

Subtitle C—Innovative Financing Pilot Projects

SEC. 5021. SHORT TITLE.

This subtitle may be cited as the “Water Infrastructure Finance and Innovation Act of 2014”.

SEC. 5022. DEFINITIONS.

In this subtitle:

(1) **ADMINISTRATOR.**—*The term “Administrator” means the Administrator of the Environmental Protection Agency.*

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

(3) **FEDERAL CREDIT INSTRUMENT.**—*The term “Federal credit instrument” means a secured loan or loan guarantee authorized to be made available under this subtitle with respect to a project.*

(4) **INVESTMENT-GRADE RATING.**—*The term “investment-grade rating” means a rating of BBB minus, Baa3, bbb minus, BBB (low), or higher assigned by a rating agency to project obligations.*

(5) **LENDER.**—

(A) **IN GENERAL.**—*The term “lender” means any non-Federal qualified institutional buyer (as defined in section 230.144A(a) of title 17, Code of Federal Regulations (or a successor regulation), known as Rule 144A(a) of the Securities and Exchange Commission and issued under the Securities Act of 1933 (15 U.S.C. 77a et seq.)).*

(B) **INCLUSIONS.**—*The term “lender” includes—*

(i) *a qualified retirement plan (as defined in section 4974(c) of the Internal Revenue Code of 1986) that is a qualified institutional buyer; and*

(ii) *a governmental plan (as defined in section 414(d) of the Internal Revenue Code of 1986) that is a qualified institutional buyer.*

(6) **LOAN GUARANTEE.**—*The term “loan guarantee” means any guarantee or other pledge by the Secretary or the Administrator to pay all or part of the principal of, and interest on, a loan or other debt obligation issued by an obligor and funded by a lender.*

(7) **OBLIGOR.**—*The term “obligor” means an eligible entity that is primarily liable for payment of the principal of, or interest on, a Federal credit instrument.*

(8) **PROJECT OBLIGATION.**—

(A) **IN GENERAL.**—*The term “project obligation” means any note, bond, debenture, or other debt obligation issued by an obligor in connection with the financing of a project.*

(B) **EXCLUSION.**—*The term “project obligation” does not include a Federal credit instrument.*

(9) **RATING AGENCY.**—*The term “rating agency” means a credit rating agency registered with the Securities and Exchange Commission as a nationally recognized statistical rating organization (as defined in section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a))).*

(10) **SECURED LOAN.**—The term “secured loan” means a direct loan or other debt obligation issued by an obligor and funded by the Secretary or Administrator, as applicable, in connection with the financing of a project under section 5029.

(11) **STATE.**—The term “State” means—

(A) a State;

(B) the District of Columbia;

(C) the Commonwealth of Puerto Rico; and

(D) any other territory or possession of the United States.

(12) **STATE INFRASTRUCTURE FINANCING AUTHORITY.**—The term “State infrastructure financing authority” means the State entity established or designated by the Governor of a State to receive a capitalization grant provided by, or otherwise carry out the requirements of, title VI of the Federal Water Pollution Control Act (33 U.S.C. 1381 et. seq.) or section 1452 of the Safe Drinking Water Act (42 U.S.C. 300j-12).

(13) **SUBSIDY AMOUNT.**—The term “subsidy amount” means the amount of budget authority sufficient to cover the estimated long-term cost to the Federal Government of a Federal credit instrument, as calculated on a net present value basis, excluding administrative costs and any incidental effects on governmental receipts or outlays in accordance with the Federal Credit Reform Act of 1990 (2 U.S.C. 661 et seq.).

(14) **SUBSTANTIAL COMPLETION.**—The term “substantial completion”, with respect to a project, means the earliest date on which a project is considered to perform the functions for which the project is designed.

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

SEC. 5023. AUTHORITY TO PROVIDE ASSISTANCE.

(a) **IN GENERAL.**—The Secretary and the Administrator may provide financial assistance under this subtitle to carry out pilot projects, which shall be selected to ensure a diversity of project types and geographical locations.

