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(Original Signature of Member)

112TH CONGRESS
2D SESSION

H. R.

To establish a Water Protection and Reinvestment Fund to support investments in clean water infrastructure, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. BLUMENAUER introduced the following bill; which was referred to the Committee on _____

A BILL

To establish a Water Protection and Reinvestment Fund to support investments in clean water infrastructure, 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) SHORT TITLE.—This Act may be cited as the
5 “Water Protection and Reinvestment Act of 2012”.

6 (b) TABLE OF CONTENTS.—

Sec. 1. Short title; table of contents.

TITLE I—REVENUE

- Sec. 101. Establishment and funding of Water Protection and Reinvestment Trust Fund.
- Sec. 102. CBO study on additional potential revenue sources.
- Sec. 103. Allocation of funds.

TITLE II—STATE WATER POLLUTION CONTROL REVOLVING FUNDS

- Sec. 201. Amendment of Federal Water Pollution Control Act.
- Sec. 202. General authority for capitalization grants.
- Sec. 203. Capitalization grant agreements.
- Sec. 204. Water pollution control revolving loan funds.
- Sec. 205. High priority project grants and principal forgiveness.

TITLE III—ADDITIONAL GRANT PROGRAMS

- Sec. 301. Definitions.
- Sec. 302. Technical assistance.
- Sec. 303. Workforce development grants.
- Sec. 304. Sewer overflow control grants.
- Sec. 305. Research, Development, and Technology Demonstration Program.
- Sec. 306. Regional water research centers.
- Sec. 307. Cost of service study.
- Sec. 308. Drug take-back grants.
- Sec. 309. Public education.
- Sec. 310. State revolving fund review process.

TITLE IV—WASTEWATER INFRASTRUCTURE FINANCING

- Sec. 401. Establishment of innovative financing program.

1 **TITLE I—REVENUE**

2 **SEC. 101. ESTABLISHMENT AND FUNDING OF WATER PRO-**

3 **TECTION AND REINVESTMENT TRUST FUND.**

4 (a) WATER PROTECTION AND REINVESTMENT

5 TRUST FUND.—

6 (1) IN GENERAL.—Subchapter A of chapter 98

7 of the Internal Revenue Code of 1986 (relating to

8 establishment of trust funds) is amended by adding

9 at the end the following new section:

1 **“SEC. 9512. WATER PROTECTION AND REINVESTMENT**
2 **TRUST FUND.**

3 “(a) CREATION OF TRUST FUND.—There is estab-
4 lished in the Treasury of the United States a trust fund
5 to be known as the ‘Water Protection and Reinvestment
6 Trust Fund’, consisting of such amounts as may be appro-
7 priated or credited to such fund as provided in this section
8 or section 9602(b).

9 “(b) TRANSFERS TO TRUST FUND.—There are here-
10 by appropriated to the Water Protection and Reinvest-
11 ment Trust Fund amounts equivalent to the taxes received
12 in the Treasury before January 1, 2019, under section
13 4171 (relating to taxes relating to water).

14 “(c) EXPENDITURES.—Amounts in the Water Pro-
15 tection and Reinvestment Trust Fund shall be available
16 to the Administrator of the Environmental Protection
17 Agency, without further appropriation, only for purposes
18 of investments in clean water infrastructure in accordance
19 with the Water Protection and Reinvestment Act of
20 2012.”.

21 (2) CLERICAL AMENDMENT.—The table of sec-
22 tions for subchapter A of chapter 98 of such Code
23 is amended by adding at the end the following new
24 item:

“Sec. 9512. Water Protection and Reinvestment Trust Fund.”.

1 (b) EXCISE TAXES FUNDING WATER PROTECTION
2 AND REINVESTMENT TRUST FUND.—

3 (1) IN GENERAL.—Chapter 32 of such Code is
4 amended by inserting after subchapter D the fol-
5 lowing new subchapter:

6 **“Subchapter E—Taxes Relating to Water**

“Sec. 4171. Imposition of tax.

“Sec. 4172. Definitions and special rule.

7 **“SEC. 4171. IMPOSITION OF TAX.**

8 “(a) WATER-BASED BEVERAGE.—There is hereby
9 imposed on the sale of any container of water-based bev-
10 erage by the manufacturer, producer, or importer thereof
11 a tax equal to 3 cents per container of such beverage
12 which is 5 gallons or less. For purposes of the preceding
13 sentence, the manufacturer or producer is the entity that
14 puts the beverage into the container subject to the tax
15 under such sentence.

16 “(b) WATER DISPOSAL PRODUCT.—There is hereby
17 imposed on the sale of any water disposal product by the
18 manufacturer, producer, or importer thereof a tax equal
19 to 3 percent of the price for which so sold.

20 “(c) PHARMACEUTICAL TAX.—There is hereby im-
21 posed on the sale of any pharmaceutical product by the
22 manufacturer, producer, or importer thereof a tax equal
23 to 0.5 percent of the price for which so sold.

1 “(d) **TERMINATION.**—The taxes imposed by this sec-
2 tion shall not apply to any production, manufacture, or
3 importation after December 31, 2019.

4 **“SEC. 4172. DEFINITIONS AND SPECIAL RULE.**

5 “(a) **WATER-BASED BEVERAGE.**—For purposes of
6 this subchapter—

7 “(1) **WATER-BASED BEVERAGE.**—The term
8 ‘water-based beverage’ means any beverage which
9 is—

10 “(A) water, or

11 “(B) created by mixing water with other
12 liquids, flavorings, vitamins, or other ingredi-
13 ents where the resulting product is at least 50
14 percent water by weight.

15 “(2) **EXCEPTIONS.**—The term ‘water-based bev-
16 erage’ does not include—

17 “(A) any pharmaceutical product,

18 “(B) any alcoholic beverage, and

19 “(C) any product where—

20 “(i) at least 75 percent of the water
21 that naturally existed in the product is re-
22 moved,

23 “(ii) the resulting concentrated prod-
24 uct is shipped and then the water replaced,
25 and

1 “(iii) the beverage is then packaged
2 for sale.

3 “(3) CONTAINER.—The term ‘container’ means
4 any can, glass bottle, plastic bottle, aseptic con-
5 tainer, or other sealed package for transportation
6 and sale.

7 “(b) WATER DISPOSAL PRODUCT.—For purposes of
8 this subchapter—

9 “(1) IN GENERAL.—The term ‘water disposal
10 product’ means any of the following: soaps and de-
11 tergents, toiletries, toilet tissue, water softeners, and
12 cooking oils.

13 “(2) SOAPS AND DETERGENTS.—The term
14 ‘soaps and detergents’ means—

15 “(A) soaps and other detergents, such as
16 laundry detergents and dishwashing detergents,

17 “(B) toothpaste gels, and

18 “(C) tooth powders,

19 as determined under regulations prescribed by the
20 Secretary.

