

TITLE V--WATER INFRASTRUCTURE FINANCING

Subtitle A--State Water Pollution Control Revolving Funds

SEC. 5001. GENERAL AUTHORITY FOR CAPITALIZATION GRANTS.

Section 601(a) of the Federal Water Pollution Control Act (33 U.S.C. 1381(a)) is amended by striking ``for providing assistance'' and all that follows through the period at the end and inserting the following: ``to accomplish the objectives, goals, and policies of this Act by providing assistance for projects and activities identified in section 603(c).''.

SEC. 5002. CAPITALIZATION GRANT AGREEMENTS.

Section 602(b) of the Federal Water Pollution Control Act (33 U.S.C. 1382(b)) is amended--

(1) in paragraph (6)--

(A) by striking ``section 603(c) (1) of'';

(B) by striking ``before fiscal'' and all that follows through ``grants under this title and'' and inserting ``with assistance made available by a State water pollution control revolving fund authorized under this title, or'';

(C) by inserting `` , or both, '' after ``205(m) of this Act''; and

(D) by striking ``201(b)'' and all that follows through ``511(c) (1),'' and inserting ``511(c) (1)'';

(2) in paragraph (9), by striking ``standards; and'' and inserting ``standards, including standards relating to the reporting of infrastructure assets;'';

(3) in paragraph (10), by striking the period at the end and inserting a semicolon; and

(4) by adding at the end the following:

``(11) the State will establish, maintain, invest, and credit the fund with repayments, such that the fund balance will be available in perpetuity for activities under this Act;

``(12) any fees charged by the State to recipients of assistance that are considered program income will be used for the purpose of financing the cost of administering the fund or financing projects or activities eligible for assistance from the fund;

``(13) beginning in fiscal year 2016, the State will require as a condition of providing assistance to a municipality or intermunicipal, interstate, or State agency that the recipient of such assistance certify, in a manner determined by the Governor of the State, that the recipient--

``(A) has studied and evaluated the cost and effectiveness of the processes, materials, techniques, and technologies for carrying out the proposed project or activity for which assistance is sought under this title; and

``(B) has selected, to the maximum extent practicable, a project or activity that maximizes the potential for efficient water use, reuse, recapture, and conservation, and energy conservation, taking into account--

``(i) the cost of constructing the project or activity;

``(ii) the cost of operating and maintaining the project or activity over the life of the project or activity; and

``(iii) the cost of replacing the project or activity;

and

``(14) a contract to be carried out using funds directly made available by a capitalization grant under this title for program management, construction management, feasibility studies, preliminary engineering, design, engineering, surveying, mapping, or architectural related services shall be negotiated in the same manner as a contract for architectural and engineering services is negotiated under chapter 11 of title 40, United States Code, or an equivalent State qualifications-based requirement (as determined by the Governor of the State).''.

SEC. 5003. WATER POLLUTION CONTROL REVOLVING LOAN FUNDS.

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

(1) by striking subsection (c) and inserting the following:

``(c) Projects and Activities Eligible for Assistance.--The amounts of funds available to each State water pollution control revolving fund shall be used only for providing financial assistance--

``(1) to any municipality or intermunicipal, interstate, or State agency for construction of publicly owned treatment works (as defined in section 212);

``(2) for the implementation of a management program established under section 319;

``(3) for development and implementation of a conservation and management plan under section 320;

``(4) for the construction, repair, or replacement of decentralized wastewater treatment systems that treat municipal wastewater or domestic sewage;

``(5) for measures to manage, reduce, treat, or recapture stormwater or subsurface drainage water;

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

``(7) for the development and implementation of watershed projects meeting the criteria set forth in section 122;

``(8) to any municipality or intermunicipal, interstate, or State agency for measures to reduce the energy consumption needs for publicly owned treatment works;

``(9) for reusing or recycling wastewater, stormwater, or subsurface drainage water;

``(10) for measures to increase the security of publicly owned treatment works; and

``(11) to any qualified nonprofit entity, as determined by the Administrator, to provide assistance to owners and operators of small and medium publicly owned treatment works--

