

113TH CONGRESS  
1ST SESSION

# S. 335

To provide financing assistance for qualified water infrastructure projects,  
and for other purposes.

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IN THE SENATE OF THE UNITED STATES

FEBRUARY 14, 2013

Mr. MERKLEY (for himself and Mr. LAUTENBERG) introduced the following  
bill; which was read twice and referred to the Committee on Environment  
and Public Works

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## A BILL

To provide financing assistance for qualified water  
infrastructure projects, and for other purposes.

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 “Water Infrastructure  
5 Finance and Innovation Act of 2013”.

6 **SEC. 2. FINDINGS.**

7 Congress finds that—

8 (1) it is in the national interest to encourage  
9 the timely and cost-effective rehabilitation and re-  
10 placement of aging water and sewer infrastructure

1 and to support investments in innovative, cost-effective,  
2 tive, and sustainable infrastructure approaches to  
3 protect public health and clean water;

4 (2) the Environmental Protection Agency re-  
5 ports that, in the 20-year period following the date  
6 of enactment of this Act—

7 (A) \$334,800,000,000 is needed to invest  
8 in infrastructure improvements to ensure the  
9 provision of safe water; and

10 (B) \$298,100,000,000 is needed for pub-  
11 licly owned wastewater systems-related infra-  
12 structure;

13 (3) customer rates and local charges are and  
14 will remain the primary means of paying for water  
15 service and infrastructure in the United States;

16 (4) the municipal bond market and State re-  
17 volving fund programs are the primary long-term  
18 means for financing water infrastructure projects,  
19 but upfront investment needs are too high to be met  
20 with those traditional means alone;

21 (5) financing constraints make it particularly  
22 difficult for State revolving funds to support large  
23 water infrastructure projects of regional and na-  
24 tional significance;

1           (6) the growing funding gap demonstrates the  
2 need to invest in innovative and cost-effective ap-  
3 proaches such as green infrastructure, water effi-  
4 ciency, and source water protection to obtain the  
5 greatest environmental and public health benefits  
6 per dollar invested;

7           (7) this Act will substantially benefit the drink-  
8 ing water and wastewater systems of the United  
9 States by—

10           (A) addressing the gap in funding for  
11 large, regionally and nationally significant  
12 projects by making available direct loans and  
13 loan guarantees to reduce borrowing costs and  
14 accelerate water infrastructure investment;

15           (B) enhancing the capacity of State revolv-  
16 ing fund programs to assist other projects; and

17           (C) promoting clean and safe water  
18 through compliance with the Federal Water  
19 Pollution Control Act (33 U.S.C. 1251 et seq.)  
20 and the Safe Drinking Water Act (42 U.S.C.  
21 300f et seq.);

22           (8) since the historical default rate on water  
23 and sewer bonds is 0.04 percent, the risk of default  
24 on Federal assistance provided under this Act is  
25 minimal;

1           (9) keeping the risk of default on water and  
2 sewer bonds low requires the alignment of infra-  
3 structure investment with environmental sustain-  
4 ability; and

5           (10) because loans, loan guarantees, and other  
6 credit instruments only incur long-term costs if sub-  
7 sidized or in the event of default, this Act can help  
8 to meet the water infrastructure needs of the United  
9 States at minimal long-term cost to the Federal  
10 Government.

11 **SEC. 3. DEFINITIONS.**

12 In this Act:

13           (1) ADMINISTRATOR.—The term “Adminis-  
14 trator” means the Administrator of the Environ-  
15 mental Protection Agency.

16           (2) BORROWER.—The term “borrower” means  
17 an eligible entity that owes payments of interest or  
18 principal on a credit instrument.

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

23           (4) COST OF A DIRECT LOAN; COST OF A LOAN  
24 GUARANTEE.—The terms “cost of a direct loan” and  
25 “cost of a loan guarantee” mean the “cost of a di-

1       rect loan” and “cost of a loan guarantee”, respec-  
2       tively, as those terms are used in section 502 of the  
3       Federal Credit Reform Act of 1990 (2 U.S.C. 661a).

