MAINE STATE LEGISLATURE

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Maine Municipal Bond Bank Responses to Maine Governmental Evaluation Act
Joint Standing Committee on State and Local Government

October 23, 2015

The following discussion will be undertaken in the order of material requested for the Governmental Evaluation Act, Title 3 of the M.S.R.A., Chapter 35. The attachments to this discussion of the Governmental Evaluation Act review of the Maine Municipal Bond Bank are provided individually as appendices to this discussion. Discussion section lettering will follow the structure used in the Governmental Evaluation Act.

A. Copies of the enabling statute for the Maine Municipal Bond Bank (MSRA 30-A, c. 225, sections 5901 et. Seq., Tab A-1) Federal Statute, 33 USC section 1381 and Clean Water Act Revolving Loan Fund. Federal Statute (Tab A-2), 42 USC, section 300j-12 Safe Drinking Water Revolving Loan Fund (Tab A-3) are attached.

B-1. General Bond Resolution Program: This program is the Bank's oldest and largest, based on dollar amount of loans outstanding, and provides capital financing to any local governmental unit below the State, including cities, towns and counties as well as school districts, water districts and sewer districts. Since its first bond issued for just over $10M in May of 1973 to fund loans for fourteen local governmental units, the program has issued over $4.6B (including refunding bonds) to make more than 1758 loans to over 487 local governmental units. Currently, the Bank has $987M of bonds outstanding, funding loans to 272 local units.

The goal for the program is to meet the Bank's primary statutory purpose to provide cost effective access to the national credit markets for all its eligible borrowers who demonstrate an ability to pay back their loan and who are undertaking capital activities eligible for tax exempt financing. The program's success has been demonstrated in several ways.

The Bank's General Resolution is rated AA+ by Standard and Poor's and AA2 by Moody's. In forty three years of undergoing independent financial audits the Bank has always received a clean audit opinion. In annual reviews by the Federal Environmental Protection Agency undertaken in conjunction with its oversight of the Clean Water State Revolving Loan Fund commenced in 1989, the Bank has never received a finding on its role as financial manager of the program. The program, in a tribute to its borrowers, has never had a loan default or a bond default. Measured either by dollar volume, borrower participants, or independent third party evaluation, the Bank's General Resolution program has met its goals successfully. (Attachments: Program Summary, Tab B-1-1. Brochure, Tab B-1-2. List of Borrowers, Tab B-1-3. Source of Funding Report, Tab E-2. Applications, Tab B-1-4. Rating Agency Presentation Booklet, Tab B-1-5. Rating Agency Rating Reports, Tab B-1-6. Official Statement for 2015 C&D Bond Issue, Tab B-1-7.)

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B-2. Pass thru Leasing Program: The capital leasing program operated by the Bank is a technical service provided by the Bank to any of its eligible borrowers undertaking a tax-exempt capital lease for items such as computers, phone systems, school buses and portable classrooms. The Bank has identified over twenty institutions in Maine and across the country which fund tax exempt capital leases for local governmental units. The Bank has developed standardized lease documents which are pre-approved by these potential funding institutions. On behalf of a program participant, the Bank conducts a standardized, open bid process with its list of potential funders, provides the program participant with the two lowest cost bids received and the participant, if it chooses to do so, enters into a contract with the low bidder for financing its capital purchase using a lease/purchase rather than a direct purchase for the equipment. The Bank also guarantees participants that they will receive bids on their financing, and if no bids are received (this normally only occurs when the dollar size of the lease is very low), and the proposed leasing activity meets applicable legal standards, the Bank may fund the lease. The goal of the program is to provide local governmental units with a secure and open bid process for obtaining tax exempt lease financing. Through the establishment of a large pool of potential funders and the development of standardized lease and bidding documents the Bank provides local units with competitive tax exempt interest rate financing, in an open, standardized bidding process, on their leased equipment through a process which assures equal access for local and national providers of capital in the tax exempt leasing market. Since its inception in 1999 the lease finance program has provided $25.7M of lease finance capital to fifty two local governmental units from fourteen separate funding sources. (Attachments: Program Summary, Tab B-2-1. Brochure, Tab B-2-2. List of Borrowers, Tab B-1-3. Application, Tab B-2-3)

B-3. School Renovation Revolving Loan Fund (SRRLF). This program is operated in conjunction with the Department of Education. Originally funded in 1999, the SRRLF has provided $159M to schools around the state to undertake renovation and building upgrades. The program has been funded with the proceeds of State of Maine General Obligation bond proceeds, appropriations, and repayments from loans. The goal of the program is to provide funds to school systems to undertake capital maintenance and improvement projects and provides up to $3M per borrower to fund such projects. It has funded activities from roof repair and air quality improvement to furnace replacement and energy efficiency improvements. Prior to the creation and funding of the SRRLF if was extremely difficult for local schools to fund these smaller capital maintenance and improvement programs as there was no program available to them which matched up with the activities being undertaken. Based upon determination of eligibility established by DOE, the Bank, after a loan review, provides loans to DOE approved borrowers at 0% interest with up to 70% of the principal amount of the loan forgiven. The amount of subsidy available to any one borrower in the program is determined by DOE. The SRRLF has been a very successful program which filled a critical gap in the ability of local schools to keep their

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buildings in safe condition and improve their energy efficiency. (Attachments: Program Summary, Tab B-3-1. Memorandum of Understanding with DOE, Tab B-3-2. List of Borrowers, Tab B-1-3. Source of Funding Report Tab E-2. Loan Application, Tab B-3-3)

B-4. GARVEE Bonds. This program is operated in conjunction with the Department of Transportation. The GARVEE bond program became possible approximately eighteen years ago when the Federal Department of Transportation changed its rules concerning state use of Federal Highway Administration program dollars allocated to each state. The change in federal program rules allows states to use projected revenue from the Federal Highway Program as a dedicated source of payment for revenue bonds issued by a state authority to pay for eligible Federal Highway Administration construction activities. The goal of the program is to expedite the time frame for needed highway and bridge construction and improvement projects, to reduce the impact of inflation in construction costs as federal highway funds come in over time, and provide a funding source for larger emergency need projects eligible for funding under the Federal Highway Administration program.

Since the inception of the program, the Bank has issued $193,205,000 of bonds in 4 series to fund necessary DOT projects, $98,560,000 of which is currently outstanding.

(Attachments: Program Summary, Tab B-4-1. Memorandum of Understanding with DOT, Tab B-4-2. Source of Funding Report, Tab E-2. Rating Agency Presentation Booklet, Tab B-4-3. Rating Agency Rating Reports, Tab B-4-4. Official Statement for GARVEE bonds 2014A bond sale, Tab B-4-5.)

B-5. Transcap bonds. This program is operated in conjunction with the Department of Transportation. The Transcap bond program was created in 2008 with the goal of providing funding for eligible DOT projects. The bonds are issued as special obligations of the Bank repayable from certain taxes and fees collected by the State. The Bank has issued $240M in bonds, of which $174M is currently outstanding. The Bank is also currently in the process of refunding approximately $46M of the outstanding balance to achieve significant savings by reducing debt service payments for the program. (Attachments: Program Summary, Tab B-5-1. Memorandum of Understanding with DOT, Tab B-5-2. Source of Funding Report, Tab E-2. Rating Agency Presentation Booklet, Tab B-5-3. Rating Agency Rating Reports, Tab B-5-4. Official Statement for TRANSCAP bonds 2015A bond sale, Tab B-5-5.)

B-6. Liquor Bonds. This program is operated in conjunction with the Department of Administrative and Financial Services. The Liquor bond program was created in 2013 with the goal of providing funds for the repayment of certain debts owed by the State to the hospitals statewide. The bonds are issued as special obligations of the Bank repayable from the revenues generated through the wholesale sale of liquor by the State. In 2013, the Bank issued

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approximately $221M in bonds, of which $201M is currently outstanding. (Attachments: Program Summary, Tab B-6-1. Memorandum of Understanding with DOT, Tab B-6-2. Source of Funding Report, Tab E-2. Rating Agency Presentation Booklet, Tab B-6-3. Rating Agency Rating Reports, Tab B-6-4. Official Statement for Liquor bonds 2013 bond sale, Tab B-6-5.)

B-7. Clean Water State Revolving Loan Fund (CWSRF): This program is operated in conjunction with the Department of Environmental Protection. The CWSRF was created in 1989 to implement at the State level a program created by the Federal government to develop a revolving loan program to fund infrastructure costs associated with compliance with the federal Clean Water Act. Annual federal capitalization grants are paid into the Fund, matched by a state contribution equal to twenty percent of the federal capitalization grant. The money deposited in the Fund can be loaned directly to eligible borrowers for eligible activities and may as well be used to leverage additional money raised through tax exempt bond sales for approved program activities. Since its inception the CWSRF has received $192M in Federal capitalization money and $40.5M state matching money. Additionally, the Bank has sold $156M of revenue bonds to fund the program. $414M of loans at interest rates two percentage points below the Bank's total cost of borrowing in the tax exempt bond market have been made to 98 local units.

Under standards developed by the Federal Environmental Protection Agency, the DEP is required to annually develop a list of eligible projects and borrowers for the program. Eligible borrowers submit loan applications to the Bank to fund their approved projects. The DEP provides construction review for projects which obtain financing and the Bank, pursuant to federal guidelines, establishes and manages an individual construction account for each loan and makes payments from the account for eligible project costs as they are incurred. The Bank manages the Fund.

The goal of the program is to provide below market loans for capital infrastructure costs undertaken by eligible borrowers, as established in federal and state law, for activities directed to achieving compliance with the goals and standards of the Federal Clean Water Act. The range of activities is broad, stretching from construction of major new treatment facilities to replacement of faulty septic systems and storm water runoff control. The program has provided a steady, stable source of affordable capital for critical clean water capital needs since its inception. (Attachments: Program Summary, Tab B-7-1. Memorandum of Understanding with Maine State Housing, Memorandum of Understanding with Finance Authority of Maine and Maine Department of Agriculture, Memorandum of Understanding with Maine Department of Forestry, Memorandum of Understanding for the Dam Repair Loan Program, Tab B-7-2. Intended Use Plan, Tab B-7-3. Federal Statute, Tab A-2. EPA Region One Performance Evaluation Review, Tab B-7-4. Brochure, Tab B-7-5. Source of Funding Report, Tab E-2. Application, Tab B-7-6. Operating Agreement between Maine DEP and US EPA, Tab B-7-7. List of Borrowers, Tab B-

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1-3.)

B-8. Safe Drinking Water State Revolving Loan Fund (DWSRF). This program is operated in conjunction with the DHHS Office of Water.

The Bank acts as the financial administrator in this program which was created at the Federal level modeled on the successful CWSRF. Federal capitalization funds are provided to each state to fund a revolving loan program to make loans to eligible borrowers for eligible activities directed toward compliance with the Federal Safe Drinking Water Act. Each state provides a state matching contribution equal to twenty percent of the federal funds awarded to the state. Money in the fund may be loaned directly to eligible borrowers undertaking approved drinking water related infrastructure construction or improvement and may be used to leverage revenue bonds issued by the Bank to provide additional money for eligible program activities. Loans are funded thus with federal and state dollars, bond proceeds, and repayments from outstanding loans. Individual project selection (based upon an open, annual review and Selection process as required in federal law) and monitoring of construction activities associated with loans to approved borrowers is conducted by the DHHS Bureau of Drinking Water. Determination of financial eligibility and management of construction loans and long term loans is undertaken by the Bank. The Fund is managed by the Bank.

The goal of the program is to provide affordable capital to eligible borrower for eligible activities as defined in federal law. Loans are made at two percentage points below the cost of borrowing money in the national tax exempt credit markets. Projects include not only construction of drinking water treatment facilities but also such activities as land acquisition for watershed protection. Since its first loan in 1998 the DWSRF has made $90.6M of loans to fund projects to 64 local units. (Attachments: Program Summary, Tab B-8-1. Brochure, Tab B-8-2. Federal Statute, Tab A-3. Operating Agreement with DHHS, Tab B-8-3. Intended Use Plan, Tab B-8-4. EPA Region I Performance Evaluation Review, Tab B-8-5. Source of Funding Report, Tab E-2. Application, Tab B-8-6. List of Borrowers, Tab B-1-3.)

B-9. Maine PowerOptions (MPO). Electricity and Petroleum Aggregation Program. This program is operated jointly by the Bond Bank and the Maine Health and Higher Educational Facilities Authority (MHHEFA). Maine PowerOptions (MPO) provides a vehicle for all of the Bank's eligible borrowers, along with all of MHHEFA's eligible borrowers and all other 501 (as defined by the Internal Revenue Code) corporations in the State to join together in the purchase of electricity and fuel oils in the state of Maine. The statute which allowed the Maine Municipal Bond Bank to create this vehicle (Title 30-A 5954) provided the authority to develop an aggregation program for the purchase of fuel oils and electricity supply services. MPO has been very successful in creating programs which are desired by its eligible users. MPO is a member based organization and programs are available to all members; the programs are voluntary and

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members are under no obligation to participate. The desire and interest in MPO is demonstrated by the increasing level of membership; in late 2007 membership was 649, that figure is now about 30% higher. Participation has also increased; in late 2007 the volume of contracted gallons of fuel oil was about 5.5 million gallons and today contracted gallons are about 28.2 million gallons, the number of electricity accounts contracted has increased from 5,000 accounts to over 12,000 accounts. The increased membership and level of participation demonstrates the success of the aggregation effort. Many of our members value the services we provide and have returned year after year to participate in our programs. (Attachments: Program summary, Tab B-9-1.)

B-10. Maine Rural Water Association (MRWA) - Grant Administration

For the past several years the Legislature has appropriated funds to provide support to the Maine Rural Water Association in its work with small utilities in Maine. MRWA provides technical training and assists small water and Sewer utilities in the areas of administration, finance, systems operation and methods for compliance with federal and state water and Sewer rules and standards. The goal of the program is to help to provide badly needed technical assistance to Smaller or rural Maine water and sewer systems to improve their operation and ability to comply with federal and state regulatory standards. MRWA has a long history of providing very helpful assistance to utility districts across the State which has saved rate payers money and helped assure the provision of quality service for people in the utility service area. The Bond Bank acts as the conduit for these appropriated funds and administers the grant on a pass through basis charging neither the grant nor MRWA for its administrative work on the grant. (Attachments: Grant Administration Summary, Tab B-10-1. History of Grant funding levels, Tab B-10-2. Grant Contract, Tab B-10-3.)

C. Organizational Structure: The Bank has created a joint administrative structure where a staff of nineteen, including the Executive Director, shares time with the Maine Municipal Bond Bank, Maine Health and Higher Educational Facilities Authority, Maine Governmental Facilities Authority, Maine Power Options, and Maine Public Utility Finance Bank. Based upon allocated time in the Bank's current budget, including all programs and Maine Power Options, the Bank has 11.1 full time equivalent positions. The State appropriates no money from the General Fund to the Bank to pay for salaries and operations. All costs for Bank administration, personnel and operations are paid for by fees charged by the Bank. The Bank is a financially self sustaining institution. The attached organizational chart reflects the combined staff of eighteen. (Attachment: Organizational Chart/Flow Chart, Tab C-1.)

D. The Bank's offices are fully accessible, in compliance with OSHA standards and its Personnel Policy requires compliance with affirmative action requirements and workers compensation requirements. As the administrator of federal grant funds (DWSRF and CWSRF)

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the Bank's compliance with these and other applicable federal and state laws on employment, discrimination, affirmative action, minimum wage, workers compensation and similar operational and programmatic standards are reviewed annually by supervising federal agencies as well as by independent financial auditors.

E. Ten year financial history: Under the terms of the Bank's contracts with its bondholders and/or bond resolutions, it is required to have independent financial audits undertaken every year. Enclosed are copies of the Bank's audits for the last ten years through June 30, 2015, Tab E-1. A source of funding report is also attached, Tab E-2.

F. The Bank has no items on the regulatory agenda. It has rules in place or jointly operates rules with other State departments or organizations in the areas of: 1. Clean Water State Revolving Loan Fund with the Department of Environmental Protection. 2. Drinking Water State Revolving Loan Fund with the Department of Health and Human Services. 3. Approval of local Bond Counsel as part of its purchase of bonds issued by local governmental entities. 4. Tax cap allocation for bonds sold under the IRS rules for private activity bonds.

G. The Bank has numerous areas where it has coordinated its services with state and federal agencies. The Bank currently has formal cooperative agreements or is a participant in agreements with DAFS, DEP, DOE, DHHS, Department of Conservation Bureau of Forestry, SPO, Maine DOT, MSHA, FAME, the USEPA and Federal Highway Administration. In addition the Bank works informally with the federal Agriculture Department office of Rural Development in coordinating available funds for water and sewer projects. Administratively, the Bank has a joint staffing agreement with the Maine Health and Higher Educational Facilities Authority, Maine Governmental Facilities Authority and Maine Public Utility Finance Bank.

H. The Bank's direct constituencies are found in two general areas. The first area includes all the local governmental units in the state below the State level. These units include towns, cities, counties, water districts, sewer districts, school districts, hospital administrative districts (2), and any other similar governmental unit defined as a municipality. The second area of constituency comprises those line agencies of State government where the Bank provides technical financial assistance for programmatic activities such as the issuance of GARVEE and Transcap bonds for DOT, issuance of Liquor Bonds for DAFS, loan origination and review services to DOE, DEP and DHHS Office of Water. Through these direct constituency relations the Bank has indirect constituency relations with all the people in the State who use the infrastructure funded through the Bank's financial activities.

I. The Bank has a long history of using public/private partnerships in the delivery of its services. The Bank's accounting, underwriting, trustee, banking, and legal services are provided to it by the private sector. These strong partnerships with private sector providers allows the

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Bank to get the highest level of skill available in the highly complex and demanding field of public finance, dealing with multi-million dollar transactions and loans on a regular basis and helping to assure compliance with very complex federal laws and regulations covering the issuance of tax exempt debt and the operation of equally complex federal programs. In the financial Services and underwriting banking areas the search for new and more efficient methods for raising money in the public markets is an ongoing and almost constant activity. The Bank regularly reviews new ideas to meet the financial needs of its constituents.

J. There are no particular issues emerging that deal specifically with the Bond Bank's activities. Efforts on the Federal level to further limit any State's ability to issue tax exempt debt to raise funds to pay for critically needed infrastructure regularly surface in Washington. These actions range from substantially greater regulation by the Securities and Exchange Commission of any issuance of debt by any State entity, to IRS changes in rules and regulations to restrict State activities in the issuance of tax exempt debt to proposals to eliminate tax exempt debt entirely. The tension between a State's right to issue debt of any kind, but particularly debt the earnings on which is exempt from federal taxation, to meet its needs and the federal government's, particularly the federal bureaucracy's, desire to restrict that activity has been around since 1790. While no particular piece of legislation or regulatory action is currently on the table to specifically limit state action in the area of tax exempt bonds, it is as close to a sure thing as there can be that such proposals will surface in the future just as they have in the past.

K. The Committee has not requested any additional information.

L. There are no comparable entities to the Bank at the federal level and thus no federal laws or regulations that relate to the Bank other than those laws and regulations dealing with specific Federal programs like the CWSRF and DWSRF. The State laws and regulations for these two programs were developed specifically to mesh with the federal laws and regulations.

M. Privacy/Technology: The Bank does not collect any personal information about anyone either electronically or otherwise. The only personal information the Bank has in its paper files are its personnel files which are maintained in paper form only and retained in locked file cabinets.

