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## **Section-by-Section of the “Assistance, Quality, and Affordability Act of 2016” Committee on Energy and Commerce**

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### **Section 1. Short Title.**

This Act may be cited as the “Assistance, Quality, and Affordability Act of 2016”.

### **Section 2. Prevailing Wages.**

This section requires that laborers and mechanics employed under a project financed with funds from the state revolving funds are paid at a rate not less than the prevailing wage in the area.

### **Section 3. Use of Funds.**

This section amends the list of activities for which funds from the state revolving funds may be used, to clarify that preconstruction activities, rehabilitation and replacement of aging infrastructure, and production or capture of sustainable energy are eligible for funding through the revolving funds. This section also codifies the existing practice of using funds for issuance of bonds.

### **Section 4. Requirements for Use of American Materials.**

This section requires that water systems purchase iron and steel that have been produced in the United States for use in projects funded through the Safe Drinking Water Act State Revolving Fund (“SRF”), unless the required goods are not produced in the United States or the purchase of other goods is in the public interest.

### **Section 5. Data on Variances, Exemptions, and Persistent Violations.**

This section amends the list of items that must be included by states in their Intended Use Plans, so that EPA can use information about noncompliance in evaluating whether a state plan will serve the priorities of the SRF.

### **Section 6. Definition of Restructuring.**

This section adds a new definition to the Safe Drinking Water Act (SDWA).

### **Section 7. Weight of Applications.**

This section amends the provisions describing the SRF and the procedures for prioritizing applications for funds from the SRF.

This section adds an additional priority for the use of funds from the SRF. Existing law includes three priorities: addressing the most serious risks to human health, ensuring compliance with SDWA requirements, and assisting systems most in need on a per household basis. This amendment adds consideration of sustainability, by prioritizing projects that increase a system’s ability to provide safe, affordable water for years to come. This will allow projects that anticipate significant needs and offer improvements that will benefit a system for many years to receive funding before public health concerns become acute.

Additionally, and separate from the overall priority scheme, this section makes clear that SRF funds should be available for systems serving disadvantaged communities and facing unaffordable capital costs to come into compliance with a new national primary drinking water standard.

This section also establishes a system for giving greater weight to applications from systems that have taken measures to improve their management and financial stability, efficiency, and environmental impact. Individual states may select qualifying measures in their Intended Use Plans, and this section provides several examples of measures that could qualify.

In order to ensure that small systems have the ability to evaluate and undertake qualifying measures, this section allows the Administrator to provide guidance, software, and tools to those systems. This guidance will supplement the assistance available under the technical assistance provisions of SDWA.

### **Section 8. Disadvantaged Communities.**

This section amends the disadvantaged community provisions of SDWA which allows states to provide additional assistance to public water systems serving disadvantaged communities. This section will, for the first time, require states with a demonstrated need to provide assistance through the disadvantaged community provisions of SDWA. Any state that reports exemptions or persistent violations by one or more systems serving disadvantaged communities will be required to reserve at least 6% of their SRF funds for assistance to those systems.

Additionally, this section will make disadvantaged community assistance available to public water systems whose service areas include a disadvantaged portion, and will require that the assistance is provided to that portion.

### **Section 9. Administration of State Loan Funds.**

This section increases the portion of SRF funds which states may use for administration of their SRF programs. It also codifies the current practice of allowing states to transfer a portion of funds between the Drinking Water and Clean Water State Revolving Funds.

### **Section 10. State Loan Funds for American Samoa, Northern Mariana Islands, Guam, and the Virgin Islands.**

This section increases the portion of SRF funds which may be reserved by the Administrator for infrastructure projects in the Territories from 0.33% to 1.5% of the fund.

### **Section 11. Authorization of Appropriations.**

This section authorizes appropriations for fiscal years 2017 through 2021 at increasing levels:

- \$3,130,000,000 for fiscal year 2017
- \$3,600,000,000 for fiscal year 2018
- \$4,140,000,000 for fiscal year 2019
- \$4,800,000,000 for fiscal year 2020
- \$5,500,000,000 for fiscal year 2021

### **Section 12. Affordability of New Standards.**

This section amends several provisions of the Safe Drinking Water Act to adapt affordability considerations for new standards to reflect lessons learned since the 1996 amendments. In promulgating new standards, the Administrator will now be required to regularly update and supplement the list of

technologies that are affordable for different classes of systems to drive innovation and provide information for small systems.