4           (5) CREDIT INSTRUMENT.—The term “credit  
5       instrument” means—

6           (A) a direct loan made under this Act; or

7           (B) a loan or other debt obligation that is  
8       subject to a loan guarantee under this Act.

9           (6) DIRECT LOAN.—

10          (A) IN GENERAL.—The term “direct loan”  
11       has the meaning given the term in section 502  
12       of the Federal Credit Reform Act of 1990 (2  
13       U.S.C. 661a).

14          (B) INCLUSIONS.—The term “direct loan”  
15       includes the purchase of a bond by the Federal  
16       Government.

17          (7) ELIGIBLE ENTITY.—

18          (A) IN GENERAL.—The term “eligible enti-  
19       ty” means—

20           (i) an entity (other than a State or  
21       local agency with jurisdiction over high-  
22       ways or roads) that owns or operates a  
23       treatment works that serves the general  
24       public, including a municipal, tribal, or re-

1 gional separate storm sewer system man-  
2 agement agency;

3 (ii) an entity, including an Indian  
4 tribe, that owns or operates a community  
5 water system;

6 (iii) 1 or more entities described in  
7 clauses (i) and (ii) that are cooperating on  
8 an eligible project;

9 (iv) for an eligible project described in  
10 paragraph (8)(B), a State infrastructure  
11 financing authority;

12 (v) any entity eligible to receive a loan  
13 or loan guarantee under a State water pol-  
14 lution control revolving fund established  
15 under title VI of the Federal Water Pollu-  
16 tion Control Act (33 U.S.C. 1381 et seq.);  
17 and

18 (vi) any entity eligible to receive a  
19 loan or loan guarantee under a State  
20 drinking water revolving loan fund estab-  
21 lished under section 1452 of the Safe  
22 Drinking Water Act (42 U.S.C. 300j-12).

23 (B) INCLUSIONS.—The term “eligible enti-  
24 ty” includes a public-private partnership, except  
25 that only the public entity-owned or investor-

1 owned utility shall receive assistance under this  
2 Act, not the private financing or development  
3 partner.

4 (8) ELIGIBLE PROJECT.—The term “eligible  
5 project” means—

6 (A) a capital project—

7 (i) to construct, replace, or rehabili-  
8 tate a treatment works or a community  
9 water system;

10 (ii) to reduce the energy consumption  
11 needs of a treatment works or a commu-  
12 nity water system, including the implemen-  
13 tation of energy efficient or renewable gen-  
14 eration technologies;

15 (iii) to increase water efficiency, re-  
16 duce the demand for water, or reduce the  
17 demand for treatment works or community  
18 water system capacity;

19 (iv) to manage or control stormwater;

20 (v) to reuse municipal wastewater or  
21 stormwater;

22 (vi) for the consolidation of 2 or more  
23 treatment works or community water sys-  
24 tems;

1 (vii) to increase drinking water source  
2 protection for surface and groundwater  
3 sources;

4 (viii) for construction activities involv-  
5 ing—

6 (I) the repair, replacement, or  
7 upgrading of a treatment works or  
8 sewage collection system in a commu-  
9 nity that exists on the date of enact-  
10 ment of this Act to address an ad-  
11 verse environmental condition existing  
12 on that date of enactment;

13 (II) the construction of an ad-  
14 vanced decentralized wastewater treat-  
15 ment system, including planning, de-  
16 sign, associated preconstruction plan-  
17 ning activities (as defined in section  
18 212 of the Federal Water Pollution  
19 Control Act (33 U.S.C. 1292)); and

20 (III) implementation measures to  
21 control, manage, reduce, treat, infil-  
22 trate, or reuse municipal stormwater,  
23 the primary purpose of which is the  
24 protection, preservation, or enhance-  
25 ment of water quality to support pub-

1           lic purposes (including decentralized  
2           or distributed stormwater controls,  
3           low-impact development technologies  
4           and nonstructural approaches, stream  
5           buffers, and wetlands restoration and  
6           enhancement, the procurement and  
7           use of equipment to support minimum  
8           measures, such as street sweeping and  
9           storm drain system cleaning, and ac-  
10          quisition of other land and interests in  
11          land to meet the needs of existing de-  
12          velopment that are necessary for those  
13          activities and measures);