(b) **RESPONSIBILITY.**—

(1) **SECRETARY.**—The Secretary shall carry out all pilot projects under this subtitle that are eligible projects under section 5026(1).

(2) **ADMINISTRATOR.**—The Administrator shall carry out all pilot projects under this subtitle that are eligible projects under paragraphs (2), (3), (4), (5), (6), and (8) of section 5026.

(3) **OTHER PROJECTS.**—The Secretary or the Administrator, as applicable, may carry out eligible projects under paragraph (7) or (9) of section 5026.

SEC. 5024. APPLICATIONS.

(a) **IN GENERAL.**—To receive assistance under this subtitle, an eligible entity shall submit to the Secretary or the Administrator, as applicable, an application at such time, in such manner, and containing such information as the Secretary or the Administrator may require.

(b) **COMBINED PROJECTS.**—In the case of an eligible project described in paragraph (8) or (9) of section 5026, the Secretary or the

Administrator, as applicable, shall require the eligible entity to submit a single application for the combined group of projects.

SEC. 5025. ELIGIBLE ENTITIES.

The following entities are eligible to receive assistance under this subtitle:

- (1) *A corporation.*
- (2) *A partnership.*
- (3) *A joint venture.*
- (4) *A trust.*
- (5) *A Federal, State, or local governmental entity, agency, or instrumentality.*
- (6) *A tribal government or consortium of tribal governments.*
- (7) *A State infrastructure financing authority.*

SEC. 5026. PROJECTS ELIGIBLE FOR ASSISTANCE.

The following projects may be carried out with amounts made available under this subtitle:

- (1) *Any project for flood damage reduction, hurricane and storm damage reduction, environmental restoration, coastal or inland harbor navigation improvement, or inland and intra-coastal waterways navigation improvement that the Secretary determines is technically sound, economically justified, and environmentally acceptable, including—*
 - (A) *a project to reduce flood damage;*
 - (B) *a project to restore aquatic ecosystems;*
 - (C) *a project to improve the inland and intracoastal waterways navigation system of the United States; and*
 - (D) *a project to improve navigation of a coastal or inland harbor of the United States, including channel deepening and construction of associated general navigation features.*
- (2) *1 or more activities that are eligible for assistance under section 603(c) of the Federal Water Pollution Control Act (33 U.S.C. 1383(c)), notwithstanding the public ownership requirement under paragraph (1) of that subsection.*
- (3) *1 or more activities described in section 1452(a)(2) of the Safe Drinking Water Act (42 U.S.C. 300j-12(a)(2)).*
- (4) *A project for enhanced energy efficiency in the operation of a public water system or a publicly owned treatment works.*
- (5) *A project for repair, rehabilitation, or replacement of a treatment works, community water system, or aging water distribution or waste collection facility (including a facility that serves a population or community of an Indian reservation).*
- (6) *A brackish or sea water desalination project, a managed aquifer recharge project, or a water recycling project.*
- (7) *Acquisition of real property or an interest in real property—*
 - (A) *if the acquisition is integral to a project described in paragraphs (1) through (6); or*
 - (B) *pursuant to an existing plan that, in the judgment of the Administrator or the Secretary, as applicable, would mitigate the environmental impacts of water resources infrastructure projects otherwise eligible for assistance under this section.*

(8) A combination of projects, each of which is eligible under paragraph (2) or (3), for which a State infrastructure financing authority submits to the Administrator a single application.

(9) A combination of projects secured by a common security pledge, each of which is eligible under paragraph (1), (2), (3), (4), (5), (6), or (7), for which an eligible entity, or a combination of eligible entities, submits a single application.

SEC. 5027. ACTIVITIES ELIGIBLE FOR ASSISTANCE.

For purposes of this subtitle, an eligible activity with respect to an eligible project includes the cost of—

(1) development-phase activities, including planning, feasibility analysis (including any related analysis necessary to carry out an eligible project), revenue forecasting, environmental review, permitting, preliminary engineering and design work, and other preconstruction activities;

(2) construction, reconstruction, rehabilitation, and replacement activities;

(3) the acquisition of real property or an interest in real property (including water rights, land relating to the project, and improvements to land), environmental mitigation (including acquisitions pursuant to section 5026(7)), construction contingencies, and acquisition of equipment; and

(4) capitalized interest necessary to meet market requirements, reasonably required reserve funds, capital issuance expenses, and other carrying costs during construction.

