of Sciences.
- Unlike the House bill, S. 2550 includes language that would apply prevailing wage requirements of the Davis-Bacon Act to projects that receive funding in whole or in part from a CWA or SDWA SRF.

Future prospects for H.R. 1560 and S. 2550 are uncertain for several reasons. First, the Administration opposes the higher SRF funding levels contained in both bills. Second, strong disagreement exists in both houses of Congress over including provisions to apply requirements of the Davis-Bacon Act to SRF-funded projects, as well as over the state-by-state allotment formula in S. 2550 for Clean Water Act capitalization grants. Similar disagreements were largely responsible for the lack of final action on water infrastructure legislation in the 107th Congress. Third, only a limited number of legislative days remain in the 108th Congress. Fourth, the House

³ During markup of S. 2550, the Senate Environment and Public Works Committee approved two similar amendments to establish a small drinking water system grant program. Although the programs contain many similarities, they would authorize grant funding at significantly different levels. See discussion of “Small Public Water System Grant Program” in this report.

Energy and Commerce Committee, which has jurisdiction over the Safe Drinking Water Act, has not yet considered counterpart legislation to the SDWA provisions in S. 2550.

Several other legislative proposals dealing with water infrastructure financing programs administered by EPA, not described in this report, also have been introduced in the 108th Congress. These include:

- H.R. 688/S. 252, to authorize \$15 billion in CWA SRF appropriations and expand the types of projects eligible for CWA SRF assistance;
- H.R. 768/S. 567, to authorize appropriations for the sewer overflow grant program in CWA Section 221 (the House Transportation and Infrastructure Committee approved an amended version of H.R. 768 on July 21, 2004);
- H.R. 2804, to authorize a supplemental appropriation of \$85 million for the SDWA SRF and to require that state source water assessment programs address specified pesticides;
- H.R. 3328/S. 1432, to authorize \$1.9 billion for each of FY2004-FY2009 for grants to assist small communities and certain other communities in complying with drinking water regulations;
- H.R. 3792, to authorize \$25 billion in appropriations for CWA SRFs and expand the types of eligible projects;
- H.R. 4268/S. 2377, to authorize \$200 million for each of FY2005-FY2009 to replace lead service lines in public water systems, and to strengthen the regulation of lead in drinking water;
- H.R. 568/S. 827, to provide CWA assistance through grants to states in the Chesapeake Bay watershed for installing nutrient removal technologies at wastewater treatment plants; and
- S. 1413, to authorize appropriations for the drinking water SRF for FY2004 at \$2 billion, and to authorize feasibility studies for specific water quality and supply projects.

Table 1. Comparison of Water Infrastructure Legislation

| Current Law | S. 2550 | H.R. 1560 |
|--|---|---|
| Definitions | | |
| <p>Clean Water Act (CWA) general definitions are provided in §502.</p> <p>CWA §212 defines “treatment works” and other terms for Title II construction grants program.</p> | <p>No new general definitions.</p> | <p>Defines “small treatment works” as those serving a population of 20,000 or fewer. (<i>Section 307 of H.R. 1560</i>)</p> <p>Adds definition of “treatment works” to CWA §502 (references the §212 definition). (<i>Section 401</i>)</p> <p>Amends §212 definition of “treatment works” to include land acquisition and interest in lands necessary for construction. (<i>Section 202</i>)</p> |
| <p>Safe Drinking Water Act (SDWA) definitions generally are provided in §1401.</p> | <p>No new general definitions.</p> | <p>No provision.</p> |
| Recipients Eligible for Assistance | | |
| <p>CWA §603(c) provides that eligible assistance recipients include any municipality, intermunicipal, interstate, or state agency.</p> | <p>Amends §603(c) to add private utilities that principally treat municipal wastewater or domestic sewage as eligible recipients for CWA State Revolving Fund (SRF) assistance. (<i>Section 102 of S. 2550</i>)</p> | <p>No comparable provision.</p> |
| <p>SDWA §1452(a) and (f) provide that eligible assistance recipients include privately or publicly owned community water systems and nonprofit noncommunity water systems, other than systems owned by federal agencies.</p> | <p>No additional provisions.</p> | <p>No provision.</p> |

| Current Law | S. 2550 | H.R. 1560 |
|--|---|---|
| Projects Eligible for Assistance, Types of Assistance | | |
| <p>CWA §603(c) describes types of projects eligible for financial assistance (construction of publicly owned treatment works, implementation of a §319 nonpoint pollution management program, and development and implementation of a §320 estuary conservation and management plan).</p> <p>CWA §603(d) defines types of assistance that SRF may be used for, e.g., making loans, providing loan guarantees, buying or refinancing debt obligations of municipalities.</p> | <p>Modifies §603(c) to clarify that costs for planning, design, associated preconstruction, and necessary siting activities are eligible for assistance.</p> <p>Adds water conservation projects or activities for eligibility.</p> <p>Also adds water reuse, reclamation or recycling projects; projects to increase facility security; and measures to control municipal stormwater to list of types of eligible projects, but private utilities may not use SRF funds for such projects. (<i>Section 102</i>)</p> <p>Amends §603(d) to add projects for implementation of nonpoint source pollution management or estuarine conservation management and allows loans for such projects to have 30-year amortization period. (<i>Section 103</i>)</p> | <p>No comparable language for costs of planning, design, and preconstruction activities.</p> <p>Adds lake protection projects (CWA §314), repair and replacement of decentralized wastewater treatment systems, municipal stormwater runoff measures, water conservation, treatment works security measures, watershed development and implementation projects (CWA §121) to list of eligible projects. (<i>Section 303(a)</i>)</p> <p>No comparable provision.</p> |
| <p>SDWA §1452(a)(2) states that funds may be used only for expenditures that the Administrator has determined will facilitate compliance with SDWA regulations or significantly further SDWA’s health protection objectives.</p> <p>§1452(k) authorizes states to use up to 15% of the capitalization grant (not more than 10% for any 1 activity) to provide loans to public water systems for acquiring conservation easements or land for source water protection; to</p> | <p>Expands §1452(a)(2) to allow water systems to use funds for planning, design, and associated preconstruction expenditures and recovery of facility siting costs, and for projects to replace or rehabilitate aging water infrastructure (including reservoirs). Funds may also be used for capital projects to upgrade the security of public water systems. (<i>Section 203</i>)</p> <p>Amends §1452(k)(2) to broaden other eligible uses of SRF funds to include</p> | <p>No provision.</p> |