The Bank makes extensive use of technology in its operations ranging from computer generation and access to its legal documents associated with a particular bond sale to data for reports, audits and similar activities. The Bank Website (www.mmbb.com) contains general information as well as audited financial statements about its activities and methods for members of the public to communicate with staff of the Bank. Within the statutory limits of things such as personnel files and pending legal action, the Bank general policy is that all of its documents are public records and available to the public.

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N. Paperwork Requirements: All borrowers must submit a financing application to initiate the lending process, as required by various State and Federal statutes as well as the sound lending practices established by the Bank and amended as necessary. The Bank received 70 financing applications in each of the prior 2 years and anticipates receiving approximately 160 financing applications in the next 2 two years. Under the terms of its bond resolutions and loan agreements, as well as the requirements of various State and Federal programs, the Bank requires that its borrowers annually submit an audited financial statement. The Bank receives approximately 500 audited financial statements annually and anticipates that number will remain fairly consistent going forward.

The Bank is constantly reviewing its filing requirements, as modifications are made to State and Federal statutes relating to the Banks programs, as well as requirements imposed by the IRS, the SEC, the MSRB and other entities regulating the issuance of tax exempt debt.

O. The Bank is required to prepare the following reports for the Legislature:

1. State Government Evaluation Act report pursuant to 3 MRSA , Chapter 35, Section 956.
2. Quasi-Independent State Entities Report pursuant to 5 MRSA, Chapter 616, Section 12023
3. Although not required by statute, the Bank also distributes a copy of its Annual Report to all members of the Legislature.

P. The Bank has no organizational units.

Q. The Bank is not aware of any provisions contained in its enabling or authorizing statutes that may require legislative review to determine the necessity of amendment to align the statutes with federal law, other state law or decisions of the United States Supreme Court or the Supreme Judicial Court.

STATE GOVERNMENT EVALUATION
MAINE MUNICIPAL BOND BANK
INDEX OF ATTACHMENTS

A. Statutes

TAB A-1: Statute for Maine Municipal Bond Bank (MRSA Title 30-A, c.225, § 5901 et. Seq.)

TAB A-2: Federal Statute, 33 USC § 1381 and Clean Water Act Revolving Loan Fund

TAB A-3: Federal Stature, 42 USC § 300j-12 Safe Drinking Water Revolving Loan Fund

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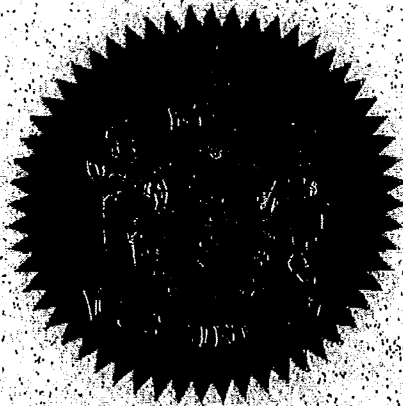
State of Maine

Department of the Secretary of State

I, the Secretary of State of Maine, certify that according to the provisions of the Constitution and Laws of the State of Maine, the Department of the Secretary of State is the legal custodian of the Great Seal of the State of Maine which is hereunto affixed and that the attached are true copies of records of this office from the Maine Revised Statutes Annotated and any relevant pocket parts and Public Laws, current to date, of Title 30-A Chapter 225, Maine Municipal Bond Bank.



In Testimony Whereof, I have caused the Great Seal of the State of Maine to be *hereunto affixed. Given under my hand at* Augusta, Maine, [illegible] 2009.

Matthew Dunlap
Secretary of State

MAINE STATUTES

TITLE 30-A

CHAPTER 225

MAINE MUNICIPAL BOND BANK

SUBCHAPTER I

GENERAL PROVISIONS

§5901. Title

This chapter shall be known and may be cited as the "Maine Municipal Bond Bank Act."

1987, c. 737

§5902. Declaration of necessity

1. Declaration of purpose. It is declared to be in the public interest and to be the policy of the State:

A. To foster and promote by all reasonable means the provision of adequate capital markets and facilities for borrowing money by counties, municipalities, School Administrative Districts, community school districts, quasi-municipal corporations and other governmental units and to finance their respective public improvements and other municipal purposes within the State from proceeds of bonds, notes, any other form of debt or leases issued by those governmental units;

B. To assist those governmental units in fulfilling their needs for such purposes by use of creation of indebtedness;

C. To the extent possible, to reduce the costs of indebtedness to taxpayers and residents of the State and to encourage continued investor interest in the purchase of bonds or notes of those governmental units as sound and preferred securities for investment; and

D. To encourage its governmental units to continue their independent undertakings of public improvements and other municipal purposes and the financing thereof and to assist them in those activities by making funds available at reduced interest costs for orderly financing of those purposes, especially during periods of restricted credit or money supply, particularly for those governmental units not otherwise able to borrow for those purposes.

2. Declaration of necessity. It is further declared that current credit and municipal bond market conditions require the exercise of state powers in the interest of its governmental units to further and implement these policies by:

A. Authorizing a state instrumentality to be created as a body corporate and politic to have full powers to borrow money and to issue its bonds and notes to make funds available through the facilities of the instrumentality at reduced rates and on more favorable terms for borrowing by such governmental units through the instrumentality's purchase of the bonds or notes of the governmental units in fully marketable form; and

B. Granting broad powers to the instrumentality to accomplish and to carry out these policies of the State which are in the public interest of the State and of its taxpayers and residents.

1987, c. 737; 1991, c605;

§5903. Definitions

As used in this chapter, unless the context otherwise indicates, the following terms have the following meanings.

1. Bank or bond bank. "Bank" or "bond bank" means the Maine Municipal Bond Bank created by section 5951.

2. Bondholder or holder or noteholder. "Bondholder" or "holder" or "noteholder" or any similar term when used with reference to a bond or note of the bank means any person who is the bearer of any outstanding bond or note of the bank registered to bearer or not registered, or the registered owner of any outstanding bond or note of the bank which at the time is registered other than to bearer.

3. Bonds. "Bonds" means bonds of the bank issued under this chapter.

3-A. Capital reserve fund. "Capital reserve fund" means any capital reserve fund created or established as provided in section 6006, subsection 1-A.

3-B. Downtown. "Downtown" means:

A. The central business district of a community that serves as the center for socioeconomic interaction in the community and is characterized by a cohesive core of commercial and mixed-use buildings, often interspersed with civic, religious and residential buildings and public spaces, typically arranged along a main street and intersecting side streets, walkable and served by public infrastructure; or

B. An area identified as a downtown in a comprehensive plan adopted pursuant to chapter 187, subchapter II.

MAINE STATUTES

TITLE 30-A

CHAPTER 225

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1987, c. 737

§5902. Declaration of necessity

1. Declaration of purpose. It is declared to be in the public interest and to be the policy of the State:

A. To foster and promote by all reasonable means the provision of adequate capital markets and facilities for borrowing money by counties, municipalities, School Administrative Districts, community school districts, quasi-municipal corporations and other governmental units and to finance their respective public improvements and other municipal purposes within the State from proceeds of bonds, notes, any other form of debt or leases issued by those governmental units;

B. To assist those governmental units in fulfilling their needs for such purposes by use of creation of indebtedness;

C. To the extent possible, to reduce the costs of indebtedness to taxpayers and residents of the State and to encourage continued investor interest in the purchase of bonds or notes of those governmental units as sound and preferred securities for investment; and

D. To encourage its governmental units to continue their independent undertakings of public improvements and other municipal purposes and the financing thereof and to assist them in those activities by making funds available at reduced interest costs for orderly financing of those purposes, especially during periods of restricted credit or money supply, particularly for those governmental units not otherwise able to borrow for those purposes.

2. Declaration of necessity. It is further declared that current credit and municipal bond market conditions require the exercise of state powers in the interest of its governmental units to further and implement these policies by:

A. Authorizing a state instrumentality to be created as a body corporate and politic to have full powers to borrow money and to issue its bonds and notes to make funds available through the facilities of the instrumentality at reduced rates and on more favorable terms for borrowing by such governmental units through the instrumentality's purchase of the bonds or notes of the governmental units in fully marketable form; and

B. Granting broad powers to the instrumentality to accomplish and to carry out these policies of the State which are in the public interest of the State and of its taxpayers and residents.

1987, c. 737; 1991, c605;

§5903. Definitions

As used in this chapter, unless the context otherwise indicates, the following terms have the following meanings.

1. Bank or bond bank. "Bank" or "bond bank" means the Maine Municipal Bond Bank created by section 5951.

2. Bondholder or holder or noteholder. "Bondholder" or "holder" or "noteholder" or any similar term when used with reference to a bond or note of the bank means any person who is the bearer of any outstanding bond or note of the bank registered to bearer or not registered, or the registered owner of any outstanding bond or note of the bank which at the time is registered other than to bearer.

3. Bonds. "Bonds" means bonds of the bank issued under this chapter.

3-A. Capital reserve fund. "Capital reserve fund" means any capital reserve fund created or established as provided in section 6006, subsection 1-A.

3-B. Downtown. "Downtown" means:

A. The central business district of a community that serves as the center for socioeconomic interaction in the community and is characterized by a cohesive core of commercial and mixed-use buildings, often interspersed with civic, religious and residential buildings and public spaces, typically arranged along a main street and intersecting side streets, walkable and served by public infrastructure; or

B. An area identified as a downtown in a comprehensive plan adopted pursuant to chapter 187, subchapter II.

3-C. Downtown improvement. "Downtown improvement" includes facade, utility relocation or extension, historic preservation and parking and road improvement; elevator, sprinkler system and traffic control devices installation; purchase of development rights for a park or open space and construction of park and open space amenities; and public toilet, streetscape, sidewalk and curb installation or upgrade.

4. Fully marketable form. "Fully marketable form" means a municipal security duly executed and accompanied by an approving legal opinion of a bond counsel of recognized standing in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds, provided that the municipal security so executed need not be printed or lithographed nor be in more than one denomination.

5. General fund. "General fund" means the fund created or established as provided in section 6007.

6. Governmental unit. "Governmental unit" means any county, municipality, school administrative district, community school district, public waste disposal corporation as authorized under Title 38, section 1304-B or other quasi-municipal corporation within the State, including any corporation owned entirely by a municipality and providing water, sewer or electric service or performing other essential governmental functions.

6-A. Median household income. "Median household income" means the income computed based on the most current census information available, as provided by the State Planning Office.

6-B. Municipal bond. "Municipal bond" means a bond or note or evidence of debt issued by a municipality and payable from taxes or from rates, charges or assessments, but does not include any bond or note or evidence of debt issued under chapter 213 or Title 10, chapter 110, subchapter IV.

6-C. Municipal bond insurance fund. "Municipal bond insurance fund" means any fund or funds established by the bank to provide reserves to insure payment of any state or municipal issuance of debt, pursuant to a bond insurance program established by the bank.

7. Municipal security. "Municipal security" means a bond or note or evidence of debt issued by a governmental unit and payable from taxes or from rates, charges or assessments, but does not include any bond or note or evidence of debt issued under chapter 213 or Title 10, chapter 110, subchapter IV.

7-A. Municipality. "Municipality" means:

A. Any city, town, special district, county, plantation or municipal village corporation within the State, including any corporation owned entirely by any entity specified in this paragraph and providing water, sewer or electric service or performing other essential governmental functions;

B. For the purpose of section 5953, subsection 1, paragraph D only, any water utility as defined in subsection 13; or

C. For the purpose of section 5953, subsection 1, paragraph D, section 5953-B and section 6006-B, any public water system as defined under Title 22, section 2601, subsection 8.

8. Notes. "Notes" means any notes of the bank issued under this chapter.

8-A. Public service infrastructure. "Public service infrastructure" means those facilities that are essential for public health, welfare and safety. Those facilities include, without limitation, sewage treatment facilities, municipal water supply and treatment facilities, solid waste facilities, public safety equipment and facilities, roads, traffic control devices and other transportation facilities, sidewalks, trees, buried utility lines and other streetscape improvements, parks and other open space or recreational areas, public access to coastal and inland waters, geographic information systems, and any other public facility that benefits the public.

9. Required debt service reserve. "Required debt service reserve" means the amount required to be on deposit in the reserve fund as prescribed by section 6006, subsection 1.

9-A. Required minimum reserve. "Required minimum reserve" means the amount required to be on deposit in a capital reserve fund as prescribed by section 6006, subsection 1-A.

10. Reserve fund. "Reserve fund" means the Maine Municipal Bond Bank Reserve Fund created or established as provided in section 6006.

11. Revenues. "Revenues" means all fees, charges, money, profits, payments of principal of or interest on municipal securities and other investments, gifts, grants, contributions, appropriations and all other income derived or to be derived by the bank under this chapter.

12. Revolving loan fund. "Revolving loan fund" means that revolving loan fund created under section 6006-A.

13. Water utility. "Water utility" means an entity as defined in Title 35-A, section 102, subsection 22.

1987, c. 737; 1989, c. 48; 1991, c. 605; 1991, c. 775, eff. 3-30-92; 1993, c. 2, eff. 12-9-92; 1993, c. 721, eff. 10-1-94; 1997, c. 555, eff. 6-12-97; 1999, c. 776; 2001, c. 90; 2001, c. 484; 2005 c.552; 2007 c.48

§5904. Liberal construction of chapter

This chapter shall be construed liberally to effectuate the legislative intent and the purposes of this chapter as complete and independent authority for the performance of each and every act and thing authorized in this chapter and all powers granted in this chapter shall be broadly interpreted to effectuate that intent and purposes and not as a limitation of powers.

1987, c. 737;

SUBCHAPTER II

ESTABLISHMENT AND POWERS

§5951. Creation of bank and membership

1. Bank established. There is established a public body corporate and politic to be known as the "Maine Municipal Bond Bank" in accordance with Title 5, chapter 379. The bank is constituted as an instrumentality of the State exercising public and essential governmental functions. The bank's exercise of the powers conferred by this chapter shall be deemed and held to be an essential governmental function of the State.

2. Board of commissioners; oath. The bank shall consist of a board of 5 commissioners, including:

A. The Treasurer of State who serves as a commissioner ex-officio;

(1) The Treasurer of State may designate the Deputy Treasurer of State to serve in place of the Treasurer of State;

B. The Superintendent of Financial Institutions, who also serves as a commissioner ex officio.

(1) The Superintendent of Financial Institutions may designate a deputy superintendent to serve in place of the Superintendent of Financial Institutions; and

C. Three commissioners, who must be residents of the State, appointed by the Governor for terms of 3 years.

Before entering upon their duties all commissioners shall take and subscribe to an oath to perform the duties of office faithfully, impartially and justly to the best of their abilities. A record of these oaths shall be filed in the office of the Secretary of State.

3. Terms; vacancy; removal. Each commissioner shall hold office for the term of appointment and until a successor has been appointed and has qualified. A commissioner may be reappointed. Any vacancy occurring other than by the expiration of a term shall be filled by appointment for the unexpired term. The Governor may remove a commissioner from office for cause after a public hearing. The Governor may suspend a commissioner pending the completion of this hearing.

4. Officers of board; exercise of powers. The board of commissioners shall elect one of its members as chairman, one as vice-chairman and shall appoint an executive director who shall also serve as both secretary and treasurer. The powers of the bank are vested in the commissioners of the bank in office from time to time. Three commissioners of the bank constitutes a quorum at any meeting of the commissioners. Action may be taken and motions and resolutions adopted by the bank at any meeting by the affirmative vote of at least

3 commissioners of the bank. A vacancy in the office of commissioner of the bank does not impair the right of a quorum of the commissioners to exercise all the powers and perform all the duties of the bank.

5. Surety bonds required. Before issuing any bonds or notes under this chapter, each commissioner of the bank must execute a surety bond in the penal sum of $25,000 and the executive director of the bank must execute a surety bond in the penal sum of $50,000. The surety bonds must be:

A. Conditioned upon the faithful performance of the duties of the office of the commissioner or executive director;

B. Executed by a surety company authorized to transact business in the State as surety;

C. Approved by the Attorney General; and

D. Filed in the office of the Secretary of State.

At all times after the bank issues any bonds or notes, each commissioner of the bank and the executive director shall maintain the surety bonds in full force and effect. The bank shall bear all the costs of these surety bonds.

6. Compensation. Each public member of the board of commissioners shall be compensated according to Title 5, chapter 379. All commissioners shall be reimbursed for their reasonable expenses incurred in carrying out their duties under this chapter. Notwithstanding any other law, no officer or employee of the State may be deemed to have forfeited or may forfeit their office or employment or any benefits or emoluments of their office or employment due to accepting the office of commissioner of the bank or performing services in that office.

7. Employees. The executive director may employ, upon approval of the board of commissioners, a general counsel, architects, engineers, accountants, attorneys, financial advisors or experts and any other officers, agents and employees who are required and determine their qualifications, terms of office, duties and compensation. The board of commissioners shall fix the duties and compensation of the executive director.

1987, c. 737; 2001, c. 44, eff. 1-1-02; 2007, c. 79

§5952. Conflict of interest

No commissioner of the bank may participate in any decision on any contract entered into by the bank, if the commissioner has any pecuniary interest, direct or indirect in any firm, partnership, corporation or association which is or may be a party to the contract.

Contracts or agreements obtained through properly advertised bid procedures, or the ownership of stock or other interest in any firm, partnership, corporation or association in which

the commissioner does not actively participate in day-to-day management shall not be interpreted as a direct or indirect pecuniary interest in violation of this chapter.

1987, c. 737.

§5953. Lending and borrowing powers generally

1. Powers. For the purposes authorized by this chapter, the bank may:

A. Lend money to governmental units through the bank's purchase of municipal securities of governmental units in fully marketable form;

B. Authorize and issue its bonds and notes payable solely from the revenues or funds available to the bank for that purpose;

C. Otherwise assist governmental units as provided in this chapter; and

D. Borrow money and make the borrowing proceeds available to the municipality at terms agreed upon by the bank and the municipality.

2. Payment; state not liable. Bonds and notes of the bank issued under this chapter are not in any way a debt or liability of the State and do not constitute a loan of the credit of the State or create any debt or debts, liability or liabilities on behalf of the State or constitute a pledge of the faith and credit of the State. All bonds and notes of the bank issued under this chapter, unless funded or refunded by bonds or notes of the bank, are payable solely from revenues or funds pledged or available for their payment as authorized in this chapter. Each bond and note shall contain on its face a statement to the effect that the bank is obligated to pay the principal or interest and redemption premium, if any, and that neither the faith and credit nor the taxing power of the State is pledged to the payment of the principal of or the interest on the bonds or notes.

3. Expenses. All expenses incurred in carrying out the purposes of this chapter are payable solely from revenues or funds provided under this chapter. Nothing in this chapter may be construed to authorize the bank to incur any indebtedness or liability on behalf of or payable by the State.

1987, c. 737; 1991, c. 605; 1991, c. 775, eff. 3-30-92; 1993, c. 2, eff. 12-9-92;

§5953-A. Loans from revolving loan fund

1. Loan application. A municipality may apply for a loan from the revolving loan fund, the proceeds of which must be used for the following:

A. To acquire, design, plan, construct, enlarge, repair or improve a publicly owned sewage or water system or sewage or water treatment plant or to implement a related management program;

B. To remediate municipal landfills that affect groundwater; or

C. For any actions authorized under the federal Clean Water Act, 33 United States Code, Sections 1251 to 1387.

The bank may prescribe any application form or procedure required of a municipality for a loan under this section. The application must include any information that the bank determines necessary for the purpose of implementing this section and section 6006-A.

2. Loan; loan agreements. Loans are subject to this subsection.

A. The bank may make loans from the revolving loan fund to a municipality for one or more of the purposes set forth in subsection 1. Each of the loans is subject to the following conditions.

