

[DISCUSSION DRAFT]

110TH CONGRESS  
2D SESSION

**H. R.** \_\_\_\_\_

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

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IN THE HOUSE OF REPRESENTATIVES

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

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**A BILL**

To establish a Water Protection and Reinvestment Fund to support investments in clean water and drinking 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 2009”.

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. Allocation of funds.

TITLE II—STATE WATER POLLUTION CONTROL REVOLVING FUNDS

- Sec. 201. Amendment of Federal Water Pollution Control Act.
- Sec. 202. Technical assistance.
- Sec. 203. General authority for capitalization grants.
- Sec. 204. Capitalization grant agreements.
- Sec. 205. Water pollution control revolving loan funds.
- Sec. 206. High priority project grants.

TITLE III—SAFE DRINKING WATER ACT FUNDING

- Sec. 301. Use of State revolving loan funds.
- Sec. 302. Priority system requirements.
- Sec. 303. Affordability.
- Sec. 304. Needs survey.
- Sec. 305. Negotiation of contracts.
- Sec. 306. Drinking water technical assistance for communities.

TITLE IV—ADDITIONAL GRANT PROGRAMS

- Sec. 401. Definitions.
- Sec. 402. Treatment works and community water system security grants.
- Sec. 403. Climate Change Mitigation and Adaptation Grants.
- Sec. 404. Workforce Development Grants.
- Sec. 405. Sewer overflow control grants.
- Sec. 406. Research, Development, and Technology Demonstration Program.
- Sec. 407. Regional water research centers.
- Sec. 408. Cost of service study.
- Sec. 409. Drug take-back grants.
- Sec. 410. State revolving fund review process.

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. 9511. 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, 2016, under the fol-  
13 lowing provisions—

14 “(1) section 59B (relating to clean water res-  
15 toration tax), and

16 “(2) section 4171 (relating to taxes relating to  
17 water).

18 “(c) EXPENDITURES.—Amounts in the Water Pro-  
19 tection and Reinvestment Trust Fund shall be available,  
20 as provided in appropriation Acts, only for purposes of in-  
21 vestments in clean water and drinking water infrastruc-  
22 ture in accordance with the Water Protection and Rein-  
23 vestment Act of 2009.”.

24 (2) CLERICAL AMENDMENT.—The table of sec-  
25 tions for subchapter A of chapter 98 of such Code

1 is amended by adding at the end the following new  
2 item:

“Sec. 9511. Water Protection and Reinvestment Trust Fund.”.

3 (b) **EXCISE TAXES FUNDING WATER PROTECTION**  
4 **AND REINVESTMENT TRUST FUND.**—

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

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

“Sec. 4171. Imposition of tax.

“Sec. 4172. Definitions.

9 **“SEC. 4171. IMPOSITION OF TAX.**

10 “(a) **WATER-BASED BEVERAGE.**—There is hereby  
11 imposed on the sale of any container of water-based bev-  
12 erage by the manufacturer, producer, or importer thereof  
13 a tax equal to 3 cents per container of such beverage  
14 which is five gallons or less.

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

19 “(c) **PESTICIDES.**—There is hereby imposed on the  
20 sale of any pesticide by the manufacturer, producer, or  
21 importer thereof a tax at the rate of \$0.05 per pound.

1       “(d) FERTILIZERS.—There is hereby imposed on the  
2 sale of any fertilizer by the manufacturer, producer, or  
3 importer thereof a tax at the rate of \$0.01 per pound.

4       “(e) PHARMACEUTICAL TAX.—There is hereby im-  
5 posed on the sale of any pharmaceutical product by the  
6 manufacturer, producer, or importer thereof a tax equal  
7 to 0.5 percent of the price for which so sold.

8       “(f) TERMINATION.—The taxes imposed by this sec-  
9 tion shall not apply to any production, manufacture, or  
10 importation after December 31, 2015.

11 **“SEC. 4172. DEFINITIONS.**

12       “(a) WATER-BASED BEVERAGE.—For purposes of  
13 this subchapter—

14               “(1) WATER-BASED BEVERAGE.—The term  
15 ‘water-based beverage’ means any beverage which  
16 is—

17                       “(A) water, or

18                       “(B) created by mixing water with other  
19 liquids, flavorings, vitamins, or other ingredi-  
20 ents where the resulting product is at least 50  
21 percent water by weight.

22       “(2) EXCEPTIONS.—The term ‘water-based bev-  
23 erage’ does not include—

24                       “(A) any pharmaceutical product,

25                       “(B) any alcoholic beverage, and

1 “(C) any product where—

2 “(i) at least 75 percent of the water  
3 that naturally existed in the product is re-  
4 moved,

5 “(ii) the resulting concentrated prod-  
6 uct is shipped and then the water replaced,  
7 and

8 “(iii) the beverage is then packaged  
9 for sale.

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

14 “(b) WATER DISPOSAL PRODUCT.—For purposes of  
15 this subchapter—

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

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

22 “(A) soaps and other detergents, such as  
23 laundry detergents and dishwashing detergents,

24 “(B) toothpaste gels, and

25 “(C) tooth powders,

1 within the meaning of the North American Industry  
2 Classification System code 325611.

3 “(3) TOILETRIES.—The term ‘toiletries’ means  
4 toilet preparations such as perfumes, shaving prep-  
5 arations, hair preparations, face creams, lotions (in-  
6 cluding sunscreens), and other cosmetic preparations  
7 within the meaning of North American Industry  
8 Classification System code 325620.

9 “(4) TOILET TISSUE.—The term ‘toilet tissue’  
10 means toilet tissue within the meaning of North  
11 American Industry Classification System codes  
12 32229153 or 32229154.

13 “(5) WATER SOFTENERS.—The term ‘water  
14 softeners’ means farm, household, commercial, and  
15 industrial water softeners within the meaning of  
16 North American Industry Classification System  
17 codes 333319A116 and 333319A111.

18 “(6) COOKING OILS.—

19 “(A) IN GENERAL.—The term ‘cooking  
20 oils’ means—

21 “(i) corn oils within the meaning of  
22 North American Industry Classification  
23 System code 3112218,

1                   “(ii) soy oils within the meaning of  
2                   North American Industry Classification  
3                   System code 3112221, and

4                   “(iii) other vegetable oils within the  
5                   meaning of North American Industry Clas-  
6                   sification System code 3112223G.

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

11                  “(c) PESTICIDE.—For purposes of this subchapter,  
12                  the term ‘pesticide’ means any pesticide within the mean-  
13                  ing of North American Industry Classification System  
14                  code 325320 (relating to pesticide and other agricultural  
15                  chemical manufacturing).

16                  “(d) FERTILIZER.—For purposes of this sub-  
17                  chapter—

18                         “(1) IN GENERAL.—The term ‘fertilizer’ means  
19                         any fertilizer within the meaning of North American  
20                         Industry Classification System code 325311 (relat-  
21                         ing to nitrogenous fertilizer manufacturing) or  
22                         325312 (relating to phosphatic fertilizer manufac-  
23                         turing).

24                         “(2) EXCEPTION.—Such term shall not include  
25                         any sewage sludge or biosolids resulting from the op-

1 erations of publicly owned treatment works as part  
2 of the wastewater treatment process that are dis-  
3 posed of or sold in accordance with section 405 of  
4 the Federal Water Pollution Control Act.

5 “(e) PHARMACEUTICAL PRODUCT.—The term ‘phar-  
6 maceutical product’ means—

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

10 “(2) a biological product (as defined in section  
11 351 of the Public Health Service Act (42  
12 U.S.C.261)).”.

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

“SUBCHAPTER E. TAXES RELATING TO WATER.”.

