



U.S. House of Representatives
Committee on Transportation and Infrastructure

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SUMMARY OF SUBJECT MATTER

TO: Members of the Subcommittee on Water Resources and Environment

FROM: Subcommittee on Water Resources and Environment Staff

SUBJECT: Subcommittee on Water Resources and Environment Markup of H.R. _____, the Water Quality Financing Act of 2007; H.R. 569, the Water Quality Investment Act of 2007; and H.R. 700, the Healthy Communities Water Supply Act of 2007.

PURPOSE OF MARKUP

At 10:00 a.m., on Wednesday, January 31, 2007, in 2167 Rayburn House Office Building, the Subcommittee on Water Resources and Environment will mark up H.R. 700, the Healthy Communities Water Supply Act of 2007, H.R. 569, the Water Quality Investment Act of 2007, and H.R._____, the Water Quality Financing Act of 2007.

H.R. _____, THE WATER QUALITY FINANCING ACT OF 2007

Background

The Subcommittee has jurisdiction over water quality and wastewater infrastructure programs administered by the Environmental Protection Agency (“EPA”) under the Federal Water Pollution Control Act, commonly known as the Clean Water Act. Title VI of the Clean Water Act provides for the establishment and capitalization of Clean Water State Revolving Loan Funds (“Clean Water SRF”) to aid in funding the construction of publicly owned wastewater treatment works and other wastewater infrastructure around the nation.

To a great extent, improvements in water quality since the passage of the 1972 Clean Water Act have resulted from a significant investment in wastewater infrastructure improvements throughout the country. Since 1972, the Federal government has provided more than \$82 billion for wastewater infrastructure and other assistance, which has dramatically increased the number of

Americans enjoying better water quality and improved the health of the economy and the environment. During the same time period, overall investment in the nation's wastewater infrastructure – from Federal, State, and local sources -- has been over \$250 billion.

Today, the nationwide system of wastewater infrastructure includes 16,000 publicly owned wastewater treatment plants, 100,000 major pumping stations, 600,000 miles of sanitary sewers, and 200,000 miles of storm sewers.

However, the challenge to continue progress in meeting the fishable and swimmable goals of Clean Water Act remains, as our existing national wastewater infrastructure is aging, deteriorating, and in need of repair, replacement, or upgrading. In 2000, EPA reported that without continued improvement in wastewater treatment infrastructure, we face the very real risk of losing the environmental gains we have achieved over the last three decades. Our \$250 billion investment in wastewater infrastructure is at risk, as is the \$300 billion per year in economic activity that relies on clean water.

Prior Legislative and Oversight Activity

In prior Congresses, the Subcommittee on Water Resources has held numerous hearings on the nation's wastewater infrastructure needs and the importance of a renewed commitment to addressing these needs. On March 28, 2001, the Subcommittee held a hearing, entitled "Water Infrastructure Needs". On March 19, 2003, the Subcommittee held a hearing, entitled "Meeting the Nation's Wastewater Infrastructure Needs". On April 28, 2004, the Subcommittee held a hearing, entitled "Aging Water Supply Infrastructure". On June 8 and 14, the Subcommittee held a series of hearings, entitled "Financing Water Infrastructure Projects". On January 19, 2007, the Subcommittee held a hearing, entitled "The Need for Renewed Investment in Clean Water Infrastructure".

In prior Congresses, the Subcommittee has also developed and considered numerous bills to reauthorize increasing appropriations for the Clean Water State Revolving Fund.

In the 107th Congress, the bipartisan leadership of the Subcommittee introduced H.R. 3930, the Water Quality Financing Act of 2002. On March 13, 2002, the Subcommittee held a legislative hearing on H.R. 3930. On March 20, 2002, the Committee on Transportation and Infrastructure met in open session, and ordered H.R. 3930 reported, as amended, to the House by voice vote. No further action was taken in this bill.

In the 108th Congress, the then-Chairman of the Subcommittee introduced H.R. 1560, the Water Quality Financing Act of 2003. This bill was largely based on H.R. 3930 from the 107th Congress. On July 17, 2003, the Subcommittee on Water Resources and Environment met in open session, and ordered H.R. 1560 reported, as amended, to the Committee on Transportation and Infrastructure by voice vote. No further action was taken on this bill.

In the 109th Congress, the then-Chairman of the Subcommittee introduced H.R. 4560, the Clean Water Trust Act of 2005, to create a national clean water trust fund as a means for financing wastewater infrastructure needs. No further action was taken on this legislation.

