

112TH CONGRESS
1ST SESSION

H. R. 1802

To amend the Internal Revenue Code of 1986 to provide that the volume cap for private activity bonds shall not apply to bonds for facilities for the furnishing of water and sewage facilities.

IN THE HOUSE OF REPRESENTATIVES

MAY 10, 2011

Mr. PASCRELL (for himself and Mr. DAVIS of Kentucky) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide that the volume cap for private activity bonds shall not apply to bonds for facilities for the furnishing of water and sewage facilities.

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.**

4 This Act may be cited as the “Sustainable Water In-
5 frastructure Investment Act of 2011”.

6 **SEC. 2. FINDINGS AND PURPOSE.**

7 (a) FINDINGS.—Congress finds the following:

1 (1) Our Nation’s water and wastewater systems
2 are among the best in the world, providing safe
3 drinking water and sanitation to our citizens.

4 (2) In addition to protecting the health of our
5 citizens, community water systems are essential to
6 our local economies, enabling industries to achieve
7 growth and productivity that make America strong
8 and prosperous.

9 (3) Regulated under title XIV of the Public
10 Health Service Act (42 U.S.C. 300f et seq.; com-
11 monly known as the “Safe Drinking Water Act”) and the Federal Water Pollution Control Act (33
12 U.S.C. 1251 et seq.), community drinking water sys-
13 tems and wastewater collection and treatment facili-
14 ties are critical elements in the Nation’s infrastruc-
15 ture.
16

17 (4) Water and wastewater infrastructure is
18 comprised of a mixture of old and new technology.
19 In many local communities across the Nation, the
20 old infrastructure has deteriorated to critical condi-
21 tions and is very costly to replace. Recent govern-
22 ment studies have estimated costs of
23 \$500,000,000,000 to \$800,000,000,000 over the
24 next 20 years for maintaining and improving the ex-

1 isting inventory, building new infrastructure, and
2 meeting new water quality standards.

3 (5) The historical approach of funding infra-
4 structure is insufficient to meet the investment
5 needs of the future.

6 (6) The Federal partnership with State and
7 local communities has played a pivotal role in im-
8 proving the Nation's water quality and drinking
9 water supplies. Federal assistance under this part-
10 nership has been the linchpin of these improvements.

11 (7) In light of constrained Federal budgets, the
12 availability of exempt-facility financing represents an
13 important financing tool to help close the gap be-
14 tween funds currently being invested and water in-
15 frastructure needs, preserving the Federal partner-
16 ship.

17 (8) Providing alternative financing solutions,
18 such as tax-exempt securities, encourages investment
19 in water and wastewater infrastructure that in turn
20 creates local jobs and protects the health of our citi-
21 zens.

22 (9) Federally mandated State volume cap re-
23 strictions in conjunction with other priorities have
24 limited the use of tax-exempt securities on water and
25 wastewater infrastructure investment.

1 (10) Removal of State volume caps for water
2 and wastewater infrastructure will accelerate and in-
3 crease overall investment in the Nation’s critical
4 water infrastructure; facilitate increased use of inno-
5 vative infrastructure delivery methods supporting
6 sustainable water systems through public-private
7 partnerships that optimize design, financing, con-
8 struction, and long-term management, maintenance
9 and viability; and provide for more effective risk
10 management of complex water infrastructure
11 projects by municipal utility and private sector part-
12 ners.

13 (b) PURPOSE.—The purpose of this Act is to provide
14 alternative financing for long-term infrastructure capital
15 investment programs, and to restore the Nation’s safe
16 drinking water and wastewater infrastructure capability
17 and protect the health of our citizens.

18 **SEC. 3. EXEMPT-FACILITY BONDS FOR SEWAGE AND WATER**

19 **SUPPLY FACILITIES.**

20 (a) BONDS FOR WATER AND SEWAGE FACILITIES
21 EXEMPT FROM VOLUME CAP ON PRIVATE ACTIVITY
22 BONDS.—Paragraph (3) of section 146(g) of the Internal
23 Revenue Code of 1986 is amended by inserting “(4), (5),”
24 after “(2),”.

1 (b) CONFORMING CHANGE.—Paragraphs (2) and
2 (3)(B) of section 146(k) of the Internal Revenue Code of
3 1986 are both amended by striking “(4), (5), (6),” and
4 inserting “(6)”.

5 (c) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to obligations issued after the date
7 of the enactment of this Act.

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