21 “(3) TOILETRIES.—The term ‘toiletries’ means
22 toilet preparations such as perfumes, shaving prep-
23 arations, hair preparations, face creams, lotions (in-
24 cluding sunscreens), and other cosmetic prepara-

1 tions, as determined under regulations prescribed by
2 the Secretary.

3 “(4) TOILET TISSUE.—The term ‘toilet tissue’
4 means toilet tissue, as determined under regulations
5 prescribed by the Secretary.

6 “(5) WATER SOFTENERS.—The term ‘water
7 softeners’ means farm, household, commercial, and
8 industrial water softeners, as determined under reg-
9 ulations prescribed by the Secretary.

10 “(6) COOKING OILS.—

11 “(A) IN GENERAL.—The term ‘cooking
12 oils’ means corn oils, soy oils, and other vege-
13 table oils, as determined under regulations pre-
14 scribed by the Secretary.

15 “(B) EXCEPTION.—The term ‘cooking oils’
16 does not mean a product that the Secretary de-
17 termines, by regulation, is not typically disposed
18 of, by consumers, directly in wastewater.

19 “(c) PHARMACEUTICAL PRODUCT.—The term ‘phar-
20 maceutical product’ means—

21 “(1) a drug (as defined in section 201 of the
22 Federal Food, Drug, and Cosmetic Act (21 U.S.C.
23 321)), and

1 “(2) a biological product (as defined in section
2 351 of the Public Health Service Act (42 U.S.C.
3 261)).

4 “(d) USE TREATED AS SALE.—For purposes of this
5 subchapter, if any person manufactures, produces, or im-
6 ports any item on which tax is imposed under this sub-
7 chapter, and uses such item, then such person shall be
8 liable for tax under this subchapter in the same manner
9 as if such item were sold by such person.”.

10 (2) CONFORMING AMENDMENT.—The table of
11 subchapters for chapter 32 of such Code is amended
12 by inserting after the item relating to subchapter D
13 the following new item:

 “SUBCHAPTER E. TAXES RELATING TO WATER”.

14 (c) EFFECTIVE DATES.—

15 (1) ESTABLISHMENT OF TRUST FUND.—The
16 amendments made by subsection (a) shall apply to
17 taxable years beginning after the date of the enact-
18 ment of this Act.

19 (2) EXCISE TAX.—The amendments made by
20 subsection (b) shall apply to sales on or after the
21 first calendar quarter beginning after 1 year after
22 the date of the enactment of this Act.

1 **SEC. 102. CBO STUDY ON ADDITIONAL POTENTIAL REV-**
2 **ENUE SOURCES.**

3 (a) STUDY.—The Director of the Congressional
4 Budget Office shall conduct a study that—

5 (1) evaluates existing studies and reports on po-
6 tential sources of revenue for a clean water trust
7 fund;

8 (2) analyzes and compares the potential fund-
9 ing mechanisms and revenue sources identified by
10 these studies and reports (as well as others inde-
11 pendently identified by the Director);

12 (3) identifies and discusses arguments for and
13 against potential funding mechanisms and revenue
14 sources; and

15 (4) identifies potential funding mechanisms and
16 revenue sources that are, alone or in combination,
17 most likely to sufficiently support annual funding
18 levels of at least \$10,000,000.

19 (b) REPORT.—Not later than 1 year after the date
20 of enactment of this Act, the Director shall submit to Con-
21 gress a report on the results of the study.

22 **SEC. 103. ALLOCATION OF FUNDS.**

23 (a) IN GENERAL.—The Administrator of the Envi-
24 ronmental Protection Agency shall allocate the amount of
25 funds made available to the Administrator out of the
26 Water Protection and Reinvestment Fund established by

1 section 9512 of the Internal Revenue Code of 1986 for
2 a fiscal year among programs and activities as follows:

3 (1) CLEAN WATER PROGRAMS.—Of such
4 amount, the Administrator shall make available—

5 (A) 68 percent for making capitalization
6 grants under section 601 of the Federal Water
7 Pollution Control Act (33 U.S.C. 1381; relating
8 to capitalization grants for State water pollu-
9 tion control revolving funds);

10 (B) 3 percent for making grants under
11 section 106 of such Act (33 U.S.C. 1256; relat-
12 ing to grants for pollution control programs);

13 (C) 5 percent for making grants under sec-
14 tion 319 of such Act (33 U.S.C. 1329; relating
15 to nonpoint source management programs); and

16 (D) 2 percent for making grants under
17 section 104(b)(8) of such Act (as added by sec-
18 tion 302 of this Act; relating to technical assist-
19 ance to rural and small municipalities and trib-
20 al governments).

21 (2) ADDITIONAL GRANT PROGRAMS.—Of such
22 total amount, the Administrator shall make avail-
23 able—

24 (A) 0.25 percent for making grants under
25 section 109 of the Federal Water Pollution

1 Control Act (33 U.S.C. 1259) in accordance
2 with section 303(a) (relating to training grants
3 and contracts);

4 (B) 0.25 percent for awarding scholarships
5 under section 111 of the Federal Water Pollu-
6 tion Control Act (33 U.S.C. 1261) in accord-
7 ance with section 303(c) (relating to scholar-
8 ships for the studies on the operation and main-
9 tenance of treatment works);

10 (C) 7 percent for making grants under sec-
11 tion 221 of the Federal Water Pollution Control
12 Act (33 U.S.C. 1301; relating to sewer overflow
13 control grants);

14 (D) 4 percent for carrying out sections
15 305, 306, and 307 (relating to the national
16 water infrastructure research, development, and
17 demonstration program, regional water research
18 centers, and a cost of service study); and

19 (E) 0.5 percent for making grants under
20 section 308(a) (relating to drug take back
21 grants).

22 (3) INNOVATIVE FINANCING PROGRAM.—Of
23 such total amount, the Administrator shall make
24 available 10 percent for carrying out section 401.

1 (b) TREATMENT OF FUNDS.—The funds made avail-
2 able for a program or activity under this section shall be
3 in addition to any funds made available for the program
4 or activity under any other provision of law.

5 **TITLE II—STATE WATER POLLU-**
6 **TION CONTROL REVOLVING**
7 **FUNDS**

8 **SEC. 201. AMENDMENT OF FEDERAL WATER POLLUTION**
9 **CONTROL ACT.**

10 Except as otherwise expressly provided, whenever in
11 this title an amendment or repeal is expressed in terms
12 of an amendment to, or repeal of, a section or other provi-
13 sion, the reference shall be considered to be made to a
14 section or other provision of the Federal Water Pollution
15 Control Act (33 U.S.C. 1251 et seq.).