14           (ix) to implement a management pro-  
15          gram established under section 319 of the  
16          Federal Water Pollution Control Act (33  
17          U.S.C. 1329);

18           (x) to develop and implement a con-  
19          servation and management plan under sec-  
20          tion 320 of the Federal Water Pollution  
21          Control Act (33 U.S.C. 1330);

22           (xi) to increase the security of waste-  
23          water treatment works or a community  
24          water system (excluding any expenditure  
25          for operations or maintenance);

1           (xii) to carry out water conservation  
2 or efficiency projects, the primary purpose  
3 of which is the protection, preservation, or  
4 enhancement of water quality to support  
5 public purposes;

6           (xiii) to implement measures to inte-  
7 grate water resource management planning  
8 and implementation;

9           (xiv) to carry out water, rainwater,  
10 and wastewater reuse, reclamation, recy-  
11 cling, and rainwater harvesting projects,  
12 the primary purpose of which is the protec-  
13 tion, preservation, or enhancement of  
14 water quality to support public purposes;  
15 and

16           (xv) for capital costs associated with  
17 monitoring equipment for combined or san-  
18 itary sewer overflows;

19 (B) a non-capital project that is—

20           (i) associated with a capital project;  
21 and

22           (ii) the aim of which is to promote the  
23 use of environmentally sustainable proj-  
24 ects, including utility-backed stormwater  
25 and water efficiency retrofit programs; and

1 (C) 2 or more projects described in sub-  
2 paragraph (A) that are combined to receive a  
3 single direct loan or loan guarantee.

4 (9) INDIAN TRIBE.—The term “Indian tribe”  
5 has the meaning given the term in section 4 of the  
6 Indian Self-Determination and Education Assistance  
7 Act (25 U.S.C. 450b).

8 (10) LOAN GUARANTEE.—The term “loan guar-  
9 antee” has the meaning given the term in section  
10 502 of the Federal Credit Reform Act of 1990 (2  
11 U.S.C. 661a).

12 (11) STATE INFRASTRUCTURE FINANCING AU-  
13 THORITY.—The term “State infrastructure financing  
14 authority” means the State entity established or des-  
15 ignated by the Governor of a State to receive a cap-  
16 italization grant provided under, or to otherwise  
17 carry out the requirements of, title VI of the Federal  
18 Water Pollution Control Act (33 U.S.C. 1381 et  
19 seq.) or section 1452 of the Safe Drinking Water  
20 Act (42 U.S.C. 300j–12).

21 (12) TREATMENT WORKS.—The term “treat-  
22 ment works” has the meaning given the term in sec-  
23 tion 212 of Federal Water Pollution Control Act (33  
24 U.S.C. 1292).

1 **SEC. 4. ESTABLISHMENT.**

2       The Administrator may make a direct loan, including  
3 a subordinated loan, or a loan guarantee to an eligible en-  
4 tity to carry out activities for an eligible project in accord-  
5 ance with this Act.

6 **SEC. 5. APPLICATIONS.**

7       (a) IN GENERAL.—As a condition of receiving assist-  
8 ance under this Act, an eligible entity shall submit to the  
9 Administrator an application at such time, in such man-  
10 ner, and containing such information as the Administrator  
11 may require.

12       (b) COMBINED PROJECTS.—In the case of an eligible  
13 project described in section 3(8)(C), the Administrator  
14 shall require from the eligible entity a single application  
15 for the group of projects.

16 **SEC. 6. USE OF ASSISTANCE.**

17       An eligible entity shall only use amounts received  
18 under this Act for eligible projects—

19               (1) to carry out—

20                       (A) development phase activities, including  
21                       planning, feasibility analysis, revenue fore-  
22                       casting, environmental review, permitting, and  
23                       other preconstruction engineering and design  
24                       work;

1 (B) construction, reconstruction, rehabili-  
2 tation, and replacement activities necessary for  
3 the project; and

4 (C) environmental mitigation and construc-  
5 tion contingencies;

6 (2) to acquire real property (including interests  
7 in real property) and equipment;

8 (3) to provide for any funding mechanisms nec-  
9 essary to meet market or affordability requirements,  
10 reasonably required reserve funds, capitalized inter-  
11 est issuance expenses, and other carrying costs dur-  
12 ing construction of the project; and

13 (4) to refinance interim construction financing,  
14 long-term project obligations, or direct loans or loan  
15 guarantees made under this Act.