(1) The total amount of loans outstanding at any one time from the revolving loan fund may not exceed the balance of the fund, provided that the proceeds of bonds or notes of the bank deposited in the fund and binding financial commitments of the United States to deposit money in the fund are included in determining the fund balance.

(2) The loan must be evidenced by a municipal bond or such other agreement or instrument as the bank determines necessary or advisable.

(3) The rate of interest charged for the loans must be at or below market interest rates.

(4) Subject to the limitations of subparagraph (3), the rate of interest charged for the loans made to municipalities under this section or the manner of determining the rate of interest must be established from time to time by direction of the bank, taking into consideration the current average rate on outstanding marketable obligations, as well as the policies of the Department of Environmental Protection.

B. Loans made to a municipality by the bank under this section shall be evidenced by and made in accordance with the terms and conditions specified in a loan agreement to be executed by the bank and the municipality. The loan agreement shall specify the terms and conditions of disbursement of loan proceeds. The loan agreement shall state the term and interest rate of the loan, the scheduling of loan repayments and any other terms and conditions determined necessary or desirable by the bank.

3. Eligibility certification. No loan to a municipality may be made under this section until:

A. The applicant certifies to the bank that it has secured all permits, licenses and approvals necessary to construct the improvements to be financed by the loan;

B. The applicant demonstrates to the bank that it has established a rate, charge or assessment schedule which will generate annually sufficient revenue to pay, or has otherwise provided sufficient assurances that it will pay, the principal of and interest on the municipal bond or other debt instrument which evidences the loan made by the bank to the municipality under this section and to pay reasonably anticipated costs of operating and maintaining the financed project and the system of which it is a part;

C. The applicant certifies to the bank that it has created a dedicated source of revenue, which may constitute general revenues of the applicant through a general obligation pledge of the applicant, for repayment of the loan;

D. The applicant and the project to be financed by the proceeds of the loan have been designated by the Department of Environmental Protection as eligible to participate in a construction or implementation program funded wholly or in part by the State and from the proceeds of the revolving loan fund;

E. The Department of Environmental Protection certifies to the bank that any management program to be financed complies with all applicable state and federal laws and all rules and regulations adopted under those laws; and

F. The Department of Environmental Protection certifies to the bank that the loan eligibility priority, established under section 6006-A, subsection 3, entitles the applicant to immediate financing or assistance under this section.

1989, c. 48, 1991, c. 605; 1995, c. 564, eff. 3-25-96

§5953-B. Loans from safe drinking water revolving loan fund

1. Loan application. In addition to the other forms of financial assistance available under section 6006-B, a public water system that is a community water system or a nonprofit water system that is not a community water system may apply for a loan from the safe drinking water revolving loan fund, in this section called the "fund," the proceeds of which must be used to acquire, design, plan, construct, enlarge, repair, protect or improve drinking water supplies or treatment systems owned by the applicant; to acquire development rights, conservation easements and other protective interests in land by the applicant or in cooperation with a land trust or similar entity, or for any actions authorized or required under the federal Safe Drinking Water Act of 1996, 42 United States Code, Sections 300f to 300j-9, as amended.

The bank may prescribe an application form or procedure for a public water system to apply for a loan under this section. The application must include any information that the bank determines necessary for the purpose of implementing this section and section 6006-B.

For purposes of this section, the term "public water system" has the same meaning as defined in Title 22, section 2601, subsection 8.

2. Loan; loan agreements. Loans from the fund are subject to this subsection.

A. The bank may make loans from the fund to a public water system for one or more of the purposes set forth in subsection 1. Each of the loans is subject to the following conditions.

(1) The total amount of loans outstanding at any one time from the fund may not exceed the balance of the fund, provided that the proceeds of bonds or notes of the bank deposited in the fund, revenues from other sources deposited in the fund and binding financial commitments of the United States to deposit money in the fund are included in determining the fund balance.

(2) The loan must be evidenced by a municipal bond or other debt instrument in a form acceptable to the bank, payable by the public water system over a term not to exceed 20 years from completion of construction of the project, or 30 years from completion of construction of the project in the case of a public water system that the bank and the Department of Human Services have determined serves a disadvantaged community, with annual principal or interest payments commencing not later than one year after the project being financed is completed.

(3) The rate of interest charged for the loans must be at or below market interest rates, including an interest-free loan.

(4) Subject to the limitations of subparagraph (3), the rate of interest charged for the loans made to public water systems under this section or the manner of determining the rate of interest must be established from time to time by direction of the bank, taking into consideration the current average rate on outstanding marketable obligations and the policies of the Department of Human Services.

B. Loans made to a public water system by the bank under this section must be evidenced by and made in accordance with the terms and conditions specified in a loan agreement to be executed by the bank and the public water system. The loan agreement must specify the terms and conditions of disbursement of loan proceeds. The loan agreement must state the term and interest rate of the loan, the scheduling of loan repayments and any other terms and conditions determined necessary or desirable by the bank. Loans made to a public water system by the bank under this section may include provisions for forgiveness of principal payments or loan repayment computation that results in an effective negative interest cost.

3. Eligibility certification. A loan to a public water system may not be made under this section until:

A. The applicant certifies to the bank that it has secured all permits, licenses and approvals necessary to construct the improvements to be financed by the loan;

B. The applicant demonstrates to the bank that it has established a rate, charge or assessment schedule that generates annually sufficient revenue to pay, or has otherwise provided sufficient assurances that it pays, the principal of and interest on the municipal bond or other debt instrument that evidences the loan made by the bank to the public water system pursuant to the loan agreement under this section and to pay reasonably anticipated costs of operating and maintaining the financed project and the system of which it is a part;

C. The applicant certifies to the bank that it has created a dedicated source of revenue that may constitute general revenues of the applicant through a general obligation pledge of the applicant for repayment of the loan;

D. In the case of a privately owned public water system, the system must demonstrate that:

(1) It has adequate security, guarantees or other assets for repayment of the loan; and

(2) Undue benefits do not accrue to owners of a privately owned water system due to financing provided under this section; and

E. The Department of Human Services certifies to the bank that the loan eligibility priority, established under section 6006-B, subsection 5, entitles the applicant to financing or assistance under this section.

1991, c. 605; 1997, c. 555, eff. 6-12-97; 1997, c. 705, §14; 1999, c. 77; 2007, c. 353

§5953-C. Loans for energy efficiency improvements in municipal and school buildings

This section establishes a program to promote energy efficiency and indoor air quality in municipal and school buildings.

1. Efficiency Partners Program. The bank shall establish the Efficiency Partners Program, referred to in this section as "the program," designed to reduce energy costs in municipal and school buildings and to create jobs by financing energy audits and cost-effective improvements that accomplish energy efficiency while maintaining healthful indoor air quality. The bank shall issue a request for proposals for energy audits of municipal and school buildings and for energy savings that could be achieved through cost-effective improvements to heating and cooling systems, windows, insulation, lighting and equipment in municipal and school buildings. Identification of cost-effective improvements to achieve energy savings under the program must

be based on a comprehensive energy audit that has been performed within the previous 5 years by a professional engineer licensed in this State. An energy audit that is financed under the program or is the basis for cost-effective energy efficiency improvements financed under the program must address compliance with the model building energy code adopted by the Public Utilities Commission pursuant to Title 35-A, section 121.

2. Access to the program. Municipalities and school administrative units may have access to the program regardless of whether the municipality or school administrative unit utilizes a loan pursuant to this section to finance an energy audit or cost-effective energy efficiency improvements.

3. Proposals; contracts. The bank shall solicit proposals from energy service companies and individual vendors of energy service products. Notwithstanding any provision of the law regarding bidding requirements, the bank shall contract with an energy service company or companies or vendor or vendors to provide energy services in municipal and school buildings under the program. Whenever the bid proposals received are substantially equivalent, the bank shall in the contract process select an in-state energy service company or vendor whose primary place of business is within this State. For public school projects, bid proposals for energy efficiency improvements must include plans and specifications that are adequate to permit review by the agencies listed under Title 20-A, section 15903, subsection 3 and that bear the stamp of a licensed professional engineer or licensed architect. The agencies listed in Title 20-A, section 15903, subsection 3 shall review the plans and specifications and approve or disapprove them within a reasonable time period.

4. Loan; loan agreements. Loans from the bank for energy efficiency improvements must be structured to ensure to the greatest extent possible that the cost savings achieved by the energy efficiency improvements are sufficient to cover the loan and to achieve a net positive cash flow as early as practical. The rate of interest charged for loans made through the program for energy efficiency improvements or energy audits must be below the currently available rate of interest charged on commercial loans of equivalent term and use.

5. Energy Payment Equalization Fund. The bank shall establish a fund called the Energy Payment Equalization Fund. To the extent that the fund has assets available to it through funding by federal, state or local governments, or grants, gifts, donations or payments from any other source, money in the fund may be applied to loans made to municipalities in the program if achieved energy savings are not sufficient to offset the debt service payments on a loan made through the program. This fund may include deposits made by energy service companies or vendors to guarantee their commitment to achieve energy savings sufficient to offset debt service payments but may not include any other donations or payments from vendors or interested parties. The fund may be used to provide general interest rate reductions or principal reductions on any loan or group of loans made under the program for energy audits or for energy efficiency improvements regardless of energy cost savings that may be achieved through the use of the proceeds of the loans or loan.

6. Report to the Legislature. Beginning in 2008, the bank shall report annually by March 1st to the joint standing committee of the Legislature having jurisdiction over utilities and energy matters regarding the program. The report must document program activity during the prior 12 months, including, but not limited to, contracts made with energy service companies or

vendors, loans made to municipalities or school administrative units, energy audits conducted and energy efficiency improvements implemented.

1993, c. 721, eff. 10-1-94; R.R. 1993, c. 2; 1999, c. 668; 1999, c. 776; R.R. c. 2, eff. 10-1-00; 2001, c. 90; 2001, c. 406; 2007, c. 66, §1

§5953-D. Assistance from Municipal Investment Trust Fund

1. Application for public service infrastructure grants and loans. In addition to the other forms of financial assistance available under section 6006-D, an eligible municipality or group of municipalities may apply for a public service infrastructure grant or loan from the Municipal Investment Trust Fund, in this section called the "fund," the proceeds of which must be used to acquire, design, plan, construct, enlarge, repair, protect or improve public service infrastructure owned by the applicant.

The bank, in conjunction with the Department of Economic and Community Development, may prescribe an application form or procedure for an eligible municipality or group of municipalities to apply for a grant or loan under this section. The application must include all information necessary for the purpose of implementing this section and section 6006-D.

1-A. Application for downtown improvement loan. In addition to the other forms of financial assistance available under section 6006-D, an eligible municipality or group of municipalities may apply for a downtown improvement grant or loan from the fund, the proceeds of which must be used to acquire, design, plan, construct, enlarge, repair or protect downtown improvements.

The bank, in conjunction with the Department of Economic and Community Development, may prescribe an application form or procedure for an eligible municipality or group of municipalities to apply for a grant or a loan under this subsection. The application must include all information necessary for the purpose of implementing this section and section 6006-D.

2. Loan; loan agreements. Loans from the fund are subject to this subsection.

A. The bank may make loans from the fund to an eligible municipality or group of municipalities for one or more of the purposes set forth in subsection 1 and subsection 1-A. Each of the loans is subject to the following conditions.

(1) The total amount of loans outstanding at any one time from the fund may not exceed the balance of the fund; the proceeds of bonds or notes of the bank deposited in the fund, revenues from other sources deposited in the fund and binding financial commitments of the United States to deposit money in the fund must be included in determining the fund balance.

(2) The loan must be evidenced by a municipal bond or other debt instrument, payable by the municipality over a term not to exceed 40 years

with annual principal or interest payments commencing not later than one year after the project being financed is completed.

(3) The rate of interest charged for the loans must be at or below market interest rates.

(4) Subject to the limitations of subparagraph (3), the rate of interest charged for the loans made to municipalities under this section or the manner of determining the rate of interest must be established from time to time by direction of the bank, taking into consideration the current average rate on outstanding marketable obligations.

B. Loans made to a municipality by the bank under this section must be evidenced by and made in accordance with the terms and conditions specified in a loan agreement to be executed by the bank and the municipality. The loan agreement must specify the terms and conditions of disbursement of loan proceeds. The loan agreement must state the term and interest rate of the loan, the scheduling of loan repayments and any other terms and conditions determined necessary or desirable by the bank.

3. Eligibility certification. The bank may not make a grant or loan to a municipality or group of municipalities under this section until:

A. The applicant certifies to the bank that it has secured all permits, licenses and approvals necessary to construct the improvements to be financed by the grant or loan;

B. In the case of a loan, the applicant demonstrates to the bank that it has established a rate, charge or assessment schedule that generates annually sufficient revenue to pay, or has otherwise provided sufficient assurances that it pays, the principal of and interest on the municipal bond or other debt instrument that evidences the loan made by the bank to the municipality pursuant to the loan agreement under this section and to pay reasonably anticipated costs of operating and maintaining the financed project and the system of which it is a part;

C. In the case of a loan, the applicant certifies to the bank that it has created a dedicated source of revenue that may constitute general revenues of the applicant through a general obligation pledge of the applicant for repayment of the loan;

D. In the case of a grant or loan, the Department of Economic and Community Development affirms that the applicant has met the conditions of this paragraph.

(1) A municipality is eligible to receive a grant or a loan, or a combination of both, if that municipality has adopted a growth management program certified under section 4347-A that includes a capital improvement program composed of the following elements:

(a) An assessment of all public facilities and services, such as, but not limited to, roads and other transportation facilities, sewers, schools, parks and open space, fire and police;

(b) An annually reviewed 5-year plan for the replacement and expansion of existing public facilities or the construction of such new facilities as are required to meet expected growth and economic development. The plan must include projections of when and where those facilities will be required; and

(c) An assessment of the anticipated costs for replacement, expansion or construction of public facilities, an identification of revenue sources available to meet these costs and recommendations for meeting costs required to implement the plan.

(2) A municipality is eligible to receive a loan if that municipality:

(a) Has adopted a comprehensive plan that is determined by the Executive Department, State Planning Office to be consistent with section 4326, subsections 1 to 4.

(3) A municipality is eligible to receive a grant or a loan if that municipality is a service center community.

Subject to the limitations of this subsection, 2 or more municipalities that each meet the requirements of subparagraphs (1), (2) or (3) may jointly apply for assistance under this section; and

E. In the case of a downtown improvement grant or loan, the Department of Economic and Community Development affirms that the applicant has met the conditions of this paragraph. A municipality is eligible to receive a downtown improvement grant or loan if that municipality has:

(1) Shown broad-based support for downtown revitalization;

(2) Established a comprehensive downtown revitalization work plan, including a definition and a map of the affected area;

(3) Developed measurable goals and objectives;

(4) Demonstrated an historic preservation ethic;

(5) DELETED (Laws 2003, c.288)

(6) DELETED (Laws 2003, c.288)

(7) DELETED (Laws 2003, c.288)

(8) DELETED (Laws 2003, c.288)

(9) Developed the capacity to report on the progress of the downtown program; and

(10) Established the ability and willingness to support integrated marketing efforts for retailers, services, activities and events.

4. Criteria; conditions for public service infrastructure grants and loans. The Department of Economic and Community Development, in conjunction with the bank, shall develop criteria and conditions for the award of public service infrastructure loans and grants to eligible municipalities subject to the requirements of this section. The department shall:

A-1. Give highest priority equally to:

1. Service center communities. For purposes of this section, "service center community" has the same definition as I section 4301; and

2. Projects undertaken jointly by 2 or more municipalities.

B. Following the highest priority described in paragraph A-1, establish a preference for those municipalities eligible under subsection 3, paragraph D, subparagraph (1) over those municipalities eligible under subsection 3, paragraph D, subparagraph (2);

C. DELETED (Laws 2001, c. 90)

D. Following the preference described in paragraph B, establish a preference for capital investment projects that provide substantial regional benefits.

E. Adopt other criteria as it determines necessary to ensure that loans and grants made under this section maximize the ability of municipalities to accommodate planned growth and economic development; and

F. Condition any loans and grants under this section on consistency with the municipality's comprehensive plan or local growth management program.

4-A. Criteria; conditions for downtown improvement loans. The Department of Economic and Community Development, in conjunction with the bank, shall develop criteria and conditions for the award of downtown improvement grants or loans to eligible municipalities after consultation with the state agencies listed in subsection 5 and subject to the requirements of this section. The department shall establish a preference for municipalities that are regional service centers or urban compact municipalities or have adopted a comprehensive plan consistent with section 4326.

5. Coordination. The bank shall coordinate the loans and grants made under this section with all other community assistance loans and grants administered by the Department of Economic and Community Development and with other state assistance programs designed to accomplish similar objectives, including those administered by the Department of Education, the Department of Transportation, the State Planning Office within the Executive Department, the Finance Authority of Maine, the Maine State Housing Authority, the Maine Historic Preservation Commission, the Department of Administrative and Financial Services, the Department of Conservation and the Department of Environmental Protection.

6. Municipal Capital Investment Advisory Commission. (Repealed, P.L. 1999, c. 668)

7. Report to the Legislature. The bank shall report to the joint standing committee of the Legislature having jurisdiction over natural resource matters no later than January 1st of each odd-numbered year on the loans and grants program. The bank may make any recommendations it finds necessary to more effectively achieve the purposes of this section, including the appropriation of any necessary additional funds.

1993, c. 721, eff. 10-1-94; R.R. 1993, c. 2; 1999, c. 668; 1999, c. 776; R.R. 1999, c. 2, eff. 10-1-00; 2001, c. 90; 2001, c. 406; 2001, c. 621; 2001, c. 667, eff. 4-11-02; 2003, c.288, eff. 5-23-03.

§5953-E. Maine School Facilities Finance Program

There is established the Maine School Facilities Finance Program to promote efficient capital financing activities for the construction, renovation and maintenance of school facilities and the lease-purchase of school facilities.

1. Loan application. In addition to the other forms of financial assistance available under this chapter, a public school, school administrative district, municipality, community school district or other school administrative unit may apply for a loan from the School Revolving Renovation Fund under section 6006-F, in this section called the "fund," the proceeds of which must be used to finance the cost of school repair and renovation under section 6006-F, subsection 3, as designated by the Department of Education.

A. The bank may prescribe an application form or procedure for a school administrative unit to apply for a loan under this section. The application must include any information that the bank determines necessary for the purpose of implementing this section and section 6006-F.

2. Loan; loan agreements. Loans from the fund are subject to this subsection.

A. The bank may make loans from the fund to a school administrative unit for one or more of the purposes set forth in subsection 1. The loans may be made in conjunction with, at the same time as or as part of a project that obtains any other form of assistance or loan under this chapter. Each loan is subject to the following conditions.

(1) The total amount of loans outstanding at any one time from the fund may not exceed the balance of the fund, provided that the proceeds of bonds or notes of the bank deposited in the fund, revenues from other sources deposited in the fund, repayments from outstanding loans due and payable and binding financial commitments of the United States or any other 3rd party to deposit money in the fund are included in determining the fund balance.

(2) The loan must be evidenced by a municipal bond, loan agreement or other debt instrument, payable by the school administrative unit over a term not to exceed 15 years with annual principal or interest payments commencing not later than one year after the project being financed is completed.

(3) The rate of interest charged for the loans may not exceed 0%. The bank, pursuant to a determination by the Department of Education under section 6006-F, may provide loans to a school administrative unit with forgiveness of principal or an effective interest rate of less than 0%. A school unit must pay back by the end of the term of the loan an amount no less than 30% of the original principal amount of the loan nor more than 70% of the original principal amount of the loan.