16 **SEC. 202. GENERAL AUTHORITY FOR CAPITALIZATION**
17 **GRANTS.**

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

1 **SEC. 203. CAPITALIZATION GRANT AGREEMENTS.**

2 (a) SPECIFIC REQUIREMENTS.—Section 602(b) (33
3 U.S.C. 1382(b)) is amended—

4 (1) by striking “and” at the end of paragraph
5 (9);

6 (2) by striking the period at the end of para-
7 graph (10) and inserting a semicolon; and

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

9 “(11) the State will require that each contract
10 and subcontract for program management, construc-
11 tion management, planning studies, feasibility stud-
12 ies, architectural services, preliminary engineering,
13 design, engineering, surveying, mapping, and related
14 services entered into using amounts from the fund
15 will be awarded in the same way that a contract for
16 architectural and engineering services is awarded
17 under chapter 11 of title 40, United States Code, ex-
18 cept that such an award shall not be construed as
19 conferring a proprietary interest upon the United
20 States;

21 “(12) the State will not provide financial assist-
22 ance using amounts from the fund for any project
23 that will provide substantial direct benefits to new
24 communities, lots, or subdivisions, other than a
25 project to construct an advanced decentralized
26 wastewater system;

1 “(13) the requirements of section 513 will apply
2 to the construction of treatment works carried out in
3 whole or in part with assistance made available by
4 a State water pollution control revolving fund as au-
5 thorized under this title, or with assistance made
6 available under section 205(m), or both, in the same
7 manner as treatment works for which grants are
8 made under this Act; and

9 “(14) the State will allocate funds for high pri-
10 ority projects in accordance with section 607.”.

11 (b) **ADVANCED DECENTRALIZED WASTEWATER SYS-**
12 **TEM DEFINED.**—Section 502 is amended by adding at the
13 end the following:

14 “(26) **ADVANCED DECENTRALIZED WASTE-**
15 **WATER SYSTEM.**—The term ‘advanced decentralized
16 wastewater system’ means a system for treating do-
17 mestic sewage that is located at or near a site at
18 which the sewage is generated, provides more effec-
19 tive treatment than a conventional septic system,
20 and includes a plan and funding mechanism for
21 long-term maintenance.”.

1 **SEC. 204. WATER POLLUTION CONTROL REVOLVING LOAN**
2 **FUNDS.**

3 (a) PROJECTS AND ACTIVITIES ELIGIBLE FOR AS-
4 SISTANCE.—Section 603(c) (33 U.S.C. 1383(c)) is amend-
5 ed to read as follows:

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

10 “(1) to any municipality or intermunicipal,
11 interstate, or State agency for construction of pub-
12 licly owned treatment works to address the needs of
13 existing communities;

14 “(2) for implementation of measures to increase
15 the security of publicly owned treatment works, in-
16 cluding vulnerability assessment updates and safer
17 alternatives for treatment chemicals;

18 “(3) for implementation of a nonpoint manage-
19 ment program established under section 319;

20 “(4) for development and implementation of a
21 conservation and management plan for an estuary
22 under section 320;

23 “(5) for implementation of measures to man-
24 age, reduce, treat, capture, or reuse municipal storm
25 water, agricultural storm water, and return flows
26 from irrigated agriculture;

1 “(6) for repair or replacement of decentralized
2 wastewater treatment systems that treat domestic
3 sewage;

4 “(7) to any municipality or intermunicipal,
5 interstate, or State agency for implementation of
6 measures to reduce the demand for publicly owned
7 treatment works capacity through water conserva-
8 tion, efficiency, or reuse;

9 “(8) for implementation of measures to inte-
10 grate water resource management planning and im-
11 plementation;

12 “(9) to any municipality or intermunicipal,
13 interstate, or State agency for measures to reduce
14 the energy consumption needs for publicly owned
15 treatment works, including the implementation of
16 energy efficient or renewable generation tech-
17 nologies;

18 “(10) for projects to correct failing residential
19 septic systems or cesspools; and

20 “(11) for implementation of technologies, man-
21 agement programs, or other measures—

22 “(A) to improve monitoring for and to
23 alert the owner or operator of a publicly owned
24 treatment works of the occurrence of a spill,
25 overflow, or other discharge or release; and

1 “(B) to provide for public notification of a
2 spill, overflow, or other discharge or release of
3 pollution into waters of the United States or
4 from point sources into areas in which there is
5 a potential risk of public exposure.”.

6 (b) EXTENDED REPAYMENT PERIOD.—Section
7 603(d)(1) (33 U.S.C. 1383(d)(1)) is amended—

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

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

15 (c) FISCAL SUSTAINABILITY PLAN.—Section
16 603(d)(1) (33 U.S.C. 1383(d)(1)) is further amended—

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

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

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

22 “(E) for any portion of a treatment works
23 proposed for repair, replacement, or expansion,
24 and eligible for assistance under section
25 603(c)(1), the recipient of such assistance will

1 develop and implement a fiscal sustainability
2 plan that includes—

3 “(i) an inventory of critical assets
4 that are a part of that portion of the treat-
5 ment works;

6 “(ii) an evaluation of the condition
7 and performance of inventoried assets or
8 asset groupings;

9 “(iii) a plan for maintaining, repair-
10 ing, and, as necessary, replacing that por-
11 tion of the treatment works and a plan for
12 funding such activities; and

13 “(iv) a certification that the recipient
14 has evaluated and will be implementing
15 water and energy conservation efforts as
16 part of the plan;”.

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

1 (e) ADDITIONAL SUBSIDIZATION.—Section 603 (33
2 U.S.C. 1383) is amended by adding at the end the fol-
3 lowing:

4 “(i) ADDITIONAL SUBSIDIZATION.—

5 “(1) IN GENERAL.—In any case in which a
6 State provides assistance to a municipality or inter-
7 municipal, interstate, or State agency under sub-
8 section (d), the State may provide additional sub-
9 sidization, including forgiveness of principal and
10 negative interest loans—

11 “(A) to benefit a municipality that—

12 “(i) meets the State’s affordability
13 criteria established under paragraph (2);
14 or

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

17 “(I) seeks additional subsidiza-
18 tion to benefit individual ratepayers in
19 the residential user rate class;

20 “(II) demonstrates to the State
21 that such ratepayers will experience a
22 significant hardship from the increase
23 in rates necessary to finance the
24 project or activity for which assistance
25 is sought; and

1 “(III) ensures, as part of an as-
2 sistance agreement between the State
3 and the recipient, that the additional
4 subsidization provided under this
5 paragraph is directed through a user
6 charge rate system (or other appro-
7 priate method) to such ratepayers; or

8 “(B) to implement an innovative or alter-
9 native process, material, technique, or tech-
10 nology (including low-impact technologies, non-
11 structural protection of surface waters, a new
12 or improved method of waste treatment, and
13 nutrient pollutant trading) that may result in
14 greater environmental benefits, or equivalent
15 environmental benefits at reduced cost, when
16 compared to a standard process, material, tech-
17 nique, or technology.