16 **SEC. 7. SELECTION AMONG ELIGIBLE PROJECTS.**

17 (a) IN GENERAL.—The Administrator shall select eli-  
18 gible projects to receive assistance under this Act based  
19 on—

20 (1) the significance of the infrastructure needs  
21 addressed by the project, including the economic, en-  
22 vironmental, and public health benefits of the  
23 project;

24 (2) the creditworthiness of the project under  
25 consideration, including the terms, conditions, finan-

1 cial structure, and security features making up the  
2 proposed financing, and the financial assumptions  
3 upon which the project is based;

4 (3) the need for Federal assistance, including  
5 the likelihood that the provision of assistance by the  
6 Administrator under this Act will cause the project  
7 to proceed more promptly and with lower costs for  
8 financing than would be the case without the assist-  
9 ance;

10 (4) the degree to which the project financing  
11 plan includes public or private financing in addition  
12 to assistance under this Act;

13 (5) the cost of the direct loan or loan guarantee  
14 to the Federal Government for the project;

15 (6) the extent to which the project is nationally  
16 or regionally significant;

17 (7) whether the project, to the maximum extent  
18 practicable, incorporates environmentally sustainable  
19 approaches, including conservation, efficiency, reuse,  
20 source water protection, energy efficiency, green in-  
21 frastructure, and other innovative techniques;

22 (8) whether the project is consistent with—

23 (A) the State priority system established  
24 pursuant to section 603(g) of the Federal

1 Water Pollution Control Act (33 U.S.C.  
2 1383(g)); and

3 (B) the types of projects described in sec-  
4 tion 1452(b)(3) of the Safe Drinking Water Act  
5 (42 U.S.C. 300j-12(b)(3)); and

6 (9) the priority system established under sub-  
7 section (b).

8 (b) PRIORITY SYSTEM.—The Administrator shall es-  
9 tablish a priority system that gives greater weight to an  
10 application for an eligible project that includes—

11 (1) an inventory of the assets of the treatment  
12 works or community water system, including a de-  
13 scription of the condition of those assets;

14 (2) a schedule for replacement of the assets of  
15 the treatment works or community water system;

16 (3) a financing plan that factors in all lifecycle  
17 costs and describes the sources of revenue from rate-  
18 payers, grants, bonds, loans, and other sources des-  
19 ignated to meet those lifecycle costs;

20 (4) a description of any options for restruc-  
21 turing the treatment works or community water sys-  
22 tem;

23 (5) any new models or techniques, other than a  
24 traditional wastewater model, to treat or minimize  
25 sewage or urban stormwater discharges using—

1 (A) decentralized or distributed stormwater  
2 controls;

3 (B) advanced decentralized wastewater  
4 treatment;

5 (C) low-impact development technologies  
6 and nonstructural approaches;

7 (D) stream buffers;

8 (E) wetland restoration and enhancement;

9 (F) actions to minimize the quantity of  
10 and direct connections to impervious surfaces;

11 (G) soil and vegetation or other permeable  
12 materials; or

13 (H) actions that increase efficient water  
14 use, water conservation, or water or wastewater  
15 reuse, including rainwater harvesting;

16 (6) to the maximum extent practicable, the use  
17 of water efficiency and conservation techniques to  
18 generate cost-effective sources of new water supply;  
19 and

20 (7) a demonstration of consistency with State,  
21 regional, and municipal watershed plans, water con-  
22 servation and efficiency plans, or integrated water  
23 resource management plans.

