

103^D CONGRESS
1ST SESSION

H. R. 1544

To amend the Federal Water Pollution Control Act to reauthorize the State water pollution control revolving loan program, to provide assistance to economically distressed rural communities in the construction of wastewater treatment works and public water systems, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 30, 1993

Mr. RAHALL (for himself, Mr. WILLIAMS, Mr. SOLOMON, Mr. PETERSON of Minnesota, Mr. PAYNE of Virginia, Mr. SCHIFF, Mr. MURPHY, Mr. MCHUGH, Mr. BARCIA, Ms. DANNER, Mr. OLVER, Mr. FIELDS of Louisiana, Mr. TRAFICANT, Mr. CLYBURN, Mr. SANDERS, Mr. MCCLOSKEY, Mr. EVANS, and Mr. TOWNS) introduced the following bill; which was referred to the Committee on Public Works and Transportation

A BILL

To amend the Federal Water Pollution Control Act to reauthorize the State water pollution control revolving loan program, to provide assistance to economically distressed rural communities in the construction of wastewater treatment works and public water systems, 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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Rural Community
3 Environmental Assistance Act of 1993”.

4 **SEC. 2. FINDINGS.**

5 Congress finds that—

6 (1) rural communities face special problems in
7 providing for infrastructure facilities to protect the
8 environment and human health, including
9 wastewater treatment works and public water sys-
10 tems;

11 (2) rural communities often lack the economies
12 of scale which are necessary to provide an adequate
13 financial base for the construction and operation of
14 wastewater treatment works and public water sys-
15 tems;

16 (3) rural communities often have limited access
17 to financial markets due to limited management ca-
18 pabilities and limited access to financial and tech-
19 nical services;

20 (4) the Environmental Protection Agency has
21 estimated that between 21 percent and 30 percent of
22 rural communities will have difficulty using revenue
23 bonds for wastewater treatment works and public
24 water systems because of limited financial resources;

25 (5) many rural communities have not benefited
26 from existing financing and assistance programs of

1 the Federal Government for wastewater treatment
2 works and public water systems because such assist-
3 ance programs are often focused on the largest envi-
4 ronmental problems caused by larger municipalities;

5 (6) Federal grant assistance programs for
6 wastewater treatment have been phased out in favor
7 of State loan funds;

8 (7) some rural communities will have limited
9 access to such State loan funds and some economi-
10 cally distressed rural communities may be unable to
11 comply with pollution control requirements without
12 grant assistance;

13 (8) residents of rural communities often spend
14 a larger portion of their household income for envi-
15 ronmental services than residents of large commu-
16 nities;

17 (9) recent amendments to Federal environ-
18 mental laws will require additional efforts by rural
19 communities to address environmental problems and
20 will require rural communities to devote a larger
21 percentage of their resources to these efforts;

22 (10) many public water systems serving rural
23 communities are inadequate or insufficient to pro-
24 vide for existing and future needs and have deterio-
25 rated to the degree that a reliable supply of water

1 is in jeopardy and large quantities of water are
2 being wasted or may be wasted;

3 (11) the National Council on Public Works Im-
4 provement recently concluded that a “national prob-
5 lem does exist for small water systems . . . and . . .
6 these small water systems operate on a marginal
7 basis, with inadequate financial resources to correct
8 existing deficiencies . . .”;

9 (12) the Environmental Protection Agency has
10 reported that small water systems serve 8 percent of
11 the United States population, but account for more
12 than 90 percent of the violations of the Safe Drink-
13 ing Water Act;

14 (13) the Environmental Protection Agency has
15 reported that 80 percent of the communities in vio-
16 lation of sewage treatment requirements are rural
17 communities and that rural community sewage
18 treatment needs exceed \$28,000,000,000;

19 (14) it is essential that the Federal Government
20 play a more active role in providing financial assist-
21 ance to rural communities for the construction of
22 wastewater treatment works and public water sys-
23 tems;

24 (15) it is essential that the Federal Government
25 make a special effort to provide financial assistance,

1 including grant assistance, to rural communities
2 which are economically disadvantaged; and

3 (16) it is essential that the Federal Government
4 expand and strengthen technical assistance and out-
5 reach programs to assist rural communities in com-
6 plying with environmental requirements and the con-
7 struction, operation, maintenance, and rehabilitation
8 of wastewater treatment works and public water sys-
9 tems.