SEC. 5028. DETERMINATION OF ELIGIBILITY AND PROJECT SELECTION.

(a) **ELIGIBILITY REQUIREMENTS.**—To be eligible to receive financial assistance under this subtitle, a project shall meet the following criteria, as determined by the Secretary or Administrator, as applicable:

(1) **CREDITWORTHINESS.**—

(A) **IN GENERAL.**—The project and obligor shall be creditworthy, which shall be determined by the Secretary or the Administrator, as applicable.

(B) **CONSIDERATIONS.**—In determining the creditworthiness of a project and obligor, the Secretary or the Administrator, as applicable, shall take into consideration relevant factors, including—

(i) the terms, conditions, financial structure, and security features of the proposed financing;

(ii) the dedicated revenue sources that will secure or fund the project obligations;

(iii) the financial assumptions upon which the project is based; and

(iv) the financial soundness and credit history of the obligor.

(C) **SECURITY FEATURES.**—The Secretary or the Administrator, as applicable, shall ensure that any financing for the project has appropriate security features, such as a rate covenant, supporting the project obligations to ensure repayment.

(D) **RATING OPINION LETTERS.**—

(i) *PRELIMINARY RATING OPINION LETTER.*—The Secretary or the Administrator, as applicable, shall require each project applicant to provide, at the time of application, a preliminary rating opinion letter from at least 1 rating agency indicating that the senior obligations of the project (which may be the Federal credit instrument) have the potential to achieve an investment-grade rating.

(ii) *FINAL RATING OPINION LETTERS.*—The Secretary or the Administrator, as applicable, shall require each project applicant to provide, prior to final acceptance and financing of the project, final rating opinion letters from at least 2 rating agencies indicating that the senior obligations of the project have an investment-grade rating.

(E) *SPECIAL RULE FOR CERTAIN COMBINED PROJECTS.*—The Administrator shall develop a credit evaluation process for a Federal credit instrument provided to a State infrastructure financing authority for a project under section 5026(8) or an entity for a project under section 5026(9), which may include requiring the provision of a final rating opinion letter from at least 2 rating agencies.

(2) *ELIGIBLE PROJECT COSTS.*—

(A) *IN GENERAL.*—Subject to subparagraph (B), the eligible project costs of a project shall be reasonably anticipated to be not less than \$20,000,000.

(B) *SMALL COMMUNITY WATER INFRASTRUCTURE PROJECTS.*—For a project described in paragraph (2) or (3) of section 5026 that serves a community of not more than 25,000 individuals, the eligible project costs of a project shall be reasonably anticipated to be not less than \$5,000,000.

(3) *DEDICATED REVENUE SOURCES.*—The Federal credit instrument for the project shall be repayable, in whole or in part, from dedicated revenue sources that also secure the project obligations.

(4) *PUBLIC SPONSORSHIP OF PRIVATE ENTITIES.*—

(A) *IN GENERAL.*—If an eligible project is carried out by an entity that is not a State or local government or an agency or instrumentality of a State or local government or a tribal government or consortium of tribal governments, the project shall be publicly sponsored.

(B) *PUBLIC SPONSORSHIP.*—For purposes of this subtitle, a project shall be considered to be publicly sponsored if the obligor can demonstrate, to the satisfaction of the Secretary or the Administrator, as appropriate, that the project applicant has consulted with the affected State, local, or tribal government in which the project is located, or is otherwise affected by the project, and that such government supports the proposed project.

(5) *LIMITATION.*—No project receiving Federal credit assistance under this subtitle may be financed (directly or indirectly), in whole or in part, with proceeds of any obligation—

(A) the interest on which is exempt from the tax imposed under chapter 1 of the Internal Revenue Code of 1986; or

(B) with respect to which credit is allowable under subpart I or J of part IV of subchapter A of chapter 1 of such Code.

