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(Original Signature of Member)

111TH CONGRESS
1ST 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.

IN THE HOUSE OF REPRESENTATIVES

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

A BILL

To establish a Water Protection and Reinvestment Fund to support investments in clean water 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 and principal forgiveness.

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 and special rule.

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 4 cents per container of such beverage
14 which is five gallons or less. For purposes of the preceding
15 sentence, the manufacturer or producer is the entity that
16 puts the beverage into the container subject to the tax
17 under such sentence.

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

22 “(c) **PHARMACEUTICAL TAX.**—There is hereby im-
23 posed on the sale of any pharmaceutical product by the

1 manufacturer, producer, or importer thereof a tax equal
2 to 0.5 percent of the price for which so sold.

3 “(d) TERMINATION.—The taxes imposed by this sec-
4 tion shall not apply to any production, manufacture, or
5 importation after December 31, 2015.

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

7 “(a) WATER-BASED BEVERAGE.—For purposes of
8 this subchapter—

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

12 “(A) water, or

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

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

19 “(A) any pharmaceutical product,

20 “(B) any alcoholic beverage, and

21 “(C) any product where—

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

1 “(ii) the resulting concentrated prod-
2 uct is shipped and then the water replaced,
3 and

4 “(iii) the beverage is then packaged
5 for sale.

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

10 “(b) WATER DISPOSAL PRODUCT.—For purposes of
11 this subchapter—

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

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

18 “(A) soaps and other detergents, such as
19 laundry detergents and dishwashing detergents,

20 “(B) toothpaste gels, and

21 “(C) tooth powders,

22 as determined under regulations prescribed by the
23 Secretary.

24 “(3) TOILETRIES.—The term ‘toiletries’ means
25 toilet preparations such as perfumes, shaving prep-

1 arations, hair preparations, face creams, lotions (in-
2 cluding sunscreens), and other cosmetic prepara-
3 tions, as determined under regulations prescribed by
4 the Secretary.

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

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

12 “(6) COOKING OILS.—

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

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

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

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

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

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

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

 “SUBCHAPTER E. TAXES RELATING TO WATER.”.

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

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

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

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

21 “(a) IMPOSITION OF TAX.—In the case of a corpora-
22 tion, there is hereby imposed (in addition to any other tax
23 imposed by this subtitle) a tax equal to 0.15 percent of
24 the excess of—

1 “(1) the modified alternative minimum taxable
2 income of such corporation for the taxable year, over

3 “(2) \$4,000,000.

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

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

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

14 (2) CONFORMING AMENDMENTS.—

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

21 “(Y) section 59B (relating to clean water
22 restoration tax).”.

23 (B) Section 164(a) of such Code is amend-
24 ed by inserting after paragraph (5) the fol-
25 lowing new paragraph:

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

3 (C) Section 275(a)(6) of such Code is
4 amended by inserting “or 59B” after “section
5 59A”.

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

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

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

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

21 “(iv) the tax imposed by section 59B,
22 over”.

23 (G) Section 6655(c)(1)(A) of such Code is
24 amended by striking “plus” at the end of clause
25 (ii), by striking “over” at the end of clause (iii)

1 and inserting “plus”, and by inserting after
2 clause (iii) the following new clause:

3 “(iv) the tax imposed by section 59B,
4 over”.

5 (d) EFFECTIVE DATES.—

6 (1) IN GENERAL.—Except as provided in para-
7 graph (2), the amendments made by this section
8 shall apply to taxable years beginning after the date
9 of the enactment of this Act.

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

14 **SEC. 102. ALLOCATION OF FUNDS.**

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

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

23 (A) 48 percent for making capitalization
24 grants under section 601 of the Federal Water
25 Pollution Control Act (33 U.S.C. 1381; relating

1 to capitalization grants for State water pollu-
2 tion control revolving funds);

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

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

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

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

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

22 (B) 0.5 percent for providing technical as-
23 sistance under section 1442(e) of the Safe
24 Drinking Water Act (42 U.S.C. 300j–1(e); re-

1 lating to technical assistance for small public
2 water systems).