| Current Law | S. 2550 | H.R. 1560 |
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| <p>provide loans to community water systems for voluntary source water protection measures; to provide capacity development assistance; and to establish and implement wellhead protection programs.</p> <p>SDWA §1452(f) prescribes types of assistance that SRF may be used for, e.g., making loans, providing loan guarantees, buying or refinancing debt obligations of municipalities.</p> | <p>implementation of source water protection plans. (<i>Section 207</i>)</p> <p>No additional provision.</p> | <p>No provision.</p> |
| <p>SRF Grants Set-Aside Program</p> | | |
| <p>CWA — No existing provision. CWA Title II previously authorized a federal construction grants program for wastewater treatment works, with a 55% federal share. Authorizations expired in FY1990, and the Title II grants program was replaced by the Title VI SRF program.</p> | <p>Adds a new §603(k) providing that in years when SRF appropriations do not exceed \$3 billion, states shall set aside 10% of a federal capitalization grant for grants to eligible users for not more than 55% of the total cost of a project for which a grant is made. State may waive this requirement if the average time for processing loan applications is less than 90 days. In years when SRF appropriations exceed \$3 billion, states shall set aside not more than 10% nor less than 5% of its SRF. (<i>Section 107</i>)</p> | <p>No comparable provision.</p> |
| <p>SDWA — No existing provision. §1452(d) authorizes states to use up to 30% of their capitalization grant to subsidize loans (including forgiveness of principal) for communities that are disadvantaged or may become disadvantaged as a result of a proposed project.</p> | <p>Adds new §1452(s) providing that in years when SRF appropriations do not exceed \$2.5 billion, states shall set aside 10% of a capitalization grant for grants to eligible projects for not more than 55% of the total cost of a project for which a grant is made. State may waive this requirement if the average time for processing loan applications during the</p> | |

| Current Law | S. 2550 | H.R. 1560 |
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| | <p>preceding 12 months is less than 90 days. If an annual appropriation exceeds \$2.5 billion, states shall set aside not more than 5% nor less than 2.5% of its SRF. <i>(Section 206)</i></p> | |
| Fund Management | | |
| <p>CWA §603(c) requires that CWA SRFs be maintained and credited with loan repayments and be maintained in perpetuity.</p> <p>CWA §602(b)(2) requires that as part of capitalization grant agreement, state will use generally accepted government accounting standards.</p> | <p>No additional provisions.</p> | <p>Requires that CWA SRFs be maintained and credited with loan repayments and be maintained in perpetuity. Fees shall be used solely for administering the fund. <i>(Section 302(b))</i></p> <p>Extends requirement for generally accepted government accounting standards to the reporting of infrastructure assets. <i>(Section 302(a))</i></p> |
| <p>SDWA §1452(c) requires that SDWA SRFs be maintained and credited with loan repayments and interest, and be maintained in perpetuity. Amounts not needed for current obligation or expenditure must be invested in interest bearing obligations.</p> | <p>No additional provisions.</p> | <p>No provision.</p> |
| Extension of Loans | | |
| <p>CWA §603(d) provides that a water pollution control revolving fund may make loans at terms not to exceed 20 years.</p> | <p>Adds new §603(e) to permit state to provide an extended term for a CWA SRF loan to a disadvantaged community (up to 30 years, so long as that period does not exceed the project's design life). <i>(Section 104)</i></p> | <p>Modifies §603(d) to permit state to provide an extended term for a CWA SRF loan (up to 30 years, so long as that period does not exceed the project's design life). <i>(Section 303(b))</i></p> |
| <p>SDWA §1452(f) provides that a SDWA SRF may make loans at terms not to exceed 20 years. Exception: a</p> | <p>No additional provisions.</p> | <p>No provision.</p> |

| Current Law | S. 2550 | H.R. 1560 |
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| <p>state may extend the term of a loan to as much as 30 years for disadvantaged communities, provided the term does not exceed the project’s design life.</p> | | |
| <p>Additional Subsidization</p> | | |
| <p>CWA §603(d) permits states to make loans at or below market interest rates, including interest-free loans. CWA has no existing provisions for additional subsidization or forgiveness of loans.</p> <p style="text-align: right; font-size: small;">http://wikileaks.org/wiki/CRS-RL32503</p> | <p>Adds new §603(e) authorizing states to provide additional subsidization, including forgiveness of principal, for projects in disadvantaged communities or communities expected to become disadvantaged.</p> <p>Additional subsidization under this provision may not exceed 30% of the state’s capitalization grant in that year. (<i>Section 104(a)</i>)</p> <p>New §603(e) defines “disadvantaged community” to mean the service area, or portion of a service area, of a treatment works that meets affordability criteria established by the state. (<i>Section 104(a)</i>)</p> | <p>Adds new §603(i) authorizing states to provide additional subsidization from a CWA SRF, including forgiveness of principal and negative interest loans, to projects to benefit a municipality that meets the state’s affordability criteria. Also may provide subsidization to implement alternative processes or techniques that may result in cost savings or increased environmental benefits.</p> <p>Total amount of subsidization provided by a state may not exceed 30% of its capitalization grant.</p> <p>State also may provide additional subsidization to municipalities that do not meet affordability criteria if the municipality seeks to benefit individual ratepayers in the residential user rate class and ensures that this subsidization will be directed through a user charge rate system to such ratepayers.</p> <p>Directs states to establish affordability criteria by Sept. 30, 2004. EPA may provide information to assist states in establishing criteria. (<i>Section 303(f)</i>)</p> |

