

## **Sec. 1926. - Water and waste facility loans and grants**

**(a)** In general

**(1)**

The Secretary is also authorized to make or insure loans to associations, including corporations not operated for profit, Indian tribes on Federal and State reservations and other federally recognized Indian tribes, and public and quasi-public agencies to provide for the application or establishment of soil conservation practices, shifts in land use, the conservation, development, use, and control of water, and the installation or improvement of drainage or waste disposal facilities, recreational developments, and essential community facilities including necessary related equipment, all primarily serving farmers, ranchers, farm tenants, farm laborers, rural businesses, and other rural residents, and to furnish financial assistance or other aid in planning projects for such purposes. The Secretary may also make loans to any borrower to whom a loan has been made under the Rural Electrification Act of 1936 ([7 U.S.C. 901](#) et seq.), for the conservation, development, use, and control of water, and the installation of drainage or waste disposal facilities, primarily serving farmers, ranchers, farm tenants, farm laborers, rural businesses, and other rural residents. When any loan made for a purpose specified in this paragraph is sold out of the Agricultural Credit Insurance Fund as an insured loan, the interest or other income thereon paid to an insured holder shall be included in gross income for purposes of chapter [1](#) of title [26](#). With respect to loans of less than \$500,000 made or insured under this paragraph that are evidenced by notes and mortgages, as distinguished from bond issues, borrowers shall not be required to appoint bond counsel to review the legal validity of the loan whenever the Secretary has available legal counsel to perform such review.

**(2)**

The Secretary is authorized to make grants aggregating not to exceed \$590,000,000 in any fiscal year to such associations to finance specific projects for works for the development, storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste in rural areas. The amount of any grant made under the authority of this paragraph shall not exceed 75 per centum of the

development cost of the project to serve the area which the association determines can be feasibly served by the facility and to adequately serve the reasonably foreseeable growth needs of the area. The Secretary shall fix the grant rate for each project in conformity with regulations issued by the Secretary that shall provide for a graduated scale of grant rates establishing higher rates for projects in communities that have lower community population and income levels.

**(3)**

No grant shall be made under paragraph (2) of this subsection in connection with any project unless the Secretary determines that the project

**(i)**

will serve a rural area which, if such project is carried out, is not likely to decline in population below that for which the project was designed,

**(ii)**

is designed and constructed so that adequate capacity will or can be made available to serve the present population of the area to the extent feasible and to serve the reasonably foreseeable growth needs of the area, and

**(iii)**

is necessary for an orderly community development consistent with a comprehensive community water, waste disposal, or other development plan of the rural area.

**(4)**

**(A)**

The term "development cost" means the cost of construction of a facility and the land, easements, and rights-of-way, and water rights necessary to the construction and operation of the facility.

**(B)**

The term "project" shall include facilities providing central service or facilities serving individual properties, or both.

**(5) Application requirements. -**

Not earlier than 60 days before a preliminary application is filed for a loan under paragraph (1) or a grant under paragraph (2) for a water or waste disposal purpose, a notice of the intent of the applicant to apply for the loan or grant shall be published in a general circulation newspaper. The selection of engineers for a project design shall be done by a request for proposals by the applicant.

**(6)**

The Secretary may make grants aggregating not to exceed \$30,000,000 in any fiscal year to public bodies or such other agencies as the Secretary may determine having authority to prepare comprehensive plans for the development of water or waste disposal systems in rural areas which do not have funds available for immediate undertaking of the preparation of such plan.

**(7) Definition of rural and rural areas. -**

For the purpose of water and waste disposal grants and direct and guaranteed loans provided under paragraphs (1) and (2), the terms "rural" and "rural area" mean a city, town, or unincorporated area that has a population of no more than 10,000 inhabitants.

**(8)**

In each instance where the Secretary receives two or more applications for financial assistance for projects that would serve substantially the same group of residents within a single rural area, and one such application is submitted by a city, town, county or other unit of general local government, he shall, in the absence of substantial reasons to the contrary, provide such assistance to such city, town, county or other unit of general local government.

**(9) Conformity with state drinking water standards. -**

No Federal funds shall be made available under this section for a water system unless the Secretary determines that the water system will make significant progress toward

meeting the standards established under title XIV of the Public Health Service Act (commonly known as the "Safe Drinking Water Act") ([42 U.S.C. 300f](#) et seq.).

**(10)** Conformity with federal and state water pollution control standards. -

No Federal funds shall be made available under this section for a water treatment discharge or waste disposal system unless the Secretary determines that the effluent from the system conforms with applicable Federal and State water pollution control standards.