(6) USE OF EXISTING FINANCING MECHANISMS.—

(A) NOTIFICATION.—For each eligible project for which the Administrator has authority under paragraph (2) or (3) of section 5023(b) and for which the Administrator has received an application for financial assistance under this subtitle, the Administrator shall notify, not later than 30 days after the date on which the Administrator receives a complete application, the applicable State infrastructure financing authority of the State in which the project is located that such application has been submitted.

(B) DETERMINATION.—If, not later than 60 days after the date of receipt of a notification under subparagraph (A), a State infrastructure financing authority notifies the Administrator that the State infrastructure financing authority intends to commit funds to the project in an amount that is equal to or greater than the amount requested under the application, the Administrator may not provide any financial assistance for that project under this subtitle unless—

(i) by the date that is 180 days after the date of receipt of a notification under subparagraph (A), the State infrastructure financing authority fails to enter into an assistance agreement to provide funds for the project; or

(ii) the financial assistance to be provided by the State infrastructure financing authority will be at rates and terms that are less favorable than the rates and terms for financial assistance provided under this subtitle.

(7) OPERATION AND MAINTENANCE PLAN.—

(A) IN GENERAL.—The Secretary or the Administrator, as applicable, shall determine whether an applicant for assistance under this subtitle has developed, and identified adequate revenues to implement, a plan for operating, maintaining, and repairing the project over the useful life of the project.

(B) SPECIAL RULE.—An eligible project described in section 5026(1) that has not been specifically authorized by Congress shall not be eligible for Federal assistance for operations and maintenance.

(b) SELECTION CRITERIA.—

(1) ESTABLISHMENT.—The Secretary or the Administrator, as applicable, shall establish criteria for the selection of projects that meet the eligibility requirements of subsection (a), in accordance with paragraph (2).

(2) CRITERIA.—The selection criteria shall include the following:

(A) *The extent to which the project is nationally or regionally significant, with respect to the generation of economic and public benefits, such as—*

- (i) *the reduction of flood risk;*
- (ii) *the improvement of water quality and quantity, including aquifer recharge;*
- (iii) *the protection of drinking water, including source water protection; and*
- (iv) *the support of international commerce.*

(B) *The extent to which the project financing plan includes public or private financing in addition to assistance under this subtitle.*

(C) *The likelihood that assistance under this subtitle would enable the project to proceed at an earlier date than the project would otherwise be able to proceed.*

(D) *The extent to which the project uses new or innovative approaches.*

(E) *The amount of budget authority required to fund the Federal credit instrument made available under this subtitle.*

(F) *The extent to which the project—*

- (i) *protects against extreme weather events, such as floods or hurricanes; or*
- (ii) *helps maintain or protect the environment.*

(G) *The extent to which a project serves regions with significant energy exploration, development, or production areas.*

(H) *The extent to which a project serves regions with significant water resource challenges, including the need to address—*

- (i) *water quality concerns in areas of regional, national, or international significance;*
- (ii) *water quantity concerns related to groundwater, surface water, or other water sources;*
- (iii) *significant flood risk;*
- (iv) *water resource challenges identified in existing regional, State, or multistate agreements; or*
- (v) *water resources with exceptional recreational value or ecological importance.*

(I) *The extent to which the project addresses identified municipal, State, or regional priorities.*

(J) *The readiness of the project to proceed toward development, including a demonstration by the obligor that there is a reasonable expectation that the contracting process for construction of the project can commence by not later than 90 days after the date on which a Federal credit instrument is obligated for the project under this subtitle.*

(K) *The extent to which assistance under this subtitle reduces the contribution of Federal assistance to the project.*

(3) **SPECIAL RULE FOR CERTAIN COMBINED PROJECTS.**—*For a project described in section 5026(8), the Administrator shall only consider the criteria described in subparagraphs (B) through (K) of paragraph (2).*

(c) **FEDERAL REQUIREMENTS.**—Nothing in this section supersedes the applicability of other requirements of Federal law (including regulations).