| Current Law | S. 2550 | H.R. 1560 |
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| | No set-aside provision. | Set-aside: In any year when CWA SRF appropriations exceed \$1.4 billion, a state shall set aside 25% of the difference between its capitalization grant and its proportionate share of \$1.4 billion to provide additional subsidization for projects that meet affordability criteria. (<i>Section 303(f)</i>) |
| <p>SDWA §1452(d) authorizes states to provide additional loan subsidization, including forgiveness of principal, for projects in disadvantaged communities. The total amount of loan subsidies may not exceed 30% of the state’s capitalization grant for that year.</p> <p>§1452(d)(3) defines ‘disadvantaged community’ as the service area of a system that meets affordability criteria set by the state. EPA may publish information to assist states in establishing these criteria.</p> | <p>No additional provisions.</p> <p>Amends definition of ‘disadvantaged community’ in §1452(d)(3) to include the service area, or <i>portion of a service area</i>, of a water system that meets affordability criteria. (<i>Section 204</i>)</p> | <p>No provision.</p> <p>No provision.</p> |
| Financial Assistance to Small Systems from the SRF | | |
| CWA — No existing provision. | No provision. | Directs states, beginning in FY2005, to use at least 15% of CWA capitalization grants to assist municipalities with population less than 20,000, if there are sufficient applications for assistance. (<i>Section 122(c)</i>) |
| SDWA §1452(a)(2) requires that 15% of the amount credited to a state SDWA SRF in any fiscal year must be available for providing loan assistance to systems serving fewer than 10,000 | No additional provision. (For related provisions see SRF grants set-aside program and small public water system grant program) | No provision. |

| Current Law | S. 2550 | H.R. 1560 |
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| persons, to the extent such funds can be obligated for eligible projects. | | |
| Technical Assistance to Small Systems from the SRF | | |
| CWA — No existing provision. | No provision. | Authorizes states to provide CWA SRF assistance to small treatment works for technical and planning assistance and assistance with financial management, user fee analysis, capital improvement planning, facility operation and maintenance, repair schedules to improve treatment plant management and operations. Amounts shall not exceed 2% of capitalization grant awards to the fund. (<i>Section 303(e)</i>) |
| <p>SDWA §1452(c)(2) authorizes states to use 2% of their SRF grant to provide technical assistance to water systems serving 10,000 or fewer persons.</p> <p>SDWA §1452(q) authorizes EPA to reserve up to 2% of the SRF appropriation to provide technical assistance to small systems (not to exceed the amount authorized under §1442(e) (regarding small systems technical assistance).</p> | No additional provision. | No provision. |
| Technical Assistance Grants for Rural and Small Treatment Works | | |
| CWA — No existing provision, but §104(b) generally authorizes EPA to support or conduct various types of research, investigations, and training. | Adds new Section 222 to authorize EPA to make grants to qualified nonprofit providers for technical assistance to treatment works located in rural areas and serving fewer than 10,000 users in planning, developing, and obtaining | Similar provision. Modifies CWA §104(b) to authorize EPA to make grants to nonprofit organizations concerning assistance to rural and small municipalities, publicly owned treatment works and decentralized |

| Current Law | S. 2550 | H.R. 1560 |
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| <p style="text-align: center;">CRS-RL32503</p> | <p>financing for eligible projects. Authorizes grants to nonprofits to capitalize revolving loan funds for predevelopment costs of wastewater projects or certain equipment replacement costs. Loans to small systems may not exceed \$100,000 and the loan term may not exceed 10 years. Defines “qualified nonprofit technical assistance provider.” To the maximum extent possible, all states should get a grant under this provision. Requires grantees to consult with states, to submit annual reports. Authorizes \$25 million per year for FY2005-2009. <i>(Section 101)</i></p> | <p>wastewater treatment systems concerning planning, design, financing, construction and operation of wastewater treatment works. Authorizes grants to nonprofits to capitalize revolving loan funds for predevelopment costs of wastewater projects or certain equipment replacement costs. Authorizes not to exceed \$75 million per year for FY2004-2008. Grants to nonprofits shall be awarded competitively to the extent practicable. <i>(Section 101)</i></p> |
| <p>SDWA §1442(c) authorizes EPA to provide technical assistance to small systems through circuit-rider and regional technical assistance programs. Assistance may go to nonprofit organizations. Authorizes \$15 million for each of FY1997-FY2003.</p> | <p>Amends §1442(e) to authorize EPA to make grants to private, nonprofit entities to capitalize revolving funds to provide financing to systems serving 10,000 or fewer persons for predevelopment costs, short-term costs incurred for replacement equipment, and small capital projects. Loans to small systems may not exceed \$100,000 and the loan term may not exceed 10 years. Grant recipients must submit annual activity reports to EPA. Authorizes \$25 million for each of FY2005-FY2009 for this program. <i>(Section 208)</i></p> | <p>No provision.</p> |
| State Administrative Costs Set-Aside | | |
| <p>CWA §603(d) allows a state to reserve up to 4% of a federal capitalization grant to cover the reasonable costs of administering the SRF.</p> | <p>Increases allowed CWA reservation for administrative costs to 6%. <i>(Section 108)</i></p> | <p>Increases allowed reservation for administrative costs to \$400,000, or 1/5 percent per year of the current valuation of the state’s SRF, whichever is greater. <i>(Section 303(d))</i></p> |