B. Loans made to a school administrative unit by the bank under this section must be evidenced by and made in accordance with the terms and conditions specified in a loan agreement to be executed by the bank and the school administrative unit. The loan agreement must specify the terms and conditions of disbursement of loan proceeds. The loan agreement must state the term, rate of interest, any amount of principal forgiveness, scheduling of loan repayments and any other terms and conditions determined necessary or desirable by the bank. Loans made to a school administrative unit by the bank under this section may include provisions for forgiveness of principal payments or loan repayment computation that results in an effective negative interest rate.

3. Loan management. Proceeds from any indebtedness from the fund incurred by a school administrative unit for the purposes of new construction, renovation or capital acquisition must be deposited in the bank. Proceeds from any other indebtedness incurred by a school administrative unit for the purposes of new construction, renovation or capital acquisition may be deposited in the bank. Any proceeds held must be invested by the bank for the benefit of the school administrative unit. The bank shall pay to a school administrative unit those amounts necessary for incurred costs or for reimbursement for incurred costs associated with the project for which the indebtedness was incurred. Funds from any indebtedness from the fund remaining after payment of all eligible project and financing costs must be deposited in the fund.

4. Eligibility certification. A loan to a school administrative unit may not be made under this section until:

A. The applicant certifies to the bank that it has secured all permits, licenses and approvals necessary to undertake the renovations and construct the improvements to be financed by the loan;

B. The applicant has been designated by the Department of Education as eligible to receive the loan; and

C. The applicant demonstrates to the satisfaction of the bank that it has the ability to repay the loan made to the school administrative unit by the bank.

The Department of Education and the bank shall adopt rules necessary to implement this section. Rules adopted by the Department of Education and the bank to implement this section are major substantive rules pursuant to Title 5, chapter 375, subchapter II-A.

1997, c. 787, eff. 4-16-98; 1999, c. 81

§5954. Corporate powers

1. Powers. The bank is constituted a public body corporate and politic and an instrumentality of the State and shall have perpetual succession. For carrying out the purposes of this chapter, the bank may:

A. Sue and be sued;

B. Adopt and have an official seal and alter the seal at pleasure;

C. Make and enforce bylaws and rules for the conduct of its affairs and business and for the use of its services and facilities;

D. Maintain an office at any place or places within the State that it determines;

E. Acquire, hold, use and dispose of its income, revenue, funds and money;

F. Acquire, rent, lease, hold, use and dispose of other personal and real property for its purposes;

G. Borrow money and issue its negotiable bonds or notes, provide for and secure the payment of its bonds or notes, provide for the rights of the holders of those bonds and notes and purchase, hold and dispose of any of its bonds or notes;

H. Fix and revise from time to time and charge and collect fees and charges for the use of its services or facilities;

I. Accept gifts or grants of property, funds, money, materials, labor, supplies or services from the United States or the State or any other state or agencies or departments of those entities, or from any governmental unit or any person, and carry out the terms or provisions or make agreements with respect to any such gifts or grants, and do any and all things necessary, useful, desirable or convenient in connection with procuring, accepting or disposing of those gifts or grants;

J. Do and perform any acts and things authorized by this chapter under, through or by means of its officers, agents or employees or by contracts with any person;

K. Make, enter into and enforce all contracts or agreements necessary, convenient or desirable for the purposes of the bank or pertaining to any loan to a governmental unit or any purchase or sale of municipal securities or other investments or to the performance of its duties and execution or carrying out of any of its powers under this chapter;

L. Purchase or hold municipal securities of governmental units at such prices and in such manner as the bank considers advisable, and sell municipal securities acquired or held by it at such prices without relation to cost and in such manner as the bank considers advisable;

M. Invest any funds or money of the bank not then required for loan to governmental units and for the purchase of municipal securities in the same manner as permitted for the investment of funds belonging to the State or held in the State Treasury, except as otherwise permitted or provided by this chapter;

N. Fix and prescribe any form of application or procedure to be required of a governmental unit for the purpose of any loan or the purchase of its municipal securities, and fix the terms and conditions of any such loan or purchase and to enter into agreements with governmental units with respect to any such loan or purchase;

O. Do all acts and things necessary, convenient or desirable to carry out the powers expressly granted or necessarily implied in this chapter; and

P. In accordance with the limitations and restrictions of this chapter, cause any of its powers, duties, programs or operations to be carried out by one or more nonprofit corporations. Nonprofit corporations acting at the direction of the bank must be organized and operated under the Maine Nonprofit Corporation Act.

1987, c. 737; 1989 c. 374, eff. 6-20-89; 1991, c. 605.

§5954-A. Aggregation service

1. Authority. In addition to its other enumerated powers, but subject to the limitations imposed under subsection 2, the bank, on behalf of or in partnership with one or more governmental units or nonprofit corporations organized under the Internal Revenue Code, Section 501, may aggregate governmental units and nonprofit corporations to purchase in bulk electricity, petroleum products, fuel oil and natural gas.

2. Conditions; limitations. In exercising its authority under subsection 1, the bank:

A. Is subject to all applicable provisions of law, including the provisions of Title 35-A relating to aggregators of customers of electricity;

B. Must provide to any entity to whom it offers to provide services under subsection 1 notice that the entity is under no obligation to accept any of the services and that no other service provided by the bank is conditional upon or affected by the entity's acceptance or rejection of the offer;

C. May not extend credit or vary the terms of credit based on an entity's acceptance or rejection of an offer by the bank to provide services pursuant to subsection 1; and

D. May not encourage or otherwise seek to persuade any entity to accept any services offered by the bank pursuant to subsection 1, if the entity has an application with the bank for a loan, until after the bank has taken final action on approving or rejecting the application.

1999, c. 231, eff. 5-18-99; 2005, c. 190, eff. 9-17-2005

§5955. Additional powers

In order to carry out the purposes and provisions of this chapter, the bank, in addition to any powers granted to it elsewhere in this chapter, may:

1. Loans. Consider, in connection with any loan to a governmental unit:

A. The need, desirability or eligibility of the loan;

B. The ability of the governmental unit to secure borrowed money from other sources and the costs of alternative financing; and

C. The particular public improvements or purpose to be financed by the municipal securities to be purchased by the bank;

2. Charges. Impose and collect charges, whether or not the loan is made or evidence of borrowing or program participation is shown, or the municipal securities are purchased, for its costs and services, in review, consideration or servicing of:

A. Any proposed or outstanding loan;

B. A loan agreement to borrow on behalf of a municipality; or

C. A program participation agreement with a governmental unit.

3. Purchase. Fix and establish any and all terms and provisions with respect to any purchase of municipal securities by the bank, including:

A. Dates and maturities of the bonds;

B. Provisions as to redemption or payment before maturity; and

C. Any other matters in connection with the bank's purchase of municipal securities which are necessary, desirable or advisable in the judgment of the bank;

4. Hearings. Conduct examinations and hearings and hear testimony and take proof, under oath or affirmation, at public or private hearings on any matter material for its information and necessary to carry out this chapter;

5. Subpoenas. Issue subpoenas requiring the attendance of witnesses and the production of books and papers relating to any hearing before the bank, or before one or more of the commissioners of the bank appointed by it to conduct that hearing;

6. Contempt. Apply to the Superior Court in Kennebec County, to have punished for contempt any witness who:

A. Refuses to obey a subpoena;

B. Refuses to be sworn or affirmed to testify; or

C. Is guilty of any contempt after summons to appear;

7. Insurance. Procure insurance against any losses in connection with its property, operations or assets in such amounts, from such amounts and from such insurers as it considers desirable; and

8. Modification. Consent to any modification with respect to rates of interests, time and payment of any installment of principal or interest, security or any other term of bond or note, contract or agreement of any kind to which the bank is a party, to the extent permitted under its contracts with the holders of bonds or notes of the bank.

1987, c. 737; 1991, c. 605.

§5956. State services

1. State assistance authorized. All state officers, departments, boards, agencies, divisions and commissions may provide any service to the bank that is:

A. Requested by the bank; and

B. Within the area of their governmental functions as established by law.

2. Study or review requests. All state officers, departments, boards, agencies, divisions and commissions shall promptly comply with any reasonable request made by the bank under subsection 1, as to the making of any study or review as to:

A. The desirability, need, cost or expense with respect to any such public project, purpose or improvement;

B. The financial feasibility of the project; or

C. The financial or fiscal responsibility or ability in connection with the project of any governmental unit applying to the bank for a loan and for the bank's purchase of municipal securities to be issued by the governmental unit.

3. Cost of services. At the request of the officer, department, board, agency, division or commission providing the service, the bank shall pay the cost and expense of any services requested by the bank.

1987, c. 737,

§5957. Allocation of state ceiling

By rulemaking under Title 5, chapter 375, subchapter II, the bank may establish a process for allocation and carry-forward of that portion of the state ceiling on issuance of tax-exempt bonds allocated to the bank under Title 10, chapter 9. The executive director of the Maine Municipal Bond Bank is designated as the state official authorized to issue the certification under the United States Code, Title 26, Section 149(e)(2)(F), as amended, for allocations of the state ceiling allocated to the bank pursuant to Title 10, chapter 9.

1987, c. 737, 1989, c. 224, eff. 6-5-89

§5958. Prohibited acts and limitation of powers

The bank may not:

1. Loans. Make loans of money to any person other than a governmental unit or purchase securities issued by any person other than a governmental unit or for investment, except as provided in this chapter;

2. Banking business. Emit bills of credit, accept deposits of money for time or demand deposit, administer trust, engage in any form or manner in, or in the conduct of, any private or commercial banking business or act as a savings bank or savings and loan association; or

3. Bank and trust company. Be or constitute a bank or trust company within the jurisdiction or under the control of the Bureau of Financial Institutions, the Superintendent of Financial Institutions or the comptroller of the currency of the United States or the United States Department of the Treasury.

Nothing in this chapter may be construed to authorize or to empower the bank to be or to constitute a dealer in securities within the meaning of or subject to any securities law, securities exchange law or securities dealers law of the United States or of the State or of any other state or jurisdiction, domestic or foreign.

1987, c. 737; 2001, c. 44, eff. 1-1-02

§5959. Rules; reports

1. Rules. Appropriate state agencies and the bank may adopt rules and policies necessary to:

A. Implement sections 5953-A, 5953-B, 6006-A, 6006-B and 6006-D to ensure the self-sustaining nature of the funds created under sections 6006-A and 6006-B and that portion of the fund under section 6006-D determined to be self-sustaining; and

B. Ensure compliance with the Federal Water Pollution Control Act, Title VI and the Federal Safe Drinking Water Act and their amendments.

2. Contractual authority; reports. The Department of Environmental Protection, the Department of Human Services and the bank may enter into agreements and shall provide notice as provided in this subsection.

A. The Department of Environmental Protection, the Department of Human Services and the bank may enter into agreements on behalf of the State with agencies of the United States as may be necessary to obtain grants and awards in furtherance of the stated purposes for which the revolving loan funds created under sections 6006-A and 6006-B are established and take all other actions necessary to comply with the Federal Water Pollution Control Act, Title VI, and

the federal Safe Drinking Water Act of 1996 and their amendments provided that notice of each of the agreements is made in a timely fashion to the Governor.

B. Annually, the Department of Environmental Protection and the bank shall notify the Governor of the amount of the fund created under section 6006-A anticipated to be available for the next fiscal year.

B-1. Annually, the Department of Human Services and the bank shall notify the Governor of the amount of the fund created under section 6006-B anticipated to be available for the next fiscal year.

C. The bank is designated by the State as the instrumentality empowered to:

(1) Administer the revolving loan funds, in conjunction with the Department of Environmental Protection and the Department of Human Services;

(2) Accept capitalization grants or other deposits of funds from the Federal Government or any other source made under the Federal Water Pollution Control Act, Title VI or the federal Safe Drinking Water Act; and

(3) Manage the revolving loan funds in accordance with applicable federal and state laws, rules and regulations.

1989, c. 48; 1991, c. 605; 1993, c. 721, eff. 10-1-94; R.R. 1993, c. 2; 1997, c. 555, eff. 1-12-97; 1999, c. 668

SUBCHAPTER III

FINANCIAL OPERATION

§6001. Budget

Not later than June 1st of each year the bank shall prepare and file in the office of the Bureau of the Budget a budget of its operating expenses for the ensuing fiscal year. This budget:

1. Quarterly requirements. Shall be prepared on the basis of quarterly requirements so that it will be possible to determine from the budget the operating expenses for each quarter of the year;

2. General categories. Shall set forth the general categories of anticipated expenditures and the amount on account of each;

3. Reserves. Shall include provisions for reserve for contingencies and for overexpenditures; and

4. Others. May set forth any additional material that the bank determines.

1987, c. 737,

§6002. Annual report

On or before the last day of December in each year, the bank shall make an annual report of its activities for the preceding fiscal year to the Governor. This report shall set forth a complete operating and financial statement covering its operations during the year. The bank shall have an audit of its books and accounts made at least once in each year by certified public accountants. The cost of the audit is considered an expense of the bank. A copy of the audit shall be filed with the Treasurer of State.

1987, c. 737,

§6003. Bonds and notes of the bank

1. Bonds authorized. The bank may issue its bonds from time to time in any principal amounts that it considers necessary to provide funds for any of the purposes authorized by this chapter, including:

A. The making of loans;

A-1. The making of deposits to the revolving loan fund;

B. The payment, funding or refunding of the principal of, or interest or redemption premiums on, any bonds issued by the bank, whether the bonds or interest to be funded or refunded have or have not become due or subject to redemption before maturity in accordance with their terms;

C. The establishment or increase of reserves to secure or to pay bonds or interest on the bonds; and

D. All other costs or expenses of the bank incident to and necessary or convenient to carry out its corporate purposes and powers.

2. Bonds as general obligation bonds; additional security. Except as expressly provided otherwise in this chapter or by the bank, every issue of bonds shall be general obligations of the bank payable out of any revenues or funds of the bank, subject only to any agreements with the holders of particular bonds pledging any particular revenues or funds. Bonds that are not general obligations of the bank shall be special obligations of the bank payable solely from any revenues or funds of the bank pledged for that purpose and subject only to any agreements with the holders of particular notes and bonds pledging any particular revenues or funds. Any bonds may be additionally secured by a pledge of any grants, subsidies, contributions, funds or money from the Federal Government, the State, any governmental unit, any person or a pledge of any income or revenues, funds or money of the bank from any source.

3. Bank notes authorized. The bank may issue its notes for any corporate purpose of the bank from time to time, in any principal amounts that it considers necessary and renew or pay and retire or refund the notes from the proceeds of bonds or of other notes, or from any other funds or money of the bank available or to be made available for that purpose in accordance with any contract between the bank and the noteholders, not otherwise pledged.

A. The notes shall be issued in the same manner as bonds. The notes and the resolution or resolutions authorizing the notes may contain any provisions, conditions or limitations which the bonds or a bond resolution of the bank may contain.

B. Unless provided otherwise in any contract between the bank and the noteholders, and unless the notes have been otherwise paid, funded or refunded, the proceeds of any bonds of the bank issued, among other things, to fund such outstanding notes, shall be held, used and applied by the bank to the payment and retirement of the principal of these notes and the interest due and payable on the notes.

C. The bank may make contracts for the future sale from time to time of the notes, under which the purchaser is committed to purchase the notes from time to time on terms and conditions stated in the contracts. The bank may pay any consideration that it determines proper for these commitments.

4. Bonds and notes made negotiable instruments. Whether or not the bonds or notes of the bank are of such form and character as to be negotiable instruments under the Uniform Commercial Code, article 8, the bonds and notes shall be and are made negotiable instruments within the meaning of and for all the purposes of the Uniform Commercial Code, subject only to the provisions of the bonds and notes for registration.

5. General characteristics. Bonds or notes of the bank shall be authorized by resolution of the bank and may be issued in one or more series. The resolution or resolutions may provide:

A. The date or dates the bonds or notes will bear;

B. The time or times the bonds or notes will mature;

C. The rate or rates of interest per year the bonds or notes will bear;

D. The denomination or denominations of the bonds or notes;

E. The form of the bonds or notes, either coupon or registered;

F. The conversion or registration privileges carried by the bonds or notes;

G. The rank or priority of the bonds or notes;

H. The manner of execution of the bonds or notes;

I. The sources, medium and place or places, within or outside the State, of payment; and

J. The terms of redemption of the bonds or notes, with or without premium.

6. Manner of sale. Bonds or notes of the bank may be sold at public or private sale at the time or times and at the price or prices determined by the bank.

7. No further conditions required. Bonds or notes of the bank may be issued under this chapter without obtaining the consent of any department, division, commission, board, bureau or agency of the State, and without any other proceeding or the happening of any other conditions or things than those proceedings, conditions or things which are specifically required by this chapter.

8. Payment of notes. The bank may from time to time issue its notes as provided under this chapter and pay and retire or fund or refund those notes from proceeds of bonds or of other notes, or from any other funds or money of the bank available or to be made available for those purposes in accordance with any contract between the bank and the noteholders. Unless provided otherwise in any contract between the bank and the holders of notes, and unless the notes have been otherwise paid, funded or refunded, the proceeds of any bonds of the bank issued among other things, to fund those outstanding notes, shall be held, used and applied by the bank to the payments and retirement of the principal of the notes and the interest due and payable on the notes.

9. Taxation of interest. The bank may covenant and consent, at or before the issuance of its bonds or notes, to the inclusion of interest on any of its bonds or notes, under the United States Internal Revenue Code of 1986 or any subsequent corresponding internal revenue law of the United States, in the gross income of the holders of any such bonds or notes to the same extent and in the same manner that the interest on bills, bonds, notes or other obligations of the United States is includable in the gross income of the holders of the bonds or notes under the United States Internal Revenue Code or any such subsequent law.

1987, c. 737,1989, c. 48,

§6004. Resolutions and indentures

1. Trust agreement or trust indenture authorized. In any resolution of the bank authorizing or relating to the issuance of any bonds or notes, the bank, in order to secure the payment of those bonds or notes may, by provisions in the resolution, enter into any trust agreement or trust indenture with a corporate trustee. That trustee may be any trust company or national banking association or state bank, within or outside the State, having the powers of a trust company. The provisions in the resolution constitute covenants by the bank and contracts with the holders of the bonds or notes.

2. Provisions of indenture, agreement or resolution. The trust agreement, indenture or the resolution providing for the issuance of the bonds or notes may pledge or assign the revenues

of the bank, and may contain any provisions for protecting and enforcing the rights and remedies of the holders of the bonds and notes that are reasonable and proper and not in violation of law, including the custody, safeguarding and application of all money. The trust agreement may set forth the rights and remedies of the holders of the bonds and notes and of the trustee, and may restrict the individual right of action by the holders. The bank may provide by the trust indenture for the payment of the proceeds of the bonds and notes and the revenues to the trustee under the trust indenture or other depository, and for the method of disbursement of those proceeds and revenues, with any safeguards and restrictions that it determines.

3. Expenses; no separate trustee for holders. All expenses incurred in carrying out a trust indenture under this section may be treated as a part of the operating expenses of the bank. If the bonds are secured by a trust indenture, the bondholders may not appoint a separate trustee to represent them.

1987, c. 737,

§6005. Intent of pledge

Any pledge of revenue or other money made by the bank is valid and binding when the pledge is made. The revenues or other money so pledged and thereafter received by the bank is immediately subject to the lien of the pledge without any physical delivery of the revenues or other money. The lien of any such pledge is valid and binding against all parties having claims of any kind in tort, contract or otherwise against the bank, regardless of whether those parties have notice of the pledge. Neither the resolution nor any other instrument by which a pledge is created need be filed or recorded, except in the records of the bank.