17 (c) CORPORATE INCOME TAX FUNDING WATER PRO-  
18 TECTION AND REINVESTMENT TRUST FUND.—

19 (1) IN GENERAL.—Subchapter A of chapter 1  
20 of the Internal Revenue Code of 1986 is amended by  
21 inserting at the end the following new part:

22 **“PART VIII—CLEAN WATER RESTORATION TAX**

23 **“SEC. 59B. CLEAN WATER RESTORATION TAX.**

24 “(a) IMPOSITION OF TAX.—In the case of a corpora-  
25 tion, there is hereby imposed (in addition to any other tax

1 imposed by this subtitle) a tax equal to 0.15 percent of  
2 the excess of—

3 “(1) the modified alternative minimum taxable  
4 income of such corporation for the taxable year, over  
5 “(2) \$4,000,000.

6 “(b) MODIFIED ALTERNATIVE MINIMUM TAXABLE  
7 INCOME.—For purposes of this section, the term ‘modified  
8 alternative minimum taxable income’ has the meaning  
9 given such term by section 59A(b).

10 “(c) APPLICABLE RULES.—For purposes of this sec-  
11 tion, rules similar to the rules of subsections (c) and (d)  
12 of section 59A shall apply.

13 “(d) APPLICATION OF TAX.—Subsection (a) shall not  
14 apply to a taxable year beginning after December 31,  
15 2015.”.

16 (2) CONFORMING AMENDMENTS.—

17 (A) Section 26(b)(2) of such Code is  
18 amended by striking “and” at the end of sub-  
19 paragraph (W), by striking the period at the  
20 end of subparagraph (X) and inserting “, and”,  
21 and by inserting after subparagraph (Y) the fol-  
22 lowing new subparagraph:

23 “(Y) section 59B (relating to clean water  
24 restoration tax).”.

1 (B) Section 164(a) of such Code is amend-  
2 ed by inserting after paragraph (5) the fol-  
3 lowing new paragraph:

4 “(6) The clean water restoration tax imposed  
5 by section 59B.”.

6 (C) Section 275(a)(6) of such Code is  
7 amended by inserting “or 59B” after “section  
8 59A”.

9 (D) Section 882(a)(1) of such Code is  
10 amended by inserting “59B,” after “59A,”.

11 (E) Section 1561(a) of such Code is  
12 amended by striking “and” at the end of para-  
13 graph (3), by striking the period at the end of  
14 paragraph (4) and inserting “, and”, and by in-  
15 serting after paragraph (4) the following new  
16 subparagraph:

17 “(5) one \$4,000,000 amount for purposes of  
18 computing the tax imposed by section 59B.”.

19 (F) Section 6425(g)(1)(A) of such Code is  
20 amended by striking “plus” at the end of clause  
21 (iii), by striking “over” at the end of clause (iv)  
22 and inserting “plus”, and by inserting after  
23 clause (iv) the following new clause:

24 “(iv) the tax imposed by section 59B,  
25 over”.

1 (G) Section 6655(c)(1)(A) of such Code is  
2 amended by striking “plus” at the end of clause  
3 (ii), by striking “over” at the end of clause (iii)  
4 and inserting “plus”, and by inserting after  
5 clause (iii) the following new clause:

6 “(iv) the tax imposed by section 59B,  
7 over”.

8 (d) EFFECTIVE DATE.—The amendments made by  
9 this section shall apply to taxable years beginning after  
10 the date of the enactment of this Act.

11 **SEC. 102. ALLOCATION OF FUNDS.**

12 (a) IN GENERAL.—The Administrator of the Envi-  
13 ronmental Protection Agency shall allocate the amount of  
14 funds appropriated out of the Water Protection and Rein-  
15 vestment Fund established by section 9511 of the Internal  
16 Revenue Code of 1986 for a fiscal year among programs  
17 and activities as follows:

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

20 (A) 48 percent for making capitalization  
21 grants under section 601 of the Federal Water  
22 Pollution Control Act (33 U.S.C. 1381; relating  
23 to capitalization grants for State water pollu-  
24 tion control revolving funds);

1 (B) 1.5 percent for making grants under  
2 section 106 of such Act (33 U.S.C. 1256; relat-  
3 ing to grants for pollution control programs);

4 (C) 2.5 percent for making grants under  
5 section 319 of such Act (33 U.S.C. 1329; relat-  
6 ing to nonpoint source management programs);  
7 and

8 (D) 0.5 percent for making grants under  
9 section 104(b)(8) of such Act (as added by sec-  
10 tion 202 of this Act; relating to technical assist-  
11 ance to rural and small municipalities and trib-  
12 al governments).

13 (2) SAFE DRINKING WATER FUNDING.—Of such  
14 amount, the Administrator shall make available—

15 (A) 35 percent for making capitalization  
16 grants under section 1452 of the Safe Drinking  
17 Water Act (42 U.S.C. 300j–12; relating to cap-  
18 italization grants for State drinking water  
19 treatment revolving loan funds); and

20 (B) 0.5 percent for providing technical as-  
21 sistance under section 1442(e) of the Safe  
22 Drinking Water Act (42 U.S.C. 300j–1(e); re-  
23 lating to technical assistance for small public  
24 water systems).

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

4           (A) 0.5 percent for making grants under  
5 section 402 (relating to treatment works and  
6 community systems security);

7           (B) 1 percent for making grants under  
8 section 403 (relating to climate change and ad-  
9 aptation grants);

10          (C) 0.05 percent for making grants under  
11 section 109 of the Federal Water Pollution  
12 Control Act (33 U.S.C. 1259) in accordance  
13 with section 404(a) (relating to training grants  
14 and contracts);

15          (D) 0.05 percent for awarding scholarships  
16 under section 111 of the Federal Water Pollu-  
17 tion Control Act (33 U.S.C. 1261) in accord-  
18 ance with section 404(c) (relating to scholar-  
19 ships for the studies on the operation and main-  
20 tenance of treatment works);

21          (E) 0.1 percent for establishing training  
22 programs and making grants under section  
23 1442(c) of the Safe Drinking Water Act (42  
24 U.S.C. 300j-1(c)) in accordance with section

1           404(d) (relating to training for personnel who  
2           manage or operate public water systems);

3           (F) 5 percent for making grants under sec-  
4           tion 221 of the Federal Water Pollution Control  
5           Act (33 U.S.C. 1301; relating to sewer overflow  
6           control grants);

7           (G) 5 percent for carrying out sections  
8           406, 407, and 408 (relating to the national  
9           water infrastructure research, development, and  
10          demonstration program, regional water research  
11          centers, and a cost of service study); and

12          (H) 0.3 percent for making grants under  
13          section 410(a) (relating to drug take back  
14          grants).

15          (b) TREATMENT OF FUNDS.—The funds made avail-  
16          able for a program or activity under this section, shall be  
17          in addition to any funds made available for the program  
18          or activity under any other provision of law.

19       **TITLE II—STATE WATER POLLU-**  
20       **TION CONTROL REVOLVING**  
21       **FUNDS**

22       **SEC. 201. AMENDMENT OF FEDERAL WATER POLLUTION**  
23       **CONTROL ACT.**

24          Except as otherwise expressly provided, whenever in  
25          this title an amendment or repeal is expressed in terms

1 of an amendment to, or repeal of, a section or other provi-  
2 sion, the reference shall be considered to be made to a  
3 section or other provision of the Federal Water Pollution  
4 Control Act (33 U.S.C. 1251 et seq.).

