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S. 2345 Would Exempt Water, Sewage Facility Bonds From Cap.

S. 2345, the Sustainable Water Infrastructure Investment Act of 2013, introduced by Senate Finance Committee member Robert Menendez, D-N.J., would exempt bonds for water and sewage facilities from the volume cap on private activity bonds.

113TH CONGRESS
2D SESSION

S. 2345

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 SENATE OF THE UNITED STATES

MAY 15, 2014

Mr. MENENDEZ (for himself and Mr. CRAPO) introduced the following bill; which was read twice and referred to the Committee on Finance

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.
Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Sustainable Water Infrastructure Investment Act of 2013”.

SEC. 2. FINDINGS AND PURPOSE.

(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.

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

(3) Regulated under title XIV of the Public Health Service Act (42 U.S.C. 300f et seq.; commonly

known as the “Safe Drinking Water Act”) and the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.), community drinking water systems and wastewater collection and treatment facilities are critical elements in the Nation’s infrastructure.

(4) Water and wastewater infrastructure is comprised of a mixture of old and new technology. In many local communities across the Nation, the old infrastructure has deteriorated to critical conditions and is very costly to replace. Recent government studies have estimated costs of $500,000,000,000 to $800,000,000,000 over the next 20 years for maintaining and improving the existing inventory, building new infrastructure, and meeting new water quality standards.

(5) The historical approach of funding infrastructure is insufficient to meet the investment needs of the future.

(6) The Federal partnership with State and local communities has played a pivotal role in improving the Nation’s water quality and drinking water supplies. Federal assistance under this partnership 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.

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

(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.

(10) Removal of State volume caps for water and wastewater infrastructure will accelerate and increase overall investment in the Nation’s critical water infrastructure; facilitate increased use of innovative infrastructure delivery methods supporting sustainable water systems through public-private partnerships that optimize design, financing, construction, and long-term management, maintenance and viability; and provide for more effective risk management of complex water infrastructure projects by municipal utility and private sector partners.

(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.

SEC. 3. EXEMPT-FACILITY BONDS FOR SEWAGE AND WATER SUPPLY FACILITIES.

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

(b) CONFORMING CHANGE. — Paragraphs (2) and (3)(B) of section 146(k) of the Internal Revenue Code of 1986 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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