

**Union Calendar No. 59**

103D CONGRESS  
1ST SESSION

**H. R. 1701**

**[Report No. 103-114]**

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**A BILL**

To amend title XVI of the Public Health Service Act (the Safe Drinking Water Act) to establish State revolving funds to provide for drinking water treatment facilities, and for other purposes.

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MAY 27, 1993

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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### IN THE HOUSE OF REPRESENTATIVES

APRIL 5, 1993

Mr. WAXMAN (for himself and Mr. DINGELL) introduced the following bill; which was referred to the Committee on Energy and Commerce

MAY 27, 1993

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

[For text of introduced bill, see copy of bill as introduced on April 5, 1993]

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## A BILL

To amend title XVI of the Public Health Service Act (the Safe Drinking Water Act) to establish State revolving funds to provide for drinking water treatment facilities, 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 “Drinking Water and*  
3 *Public Health Enhancement Amendments of 1993”.*

4 **SEC. 2. STATE REVOLVING FUNDS FOR SAFE DRINKING**  
5 **WATER**

6 *Section 1443 of title XIV of the Public Health Service*  
7 *Act (the Safe Drinking Water Act) is amended by redesignig-*  
8 *nating subsection (c) as (d) and by adding the following*  
9 *new subsection after subsection (b):*

10 *“(c) STATE REVOLVING FUNDS.—*

11 *“(1) GENERAL AUTHORITY.—*

12 *“(A) GRANTS TO STATES TO ESTABLISH RE-*  
13 *VOLVING FUNDS.—The Administrator shall enter*  
14 *into agreements with States having primary en-*  
15 *forcement responsibility for public water systems*  
16 *to make capitalization grants, including letters*  
17 *of credit, to the States under this subsection to*  
18 *further the health protection objectives of this*  
19 *Act. The grants shall be allotted to the States in*  
20 *accordance with this section and deposited in*  
21 *drinking water treatment revolving funds estab-*  
22 *lished by the State.*

23 *“(B) USE OF FUNDS.—Amounts deposited*  
24 *in such revolving funds, including loan repay-*  
25 *ments and interest earned on such amounts,*  
26 *shall be used only for providing loans or other fi-*

1            *financial assistance of any kind or nature that the*  
2            *State deems appropriate to public water systems.*  
3            *Such financial assistance may be used by a pub-*  
4            *lic water system only for expenditures (not in-*  
5            *cluding monitoring, operation, and maintenance*  
6            *expenditures) of a type or category which the*  
7            *Administrator has determined, through guidance,*  
8            *will facilitate compliance with national primary*  
9            *drinking water regulations applicable to such*  
10           *system under section 1411 or otherwise signifi-*  
11           *cantly further the health protection objectives of*  
12           *this title. 15 percent of the amount credited to*  
13           *any revolving fund established under this section*  
14           *in any fiscal year shall be available solely for*  
15           *providing loan assistance to public water sys-*  
16           *tems which regularly serve less than 10,000 indi-*  
17           *viduals.*

18            *“(C) FUND MANAGEMENT.—Each State re-*  
19            *volving fund under this subsection shall be estab-*  
20            *lished, maintained, and credited with repay-*  
21            *ments and interest. The fund corpus shall be*  
22            *available in perpetuity for providing financial*  
23            *assistance under this section. To the extent*  
24            *amounts in each such fund are not required for*  
25            *current obligation or expenditure such amounts*

1       *shall be invested in interest bearing obligations*  
2       *of the State or of the United States. The Admin-*  
3       *istrator and the States shall take such steps as*  
4       *may be necessary to insure that amounts made*  
5       *available under this subsection are deposited in*  
6       *State revolving funds and earning interest as*  
7       *promptly as practicable after the commencement*  
8       *of the fiscal year in which such funds are made*  
9       *available.*

10               “(D) GRANTS FROM REVOLVING FUNDS.—A  
11       *State may not provide assistance in the form of*  
12       *grants from a State revolving fund established*  
13       *under this subsection in an aggregate amount*  
14       *which exceeds the sum of the interest collected on*  
15       *deposits in such State revolving fund plus*  
16       *amounts deposited in such fund by the State*  
17       *pursuant to paragraph (3). Such grants may*  
18       *only be made to public water systems owned by*  
19       *a governmental or inter-governmental agency, a*  
20       *non-profit organization, an Indian tribe, or any*  
21       *combination thereof which the State finds to be*  
22       *experiencing financial hardship.*

23               “(E) INVESTOR-OWNED PUBLIC WATER SYS-  
24       *TEMS.—In the case of any public water system*  
25       *not owned by a governmental or inter-govern-*

1           *mental agency, a non-profit organization, an In-*  
2           *Indian tribe, or any combination thereof, the State*  
3           *may provide assistance from a State revolving*  
4           *fund under this subsection only to those systems*  
5           *having the greatest public health needs and fi-*  
6           *nancial need. The State may provide loan assist-*  
7           *ance to any such system from such a State re-*  
8           *volving fund only after making a determination*  
9           *that the system has the ability to repay the loan*  
10          *according to its terms and conditions. States are*  
11          *authorized to require such systems to identify a*  
12          *dedicated source for repayment of the loans and*  
13          *to impose such other requirements as may be*  
14          *necessary to assure loan repayment.*

15          “(2) *SPECIFIC REQUIREMENTS.*—*The Adminis-*  
16          *trator shall enter into an agreement with a State*  
17          *under this subsection only after the State has estab-*  
18          *lished to the satisfaction of the Administrator that—*

19                 “(A) *the State will deposit all grants re-*  
20                 *ceived from the Administrator under this sub-*  
21                 *section, together with all repayments and interest*  
22                 *on such grants, in a drinking water treatment*  
23                 *revolving fund established by the State in accord-*  
24                 *ance with this subsection; and*

1           “(B) no loan or other financial assistance  
2           will be provided to a public water system from  
3           such revolving fund to be used for any expendi-  
4           ture that could be avoided or significantly re-  
5           duced by appropriate consolidation of that pub-  
6           lic water system with any other public water  
7           system, except that in such cases such assistance  
8           may be provided from the revolving fund for  
9           such consolidation.

