# <sup>110TH CONGRESS</sup> 2D SESSION H.R.6194

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

JUNE 5, 2008

Mr. PASCRELL (for himself and Mr. ENGLISH of Pennsylvania) 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 2008".

#### 6 SEC. 2. FINDINGS AND PURPOSE.

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

(1) Our Nation's water and wastewater systems
 are among the best in the world, providing safe
 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") 12 and the Federal Water Pollution Control Act (33) 13 U.S.C. 1251 et seq.), community drinking water sys-14 tems and wastewater collection and treatment facili-15 ties are critical elements in the Nation's infrastruc-16 ture.

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 studies have estimated costs of ment 23 \$500,000,000,000 to \$800,000,000 over the 24 next 20 years for maintaining and improving the ex-

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3 (5) The historical approach of funding infra4 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.

(7) In light of constrained Federal budgets, the
availability of exempt-facility financing represents an
important financing tool to help close the gap between funds currently being invested and water infrastructure needs, preserving the Federal partnership.

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 citi21 zens.

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

1 (10) Removal of State volume caps for water 2 and wastewater infrastructure will accelerate and increase overall investment in the Nation's critical 3 4 water infrastructure; facilitate increased use of innovative infrastructure delivery methods supporting 5 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.

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

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

#### 19 SUPPLY FACILITIES.

(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 (relating to exception for certain
24 bonds) is amended by inserting "(4), (5)," after "(2),".

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(b) CONFORMING CHANGE.—Paragraph (2) and
 paragraph (3)(B) of section 146(k) of such Code are both
 amended by striking "(4), (5), (6)," and inserting "(6)".
 (c) EFFECTIVE DATE.—The amendments made by
 this section shall apply to obligations issued after the date
 of the enactment of this Act.

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