24 (c) SPECIAL RULE FOR COMBINED PROJECTS.—For  
25 an eligible project described in section 3(8)(C), the Admin-

1 istrator shall consider only the criteria described in para-  
2 graphs (1), (2), (3), and (5) of subsection (a).

3 (d) REASONABLE ASSURANCE OF PAYMENT.—The  
4 Administrator may select an eligible project for assistance  
5 only if the Administrator finds that there is a reasonable  
6 assurance that all payments will be made on the credit  
7 instrument.

8 **SEC. 8. CREDIT EVALUATION.**

9 (a) IN GENERAL.—The Administrator shall develop  
10 and implement a credit evaluation process before pro-  
11 viding any assistance under this Act.

12 (b) PRELIMINARY RATING OPINION LETTER.—For  
13 purposes of determining creditworthiness under section  
14 7(a)(2), the Administrator may—

15 (1) require an eligible entity to provide a pre-  
16 liminary rating opinion letter from at least 1 rating  
17 agency; or

18 (2) use an alternative (including an internal)  
19 credit rating process.

20 (c) RULE FOR CERTAIN COMBINED PROJECTS.—For  
21 an eligible project described in section 3(8)(C) for which  
22 a State infrastructure financing authority is the eligible  
23 entity, in addition to the creditworthiness consideration  
24 under section 7(a)(2), the Administrator shall evaluate the  
25 creditworthiness of each entity represented by the State

1 infrastructure financing authority that will be carrying out  
2 any eligible project described in section 3(8)(A) that will  
3 be a part of the eligible project.

4 **SEC. 9. TERMS AND CONDITIONS.**

5 (a) IN GENERAL.—Each direct loan and loan guar-  
6 antee made under this Act shall be on such terms and  
7 conditions and contain such covenants, representations,  
8 warranties, and requirements (including requirements for  
9 audits) as the Administrator may prescribe.

10 (b) INTEREST RATE.—

11 (1) IN GENERAL.—The interest rate applicable  
12 to a direct loan shall be the rate that is set by ref-  
13 erence to a benchmark interest rate on marketable  
14 Treasury securities with a similar maturity to that  
15 direct loan, as of the date of issuance of the direct  
16 loan.

17 (2) HIGHER INTEREST RATES.—The Adminis-  
18 trator may charge a higher interest rate on a direct  
19 loan if the Administrator determines that the risk  
20 profile of the eligible project indicates a higher inter-  
21 est rate is necessary to protect the interests of the  
22 United States.

23 (c) TERM OF LOAN.—The Administrator may provide  
24 assistance under this Act only with respect to a credit in-

1 strument the final maturity date of which is not later than  
2 35 years after the date on which funds are disbursed.

3 (d) SECURITY FEATURES.—The Administrator shall  
4 require a borrower receiving assistance under this Act to  
5 use a rate covenant, coverage requirement, or similar secu-  
6 rity feature supporting the project obligations to ensure  
7 repayment.

8 (e) DIRECT LOAN REPAYMENTS.—

9 (1) SCHEDULE.—The Administrator shall es-  
10 tablish a repayment schedule for each direct loan  
11 under this Act based on the projected cash flow from  
12 project repayment sources.

13 (2) COMMENCEMENT.—Scheduled repayments  
14 of principal or interest on a direct loan made under  
15 this Act shall commence not later than 5 years after  
16 the date of substantial completion of the project, as  
17 determined by the Administrator in a manner set  
18 forth at the time the direct loan is made.

19 (3) DEFERRAL OF PAYMENTS.—

20 (A) IN GENERAL.—If the Administrator  
21 determines that a borrower lacks the resources  
22 to make scheduled payments on a direct loan  
23 made under this Act based on circumstances  
24 not foreseeable at the time the direct loan is

1           made, the Administrator may allow for the de-  
2           ferral of the payments.

3           (B) INTERESTS.—Any payment deferred  
4           under subparagraph (A) shall—

5                   (i) continue to accrue interest until  
6                   fully repaid; and

7                   (ii) be scheduled to be amortized over  
8                   the remaining term of the direct loan.

9           (C) CRITERIA.—Any payment deferral  
10           under subparagraph (A) shall be contingent on  
11           the project meeting criteria established by the  
12           Administrator, which shall include standards  
13           for reasonable assurance of repayment.