18 “(2) AFFORDABILITY CRITERIA.—

19 “(A) ESTABLISHMENT.—On or before Sep-
20 tember 30, 2013, and after providing notice
21 and an opportunity for public comment, a State
22 shall establish affordability criteria to assist in
23 identifying municipalities that would experience
24 a significant hardship raising the revenue nec-
25 essary to finance a project or activity eligible

1 for assistance under section 603(c)(1) if addi-
2 tional subsidization is not provided. Such cri-
3 teria shall be based on income data, population
4 trends, and other data determined relevant by
5 the State.

6 “(B) EXISTING CRITERIA.—If a State has
7 previously established, after providing notice
8 and an opportunity for public comment, afford-
9 ability criteria that meet the requirements of
10 subparagraph (A), the State may use the cri-
11 teria for the purposes of this subsection. For
12 purposes of this Act, any such criteria shall be
13 treated as affordability criteria established
14 under this paragraph.

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

19 “(4) LIMITATION.—The total amount of addi-
20 tional subsidization provided under this subsection
21 by a State may not exceed 30 percent of the total
22 amount of capitalization grants (less the amounts
23 required to be allocated in accordance with section
24 607) received by the State under this title in fiscal
25 years beginning after September 30, 2012.”.

1 (f) PRIORITIZATION.—Section 603(g) (33 U.S.C.
2 1383(g)) is amended to read as follows:

3 “(g) PRIORITY SYSTEM REQUIREMENT.—

4 “(1) DEFINITIONS.—In this subsection, the fol-
5 lowing definitions apply:

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

8 “(i) the consolidation of management
9 functions or ownership with another facil-
10 ity; or

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

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

18 “(i) collection sewers;

19 “(ii) a centralized treatment plant
20 using biological, physical, or chemical
21 treatment processes; and

22 “(iii) a direct point source discharge
23 to surface water.

24 “(2) PRIORITY SYSTEM.—In providing financial
25 assistance from the water pollution control revolving

1 fund of the State, the State shall establish a priority
2 system that—

3 “(A) takes into consideration appropriate
4 chemical, physical, and biological data relating
5 to water quality that the State considers rea-
6 sonably available and of sufficient quality;

7 “(B) ensures that projects undertaken with
8 assistance under this title are designed to
9 achieve, as determined by the State, the opti-
10 mum water quality management, consistent
11 with the public health and water quality goals
12 and requirements of this Act;

13 “(C) provides for public notice and oppor-
14 tunity to comment on the establishment of the
15 priority system and the summary under sub-
16 paragraph (D); and

17 “(D) provides for the publication, not less
18 than biennially in summary form, of a descrip-
19 tion of projects in the State that are eligible for
20 assistance under this title that indicates—

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

1 “(ii) the funding schedule for each
2 project, to the extent the information is
3 available.

4 “(3) WEIGHT GIVEN TO APPLICATIONS.—After
5 determining project priorities under paragraph (2), a
6 State shall give greater weight to an application for
7 assistance if the application contains such informa-
8 tion as the State determines to be necessary and in-
9 cludes—

10 “(A) approaches other than a traditional
11 wastewater approach that treat or minimize
12 sewage or urban storm water discharges
13 using—

14 “(i) decentralized or distributed storm
15 water controls;

16 “(ii) decentralized wastewater treat-
17 ment;

18 “(iii) low-impact development tech-
19 nologies and nonstructural approaches;

20 “(iv) stream buffers;

21 “(v) wetland restoration and enhance-
22 ment;

23 “(vi) actions to minimize the quantity
24 of and direct connections to impervious
25 surfaces;

1 “(vii) soil and vegetation, or other
2 permeable materials; or

3 “(viii) actions that increase efficient
4 water use, water conservation, or water
5 reuse;

6 “(B) a demonstration of consistency with
7 State, regional, and municipal watershed plans,
8 water conservation and efficiency plans, or inte-
9 grated water resource management plans;

10 “(C) a proposal by the applicant dem-
11 onstrating flexibility through alternative means
12 to carry out responsibilities under Federal regu-
13 lations, which may include watershed permit-
14 ting and other innovative management ap-
15 proaches, while achieving results that the Ad-
16 ministrator determines are measurably superior
17 when compared to regulatory standards; or

18 “(D) a proposal by the applicant providing
19 for the implementation of effective utility man-
20 agement principles, as identified in the 2007
21 Agreement between the Environmental Protec-
22 tion Agency and major water and wastewater
23 associations.”.

1 **SEC. 205. HIGH PRIORITY PROJECT GRANTS AND PRIN-**
2 **CIPAL FORGIVENESS.**

3 (a) IN GENERAL.—Title VI (33 U.S.C. 1381 et seq.)
4 is amended—

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

6 and

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

8 **“SEC. 607. HIGH PRIORITY PROJECT GRANTS AND PRIN-**
9 **CIPAL FORGIVENESS.**

10 “(a) IN GENERAL.—A State shall allocate from a
11 State water pollution control fund for providing assistance
12 for high priority projects in accordance with the require-
13 ments of this section—

14 “(1) 50 percent of the total amount of capital-
15 ization grants received by the State in a fiscal year
16 under section 601 that is attributable to funds ap-
17 propriated out of the Water Protection and Rein-
18 vestment Trust Fund; and

19 “(2) 50 percent of the State contributions made
20 under section 602(b)(2) in connection with that total
21 amount.

22 “(b) AUTHORITY TO MAKE GRANTS AND FORGIVE
23 PRINCIPAL.—Notwithstanding the requirements of section
24 603(d), assistance provided by a State for high priority
25 projects under subsection (a) shall be in the form of a

1 grant or a loan under which the State forgives repayment
2 of 100 percent of the principal amount of the loan.

3 “(c) IDENTIFICATION OF HIGH PRIORITY
4 PROJECTS.—

5 “(1) IN GENERAL.—A State shall provide as-
6 sistance under this section in a manner that is con-
7 sistent with the priority lists established under sec-
8 tions 216 and 603.

9 “(2) PRIORITY.—In providing assistance under
10 this section, a State shall give greater weight to
11 projects that address the most serious water pollu-
12 tion problems and—

13 “(A) benefit communities with the greatest
14 need (determined on the basis of affordability
15 criteria to be established by the State);

16 “(B) incorporate nonstructural or decen-
17 tralized treatment practices; or

18 “(C) incorporate measures to reduce the
19 energy consumption needs for publicly owned
20 treatment works, including the implementation
21 of energy efficient or renewable generation tech-
22 nologies.

23 “(d) MATCHING FUNDS.—The amount of a grant or
24 loan for a project under this section shall be 50 percent
25 of the project cost. The remaining project cost shall be

1 provided by the grant recipient from sources other than
2 capitalization grants under section 601.