5 **SEC. 202. TECHNICAL ASSISTANCE.**

6 Section 104(b) (33 U.S.C. 1254(b)) is amended—

7 (1) by striking “and” at the end of paragraph  
8 (6);

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

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

12 “(8) make grants to nonprofit organizations—

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

21 “(B) to provide technical assistance and  
22 training for rural, small, and tribal publicly  
23 owned treatment works and decentralized  
24 wastewater treatment systems to enable such  
25 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. 203. GENERAL AUTHORITY FOR CAPITALIZATION**  
12 **GRANTS.**

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

19 **SEC. 204. CAPITALIZATION GRANT AGREEMENTS.**

20 Section 602(b) (33 U.S.C. 1382(b)) is amended—

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

22 (9);

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

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

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

13          “(12) the State will not provide financial assist-  
14          ance using amounts from the fund for any project  
15          that will provide substantial direct benefits to new  
16          communities, lots, or subdivisions;

17          “(13) the requirements of section 513 will apply  
18          to the construction of treatment works carried out in  
19          whole or in part with assistance made available by  
20          a State water pollution control revolving fund as au-  
21          thorized under this title, or with assistance made  
22          available under section 205(m), or both, in the same  
23          manner as treatment works for which grants are  
24          made under this Act; and

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

3 **SEC. 205. WATER POLLUTION CONTROL REVOLVING LOAN**  
4           **FUNDS.**

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

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

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

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

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

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

1           “(5) for implementation of measures to man-  
2           age, reduce, treat, capture, or reuse municipal storm  
3           water, agricultural storm water, and return flows  
4           from irrigated agriculture;

5           “(6) for repair or replacement of decentralized  
6           wastewater treatment systems that treat domestic  
7           sewage;

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

13          “(8) for implementation of measures to inte-  
14          grate water resource management planning and im-  
15          plementation;

16          “(9) to any municipality or intermunicipal,  
17          interstate, or State agency for measures to reduce  
18          the energy consumption needs for publically owned  
19          treatment works, including the implementation of  
20          energy efficient or renewable generation tech-  
21          nologies;

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

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

1           “(A) to improve monitoring for and to  
2 alert the owner or operator of a publicly owned  
3 treatment works of the occurrence of a spill,  
4 overflow, or other discharge or release; and

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

10       (b) EXTENDED REPAYMENT PERIOD.—Section  
11 603(d)(1) (33 U.S.C. 1383(d)(1)) is amended—

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

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

19       (c) FISCAL SUSTAINABILITY PLAN.—Section  
20 603(d)(1) (33 U.S.C. 1383(d)(1)) is further amended—

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

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

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

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

7                   “(i) an inventory of critical assets  
8                   that are a part of that portion of the treat-  
9                   ment works;

10                   “(ii) an evaluation of the condition  
11                   and performance of inventoried assets or  
12                   asset groupings;

13                   “(iii) a plan for maintaining, repair-  
14                   ing, and, as necessary, replacing that por-  
15                   tion of the treatment works and a plan for  
16                   funding such activities; and

17                   “(iv) a certification that the recipient  
18                   has evaluated and will be implementing  
19                   water and energy conservation efforts as  
20                   part of the plan;”.

21           (d) EXPENSES OF ADMINISTERING STATE FUNDS.—

22           Section 603(d)(7) (33 U.S.C. 1383(d)(7)) is amended by  
23           inserting before the period at the end the following: “or  
24           \$400,000 per year, or 1/5 percent per year of the current  
25           valuation of the fund, whichever amount is greatest, plus

1 the amount of any fees collected by the State for such  
2 purpose regardless of the source”.

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

6 “(i) ADDITIONAL SUBSIDIZATION.—

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

13 “(A) to benefit a municipality that—

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

16 or

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

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

22 “(II) demonstrates to the State  
23 that such ratepayers will experience a  
24 significant hardship from the increase  
25 in rates necessary to finance the

1 project or activity for which assistance  
2 is sought; and

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

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

20 “(2) AFFORDABILITY CRITERIA.—

21 “(A) ESTABLISHMENT.—On or before Sep-  
22 tember 30, 2010, and after providing notice  
23 and an opportunity for public comment, a State  
24 shall establish affordability criteria to assist in  
25 identifying municipalities that would experience

1 a significant hardship raising the revenue nec-  
2 essary to finance a project or activity eligible  
3 for assistance under section 603(c)(1) if addi-  
4 tional subsidization is not provided. Such cri-  
5 teria shall be based on income data, population  
6 trends, and other data determined relevant by  
7 the State.

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

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

21 “(4) LIMITATION.—The total amount of addi-  
22 tional subsidization provided under this subsection  
23 by a State may not exceed 30 percent of the total  
24 amount of capitalization grants (less the amounts  
25 required to be allocated in accordance with section

1       607) received by the State under this title in fiscal  
2       years beginning after September 30, 2009.”.

3       (f) PRIORITIZATION.—Section 603(g) (33 U.S.C.  
4 1383(g)) is amended to read as follows:

5       “(g) PRIORITY SYSTEM REQUIREMENT.—

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

8                       “(A) RESTRUCTURING.—The term ‘re-  
9       structuring’ means—

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

13                               “(ii) the formation of cooperative  
14                               partnerships.

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

20                               “(i) collection sewers;

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

24                               “(iii) a direct point source discharge  
25                               to surface water.

1           “(2) PRIORITY SYSTEM.—In providing financial  
2           assistance from the water pollution control revolving  
3           fund of the State, the State shall establish a priority  
4           system that—

5                   “(A) gives greater weight to an application  
6                   for assistance by the owner or operator of a  
7                   treatment works if the application includes—

8                           “(i) a review of options for restruc-  
9                           turing the treatment works; or

10                           “(ii) approaches other than a tradi-  
11                           tional wastewater approach that treat or  
12                           minimize sewage or urban storm water dis-  
13                           charges using—

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

16                                   “(II) decentralized wastewater  
17                                   treatment;

18                                   “(III) low-impact development  
19                                   technologies and nonstructural ap-  
20                                   proaches;

21                                   “(IV) stream buffers;

22                                   “(V) wetland restoration and en-  
23                                   hancement;

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

4                   “(VII) soil and vegetation, or  
5                   other permeable materials; or

6                   “(VIII) actions that increase effi-  
7                   cient water use, water conservation, or  
8                   water reuse;

9                   “(iii) a demonstration of consistency  
10                  with State, regional, and municipal water-  
11                  shed plans, water conservation and effi-  
12                  ciency plans, or integrated water resource  
13                  management plans;

14                  “(iv) a proposal by the applicant dem-  
15                  onstrating flexibility through alternative  
16                  means to carry out responsibilities under  
17                  Federal regulations, which may include wa-  
18                  tershed permitting and other innovative  
19                  management approaches, while achieving  
20                  results that the Administrator determines  
21                  are measurably superior when compared to  
22                  regulatory standards; or

23                  “(v) a proposal by the applicant pro-  
24                  viding for the implementation of effective  
25                  utility management principles, as identified

1 in the 2007 Agreement between the Envi-  
2 ronmental Protection Agency and major  
3 water and wastewater associations;

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

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

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

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

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

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

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

3 **SEC. 206. HIGH PRIORITY PROJECT GRANTS.**

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

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

7 and

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

9 **“SEC. 607. HIGH PRIORITY PROJECT GRANTS.**

10 “(a) IN GENERAL.—A State shall allocate for pro-  
11 viding assistance for high priority projects in accordance  
12 with the requirements of this section—

13 “(1) 50 percent of the total amount of capital-  
14 ization grants received by the State in a fiscal year  
15 under section 601 that is attributable to funds ap-  
16 propriated out of the Water Protection and Rein-  
17 vestment Trust Fund; and

18 “(2) 50 percent of the State contributions made  
19 under section 602(b)(2) in connection with that total  
20 amount.

21 “(b) AUTHORITY TO MAKE GRANTS.—Notwith-  
22 standing section 603(d), assistance provided by a State  
23 for high priority projects under subsection (a) shall be in  
24 the form of grants.

1       “(c) IDENTIFICATION OF HIGH PRIORITY  
2 PROJECTS.—

3           “(1) IN GENERAL.—In addition to developing  
4 priority lists under sections 216 and 603, a State  
5 shall annually publish a plan identifying high pri-  
6 ority projects for which the State intends to make  
7 grants under this section.

8           “(2) CONTENTS.—An annual plan published  
9 under paragraph (1) shall include—

10                  “(A) a list of high priority projects;

11                  “(B) a description of the priority assigned  
12 to each project; and

13                  “(C) to the extent known, the expected  
14 funding schedule for each project.