**(11)** Rural business opportunity grants. -

**(A)** In general. -

The Secretary may make grants, not to exceed \$1,500,000 annually, to public bodies, private nonprofit community development corporations or entities, or such other agencies as the Secretary may select to enable the recipients -

**(i)**

to identify and analyze business opportunities, including opportunities in export markets, that will use local rural economic and human resources;

**(ii)**

to identify, train, and provide technical assistance to existing or prospective rural entrepreneurs and managers;

**(iii)**

to establish business support centers and otherwise assist in the creation of new rural businesses, the development of methods of financing local businesses, and the enhancement of the capacity of local individuals and entities to engage in sound economic activities;

**(iv)**

to conduct regional, community, and local

economic development planning and coordination, and leadership development; and

**(v)**

to establish centers for training, technology, and trade that will provide training to rural businesses in the utilization of interactive communications technologies to develop international trade opportunities and markets.

**(B) Criteria. -**

In awarding the grants, the Secretary shall consider, among other criteria to be established by the Secretary -

**(i)**

the extent to which the applicant provides development services in the rural service area of the applicant; and

**(ii)**

the capability of the applicant to accomplish the activities described in the relevant clauses of subparagraph (A).

**(C) Coordination. -**

The Secretary shall ensure, to the maximum extent practicable, that assistance provided under this paragraph is coordinated with and delivered in cooperation with similar services or assistance provided to rural residents by the Cooperative State Research, Education, and Extension Service or other Federal agencies.

**(D) Authorization of appropriations. -**

There are authorized to be appropriated to carry out this paragraph \$7,500,000 for each of fiscal years 1996 through 2002.

**(12)**

**(A)**

The Secretary shall, in cooperation with institutions eligible to receive funds under the Act of July 2, 1862 (12 Stat. 503-505, as amended; [7 U.S.C. 301-305, 307 and 308](#)), or the Act of August 30, 1890 (26 Stat. 417-419, as amended; [7 U.S.C. 321-326 and 328](#)), including the Tuskegee Institute and State, substate, and regional planning bodies, establish a system for the dissemination of information and technical assistance on federally sponsored or funded programs. The system shall be for the use of institutions eligible to receive funds under the Act of July 2, 1862 (12 Stat. 503-505, as amended; [7 U.S.C. 301-305, 307, and 308](#)), or the Act of August 30, 1890 (26 Stat. 417-419, as amended; [7 U.S.C. 321-326 and 328](#)), including the Tuskegee Institute and State, substate, and regional planning bodies, and other persons concerned with rural development.

**(B)**

The informational system developed under this paragraph shall contain all pertinent information, including, but not limited to, information contained in the Federal Procurement Data System, Federal Assistance Program Retrieval System, Catalogue of Federal Domestic Assistance, Geographic Distribution of Federal Funds, United States Census, and Code of Federal Regulations.

**(C)**

The Secretary shall obtain from all other Federal departments and agencies comprehensive, relevant, and applicable information on programs under their jurisdiction that are operated in rural areas.

**(D)**

Of the sums authorized to be appropriated to carry out the provisions of this chapter, not more than \$1,000,000 per year may be expended to carry out the provisions of this paragraph.

**(13)**

In the making of loans and grants for community waste disposal and water facilities under paragraphs (1) and (2) of this subsection the Secretary shall accord highest priority to the application of any municipality or other public agency (including an Indian tribe on a Federal or State reservation or other

federally recognized Indian tribal group) in a rural community having a population not in excess of five thousand five hundred and which, in the case of water facility loans, has a community water supply system, where the Secretary determines that due to unanticipated diminution or deterioration of its water supply, immediate action is needed, or in the case of waste disposal, has a community waste disposal system, where the Secretary determines that due to unanticipated occurrences the system is not adequate to the needs of the community. The Secretary shall utilize the Soil Conservation Service in rendering technical assistance to applicants under this paragraph to the extent he deems appropriate.

**(14)** Rural water and wastewater technical assistance and training programs. -

**(A)** In general. -

The Secretary may make grants to private nonprofit organizations for the purpose of enabling them to provide to associations described in paragraph (1) of this subsection technical assistance and training to -

**(i)**

identify, and evaluate alternative solutions to, problems relating to the obtaining, storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste in rural areas;

**(ii)**

prepare applications to receive financial assistance for any purpose specified in paragraph (2) of this subsection from any public or private source; and

**(iii)**

improve the operation and maintenance practices at any existing works for the storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste in rural areas.

**(B)** Selection priority. -

In selecting recipients of grants to be made under

subparagraph (A), the Secretary shall give priority to private nonprofit organizations that have experience in providing the technical assistance and training described in subparagraph (A) to associations serving rural areas in which residents have low income and in which water supply systems or waste facilities are unhealthful.

**(C) Funding. -**

Not less than 1 nor more than 3 percent of any funds appropriated to carry out paragraph (2) of this subsection for any fiscal year shall be reserved for grants under subparagraph (A) unless the applications, qualifying for grants, received by the Secretary from eligible nonprofit organizations for the fiscal year total less than 1 per centum of those funds.

**(15)**

In the case of water and waste disposal facility projects serving more than one separate rural community, the Secretary shall use the median population level and the community income level of all the separate communities to be served in applying the standards specified in paragraph (2) of this subsection and section [1927\(a\)\(3\)\(A\)](#) of this title.