3 “(e) APPLICABILITY.—Subsection (a) shall apply
4 with respect to each fiscal year beginning after the date
5 of enactment of this section.”.

6 (b) ELIGIBILITY OF INDIAN TRIBES.—Section 518(e)
7 (33 U.S.C. 1377(e)) is amended by striking “and 406”
8 and inserting “406, and 607”.

9 **TITLE III—ADDITIONAL GRANT** 10 **PROGRAMS**

11 **SEC. 301. DEFINITIONS.**

12 In this title, the following definitions apply:

13 (1) ACADEMY.—The term “Academy” means
14 the National Academy of Sciences.

15 (2) ADMINISTRATOR.—The term “Adminis-
16 trator” means the Administrator of the Environ-
17 mental Protection Agency.

18 (3) TREATMENT WORKS.—The term “treatment
19 works” has the meaning given that term in section
20 212 of the Federal Water Pollution Control Act (33
21 U.S.C. 1292).

22 (4) WATER PROTECTION AND REINVESTMENT
23 TRUST FUND.—The term “Water Protection and Re-
24 investment Trust Fund” means the trust fund es-
25 tablished by section 9512 of the Internal Revenue

1 Code of 1986, as added by section 101(a) of this
2 Act.

3 **SEC. 302. TECHNICAL ASSISTANCE.**

4 Section 104(b) of the Federal Water Pollution Con-
5 trol Act (33 U.S.C. 1254(b)) is 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) make grants to nonprofit organizations—

12 “(A) to provide technical assistance to
13 rural and small municipalities and tribal gov-
14 ernments for the purpose of assisting, in con-
15 sultation with the State in which the assistance
16 is provided, such municipalities and tribal gov-
17 ernments in the planning, developing, and ac-
18 quisition of financing for eligible projects de-
19 scribed in section 603(c);

20 “(B) to provide technical assistance and
21 training for rural, small, and tribal publicly
22 owned treatment works and decentralized
23 wastewater treatment systems to enable such
24 treatment works and systems to protect water

1 quality and achieve and maintain compliance
2 with the requirements of this Act; and

3 “(C) to disseminate information to rural,
4 small, and tribal municipalities and municipali-
5 ties that meet the affordability criteria estab-
6 lished under section 603(i)(2) by the State in
7 which the municipality is located with respect to
8 planning, design, construction, and operation of
9 publicly owned treatment works and decentral-
10 ized wastewater treatment systems.”.

11 **SEC. 303. WORKFORCE DEVELOPMENT GRANTS.**

12 (a) TRAINING GRANTS AND CONTRACTS.—

13 (1) FUNDING.—The Administrator may make
14 grants under section 109 of the Federal Water Pol-
15 lution Control Act (33 U.S.C. 1259), using funds
16 appropriated out of the Water Protection and Rein-
17 vestment Trust Fund that are allocated for that
18 purpose under section 103, to ensure that an ade-
19 quate supply of certified wastewater treatment oper-
20 ators exists.

21 (2) AMENDMENTS.—Section 109 of such Act
22 (33 U.S.C. 1259) is amended—

23 (A) in the first sentence of subsection

24 (a)—

1 (i) by striking “operation,” and in-
2 sserting “operation, construction,”;

3 (ii) by striking “and other facilities”
4 and inserting “other facilities (including
5 stormwater treatment facilities)”;

6 (iii) by inserting “, and nonstructural
7 treatment options” after “water quality
8 control”;

9 (B) in subsection (b)(1) by striking “con-
10 struction” and inserting “construction, expan-
11 sion, or modernization”;

12 (C) in subsection (b) by striking para-
13 graphs (3) and (4) and inserting the following:

14 “(3) Facilities for which grants are awarded under
15 this section before, on, or after the date of enactment of
16 this section are eligible for additional funding for mod-
17 ernization and upgrades through grants under this sec-
18 tion.”.

19 (b) APPLICATION FOR TRAINING GRANT OR CON-
20 TRACT; ALLOCATION OF GRANTS OR CONTRACTS.—Sec-
21 tion 110(2) of such Act (33 U.S.C. 1260(2)) is amended
22 by striking “United States” and inserting “States”.

23 (c) AWARD OF SCHOLARSHIPS.—

24 (1) FUNDING.—The Administrator may award
25 scholarships under section 111 of the Federal Water

1 Pollution Control Act (33 U.S.C. 1261), using funds
2 appropriated out of the Water Protection and Rein-
3 vestment Trust Fund that are allocated for that
4 purpose under section 103, for undergraduate and
5 graduate study by persons who plan to enter an oc-
6 cupation involving the operation and maintenance of
7 treatment works.

8 (2) AMENDMENTS.—Section 111 of such Act
9 (33 U.S.C. 1261) is amended—

10 (A) in paragraph (1)—

11 (i) by striking “undergraduate” and
12 inserting “undergraduate and graduate”;

13 (ii) by striking “operation” and in-
14 sserting “construction, operation,”; and

15 (iii) by striking “but not to exceed
16 four academic years”;

17 (B) in paragraph (2)—

18 (i) by striking “use of individuals”
19 and inserting “use by individuals”;

20 (ii) by striking “United States” in-
21 sserting “States”; and

22 (iii) by striking “secondary” and in-
23 sserting “secondary and post-secondary”;

24 and

1 (C) in paragraph (3)(D) by striking “oper-
2 ation” each place it appears and inserting “de-
3 sign, operation,”.

4 **SEC. 304. SEWER OVERFLOW CONTROL GRANTS.**

5 (a) IN GENERAL.—The Administrator may make
6 grants under section 221 of the Federal Water Pollution
7 Control Act (33 U.S.C. 1301) using funds appropriated
8 out of the Water Protection and Reinvestment Trust Fund
9 that are allocated for that purpose under section 103.

10 (b) PRIORITIZATION.—Section 221(b) of the Federal
11 Water Pollution Control Act (33 U.S.C. 1301(b)) is
12 amended—

13 (1) by striking “or” at the end of paragraph
14 (3);

15 (2) by striking the period at the end of para-
16 graph (4) and inserting “; or”; and

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

18 “(5) is applying for a grant for a project that
19 involves the use of—

20 “(A) nonstructural, low-impact develop-
21 ment;

22 “(B) water conservation, efficiency, or
23 reuse; or

1 “(C) other decentralized stormwater or
2 wastewater approaches to minimize flows into
3 sewer systems.”.

4 (c) CONFORMING AMENDMENTS.—Section 221(a) of
5 such Act (33 U.S.C. 1301(a)) is amended—

6 (1) by striking “In any” and all that follows
7 through “(1) the” and inserting “The”;

8 (2) by striking “overflows;” and all that follows
9 through “(2) subject to” and inserting “overflows.
10 Subject to”; and

11 (3) by striking “paragraph (1)” and inserting
12 “the preceding sentence”.

