

**CONSOLIDATED FARM AND RURAL DEVELOPMENT ACT**

[As Amended Through Public Law 108–199, Jan. 23, 2004]

**Consolidated Farm and Rural Development Act**  
**TITLE III OF THE AGRICULTURAL ACT OF 1961**  
(Public Law 87–128; 75 Stat. 294)

**Sec. 306C CONSOLIDATED FARM AND RURAL DEVELOPMENT ACT**

**SEC. 306C. 7 U.S.C. 1926c WATER AND WASTE FACILITY LOANS AND GRANTS TO ALLEVIATE HEALTH RISKS.**

(a) **LOANS AND GRANTS TO PERSONS OTHER THAN INDIVIDUALS.—**

(1) **IN GENERAL.—**The Secretary shall make or insure loans and make grants to rural water supply corporations, cooperatives, or similar entities, Indian tribes on Federal and State reservations and other federally recognized Indian tribes, and public agencies, to provide for the conservation, development, use, and control of water (including the extension or improvement of existing water supply systems), and the installation or improvement of drainage or waste disposal facilities and essential community facilities including necessary related equipment. Such loans and grants shall be available only to provide such water and waste facilities and services to communities whose residents face significant health risks, as determined by the Secretary, due to the fact that a significant proportion of the community’s residents do not have access to, or are not served by, adequate affordable—

(A) water supply systems; or

(B) waste disposal facilities.

(2) **CERTAIN AREAS TARGETED.—**

(A) **IN GENERAL.—**Loans and grants under paragraph

(1) shall be made only if the loan or grant funds will be used primarily to provide water or waste services, or both, to residents of a county—

(i) the per capita income of the residents of which is not more than 70 percent of the national average per capita income, as determined by the Department of Commerce; and

(ii) the unemployment rate of the residents of which is not less than 125 percent of the national average unemployment rate, as determined by the Bureau of Labor Statistics.

(B) **EXCEPTION.—**Notwithstanding subparagraph (A), loans and grants under paragraph (1) may also be made if the loan or grant funds will be used primarily to provide water or waste services, or both, to residents of a rural area that was recognized as a colonia as of October 1, 1989.

(b) **LOANS AND GRANTS TO INDIVIDUALS.—**

(1) **IN GENERAL.—**The Secretary shall make or insure loans and make grants to individuals who reside in a community described in subsection (a)(1) for the purpose of extending water supply and waste disposal systems, connecting the systems to the residences of the individuals, or installing plumbing and fixtures within the residences of the individuals to facilitate the use of the water supply and waste disposal systems. Such loans shall be at a rate of interest no greater than the Federal Financing Bank rate on loans of a similar term at the time such loans are made.

The repayment of such loans shall be amortized over the expected life of the water supply or waste disposal system to which the residence of the borrower will be connected.

(2) MANNER IN WHICH LOANS AND GRANTS ARE TO BE MADE.—Loans and grants to individuals under paragraph (1) shall be made—

(A) directly to such individuals by the Secretary; or

(B) to such individuals through the rural water supply corporation, cooperative, or similar entity, or public agency, providing such water supply or waste disposal services, pursuant to regulations issued by the Secretary.

(c) PREFERENCE.—The Secretary shall give preference in the awarding of loans and grants—

(1) under subsection (a) to rural water supply corporations, cooperatives, or similar entities, or public agencies, that propose to provide water supply or waste disposal services to the residents of those rural subdivisions commonly referred to as colonias, that are characterized by substandard housing, inadequate roads and drainage, and a lack of adequate water or waste facilities; and (2) under subsection (b) to individuals who reside in a rural subdivision commonly referred to as a colonia, that is characterized by substandard housing, inadequate roads and drainage, and a lack of adequate water or waste facilities.

(d) COOPERATIVE DEFINED.—For purposes of this section, the term “cooperative” means a cooperative formed specifically for the purpose of the installation, expansion, improvement, or operation of water supply or waste disposal facilities or systems.

(e) AUTHORIZATION OF APPROPRIATIONS.—

(1) IN GENERAL.—Subject to paragraph (2), there are authorized to be appropriated—

(A) for grants under this section, \$30,000,000 for each fiscal year;

(B) for loans under this section, \$30,000,000 for each fiscal year; and

(C) in addition to grants provided under subparagraph

(A), for grants under this section to benefit Indian tribes (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)), \$20,000,000 for each fiscal year.

(2) EXCEPTION.—An entity eligible to receive funding through a grant made under section 306D shall not be eligible for a grant from funds made available under paragraph (1)(C).

(f) REGULATIONS.—Not later than 30 days after the date of enactment of this subsection, the Secretary shall issue interim final regulations, with a request for public comments, implementing this section.