15           “(3) CRITERIA.—An annual plan published  
16 under paragraph (1) shall provide, to the maximum  
17 extent practicable, that priority for the use of grant  
18 funds be given to projects that—

19                  “(A) address the most serious water pollu-  
20 tion problems;

21                  “(B) benefit communities with the greatest  
22 need (determined on the basis of affordability  
23 criteria to be established by the State); or

24                  “(C) incorporate nonstructural or decen-  
25 tralized treatment practices

1           “(4) PUBLIC PARTICIPATION.—

2                   “(A) ADVISORY COMMITTEE.—Before pub-  
3           lishing an annual plan under paragraph (1), a  
4           State shall establish an advisory committee for  
5           the purpose of reviewing—

6                   “(i) the list of high priority projects  
7                   identified in the plan;

8                   “(ii) the system established by the  
9                   State for assigning priorities for funding  
10                  projects under the plan; and

11                  “(iii) the funding schedule for projects  
12                  under the plan.

13                  “(B) MEMBERSHIP OF ADVISORY COM-  
14                  MITTEE.—An advisory committee established  
15                  under subparagraph (A) shall be composed of  
16                  individuals who—

17                   “(i) are balanced in terms of the  
18                   points of view represented; and

19                   “(ii) are representative of interests af-  
20                   fected by the plan, including tribal, private,  
21                   public, governmental, and nonprofit inter-  
22                   ests.

23                  “(C) REVIEW OF PLAN.—Before publishing  
24                  an annual plan under paragraph (1), a State  
25                  shall—

1                   “(i) transmit a draft plan to the advi-  
2                   sory committee and provide the advisory  
3                   committee with at least 60 days to com-  
4                   ment on the draft plan pursuant to sub-  
5                   paragraph (A); and

6                   “(ii) provide public notice of the draft  
7                   plan and an opportunity for public com-  
8                   ment.

9                   “(D) USE OF EXISTING ADVISORY COM-  
10                  MITTEE.—A State may use an existing advisory  
11                  committee to conduct reviews and provide com-  
12                  ments under this paragraph if the advisory  
13                  committee meets the requirements of this para-  
14                  graph.

15               “(d) MATCHING FUNDS.—The amount of grant  
16               funds provided for a project under this section shall be  
17               50 percent of the project cost. The remaining project cost  
18               shall be provided from non-Federal sources.

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

22               (b) ELIGIBILITY OF INDIAN TRIBES.—Section 518(e)  
23               (33 U.S.C. 1377(e)) is amended by striking “and 406”  
24               and inserting “406, and 607”.

1           **TITLE III—SAFE DRINKING**  
2           **WATER ACT FUNDING**

3   **SEC. 301. USE OF STATE REVOLVING LOAN FUNDS.**

4           Section 1452(a)(2) of the Safe Drinking Water Act  
5 (42 U.S.C. 300j-12(a)(2)) is amended—

6           (1) by redesignating the first through fifth sen-  
7           tences as subparagraphs (A) through (E), respec-  
8           tively, and by adjusting the margins of such sub-  
9           paragraphs so as to align with subparagraph (B) (as  
10          amended by paragraph (2) of this section); and

11          (2) by striking subparagraph (B), as so des-  
12          ignated, and inserting the following:

13                 “(B) Financial assistance under this sec-  
14                 tion may be used by a public water system only  
15                 for expenditures (not including monitoring, op-  
16                 eration, and maintenance expenditures) of a  
17                 type or category which the Administrator has  
18                 determined, through guidance, will facilitate  
19                 compliance with national primary drinking  
20                 water regulations applicable to the system  
21                 under section 1412 or otherwise significantly  
22                 further the health protection objectives of this  
23                 title, including expenditures—

24                         “(i) for planning, design, and associ-  
25                         ated preconstruction activities;

1 “(ii) to replace or rehabilitate aging  
2 treatment, storage (including reservoirs),  
3 or distribution facilities of public water  
4 systems;

5 “(iii) for capital projects to upgrade  
6 or enhance the security of public water  
7 systems;

8 “(iv) to consolidate management func-  
9 tions with other public water systems;

10 “(v) to increase the energy efficiency  
11 or water efficiency (or both) of a public  
12 water system; or

13 “(vi) for onsite projects to generate  
14 renewable energy for a public water sys-  
15 tem.”.

16 **SEC. 302. PRIORITY SYSTEM REQUIREMENTS.**

17 Section 1452(b)(3) of the Safe Drinking Water Act  
18 (42 U.S.C. 300j-12(b)(3)) is amended—

19 (1) in subparagraph (B), by striking “periodi-  
20 cally” and inserting “at least biennially”;

21 (2) by redesignating subparagraph (B) as sub-  
22 paragraph (C);

23 (3) by inserting after subparagraph (A) the fol-  
24 lowing:

1           “(B) INFRASTRUCTURE IMPROVEMENT.—  
2           Notwithstanding subparagraph (A), an intended  
3           use plan shall provide, to the maximum extent  
4           practicable, that priority for the use of at least  
5            $\frac{1}{3}$  of amounts made available from the Water  
6           Protection and Reinvestment Trust Fund estab-  
7           lished by section 9511 of the Internal Revenue  
8           Code of 1986 to the State loan fund of the  
9           State be given to projects to replace or rehabili-  
10          tate aging treatment, storage (including res-  
11          ervoirs), or distribution facilities of public water  
12          systems that regularly serve more than 100,000  
13          persons.”; and

14          (4) by adding at the end the following:

15                 “(D) WEIGHT GIVEN TO APPLICATIONS.—  
16                 In determining project priorities, the State shall  
17                 give greater weight to an application for assist-  
18                 ance by a public water system if the application  
19                 includes—

20                         “(i) an inventory of assets, including  
21                         a description of the condition of the assets;

22                         “(ii) a schedule for replacement of as-  
23                         sets;

24                         “(iii) a financing plan that factors in  
25                         all life-cycle costs indicating sources of rev-

1           enue from ratepayers, grants, bonds, other  
2           loans, and other sources to meet the costs;

3           “(iv) in the case of a public water sys-  
4           tem that regularly serves fewer than  
5           10,000 persons, a review of options for  
6           consolidating management functions of the  
7           system with management functions of  
8           other public water systems;

9           “(v) reliance on methodologies or  
10          technologies that are environmentally sen-  
11          sitive, non-structural, or both environ-  
12          mentally sensitive and non-structural;

13          “(vi) demonstration of consistency  
14          with State, regional, and municipal water-  
15          shed plans;

16          “(vii) a water conservation plan con-  
17          sistent with guidelines published for such  
18          plans by the Administrator pursuant to  
19          section 1455(a);

20          “(viii) approaches to improve the sus-  
21          tainability of the system such as—

22                  “(I) water efficiency or conserva-  
23                  tion;

24                  “(II) use of reclaimed water; and

1                   “(III) actions to increase energy  
2                   efficiency; and  
3                   “(ix) such other information as the  
4                   State determines necessary.”.

5 **SEC. 303. AFFORDABILITY.**

6           Section 1452(d)(3) of the Safe Drinking Water Act  
7 (42 U.S.C. 300j-12(d)(3)) is amended in the first sentence  
8 by inserting “or portion of a service area” after “service  
9 area”.

10 **SEC. 304. NEEDS SURVEY.**

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

13           (1) by striking “The Administrator shall con-  
14           duct” and inserting the following:

15           “(1) IN GENERAL.—The Administrator shall  
16           conduct”; and

17           (2) by adding at the end following:

18           “(2) REPORT.—Each report under paragraph  
19           (1) shall detail the capital improvement needs of eli-  
20           gible public water systems according to the popu-  
21           lation served by such water systems and shall in-  
22           clude not fewer than 4 size categories of public  
23           water systems. One such size category shall consist  
24           of public water systems serving a population of not  
25           less than 100,000 and the other such size categories

1 shall consist of public water systems serving popu-  
2 lations of less than 100,000.”.