13 **SEC. 305. RESEARCH, DEVELOPMENT, AND TECHNOLOGY**
14 **DEMONSTRATION PROGRAM.**

15 (a) IN GENERAL.—Not later than one year after the
16 date of enactment of this Act, the Administrator shall es-
17 tablish a national water infrastructure research, develop-
18 ment, and demonstration program to develop, dem-
19 onstrate, and transfer innovative or improved technologies
20 and methods for the treatment, control, transport, and
21 reuse of wastewater. These technologies and methods may
22 include—

23 (1) reducing energy consumption in wastewater
24 infrastructure;

- 1 (2) recovering energy and nutrient resources
- 2 from wastewater;
- 3 (3) reducing water consumption and returning
- 4 water for ecosystem use;
- 5 (4) on-site technologies to generate renewable
- 6 energy at a publicly owned treatment works or other
- 7 municipal wastewater facility;
- 8 (5) measures to control, manage, reduce, treat,
- 9 infiltrate, or reuse municipal stormwater;
- 10 (6) decentralized or distributed stormwater and
- 11 wastewater controls and treatment;
- 12 (7) low impact development technologies and
- 13 nonstructural approaches to treat wastewater and
- 14 stormwater;
- 15 (8) reducing the costs of compliance with the
- 16 Federal Water Pollution Control Act (33 U.S.C.
- 17 1251 et seq.), while retaining or enhancing environ-
- 18 mental benefits;
- 19 (9) improving control and treatment of
- 20 stormwater and nonpoint sources of pollution;
- 21 (10) mitigating and adapting to climate change;
- 22 (11) dual systems that re-use stormwater and
- 23 wastewater for non-potable water resource needs;

1 (12) development of a new generation of water
2 monitoring reporting and notification techniques;
3 and

4 (13) controlling, limiting, treating, or pre-
5 venting pharmaceutical and personal care products
6 from being in or entering waters of the United
7 States.

8 (b) CONSULTATION.—In administering the program
9 under this section, the Administrator shall annually hold
10 a national meeting to bring together major stakeholders,
11 including representatives from the following:

12 (1) The public.

13 (2) States, local governments, and organizations
14 representing States or local governments.

15 (3) The National Science Foundation, the Na-
16 tional Academy of Science, the National Academy of
17 Engineering, the Army Corps of Engineers, the Na-
18 tional Oceanic and Atmospheric Administration, the
19 Department of Agriculture, the United States Geo-
20 logical Survey, the White House Office of Science
21 and Technology Policy, the Department of Energy,
22 and the Council on Environmental Quality.

23 (4) Universities, colleges, and other institutions
24 of higher education.

1 (5) Other public nonprofit entities with exper-
2 tise in research and development of technologies for
3 the treatment, control, transport, and re-use of
4 stormwater and wastewater.

5 (c) COOPERATIVE AGREEMENTS OR GRANTS.—In
6 carrying out the program under this section, the Adminis-
7 trator may enter into cooperative agreements or make
8 grants or, both, to develop improved technologies and
9 methods under subsection (a) with or to nonprofit and
10 governmental entities having demonstrated expertise in re-
11 search and development of the treatment, control, trans-
12 port, and re-use of stormwater and wastewater, including
13 the following entities:

14 (1) The Water Environment Research Founda-
15 tion.

16 (2) Public nonprofit entities, including those
17 whose members or subscribers include stormwater
18 and wastewater utilities and local governments.

19 (3) Universities, colleges, and other institutions
20 of higher education.

21 (4) Local governments, including publicly
22 owned treatment works.

23 (5) The National Science Foundation.

24 (6) The National Institutes for Water Re-
25 sources.

1 (d) DEMONSTRATION PROJECTS.—The Adminis-
2 trator is authorized to enter into cooperative agreements
3 with entities described in subsection (c) and for-profit en-
4 tities to demonstrate the viability and effectiveness of a
5 new technology for the treatment, control, transport, and
6 re-use of stormwater or wastewater.

7 (e) SELECTION.—In entering into cooperative agree-
8 ments and making grants under subsection (c), the Ad-
9 ministrator shall give priority to cooperative agreements
10 and grants that—

11 (1) create multiple environmental, social, and
12 economic benefits for communities; and

13 (2) consider—

14 (A) a variety of water resource opportuni-
15 ties and needs;

16 (B) unique and diverse geology and geog-
17 raphy;

18 (C) the ability to provide the greatest tech-
19 nological diversity using limited financial re-
20 sources; and

21 (D) the commitment of each community or
22 regional area to find and fund appropriate al-
23 ternative technologies to resolve their water in-
24 frastructure needs.

1 (f) FEDERAL SHARE.—The Federal share of the
2 costs for which a grant is made under this section shall
3 be 65 percent, except that the Administrator may increase
4 such Federal share based on the purpose for which the
5 grant is made and the type of grant recipient.

6 (g) FUNDING.—The Administrator shall carry out
7 this section using funds appropriated out of the Water
8 Protection and Reinvestment Trust Fund that are allo-
9 cated for that purpose under section 103.

10 (h) REPORT TO CONGRESS.—The Administrator
11 shall prepare and submit a biennial report to Congress on
12 the results of technology research, development, and full-
13 scale demonstrations performed under this section and
14 recommendations for encouraging the use of such tech-
15 nologies by stormwater and wastewater utilities.

16 **SEC. 306. REGIONAL WATER RESEARCH CENTERS.**

17 (a) REGIONAL CENTERS.—

18 (1) GRANTS.—The Administrator, in collabora-
19 tion with the Director of the National Science Foun-
20 dation, shall make grants to nonprofit institutions of
21 higher learning to establish and operate one univer-
22 sity water research center in each of such 21 hydro-
23 regions as the Administrator, in consultation with
24 the United States Geological Survey, may establish.
25 The Administrator, in consultation with the United

1 States Geological Survey, may adjust the boundaries
2 of such regions to assure that none of the
3 conterminous regions are either larger or smaller
4 than another by more than two fold.

5 (2) DESIGNATION OF NATIONAL WATER RE-
6 SEARCH CENTER.—The Administrator, in collabora-
7 tion with the Director, shall designate one of the 21
8 university water research centers as the “National
9 Water Research Center”.

10 (3) MISSION.—

11 (A) IN GENERAL.—The mission of the cen-
12 ters shall be to conduct and coordinate strategic
13 research, education, and outreach for sustain-
14 able management of water resources in every
15 hydro-climatic region of the United States.

16 (B) NATIONAL WATER RESEARCH CEN-
17 TER.—In addition to its mission under subpara-
18 graph (A), the mission of the National Water
19 Research Center shall be to gather, archive, and
20 publish data from the regional centers and to
21 integrate the regional findings into a national
22 research strategy.