SEC. 5029. SECURED LOANS.

(a) **AGREEMENTS.**—

(1) **IN GENERAL.**—Subject to paragraphs (2) and (3), the Secretary or the Administrator, as applicable, may enter into agreements with 1 or more obligors to make secured loans, the proceeds of which shall be used to finance eligible project costs of any project selected under section 5028.

(2) **FINANCIAL RISK ASSESSMENT.**—Before entering into an agreement under this subsection for a secured loan, the Secretary or the Administrator, as applicable, in consultation with the Director of the Office of Management and Budget and each rating agency providing a rating opinion letter under section 5028(a)(1)(D), shall determine an appropriate capital reserve subsidy amount for the secured loan, taking into account each such rating opinion letter.

(3) **INVESTMENT-GRADE RATING REQUIREMENT.**—The execution of a secured loan under this section shall be contingent on receipt by the senior obligations of the project of an investment-grade rating.

(b) **TERMS AND LIMITATIONS.**—

(1) **IN GENERAL.**—A secured loan provided for a project under this section shall be subject to such terms and conditions, and contain such covenants, representations, warranties, and requirements (including requirements for audits), as the Secretary or the Administrator, as applicable, determines to be appropriate.

(2) **MAXIMUM AMOUNT.**—The amount of a secured loan under this section shall not exceed the lesser of—

(A) an amount equal to 49 percent of the reasonably anticipated eligible project costs; and

(B) if the secured loan does not receive an investment-grade rating, the amount of the senior project obligations of the project.

(3) **PAYMENT.**—A secured loan under this section—

(A) shall be payable, in whole or in part, from State or local taxes, user fees, or other dedicated revenue sources that also secure the senior project obligations of the relevant project;

(B) shall include a rate covenant, coverage requirement, or similar security feature supporting the project obligations; and

(C) may have a lien on revenues described in subparagraph (A), subject to any lien securing project obligations.

(4) **INTEREST RATE.**—The interest rate on a secured loan under this section shall be not less than the yield on United States Treasury securities of a similar maturity to the maturity of the secured loan on the date of execution of the loan agreement.

(5) **MATURITY DATE.**—

(A) **IN GENERAL.**—The final maturity date of a secured loan under this section shall be the earlier of—

(i) the date that is 35 years after the date of substantial completion of the relevant project (as determined by the Secretary or the Administrator, as applicable); and

(ii) if the useful life of the project (as determined by the Secretary or Administrator, as applicable) is less than 35 years, the useful life the project.

(B) *SPECIAL RULE FOR STATE INFRASTRUCTURE FINANCING AUTHORITIES.*—The final maturity date of a secured loan to a State infrastructure financing authority under this section shall be not later than 35 years after the date on which amounts are first disbursed.

(6) *NONSUBORDINATION.*—A secured loan under this section shall not be subordinated to the claims of any holder of project obligations in the event of bankruptcy, insolvency, or liquidation of the obligor of the project.

(7) *FEES.*—The Secretary or the Administrator, as applicable, may establish fees at a level sufficient to cover all or a portion of the costs to the Federal Government of making a secured loan under this section.

(8) *NON-FEDERAL SHARE.*—The proceeds of a secured loan under this section may be used to pay any non-Federal share of project costs required if the loan is repayable from non-Federal funds.

(9) *MAXIMUM FEDERAL INVOLVEMENT.*—

(A) *IN GENERAL.*—Except as provided in subparagraph (B), for each project for which assistance is provided under this subtitle, the total amount of Federal assistance shall not exceed 80 percent of the total project cost.

(B) *EXCEPTIONS.*—Subparagraph (A) shall not apply to any rural water project—

(i) that is authorized to be carried out by the Secretary of the Interior;

(ii) that includes among its beneficiaries a federally recognized Indian tribe; and

(iii) for which the authorized Federal share of the total project costs is greater than the amount described in subparagraph (A).

(c) *REPAYMENT.*—

(1) *SCHEDULE.*—The Secretary or the Administrator, as applicable, shall establish a repayment schedule for each secured loan provided under this section, based on the projected cash flow from project revenues and other repayment sources.