1987, c. 737,

§6006. Reserve fund

1. Reserve fund. The bank shall establish and maintain a reserve fund called the "Maine Municipal Bond Bank Reserve Fund" in which there shall be deposited all money appropriated by the State for the purpose of that fund, all proceeds of bonds required to be deposited in the fund by terms of any contract between the bank and its bondholders or any resolution of the bank with respect to the proceeds of bonds, any other money or funds of the bank which it determines to deposit in the fund and any other money made available to the bank only for the purposes of the fund from any other source or sources.

A. Money in the reserve fund shall be held and applied solely to the payment of the interest on and principal of bonds secured by the reserve fund and sinking fund payments mentioned in this chapter with respect to bonds secured by the reserve fund as the interest, principal and sinking fund payments become due and payable; and for the retirement of bonds, including the payment of any redemption premium required to be paid when any bonds are redeemed or retired before maturity. Money may not be withdrawn from the fund if the withdrawal

would reduce the amount in the reserve fund to an amount less than the required debt service reserve, except for:

(1) Payment of interest then due and payable on bonds;

(2) Payment of the principal of bonds then maturing and payable;

(3) Sinking fund payments mentioned in this chapter with respect to bonds;

(4) The retirement of bonds in accordance with the terms of any contract between the bank and its bondholders; and

(5) The payment for which other money of the bank is not then available for payment of interest, principal or sinking fund payments or the retirement of bonds in accordance with the terms of any such contract.

B. As used in this chapter, "required debt service reserve" means, as of any date of computation, the amount or amounts required to be on deposit in the reserve fund as provided by resolution of the bank. The required debt service reserve shall be, as of any date of computation, an aggregate amount equal to at least the largest amount of money, required by the terms of all contracts between the bank and holders of bonds secured by the reserve fund, to be raised in the then current or any succeeding calendar year for:

(1) The payment of interest on and maturing principal of that portion of outstanding bonds secured by the reserve fund, the proceeds of which were applied solely to the purchase of municipal securities; and

(2) Sinking fund payments required by the terms of any such contracts to sinking funds established for the payment or redemption of those bonds.

The required debt service reserve shall be calculated on the assumption that the bonds will cease to be outstanding after the date of the computation because of the payment of those bonds at their respective maturities and the payments of the required money to sinking funds and the application of those sinking funds in accordance with the terms of all such contracts to the retirement of the bonds. *(NOTE: This paragraph was inadvertently left out of West's Maine Revised Statutes)*

1-A. Capital reserve fund. This subsection applies to capital reserve funds.

A. The bank may establish and maintain one or more special funds called "capital reserve funds" in which there shall be deposited:

(1) All money appropriated by the State for the purpose of those funds;

(2) All proceeds of bonds required to be deposited in those funds by the terms of any contract between the bank and its bondholders or any resolution of the bank with respect to the proceeds of bonds;

(3) Any other money or funds of the bank which it determines to deposit in those funds; and

(4) Any other money made available to the bank only for the purposes of the fund from any other source or sources.

B. Money in any capital reserve fund shall be held and applied solely:

(1) To pay the interest on and principal of bonds secured by the capital reserve fund and sinking fund payments mentioned in this chapter with respect to bonds secured by the capital reserve fund as the interest and principal becomes due and payable; and

(2) To retire bonds secured by the capital reserve fund, including the payment of any redemption premium required to be paid when any such bonds are redeemed or retired before maturity.

C. The minimum amount of any capital reserve fund must be equal to the amounts required under the resolutions pursuant to which the bonds secured by the capital reserve fund are issued. These amounts are referred to in this chapter as the "required minimum reserve." With respect to bonds secured by a capital reserve fund for which the resolution authorizing the issuance of those bonds states that the provisions of subsection 5 apply, the required minimum reserve must be, as of any date of computation, an aggregate amount equal to at least the largest amount of money required by the terms of all contracts between the bank and its bondholders of the bonds to be raised in the then current or any succeeding calendar year for the payment of interest on and maturing principal of that portion of the outstanding bonds, the proceeds of which were applied solely to the purchase of municipal securities or municipal bonds and sinking fund payments required by the terms of any such contracts to sinking funds established for the payment or redemption of the bonds, all calculated on the assumption that the bonds will cease to be outstanding after the date of the computation because of the payment of the bonds at their respective maturities and the payments of the required money to sinking funds and the application thereof in accordance with the terms of all such contracts to the retirement of the bonds. The required minimum reserve for bonds secured by a capital reserve to which the provisions of subsection 5 apply may be less than that required by this paragraph if the bank so determines and only when the reserve is applied to:

(1) Any bond or note sold to fund a municipal lease pool whose term is 5 years or less;

(2) Any bond for which no principal is paid to bondholders until final maturity; or

(3) Any loan, bond, lease or evidence of participation that has a term of 5 years or less.

D. Money in any capital reserve fund shall not be withdrawn if the withdrawal would reduce the amount in the capital reserve fund to an amount less than the required minimum reserve for all such bonds issued and to be issued which will be secured by the capital reserve fund, except for payment of interest then due and payable on bonds secured by the capital reserve fund and the principal of bonds secured by the capital reserve fund then maturing and payable and sinking fund payments required by the terms of any such contracts to sinking funds established for the payment or redemption of the bonds, and for the retirement of bonds secured by the capital reserve fund in accordance with the terms of any contract between the bank and its bondholders and for the payments on account of which interest or principal or sinking fund payments or retirement of bonds secured by the capital reserve fund other money of the bank is not then available in accordance with the terms of any such contract.

2. Transfer. Money in the reserve fund at any time in excess of the required debt service reserve, whether by reason of investment or otherwise, may be withdrawn at any time by the bank and transferred to any other fund or account of the bank.

Money in any capital reserve fund at any time in excess of the required minimum reserve, whether by reason of investment or otherwise, may be withdrawn at any time by the bank and transferred to any other fund or account of the bank.

3. Investment. Money at any time in the reserve fund or any capital reserve fund may be invested in the same manner as permitted for investment of funds belonging to the State or held in the treasury.

4. Reserve. Notwithstanding any other provision of this chapter, the bank may not issue any bonds to be secured by the reserve fund or by a capital reserve fund for which the resolution authorizing the issuance of those bonds states that subsection 5 applies unless:

A. If the bonds are to be secured by the reserve fund, there is in the reserve fund the required debt service reserve for all bonds then issued and outstanding which are secured by the reserve fund and the bonds to be issued which will be secured by the reserve fund; or

B. If the bonds are to be secured by a capital reserve fund for which the resolution authorizing the issuance of the bonds states that subsection 5 applies, there is in the capital reserve fund the required minimum reserve for all bonds secured by the capital reserve fund then issued and outstanding and the bonds to be issued which will be secured by the capital reserve fund.

Nothing in this chapter prevents the bank from satisfying this requirement by depositing so much of the proceeds of the bonds to be issued, upon their issuance, as is needed to achieve the required debt service reserve or required minimum reserve, as applicable. The bank may at any time issue its bonds or notes for the purpose of providing any amount necessary to increase the amount in the reserve fund to the required debt service reserve, to increase the amount in any capital reserve fund to the required minimum reserve or to meet any higher or additional reserve as may be fixed by the bank with respect to such fund.

5. Restoration. In order to ensure the maintenance of the required debt service reserve in the reserve fund, there shall be annually appropriated and paid to the bank for deposit in the fund, the sum, if any, certified by the chair of the bank to the Governor. On or before December 1st of each year, the chair shall make and deliver to the Governor a certificate stating the sum, if any, required to restore the reserve fund to an amount equal to the required debt service reserve and the sum or sums so certified shall be appropriated and paid to the bank during the then current state fiscal year.

In order to ensure the maintenance of the required minimum reserve in any capital reserve fund to which, at the direction of the bank pursuant to the resolution establishing the capital reserve fund, this provision applies, there shall be annually appropriated and paid to the bank for deposit in the fund, the sum, if any, certified by the chair of the bank to the Governor. On or before December 1st of each year, the chair shall make and deliver to the Governor a certificate stating the sum, if any, required to restore the fund to an amount equal to the required minimum reserve, and the sum or sums so certified shall be appropriated and paid to the bank during the then current state fiscal year.

6. Valuation. In computing the amount of the required debt service reserve or the required minimum reserve, investments held as a part of those reserves shall be valued in the manner provided in the applicable bond resolution.

7. Exclusions. The bank may provide from time to time by resolution for the issuance of its bonds or notes which are not secured by the reserve fund or any capital reserve fund, as set forth in the resolution authorizing its bonds or notes. The bank may, pursuant to a resolution or other agreement, establish the security for any of its bonds, including, but not limited to, policies of insurance and letters of credit, as the bank in its discretion determines necessary, desirable or convenient to further the accomplishment of the purposes of the bank. The security may, if so provided by a resolution or other agreement of the bank, to the extent set forth in the resolution or agreement, satisfy the provisions of the resolution or agreement with respect to any required debt service reserve, required minimum reserve or other reserve.

1987, C. 737; 1989, c. 48; 1991, C. 605

§6006-A. Revolving loan fund

1. Establishment; administration. A revolving loan fund is established as provided in this section.

A. There is established in the custody of the bank a special fund, to be known as the revolving loan fund, that must be used for the following purposes:

(1) To provide loans to municipalities for acquiring, designing, planning, constructing, enlarging, repairing or improving publicly owned sewage systems and sewage treatment plants as provided in Title 38, section 411 and for implementing related management programs;

(2) For remediation of municipal landfills that affect groundwater; or

(3) For any actions authorized under the federal Clean Water Act, 33 United States Code, Sections 1251 to 1387.

B. The bank shall administer the revolving loan fund. The fund shall be invested in the same manner as permitted for investment of funds belonging to the State or held in the State Treasury. The fund shall be established and held separate and apart from any other funds or money of the State or the bank and shall be used and administered exclusively for the purpose of this section and section 5953-A. The fund shall consist of the following:

(1) Such sums as may be appropriated by the Legislature or transferred to the fund from time to time by the Treasurer of State;

(2) Principal and interest received from the repayment of loans made from the fund;

(3) Capitalization grants and awards made to the State or an instrumentality of the State by the United States for any of the purposes for which the fund has been established. These amounts shall be paid directly into the fund without need for appropriation by the State;

(4) Interest earned from the investment of fund balances;

(5) Private gifts, bequests and donations made to the State for any of the purposes for which the fund has been established;

(6) The proceeds of notes or bonds issued by the bank for the purpose of deposit in the fund; and

(7) Other funds from any public or private source received for use for any of the purposes for which the fund has been established.

2. Uses. The revolving loan fund may be used for one or more of the following purposes:

A. To make loans to municipalities under this section and section 5953-A;

B. To make loans to refund bonds or notes of a municipality issued after March 7, 1985 for the purpose of financing the construction of any capital improvement or management program described in section 5953-A, subsection 1 and certified under section 5953-A, subsection 3;

C. To guarantee or insure, directly or indirectly, the payment of notes or bonds issued or to be issued by a municipality for the purpose of financing the construction of any capital improvement or management program described in section 5953-A, subsection 1 and certified under section 5953-A, subsection 3;

D. To guarantee or insure, directly or indirectly, funds established by municipalities for the purpose of financing construction of any capital improvement described in section 5953-A, subsection 1;

E. To invest available fund balances and to credit the net interest income on those balances to the revolving loan fund;

F. To invest as a source of revenue or security for the payment of principal and interest on general or special obligations of the bank if the proceeds of the sale of the obligations have been deposited in the fund, or as a source of revenue to subsidize municipal loan payment obligations;

G. To pay the costs of the bank and the Department of Environmental Protection staff associated with the administration of the revolving loan fund and projects financed by it; provided that no more than the lesser of 2% of the aggregate of the highest fund balances in any fiscal year and 4% of any capitalization grants provided by the United States for deposit in the revolving loan fund shall be used for these purposes; and

H. To pay the costs required under the Federal Water Pollution Control Act, Title VI.

3. Priorities for financial assistance. Periodically, and at least annually, the Department of Environmental Protection shall prepare and certify to the bank a project priority list of those municipalities whose publicly owned projects are eligible for financing or assistance under this section. The factors to be considered in developing the priority list shall include, but are not limited to:

A. Water supply protection;

B. Shellfishery protection;

C. Nuisance conditions;

D. Fisheries protection;

E. Facility needs, including the availability of, or likely development of, cost-effective privately owned facilities or services to meet the municipal need; and

F. Median household income.

4. Eligibility for financial assistance. No financial assistance for a project may be granted under this section until the Department of Environmental Protection certifies to the bank that the project is eligible for immediate financing under this section and is on the priority list prepared under subsection 3.

5. Establishment of accounts. The bank may establish accounts and subaccounts within the revolving fund as it determines desirable to effectuate the purposes of this section, including, but not limited to, accounts to segregate a portion or portions of the revolving loan fund as security for bonds issued by the bank for deposit in the revolving loan fund and to be invested for the benefit of specified projects receiving financial assistance from the revolving loan fund.

1989, c. 48; 1995, C. 564, eff. 3-25-96

§6006-B. Safe drinking water revolving loan fund

1. Establishment; administration. A safe drinking water revolving loan fund is established as provided in this section.

A. There is established in the custody of the bank a special fund to be known as the safe drinking water revolving loan fund to provide financial assistance under subsection 2 for the acquisition, design, planning, construction, enlargement, repair, protection or improvement of drinking water supplies or treatment facilities including any of those actions required under the federal Safe Drinking Water Act of 1996, 42 United States Code, Sections 300f to 300j-9, supplement 1997, as amended, hereinafter referred to as the federal Safe Drinking Water Act of 1996.

B. The bank shall administer the fund. The fund must be invested in the same manner as permitted for investment of funds belonging to the State or held in the State Treasury. The fund must be established and held separate from any other funds or money of the State or the bank and used and administered exclusively for the purpose of this section and section 5953-B. The fund consists of the following:

(1) Sums that are appropriated by the Legislature or transferred to the fund from time to time by the Treasurer of State;

(2) Principal and interest received from the repayment of loans made from the fund;

(3) Capitalization grants and awards made to the State or an instrumentality of the State by the Federal Government for any of the purposes for which the fund has been established. These amounts must be paid directly into the fund without need for appropriation by the State;

(4) Interest earned from the investment of fund balances;

(5) Private gifts, bequests and donations made to the State for any of the purposes for which the fund is established;

(6) The proceeds of notes or bonds issued by the Maine Public Utilities Financing Bank under Title 35-A, chapter 29 for the purpose of deposit in the fund;

(7) The proceeds of notes or bonds issued by the bank for the purpose of deposit in the fund; and

(8) Other funds from any public or private source received for use for any of the purposes for which the fund has been established.

C. For the purposes of this section, the term "public water system" is the same as defined in Title 22, section 2601, subsection 8 and "community water system" and "noncommunity water system" are the same as defined in Title 22, section 2660-B.

2. Uses. The revolving loan fund may be used for one or more of the following purposes:

A. To make loans to public water systems under this section and section 5953-B;

B. To make loans to a municipality, an intermunicipal or interstate agency or other eligible participant as specified in the federal Safe Drinking Water Act of 1996 to buy or refinance bonds or notes issued after July 1, 1993 for the purpose of financing the construction of any capital improvement or management program described in section 5953-B, subsection 1 and certified under section 5953-B, subsection 3;

C. To guarantee or insure, directly or indirectly, the payment of notes or bonds issued or to be issued by a public water system for the purpose of financing the construction of any capital improvement described in section 5953-B, subsection 1 and certified under section 5953-B, subsection 3;

D. To guarantee or insure, directly or indirectly, funds established by public water systems for the purpose of financing construction of any capital improvement described in section 5953-B, subsection 1 and certified under section 5953-B, subsection 3;

E. To invest available fund balances and to credit the net interest income on those balances to the revolving loan fund;

F. To invest as a source of revenue or security for the payment of principal and interest on general or special obligations of the bank if the proceeds of the sale of the obligations have been deposited in the fund or loaned to eligible participants in the programs financed with the fund, or as a source of revenue to subsidize municipal loan payment obligations;

G. To pay the costs of the bank and the Department of Human Services associated with the administration of the revolving loan fund and projects financed by it, as long as such costs are paid from a separate, dedicated and identifiable administrative account into which not more than 4% or such greater amount as may be permitted under federal law as part of the federal Safe Drinking Water Act of 1996 of each capitalization grant allotment provided by the Federal Government, and other amounts, must be deposited;

H. To pay the costs required, authorized or funded under the federal Safe Drinking Water Act of 1996, regarding the treatment of drinking water or other federal law or program that provides money for deposit to the fund for the purposes of this section; and

I. To provide training and technical assistance to public water systems serving a population of 10,000 or fewer through the statewide rural water association. The statewide rural water association may use an amount equal to 1% of the federal capitalization grant. Training and technical assistance must be consistent with the annual Department of Human Services public water system supervision, or "PWSS," work plan.

3. Establishment of accounts. The bank may establish accounts and subaccounts within the fund as it determines desirable to effectuate the purposes of this section, including, but not limited to, accounts to segregate a portion or portions of the fund as security for bonds issued by the bank for deposit in the fund and to be invested for the benefit of specified projects receiving financial assistance from the fund.

4. Priorities for financial assistance. At least annually, the Department of Human Services shall prepare and certify to the bank a project priority list of those community and nonprofit noncommunity public water system projects eligible for financing or assistance under this section. The factors to be considered in developing the priority list must include, but are not limited to:

A. Projects that address serious risk to human health;

B. Projects necessary to ensure compliance with the federal Safe Drinking Water Act of 1996;

C. Projects to assist public water systems in need on a per household basis according to the State's affordability criteria; and

D. Projects that meet factors used in developing the priority list and that are prepared to proceed to construction.

5. Eligibility for financial assistance. Financial assistance for a project may not be granted under this section until the Department of Human Services has certified to the bank that the project is eligible for immediate financing under this section and is on the priority list under subsection 4.

1991, c. 605; 1995, c. 665; 1997, c. 705.

§6006-C. Municipal lease finance program

1. Establishment; administration. A municipal lease finance program under the jurisdiction and direction of the bank is established to provide or assist municipalities and governmental entities in the financing of leases by which a municipality may acquire or obtain the right to use personal or real property. The municipal lease finance program must provide methods of direct or indirect financing, insurance, borrowing, credit enhancement and other financial tools for the lease, lease-purchase, rental or right of use of any real or personal property or other authorized activity of a municipality.

2. Powers. The bank may make loans to municipalities or borrow money on behalf of municipalities for any of the purposes of this section. The bank may purchase, refinance or enter into leases with or on behalf of municipalities. The bank may purchase or refinance for or on the behalf of any municipality any municipal lease that may be held or issued by any 3rd party. The bank may issue its bonds or notes for the purchase of municipal leases on behalf of a municipality or group of municipalities or for the establishment of a pool of funds to be used for the purchase, financing or other means of acquisition of leases used by a municipality or group of municipalities. The bank shall establish prudent standards for the terms and conditions of any lease financing made available to a municipality or group of municipalities. Terms and conditions include, but are not limited to, the general obligation of the municipality, and liens on any real or personal property held by the municipality whether being financed by the specific lease or not, and sinking funds.