23 (4) DEFINITION.—For purposes of this section,
24 the term “nonprofit institution of higher learning”

1 includes a consortium of nonprofit institutions of
2 higher learning.

3 (b) SELECTION OF GRANT RECIPIENTS.—

4 (1) APPLICATIONS.—In order to be eligible to
5 receive a grant under this section, a nonprofit insti-
6 tution of higher learning shall submit to the Admin-
7 istrator an application that is in such form and con-
8 tains such information as the Administrator may re-
9 quire.

10 (2) SELECTION CRITERIA.—Except as otherwise
11 provided by this section, the Administrator, in col-
12 laboration with the Director, shall select each recipi-
13 ent of a grant under this section through a competi-
14 tive process on the basis of the following:

15 (A) The location of the center within the
16 region to be served.

17 (B) The demonstrated research and exten-
18 sion resources available to the recipient to carry
19 out the objectives of this section.

20 (C) The capability of the recipient to pro-
21 vide leadership in making national and regional
22 contributions to the solution of immediate and
23 long-range water supply, water infrastructure,
24 and water quality problems.

1 (D) The recipient's establishment of a
2 water program encompassing several areas of
3 water research.

4 (E) The recipient's demonstrated commit-
5 ment of at least \$400,000 each year in regu-
6 larly budgeted institutional amounts to support
7 ongoing research in water and education pro-
8 grams through a statewide or region-wide con-
9 tinuing education program.

10 (F) The recipient's demonstrated ability to
11 disseminate results of water research and edu-
12 cation programs through a statewide or region-
13 wide continuing education program,

14 (G) The strategic plan the recipient pro-
15 poses to implement in order to carry out the
16 purposes for which the grant will be made.

17 (H) The recipient's demonstration that it
18 has a well-established, nationally recognized
19 program in water research and education, as
20 evidenced by—

21 (i) not less than 10 graduate degrees
22 awarded in professional fields closely re-
23 lated to water each year for each of the 5
24 calendar years preceding the date of the

1 submission of the application for the grant;
2 and

3 (ii) not less than 10 tenured or ten-
4 ure-track faculty members who specialize
5 on a full-time basis in professional fields
6 closely related to water who, as a group,
7 have published a total or at least 50 jour-
8 nal publications on water research during
9 the preceding 5 calendar years.

10 (c) OBJECTIVES.—Except for a grant for the estab-
11 lishment and operation of the National Water Research
12 Center, a grant made under this section may only be used
13 to establish and operate a university water research center
14 in accordance with this section, including the conduct of
15 the following activities and programs:

16 (1) RESEARCH.—Basic and applied research,
17 the products of which are judged by peers or other
18 experts in the field of water to advanced the body
19 of knowledge in water availability and use, water
20 quality, water infrastructure sustainability, and
21 water institutions.

22 (2) EDUCATION.—An education program relat-
23 ing to water that includes multidisciplinary course
24 work and participation in research.

1 (3) TECHNOLOGY TRANSFER.—An ongoing pro-
2 gram of technology transfer that makes water re-
3 search results available to potential users, including
4 policymakers, in a form that can be implemented,
5 utilized, or otherwise applied.

6 (d) CONTINUING GRANTS.—

7 (1) PERIOD OF GRANTS.—After selecting a non-
8 profit institution of higher learning as a grant re-
9 cipient on the basis of a competition conducted
10 under this section, the Administrator, in collabora-
11 tion with the Director, shall make a grant to the se-
12 lected grant recipient to establish and operate a re-
13 gional university water center under this section in
14 each of the first 5 fiscal years beginning after the
15 date of the competition.

16 (2) GRANT AGREEMENT.—In order to be eligi-
17 ble to receive a grant under this section, a recipient
18 shall enter into an agreement with the Administrator
19 to ensure that the recipient will maintain total ex-
20 penditures from all other sources to establish and
21 operate a university water research center (including
22 the conduct of activities and programs the center is
23 authorized to carry out under subsection (e) and
24 subsections (a)(3)(B) and (f) in the case of the Na-
25 tional Water Research Center) at least equal to the

1 average level of such expenditures in its 2 fiscal
2 years before the award of the grant under this sec-
3 tion.

4 (3) COMPETITION DEADLINE.—Not later than
5 the last day of the one-year period following the date
6 of enactment of this Act and March 31st of each 5th
7 year thereafter, the Administrator, in collaboration
8 with the Director, shall complete a competition
9 among nonprofit institutions of higher learning for
10 grants to establish and operate the 21 regional uni-
11 versity water centers referred to in subsection (a).

12 (4) AMOUNT OF GRANTS.—The Administrator
13 shall make a grant to a nonprofit institution of high-
14 er learning selected under this section to be a grant
15 recipient for the establishment and operation of a re-
16 gional university water center (including the conduct
17 of activities and programs described in subsection
18 (c)) of at least \$2,000,000 for each fiscal year but
19 no more than \$4,000,000; except that a grant for
20 establishment and operation of the National Water
21 Research Center (including the conduct of the activi-
22 ties described in subsections (a)(3)(B), (c), and (f))
23 shall be at least \$6,000,000 for each fiscal year but
24 no more than \$12,000,000.

1 (e) FEDERAL SHARE.—The Federal share of the
2 costs of establishment and operation of a center under this
3 section (including the conduct of the activities and pro-
4 grams the center is authorized to carry out under sub-
5 section (e) and subsections (a)(3)(B) and (f) in the case
6 of the Nation Water Research Center) through a grant
7 made under this section shall be 50 percent in the case
8 of a regional university water center and 85 percent in
9 the case of the National Water Research Center.

10 (f) PROGRAM COORDINATION.—

11 (1) COORDINATION.—The Administrator, work-
12 ing through the National Water Research Center,
13 shall—

14 (A) support a network of university water
15 centers to coordinate and facilitate information
16 technology development and implementation
17 across the centers;

18 (B) coordinate research, education, train-
19 ing, and technology transfer activities that
20 grant recipients are authorized to carry out
21 under this section;

22 (C) synthesize research conducted under
23 this section;

24 (D) disseminate the results of the research;
25 and

1 (E) establish and operate a clearinghouse
2 to disseminate the results of the research.

3 (2) ANNUAL REVIEW AND EVALUATION.—At
4 least annually, the Administrator shall review and
5 evaluate the activities and programs that grant re-
6 cipients carry out through the use of grants made to
7 such recipients under this section.

8 (3) FUNDING LIMITATION.—The Administrator
9 may not use more than one percent of the amounts
10 made available to carry out this section for a fiscal
11 year to carry out management and oversight of the
12 centers established through grants made under this
13 section.