3 **SEC. 305. NEGOTIATION OF CONTRACTS.**

4 Section 1452 of the Safe Drinking Water Act (42  
5 U.S.C. 300j-12) is amended by adding at the end the fol-  
6 lowing:

7 “(s) NEGOTIATION OF CONTRACTS.—A contract to  
8 be carried out using funds made directly available by a  
9 capitalization grant under this section for program man-  
10 agement, construction management, feasibility studies,  
11 preliminary engineering, design, engineering, surveying,  
12 mapping, or architectural or related services shall be nego-  
13 tiated in the same manner as—

14 “(1) a contract for architectural and engineer-  
15 ing services is negotiated under chapter 11 of title  
16 40, United States Code; or

17 “(2) an equivalent State qualifications-based re-  
18 quirement (as determined by the Governor of the  
19 State).”.

20 **SEC. 306. DRINKING WATER TECHNICAL ASSISTANCE FOR**  
21 **COMMUNITIES.**

22 Section 1442(e) of the Safe Drinking Water Act (42  
23 U.S.C. 300j-1(e)) is amended—

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

4           “(1) PUBLIC WATER SYSTEMS.—The Adminis-  
5           trator may provide”;

6           (2) by striking the term “subsection” each  
7           place it appears and inserting “paragraph”;

8           (3) by striking the fifth sentence and all that  
9           follows and inserting the following:

10          “In providing assistance under this paragraph, the Admin-  
11          istrator shall give priority to small public water systems  
12          that have, either individually or collectively, the greatest  
13          need in the States, and to nonprofit organizations deter-  
14          mined by the Administrator to be qualified and most effec-  
15          tive at assisting such small public water systems.”; and

16          (4) by adding at the end the following new  
17          paragraphs:

18          “(2) WELLS AND WELL SYSTEMS.—

19                 “(A) IN GENERAL.—The Administrator  
20                 shall provide grants to nonprofit organizations  
21                 to provide technical assistance to communities  
22                 and individuals regarding the design, operation,  
23                 construction, and maintenance of household  
24                 wells and small shared well-systems that pro-  
25                 vide drinking water.

1           “(B) FORM OF ASSISTANCE.—Technical  
2 assistance referred to in subparagraph (A) may  
3 include—

4                   “(i) training and education;

5                   “(ii) operation of a hotline; and

6                   “(iii) conducting other activities relat-  
7 ing to the design and construction of  
8 household, shared, and small water well  
9 systems.

10           “(C) PRIORITY.—In providing grants  
11 under this paragraph, the Administrator shall  
12 give priority to nonprofit organization appli-  
13 cants that, as determined by the Adminis-  
14 trator—

15                   “(i) are qualified;

16                   “(ii) will be the most effective at as-  
17 sisting those communities or individuals  
18 that have, either individually or collectively,  
19 the greatest need in the States; and

20                   “(iii) have demonstrated experience in  
21 providing similar technical assistance and  
22 in developing similar projects.

23           “(3) FUNDING.—

24                   “(A) LOBBYING EXPENSES.—No portion  
25 of any State loan fund established under section

1           1452 and no portion of any funds made avail-  
2           able under this subsection may be used for lob-  
3           bying expenses.

4           “(B) INDIAN TRIBES.—Of the total  
5           amount made available under this subsection  
6           for each fiscal year, 3 percent shall be used for  
7           technical assistance to public water systems  
8           owned or operated by Indian tribes.”.

## 9           **TITLE IV—ADDITIONAL GRANT** 10           **PROGRAMS**

### 11           **SEC. 401. 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) COMMUNITY WATER SYSTEM.—The term  
19           “community water system” has the meaning given  
20           that term in section 1401 of the Safe Drinking  
21           Water Act (42 U.S.C. 300f).

22           (4) PUBLIC WATER SYSTEM.—The term “public  
23           water system” has the meaning given that term in  
24           section 1401 of the Safe Drinking Water Act (42  
25           U.S.C. 300f).



1 (b) FEDERAL SHARE.—The Federal share of the  
2 costs for which a grant is made under this section shall  
3 be 65 percent.

4 (c) FUNDING.—The Administrator shall carry out  
5 this section using funds appropriated out of the Water  
6 Protection and Reinvestment Trust Fund that are allo-  
7 cated for that purpose under section 102.

8 **SEC. 403. CLIMATE CHANGE MITIGATION AND ADAPTATION**  
9 **GRANTS.**

10 (a) GRANT PROGRAM.—The Administrator shall  
11 carry out a competitive grant program to support efforts  
12 by publicly owned treatment works and community water  
13 systems to take actions to increase energy efficiency, re-  
14 duce greenhouse gas emissions, and mitigate the impacts  
15 of climate change.

16 (b) ELIGIBLE ACTIVITIES.—In order to carry out the  
17 program under subsection (b), the Administrator shall  
18 award grants to publicly owned treatment works and com-  
19 munity water systems for the following:

20 (1) Facility or process modifications that reduce  
21 the use of energy or water, or both.

22 (2) The installation of small renewable energy  
23 generators, including methane capture, wind tur-  
24 bines, and micro water turbines.

1           (3) Sustainable practices that minimize the ad-  
2           verse environmental impacts of climate change on  
3           water quality and quantity.

4           (4) Projects that increase the ability of publicly  
5           owned treatment works or community water systems  
6           to withstand the impacts of climate change.

7           (c) FEDERAL SHARE.—The Federal share of the  
8           costs for which a grant is made under this section shall  
9           be 65 percent.

10          (d) MAXIMUM GRANT AMOUNT.—The Administrator  
11          shall not make a grant under this section to a grantee  
12          that exceeds \$2,000,000 per fiscal year.

13          (c) FUNDING.—The Administrator shall carry out  
14          this section using funds appropriated out of the Water  
15          Protection and Reinvestment Trust Fund that are allo-  
16          cated for that purpose under section 102.

17          **SEC. 404. WORKFORCE DEVELOPMENT GRANTS.**

18          (a) TRAINING GRANTS AND CONTRACTS.—

19               (1) FUNDING.—The Administrator may make  
20               grants under section 109 of the Federal Water Pol-  
21               lution Control Act (33 U.S.C. 1259), using funds  
22               appropriated out of the Water Protection and Rein-  
23               vestment Trust Fund that are allocated for that  
24               purpose under section 102, to ensure that an ade-

1       quate supply of certified wastewater treatment oper-  
2       ators exists.

3               (2) AMENDMENTS.—Section 109 of such Act  
4       (33 U.S.C. 1259) is amended—

5               (A) in the first sentence of subsection  
6       (a)—

7                       (i) by striking “operation,” and in-  
8                       serting “operation, construction,”;

9                       (ii) by striking “and other facilities”  
10                      and inserting “other facilities (including  
11                      stormwater treatment facilities)”; and

12                     (iii) by inserting “, and nonstructural  
13                     treatment options” after “water quality  
14                     control”;

15               (B) in subsection (b)(1) by striking “con-  
16               struction” and inserting “construction, expan-  
17               sion, or modernization”; and

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

20       “(3) Facilities for which grants are awarded under  
21       this section before, on, or after the date of enactment of  
22       this section are eligible for additional funding for mod-  
23       ernization and upgrades through grants under this sec-  
24       tion.”.

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

5 (c) AWARD OF SCHOLARSHIPS.—

6 (1) FUNDING.—The Administrator may award  
7 scholarships under section 111 of the Federal Water  
8 Pollution Control Act (33 U.S.C. 1261), using funds  
9 appropriated out of the Water Protection and Rein-  
10 vestment Trust Fund that are allocated for that  
11 purpose under section 102, for undergraduate and  
12 graduate study by persons who plan to enter an oc-  
13 cupation involving the operation and maintenance of  
14 treatment works.

15 (2) AMENDMENTS.—Section 111 of such Act  
16 (33 U.S.C. 1261) is amended—

17 (A) in paragraph (1)—

18 (i) by striking “undergraduate” and  
19 inserting “undergraduate and graduate”;

20 (ii) by striking “operation” and in-  
21 sserting “construction, operation,”; and

22 (iii) by striking “but not to exceed  
23 four academic years”;

24 (B) in paragraph (2)—

1 (i) by striking “use of individuals”  
2 and inserting “use by individuals”;

3 (ii) by striking “United States” in-  
4 sserting “States”; and

5 (iii) by striking “secondary” and in-  
6 sserting “secondary and post-secondary”;

7 and

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

11 (d) RESEARCH, TECHNICAL ASSISTANCE, INFORMA-  
12 TION, TRAINING OF PERSONNEL.—The Administrator  
13 may establish training programs and make grants under  
14 section 1442(c) of the Safe Drinking Water Act (42  
15 U.S.C. 300j–1(c)) using funds appropriated out of the  
16 Water Protection and Reinvestment Trust Fund that are  
17 allocated for that purpose under section 102.