(2) *COMMENCEMENT.*—

(A) *IN GENERAL.*—Scheduled loan repayments of principal or interest on a secured loan under this section shall commence not later than 5 years after the date of substantial completion of the project (as determined by the Secretary or Administrator, as applicable).

(B) *SPECIAL RULE FOR STATE INFRASTRUCTURE FINANCING AUTHORITIES.*—Scheduled loan repayments of principal or interest on a secured loan to a State infrastructure financing authority under this subtitle shall commence not later than 5 years after the date on which amounts are first disbursed.

(3) DEFERRED PAYMENTS.—

(A) AUTHORIZATION.—If, at any time after the date of substantial completion of a project for which a secured loan is provided under this section, the project is unable to generate sufficient revenues to pay the scheduled loan repayments of principal and interest on the secured loan, the Secretary or the Administrator, as applicable, subject to subparagraph (C), may allow the obligor to add unpaid principal and interest to the outstanding balance of the secured loan.

(B) INTEREST.—Any payment deferred under subparagraph (A) shall—

(i) continue to accrue interest in accordance with subsection (b)(4) until fully repaid; and

(ii) be scheduled to be amortized over the remaining term of the secured loan.

(C) CRITERIA.—

(i) IN GENERAL.—Any payment deferral under subparagraph (A) shall be contingent on the project meeting such criteria as the Secretary or the Administrator, as applicable, may establish.

(ii) REPAYMENT STANDARDS.—The criteria established under clause (i) shall include standards for reasonable assurance of repayment.

(4) PREPAYMENT.—

(A) USE OF EXCESS REVENUES.—Any excess revenues that remain after satisfying scheduled debt service requirements on the project obligations and secured loan and all deposit requirements under the terms of any trust agreement, bond resolution, or similar agreement securing project obligations may be applied annually to prepay a secured loan under this section without penalty.

(B) USE OF PROCEEDS OF REFINANCING.—A secured loan under this section may be prepaid at any time without penalty from the proceeds of refinancing from non-Federal funding sources.

(d) SALE OF SECURED LOANS.—

(1) IN GENERAL.—Subject to paragraph (2), as soon as practicable after the date of substantial completion of a project and after providing a notice to the obligor, the Secretary or the Administrator, as applicable, may sell to another entity or reoffer into the capital markets a secured loan for a project under this section, if the Secretary or the Administrator, as applicable, determines that the sale or reoffering can be made on favorable terms.

(2) CONSENT OF OBLIGOR.—In making a sale or reoffering under paragraph (1), the Secretary or the Administrator, as applicable, may not change the original terms and conditions of the secured loan without the written consent of the obligor.

(e) LOAN GUARANTEES.—

(1) IN GENERAL.—The Secretary or the Administrator, as applicable, may provide a loan guarantee to a lender in lieu of making a secured loan under this section, if the Secretary or the Administrator, as applicable, determines that the budgetary

cost of the loan guarantee is substantially the same as that of a secured loan.

(2) **TERMS.**—The terms of a loan guarantee provided under this subsection shall be consistent with the terms established in this section for a secured loan, except that the rate on the guaranteed loan and any prepayment features shall be negotiated between the obligor and the lender, with the consent of the Secretary or the Administrator, as applicable.

SEC. 5030. PROGRAM ADMINISTRATION.

(a) **REQUIREMENT.**—The Secretary or the Administrator, as applicable, shall establish a uniform system to service the Federal credit instruments made available under this subtitle.

(b) **FEEES.**—

(1) **IN GENERAL.**—The Secretary or the Administrator, as applicable, may collect and spend fees, contingent on authority being provided in appropriations Acts, at a level that is sufficient to cover—

(A) the costs of services of expert firms retained pursuant to subsection (d); and

(B) all or a portion of the costs to the Federal Government of servicing the Federal credit instruments provided under this subtitle.

(c) **SERVICER.**—

(1) **IN GENERAL.**—The Secretary or the Administrator, as applicable, may appoint a financial entity to assist the Secretary or the Administrator in servicing the Federal credit instruments provided under this subtitle.