10 **SEC. 3. PURPOSES.**

11 The purposes of this Act are—

12 (1) to assist economically distressed rural com-
13 munities in financing the planning and construction
14 of wastewater treatment works and public water sys-
15 tems; and

16 (2) to expand and strengthen programs for pro-
17 viding technical assistance to economically distressed
18 rural communities on issues relating to operation,
19 management, and maintenance of wastewater treat-
20 ment works and public water systems.

21 **SEC. 4. AUTHORIZATION OF APPROPRIATIONS.**

22 Section 607 of the Federal Water Pollution Control
23 Act (33 U.S.C. 1387) is amended—

24 (1) by striking “and” at the end of paragraph
25 (4); and

1 (2) by striking paragraph (5) and inserting the
2 following new paragraphs:

3 “(5) \$2,000,000,000 for fiscal year 1994;

4 “(6) \$2,300,000,000 for fiscal year 1995;

5 “(7) \$2,700,000,000 for fiscal year 1996;

6 “(8) \$3,000,000,000 for fiscal year 1997;

7 “(9) \$3,500,000,000 for fiscal year 1998; and

8 “(10) \$4,000,000,000 per fiscal year for each
9 of fiscal years 1999 and 2000.”.

10 **SEC. 5. ASSISTANCE FOR ECONOMICALLY DISTRESSED**
11 **RURAL COMMUNITIES.**

12 (a) CAPITALIZATION GRANT AGREEMENTS.—Section
13 602(b) of the Federal Water Pollution Control Act (33
14 U.S.C. 1382(b)) is amended—

15 (1) by striking “and” at the end of paragraph
16 (9);

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

19 (3) by adding after paragraph (10) the follow-
20 ing new paragraph:

21 “(11) the State will comply with the require-
22 ments of part B of this title.”.

23 (b) RURAL COMMUNITY ENVIRONMENTAL ASSIST-
24 ANCE ACCOUNT.—

1 (1) IN GENERAL.—Title VI of such Act (33
2 U.S.C. 1382–1387) is amended by adding at the end
3 the following:

4 **“PART B—ASSISTANCE FOR ECONOMICALLY**
5 **DISTRESSED RURAL COMMUNITIES**

6 **“SEC. 651. ESTABLISHMENT OF RURAL COMMUNITY ENVI-**
7 **RONMENTAL ASSISTANCE ACCOUNTS.**

8 “(a) IN GENERAL.—Each State shall establish a
9 rural community environmental assistance account in the
10 water pollution control revolving loan fund established by
11 the State pursuant to this title.

12 “(b) DEPOSITS.—

13 “(1) IN GENERAL.—The rural community envi-
14 ronmental assistance account of a State under this
15 part shall consist of amounts deposited into the ac-
16 count in accordance with this subsection, repayments
17 of principal and interest from loans made with such
18 amounts, and any interest or other proceeds derived
19 from such amounts.

20 “(2) AMOUNTS FROM GRANT PAYMENTS.—A
21 State shall deposit into the rural community envi-
22 ronmental assistance account of the State under this
23 part not less than 25 percent of the amount of each
24 grant payment received by the State under section
25 601 after the date of the enactment of this part.

1 under this part may be used only for projects, which are
2 included in an intended use plan approved by the Adminis-
3 trator pursuant to section 653, for the construction of
4 wastewater treatment works and public water systems in
5 economically distressed rural communities.