| Current Law | S. 2550 | H.R. 1560 |
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| <p>SDWA §1452(g)(2) allows a state to use up to 4% of a federal capitalization grant to cover the reasonable costs of administering programs under §1452 and to provide technical assistance to public water systems.</p> <p>§1452(g)(2) also authorizes states to use up to another 10% of a federal capitalization grant to administer public water system supervision programs, to administer or provide technical assistance through source water protection programs, to develop and implement capacity development strategies, and for operator certification programs. For these purposes, states must provide a dollar-for-dollar match of funds.</p> | <p>Increases allowed SDWA reservation for administrative costs to 6%. (<i>Section 205(a)</i>)</p> <p>Repeals requirement that states match funds reserved for these purposes. (<i>Section 205(a)</i>)</p> | <p>No provision.</p> |
| Reservation of Funds for Planning | | |
| <p>CWA §604(b) directs states to reserve 1% of sums allotted under Title VI, or \$100,000, whichever is greater, to carry out specified planning activities.</p> | <p>Increases reservation of funds for planning to 2% of allotted sums or \$100,000. (<i>Section 109(3)</i>)</p> | <p>Increases reservation of funds for planning to 2% of allotted sums, or \$100,000, whichever is greater. (<i>Section 304(b)</i>)</p> |
| <p>SDWA — No provision.</p> | <p>No provision.</p> | <p>No provision.</p> |
| Cross-Cutting Requirements; Labor Standards | | |
| <p>CWA §602(b)(6) attaches 16 specific statutory requirements to projects funded with a capitalization grant (but not to SRF activity made from loan repayments or other state monies). All but two are CWA-specific carryover (“equivalency”) requirements from the previous CWA Title II construction</p> | <p>Davis-Bacon prevailing wage requirements (CWA §513) shall apply to projects that receive funding, in whole or in part, from a state water pollution control revolving fund. (<i>Section 102</i>)</p> | <p>Treatment works constructed in whole or in part with funds directly made available by Title VI capitalization grants and CWA §205(m) shall comply with the following CWA provisions: implementing a user charge system and having adequate legal and financial capability to construct, operate and</p> |

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| <p>grant program. Other cross-cutting federal requirements are: applicability of the National Environmental Policy Act and Davis-Bacon prevailing wage provisions for treatment works construction. The requirements applied to funds provided through FY1994.</p> | | <p>maintain the treatment works (CWA §204(b)(1)); restrictions on funding sewer collector systems (CWA §211); cost-effectiveness and value engineering review (CWA §218); and applicability of NEPA (CWA §511(c)) (<i>Section 302(b)</i>) (Does not extend Davis-Bacon requirements.)</p> |
| <p>SDWA SRF provisions (§1452) do not specify federal cross-cutting requirements, but, as with CWA assistance, a number of federal laws, executive orders, and government-wide policies apply by their own terms to projects and activities receiving federal financial assistance, regardless of whether a statute authorizing assistance specifies that they apply. Several apply only to the state as a grant recipient. All projects for which the state provides SDWA SRF assistance in amounts up to the amount of the capitalization grant must comply with cross-cutting laws and requirements; amounts greater than this are not subject to cross-cutting requirements. §1450(e) directs EPA to take such action as may be needed to assure compliance with the Davis-Bacon Act.</p> | <p>Revises SDWA §1450(e) to expressly apply Davis-Bacon to all construction projects financed in whole or in part, and by any form of assistance provided under SDWA (including assistance provided from state drinking water SRFs). (<i>Section 202</i>)</p> | <p>No provision.</p> |
| <p>Requirements for Receipt of Funds</p> | | |
| <p>CWA §602(b) specifies a number of conditions for receipt of SRF assistance. (See discussion above on cross-cutting requirements.)</p> | <p>No additional provision.</p> | <p>Amends §602(b) to add a requirement that, beginning in FY2005, states shall require as a condition of receiving CWA SRF assistance that recipients evaluate the cost and effectiveness of</p> |

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| <p style="text-align: center;">http://wikileaks.org/wiki/CRS-RL32503</p> | | <p>innovative and alternative processes and techniques and select projects accordingly; and consider the cost and effectiveness of alternative management and financing approaches (including rate structures, consolidation, public-private partnerships). Requires use of a qualification-based selection method in the awarding of contracts and subcontracts for funds directly made available from Title VI capitalization grants. <i>(Section 302(b))</i></p> <p>Adds new §603(d)(1)(E) to require that recipient of loan assistance develop and implement a fiscal sustainability plan that includes an inventory and evaluation of critical assets of the portion of the treatment works and plan for maintenance and repair of the portion of the facility funded by the SRF. <i>(Section 303(c))</i></p> |
| <p>SDWA §1452, like the CWA provisions, imposes various requirements on recipients of SRF assistance. §1452(f) further requires that a loan recipient establish a dedicated source of revenue (or for privately owned system, demonstrate adequate security) to repay loan.</p> | <p>No additional provision.</p> | <p>No provision.</p> |
| <p>Priority System Requirement</p> | | |
| <p>CWA §216 authorizes states to determine the priority of specific projects to be funded. Identifies categories of eligible treatment works</p> | <p>Adds new §603(h) to update the priority list requirement. Requires each state to establish a system for providing financial assistance from the SRF. In it,</p> | <p>Revises §603(g) to update the CWA priority list requirement. Requires states to establish or update a list of projects and activities for which SRF</p> |

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| <p>projects that states may include on priority list.</p> | <p>state shall give more weight to applications that include inventory of assets, financing plan, review of options for restructuring the treatment works, review of options other than traditional wastewater approach for the facility, and other appropriate information. Defines “restructuring” and “traditional approach.” State shall biennially publish a summary of projects eligible for assistance (i.e., treatment works and other projects), including a project’s priority and anticipated funding schedule. <i>(Section 105)</i></p> | <p>assistance is sought, using a listing methodology each state shall establish. The list may include categories of nonpoint source activities. States shall seek to achieve the greatest degree of water quality improvement and consider whether improvements would be realized without SRF assistance. <i>(Section 305(a))</i></p> <p>If the state does not fund projects and activities in the order on the priority list, it must provide an explanation of the change. <i>(Section 305(b))</i></p> |
| <p>SDWA §1452(b)(3) requires states to develop Intended Use Plans for SRF funds, giving priority to using funds for projects that: address the most serious risks; are needed to ensure compliance, and assist systems most in need on a per household basis. Requires states to publish periodically their list of projects eligible for assistance.</p> | <p>Expands §1452(b)(3) to direct states to give more weight to applications by community water systems that include an inventory of assets, a schedule for asset replacement, a financing plan, a review of options for restructuring the water system, a review of options other than traditional approach, and other information the state may require. Defines “restructuring” and “traditional approach.” Requires states to publish at least biennially a list of projects eligible for assistance. <i>(Section 205(b))</i></p> | <p>No provision.</p> |
| <p>Allotment</p> | | |
| <p>CWA §205(c)(3) provides a state-by-state formula for annual allotment of available funds. This formula, in effect since 1987, combines population and need factors. No state currently receives less than 0.4971% of available funds (except for territories, which</p> | <p>Revises CWA allotment for SRF capitalization grants for FY2005-2009 Moves towards a <i>target allotment</i> based on needs (meaning, allotment in accordance with each state’s proportional share of total needs) and no state receiving less than 1.0% of total</p> | <p>Current CWA allotment formula shall apply to SRF capitalization grant distribution in FY2003 and FY2004. Beginning in FY2005, appropriated amounts up to \$1.35 billion shall be allotted under the current allotment formula. Amounts that exceed \$1.35</p> |