10          *The Administrator, in consultation with the States*  
11          *and public water systems, shall establish criteria to be*  
12          *applied in determining when the consolidation of*  
13          *public water systems is appropriate.*

14                 “(3) STATE CONTRIBUTION.—In the case of  
15                 grants made after fiscal year 1994, each agreement  
16                 under this subsection shall require that the State de-  
17                 posit in the fund from State moneys an amount equal  
18                 to at least 20 percent of the total amount of the grant  
19                 to be made to the State on or before the date on which  
20                 the grant payment is made to the State.

21                 “(4) COMBINED FINANCIAL ADMINISTRATION.—  
22                 Notwithstanding subparagraph (A) of paragraph (2),  
23                 a State may combine the financial administration of  
24                 a revolving fund established under this subsection  
25                 with the financial administration of any other revolv-

1 *ing fund established by the State if the Administrator*  
2 *determines that—*

3 *“(A) the grants under this subsection, to-*  
4 *gether with loan repayments and interest, will be*  
5 *separately accounted for and used solely for the*  
6 *purposes specified in paragraph (1); and*

7 *“(B) the authority to establish assistance*  
8 *priorities and carry out oversight and related ac-*  
9 *tivities (other than financial administration)*  
10 *with respect to such assistance remains with the*  
11 *State agency having primary responsibility for*  
12 *administration of the State program under this*  
13 *part.*

14 *“(5) FUND ADMINISTRATION.—(A) Each State*  
15 *may use up to 4 percent of the grants in a revolving*  
16 *fund established under this subsection to cover the*  
17 *reasonable costs of administration of the assistance*  
18 *program under this subsection and of providing tech-*  
19 *nical assistance to public water systems within the*  
20 *State. For fiscal year 1994, each State may use up*  
21 *to 2 percent of the grants in any such revolving fund*  
22 *for public water system supervision if the State*  
23 *matches such expenditures with at least an equal*  
24 *amount of non-Federal funds (additional to the*  
25 *amount expended by the State for public water super-*

1 *vision in fiscal year 1993). An additional 1 percent*  
2 *of the grants in such fund shall be used by each State*  
3 *to provide technical assistance to public water sys-*  
4 *tems in such State.*

5 *“(B) The Administrator shall publish such guid-*  
6 *ance and promulgate such regulations as may be nec-*  
7 *essary to carry out the provisions of this section, in-*  
8 *cluding—*

9 *“(i) provisions to ensure that each State*  
10 *commits and expends funds from revolving funds*  
11 *established under this subsection in accordance*  
12 *with this Act and applicable Federal and State*  
13 *laws,*

14 *“(ii) guidance to prevent waste, fraud, and*  
15 *abuse, and*

16 *“(iii) guidance to avoid the use of funds*  
17 *made available under this subsection to finance*  
18 *the expansion of any public water system in an-*  
19 *tipication of future population growth.*

20 *Such guidance and regulations shall also insure that*  
21 *the States, and public water systems receiving assist-*  
22 *ance under this subsection, use accounting, audit, and*  
23 *fiscal procedures that conform to generally accepted*  
24 *accounting standards.*

1           “(C) *Each State administering a revolving fund*  
2           *and assistance program under this subsection shall*  
3           *publish and submit to the Administrator a report*  
4           *every 2 years on its activities under this subsection,*  
5           *including the findings of the most recent audit of the*  
6           *fund. The Administrator shall periodically audit all*  
7           *revolving funds established under this subsection in*  
8           *accordance with procedures established by the Comp-*  
9           *troller General.*

10           “(6) *NEEDS SURVEY.—The Administrator shall*  
11           *conduct an assessment of financial needs of all public*  
12           *water systems in the United States and submit a re-*  
13           *port to the Congress containing the results of such as-*  
14           *essment within 2 years after the date of the enact-*  
15           *ment of this subsection.*

16           “(7) *INDIAN TRIBES.—One and 1/2 percent of the*  
17           *amounts appropriated to carry out this subsection*  
18           *may be used by the Administrator to make grants to*  
19           *Indian Tribes and Alaskan Native Villages which are*  
20           *not eligible to receive either capitalization grants*  
21           *from the Administrator under this subsection or as-*  
22           *istance from State revolving funds established under*  
23           *this subsection. Such grants shall be used for expendi-*  
24           *tures by such tribes and villages for public water sys-*  
25           *tem expenditures referred to in paragraph (1)(B).*

1           “(8) *AUTHORIZATION OF APPROPRIATIONS.—*  
2           *There is authorized to be appropriated to carry out*  
3           *the purposes of this subsection \$599,000,000 for the*  
4           *fiscal year 1994 and \$1,000,000,000 for each of the*  
5           *fiscal years 1995, 1996, and 1997, and such sums as*  
6           *may be necessary thereafter.”.*