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

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

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

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

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

23 (E) 0.1 percent for establishing training
24 programs and making grants under section
25 1442(c) of the Safe Drinking Water Act (42

1 U.S.C. 300j-1(c)) in accordance with section
2 404(d) (relating to training for personnel who
3 manage or operate public water systems);

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

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

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

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

1 **TITLE II—STATE WATER POLLU-**
2 **TION CONTROL REVOLVING**
3 **FUNDS**

4 **SEC. 201. AMENDMENT OF FEDERAL WATER POLLUTION**
5 **CONTROL ACT.**

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

12 **SEC. 202. TECHNICAL ASSISTANCE.**

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

14 (1) by striking “and” at the end of paragraph
15 (6);

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

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

19 “(8) make grants to nonprofit organizations—

20 “(A) to provide technical assistance to
21 rural and small municipalities and tribal gov-
22 ernments for the purpose of assisting, in con-
23 sultation with the State in which the assistance
24 is provided, such municipalities and tribal gov-
25 ernments in the planning, developing, and ac-

1 quisition of financing for eligible projects de-
2 scribed in section 603(c);

3 “(B) to provide technical assistance and
4 training for rural, small, and tribal publicly
5 owned treatment works and decentralized
6 wastewater treatment systems to enable such
7 treatment works and systems to protect water
8 quality and achieve and maintain compliance
9 with the requirements of this Act; and

10 “(C) to disseminate information to rural,
11 small, and tribal municipalities and municipali-
12 ties that meet the affordability criteria estab-
13 lished under section 603(i)(2) by the State in
14 which the municipality is located with respect to
15 planning, design, construction, and operation of
16 publicly owned treatment works and decentral-
17 ized wastewater treatment systems.”.

18 **SEC. 203. GENERAL AUTHORITY FOR CAPITALIZATION**
19 **GRANTS.**

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

1 **SEC. 204. CAPITALIZATION GRANT AGREEMENTS.**

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

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

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

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

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

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

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

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

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

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

1 **SEC. 205. WATER POLLUTION CONTROL REVOLVING LOAN**
2 **FUNDS.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4 “(i) ADDITIONAL SUBSIDIZATION.—

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

11 “(A) to benefit a municipality that—

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

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

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

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

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

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

18 “(2) AFFORDABILITY CRITERIA.—

19 “(A) ESTABLISHMENT.—On or before Sep-
20 tember 30, 2010, and after providing notice
21 and an opportunity for public comment, a State
22 shall establish affordability criteria to assist in
23 identifying municipalities that would experience
24 a significant hardship raising the revenue nec-
25 essary to finance a project or activity eligible

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

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

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

19 “(4) LIMITATION.—The total amount of addi-
20 tional subsidization provided under this subsection
21 by a State may not exceed 30 percent of the total
22 amount of capitalization grants (less the amounts
23 required to be allocated in accordance with section
24 607) received by the State under this title in fiscal
25 years beginning after September 30, 2009.”.

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

3 “(g) PRIORITY SYSTEM REQUIREMENT.—

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

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

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

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

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

18 “(i) collection sewers;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20 “(iv) stream buffers;

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

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

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

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

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

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

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

1 **SEC. 206. HIGH PRIORITY PROJECT GRANTS AND PRIN-**
2 **CIPAL FORGIVENESS.**

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

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

6 and

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

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

10 “(a) IN GENERAL.—A State shall allocate 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 AND FORGIVE
22 PRINCIPAL.—Notwithstanding the requirements of section
23 603(d), assistance provided by a State for high priority
24 projects under subsection (a) shall be in the form of a
25 grant or a loan under which the State forgives repayment
26 of 100 percent of the principal amount of the loan.

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

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

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

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

14 “(B) incorporate nonstructural or decen-
15 tralized treatment practices.

16 “(d) MATCHING FUNDS.—The amount of a grant or
17 loan for a project under this section shall be 50 percent
18 of the project cost. The remaining project cost shall be
19 provided by the State from sources other than capitaliza-
20 tion grants under section 601.

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

1 (b) ELIGIBILITY OF INDIAN TRIBES.—Section 518(e)
2 (33 U.S.C. 1377(e)) is amended by striking “and 406”
3 and inserting “406, and 607”.

4 **TITLE III—SAFE DRINKING**
5 **WATER ACT FUNDING**

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

7 Section 1452(a)(2) of the Safe Drinking Water Act
8 (42 U.S.C. 300j-12(a)(2)) is amended—

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

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

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

1 further the health protection objectives of this
2 title, including expenditures—

3 “(i) for planning, design, and associ-
4 ated preconstruction activities;

5 “(ii) to replace or rehabilitate aging
6 treatment, storage (including reservoirs),
7 or distribution facilities of public water
8 systems;

9 “(iii) for capital projects to upgrade
10 or enhance the security of public water
11 systems;

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

14 “(v) to increase the energy efficiency
15 or water efficiency (or both) of a public
16 water system; or

17 “(vi) for onsite projects to generate
18 renewable energy for a public water sys-
19 tem.”.