``(A) to plan, develop, and obtain financing for eligible projects under this subsection, including planning, design, and associated preconstruction activities; and

``(B) to assist such treatment works in achieving compliance with this Act.'';

(2) in subsection (d)--

(A) in paragraph (1)--

(i) in subparagraph (A), by striking ``20 years'' and

inserting ``the lesser of 30 years and the projected useful life (as determined by the State) of the project to be financed with the proceeds of the loan'';

(ii) in subparagraph (B), by striking ``not later than 20 years after project completion'' and inserting ``upon the expiration of the term of the loan'';

(iii) in subparagraph (C), by striking ``and'' at the end;

(iv) in subparagraph (D), by inserting ``and'' after the semicolon at the end; and

(v) by adding at the end the following:

``(E) for a treatment works proposed for repair, replacement, or expansion, and eligible for assistance under subsection (c) (1), the recipient of a loan shall--

``(i) develop and implement a fiscal sustainability plan that includes--

``(I) an inventory of critical assets that are a part of the treatment works;

``(II) an evaluation of the condition and performance of inventoried assets or asset groupings;

``(III) a certification that the recipient has evaluated and will be implementing water and energy conservation efforts as part of the plan; and

``(IV) a plan for maintaining, repairing, and, as necessary, replacing the treatment works and a plan for funding such activities; or

``(ii) certify that the recipient has developed and implemented a plan that meets the requirements under clause (i);''; and

(B) in paragraph (7), by inserting `` , \$400,000 per year, or 1/5\ percent per year of the current valuation of the fund, whichever amount is greatest, plus the amount of any fees collected by the State for such purpose regardless of the source'' before the period at the end; and

(3) by adding at the end the following:

``(i) Additional Subsidization.--

``(1) In general.--In any case in which a State provides assistance to a municipality or intermunicipal, interstate, or State agency under subsection (d), the State may provide additional subsidization, including forgiveness of principal and negative interest loans--

``(A) to benefit a municipality that--

``(i) meets the affordability criteria of the State established under paragraph (2); or

``(ii) does not meet the affordability criteria of the State if the recipient--

``(I) seeks additional subsidization to benefit individual ratepayers in the residential user rate class;

``(II) demonstrates to the State that such ratepayers will experience a significant hardship from

the increase in rates necessary to finance the project or activity for which assistance is sought; and

``(III) ensures, as part of an assistance agreement between the State and the recipient, that the additional subsidization provided under this paragraph is directed through a user charge rate system (or other appropriate method) to such ratepayers; or

``(B) to implement a process, material, technique, or technology--

``(i) to address water-efficiency goals;

``(ii) to address energy-efficiency goals;

``(iii) to mitigate stormwater runoff; or

``(iv) to encourage sustainable project planning, design, and construction.

``(2) Affordability criteria.--

``(A) Establishment.--

``(i) In general.--Not later than September 30, 2015, and after providing notice and an opportunity for public comment, a State shall establish affordability criteria to assist in identifying municipalities that would experience a significant hardship raising the revenue necessary to finance a project or activity eligible for assistance under subsection (c) (1) if additional subsidization is not provided.

``(ii) Contents.--The criteria under clause (i) shall be based on income and unemployment data, population trends, and other data determined relevant by the State, including whether the project or activity is to be carried out in an economically distressed area, as described in section 301 of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3161).

``(B) Existing criteria.--If a State has previously established, after providing notice and an opportunity for public comment, affordability criteria that meet the requirements of subparagraph (A)--

``(i) the State may use the criteria for the purposes of this subsection; and

``(ii) those criteria shall be treated as affordability criteria established under this paragraph.

``(C) Information to assist states.--The Administrator may publish information to assist States in establishing affordability criteria under subparagraph (A).

``(3) Limitations.--

``(A) In general.--A State may provide additional subsidization in a fiscal year under this subsection only if the total amount appropriated for making capitalization grants to all States under this title for the fiscal year exceeds \$1,000,000,000.

``(B) Additional limitation.--

``(i) General rule.--Subject to clause (ii), a State may use not more than 30 percent of the total amount received by the State in capitalization grants under this title for a fiscal year for providing additional