18 **SEC. 405. SEWER OVERFLOW CONTROL GRANTS.**

19 (a) IN GENERAL.—The Administrator may make  
20 grants under section 221 of the Federal Water Pollution  
21 Control Act (33 U.S.C. 1301) using funds appropriated  
22 out of the Water Protection and Reinvestment Trust Fund  
23 that are allocated for that purpose under section 102.

1 (b) PRIORITIZATION.—Section 221(b) of the Federal  
2 Water Pollution Control Act (33 U.S.C. 1301(b)) is  
3 amended—

4 (1) by striking “or” at the end of paragraph  
5 (3);

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

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

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

11 “(A) nonstructural, low-impact develop-  
12 ment;

13 “(B) water conservation, efficiency, or  
14 reuse; or

15 “(C) other decentralized stormwater or  
16 wastewater approaches to minimize flows into  
17 sewer systems.”.

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

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

22 (2) by striking “overflows” and all that follows  
23 through “(2) subject to” and inserting “overflows.  
24 Subject to”; and

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

3 **SEC. 406. RESEARCH, DEVELOPMENT, AND TECHNOLOGY**  
4                                   **DEMONSTRATION PROGRAM.**

5           (a) IN GENERAL.—The Administrator shall establish  
6 a national water infrastructure research, development, and  
7 demonstration program to develop, demonstrate, and  
8 transfer innovative or improved technologies and methods  
9 for the treatment, control, transport, and reuse of drink-  
10 ing water and wastewater. These technologies and meth-  
11 ods may include—

12           (1) reducing energy consumption in water and  
13           wastewater infrastructure;

14           (2) recovering energy and nutrient resources  
15           from wastewater;

16           (3) reducing water consumption and returning  
17           water for ecosystem use;

18           (4) on-site technologies to generate renewable  
19           energy at a publicly owned treatment works, commu-  
20           nity water system, or other municipal water or  
21           wastewater facility;

22           (5) measures to control, manage, reduce, treat,  
23           infiltrate, or reuse municipal stormwater;

24           (6) decentralized or distributed stormwater and  
25           wastewater controls and treatment;

1           (7) low impact development technologies and  
2 non-structural approaches to treat drinking water,  
3 wastewater, and stormwater;

4           (8) reducing the costs of compliance with the  
5 Federal Water Pollution Control Act (33 U.S.C.  
6 1251 et seq.) and the Safe Drinking Water Act (42  
7 U.S.C. 300f et seq.), while retaining or enhancing  
8 environmental benefits;

9           (9) improving control and treatment of  
10 stormwater and nonpoint sources of pollution;

11           (10) mitigating and adapting to climate change;

12           (11) dual systems that re-use stormwater and  
13 wastewater for non-potable water resource needs;

14           (12) development of a new generation of water  
15 monitoring reporting and notification techniques;  
16 and

17           (13) controlling, limiting, treating, or pre-  
18 venting pharmaceutical and personal care products  
19 from being in or entering waters of the United  
20 States.

21           (b) CONSULTATION.—In administering the program  
22 under this section, the Administrator shall annually hold  
23 a national meeting to bring together major stakeholders,  
24 including representatives from the following:

25           (1) The public.

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

3           (3) The National Science Foundation, the Na-  
4           tional Academy of Science, the National Academy of  
5           Engineering, the Army Corps of Engineers, the Na-  
6           tional Oceanic and Atmospheric Administration, the  
7           Department of Agriculture, the United States Geo-  
8           logical Survey, the White House Office of Science  
9           and Technology Policy, the Department of Energy,  
10          the Department of Commerce, and the Council on  
11          Environmental Quality.

12          (4) Universities, colleges, and other institutions  
13          of higher education.

14          (5) Other public nonprofit entities with exper-  
15          tise in research and development of technologies for  
16          the treatment, control, transport, and re-use of  
17          drinking water, stormwater, and wastewater.

18          (c) COOPERATIVE AGREEMENTS OR GRANTS.—In  
19          carrying out the program under this section, the Adminis-  
20          trator may enter into cooperative agreements or make  
21          grants or, both, to develop improved technologies and  
22          methods under subsection (a) with or to nonprofit and  
23          governmental entities having demonstrated expertise in re-  
24          search and development of the treatment, control, trans-

1 port, and re-use of drinking water, stormwater, and waste-  
2 water, including the following entities:

3 (1) The Water Environment Research Founda-  
4 tion.

5 (2) The Water Research Foundation.

6 (3) Public nonprofit entities, including those  
7 whose members or subscribers include drinking  
8 water, stormwater, and wastewater utilities and local  
9 governments.

10 (4) Universities, colleges, and other institutions  
11 of higher education.

12 (5) Local governments, including publicly  
13 owned treatment works and community water sys-  
14 tems.

15 (6) The National Science Foundation.

16 (7) The National Institutes for Water Re-  
17 sources.

18 (d) DEMONSTRATION PROJECTS.—The Adminis-  
19 trator is authorized to enter into cooperative agreements  
20 with entities described in subsection (c) and for-profit en-  
21 tities to demonstrate the viability and effectiveness of a  
22 new technology for the treatment, control, transport, and  
23 re-use of drinking water, stormwater, or wastewater.

24 (e) SELECTION.—In entering into cooperative agree-  
25 ments and making grants under subsection (c), the Ad-

1 administrator shall give priority to cooperative agreements  
2 and grants that—

3 (1) create multiple environmental, social, and  
4 economic benefits for communities; and

5 (2) consider—

6 (A) a variety of water resource opportuni-  
7 ties and needs;

8 (B) unique and diverse geology and geog-  
9 raphy;

10 (C) the ability to provide the greatest tech-  
11 nological diversity using limited financial re-  
12 sources; and

13 (D) the commitment of each community or  
14 regional area to find and fund appropriate al-  
15 ternative technologies to resolve their water in-  
16 frastructure needs.

17 (f) FEDERAL SHARE.—The Federal share of the  
18 costs for which a grant is made under this section shall  
19 be 65 percent; except that the Administrator may increase  
20 such Federal share based on the purpose for which the  
21 grant is made and the type of grant recipient.

22 (g) 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 102.

1 (h) REPORT TO CONGRESS.—The Administrator  
2 shall prepare and submit a biennial report to Congress on  
3 the results of technology research, development, and full-  
4 scale demonstrations performed under this section and  
5 recommendations for encouraging the use of such tech-  
6 nologies by drinking water, stormwater, and wastewater  
7 utilities.

8 **SEC. 407. REGIONAL WATER RESEARCH CENTERS.**

9 (a) REGIONAL CENTERS.—

10 (1) GRANTS.—The Administrator, in collabora-  
11 tion with the Director of the National Science Foun-  
12 dation, shall make grants to nonprofit institutions of  
13 higher learning to establish and operate one univer-  
14 sity water research center in each of such 21 hydro-  
15 regions as the Administrator, in consultation with  
16 the United States Geological Survey, may establish.  
17 The Administrator, in consultation with the United  
18 States Geological Survey, may adjust the boundaries  
19 of such regions to assure that none of the  
20 conterminous regions are either larger or smaller  
21 than another by more than two fold.

22 (2) DESIGNATION OF NATIONAL WATER RE-  
23 SEARCH CENTER.—The Administrator, in collabora-  
24 tion with the Director, shall designate one of the 21

1 university water research centers as the “National  
2 Water Research Center”.

3 (3) MISSION.—

4 (A) IN GENERAL.—The mission of the cen-  
5 ters shall be to conduct and coordinate strategic  
6 research, education, and outreach for sustain-  
7 able management of water resources in every  
8 hydro-climatic region of the United States.