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| <p>generally receive smaller shares).</p> <p style="text-align: center;">http://wikileaks.org/wiki/CRS-RL32503</p> | <p>funds. Includes complex factors to moderate potential for substantial loss or gain of funds under the target, compared with current allotment formula. The result, in general, is that small states would receive somewhat larger percentages under the revised formula than under the current formula, while, in general, most (but not all) of the states with large needs would have the same percentage allotment under the revised formula as under current law. Also includes language that would adjust the states' percentage allotments if the appropriated amounts were to increase above current \$1.35 billion annual appropriations. At higher appropriated levels (above \$3.15 billion), adjustments would enable the small states to reach the 1% target minimum, while dollar amounts received by the larger states would still be larger than amounts that they receive today under the current allotment.</p> <p>Allocates a total of 0.25% of available funds among Guam, Virgin Islands, American Samoa, Commonwealth of Northern Mariana Islands, Micronesia, Marshall Islands, Palau to be allotted by EPA. <i>(Section 109)</i></p> | <p>billion shall be allotted according to a needs-based formula to be developed by EPA; no minimum state share specified. <i>(Section 304(a))</i></p> <p>EPA is directed to publish an allotment formula based on water quality needs by Sept. 30, 2004. <i>(Section 304(c))</i></p> |
| <p>SDWA §1452(a)(D) requires that funds are allotted to the states based on a formula that reflects the proportional share of each state's needs identified in the most recent needs survey</p> | <p>No additional provisions.</p> | <p>No provision.</p> |

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| (conducted every four years). The minimum share for each state and District of Columbia is 1% of available funds; territories receive up to 0.33%. | | |
| SRF Authorization | | |
| CWA §607 authorizes \$8.4 billion in capitalization grants for state revolving funds for FY1989-94. (Congress has continued to appropriate SRF capitalization grants since FY1994. Appropriations for the last five years have been \$1.35 billion per year.) | Authorizes CWA SRF capitalization grants as follows: \$3.2 billion in each of FY2005 and FY2006, \$3.6 billion in FY2007, \$4 billion in FY2008; and \$6 billion in FY2009, totaling \$20 billion. Reserves \$1 million per year for EPA to pay the costs of conducting needs surveys. (<i>Section 110</i>) | Authorizes CWA SRF capitalization grants as follows: \$2 billion in FY2004, \$3 billion in FY2005, \$4 billion in FY2006, \$5 billion in FY2007, and \$6 billion in FY2008, totaling \$20 billion. (<i>Section 308</i>) |
| SDWA §1452(h) authorizes SRF capitalization grants: \$599 million for FY1994, and \$1 billion for each of FY1995-FY2003, totaling \$9.59 billion. | Authorizes SDWA SRF capitalization grants as follows: \$1.5 billion in FY2005; \$2 billion in each of FY2006 and FY2007; \$3.5 billion in FY2008; and \$6 billion in FY2009, totaling \$15 billion. Reserves \$1 million per year to pay the costs of conducting needs surveys. (<i>Section 209</i>) | No provision. |
| Cross-Collateralization between CWA and SDWA SRFs | | |
| CWA — No existing provision, but FY1998 and FY1999 EPA appropriation laws allow states to combine assets of CWA and SDWA SRFs as security for bond issues to enhance the lending capacity of one or both SRFs. | Adds new §603(j) to permit a state to transfer up to 33% of a CWA capitalization grant to its SDWA SRF and vice versa. (<i>Section 106</i>) | No comparable provision. |
| §302 of the SDWA Amendments of 1996 (P.L. 104-182) authorized a state, prior to FY2002, to transfer as much as 33% of the SDWA SRF capitalization | Incorporates this authority into SDWA under new §1452(g)(5). (<i>Section 205(a)</i>) | No provision. |

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| grant to the CWA SRF or an equivalent amount from the CWA SRF to the SDWA SRF. | | |
| SRF Set-Aside for Indian Programs | | |
| CWA §518 authorizes the EPA Administrator to reserve 0.5% of funds appropriated under §207 for developing waste treatment management plans and construction of sewage treatment works to serve Indian tribes. Appropriations laws since FY2001 have reserved 1.5% of CWA SRF appropriated funds for Indian tribes. | Increases CWA funds reserved for Indian Tribes to 1.5% of funds available under Title VI. <i>(Section 108)</i> | Increases CWA funds reserved for Indian Tribes to not less than 0.5% or more than 1.5% of funds available under §207. Funds are to be used for projects to assist Indian tribes, former Indian reservations in Oklahoma, and Alaska Native villages. <i>(Section 402)</i> |
| SDWA §1452(d) authorizes EPA to reserve 1.5% of the SRF appropriation for grants to Indian Tribes and Alaska Native villages | No additional provisions. | No provision. |
| SRF Review Process — Assistance for Accessing the SRF | | |
| CWA — No existing provision. SDWA — No existing provision. | Directs the EPA Administrator to identify ways to streamline and improve the application and review process for CWA SRF and SDWA SRF assistance and to submit a report to Congress. <i>(Section 304)</i> | Adds new §607 that directs EPA to assist states in establishing simplified procedures for treatment works to obtain CWA SRF assistance and shall publish a manual to assist systems in obtaining assistance. <i>(Section 307)</i> |
| Reports: Needs Surveys | | |
| CWA §516(b)(1) directs EPA to conduct a survey of needed publicly owned treatment works every two years. | Modifies needs survey to every four years. <i>(Section 111)</i> | No comparable provision. |
| SDWA §1452(h) directs EPA to conduct a survey of water system | No additional provisions. | No provision. |