H.R. ____, the Water Quality Financing Act of 2007

H.R. ____ is aimed at renewing the Federal commitment to addressing our nation's substantial needs for wastewater infrastructure, and closing the approximately \$3.2 billion to \$11.1 billion annual gap that exists between wastewater infrastructure needs and current levels of spending. To achieve this goal, H.R. ____ seeks to increase investment in wastewater infrastructure and to reduce the cost of constructing and maintaining that infrastructure.

Specifically, H.R. ____:

- Authorizes \$20 billion in Federal grants over five years to capitalize Clean Water State Revolving Funds. These funds provide low interest loans to communities for wastewater infrastructure.
- Authorizes extended repayment periods (up to 30 years).
- Provides additional subsidies, including principal forgiveness and negative interest loans (the equivalent of grants) for communities that meet a state's affordability criteria, for individual ratepayers that will experience significant hardship from potential rate increases, and for the construction and implementation of innovative or alternative processes, materials, or technologies to meet the nation's wastewater treatment needs.
- Requires a state to use part of its funding to provide additional subsidization for disadvantaged communities.
- Authorizes technical assistance to rural and small communities to assist them in gaining access to financing wastewater infrastructure.
- Authorizes technical assistance and training to rural and small publicly owned treatment works and decentralized wastewater treatment systems to help meet the requirements of the Clean Water Act.
- Encourages long-term asset management planning and financing that will ensure sustainable systems and the potential to reduce overall capital and operation and maintenance costs.
- Encourages communities to consider alternative and innovative processes, materials, and technologies (including "green infrastructure") that provide greater environmental benefits, or the same benefits using less energy or at a reduced cost.
- Establishes water quality benefits as the primary criterion for determining which projects receive funding, and encourages watershed approaches to solving water quality problems, as well as traditional infrastructure.
- Renews the requirement that contractors and subcontractors on treatment works projects constructed with assistance from the state revolving funds will be paid not less than prevailing wages, as determined under the Davis-Bacon Act.

Amendments

Amendments are expected to strike or alter the Davis-Bacon prevailing wage protections included in the bill, and to authorize a study of additional potential revenue sources, including from public and private sources, to address wastewater infrastructure needs.

Specific information on amendments is not available at this time.

H.R. 569, THE WATER QUALITY INVESTMENT ACT OF 2007

On January 18, 2007, Representatives Pascrell, Camp, and Capuano introduced H.R. 569, the Water Quality Investment Act of 2007. This legislation would authorize appropriations for sewer overflow control grants. H.R. 569 was referred to the Committee on Transportation and Infrastructure.

The purpose of H.R. 569 is to reauthorize appropriations for section 221 of the Clean Water Act, which authorizes appropriations for grants to municipalities and states to control combined sewer overflows (CSOs) and sanitary sewer overflows (SSOs).

CSOs and SSOs are overflows of untreated waste that can occur during wet weather episodes as a result of poor maintenance, deteriorating infrastructure, infiltration and inflow, and inadequate capacity, among other factors. CSOs and SSOs present significant public health and safety concerns because raw sewage can overflow into rivers, lakes, streets, and basements, adversely affecting public health and the environment.

Combined sewers are found in 33 States across the U.S. and the District of Columbia. The majority of combined sewers are located in communities in the Northeast or Great Lakes regions – where much of the oldest water infrastructure in the nation is found. However, combined sewer overflows have also occurred in the West, including the States of Washington, Oregon, and California. To eliminate combined sewer overflows, communities must redesign their sewer systems to separate sewage flows from stormwater flows or provide significant additional capacity to eliminate the possibility that combined flows will exceed the limits of the infrastructure. Either way, this will be a massive undertaking – estimated by EPA to cost more than \$50 billion.

H.R. 569 amends section 221 of the Act to authorize \$3 billion over six years in grant funding to address CSOs and SSOs. H.R. 569 also make other changes to section 221 to update the authority, and to allow for the Administrator of EPA to make such grants directly to municipalities and municipal entities.

Prior Legislative and Oversight Activities

The Subcommittee on Water Resources and Environment has held numerous hearings on the nation's wastewater infrastructure needs and the importance of a renewed commitment to addressing these needs, including the necessity to address CSOs and SSOs. On March 28, 2001, the Subcommittee held a hearing, entitled "Water Infrastructure Needs". On March 19, 2003, the Subcommittee held a hearing, entitled "Meeting the Nation's Wastewater Infrastructure Needs". On

April 28, 2004, the Subcommittee held a hearing, entitled “Aging Water Supply Infrastructure”. On June 8 and 14, the Subcommittee held a series of hearings, entitled “Financing Water Infrastructure Projects”. On January 19, 2007, the Subcommittee held a hearing, entitled “The Need for Renewed Investment in Clean Water Infrastructure”.

Over the last three Congresses, the Committee on Transportation and Infrastructure has approved legislation to reauthorize appropriations for grants to address combined sewer overflows and sanitary sewer overflows.