This new requirement complements the new requirement for state drinking water administrators, described in Section 5, to evaluate the affordability of new drinking water standards on a state level. Any state finding that a new standard poses affordability issues for disadvantaged communities in that state will be required to prioritize projects for those systems under the SRF. Any state which is disproportionately affected by a new standard will be eligible, under this section, for additional funds from the SRF program to ensure that prioritizing projects for the new system does not limit funding for other projects.

These funding priorities will replace the current small system variance mechanism, which has never been used. The variance mechanism would not provide funds to small systems to come into compliance, but would instead create a different standard. This section is designed to direct SRF funds to help make new standards affordable for all systems and customers.

### **Section 13. Focus on Lifecycle Costs.**

Just as Section 5 of this bill will require water systems and states to look at sustainability and the lifecycle costs of assets in applying for funds, this section will require the Administrator to look at the lifecycle costs, including maintenance, replacement, and avoided costs, in determining what technologies are feasible for new standards.

### **Section 14. Enforcement.**

This section will amend the enforcement provisions of the Safe Drinking Water Act to ensure that technical assistance is provided to bring systems into compliance where appropriate, and that follow up inspections are conducted to ensure that systems stay in compliance.

Violations under the Safe Drinking Water Act have been divided into classes, by the current statute and regulations, based on their frequency, severity, and public health risk. That classification has been used to determine what notice must be provided to customers of violating systems. This section would apply the same classification, and require the Administrator to determine what types, number, and frequency of follow up inspections should be conducted for each class of violation.

### **Section 15. Presence of Pharmaceuticals and Personal Care Products in Sources of Drinking Water.**

This section requires the Administrator to carry out a study on the presence of pharmaceuticals and personal care products in sources of drinking water.

### **Section 16. Electronic Reporting of Compliance Monitoring Data to the Administrator.**

This section requires the Administrator to promulgate a rule, no later than 12 months after the date of enactment of the AQUA Act, to require electronic submission of compliance monitoring data by water systems and states with primary enforcement authority.

### **Section 17. Best Practices for Administration of State Revolving Loan Fund Programs.**

This section requires the Administrator to collect and disseminate information on best practices for administration of state revolving loan fund programs, including efforts to streamline the process of applying for loans and techniques to ensure that obligated balances are liquidated in a timely fashion.

### **Section 18. Water Loss and Leak Control Technology.**

This section requires the Administrator to develop criteria for effective water loss and leak control

technology and implement a program to allow manufacturers to voluntarily certify their technology as meeting such criteria. The certification would allow water systems to make informed purchasing decisions.

### **Section 19. Risks of Drought to Drinking Water**

This section requires the Administrator to develop a strategic plan for assessing and managing the risks of drought to drinking water. The Administrator, under this section, would provide guidance to public water systems about monitoring and mitigating risks of drought to these systems. The Administrator will be required to work with other federal agencies and stakeholders to coordinate information and determine where gaps in information exist.

### **Section 20. Water Infrastructure Resiliency and Sustainability**

This section requires the Administrator to establish a grant program to assist water systems in improving drinking water resiliency and sustainability. It prioritizes water systems that have been identified as being at the greatest risk of facing negative effects due to hydrological changes. Water systems are required to provide at least 50% of the funds for projects funded under this program. This section authorizes \$50 million annually for the grant program for fiscal years 2017 through 2021.

### **Section 21. Lead Service Line Replacement**

This section requires the Administrator to establish a grant program to remove lead service lines from public water systems. Applications would be prioritized if they serve an area that has had high lead levels in drinking water within the past three years, address vulnerable populations, and include assistance for low-income homeowners. The Administrator is required to provide guidance for public water systems to prepare an inventory of lead service lines in their water system.

This section authorizes \$100 million annually for fiscal years 2017 through 2021 for the lead pipe replacement program with up to \$10 million set aside to assist low-income homeowners replace privately owned lead service lines. Recipients of grants under this program are expected to provide at least 20% of the project costs. The cost-sharing provision may be waived, at the discretion of the Administrator, if the recipient is unable to afford the non-Federal share.