6 “(b) TYPES OF ASSISTANCE.—Except as otherwise
7 limited by State law, amounts in the rural community en-
8 vironmental assistance account of a State under this part
9 may be used only—

10 “(1) to make loans to economically distressed
11 rural communities on the condition that—

12 “(A) such loans are made at or below mar-
13 ket interest rates, including interest free loans,
14 at terms not to exceed 30 years;

15 “(B) annual principal and interest pay-
16 ments will commence not later than 3 years
17 after completion of a project and all loans will
18 be fully amortized not later than 30 years after
19 completion of a project;

20 “(C) the recipient of a loan will establish
21 a dedicated source of revenue for repayment of
22 loans; and

23 “(D) the recipient of a loan agrees to
24 repay the loan and the account will be credited

1 with all payments of principal and interest on
2 the loan;

3 “(2) to make grants to economically distressed
4 rural communities on the condition that such grants
5 do not exceed 75 percent of the costs of eligible
6 projects or 85 percent of the costs of eligible innova-
7 tive projects (as such term is used in section
8 201(g)(5) of this Act);

9 “(3) as a source of revenue or security for the
10 payment of principal and interest on revenue or gen-
11 eral obligation bonds issued by the State if the pro-
12 ceeds of the sale of such bonds will be deposited in
13 the account;

14 “(4) to earn interest on amounts in the ac-
15 count; and

16 “(5) to pay the reasonable costs of (A) admin-
17 istering the account, (B) conducting activities under
18 this part, and (C) establishing a Rural Environ-
19 mental Infrastructure Advisory Panel under section
20 654; except that total of such costs may not exceed
21 6 percent of the balance of the account.

22 “(c) ADMINISTRATION.—Amounts in the rural com-
23 munity environmental assistance account of a State under
24 this part shall be administered by the same instrumental-

1 ity which administers other amounts in the State's water
2 pollution control revolving loan fund.

3 “(d) INTEREST RATES.—Subject to subsection
4 (b)(1)(A), each State shall establish criteria for determin-
5 ing the rate of interest to be charged on a loan made with
6 amounts in the rural community environmental assistance
7 account of a State under this part. Such criteria shall pro-
8 vide that a lower rate of interest will be charged on loans
9 for eligible projects in communities which have lower pop-
10 ulation levels and lower income levels.

11 “(e) GRANTS.—Subject to subsection (b)(2), each
12 State shall establish criteria for determining the amount
13 of assistance to be provided under this section in the form
14 of grants for an eligible project. Such criteria shall provide
15 that a higher percentage of the total cost of the project
16 will be provided in the form of grants for eligible projects
17 in communities which have lower population levels and
18 lower income levels.

19 “(f) CONSISTENCY WITH PLANNING REQUIRE-
20 MENTS.—

21 “(1) WASTEWATER TREATMENT WORKS.—A
22 State may provide financial assistance with amounts
23 from the rural community environmental assistance
24 account of the State under this part only with re-
25 spect to a wastewater treatment works which is con-

1 sistent with plans, if any, developed under sections
2 205(j), 208, 303(e), 319, and 320 of this Act.

3 “(2) PUBLIC WATER SYSTEMS.—A State may
4 provide financial assistance with amounts from the
5 rural community environmental assistance account
6 of the State under this part only with respect to a
7 public water system which is approved by the chief
8 executive officer of the State agency with primary
9 enforcement authority pursuant to section 1413 of
10 the Safe Drinking Water Act.

11 “(g) PRIORITY.—In providing assistance with
12 amounts from the rural community environmental assist-
13 ance account of the State under this part, the State shall
14 give priority to an economically distressed rural commu-
15 nity in which—

16 “(1) there is a documented need for collector
17 sewers and interceptors in order to improve access
18 to wastewater treatment facilities;

19 “(2) residents rely on inadequate individual
20 wastewater treatment facilities such as outhouses,
21 failing septic systems, or cesspools that are deter-
22 mined by public health officials to be a hazard to the
23 community;

1 “(3) residents rely on public water systems
2 which do not meet the requirements of the Safe
3 Drinking Water Act; or

4 “(4) residents rely on inadequate individual
5 drinking water systems such as contaminated wells
6 that are determined by local public health to be a
7 hazard to the community.

8 “(h) INNOVATIVE PROJECTS.—A State may provide
9 assistance with amounts from the rural community envi-
10 ronmental assistance account of the State under this part
11 for eligible innovative projects (as such term is used in
12 section 201(g)(5) of this Act) only after conducting a cost-
13 benefit analysis of such project. Such analysis shall in-
14 clude an evaluation of the long-term operation and mainte-
15 nance costs associated with the project.