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| <p>capital improvement needs survey and report to Congress every four years. On the same schedule, §1452(i) directs EPA to conduct needs surveys of drinking water facilities to serve Indian Tribes.</p> | | |
| <p>Removal of Lead from Drinking Water in Schools</p> | | |
| <p>SDWA §1464(d) directs states to establish programs to assist local educational agencies to test for and remedy lead contamination in drinking water at schools, and requires schools to make test results available and to notify parents, teachers and others of the availability of test results.</p> <p>(In 1996, the U.S. Court of Appeals for the Fifth Circuit ruled that the requirements in §1464(d) that states establish programs violate the 10th Amendment and are unconstitutional. <i>ACORN v. Edwards</i>, 81 F.3d 1387 (5th Cir. 1996).)</p> <p>§1465(a) directs EPA to make grants to states to carry out §1464 and §1465(b) requires states to use grants to test for, and remediate, lead contamination in school drinking water.</p> <p>§1465(a) authorizes EPA to use up to 5% to pay administrative expenses.</p> <p>§1465(c) authorized \$30 million for each of FY1989-FY1991 for grants to states.</p> | <p>Inserts new §1464(d) requiring the Administrator to establish a program to provide grants to states to assist in paying, or to provide reimbursement for, the costs incurred by local educational agencies in testing for, remediating, and informing students, parents, teachers, and employees about lead contamination in drinking water at schools within their jurisdiction.</p> <p>New §1464(d) authorizes EPA to use up to 5% to pay administrative expenses.</p> <p>New §1464(d) authorizes \$40 million for each of FY2005-FY2008; (<i>Section 210(a)</i>)</p> | <p>No comparable provision, but see H.R. 4268.</p> |

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| Lead Contamination in Drinking Water in the District of Columbia | | |
| <p>SDWA — §1465(a) directs the Administrator to make grants to states to carry out §1464 (see above).</p> <p>§1465(b) requires that grants be used by states to test for, and remediate, lead contamination in school drinking water. Authorized EPA to use up to 5% to pay administrative expenses.</p> <p>http://wikilex.org/wiki/CRS-21/RL32503</p> | <p>New §1465(a) authorizes the Administrator to provide a \$20 million grant to the District of Columbia to address lead contamination in the local water supply. Funds may be used to assess infrastructure, test water supplies distribute filters, evaluate chemical additive, replace pipes, and evaluate and improve public communication. Authorizes to be appropriated to carry out this section \$20 million.</p> <p>New §1465(b) directs the Administrator to contract with the National Academy of Sciences (NAS) to conduct a study that (1) evaluates compliance by the District of Columbia Water and Sewer Authority with lead in drinking waster regulations, and the potential causes of lead in the local water supply; and (2) assess, from a cross-section of cities with lead service lines, the extent to which those cities exceeded the lead action level, and the potential causes of the exceedences. Not later than one year after enactment, the NAS must submit a report to the House Energy and Commerce Committee and the Senate Environment and Public Works Committee. Authorizes \$2 million for the study. <i>(Section 210(b))</i></p> | <p>No comparable provision.</p> |

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| Small Public Water System Grant Program | | |
| <p><i>1. Establishment of Small System Grant Program</i></p> <p>CWA — Not applicable. SDWA — No provision.</p> | <p><i>(Sections 211 and 212 of S. 2550 each add new SDWA Part G and contain nearly identical provisions)</i></p> <p>Amends SDWA to establish within EPA a small public water system assistance program for eligible entities within states and areas governed by Indian Tribes. <i>(Section 211 and Section 212)</i></p> | No comparable provision. |
| <p><i>2. Definitions</i></p> <p>http://wikileaks.org/wiki/CRS-RL32503</p> | <p>New SDWA §1471 defines for Part G: “eligible activity” to mean an activity needed to ensure compliance with drinking water regulations, including source water protection and excluding any activity to increase the population served by a system (unless needed for compliance or to serve a population not served by a safe public water system); “eligible entity” means a small public water system that, based on affordability criteria, serves a disadvantaged community or a community that would otherwise become disadvantaged as a result of carrying out an eligible activity, and a system that would incur more than \$3 million in costs in complying with regulations and is, or would become, a disadvantaged community; “small public water system” includes community and non-community water systems that serve populations of 15,000 or fewer persons. <i>(Section 211 and Section 212)</i></p> | No comparable provision. |
| <p><i>3. Program establishment</i></p> | <p>§1472(a) directs EPA to establish a small system grant program by July 1, 2006. <i>(Section 211 and Section 212)</i></p> | No comparable provision. |

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| <p>4. <i>Program priorities</i></p> <p>http://wikilegss.org/wiki/CRS-RL32503</p> | <p>§1472(b) directs EPA to provide grants to eligible systems for activities that: address the most serious health risk from lack of compliance; are needed to ensure compliance; and assist communities most in need, based on median household income, under affordability criteria established by the state (or EPA for entities in Tribal areas). EPA must also consider giving priority to activities carried out by communities that form management cooperatives. For entities in Tribal areas, §1472(e)(2) requires EPA and the Indian Health Service to develop an annual list of eligible activities based on the above priorities. (<i>Section 211 and Section 212</i>)</p> | <p>No comparable provision.</p> |
| <p>5. <i>Technical assistance</i></p> <p>http://wikilegss.org/wiki/CRS-RL32503</p> | <p>§1472(d) requires EPA to use at least 1.5% of the available funds to provide grants to nonprofit technical assistance organizations to be used to assist eligible entities in: assessing needs; identifying additional funding sources to meet cost-sharing requirements; and planning, implementing and maintaining activities that receive funding. Entities may use no more than 5% of their grant for such technical assistance; §1472(e)(4) imposes a similar 5% limit for entities governed by Indian Tribes. (<i>Section 211 and Section 212</i>)</p> | <p>No comparable provision.</p> |
| <p>6. <i>Grants for Indian Tribes</i></p> | <p>§1472(e) Requires EPA to use at least 3% of funds available each year to provide grants to eligible entities located in areas governed by Indian Tribes. (<i>Section 211 and Section 212</i>)</p> | <p>No comparable provision.</p> |