3. Application; eligibility. The bank may prescribe and require an application or procedure for a municipality to participate in any form of lease financing assistance made available under this section. An application must include any information that the bank decides is necessary for implementing this section, including, but not limited to, supporting documents, certifications, feasibility studies, financial data, utilization studies or other applicable information. A municipality is not eligible to participate in any lease finance assistance made available under this section unless, in the sole judgment of the bank, the municipality has satisfactorily demonstrated that it can assure that it will pay the principal, interest, fees and related charges on the bond, debt or other instrument issued by the bank on behalf of the municipalities or purchased by the bank from the municipality as well as the costs for operation and maintenance of any real or personal property acquired or made available for use by the municipality by virtue of the lease finance assistance. Satisfactory assurance can be demonstrated if a municipality has:

A. Established a method of payment by assessment, rate, charges or other mechanism satisfactory to the bank; or

B. Provided collateral sufficient to assure payment.

4. State not liable. Bonds, notes, leases or other forms of debt or liability entered into or issued by the bank under this section are not in any way a debt or liability of the State and do not constitute a loan of the credit of the State or create any debt or debts, liability or liabilities on behalf of the State or constitute a pledge of the faith and credit of the State. Each bond, note, lease or other evidence of debt or liability entered into by the bank must contain a statement to the effect that the bank is obligated to pay the principal, interest, redemption premium, if any, and other amounts payable solely from the sources pledged for that purpose by the bank, and that neither the faith and credit nor the taxing power of the State is pledged to the payment of the principal, interest, premium, charge, fee or other amount on the bond, note, lease or other form of indebtedness, as the case may be.

5. Lease finance agreement. Lease financing and refinancing, lease purchase, loans and other forms of indebtedness or obligations incurred by a municipality due to the bank under the terms of this section must be evidenced by and be made in accordance with the terms and conditions specified in a lease finance agreement to be executed by the bank and the municipality or group of municipalities. The lease finance agreement must specify, among other things, the terms and conditions for the disbursement of lease finance proceeds, the term and interest rate of the lease, the scheduling of lease payments or bond payments as the case may be, and any other terms and conditions determined necessary or desirable by the bank.

1991, c. 605.

§6006-D. Municipal Investment Trust Fund

1. Establishment; administration. The Municipal Investment Trust Fund, referred to in this section as the "fund," is established in the custody of the bank as a special fund as provided in this section.

A. The purpose of the fund is to provide financial assistance under subsection 2 for the acquisition, design, planning, construction, enlargement, repair, protection, improvement or restoration of public service infrastructure and downtown improvements and for the acquisition of open space.

B. The bank shall administer the fund. The fund must be invested in the same manner as permitted for investment of funds belonging to the State or held in the State Treasury. The fund must be established and held separate from any other funds or money of the State or the bank and used and administered exclusively for the purpose of this section and section 5953-D. The fund consists of the following:

(1) Sums that are appropriated by the Legislature or transferred to the fund from time-to-time by the Treasurer of State;

(2) Principal and interest received from the repayment of loans made from the fund;

(3) Capitalization grants and awards made to the State or an instrumentality of the State by the Federal Government for any of the purposes for which the fund has been established. These amounts must be paid directly into the fund without need for appropriation by the State;

(4) Interest earned from the investment of fund balances;

(5) Private gifts, bequests and donations made to the State for any of the purposes for which the fund has been established;

(6) The proceeds of notes or bonds issued by the State for the purpose of deposit in the fund;

(7) The proceeds of notes or bonds issued by the bank for the purpose of deposit in the fund; and

(8) Other funds from any public or private source received for use for any of the purposes for which the fund has been established.

2. Uses. The fund may be used for one or more of the following purposes:

A. To make grants and loans to municipalities under this section and section 5953-D;

B. To guarantee or insure, directly or indirectly, the payment of notes or bonds issued or to be issued by a municipality for the purpose of financing the construction of any capital improvement described in section 5953-D, subsection 1 or 1-A;

C. To guarantee or insure, directly or indirectly, funds established by municipalities for the purpose of financing construction of any capital improvement described in section 5953-D, subsection 1 or 1-A;

D. To invest available fund balances and to credit the net interest income on those balances to the fund;

E. To invest as a source of revenue or security for the payment of principal and interest on general or special obligations of the bank if the proceeds of the sale of the obligations have been deposited in the fund or loaned to eligible participants in the programs financed with the fund, or as a source of revenue to subsidize municipal loan payment obligations; and

F. To pay the costs of the bank associated with the administration of the fund and projects financed by it as long as no more than 2% of the aggregate of the highest fund balance in any fiscal year is used for these purposes.

3. Establishment of accounts. The bank may establish accounts and subaccounts within the fund as it determines desirable to effectuate the purposes of this section, including, but not limited to, accounts to segregate a portion of the fund for grants and as security for bonds issued by the bank for deposit in the fund and to be invested for the benefit of specified projects receiving financial assistance from the fund.

1993, c. 721, eff. 10-1-94; RR 1993, c. 2; 1999, c. 776; 2003, c.288, eff. 5-23-03; 2005, c. 290, eff. 9-17-05

§6006-E. Maine school facilities finance lease-purchase program

In addition to and in furtherance of any other assistance available to a school administrative unit in this chapter, the bank, in cooperation with the Department of Education, shall establish a lease-purchase program for buildings to be used by all school administrative units whose school facility lease-purchase payments receive reimbursement, subsidy or other payment from the State. For the purposes of this section, a lease-purchase program is a system for awarding leases for a school administrative unit pursuant to a competitive bidding process.

1997, c. 787, eff. 4-16-98; 1999, c. 81

§6006-F. School Revolving Renovation Fund

1. Fund established. The School Revolving Renovation Fund, referred to in this section as the "fund," is established in the custody of the bank.

2. Administration. The bank shall administer and invest the fund. The fund must be established and held separate and apart from any other funds or money of the State or the bank and must be used and administered exclusively for the purposes authorized in this section. The fund consists of:

A. Sums that may be appropriated by the Legislature or transferred to the fund by the Treasurer of State;

B. Principal and interest received from the repayment of loans made from the fund;

C. Capitalization grants and awards made to the State or an instrumentality of the State by the United States for any of the purposes for which the fund has been established. These amounts may be paid directly into the fund without appropriation by the State and the bank is designated as the recipient for the State of any such funds;

D. Interest earned from the investment of fund balances;

E. The proceeds of any bonds or notes issued by the State or the bank sold for the purpose of deposit in the fund;

F. Funds from school construction audit recoveries; and

G. Other funds and gifts in kind or cash from any public or private source received for use for any of the purposes for which the fund has been established and that the bank and the Department of Education may solicit from any 3rd parties such as foundations or corporations, including the use of tax credits as available to support activities authorized for the fund.

3. Purposes. The fund may be used:

A. To make loans to school administrative units for school repair and renovation.

(1) The following repair and renovation needs receive first priority status:

(a) Repair or replacement of a roof on a school building;

(b) Bringing a school building into compliance with the federal Americans with Disabilities Act, 42 United States Code, Section 12101 *et seq.*;

(c) Improving air quality in a school building;

(d) Removing asbestos from or abating asbestos in a school building; and

(e) Deleted (P.L. 2001, c. 439)

(f) Undertaking other health, safety and compliance repairs.

(2) Repairs and improvements not related to health, safety and compliance repairs receive 2nd priority status. Those repairs and improvements are limited to a school building structure, windows and doors and to a school building water or septic system.

(3) Upgrade of learning spaces in school buildings and small-scale capital improvements receive 3rd priority status.

(4) The Commissioner of Education may approve other necessary repairs.

(5) After the total amount appropriated, allocated and repaid to the fund exceeds $75,000,000, loans may be provided for 2nd priority status, 3rd priority status or other necessary repairs, improvements and upgrades, with approval of the Commissioner of Education, based on rules adopted

under this section, as long as the Commissioner of Education determines that substantial progress has been made in addressing repairs and renovations with first priority status;

B. To make loans to a school administrative unit to finance expenditures incurred after June 1, 1998 for repairs or renovations authorized under paragraph A and certified under subsection 5;

C. To guarantee or insure, directly or indirectly, the payment of notes or bonds issued or to be issued by a school administrative unit for the purpose of financing any repair authorized under paragraph A and certified under subsection 5;

D. To guarantee or insure, directly or indirectly, funds established by a school administrative unit for the purpose of financing any repair authorized under paragraph A;

E. To deposit with a lending institution or with a trustee bank, available fund balances to offset loan balances for school administrative districts undertaking projects authorized by paragraph A and certified under subsection 5;

F. To invest available fund balances and credit the net interest income on those balances to the fund;

G. To invest as a source of revenue or security for the payment of principal and interest on general or special obligations of the bank if the proceeds of the sale of the obligations have been deposited in the fund, or if the proceeds of the sale of the obligations are used for the purposes authorized in paragraph A and certified under subsection 5, or as a source of revenue to subsidize the school administrative unit loan payment obligations;

H. To pay the costs of the bank and the Department of Education associated with the administration of the fund and projects financed by the fund, except that no more than the lesser of 2% of the aggregate of the highest fund balances in any fiscal year and 4% of the combined value of any capitalization grants provided by the United States for deposit in the fund may be used for these purposes. The Commissioner of Education is authorized to receive revenue from the fund administered by the bank. Funds provided to the Department of Education from the fund must be deposited in a nonlapsing dedicated account to be used to carry out the purposes of this section; and

I. (Repealed by PL 2005 c. 386 Sec. L-3 eff. June 13, 2005, and by c. 683 Sec. A-55 eff. June 2, 2006).

J. To reimburse school administrative units for costs incurred for first priority status health and safety projects described in paragraph A, subparagraph (1) and approved by the Commissioner of Education. The amount of the reimbursement

must be determined in accordance with the school administrative unit's state share percentage as provided in subsection 6, paragraph A.

4. Priorities. Periodically, and at least annually, the Department of Education shall prepare and certify to the bank a project priority list of those school administrative units whose projects are eligible for loans under this section. In establishing the priority list, the department shall grant special consideration to projects that include urgent health and safety needs. The department shall submit with the list the factors considered when determining the priorities.

5. *Eligibility terms.* The bank and the Department of Education shall develop by rule the terms of repayment of loans. A loan made pursuant to this section may not carry an interest rate higher than 0%. A loan may be made only if a project is certified by the Department of Education as eligible for financing under this section and is on the priority list prepared under subsection 4. The repayment period may vary depending upon the financial condition of a school administrative unit as identified by the Department of Education.

6. Forgiveness of principal payments. The fund must provide direct grants by forgiving the principal payments of a loan for an eligible school administrative unit. The amount of the forgiveness of principal payments must be determined by the school administrative unit's state share percentage as determined in Title 20-A, section 15672, subsection 31, not to exceed:

A. Seventy percent and no less than 30% for health, safety and compliance;

B. Seventy percent and no less than 30% for repairs and improvements; and

C. Seventy percent and no less than 30% for learning space upgrades.

7. Establishment of accounts. The bank may establish accounts and subaccounts within the fund as it determines desirable to effectuate the purposes of this section, including, but not limited to, accounts to segregate a portion or portions of the fund as security for bonds issued by the bank for deposit in the fund and to be invested for the benefit of specified projects receiving financial assistance from the fund.

8. Rules. The Department of Education and the bank shall adopt rules necessary to implement this section. Rules adopted by the Department of Education and the bank to implement this section are major substantive rules pursuant to Title 5, chapter 375, subchapter II-A.

1997, c. 787, eff. 4-16-98; 1999, c. 81; 2001, c. 439; 2005, c. 2, eff. 7-1-05; 2005, c. 272, eff. 6-2-2005; 2005, c. 398, eff. 6-13-05

§6006-G. TransCap Trust Fund

1. Establishment; purposes. The TransCap Trust Fund, referred to in this section as "the fund," is established in the custody of the bank to provide transportation capital investment for the Department of Transportation and municipalities in accordance with this section. The

purpose of the fund is to provide financial assistance for the planning, design, acquisition, reconstruction and rehabilitation of transportation capital improvements of all modes including improvements that will forward the capital goals set forth in Title 23, section 73, subsection 6.

2. Administration. The bank shall administer the fund. The fund must be invested in the same manner as permitted for investment of funds belonging to the State or held in the State Treasury. The fund must be established and held separate from any other funds or money of the State or the bank and used and administered exclusively for the purpose of this section. The fund consists of the following:

A. Sums that are transferred to the fund from time to time by the Treasurer of State pursuant to Title 36, section 2903, subsection 5 and Title 36, section 3203, subsection 4.

B. Sums transferred to the fund from time to time by the Treasurer of State pursuant to Title 29-A, section 453. subsection 2; Title 29-A, section 501, subsection 1; Title 29-A, section 504, subsection 1; and Title 29-A, section 603, subsection 1: and

C. Other revenues or funds including:

(1) Principal and interest received from the repayment of loans made from the fund;

(2) Capitalization grants and awards made to the State or an instrumentality of the State by the Federal Government for any of the purposes for which the fund has been established. These amounts must be paid directly into the fund without need for appropriation by the State;

(3) Interest earned from the investment of fund balances;

(4) Private gifts, bequests and donations made to the State for any of the purposes for which the fund has been established;

(5) The proceeds of notes or bonds issued by the State for the purpose of deposit in the fund;

(6) The proceeds of notes or bonds issued by the bank for the purpose of deposit in the fund; and

(7) Other funds from any public or private source received for use for any of the purposes for which the fund has been established.

3. Bond terms~ authorized levels. Bonds issued pursuant to this section may not have terms of more than 15 years. Commencing with the budget presented for the fiscal year beginning July 1, 2009, each new authorization of TransCap revenue bonding must be presented for review and approval by the Legislature as part of the Highway Fund budget.

4. Uses. Revenues deposited in the fund from sources enumerated in the Constitution of Maine, Article IX, Section 19 may be used or applied only in accordance with that provision. Within this limitation, the fund may be used for one or more of the following purposes:

A. To make grants and loans to the Department of Transportation and municipalities under this section, except that such grants may be used only for capital projects that have an anticipated useful life of at least 10 years and such bonds may be used only for capital projects that have an anticipated useful life of at least as long as the bond term;

B. To guarantee or insure directly or indirectly, the payment of notes or bonds issued or to be issued by the State for the purpose of financing capital improvements that will forward the capital goals set forth in Title 23, section 73, subsection 6;

C. To guarantee or insure, directly or indirectly, funds established by municipalities for the purpose of financing any capital improvements described in Title 23, section 1803-B;

D. To invest available fund balances and to credit the net interest income on those balances to the fund;

E. To invest as a source of revenue or security for the payment of principal and interest on general or special obligations of the bank if the proceeds of the sale of the obligations have been deposited in the fund or loaned to eligible participants in the programs financed with the fund or as a source of revenue to subsidize municipal loan payment obligations; and

F. To pay the costs of the bank associated with the administration of the fund and projects financed by it as long as no more than 2% of the aggregate of the highest fund balance in any fiscal year is used for these purposes.

5. Establishment of accounts. The bank may establish accounts and subaccounts within the fund as it determines desirable to effectuate the purposes of this section, including, but not limited to, accounts to segregate a portion of the fund for grants and as security for bonds issued by the bank for deposit in the fund and to be invested for the benefit of specified projects receiving financial assistance from the fund.

2009, c. 413, Sec. X-1, affecting sub-§4 ¶A, eff. June 16, 2009; 2009, c. 411, affecting sub-§2 ¶B and sub-§4 ¶A, eff. July 1, 2009; 2007, c. 470. This Act was presented to the Governor by the Senate on June 21, 2007 and has become law because it was not returned within the three days after the meeting of the Second Regular Session of the 123rd Legislature. (Constitution, Article IV, Part Third, Sec. 2). Eff. June 30, 2008

(Note: § 6006-H, from Public Law 2009 c.377, is effective September 12, 2009.)

§ 6006-H. State Water and Wastewater Infrastructure Fund

1. Establishment; purposes. The State Water and Wastewater Infrastructure Fund, referred to in this section as "the fund," is established as provided in this section.

A. The fund is established in the custody of the bank as a special fund to provide financial assistance for capital investment in public water and wastewater infrastructure. For the purposes of this section, "public water and wastewater infrastructure" includes, but is not limited to public water systems, drinking water supplies and treatment facilities, public wastewater systems and treatment facilities and water pollution abatement systems.

B. The bank shall administer the fund. The fund must be invested in the same manner as permitted for investment of funds belonging to the State or held in the State Treasury. The fund must be established and held separate from any other funds or money of the State or the bank and used and administered exclusively for the purpose of this section. The fund consists of the following:

(1) Sums that are appropriated by the Legislature or transferred to the fund from time to time by the Treasurer of State;

(2) Principal and interest received from the repayment of loans made from the fund;

(3) The proceeds of notes or bonds issued by the State for the purpose of deposit in the fund;

(4) Interest earned from the investment of fund balances;

(5) Private gifts, bequests and donations made to the State for any of the purposes for which the fund is established; and

(6) Other funds from any public or private source received for use for any of the purposes for which the fund has been established.

2. Uses. The fund may be used for one or more of the following purposes:

A. To guarantee or insure, directly or indirectly, the payment of notes or bonds issued or to be issued by the State for the purpose of financing capital investment in water and wastewater infrastructure through the fund;

B. To provide funds for capital investment in water and wastewater infrastructure through the Maine Drinking Water Fund, established in Title 22, section 2610, and the Maine Clean Water Fund, established in Title 38, section 411-C. Transfers to these funds must be made

in consultation with the agencies administering those funds and must be secondary to the repayment of notes or bonds issued pursuant to paragraph A;

C. To provide a state match for federal funds provided to the State Revolving Loan Fund established in section 6006-A and the safe drinking water revolving loan fund established in section 6006-B;

D. To invest available fund balances and to credit the net interest income on those balances to the fund;

E. To invest as a source of revenue or security for the payment of principal and interest on general or special obligations of the bank if the proceeds of the sale of the obligations have been deposited in the fund; and

F. To pay the costs of the bank associated with the administration of the fund and projects financed by it as long as no more than 2% of the aggregate of the highest fund balance in any fiscal year is used for these purposes.

3. Establishment of accounts. The bank may establish accounts and subaccounts within the fund as it determines desirable to effectuate the purposes of this section, including, but not limited to, accounts to segregate a portion of the fund for grants and as security for bonds issued by the bank for deposit in the fund and to be invested for the benefit of specified projects receiving financial assistance from the fund.

§6007. General fund

1. General fund established; money deposited. The bank shall establish and maintain a fund called the "general fund" which shall consist of and in which there shall be deposited:

A. Fees received or charges made by the bank for the use of its services or facilities;

B. Any money which the bank transfers to the general fund from the reserve fund or any capital reserve fund under section 6006, subsection 2;

C. Money received by the bank as:

(1) Payments of principal of or interest on municipal securities purchased by the bank;

(2) Proceeds of the sale of any municipal securities or investment obligations of the bank; and

(3) Proceeds of the sale of bonds or notes of the bank and required under the terms of any resolution of the bank or contract with the holders of its bonds or notes to be deposited in the general fund;

D. Any money required under the terms of any resolution of the bank or contract with the holders of its bonds or notes to be deposited in the general fund; and

E. Any money transferred to the general fund from any other fund or made available by the State for the purpose of the general fund or for the operating expenses of the bank.

2. Use of general fund. Any money in the general fund may, subject to any contracts between the bank and its bondholders or noteholders, be transferred to the reserve fund or any capital reserve fund. If it is not so transferred, the money shall be used to pay the principal of or interest on bonds or notes of the bank when the principal or interest becomes due and payable, whether at maturity or upon redemption, including the payment of any premium upon redemption before maturity.

A. Any money available in the general fund may also be used for:

(1) The purchase of municipal securities;

(2) The purchase or redemption of its bonds or notes. Any such bonds purchased for retirement shall be thereupon cancelled; and

(3) All other purposes of the bank including the payment of its operating expenses.