14 (g) FUNDING.—The Administrator shall carry out
15 this section using funds appropriated out of the Water
16 Protection and Reinvestment Trust Fund that are allo-
17 cated for that purpose under section 103.

18 (h) LIMITATION ON AVAILABILITY OF FUNDS.—
19 Funds made available to carry out this section shall re-
20 main available for obligation by the Administrator for a
21 period of 2 years after the last day of the fiscal year for
22 which the funds are authorized.

23 **SEC. 307. COST OF SERVICE STUDY.**

24 (a) IN GENERAL.—Not later than 2 years after the
25 date of enactment of this Act, the Administrator shall

1 enter an arrangement with the Academy under which the
2 Academy shall complete and provide to the Administrator
3 the results of a study of the means by which public water
4 systems selected by the Academy in accordance with sub-
5 section (c) meet the costs associated with operations,
6 maintenance, capital replacement, and regulatory require-
7 ments. In addition, the study shall be conducted for the
8 purposes set forth in subsection (b).

9 (b) REQUIRED ELEMENTS.—

10 (1) AFFORDABILITY.—The purposes of the
11 study shall be, at a minimum, to—

12 (A) determine whether the rates at public
13 treatment works for communities included in
14 the study are using a full-cost pricing model;

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

18 (i) the volume of wastewater flows;

19 (ii) the volume of stormwater runoff;

20 or

21 (iii) the quantity of pollution gen-
22 erated by stormwater;

23 (C) identify a set of best industry practices
24 that public treatment works may use in estab-
25 lishing a rate structure that—

1 (i) adequately addresses the true cost
2 of services provided to consumers by public
3 treatment works, including infrastructure
4 replacement;

5 (ii) encourages water conservation;
6 and

7 (iii) takes into consideration the needs
8 of disadvantaged individuals and commu-
9 nities, as identified by the Administrator;

10 (D) identify existing standards for afford-
11 ability and the manner in which those stand-
12 ards are determined and defined;

13 (E) determine the manner in which afford-
14 ability varies with respect to communities of
15 different sizes and in different regions; and

16 (F) determine the extent to which afford-
17 ability affects the decision of a community to
18 increase public treatment works rates (including
19 the decision relating to the percentage by which
20 those rates should be increased).

21 (2) DISADVANTAGED COMMUNITIES.—In addi-
22 tion, the purposes of the study shall be, at a min-
23 imum, to—

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

4 (B) review other means of identifying the
5 meaning of the term “disadvantaged”, as that
6 term applies to communities;

7 (C) determine which factors and character-
8 istics are required for a community to be con-
9 sidered “disadvantaged”; and

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

17 (c) SELECTION OF COMMUNITIES.—The Academy
18 shall select the public water systems and treatment works
19 for the study under subsection (a) from a cross-section
20 of communities representing various populations, income
21 levels, demographics, and geographical regions.

22 (d) FUNDING.—The Administrator shall carry out
23 this section using funds appropriated out of the Water
24 Protection and Reinvestment Trust Fund that are allo-
25 cated for that purpose under section 103.

1 **SEC. 308. DRUG TAKE-BACK GRANTS.**

2 (a) IN GENERAL.—Not later than one year after the
3 date of enactment of this Act, the Administrator shall es-
4 tablish a competitive grant program to make grants to
5 local and State organizations, tribes, nonprofit entities,
6 and other government entities to reduce discharges of
7 harmful pollutants into navigable waters through the im-
8 plementation of programs—

9 (1) to take back prescription and over-the-
10 counter drugs from the public; and

11 (2) to dispose of the drugs in an environ-
12 mentally sound manner.

13 (b) DEFINITIONS.—In this section, the following defi-
14 nitions apply:

15 (1) DRUG.—The term “drug”—

16 (A) has the meaning given to such term in
17 section 201 of the Federal Food, Drug, and
18 Cosmetic Act (21 U.S.C. 321); and

19 (B) includes a biological product, as de-
20 fined in section 351 of the Public Health Serv-
21 ice Act (42 U.S.C. 262).

22 (2) OVER-THE-COUNTER.—The term “over-the-
23 counter”, with respect to a drug, means not subject
24 to section 503(b)(1) of the Federal Food, Drug, and
25 Cosmetic Act (21 U.S.C. 353(b)(1)).

1 (3) PRESCRIPTION.—The term “prescription”,
2 with respect to a drug, means subject to section
3 503(b)(1) of the Federal Food, Drug, and Cosmetic
4 Act (21 U.S.C. 353(b)(1)).

5 (c) FUNDING.—The Administrator shall carry out
6 this section using funds appropriated out of the Water
7 Protection and Reinvestment Trust Fund that are allo-
8 cated for that purpose under section 103.

9 **SEC. 309. PUBLIC EDUCATION.**

10 The Secretary of the Treasury shall work with inter-
11 ested stakeholders to establish a program to assist entities
12 subject to the revenue provisions in subchapter E of chap-
13 ter 32 of the Internal Revenue Code of 1986 (as added
14 by this Act) in informing the public about the clean water
15 benefits associated with their contributions to the Water
16 Protection and Reinvestment Trust Fund.

17 **SEC. 310. STATE REVOLVING FUND REVIEW PROCESS.**

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

20 (1) consult with States, utilities, nonprofit orga-
21 nizations, and other Federal agencies providing fi-
22 nancial assistance to identify ways to expedite and
23 improve the application and review process for the
24 provision of assistance from the State water pollu-
25 tion control revolving funds established under title

1 VI of the Federal Water Pollution Control Act (33
2 U.S.C. 1381 et seq.);

3 (2) consider the needs of treatment works in
4 carrying out such Acts and this Act;

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

9 (4) collect information relating to innovative ap-
10 proaches taken by any State to simplify the applica-
11 tion process of the State and provide the information
12 to each State; and

13 (5) submit to Congress a report that, based on
14 the information identified under paragraph (1), con-
15 tains recommendations for legislation to facilitate
16 further streamlining and improvement of the process
17 described in paragraph (1).

18 **TITLE IV—WASTEWATER**
19 **INFRASTRUCTURE FINANCING**

20 **SEC. 401. ESTABLISHMENT OF INNOVATIVE FINANCING**
21 **PROGRAM.**

22 (a) IN GENERAL.—The Secretary of the Treasury
23 shall carry out an innovative financing program to make
24 financial assistance available for projects eligible under
25 section 603(c) of the Federal Water Pollution Control Act

1 (33 U.S.C. 1383(c)). The Secretary shall model the pro-
2 gram after the Transportation Infrastructure Finance and
3 Innovation Act of 1998 (TIFIA) program established in
4 chapter 6 of title 23, United States Code.

5 (b) FUNDING.—The Secretary shall carry out this
6 section using funds appropriated out of the Water Protec-
7 tion and Reinvestment Trust Fund that are allocated for
8 that purpose under section 103.