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| <p>7. Limitations on receipt of funds</p> <p>http://wikileaks.org/wiki/CRS-RL32503</p> | <p><i>(Sections 211 and 212 of S. 2550 contain different provisions.)</i></p> <p><i>As provided in Section 211:</i></p> <p>§1472(f) provides that eligible entities may receive grants only: 1) if EPA determines that the grant will aid compliance; 2) to restructure or consolidate to achieve compliance; or if restructuring is not feasible, EPA determines that the entity has made a good faith effort to comply and is adhering to an enforceable compliance schedule; and 3) if EPA determines that an entity lacks the technical, managerial, operations, maintenance, or financial capacity to ensure compliance, and the entity agrees to make changes in operations, and EPA determines that the measures are needed to ensure compliance capacity over the long term.</p> <p><i>As provided in Section 212:</i></p> <p>§1472(f) generally provides that grant may not be provided to entities that lack the technical, managerial, operations, maintenance, or financial capacity to ensure compliance, or are in significant noncompliance with a drinking water regulation. The exception to this prohibition allows such entities to receive a grant if the conditions above are met. Before providing assistance to an entity that is in significant noncompliance, EPA must assess whether the entity has the capacity to comply with SDWA regulations.</p> | <p>No comparable provision.</p> |

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| 8. <i>Cost share</i> | §1472(g) provides that the share of the total cost of an activity funded by a grant generally may not exceed 80%; EPA may waive this requirement, partially or completely, as needed. (<i>Section 211 and Section 212</i>) | No comparable provision. |
| 9. <i>Reports</i> | §1473 requires EPA to report annually, for FY2006-2010, to the Senate Committee on Environment and Public Works and the House Committee on Energy and Commerce. The reports must list the activities receiving funds, identify the number and amounts of grants awarded and the grant recipients. (<i>Section 211 and Section 212</i>) | No comparable provision. |
| 10. <i>Authorization of Appropriations</i> | (Sections 211 and 212 of S. 2550 contain different provisions.) §1474 authorizes for this program \$200 million for each of FY2005-FY2009. (<i>Section 211</i>) §1474 authorizes for this program \$1 billion for each of FY2008-2011. (<i>Section 212</i>) | No comparable provision. |
| Pilot Program for Alternative Water Source Projects | | |
| CWA §220 authorizes EPA to establish a pilot program of grants for alternative water source projects to meet critical water supply needs. Authorizes appropriations of \$75 million annually for FY2002-2004. | Extends authorization at \$25 million per year for FY2005-2007. (<i>Section 112</i>) | Extends authorization without other modification through FY2008. (<i>Section 204</i>) |

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| Sewer Overflow Grants | | |
| <p>CWA §221 authorizes \$750 million annually in FY2002-2003 for grants for municipal combined sewer overflow and sanitary sewer overflow projects. Financially distressed communities are to have priority. Grants are only available in years in which Title VI (SRF) funds are at least \$1.35 billion.</p> | <p>Revises §221, adding stormwater runoff projects. Authorizes to be appropriated \$250 million per year for FY2005-2009. (<i>Section 113</i>)</p> | <p>Authorizes \$250 million per year for sewer overflow grants for FY2005-2008 and such sums as necessary for FY2004. Specifies allocation criteria for FY2004 (same as for FY2002 in current provision) and FY2005 and beyond (based on each state's proportional need for overflow control projects). Funded projects shall generally conform to requirements applicable to SRF-funded projects. (<i>Section 205</i>) (Also see H.R. 784, similar legislation approved by House Transportation and Infrastructure Committee July 21, 2004.)</p> |
| Watershed Pilot Projects | | |
| <p>CWA §121, Wet Weather Watershed Pilot Projects, authorized \$45 million for FY2002-2004 for technical assistance and grants to municipalities for pilot projects to manage wet weather discharges and to demonstrate stormwater management technologies. (When enacted in P.L. 106-554, this provision was one of two that were designated as §121.)</p> | <p>Makes a technical correction to redesignate this provision as CWA §122. (<i>Section 114</i>)</p> | <p>Reauthorizes existing grants program at \$20 million per year for FY2004-2008. Grants may be used for watershed partnerships to address nonpoint sources of pollution to reduce adverse impacts on water quality. Changes reporting requirement from five years after enactment to seven years. Makes a technical correction to redesignate this provision as CWA §122. (<i>Section 103</i>)</p> |
| National Estuary Program | | |
| <p>CWA §320 authorizes the National Estuary Program. Governors may nominate estuaries and request a management conference to develop a comprehensive conservation and management plan (CCMP) for the</p> | <p>Reauthorizes grants at \$35 million per year (no change) for FY2006-FY2010. (<i>Section 307</i>)</p> | <p>No comparable provision, but see H.R. 4731, similar legislation approved by House Transportation and Infrastructure Committee July 21, 2004.</p> |

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| estuary. Authorizes grants for development and implementation of CCMPs. | | |
| Sewage Control Technology Grant Program | | |
| CWA — No existing provision. | Adds new §701 to the CWA. Directs EPA to establish a competitive program of grants to states and municipalities to upgrade nutrient removal technologies of wastewater treatment works with permitted design capacity to treat 500,000 gallons or more of wastewater per day and are located in the Chesapeake Bay watershed. Federal share of project costs shall not exceed 55%. Authorizes \$100 million annually for FY2005-2009. (<i>Section 308</i>) (Also see S. 827/H.R. 568, similar legislation.) | No comparable provision. |
| Demonstration Program for Water Quality Enhancement and Management | | |
| CWA — No existing provision. SDWA — No existing provision. | Directs EPA to establish a nationwide demonstration program of 10 projects per year to promote innovations in technology and alternative approaches to water quality management or water supply and reduce municipalities' costs to comply with the CWA and SDWA. Specifies criteria for selection of municipalities to carry out projects and types of projects relating to excessive nutrient growth, lack of alternative water supply, nonpoint source pollution, sewer overflows, problems with naturally occurring constituents, or new approaches to water treatment, distribution and collection systems, and | No comparable provision. |