20 **SEC. 302. PRIORITY SYSTEM REQUIREMENTS.**

21 Section 1452(b)(3) of the Safe Drinking Water Act
22 (42 U.S.C. 300j-12(b)(3)) is amended—

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

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

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

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

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

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

24 “(i) an inventory of assets, including
25 a description of the condition of the assets;

1 “(ii) a schedule for replacement of as-
2 sets;

3 “(iii) a financing plan that factors in
4 all life-cycle costs indicating sources of rev-
5 enue from ratepayers, grants, bonds, other
6 loans, and other sources to meet the costs;

7 “(iv) in the case of a public water sys-
8 tem that regularly serves fewer than
9 10,000 persons, a review of options for
10 consolidating management functions of the
11 system with management functions of
12 other public water systems;

13 “(v) reliance on methodologies or
14 technologies that are environmentally sen-
15 sitive, non-structural, or both environ-
16 mentally sensitive and non-structural;

17 “(vi) demonstration of consistency
18 with State, regional, and municipal water-
19 shed plans;

20 “(vii) a water conservation plan con-
21 sistent with guidelines published for such
22 plans by the Administrator pursuant to
23 section 1455(a);

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

1 “(I) water efficiency or conserva-
2 tion;
3 “(II) use of reclaimed water; and
4 “(III) actions to increase energy
5 efficiency; and
6 “(ix) such other information as the
7 State determines necessary.”.

8 **SEC. 303. AFFORDABILITY.**

9 Section 1452(d)(3) of the Safe Drinking Water Act
10 (42 U.S.C. 300j-12(d)(3)) is amended in the first sentence
11 by inserting “or portion of a service area” after “service
12 area”.

13 **SEC. 304. NEEDS SURVEY.**

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

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

18 “(1) IN GENERAL.—The Administrator shall
19 conduct”; and

20 (2) by adding at the end following:

21 “(2) REPORT.—Each report under paragraph
22 (1) shall detail the capital improvement needs of eli-
23 gible public water systems according to the popu-
24 lation served by such water systems and shall in-
25 clude not fewer than 4 size categories of public

1 water systems. One such size category shall consist
2 of public water systems serving a population of not
3 less than 100,000 and the other such size categories
4 shall consist of public water systems serving popu-
5 lations of less than 100,000.”.

6 **SEC. 305. NEGOTIATION OF CONTRACTS.**

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

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

17 “(1) a contract for architectural and engineer-
18 ing services is negotiated under chapter 11 of title
19 40, United States Code; or

20 “(2) an equivalent State qualifications-based re-
21 quirement (as determined by the Governor of the
22 State).”.

1 **SEC. 306. DRINKING WATER TECHNICAL ASSISTANCE FOR**
2 **COMMUNITIES.**

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

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

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

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

12 (3) by striking the fifth sentence and all that
13 follows and inserting the following:

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

20 (4) by adding at the end the following new
21 paragraphs:

22 “(2) WELLS AND WELL SYSTEMS.—

23 “(A) IN GENERAL.—The Administrator
24 shall provide grants to nonprofit organizations
25 to provide technical assistance to communities
26 and individuals regarding the design, operation,

1 construction, and maintenance of household
2 wells and small shared well-systems that pro-
3 vide drinking water.

4 “(B) FORM OF ASSISTANCE.—Technical
5 assistance referred to in subparagraph (A) may
6 include—

7 “(i) training and education;

8 “(ii) operation of a hotline; and

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

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

18 “(i) are qualified;

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

23 “(iii) have demonstrated experience in
24 providing similar technical assistance and
25 in developing similar projects.

1 “(3) FUNDING.—

2 “(A) LOBBYING EXPENSES.—No portion
3 of any State loan fund established under section
4 1452 and no portion of any funds made avail-
5 able under this subsection may be used for lob-
6 bying expenses.

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

12 **TITLE IV—ADDITIONAL GRANT** 13 **PROGRAMS**

14 **SEC. 401. DEFINITIONS.**

15 In this title, the following definitions apply:

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

18 (2) ADMINISTRATOR.—The term “Adminis-
19 trator” means the Administrator of the Environ-
20 mental Protection Agency.

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

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

5 (5) TREATMENT WORKS.—The term “treatment
6 works” has the meaning given that term in section
7 212 of the Federal Water Pollution Control Act (33
8 U.S.C. 1292).

9 (6) WATER PROTECTION AND REINVESTMENT
10 TRUST FUND.—The term “Water Protection and Re-
11 investment Trust Fund” means the trust fund es-
12 tablished by section 9511 of the Internal Revenue
13 Code of 1986, as added by section 101(a) of this
14 Act.

15 **SEC. 402. TREATMENT WORKS AND COMMUNITY WATER**
16 **SYSTEM SECURITY GRANTS.**

17 (a) GRANTS FOR SECURITY ENHANCEMENTS.—The
18 Administrator may make a grant to any State, munici-
19 pality, publicly owned treatment works, or community
20 water system—

21 (1) for capital projects that increase the secu-
22 rity of the community water system or publicly
23 owned treatment works; and

24 (2) for the completion or update of a vulner-
25 ability assessment, emergency response plan, or site

1 security plan required under section 1433 of the
2 Safe Drinking Water Act (42 U.S.C. 300i-2) or any
3 other applicable law.