(a) No amount may be expended for the bank's operating expenses in any year out of the general fund or from any account in that fund established for that purpose, in excess of the amount provided for the bank's operating expenses by the annual budget for that year or any amendment of the annual budget in effect at the time of the payment or expenditure for operating expenses.

B. The bank may create and establish in the general fund any accounts which in the opinion of the bank are necessary, desirable or convenient for the purposes of the bank under this chapter.

(1) The bank may establish an account in the general fund for the purpose of paying its operating expenses.

1987, c. 737, 1989, c. 48

§6008. Additional reserves and funds

The bank may establish any additional and further reserves or any other funds or accounts that are, in its discretion, necessary, desirable or convenient to further the accomplishment of the purposes of the bank to comply with the provisions of any agreement made by or any resolution of the bank.

1987, c. 737

§6009. Application of money

Money or investments in any fund or account of the bank established or held for any bonds, notes, indebtedness or liability to be paid, funded or refunded by the issuance of bonds or notes shall, unless the resolution authorizing the bonds or notes provides otherwise, be applied to the payment or retirement of those bonds, notes, indebtedness or liability, and to no other purpose. If there is any money in any such fund or account in excess of the amount required for the payment, funding or refunding, that money may be removed from the fund or account, but only to the extent that the money or investments remaining in the fund or account are not less than the outstanding bonds, notes, indebtedness or liability of the bank to be paid, funded or refunded and for which the fund or account was established or held.

1987, c. 737.

§6010. Purchase of bonds and notes of bank

The bank may purchase bonds or notes of the bank out of any funds or money of the bank available for that purpose. The bank may hold, cancel or resell these bonds or notes subject to and in accordance with agreements with holders of its bonds or notes.

1987, c. 737.

§6011. Bonds as legal investments and security

Notwithstanding any restrictions contained in any other law, the State and all public officers, governmental units and agencies of the State, all national banking associations, state banks, trust companies, savings banks and institutions, building and loan associations, savings and loan associations, investment companies and other persons carrying on a banking business, all insurance companies, insurance associations and other persons carrying on an insurance business, and all executors, administrators, guardians, trustees and other fiduciaries, may legally invest any sinking funds, money or other funds belonging to them or within their control in any bonds or notes issued by the bank under this chapter. These bonds or notes are authorized security for any and all public deposits.

1987, c. 737.

§6012. Tax exemptions

All property of the bank and all bonds and notes issued under this chapter are deemed to constitute essential public and governmental purposes and the property and the bonds and notes so issued, their transfer and the income from those bonds and notes, including any profits made on the sale of the bonds or notes, are at all times exempt from taxation within the State.

1987, c. 737.

§6013. Insurance or guaranty

1. Insurance or guaranty authorized. The bank may obtain any insurance or guaranty from any department or agency of the United States or nongovernmental insurer, as to, or of, or for, the payment or repayment of, interest or principal, or both, or any part of the interest and principal on:

A. Any bonds or notes issued by the bank; or

B. Any municipal securities of governmental units purchased or held by the bank under this chapter.

2. Contracts and agreements for insurance. Notwithstanding any other provisions of this chapter, the bank may enter into any agreement or contract with respect to any insurance or guaranty under this section, except to the extent that the agreement or contract would in any way impair or interfere with the bank's ability to perform and fulfill the terms of any agreement made with the holders of the bonds or notes of the bank.

1987, c. 737.

§6013-A. Maine Municipal Bond Insurance Fund

1. Establishment. The Maine Municipal Bond Insurance Fund is established in the custody of the bank and under its jurisdiction and direction to provide credit enhancement in the form of bond insurance to municipalities, state instrumentalities and other governmental units on debt issued by them in the form of bonds, notes or other evidences of indebtedness.

2. Administration. The bank shall administer the Maine Municipal Bond Insurance Fund. The fund must be invested in the same manner as permitted for investment of funds belonging to the State or held in the State Treasury. The fund must be established and held separate and apart from any other funds or money of the State or the bank and must be used and administered exclusively for the purpose of this section. The fund consists of the following:

A. Sums that are appropriated by the Legislature or transferred to the fund from time to time by the Treasurer of State;

B. Premiums, fees, charges, assessments received from municipalities that are obtaining directly or indirectly, in whole or in part, credit enhancement or other benefit from use of the fund;

C. Interest or other gains realized from the investment of fund balances;

D. Private gifts, bequests and donations made to the State for any of the purposes for which the fund has been established;

E. The proceeds of notes or bonds issued by the bank for the purpose of deposit in the fund;

F. Other funds from any public or private source received for use for any of the purposes for which the fund has been established;

G. Other funds from any public or private source received as part of an agreement with the bank for a joint venture undertaken for any of the purposes for which the fund has been established; and

H. Grants, awards or other payments made to the State or an instrumentality of the State by the United States for any of the purposes for which the fund has been established. These amounts must be paid directly into the fund without need for appropriation by the State.

3. Use and maintenance of the fund. The Maine Municipal Bond Insurance Fund must be used and maintained in the following manner.

A. All money held in the fund may be used only to make payments pursuant to bond insurance contracts, to pay any or all operating expenses of the administration and operation of the Maine Municipal Bond Insurance Fund and to maintain the fund at an amount equal to the minimum insurance reserve. The minimum insurance reserve is that amount determined by actuarial study solicited by the bank as being necessary and prudent for the operation of the program. The bank may not enter into any contract for bond insurance unless it certifies that at the time of execution the amounts of money required to meet reserve minimums, as determined by the most recent actuarial study, are in the fund or will be deposited in the fund as part of the execution of the contract. Any money in the fund in excess of that needed to maintain the minimum insurance reserve may be used by the bank for any of its authorized activities.

B. To ensure the maintenance of the fund, a required minimum reserve, valued at cost, market, amortized value or other methods as determined proper by the actuarial method, must be determined. An amount equal to the determined required minimum reserve must be annually appropriated and paid for deposit in the fund. The amount of the minimum reserve deposit, if any, must be certified by

the executive director of the bank to the Governor as the amount necessary to restore any fund to an amount equal to the required minimum reserve for the average aggregate amount of bond insurance contracts outstanding during the 12-month period prior to certification.

4. Operation and eligibility. The bond insurance program shall operate, determine eligibility and make payments as follows.

A. The bank is authorized to operate a bond insurance program and may:

(1) Establish fund insurance contracts;

(2) Charge and collect premiums;

(3) Make appropriate payments;

(4) Sell bonds and notes of the bank, regardless of any other limitations or restrictions in this chapter, the proceeds of which may be used to meet the minimum reserve requirement of the Maine Municipal Bond Insurance Fund authorized and created by this section; and

(5) Do all other things necessary, proper or desirable to administer and operate a municipal bond insurance program.

B. The bond insurance program may provide bond insurance to any public issuer of debt, including governmental units, municipalities, instrumentalities of the State, and the State. The bank may establish an application or procedure, requesting such information as it considers necessary or desirable, for eligible participants to apply for the benefits of the program. Acceptance of an applicant for participation in the program is in the sole judgment of the bank. Participation in the program must be evidenced by and made in accordance with the terms and conditions specified in a contract of insurance to be executed by the bank and the participating unit. The contract of insurance must state the terms and conditions under which insurance coverage is provided, the premiums, payments or assessments that may be due and payable or called for under the terms of the contract, the schedule upon which payments must be made and any other terms and conditions determined as necessary or desirable by the bank.

C. Contracts for insurance entered into under this section are not in any way a debt or liability of the State and do not constitute a loan of the credit of the State or create any obligation or obligations, debt or debts or liability or liabilities on behalf of the State or constitute a pledge of the faith and credit of the State. All obligations to pay under the terms of any contracts of insurance entered into or issued under this chapter are payable solely from the revenues or funds pledged in the Maine Municipal Bond Insurance Fund and not from any other revenues, funds or assets of the bank or the State. There is no obligation implied, stated or expressed in this section from the bank or the State to make any payment to or on

behalf of any 3rd party, including, but not limited to, bond holders, coinsurers, program participants or any other party whatsoever, from any source other than the bond insurance fund created in this section. Each bond insurance contract must contain on its face a statement to the effect that the bank is obligated to make any payments called for in the contract only from the assets and revenues available in the bond insurance fund and not from any other revenues or assets of the bank and that neither the full faith and credit of the bank or the State nor the taxing power of the State is pledged to make any payments of any type or kind called for in the contract of bond insurance.

1991, c. 605

§6014. Governmental unit intercept

The Treasurer of State may receive from the Federal Government any amount of money as appropriated, allocated, granted, turned over or in any way provided for the purposes of the bank or this chapter. Unless otherwise directed by federal authority, these amounts must be credited to and deposited in the General Fund and are available to the bank.

The Treasurer of State shall pay and deposit in the General Fund and make available to the bank, any funds or money in the treasurer's custody or control whether the funds or money is available because of any grant, allocation or appropriation by the Federal Government or the State or any state agency to assist any governmental unit in paying its municipal securities or school construction loan liability under section 5953-E, referred to in this section as "loan liability," owned or held by the bank, or required by the terms of any other law to be paid to holders or owners of municipal securities or loan liability upon failure or default of a governmental unit to pay the principal of or interest on its municipal securities or loan liability when due and payable, to the extent that any such funds or money is applicable with respect to municipal securities or loan liability of a particular governmental unit that are then owned or held by the bank and as to which that governmental unit has failed or defaulted to make payment of principal or interest as and when due and payable.

To the extent that the Treasurer of State is the custodian of any funds or money due or payable to a governmental unit at any time after written notice to the Treasurer of State from the bank to the effect that the governmental unit has not paid or is in default as to the payment of principal of or interest on any municipal securities or loan liability of that governmental unit then held or owned by the bank, the Treasurer of State shall withhold the payment of such funds or money from the governmental unit until the amount of the principal or interest then due and unpaid has been paid to the bank, or the Treasurer of State has been advised that arrangements, satisfactory to the bank, have been made for the payment of the principal and interest.

1987, c. 737; 1997, c. 787, eff. 4-16-98

§6015. Undertakings of depositories

1. Undertakings; securities as collateral. All national banking associations or state banks, trust companies, savings banks, investment companies and other persons carrying on a banking business may give to the bank a good and sufficient undertaking with sureties approved by the bank to the effect that the national banking association or state bank or banking institution, as described, will faithfully keep and pay over to the order of or upon the warrant of the bank or its authorized agent, all the funds deposited with it by the bank and agreed interest on those funds under this chapter, at such times or upon such demands as are agreed with the bank.

A. Instead of those sureties, the national banking association or state bank or banking institution as described may deposit with the bank or its authorized agent or any trustee for the bank or for the holders of any bonds, as collateral, any securities approved by the bank.

2. Deposit agreement. The deposits of the bank may be evidenced by an agreement in the form and upon the terms and conditions agreed upon by the bank and the national banking association or state bank or banking institution.

1987, c. 737;

§6016. Purchase of municipal securities

1. Contracts with bank; interest; terms; fees. Notwithstanding any general law or special Act applicable to or constituting any limitation on the maximum rate of interest per year payable on bonds or notes, or as to annual interest cost to maturity of money borrowed or received upon issuance of bonds or notes, a governmental unit may contract to pay interest on, or an interest cost per year for, money borrowed from the bank and evidenced by its municipal securities purchased by the bank. Every governmental unit may contract with the bank concerning the terms and conditions of the loan or purchase. Every governmental unit may pay fees and charges required to be paid to the bank for its services.

2. Bonds and notes; sale; general characteristics. Notwithstanding any general or special Act or other statute applicable to or constituting any limitation on the sale of bonds or notes, any governmental unit may sell bonds or notes to the bank without limitation as to denomination. As provided in the proceedings of the governing body of the governmental unit under which the bonds and notes are authorized to be issued, those bonds and notes may:

A. Be fully registered, registerable as to principal only or in bearer form;

B. Bear interest at the rate or rates that are determined in accordance with this section;

C. Be evidenced in any manner that is determined;

D. Contain other provisions not inconsistent with this section; and

E. Be sold to the bank without advertisement at any price or prices that are determined.

3. Exchange of bonds. The following provisions apply to the exchange of bonds.

A. Subject to the limitations in paragraphs B and C, the governing body of the governmental unit may provide for the exchange, in the manner provided in the proceedings authorizing the issuance of bonds, of:

(1) Coupon bonds for fully registered bonds;

(2) Fully registered bonds for coupon bonds; and

(3) Any such bonds after issuance for bonds of larger or smaller denominations.

B. The bonds in changed form or denominations must:

(1) Be exchanged for the surrendered bonds in the same aggregate principal amounts and in such manner that no overlapping interest is paid; and

(2) Bear interest at the same rate or rates and mature on the same date or dates as the bonds for which they are exchanged.

C. When any exchange is made under this section the bonds surrendered by the holders at the time of the exchange shall be cancelled. The exchange shall be made only at the request of the holders of the bonds to be surrendered. The governmental unit may require the bondholders to pay all expenses incurred in connection with the exchange. If any of the officers whose signatures appear on the bonds or coupons cease to be officers before the bonds are delivered, the signatures are valid for all purposes, the same as if they had remained in office.

1987, c. 737

§6017. Remedies on default of municipal securities

If a governmental unit defaults in the payment of interest on or principal of any municipal securities owned or held by the bank when due and payable by the governmental unit, the bank shall proceed to enforce payment under applicable provisions of law of the interest or principal or other amounts then due and payable.

1987, c. 737.

§6018. Purchase of anticipation notes

The bank may purchase notes of any governmental unit issued in anticipation of the sale of municipal securities in an amount not exceeding at any one time outstanding the authorized amount of those municipal securities. The issue and sale of those anticipation notes must be in accordance with the laws applying to the governmental unit issuing the notes. In connection with any such purchase of anticipation notes, the bank may by agreement with the governmental unit impose any terms, conditions and limitations that in its opinion are proper in the circumstances and for the purposes and security of the bank and the holders of its bonds or notes. The bank shall enforce all the rights, remedies and provisions of law that it has under this section or provided elsewhere in this chapter or as otherwise provided by law.

1987, c. 737.

§6019. Agreements with financial institutions

1. Agreements. The bank may enter into any agreements or contracts with any commercial banks, trust companies, banking or other financial institutions within or outside the State that are necessary, desirable or convenient in the opinion of the bank for the following purposes:

A. To provide services to the bank in connection with the care, custody or safekeeping of municipal securities or other investments held or owned by the bank;

B. To provide services to the bank in connection with the payment or collection of amounts due and payable as to principal or interest;

C. To provide services to the bank in connection with the delivery to the bank of municipal securities or other investments purchased by it or sold by it; and

D. To pay the cost of services provided under this section.

2. Requiring security. The bank may, in connection with any of the services provided by commercial banks, trust companies or banking or other financial institutions, as to the custody and safekeeping of any of its municipal securities or investments, require security in the way of collateral bonds, surety agreements or security agreements in the form and amount that, in the opinion of the bank, is necessary or desirable for the purpose of the bank.

1987, c. 737.

§6020. Form of municipal securities and investments

All municipal securities or other investments of money of the bank permitted or provided for under this chapter shall at all times be purchased and held in fully marketable form, subject to provision for any registration in the name of the bank. All municipal securities at any time

purchased, held or owned by the bank must upon delivery to the bank be accompanied by documentation including:

1. Bond opinion. Approving bond opinion;

2. Signature certification. Certification and guaranty as to signatures;

3. Litigation certification. Certification as to the absence of litigation; and

4. Other documentation. Any other or further documentation that is required from time to time in the municipal bond market.

1987, c. 737.

§6021. Presumption of validity

After issuance, all bonds or notes of the bank are conclusively presumed to be fully authorized and issued under the laws of the State, and any person or governmental unit is estopped from questioning their authorization, sale, issuance, execution or delivery by the bank.

To the extent that this chapter is inconsistent with or in conflict with any private or special Act or the charter of any district or other quasi-municipal corporation, this chapter shall be effective and such other private or special Act or charter of any district or other quasi-municipal corporation does not apply. This chapter is not intended to affect the general laws relating to municipalities, Part 2, in any way.

1987, c. 737.

§6022. Exemption of property from execution sale

All property of the bank is exempt from levy and sale by virtue of an execution. No execution or other judicial process may issue against the bank's property nor may any judgment against the bank be a charge or lien upon its property, provided that nothing in this chapter may apply to or limit the rights of the holder of any bonds or notes to pursue any remedy for the enforcement of any pledge or lien given by the bank on its revenues or other money.

1. Action on resolution. Any action or proceeding in any court to set aside a resolution authorizing the bank's issuance of bonds or notes under this chapter or to obtain any relief upon the ground that the resolution is invalid must be commenced within 30 days after the bank adopts the resolution. After this period of limitation expires, no right of action or defense founded upon the invalidity of the resolution or any of its provisions may be asserted nor may the validity of the resolution or any of its provisions be open to question in any court on any ground.

1987, c. 737.

FEDERAL WATER POLLUTION CONTROL ACT

[As Amended Through P.L. 107–303, November 27, 2002]

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FEDERAL WATER POLLUTION CONTROL ACT

(33 U.S.C. 1251 et seq.)

AN ACT To provide for water pollution control activities in the Public Health Service of the Federal Security Agency and in the Federal Works Agency, and for other purposes.

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

TITLE I—RESEARCH AND RELATED PROGRAMS

DECLARATION OF GOALS AND POLICY

SEC. 101. (a) The objective of this Act is to restore and maintain the chemical, physical, and biological integrity of the Nation's waters. In order to achieve this objective it is hereby declared that, consistent with the provisions of this Act—

(1) it is the national goal that the discharge of pollutants into the navigable waters be eliminated by 1985;

(2) it is the national goal that wherever attainable, an interim goal of water quality which provides for the protection and propagation of fish, shellfish, and wildlife and provides for recreation in and on the water be achieved by July 1, 1983;

(3) it is the national policy that the discharge of toxic pollutants in toxic amounts be prohibited;

(4) it is the national policy that Federal financial assistance be provided to construct publicly owned waste treatment works;

(5) it is the national policy that areawide treatment management planning processes be developed and implemented to assure adequate control of sources of pollutants in each State;

(6) it is the national policy that a major research and demonstration effort be made to develop technology necessary to eliminate the discharge of pollutants into the navigable waters, waters of the contiguous zone and the oceans; and

(7) it is the national policy that programs for the control of nonpoint sources of pollution be developed and implemented in an expeditious manner so as to enable the goals of this Act to be met through the control of both point and nonpoint sources of pollution.

(b) It is the policy of the Congress to recognize, preserve, and protect the primary responsibilities and rights of States to prevent, reduce, and eliminate pollution, to plan the development and use (including restoration, preservation, and enhancement) of land and water resources, and to consult with the Administrator in the exercise of his authority under this Act. It is the policy of Congress that the States manage the construction grant program under this Act and implement the permit programs under sections 402 and 404 of

this Act. It is further the policy of the Congress to support and aid research relating to the prevention, reduction, and elimination of pollution, and to provide Federal technical services and financial aid to State and interstate agencies and municipalities in connection with the prevention, reduction, and elimination of pollution.

(c) It is further the policy of Congress that the President, acting through the Secretary of State and such national and international organizations as he determines appropriate, shall take such action as may be necessary to insure that to the fullest extent possible all foreign countries shall take meaningful action for the prevention, reduction, and elimination of pollution in their waters and in international waters and for the achievement of goals regarding the elimination of discharge of pollutants and the improvement of water quality to at least the same extent as the United States does under its laws.

(d) Except as otherwise expressly provided in this Act, the Administrator of the Environmental Protection Agency (hereinafter in this Act called "Administrator") shall administer this Act.