14           (4) PREPAYMENT.—Payments on the direct  
15           loan may be made in advance with no penalty.

16           (f) SPECIAL RULES FOR LOAN GUARANTEES.—

17                   (1) TERMS.—The terms of a credit instrument  
18                   that is the subject of a loan guarantee under this  
19                   Act shall be consistent with the terms set forth in  
20                   this Act for a direct loan, except that the interest  
21                   rate and any prepayment features on the credit in-  
22                   strument shall be negotiated between the borrower  
23                   and the lender, with the approval of the Adminis-  
24                   trator.

1           (2) INTEREST RATE.—The Administrator may  
2           make a loan guarantee under this Act only if the  
3           Administrator determines that the interest rate on  
4           the credit instrument that is subject to the loan  
5           guarantee is appropriate, taking into account the  
6           prevailing rate of interest in the private sector for  
7           similar obligations.

8           (3) ELIGIBLE LENDER.—The Administrator  
9           may not make a loan guarantee under this Act un-  
10          less the lender of the loan or purchaser of the debt  
11          security that will be the subject of the loan guar-  
12          antee is a non-Federal, qualified institutional buyer  
13          (as defined in section 230.144A(a) of title 17, Code  
14          of Federal Regulations (or successor regulation)), in-  
15          cluding—

16                (A) a qualified retirement plan (as defined  
17                in section 4974(c) of the Internal Revenue Code  
18                of 1986) that is a non-Federal qualified institu-  
19                tional buyer; and

20                (B) a governmental plan (as defined in  
21                section 414(d) of the Internal Revenue Code of  
22                1986) that is a non-Federal qualified institu-  
23                tional buyer.

24          (4) ADEQUATE SERVICING PROVISIONS RE-  
25          QUIRED.—No loan guarantee may be made under

1       this Act for a loan unless the Administrator deter-  
2       mines that the lender with respect to the loan is re-  
3       sponsible and that adequate servicing provisions  
4       have been made for the loan that is the subject of  
5       the loan guarantee that are reasonable and protect  
6       the financial interest of the United States.

7       **SEC. 10. PROGRAM ADMINISTRATION.**

8       (a) **IN GENERAL.**—The Administrator shall establish  
9       a uniform system to service each direct loan and loan  
10      guarantee made under this Act.

11      (b) **ASSISTANCE FROM EXPERT FIRMS.**—The Ad-  
12      ministrators may retain the services of expert firms, includ-  
13      ing counsel, in the field of municipal and project finance  
14      to assist in the underwriting and servicing of a direct loan  
15      or loan guarantee made under this Act.

16      (c) **FEEES FOR ADMINISTRATIVE EXPENSES.**—

17          (1) **IN GENERAL.**—In providing assistance  
18      under this Act, the Administrator may—

19              (A) collect fees for administrative expenses,  
20              including premiums for loan guarantees, at a  
21              level that is sufficient to cover the costs of serv-  
22              ices of expert firms and all or a portion of the  
23              costs to the Federal Government of servicing  
24              the direct loans and loan guarantees made  
25              under this Act; and

1 (B) as provided in advance in appropria-  
2 tions acts, use the amounts described in sub-  
3 paragraph (A) to cover the expenses described  
4 in that subparagraph.

5 (2) LEVEL OF FEES.—The Administrator shall  
6 set the fees described in paragraph (1) at a level  
7 that will minimize the cost to the Federal Govern-  
8 ment and maximize the assistance that can be pro-  
9 vided under this Act, while providing competitive  
10 credit terms to eligible projects, in order to reduce  
11 borrowing costs and accelerate water infrastructure  
12 investment.

13 **SEC. 11. TECHNICAL ASSISTANCE.**

14 The Administrator may use amounts made available  
15 to carry out this Act to provide technical assistance to ap-  
16 plicants and prospective applicants in creating financing  
17 packages that leverage a mix of public and private funding  
18 sources.