16 **“SEC. 653. INTENDED USE PLAN.**

17 “(a) IN GENERAL.—

18 “(1) CONTENTS.—Prior to the beginning of
19 each fiscal year, each State shall prepare and submit
20 to the Administrator a plan, approved by the State’s
21 Rural Environmental Infrastructure Advisory Panel
22 under section 654, identifying the intended uses of
23 the amounts available to the rural community envi-
24 ronmental assistance account of the State under this

1 part. Such intended use plan shall include, but not
2 be limited to—

3 “(A) a list of those projects for construc-
4 tion of wastewater treatment works and public
5 water systems which are pending;

6 “(B) a description of the short- and long-
7 term goals and objectives of the account;

8 “(C) information on the activities to be
9 supported, including a description of project
10 categories, terms of financial assistance, and
11 economically distressed rural communities
12 served;

13 “(D) assurances and specific proposals to
14 ensure that all funds in the account will be ex-
15 pended in an expeditious and timely manner;

16 “(E) the criteria and method established
17 for the allocation of funds to proposed projects;

18 “(F) the criteria established for determin-
19 ing the interest rate on loans made with
20 amounts from the account; and

21 “(G) the criteria established for determin-
22 ing the amount of assistance to be provided
23 under this section in the form of grants for an
24 eligible project.

1 “(2) REVIEW.—The Administrator shall review
2 each plan developed pursuant to this subsection for
3 a fiscal year and shall approve or disapprove such
4 plan.

5 “(3) PUBLIC REVIEW AND COMMENT.—The
6 State shall provide for public review and comment
7 on the plan developed pursuant to this section.

8 “(b) RESERVATION OF FUNDS FOR PLANNING.—
9 Each State shall reserve each fiscal year 1 percent of the
10 sums in the rural community environmental assistance ac-
11 count of the State under this part to carry out planning
12 and related activities pursuant to this section.

13 **“SEC. 654. RURAL ENVIRONMENTAL INFRASTRUCTURE AD-**
14 **VISORY PANEL.**

15 “(a) IN GENERAL.—A State may submit an intended
16 use plan to the Administrator under section 653 only if
17 such plan has been approved by a Rural Environmental
18 Infrastructure Advisory Panel which has been established
19 by the State in accordance with this section.

20 “(b) DUTIES.—It shall be the duty of a panel estab-
21 lished under this section in a fiscal year—

22 “(1) to develop goals and guidance to assist the
23 State in the preparation of the State’s intended use
24 plan under section 653 for such fiscal year; and

1 “(2) to review the State’s intended use plan
2 under section 653 for such fiscal year and to ap-
3 prove or disapprove such plan.

4 “(c) MEMBERSHIP.—A panel established by a State
5 under this section shall consist of 10 members appointed
6 by the Governor of the State as follows:

7 “(1) One individual who is a representative of
8 the instrumentality which administers the State’s
9 water pollution control revolving loan fund.

10 “(2) One individual who is a representative of
11 the State agency which is primarily responsible for
12 carrying out the State’s responsibilities under the
13 Safe Drinking Water Act.

14 “(3) One individual who is a representative of
15 an entity in the State which receives funds to assist
16 nonentitlement areas under the Community Develop-
17 ment Block Grant Program established under the
18 Housing and Community Development Act of 1974.

19 “(4) One individual who is a representative of
20 an entity in the State which receives funds under the
21 water and waste facility loan and grant program es-
22 tablished by section 306 of the Consolidated Farm
23 and Rural Development Act.

1 “(5) One individual who is a representative of
2 the State agency which is primarily responsible for
3 regulating private utilities.

4 “(6) One individual who is a representative of
5 a regional planning agency.

6 “(7) One individual who is a representative of
7 the Rural Community Assistance Program.

8 “(8) One individual who is a representative of
9 the State’s Rural Water Association.

10 “(9) One individual who is a representative of
11 a local government.

12 “(10) One individual who is a representative of
13 local or county health department or agency.

14 “(d) TERM.—Each member shall be appointed for a
15 term of 2 years.

16 “(e) VACANCIES.—A vacancy on a panel established
17 under this section shall be filled in the manner in which
18 the original appointment was made.