In the 108th Congress, the Subcommittee held a legislative hearing on H.R. 784, the Water Quality Investment Act of 2003, on July 8, 2004. On July 15, 2004, the Subcommittee adopted by voice vote an amendment in the nature of a substitute. The amendment authorized \$250 million for each of fiscal years 2005 through 2010. The amendment also made other changes to section 221 to update the authority and to ensure that States may administer these grants in the same way that they administer loans from the State Revolving Loan Funds. The Subcommittee reported the bill, as amended, favorably to the Committee on Transportation and Infrastructure, by voice vote. On July 21, 2004, the Committee on Transportation and Infrastructure met in open session, and ordered the bill, as amended by the Subcommittee, reported to the House by voice vote (H. Rept. 108-675). No further action was taken on this legislation.

In the 109th Congress, the Committee on Transportation and Infrastructure met on May 18, 2005, to consider H.R. 624, a bill authorize appropriations for sewer overflow control grants. H.R. 624 was identical to H.R. 784, the Water Quality Investment Act of 2003, from the 108th Congress, with the exception of updating the authorization years from 2005 through 2010 to 2006 through 2011. The Committee on Transportation and Infrastructure met in open session and ordered H.R. 624 reported to the House by voice vote (H. Rept. 109-166). No further action was taken on this legislation.

Representative Pascrell, Representative Camp, and Representative Capuano introduced H.R. 569 on January 18, 2007. This legislation was modeled after H.R. 624, as approved by the Committee on May 18, 2005, and authorizes appropriations of \$3 billion over six years for grants to address combined sewer overflows and sanitary sewer overflows.

Amendments

A substitute amendment will be offered by Chairwoman Eddie Bernice Johnson at the Subcommittee markup conforming the bill to the text of H.R. 624 from the 109th Congress, and modifying the authorization of appropriations to \$1.8 billion over five years – providing \$250 million in fiscal year 2008, \$300 million in fiscal year 2009, \$350 million in fiscal year 2010, \$400 million in fiscal year 2011, and \$500 million in fiscal year 2012.

Information on additional amendments is not available at this time.

H.R. 700, THE HEALTHY COMMUNITIES WATER SUPPLY ACT OF 2007

In recent years, there has been increasing interest in ensuring the availability of water sources to meet future water supply needs. Growth in population and increasing environmental awareness are causing many communities to explore alternative water supplies through reclamation, reuse, and conservation. While Clean Water Act construction grants (before Fiscal Year 1991) and State Revolving Funds (since Fiscal Year 1989) have been available for such activities, most expenditures to date have been for more traditional wastewater projects, and not for enhancing water supplies through wastewater reuse and water recycling.

In 2000 (Title VI of P.L. 106-457), Congress amended the Clean Water Act to add section 220. Section 220 authorized appropriations of \$75 million for fiscal years 2002 through 2004 for EPA to make grants for alternative water source projects to develop or provide water for municipal and industrial or agricultural uses in areas that are experiencing critical water supply needs. Projects undertaken through this authority would be cost shared, with a non-Federal cost of 50 percent. This authorization has expired. Reauthorization of section 220 of the Clean Water Act provides an authority to help meet some critical water supply needs around the nation.

On January 29, 2007, Representatives McNerney and Tauscher introduced H.R. 700, the Healthy Communities Water Supply Act of 2007. This legislation reauthorizes appropriations for section 220 of the Clean Water Act to authorize a total of \$125 million for EPA grants for alternative water source projects. There is no fiscal year limitation on the authorization of appropriations.

Prior Legislative and Oversight Activities

In the 108th Congress, the Subcommittee on Water Resources and Environment held a series of hearings on issues relating to water scarcity and demand on May 22 and June 4, 2003.

In the 109th Congress, legislation (H.R. 1359) was introduced on March 17, 2005, to reauthorize appropriations for section 220 of the Act. The Committee on Transportation and Infrastructure met in open session on May 18, 2005, to consider H.R. 1359 and other legislation. The Committee adopted by voice vote an amendment in the nature of a substitute. The amendment removed the fiscal year limitation on the authorization of appropriations, leaving the total amount authorized at \$125 million. The Committee ordered the bill, as amended, reported to the House by voice vote (H. Rept. 109-167). No further action was taken on this legislation.

On January 29, 2007, Representatives McNerney and Tauscher introduced H.R. 700 to reauthorize appropriations of \$125 million for an existing EPA pilot program for alternative water source projects. H.R. 700 is identical to H.R. 1359 from the 109th Congress.

Amendments

Information on amendments is not available at this time.

Subcommittee Staff Contacts and Phone Number

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