**(16)**

Grants under paragraph (2) of this subsection may be used to pay the local share requirements of another Federal grant-in-aid program to the extent permitted under the law providing for such grant-in-aid program.

**(17)**

**(A)**

In the approval and administration of a loan made under paragraph (1) for a water or waste disposal facility, the Secretary shall consider fully any recommendation made by the loan applicant or borrower concerning the technical design and choice of materials to be used for such facility.

**(B)**

If the Secretary determines that a design or materials, other than those that were recommended,



should be used in the water or waste disposal facility, the Secretary shall provide such applicant or borrower with a comprehensive justification for such determination.

**(18)**

In making or insuring loans or making grants under this subsection, the Secretary may not condition approval of such loans or grants upon any requirement, condition or certification other than those specified under this chapter.

**(19)** Community facilities grant program. -

**(A)** In general. -

The Secretary may make grants, in a total amount not to exceed \$10,000,000 for any fiscal year, to associations, units of general local government, nonprofit corporations, Indian tribes (as such term is defined under section [450b\(e\)](#) of title [25](#)), <sup>(1)</sup> and federally recognized Indian tribes to provide the Federal share of the cost of developing specific essential community facilities in rural areas.

**(B)** Federal share. -

**(i)** In general. -

Except as provided in clauses (ii) and (iii), the Secretary shall, by regulation, establish the amount of the Federal share of the cost of the facility under this paragraph.

**(ii)** Maximum amount. -

The amount of a grant provided under this paragraph for a facility shall not exceed 75 percent of the cost of developing the facility.

**(iii)** Graduated scale. -

The Secretary shall provide for a graduated scale for the amount of the Federal share provided under this paragraph, with higher Federal shares for facilities in communities that have lower community population and income levels, as determined by the Secretary.

**(20)** Community facilities grant program for rural communities with extreme unemployment and severe economic depression. -

**(A)** Definition of not employed rate. -

In this paragraph, the term "not employed rate", with respect to a community, means the percentage of individuals over the age of 18 who reside within the community and who are ready, willing, and able to be employed but are unable to find employment, as determined by the department of labor of the State in which the community is located.

**(B)** Grant authority. -

The Secretary may make grants to associations, units of general local government, nonprofit corporations, and Indian tribes (as defined in section [450b](#) of title [25](#)) in a State to provide the Federal share of the cost of developing specific essential community facilities in rural communities with respect to which the not employed rate is greater than the lesser of -

**(i)**

500 percent of the average national unemployment rate on November 9, 2000, as determined by the Bureau of Labor Statistics; or

**(ii)**

200 percent of the average national unemployment rate during the Great Depression, as determined by the Bureau of Labor Statistics.

**(C)** Federal share. -

Paragraph (19)(B) shall apply to a grant made under this paragraph.

**(D)** Authorization of appropriations. -

There are authorized to be appropriated to carry out this paragraph \$50,000,000 for fiscal year 2001 and such sums as are necessary for each subsequent fiscal year, of which not more than 5 percent of the amount made available for a fiscal year shall be available for

community planning and implementation.

**(21)** Community facilities grant program for rural communities with high levels of out-migration or loss of population. -

**(A)** Grant authority. -

The Secretary may make grants to associations, units of general local government, nonprofit corporations, and Indian tribes (as defined in section [450b](#) of title [25](#)) in a State to provide the Federal share of the cost of developing specific essential community facilities in any geographic area -

**(i)**

that is represented by -

**(I)**

any political subdivision of a State;

**(II)**

an Indian tribe on a Federal or State reservation; or

**(III)**

other federally recognized Indian tribal group;

**(ii)**

that is located in a rural area (as defined in section [2009](#) of this title);

**(iii)**

with respect to which, during the most recent 5-year period, the net out-migration of inhabitants, or other population loss, from the area equals or exceeds 5 percent of the population of the area; and

**(iv)**

that has a median household income that is less than the nonmetropolitan median household income of the United States.

**(B)** Federal share. -

Paragraph (19)(B) shall apply to a grant made under this paragraph.

**(C)** Authorization of appropriations. -

There are authorized to be appropriated to carry out this paragraph \$50,000,000 for fiscal year 2001 and such sums as are necessary for each subsequent fiscal year, of which not more than 5 percent of the amount made available for a fiscal year shall be available for community planning and implementation.

**(b)** Curtailment or limitation of service prohibited

The service provided or made available through any such association shall not be curtailed or limited by inclusion of the area served by such association within the boundaries of any municipal corporation or other public body, or by the granting of any private franchise for similar service within such area during the term of such loan; nor shall the happening of any such event be the basis of requiring such association to secure any franchise, license, or permit as a condition to continuing to serve the area served by the association at the time of the occurrence of such event.

**(c)** Repealed. Pub. L. 91-606, title III, Sec. 302(2), Dec. 31, 1970, 84 Stat. 1759

**(d)**

Carryover of unused authorizations for appropriations

Any amounts appropriated under this section shall remain available until expended, and any amounts authorized for any fiscal year under this section but not appropriated may be appropriated for any succeeding fiscal year

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[1] So in original.