19 **SEC. 12. RESTRICTIONS.**

20 (a) ASSISTANCE THRESHOLD.—The Administrator  
21 may provide assistance under this Act only with respect  
22 to a credit instrument in an amount of not less than  
23 \$20,000,000.

24 (b) REFINANCING.—The Administrator shall make  
25 available to eligible entities for refinancing activities de-

1 scribed in section 6(4) not more than 15 percent of the  
2 total amounts made available to carry out this Act.

3 **SEC. 13. PREVAILING WAGES.**

4 (a) IN GENERAL.—Notwithstanding any other provi-  
5 sion of law and in a manner consistent with other provi-  
6 sions in this Act, all laborers and mechanics employed by  
7 contractors and subcontractors on projects funded directly  
8 by, or assisted in whole or in part by and through, the  
9 Federal Government pursuant to this Act shall be paid  
10 wages at rates not less than those prevailing on projects  
11 of a character similar in the locality as determined by the  
12 Secretary of Labor in accordance with subchapter IV of  
13 chapter 31 of title 40, United States Code.

14 (b) ADMINISTRATION.—With respect to the labor  
15 standards specified in this section, the Secretary of Labor  
16 shall have the authority and functions set forth in Reorga-  
17 nization Plan Numbered 14 of 1950 (64 Stat. 1267; 5  
18 U.S.C. App.) and section 3145 of title 40, United States  
19 Code.

20 **SEC. 14. USE OF AMERICAN IRON, STEEL, AND MANUFAC-**  
21 **TURED GOODS.**

22 (a) IN GENERAL.—Except as provided in subsection  
23 (b), none of the amounts made available under this Act  
24 may be used for a project for the construction, alteration,  
25 maintenance, or repair of a public building or public work

1 unless all of the iron, steel, and manufactured goods used  
2 in the project are produced in the United States.

3 (b) EXCEPTION.—Subsection (a) shall not apply in  
4 any case or category of cases in which the head of the  
5 Federal department or agency involved finds that—

6 (1) applying subsection (a) would be incon-  
7 sistent with the public interest;

8 (2) iron, steel, and the relevant manufactured  
9 goods are not produced in the United States in suffi-  
10 cient and reasonably available quantities and of a  
11 satisfactory quality; or

12 (3) inclusion of iron, steel, and manufactured  
13 goods produced in the United States will increase  
14 the cost of the overall project by more than 25 per-  
15 cent.

16 (c) PUBLIC NOTICE.—If the head of a Federal de-  
17 partment or agency determines that it is necessary to  
18 waive the application of subsection (a) based on a finding  
19 under subsection (b), the head of the department or agen-  
20 cy shall publish in the Federal Register a detailed written  
21 justification as to why the provision is being waived.

22 (d) INTERNATIONAL AGREEMENTS.—This section  
23 shall be applied in a manner consistent with United States  
24 obligations under international agreements.

1 **SEC. 15. FUNDING.**

2 (a) AUTHORIZATION OF APPROPRIATIONS.—

3 (1) DIRECT LOANS AND LOAN GUARANTEES.—

4 There is authorized to be appropriated for the cost  
5 of providing direct loans and loan guarantees under  
6 this Act such sums as are necessary.

7 (2) ADMINISTRATIVE EXPENSES.—

8 (A) IN GENERAL.—There is authorized to  
9 be appropriated for administrative expenses  
10 under this Act an amount equal to the amount  
11 of fees collected under section 10(c).

12 (B) ADDITIONAL AUTHORIZATION OF AP-  
13 PROPRIATIONS.—In addition to amounts au-  
14 thorized to be appropriated under subparagraph  
15 (A), there are authorized to be appropriated for  
16 administrative expenses under this Act such  
17 sums as are necessary.

18 (b) PAYMENT OF SUBSIDY COST.—A borrower may  
19 pay for the cost of a direct loan or loan guarantee under  
20 this Act, along with the appropriate amount of related ad-  
21 ministrative expenses, with payment the Administrator  
22 may use, as provided in advance in appropriations Acts,  
23 instead of using amounts authorized under subsection (a),  
24 to make a direct loan or loan guarantee to the borrower.

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