9 (B) NATIONAL WATER RESEARCH CEN-  
10 TER.—In addition to its mission under subpara-  
11 graph (A), the mission of the National Water  
12 Research Center shall be to gather, archive, and  
13 publish data from the regional centers and to  
14 integrate the regional findings into a national  
15 research strategy.

16 (4) DEFINITION.—For purposes of this section,  
17 the term “nonprofit institution of higher learning”  
18 includes a consortium of nonprofit institutions of  
19 higher learning.

20 (b) SELECTION OF GRANT RECIPIENTS.—

21 (1) APPLICATIONS.—In order to be eligible to  
22 receive a grant under this section, a nonprofit insti-  
23 tution of higher learning shall submit to the Admin-  
24 istrator an application that is in such form and con-

1 tains such information as the Administrator may re-  
2 quire.

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

8 (A) The location of the center within the  
9 region to be served.

10 (B) The demonstrated research and exten-  
11 sion resources available to the recipient to carry  
12 out the objectives of this section.

13 (C) The capability of the recipient to pro-  
14 vide leadership in making national and regional  
15 contributions to the solution of immediate and  
16 long-range water supply, water infrastructure,  
17 and water quality problems.

18 (D) The recipient's establishment of a  
19 water program encompassing several areas of  
20 water research.

21 (E) The recipient's demonstrated commit-  
22 ment of at least \$400,000 each year in regu-  
23 larly budgeted institutional amounts to support  
24 ongoing research in water and education pro-

1           grams through a statewide or region-wide con-  
2           tinuing education program.

3           (F) The recipient's demonstrated ability to  
4           disseminate results of water research and edu-  
5           cation programs through a statewide or region-  
6           wide continuing education program,

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

10          (H) The recipient's demonstration that it  
11          has a well-established, nationally recognized  
12          program in water research and education, as  
13          evidenced by—

14                 (i) not less than 10 graduate degrees  
15                 awarded in professional fields closely re-  
16                 lated to water each year for each of the 5  
17                 calendar years preceding the date of the  
18                 submission of the application for the grant;  
19                 and

20                 (ii) not less than 10 tenured or ten-  
21                 ure-track faculty members who specialize  
22                 on a full-time basis in professional fields  
23                 closely related to water who, as a group,  
24                 have published a total or at least 50 jour-

1                   nal publications on water research during  
2                   the preceding 5 calendar years.

3           (c) OBJECTIVES.—Except for a grant for the estab-  
4 lishment and operation of the National Water Research  
5 Center, a grant made under this section may only be used  
6 to establish and operate a university water research center  
7 in accordance with this section, including the conduct of  
8 the following activities and programs:

9           (1) RESEARCH.—Basic and applied research,  
10           the products of which are judged by peers or other  
11           experts in the field of water to advanced the body  
12           of knowledge in water availability and use, water  
13           quality, water infrastructure sustainability, and  
14           water institutions.

15           (2) EDUCATION.—An education program relat-  
16           ing to water that includes multidisciplinary course  
17           work and participation in research.

18           (3) TECHNOLOGY TRANSFER.—An ongoing pro-  
19           gram of technology transfer that makes water re-  
20           search results available to potential users, including  
21           policy-makers, in a form that can be implemented,  
22           utilized, or otherwise applied.

23           (d) CONTINUING GRANTS.—

24           (1) PERIOD OF GRANTS.—After selecting a non-  
25           profit institution of higher learning as a grant re-

1 recipient on the basis of a competition conducted  
2 under this section, the Administrator, in collabora-  
3 tion with the Director, shall make a grant to the se-  
4 lected grant recipient to establish and operate a re-  
5 gional university water center under this section in  
6 each of the first 5 fiscal years beginning after the  
7 date of the competition.

8 (2) GRANT AGREEMENT.—In order to be eligi-  
9 ble to receive a grant under this section, a recipient  
10 shall enter into an agreement with the Administrator  
11 to ensure that the recipient will maintain total ex-  
12 penditures from all other sources to establish and  
13 operate a university water research center (including  
14 the conduct of activities and programs the center is  
15 authorized to carry out under subsection (c) and  
16 subsections (a)(3)(B) and (f) in the case of the Na-  
17 tional Water Research Center) at least equal to the  
18 average level of such expenditures in its 2 fiscal  
19 years before the award of the grant under this sec-  
20 tion.

21 (3) COMPETITION DEADLINE.—Not later than  
22 the last day of the one-year period following the date  
23 of enactment of this Act and March 31st of each 5th  
24 year thereafter, the Administrator, in collaboration  
25 with the Director, shall complete a competition

1 among nonprofit institutions of higher learning for  
2 grants to establish and operate the 21 regional uni-  
3 versity water centers referred to in subsection (a).

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

17 (e) FEDERAL SHARE.—The Federal share of the  
18 costs of establishment and operation of a center under this  
19 section (including the conduct of the activities and pro-  
20 grams the center is authorized to carry out under sub-  
21 section (c) and subsections (a)(3)(B) and (f) in the case  
22 of the Nation Water Research Center) through a grant  
23 made under this section shall be 50 percent in the case  
24 of a regional university water center and 85 percent in  
25 the case of the National Water Research Center.

1 (f) PROGRAM COORDINATION.—

2 (1) COORDINATION.—The Administrator, work-  
3 ing through the National Water Research Center,  
4 shall—

5 (A) support a network of university water  
6 centers to coordinate and facilitate information  
7 technology development and implementation  
8 across the centers;

9 (B) coordinate research, education, train-  
10 ing, and technology transfer activities that  
11 grant recipients are authorized to carry out  
12 under this section;

13 (C) synthesize research conducted under  
14 this section;

15 (D) disseminate the results of the research;  
16 and

17 (E) establish and operate a clearinghouse  
18 to disseminate the results of the research.

19 (2) ANNUAL REVIEW AND EVALUATION.—At  
20 least annually, the Administrator shall review and  
21 evaluate the activities and programs that grant re-  
22 cipients carry out through the use of grants made to  
23 such recipients under this section.

24 (3) FUNDING LIMITATION.—The Administrator  
25 may not use more than one percent of the amounts

1       made available to carry out this section for a fiscal  
2       year to carry out management and oversight of the  
3       centers established through grants made under this  
4       section.

5       (g) 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 102.

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

14 **SEC. 408. COST OF SERVICE STUDY.**

15       (a) IN GENERAL.—Not later than 2 years after the  
16 date of enactment of this Act, the Administrator shall  
17 enter an arrangement with the Academy under which the  
18 Academy shall complete and provide to the Administrator  
19 the results of a study of the means by which public water  
20 systems and treatment works selected by the Academy in  
21 accordance with subsection (c) meet the costs associated  
22 with operations, maintenance, capital replacement, and  
23 regulatory requirements. In addition, the study shall be  
24 conducted for the purposes set forth in subsection (b).

25       (b) REQUIRED ELEMENTS.—

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

3           (A) determine whether the rates at public  
4 water systems and treatment works for commu-  
5 nities included in the study are using a full-cost  
6 pricing model;

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

10           (i) per capita water demand;

11           (ii) the volume of wastewater flows;

12           (iii) the volume of stormwater runoff;

13           or

14           (iv) the quantity of pollution gen-  
15 erated by stormwater;

16           (C) identify a set of best industry practices  
17 that public water systems and treatment works  
18 may use in establishing a rate structure that—

19           (i) adequately addresses the true cost  
20 of services provided to consumers by public  
21 water systems and treatment works, in-  
22 cluding infrastructure replacement;

23           (ii) encourages water conservation;

24           and

1 (iii) takes into consideration the needs  
2 of disadvantaged individuals and commu-  
3 nities, as identified by the Administrator;

4 (D) identify existing standards for afford-  
5 ability and the manner in which those stand-  
6 ards are determined and defined;

7 (E) determine the manner in which afford-  
8 ability varies with respect to communities of  
9 different sizes and in different regions; and

10 (F) determine the extent to which afford-  
11 ability affects the decision of a community to  
12 increase public water system and treatment  
13 works rates (including the decision relating to  
14 the percentage by which those rates should be  
15 increased).