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

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

11 **SEC. 403. CLIMATE CHANGE MITIGATION AND ADAPTATION**
12 **GRANTS.**

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

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

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

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

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

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

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

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

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

20 **SEC. 404. WORKFORCE DEVELOPMENT GRANTS.**

21 (a) TRAINING GRANTS AND CONTRACTS.—

22 (1) FUNDING.—The Administrator may make
23 grants under section 109 of the Federal Water Pol-
24 lution Control Act (33 U.S.C. 1259), using funds
25 appropriated out of the Water Protection and Rein-

1 vestment Trust Fund that are allocated for that
2 purpose under section 102, to ensure that an ade-
3 quate supply of certified wastewater treatment oper-
4 ators exists.

5 (2) AMENDMENTS.—Section 109 of such Act
6 (33 U.S.C. 1259) is amended—

7 (A) in the first sentence of subsection
8 (a)—

9 (i) by striking “operation,” and in-
10 sserting “operation, construction,”;

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

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

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

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

22 “(3) Facilities for which grants are awarded under
23 this section before, on, or after the date of enactment of
24 this section are eligible for additional funding for mod-

1 ernization and upgrades through grants under this sec-
2 tion.”.

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

7 (c) AWARD OF SCHOLARSHIPS.—

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

17 (2) AMENDMENTS.—Section 111 of such Act
18 (33 U.S.C. 1261) is amended—

19 (A) in paragraph (1)—

20 (i) by striking “undergraduate” and
21 inserting “undergraduate and graduate”;

22 (ii) by striking “operation” and in-
23 sserting “construction, operation,”; and

24 (iii) by striking “but not to exceed
25 four academic years”;

1 (B) in paragraph (2)—
2 (i) by striking “use of individuals”
3 and inserting “use by individuals”;
4 (ii) by striking “United States” in-
5 serting “States”; and
6 (iii) by striking “secondary” and in-
7 serting “secondary and post-secondary”;
8 and
9 (C) in paragraph (3)(D) by striking “oper-
10 ation” each place it appears and inserting “de-
11 sign, operation,”.

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

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

20 (a) IN GENERAL.—The Administrator may make
21 grants under section 221 of the Federal Water Pollution
22 Control Act (33 U.S.C. 1301) using funds appropriated
23 out of the Water Protection and Reinvestment Trust Fund
24 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.—Not later than one year after the
6 date of enactment of this Act, the Administrator shall es-
7 tablish a national water infrastructure research, develop-
8 ment, and demonstration program to develop, dem-
9 onstrate, and transfer innovative or improved technologies
10 and methods for the treatment, control, transport, and
11 reuse of drinking water and wastewater. These tech-
12 nologies and methods may include—

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

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

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

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

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

1 (6) decentralized or distributed stormwater and
2 wastewater controls and treatment;

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

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

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

13 (10) mitigating and adapting to climate change;

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

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

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

23 (b) CONSULTATION.—In administering the program
24 under this section, the Administrator shall annually hold

1 a national meeting to bring together major stakeholders,
2 including representatives from the following:

3 (1) The public.

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

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

14 (4) Universities, colleges, and other institutions
15 of higher education.

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

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

1 search and development of the treatment, control, trans-
2 port, and re-use of drinking water, stormwater, and waste-
3 water, including the following entities:

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

6 (2) The Water Research Foundation.

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

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

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

16 (6) The National Science Foundation.

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

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

1 (e) SELECTION.—In entering into cooperative agree-
2 ments and making grants under subsection (c), the Ad-
3 ministrator shall give priority to cooperative agreements
4 and grants that—

5 (1) create multiple environmental, social, and
6 economic benefits for communities; and

7 (2) consider—

8 (A) a variety of water resource opportuni-
9 ties and needs;

10 (B) unique and diverse geology and geog-
11 raphy;

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

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

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

24 (g) FUNDING.—The Administrator shall carry out
25 this section using funds appropriated out of the Water

1 Protection and Reinvestment Trust Fund that are allo-
2 cated for that purpose under section 102.

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

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

11 (a) REGIONAL CENTERS.—

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

24 (2) DESIGNATION OF NATIONAL WATER RE-
25 SEARCH CENTER.—The Administrator, in collabora-

1 tion with the Director, shall designate one of the 21
2 university water research centers as the “National
3 Water Research Center”.

4 (3) MISSION.—

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

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

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

21 (b) SELECTION OF GRANT RECIPIENTS.—

22 (1) APPLICATIONS.—In order to be eligible to
23 receive a grant under this section, a nonprofit insti-
24 tution of higher learning shall submit to the Admin-
25 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).