(2) **DUTIES.**—A servicer appointed under paragraph (1) shall act as the agent for the Secretary or the Administrator, as applicable.

(3) **FEE.**—A servicer appointed under paragraph (1) shall receive a servicing fee, subject to approval by the Secretary or the Administrator, as applicable.

(d) **ASSISTANCE FROM EXPERTS.**—The Secretary or the Administrator, as applicable, may retain the services, including counsel, of organizations and entities with expertise in the field of municipal and project finance to assist in the underwriting and servicing of Federal credit instruments provided under this subtitle.

(e) **APPLICABILITY OF OTHER LAWS.**—Section 513 of the Federal Water Pollution Control Act (33 U.S.C. 1372) applies to the construction of a project carried out, in whole or in part, with assistance made available through a Federal credit instrument under this subtitle in the same manner that section applies to a treatment works for which a grant is made available under that Act.

SEC. 5031. STATE, TRIBAL, AND LOCAL PERMITS.

The provision of financial assistance for a project under this subtitle shall not—

(1) relieve any recipient of the assistance of any obligation to obtain any required State, local, or tribal permit or approval with respect to the project;

(2) limit the right of any unit of State, local, or tribal government to approve or regulate any rate of return on private equity invested in the project; or

(3) otherwise supersede any State, local, or tribal law (including any regulation) applicable to the construction or operation of the project.

SEC. 5032. REGULATIONS.

The Secretary or the Administrator, as applicable, may promulgate such regulations as the Secretary or Administrator determines to be appropriate to carry out this subtitle.

SEC. 5033. FUNDING.

(a) **IN GENERAL.**—There is authorized to be appropriated to each of the Secretary and the Administrator to carry out this subtitle, to remain available until expended—

- (1) \$20,000,000 for fiscal year 2015;
- (2) \$25,000,000 for fiscal year 2016;
- (3) \$35,000,000 for fiscal year 2017;
- (4) \$45,000,000 for fiscal year 2018; and
- (5) \$50,000,000 for fiscal year 2019.

(b) **ADMINISTRATIVE COSTS.**—Of the funds made available to carry out this subtitle, the Secretary or the Administrator, as applicable, may use for the administration of this subtitle, including for the provision of technical assistance to aid project sponsors in obtaining the necessary approvals for the project, not more than \$2,200,000 for each of fiscal years 2015 through 2019.

(c) **SMALL COMMUNITY WATER INFRASTRUCTURE PROJECTS.**—

(1) **IN GENERAL.**—For each fiscal year, the Secretary or the Administrator, as applicable, shall set aside not less than 15 percent of the amounts made available for that fiscal year under this section for small community water infrastructure projects described in section 5028(a)(2)(B).

(2) **ADMINISTRATION.**—Any amounts set aside under paragraph (1) that remain unobligated on June 1 of the fiscal year for which the amounts are set aside shall be available for obligation by the Secretary or the Administrator, as applicable, for projects other than small community water infrastructure projects.

(d) **ADDITIONAL FUNDING.**—Notwithstanding section 5029(b)(2), the Secretary or the Administrator, as applicable, may make available up to 25 percent of the amounts made available for each fiscal year under this section for loans in excess of 49 percent of the total project costs.

SEC. 5034. REPORTS ON PILOT PROGRAM IMPLEMENTATION.

(a) **AGENCY REPORTING.**—As soon as practicable after each fiscal year for which amounts are made available to carry out this subtitle, the Secretary and the Administrator shall publish on a dedicated, publicly accessible Internet site—

- (1) each application received for assistance under this subtitle; and
- (2) a list of the projects selected for assistance under this subtitle, including—
 - (A) a description of each project;
 - (B) the amount of financial assistance provided for each project; and
 - (C) the basis for the selection of each project with respect to the requirements of this subtitle.