19 “(f) PAY.—Members shall serve without pay but may
20 receive travel expenses.

21 “(g) CHAIRPERSON.—The chairperson of a panel es-
22 tablished under this section shall be elected by the mem-
23 bers.

1 “(h) MEETINGS.—A panel established under this sec-
2 tion shall conduct at least 3 meetings during each fiscal
3 year.

4 **“SEC. 655. AUDITS, REPORTS, AND FISCAL CONTROLS.**

5 “(a) FISCAL CONTROL AND AUDITING PROCE-
6 DURES.—Each State shall establish fiscal controls and ac-
7 counting procedures sufficient to ensure proper accounting
8 during appropriate accounting periods for—

9 “(1) deposits made into the rural community
10 environmental assistance account of the State under
11 this part;

12 “(2) disbursements made from the account; and

13 “(3) account balances at the beginning and end
14 of the accounting period.

15 “(b) ANNUAL FEDERAL AUDITS.—The Adminis-
16 trator shall, at least on an annual basis, conduct or require
17 each State to have independently conducted such reviews
18 and audits as may be deemed necessary or appropriate
19 by the Administrator to carry out the objectives of this
20 section. Audits of the use of funds deposited in the rural
21 community environmental assistance account of the State
22 shall be conducted in accordance with the auditing proce-
23 dures of the General Accounting Office, including chapter
24 75 of title 31, United States Code.

1 “(c) ANNUAL REPORT.—Beginning 60 days after the
2 end of the first fiscal year beginning after the date of the
3 enactment of this part, the State shall submit an annual
4 report to the Administrator describing how the State has
5 met the goals and objectives for the previous fiscal year
6 as identified in the plan prepared for such year pursuant
7 to section 653(a), including identification of loan and
8 grant recipients, loan and grant amounts, and terms and
9 similar details on other forms of financial assistance pro-
10 vided from the rural community environmental assistance
11 account of the State under this part.

12 “(d) NONCOMPLIANCE.—

13 “(1) NOTIFICATION.—If the Administrator de-
14 termines that a State has not complied with the re-
15 quirements of this part, the Administrator shall no-
16 tify the State of such noncompliance and the nec-
17 essary corrective action.

18 “(2) WITHHOLDING OF PAYMENTS.—If a State
19 does not take corrective action within 60 days after
20 the date a State receives notification of noncompli-
21 ance under paragraph (1), the Administrator shall
22 withhold the minimum amounts to be deposited in
23 the rural community environmental assistance ac-
24 count of the State under this part until the Adminis-

1 trator is satisfied that the State has taken the nec-
2 essary corrective action.

3 “(3) REALLOTMENT.—If the Administrator is
4 not satisfied that adequate correction actions have
5 been taken by the State on or before the date which
6 is 12 months after the date on which the State is
7 notified of noncompliance, the payments withheld
8 from the State by the Administrator under section
9 (2) shall be made available for reallocation in accord-
10 ance with the formula for allotment of funds under
11 this Act.

12 **“SEC. 656. DEFINITIONS.**

13 “For the purposes of this part, the following defini-
14 tions apply:

15 “(1) CONSTRUCTION.—The term ‘construction’
16 shall have the same meaning as such term has under
17 section 212(1) of this Act; except that such term
18 shall be construed to apply to public water systems
19 as well as wastewater treatment works and such
20 term shall include acquisition of lands, easements,
21 and rights-of-way for use as a site on which to locate
22 a public water system or wastewater treatment
23 works.

1 “(2) ECONOMICALLY DISTRESSED RURAL COM-
2 MUNITY.—The term ‘economically distressed rural
3 community’ means a rural community in which—

4 “(A) the median household income of the
5 residents of such community is less than 75
6 percent of the statewide non-metropolitan
7 household income, as determined by the latest
8 decennial census of the United States; or

9 “(B) the rate of poverty for the residents
10 of such community is greater than the national
11 poverty rate, as determined annually by the Of-
12 fice of Management and Budget.

13 “(3) PUBLIC WATER SYSTEM.—The term ‘pub-
14 lic water system’ shall have the same meaning as
15 such term has under section 1401(4) of the Safe
16 Drinking Water Act.