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| <p>http://wikileaks.org/wiki/CRS-RL32503</p> | <p>others. Municipalities applying for grants shall submit a plan that meet specified criteria. Non-federal share of project costs shall be at least 20%. Authorizes \$20 million per year for FY2005-2009.</p> <p>Also directs EPA to carry out a grant program for research and development on innovative and alternative technologies for water quality or drinking water supply; authorizes \$20 million per year for FY2005-2009. (<i>Section 302</i>)</p> | |
| Southeast Colorado Safe Drinking Water Supply | | |
| <p>SDWA — No existing provision.</p> | <p>Directs the EPA Administrator to make a grant to the Southeast Colorado Water Activity Enterprise to construct a water transmission line from the Pueblo Reservoir to the city of Lamar, CO. Authorizes for this purpose \$85 million for the period of FY2005-FY2010. (<i>Section 305</i>)</p> | <p>No provision.</p> |
| Environmental Finance Centers | | |
| <p>CWA — No existing provision.</p> | <p>No provision.</p> | <p>No provision.</p> |
| <p>SDWA §1420(g) requires EPA to provide initial funding for university-based environmental finance centers to provide technical assistance to state and local officials in developing the financial and managerial capacity of public water systems. Directs EPA to establish a national public water system</p> | <p>Authorizes \$2 million for each of FY2005-FY2009 to implement this program. (<i>Section 201</i>)</p> | <p>No provision.</p> |

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| <p>capacity development clearinghouse.</p> <p>Authorizes \$1.5 million for each of FY1997-FY2003 for this program.</p> | | |
| Miscellaneous | | |
| <p><i>1. State management assistance</i></p> <p>CWA §106 authorizes grants to states to assist management of state water pollution control programs.</p> | No additional provision. | Authorizes \$250 million per year for FY2003-2008 for CWA §106. (<i>Section 102</i>) |
| <p>SDWA §1443 authorizes \$100 million for each of FY1997-FY2003 for grants to states to administer public water system supervision programs.</p> | No additional provision. | No provision. |
| <p><i>2. Annual report and federal oversight</i></p> <p>CWA §606(d) requires states to provide an annual report on achieving the goals and objectives of its Intended Use Plan.</p> <p>CWA §606(e) requires EPA to conduct annual oversight review of a state's Intended Use Plan.</p> | No additional provision. | <p>Requires that the annual report include identification of the eligible purpose for which SRF assistance was provided. (<i>Section 306(a)</i>)</p> <p>Authorizes EPA to allow a state to certify its compliance with CWA Title VI for purposes of this review. (<i>Section 306(b)</i>)</p> |
| <p>SDWA §1452(g) requires states to submit a report every two years to EPA on its SRF activities and related audits; requires EPA to periodically audit all state loan funds.</p> <p>SDWA §1452(r) directs EPA to assess the effectiveness of SRFs through FY2001 and report to Congress.</p> | No additional provision. | No provision. |

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| <p><i>3. Sewage collection systems</i></p> <p>CWA §211 limits Title II assistance for replacement or major rehabilitation of existing sewage collection systems or for new collector systems in an existing community.</p> | <p>No additional provision.</p> | <p>Amends §211. Updates limits on sewer collector systems to those in systems or communities in existence as of Jan. 1, 2003. Projects are to address adverse environmental conditions existing on the date of enactment of this provision. (<i>Section 201</i>)</p> |
| <p><i>4. Cost-effectiveness</i></p> <p>CWA §218 expresses the policy of Congress regarding financial assistance for waste treatment and management systems that are the most economical and cost-effective combination of treatment works to meet requirements of the act, including water conservation measures.</p> | <p>No provision.</p> | <p>Modifies §218 to delete specification of devices and systems selected for an overall treatment system. (<i>Section 203</i>)</p> |
| <p><i>5. Regulatory authority not provided</i></p> <p>CWA — No existing provision. SDWA — No existing provision.</p> | <p>No provision.</p> | <p>Nothing in this act may be construed as providing EPA with authority to issue regulations. (<i>Section 403</i>)</p> |
| <p>Cost of Service Study</p> | | |
| <p>CWA — No existing provision. SDWA — No existing provision.</p> | <p>Directs the National Academy of Sciences to prepare a study of the means by which public water systems and treatment works meet costs associated with operation, maintenance, capital replacement, and regulatory requirements. The study shall address issues including affordability and identification and characterization of disadvantaged communities. The study shall be completed within two years. (<i>Section 303</i>)</p> | <p>No comparable provision.</p> |

| Current Law | S. 2550 | H.R. 1560 |
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| Assessment of Perchlorate Contamination | | |
| <p>CWA — No existing provision. SDWA — No existing provision.</p> | <p>Requires the U.S. Geological Survey, no later than one year after enactment, to conduct a nationwide assessment of sites contaminated with perchlorate and the geological conditions at those sites, and to report the results to Congress. <i>(Section 306)</i></p> | <p>No comparable provision.</p> |
| Special Water Resources Study | | |
| <p>Water Resources Planning Act of 1965 established a Cabinet-level Water Resources Council and also established River Basin Commissions. The Council was empowered to maintain a continuing assessment of the adequacy of water supplies in each region of the U.S. In addition, the Council was mandated to establish principles and standards for federal participants in the preparation of river basin plans and in evaluating federal water projects. Authorization for the Council still exists (42 U.S.C. §1962a), but President Reagan disbanded the Council in 1983, and there have been no appropriations since then.</p> <p>CWA — No existing provision. SDWA — No existing provision.</p> | <p>Amends §101 of the Water Resources Planning Act to add the Secretary of Homeland Security to the Water Resources Council. Directs the Council to carry out a Special Water Resources Study to project future water supply and demand, to develop recommendations for a comprehensive water strategy, to evaluate federal water programs and submit recommendations to eliminate discrepancies and duplication among programs, and develop and make available water planning models to reduce water resource conflicts. Calls for interim reports and a final report not later than three years after the first meeting of the Council following enactment. Authorizes \$9 million for FY2005 to carry out this study. <i>(Section 309)</i></p> | <p>No comparable provision.</p> |