(b) **REPORTS TO CONGRESS.**—

(1) *IN GENERAL.*—Not later than 4 years after the date of enactment of this Act, the Comptroller General of the United States shall submit to the Committee on Environment and Public Works of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives a report summarizing for the projects that are receiving, or have received, assistance under this subtitle—

(A) the applications received for assistance under this subtitle;

(B) the projects selected for assistance under this subtitle, including a description of the projects and the basis for the selection of those projects with respect to the requirements of this subtitle;

(C) the type and amount of financial assistance provided for each project selected for assistance under this subtitle;

(D) the financial performance of each project selected for assistance under this subtitle, including an evaluation of whether the objectives of this subtitle are being met;

(E) the benefits and impacts of implementation of this subtitle, including the public benefit provided by the projects selected for assistance under this subtitle, including, as applicable, water quality and water quantity improvement, the protection of drinking water, and the reduction of flood risk; and

(F) an evaluation of the feasibility of attracting non-Federal public or private financing for water infrastructure projects as a result of the implementation of this subtitle.

(2) *RECOMMENDATIONS.*—The report under paragraph (1) shall include—

(A) an evaluation of the impacts (if any) of the limitation under section 5028 (a)(5) on the ability of eligible entities to finance water infrastructure projects under this subtitle;

(B) a recommendation as to whether the objectives of this subtitle would be best served—

(i) by continuing the authority of the Secretary or the Administrator, as applicable, to provide assistance under this subtitle;

(ii) by establishing a Government corporation or Government-sponsored enterprise to provide assistance in accordance with this subtitle; or

(iii) by terminating the authority of the Secretary and the Administrator under this subtitle and relying on the capital markets to fund the types of infrastructure investments assisted by this subtitle without Federal participation; and

(C) any proposed changes to improve the efficiency and effectiveness of this subtitle in providing financing for water infrastructure projects, taking into consideration the recommendations made under subparagraphs (A) and (B).

SEC. 5035. REQUIREMENTS.

(a) *IN GENERAL.*—Except as provided in subsection (c), none of the amounts made available under this subtitle may be used for the construction, alteration, maintenance, or repair of a project eligible

for assistance under this subtitle unless all of the iron and steel products used in the project are produced in the United States.

(b) **DEFINITION OF IRON AND STEEL PRODUCTS.**—In this section, the term “iron and steel products” means the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete, and construction materials.

(c) **APPLICATION.**—Subsection (a) shall not apply in any case or category of cases in which the Administrator finds that—

(1) applying subsection (a) would be inconsistent with the public interest;

(2) iron and steel products are not produced in the United States in sufficient and reasonably available quantities and of a satisfactory quality; or

(3) inclusion of iron and steel products produced in the United States will increase the cost of the overall project by more than 25 percent.

(d) **WAIVER.**—If the Administrator receives a request for a waiver under this section, the Administrator shall make available to the public, on an informal basis, a copy of the request and information available to the Administrator concerning the request, and shall allow for informal public input on the request for at least 15 days prior to making a finding based on the request. The Administrator shall make the request and accompanying information available by electronic means, including on the official public Internet Web site of the Environmental Protection Agency.

(e) **INTERNATIONAL AGREEMENTS.**—This section shall be applied in a manner consistent with United States obligations under international agreements.

TITLE VI—DEAUTHORIZATION AND BACKLOG PREVENTION

SEC. 6001. DEAUTHORIZATION OF INACTIVE PROJECTS.

(a) **PURPOSES.**—The purposes of this section are—

(1) to identify \$18,000,000,000 in water resources development projects authorized by Congress that are no longer viable for construction due to—

(A) a lack of local support;

(B) a lack of available Federal or non-Federal resources; or

(C) an authorizing purpose that is no longer relevant or feasible;

(2) to create an expedited and definitive process to deauthorize water resources development projects that are no longer viable for construction; and

(3) to allow the continued authorization of water resources development projects that are viable for construction.

(b) **COMPREHENSIVE STATUS REPORTS.**—Section 1001(b) of the Water Resources Development Act of 1986 (33 U.S.C. 579a(b)) is amended by adding at the end the following:

“(3) **MINIMUM FUNDING LIST.**—At the end of each fiscal year, the Secretary shall submit to the Committee on Environ-