16 (2) DISADVANTAGED COMMUNITIES.—In addi-  
17 tion, the purposes of the study shall be, at a min-  
18 imum, to—

19 (A) survey a cross-section of States rep-  
20 resenting different sizes, demographics, and  
21 geographical regions;

22 (B) describe, for each State surveyed  
23 under subparagraph (A), the definition of “dis-  
24 advantaged community” used in the State in  
25 carrying out projects and activities under the

1 Safe Drinking Water Act (42 U.S.C. 300f et  
2 seq.);

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

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

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

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

21 (d) FUNDING.—The Administrator shall carry out  
22 this section using funds appropriated out of the Water  
23 Protection and Reinvestment Trust Fund that are allo-  
24 cated for that purpose under section 102.

1 **SEC. 409. DRUG TAKE-BACK GRANTS.**

2 (a) GRANT PROGRAM.—

3 (1) IN GENERAL.—Not later than one year  
4 after the date of enactment of this Act, the Adminis-  
5 trator shall establish a competitive grant program to  
6 make grants to local and State organizations, tribes,  
7 nonprofit entities, and other government entities—

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

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

12 (2) REQUIREMENTS.—In order to be eligible to  
13 receive a grant under this subsection, each applicant  
14 for such a grant shall demonstrate to the satisfac-  
15 tion of the Administrator that, in undertaking the  
16 activities described in paragraph (1) under the  
17 grant, the applicant will—

18 (A) protect public safety by ensuring that  
19 the drugs will be properly disposed of;

20 (B) incorporate environmentally sound  
21 practices for disposing of controlled substances  
22 (by means other than disposal into a public or  
23 private wastewater treatment system or a mu-  
24 nicipal solid waste landfill);

1 (C) follow the existing requirements of the  
2 Controlled Substances Act (21 U.S.C. 801 et  
3 seq.); and

4 (D) meet such additional requirements as  
5 the Administrator may establish.

6 (3) COLLECTION OF DIFFERENT TYPES OF  
7 DRUGS.—

8 (A) IN GENERAL.—A take-back program  
9 does not need to collect and dispose of both pre-  
10 scription and over-the-counter drugs to be eligi-  
11 ble for grant funding under this subsection.

12 (B) PREFERENCE.—Notwithstanding sub-  
13 paragraph (A), the Administrator, in awarding  
14 grants under this subsection, may give pref-  
15 erence to applicants proposing to collect and  
16 dispose of both prescription and over-the-  
17 counter drugs.

18 (4) NO FUNDING RESTRICTION.—Entities re-  
19 ceiving funds under this subsection may continue to  
20 receive funding from other public and private  
21 sources.

22 (5) DEFINITIONS.—In this subsection:

23 (A) The term “drug”—

24 (i) has the meaning given to such  
25 term in section 201 of the Federal Food,

1 Drug, and Cosmetic Act (21 U.S.C. 321);  
2 and

3 (ii) includes a biological product, as  
4 defined in section 351 of the Public Health  
5 Service Act (42 U.S.C. 262).

6 (B) The term “over-the-counter”, with re-  
7 spect to a drug, means not subject to section  
8 503(b)(1) of the Federal Food, Drug, and Cos-  
9 metic Act (21 U.S.C. 353(b)(1)).

10 (C) The term “prescription”, with respect  
11 to a drug, means subject to section 503(b)(1) of  
12 the Federal Food, Drug, and Cosmetic Act (21  
13 U.S.C. 353(b)(1)).

14 (6) FUNDING.—The Administrator shall carry  
15 out this subsection using funds appropriated out of  
16 the Water Protection and Reinvestment Trust Fund  
17 that are allocated for that purpose under section  
18 102.

19 (b) LABELING OF DRUGS AND BIOLOGICAL PROD-  
20 UCTS.—

21 (1) PROHIBITION ON LABELING RECOMMENDA-  
22 TIONS TO DISPOSE OF DRUGS AND BIOLOGICAL  
23 PRODUCTS BY FLUSHING.—Section 505 of the Fed-  
24 eral Food, Drug, and Cosmetic Act (21 U.S.C. 355)  
25 is amended by adding at the end the following:

1           “(w) NO LABELING RECOMMENDATIONS TO DISPOSE  
2 BY FLUSHING.—In approving an application for a drug  
3 under this section, the Secretary of Health and Human  
4 Services shall ensure that the labeling for such drug does  
5 not include any recommendation or direction to dispose  
6 of the drug by means of a public or private wastewater  
7 treatment system, such as by flushing down the toilet.”.

8           (2) BIOLOGICAL PRODUCTS.—Section 351 of  
9 the Public Health Service Act (42 U.S.C. 262) is  
10 amended by adding at the end the following:

11           “(k) NO LABELING RECOMMENDATIONS TO DISPOSE  
12 BY FLUSHING.—In licensing any biological product under  
13 this section, the Secretary shall ensure that the labeling  
14 for such product does not include any recommendation or  
15 direction to dispose of the product by means of a public  
16 or private wastewater treatment system, such as by flush-  
17 ing down the toilet.”

18           (3) DRUGS AND BIOLOGICAL PRODUCTS AL-  
19 READY MARKETED.—

20           (A) LABELING REVISION.—With respect to  
21 drugs and biological products that are legally  
22 marketed under the Federal Food, Drug, and  
23 Cosmetic Act (21 U.S.C. 321 et seq.) or part  
24 F of title III of the Public Health Service Act  
25 (42 U.S.C. 262 et seq.) as of the date of enact-

1           ment of this Act, the Secretary of Health and  
2           Human Services, acting through the Commis-  
3           sioner of Food and Drugs—

4                   (i) shall conduct a review of the label-  
5                   ing of such drugs and biological products;  
6                   and

7                   (ii) for any such labeling that includes  
8                   a recommendation or direction to dispose  
9                   of the drug or biological product by means  
10                  of a public or private wastewater treatment  
11                  system, such as by flushing down the toi-  
12                  let, shall order the labeling to be revised to  
13                  exclude such recommendation or direction.

14                (B) PENALTY.—Any drug or biological  
15                product whose labeling is in violation of an  
16                order issued under subparagraph (A)(ii) is  
17                deemed to be misbranded under section 502 of  
18                the Federal Food, Drug, and Cosmetic Act (21  
19                U.S.C. 352).

20                (C) EFFECTIVE DATE.—An order issued  
21                under subparagraph (A)(ii) shall take effect not  
22                later than one year after the date of enactment  
23                of this Act.

24                (D) DEFINITIONS.—In this subsection:

1 (i) BIOLOGICAL PRODUCT.—The term  
2 “biological product” has the meaning given  
3 to such term in section 351 of the Public  
4 Health Service Act (42 U.S.C. 262).

5 (ii) DRUG AND LABELING.—The  
6 terms “drug” and “labeling” have the  
7 meanings given to such terms in section  
8 201 of the Federal Food, Drug, and Cos-  
9 metic Act (21 U.S.C. 321).

10 **SEC. 410. STATE REVOLVING FUND REVIEW PROCESS.**

11 As soon as practicable after the date of enactment  
12 of this Act, the Administrator shall—

13 (1) consult with States, utilities, nonprofit orga-  
14 nizations, and other Federal agencies providing fi-  
15 nancial assistance to identify ways to expedite and  
16 improve the application and review process for the  
17 provision of assistance from—

18 (A) the State water pollution control re-  
19 volving funds established under title VI of the  
20 Federal Water Pollution Control Act (33 U.S.C.  
21 1381 et seq.); and

22 (B) the State drinking water treatment re-  
23 volving loan funds established under section  
24 1452 of the Safe Drinking Water Act (42  
25 U.S.C. 300j-12);

1           (2) consider the needs of treatment works and  
2 public water systems in carrying out such Acts and  
3 this Act;

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

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

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