17 “(4) RURAL COMMUNITY.—The term ‘rural
18 community’ means a municipality—

19 “(A) which is located in a non-metropoli-
20 tan county and which has a population of 5,000
21 individuals or less, as determined by the latest
22 decennial census of the United States; or

23 “(B) the wastewater treatment works or
24 drinking water facility for which assistance is

1 sought has fewer than 1,000 service connec-
2 tions.

3 “(5) WASTEWATER TREATMENT WORKS.—The
4 term ‘wastewater treatment works’ shall have the
5 same meaning as the term ‘treatment works’ has
6 under section 212(2) of this Act.”.

7 (2) CONFORMING AMENDMENT.—Title VI of
8 such Act is further amended by inserting after the
9 heading for such title the following:

10 **“PART A—GENERAL FUNDS”.**

11 **SEC. 6. TECHNICAL ASSISTANCE FOR ECONOMICALLY DIS-**
12 **TRESSED RURAL COMMUNITIES.**

13 (a) GRANTS.—The Administrator of the Environ-
14 mental Protection Agency shall make grants to appro-
15 priate regional, State, and local agencies and not-for-profit
16 organizations to assist economically distressed rural com-
17 munities (as defined in part B of the Federal Water Pollu-
18 tion Control Act) by providing technical assistance for the
19 financing, operation, management, and maintenance of
20 wastewater treatment works and public water systems.

21 (b) ELIGIBILITY.—The Administrator shall make
22 grants under subsection (a) only to those regional, State,
23 and local agencies and not-for-profit organizations which
24 have an established record for providing technical assist-
25 ance to economically distressed rural communities.

1 (c) TECHNICAL ASSISTANCE.—Technical assistance
2 provided to economically distressed rural communities
3 with amounts from grants made available under this sec-
4 tion shall include 1 or more of the following:

5 (1) providing information and guidance con-
6 cerning compliance with requirements of the Federal
7 Water Pollution Control Act and the Safe Drinking
8 Water Act;

9 (2) providing information and guidance on the
10 operation and management of wastewater treatment
11 works and public water systems, including budget-
12 ing, user charge structures, operator training, and
13 maintenance schedules to ensure compliance with
14 the requirements referred to in paragraph (1);

15 (3) providing assistance to areas which are not
16 served by wastewater treatment works or public
17 water systems in order to develop the operations and
18 management capacity necessary to develop and
19 maintain such facilities in compliance with Federal
20 standards;

21 (4) providing assistance to facilitate the consoli-
22 dation or restructuring of wastewater treatment
23 works and public drinking water systems in order to
24 improve the capacity of such facilities; and

1 (5) providing assistance to develop long-term fi-
2 nancial strategies to address overall water quality
3 needs.

4 (d) FUNDING.—The Administrator shall set aside for
5 fiscal year 1994, and each fiscal year thereafter, for mak-
6 ing grants under this section not to exceed 1.5 percent
7 of the amounts appropriated in such fiscal year pursuant
8 to section 607 of the Federal Water Pollution Control Act.

9 **SEC. 7. REPORT TO CONGRESS.**

10 (a) IN GENERAL.—The first sentence of section
11 516(b)(1) of the Federal Water Pollution Control Act is
12 amended—

13 (1) by striking “; and (D)” and inserting “;
14 (D)”;

15 (2) by inserting before the period at the end the
16 following: “; (E) an estimate of the costs of rehabili-
17 tating, replacing, and upgrading public water sys-
18 tems nationally and by State; (F) an estimate of the
19 costs of construction of expanded or new publicly
20 owned treatment works and public water systems
21 nationally and by State, including an estimate of the
22 portion of such costs associated with meeting the re-
23 quirements of this Act; (G) an estimate of the per-
24 centage of the costs described in subparagraphs (B),
25 (C), (D), (E), and (F) associated with publicly

1 owned treatment works and public water systems
2 serving economically distressed rural communities as
3 defined under section 656 of this Act.”.

4 (b) APPLICABILITY.—The amendment made by sub-
5 section (a) shall only apply to reports required under sec-
6 tion 516(b)(1) of the Federal Water Pollution Control Act
7 after the date of the enactment of this Act.

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