(e) Public participation in the development, revision, and enforcement of any regulation, standard, effluent limitation, plan, or program established by the Administrator or any State under this Act shall be provided for, encouraged, and assisted by the Administrator and the States. The Administrator, in cooperation with the States, shall develop and publish regulations specifying minimum guidelines for public participation in such processes.

(f) It is the national policy that to the maximum extent possible the procedures utilized for implementing this Act shall encourage the drastic minimization of paperwork and interagency decision procedures, and the best use of available manpower and funds, so as to prevent needless duplication and unnecessary delays at all levels of government.

(g) It is the policy of Congress that the authority of each State to allocate quantities of water within its jurisdiction shall not be superseded, abrogated or otherwise impaired by this Act. It is the further policy of Congress that nothing in this Act shall be construed to supersede or abrogate rights to quantities of water which have been established by any State. Federal agencies shall co-operate with State and local agencies to develop comprehensive solutions to prevent, reduce and eliminate pollution in concert with programs for managing water resources.

(33 U.S.C. 1251)

COMPREHENSIVE PROGRAMS FOR WATER POLLUTION CONTROL

SEC. 102. (a) The Administrator shall, after careful investigation, and in cooperation with other Federal agencies, State water pollution control agencies, interstate agencies, and the municipalities and industries involved, prepare or develop comprehensive programs for preventing, reducing, or eliminating the pollution of the navigable waters and ground waters and improving the sanitary condition of surface and underground waters. In the development of such comprehensive programs due regard shall be given to the improvements which are necessary to conserve such waters for the protection and propagation of fish and aquatic life and wildlife, rec-

reational purposes, and the withdrawal of such waters for public water supply, agricultural, industrial, and other purposes. For the purpose of this section, the Administrator is authorized to make joint investigations with any such agencies of the condition of any waters in any State or States, and of the discharges of any sewage, industrial wastes, or substance which may adversely affect such waters.

(b)(1) In the survey or planning of any reservoir by the Corps of Engineers, Bureau of Reclamation, or other Federal agency, consideration shall be given to inclusion of storage for regulation of streamflow, except that any such storage and water releases shall not be provided as a substitute for adequate treatment or other methods of controlling waste at the source.

(2) The need for and the value of storage for regulation of streamflow (other than for water quality) including but not limited to navigation, salt water intrusion, recreation, esthetics, and fish and wildlife, shall be determined by the Corps of Engineers, Bureau of Reclamation, or other Federal agencies.

(3) The need for, the value of, and the impact of, storage for water quality control shall be determined by the Administrator, and his views on these matters shall be set forth in any report or presentation to Congress proposing authorization or construction of any reservoir including such storage.

(4) The value of such storage shall be taken into account in determining the economic value of the entire project of which it is a part, and costs shall be allocated to the purpose of regulation of streamflow in a manner which will insure that all project purposes, share equitable in the benefits of multiple-purpose construction.

(5) Costs of regulation of streamflow features incorporated in any Federal reservoir or other impoundment under the provisions of this Act shall be determined and the beneficiaries identified and if the benefits are widespread or national in scope, the costs of such features shall be nonreimbursable.

(6) No license granted by the Federal Power Commission for a hydroelectric power project shall include storage for regulation of streamflow for the purpose of water quality control unless the Administrator shall recommend its inclusion and such reservoir storage capacity shall not exceed such proportion of the total storage required for the water quality control plan as the drainage area of such reservoir bears to the drainage area of the river basin or basins involved in such water quality control plan.

(c)(1) The Administrator shall, at the request of the Governor of a State, or a majority of the Governors when more than one State is involved make a grant to pay not to exceed 50 per centum of the administrative expenses of a planning agency for a period not to exceed three years, which period shall begin after the date of enactment of the Federal Water Pollution Control Act Amendments of 1972, if such agency provides for adequate representation of appropriate State, interstate, local, or (when appropriate) international interests in the basin or portion thereof involved and is capable of developing an effective, comprehensive water quality control plan for a basin or portion thereof.

(2) Each planning agency receiving a grant under this subsection shall develop a comprehensive pollution control plan for the basin or portion thereof which—

(A) is consistent with any applicable water quality standards, effluent and other limitations, and thermal discharge regulations established pursuant to current law within the basin;

(B) recommends such treatment works as will provide the most effective and economical means of collection, storage, treatment, and elimination of pollutants and recommends means to encourage both municipal and industrial use of such works;

(C) recommends maintenance and improvement of water quality within the basin or portion thereof and recommends methods of adequately financing those facilities as may be necessary to implement the plan; and

(D) as appropriate, is developed in cooperation with, and is consistent with any comprehensive plan prepared by the Water Resources Council, any areawide waste management plans developed pursuant to section 208 of this Act, and any State plan developed pursuant to section 303(e) of this Act.

(3) For the purposes of this subsection the term "basin" includes, but is not limited to, rivers and their tributaries, streams, coastal waters, sounds, estuaries, bays, lakes, and portions thereof, as well as the lands drained thereby.

(d) [Repealed by section 2021(a) of Public Law 104–66 (109 Stat. 726).]

(33 U.S.C. 1252)

INTERSTATE COOPERATION AND UNIFORM LAWS

SEC. 103. (a) The Administrator shall encourage cooperative activities by the States for the prevention, reduction, and elimination of pollution, encourage the enactment of improved and, so far as practicable, uniform State laws relating to the prevention, reduction, and elimination of pollution; and encourage compacts between States for the prevention and control of pollution.

(b) The consent of the Congress is hereby given to two or more States to negotiate and enter into agreements or compacts, not in conflict with any law or treaty of the United States, for (1) cooperative effort and mutual assistance for the prevention and control of pollution and the enforcement of their respective laws relating thereto, and (2) the establishment of such agencies, joint or otherwise, as they may deem desirable for making effective such agreements and compacts. No such agreement or compact shall be binding or obligatory upon any State a party thereto unless and until it has been approved by the Congress.

(33 U.S.C. 1253)

RESEARCH, INVESTIGATIONS, TRAINING, AND INFORMATION

SEC. 104. (a) The Administrator shall establish national programs for the prevention, reduction, and elimination of pollution and as part of such programs shall—

(1) in cooperation with other Federal, State, and local agencies, conduct and promote the coordination and accelera-

tion of, research, investigations, experiments, training, demonstrations, surveys, and studies relating to the causes, effects, extent, prevention, reduction, and elimination of pollution;

(2) encourage, cooperate with, and render technical services to pollution control agencies and other appropriate public or private agencies, institutions, and organizations, and individuals, including the general public, in the conduct of activities referred to in paragraph (1) of this subsection;

(3) conduct, in cooperation with State water pollution control agencies and other interested agencies, organizations and persons, public investigations concerning the pollution of any navigable waters, and report on the results of such investigations;

(4) establish advisory committees composed of recognized experts in various aspects of pollution and representatives of the public to assist in the examination and evaluation of research progress and proposals and to avoid duplication of research;

(5) in cooperation with the States, and their political subdivisions, and other Federal agencies establish, equip, and maintain a water quality surveillance system for the purpose of monitoring the quality of the navigable waters and ground waters and the contiguous zone and the oceans and the Administrator shall, to the extent practicable, conduct such surveillance by utilizing the resources of the National Aeronautics and Space Administration, the National Oceanic and Atmospheric Administration, the Geological Survey, and the Coast Guard, and shall report on such quality not later than 90 days after the date of convening of each session of Congress; and

(6) initiate and promote the coordination and acceleration of research designed to develop the most effective practicable tools and techniques for measuring the social and economic costs and benefits of activities which are subject to regulations under this Act; and shall transmit a report on the results of such research to the Congress not later than January 1, 1974.

(b) In carrying out the provisions of subsection (a) of this section the Administrator is authorized to—

(1) collect and make available, through publications and other appropriate means, the results of and other information, including appropriate recommendations by him in connection therewith, pertaining to such research and other activities referred to in paragraph (1) of subsection (a);

(2) cooperate with other Federal departments and agencies, State water pollution control agencies, interstate agencies, other public and private agencies, institutions, organizations, industries involved, and individuals, in the preparation and conduct of such research and other activities referred to in paragraph (1) of subsection (a);

(3) make grants to State water pollution control agencies, interstate agencies, other public or nonprofit private agencies, institutions, organizations, and individuals, for purposes stated in paragraph (1) of subsection (a) of this section;

(4) contract with public or private agencies, institutions, organizations, and individuals, without regard to sections 3648

and 3709 of the Revised Statutes (31 U.S.C. 529; 41 U.S.C. 5), referred to in paragraph (1) of subsection (a);

(5) establish and maintain research fellowships at public or nonprofit private educational institutions or research organizations;

(6) collect and disseminate, in cooperation with other Federal departments and agencies, and with other public or private agencies, institutions, and organizations having related responsibilities, basic data on chemical, physical, and biological effects of varying water quality and other information pertaining to pollution and the prevention, reduction, and elimination thereof; and

(7) develop effective and practical processes, methods, and prototype devices for the prevention, reduction, and elimination of pollution.

(c) In carrying out the provisions of subsection (a) of this section the Administrator shall conduct research on, and survey the results of other scientific studies on, the harmful effects on the health or welfare of persons caused by pollutants. In order to avoid duplication of effort, the Administrator shall, to the extent practicable, conduct such research in cooperation with and through the facilities of the Secretary of Health, Education, and Welfare.

(d) In carrying out the provisions of this section the Administrator shall develop and demonstrate under varied conditions (including conducting such basic and applied research, studies, and experiments as may be necessary):

(1) Practicable means of treating municipal sewage, and other waterborne wastes to implement the requirements of section 201 of this Act;

(2) Improved methods and procedures to identify and measure the effects of pollutants, including those pollutants created by new technological developments; and

(3) Methods and procedures for evaluating the effects on water quality of augmented streamflows to control pollution not susceptible to other means of prevention, reduction, or elimination.

(e) The Administrator shall establish, equip, and maintain field laboratory and research facilities, including, but not limited to, one to be located in the northeastern area of the United States, one in the Middle Atlantic area, one in the southeastern area, one in the midwestern area, one in the southwestern area, one in the Pacific Northwest, and one in the State of Alaska, for the conduct of research, investigations, experiments, field demonstrations and studies, and training relating to the prevention, reduction and elimination of pollution. Insofar as practicable, each such facility shall be located near institutions of higher learning in which graduate training in such research might be carried out. In conjunction with the development of criteria under section 403 of this Act, the Administrator shall construct the facilities authorized for the National Marine Water Quality Laboratory established under this subsection.

(f) The Administrator shall conduct research and technical development work, and make studies, with respect to the quality of the waters of the Great Lakes, including an analysis of the present

and projected future water quality of the Great Lakes under varying conditions of waste treatment and disposal, an evaluation of the water quality needs of those to be served by such waters, an evaluation of municipal, industrial, and vessel waste treatment and disposal practices with respect to such waters, and a study of alternate means of solving pollution problems (including additional waste treatment measures) with respect to such waters.

(g)(1) For the purpose of providing an adequate supply of trained personnel to operate and maintain existing and future treatment works and related activities, and for the purpose of enhancing substantially the proficiency of those engaged in such activities, the Administrator shall finance pilot programs, in cooperation with State and interstate agencies, municipalities, educational institutions, and other organizations and individuals, of manpower development and training and retraining of persons in, on entering into, the field of operation and maintenance of treatment works and related activities. Such program and any funds expended for such a program shall supplement, not supplant, other manpower and training programs and funds available for the purposes of this paragraph. The Administrator is authorized, under such terms and conditions as he deems appropriate, to enter into agreements with one or more States, acting jointly or severally, or with other public or private agencies or institutions for the development and implementation of such a program.

(2) The Administrator is authorized to enter into agreements with public and private agencies and institutions, and individuals to develop and maintain an effective system for forecasting the supply of, and demand for, various professional and other occupational categories needed for the prevention, reduction, and elimination of pollution in each region, State, or area of the United States and, from time to time, to publish the results of such forecasts.

(3) In furtherance of the purposes of this Act, the Administrator is authorized to—

(A) make grants to public or private agencies and institutions and to individuals for training projects, and provide for the conduct of training by contract with public or private agencies and institutions and with individuals without regard to sections 3648 and 3709 of the Revised Statutes;

(B) establish and maintain research fellowships in the Environmental Protection Agency with such stipends and allowances, including traveling and subsistence expenses, as he may deem necessary to procure the assistance of the most promising research fellows; and

(C) provide, in addition to the program established under paragraph (1) of this subsection, training in technical matters relating to the causes, prevention, reduction, and elimination of pollution for personnel of public agencies and other persons with suitable qualifications.

(4) The Administrator shall submit, through the President, a report to the Congress not later than December 31, 1973, summarizing the actions taken under this subsection and the effectiveness of such actions, and setting forth the number of persons trained, the occupational categories for which training was provided, the effectiveness of other Federal, State, and local training programs in

this field, together with estimates of future needs, recommendations on improving training programs, and such other information and recommendations, including legislative recommendations, as he deems appropriate.

(h) The Administrator is authorized to enter into contracts, with, or make grants to, public or private agencies and organizations and individuals for (A) the purpose of developing and demonstrating new or improved methods for the prevention, removal, reduction, and elimination of pollution in lakes, including the undesirable effects of nutrients and vegetation, and (B) the construction of publicly owned research facilities for such purpose.

(i) The Administrator, in cooperation with the Secretary of the department in which the Coast Guard is operating, shall—

(1) engage in such research, studies, experiments, and demonstrations as he deems appropriate, relative to the removal of oil from any waters and to the prevention, control, and elimination of oil and hazardous substances pollution;

(2) publish from time to time the results of such activities; and

(3) from time to time, develop and publish in the Federal Register specifications and other technical information on the various chemical compounds used in the control of oil and hazardous substances spills.

In carrying out this subsection, the Administrator may enter into contracts with, or make grants to, public or private agencies and organizations and individuals.

(j) The Secretary of the department in which the Coast Guard is operating shall engage in such research, studies, experiments, and demonstrations as he deems appropriate relative to equipment which is to be installed on board a vessel and is designed to receive, retain, treat, or discharge human body wastes and the wastes from toilets and other receptacles intended to receive or retain body wastes with particular emphasis on equipment to be installed on small recreational vessels. The Secretary of the department in which the Coast Guard is operating shall report to Congress the results of such research, studies, experiments, and demonstrations prior to the effective date of any regulations established under section 312 of this Act. In carrying out this subsection the Secretary of the department in which the Coast Guard is operating may enter into contracts with, or make grants to, public or private organizations and individuals.

(k) In carrying out the provisions of this section relating to the conduct by the Administrator of demonstration projects and the development of field laboratories and reseach facilities, the Administrator may acquire land and interests therein by purchase, with appropriated or donated funds, by donation, or by exchange for acquired or public lands under his jurisdiction which he classifies as suitable for disposition. The values of the properties so exchanged either shall be approximately equal, or if they are not approximately equal, the values shall be equalized by the payment of cash to the grantor or to the Administrator as the circumstances require.

(l)(1) The Administrator shall, after consultation with appropriate local, State, and Federal agencies, public and private organi-

zations, and interested individuals, as soon as practicable but not later than January 1, 1973, develop and issue to the States for the purpose of carrying out this Act the latest scientific knowledge available in indicating the kind and extent of effects on health and welfare which may be expected from the presence of pesticides in the water in varying quantities. He shall revise and add to such information whenever necessary to reflect developing scientific knowledge.

(2) The President shall, in consultation with appropriate local, State, and Federal agencies, public and private organizations, and interested individuals, conduct studies and investigations of methods to control the release of pesticides into the environment which study shall include examination of the persistency of pesticides in the water environment and alternative thereto. The President shall submit reports, from time to time, on such investigations to Congress together with his recommendations for any necessary legislation.

(m)(1) The Administrator shall, in an effort to prevent degradation of the environment from the disposal of waste oil, conduct a study of (A) the generation of used engine, machine, cooling, and similar waste oil, including quantities generated, the nature and quality of such oil, present collecting methods and disposal practices, and alternate uses of such oil; (B) the long-term, chronic biological effects of the disposal of such waste oil; and (C) the potential market for such oils, including the economic and legal factors relating to the sale of products made from such oils, the level of subsidy, if any, needed to encourage the purchase by public and private nonprofit agencies of products from such oil, and the practicability of Federal procurement, on a priority basis, of products made from such oil. In conducting such study, the Administrator shall consult with affected industries and other persons.

(2) The Administrator shall report the preliminary results of such study to Congress within six months after the date of enactment of the Federal Water Pollution Control Act Amendments of 1972, and shall submit a final report to Congress within 18 months after such date of enactment.

(n)(1) The Administrator shall, in cooperation with the Secretary of the Army, the Secretary of Agriculture, the Water Resources Council, and with other appropriate Federal, State, interstate, or local public bodies and private organizations, institutions, and individuals, conduct and promote, encourage contributions to, continuing comprehensive studies of the effects of pollution, including sedimentation, in the estuaries and estuarine zones of the United States on fish and wildlife, on sport and commercial fishing, on recreation, on water supply and water power, and on other beneficial purposes. Such studies shall also consider the effect of demographic trends, the exploitation of mineral resources and fossil fuels, land and industrial development, navigation, flood and erosion control, and other uses of estuaries and estuarine zones upon the pollution of the waters therein.

(2) In conducting such studies, the Administrator shall assemble, coordinate, and organize all existing pertinent information on the Nation's estuaries and estuarine zones; carry out a program of investigations and surveys to supplement existing information in

representative estuaries and estuarine zones; and identify the problems and areas where further research and study are required.

(3) For the purpose of this subsection, the term "estuarine zones" means an environmental system consisting of an estuary and those transitional areas which are consistently influenced or affected by water from an estuary such as, but not limited to, salt marshes, coastal and intertidal areas, bays, harbors, lagoons, inshore waters, and channels, and the term "estuary" means all or part of the mouth of a river or stream or other body of water having unimpaired natural connection with open sea and within which the sea water is measurably diluted with fresh water derived from land drainage.

(o)(1) The Administrator shall conduct research and investigations on devices, systems, incentives, pricing policy, and other methods of reducing the total flow of sewage, including, but not limited to, unnecessary water consumption in order to reduce the requirements for, and the costs of, sewage and waste treatment services. Such research and investigations shall be directed to develop devices, systems, policies, and methods capable of achieving the maximum reduction of unnecessary water consumption.

(2) The Administrator shall report the preliminary results of such studies and investigations to the Congress within one year after the date of enactment of the Federal Water Pollution Control Act Amendments of 1972, and annually thereafter not later than 90 days after the date of convening of each session of Congress. Such report shall include recommendations for any legislation that may be required to provide for the adoption and use of devices, systems, policies, or other methods of reducing water consumption and reducing the total flow of sewage. Such report shall include an estimate of the benefits to be derived from adoption and use of such devices, systems, policies, or other methods and also shall reflect estimates of any increase in private, public, or other cost that would be occasioned thereby.

(p) In carrying out the provisions of subsection (a) of this section the Administrator shall, in cooperation with the Secretary of Agriculture, other Federal agencies, and the States, carry out a comprehensive study and research program to determine new and improved methods and the better application of existing methods of preventing, reducing, and eliminating pollution from agriculture, including the legal, economic, and other implications of the use of such methods.

(q)(1) The Administrator shall conduct a comprehensive program of research and investigation and pilot project implementation into new and improved methods of preventing, reducing, storing, collecting, treating, or otherwise eliminating pollution from sewage in rural and other areas where collection of sewage in conventional, community-wide sewage collection systems is impractical, uneconomical, or otherwise infeasible, or where soil conditions or other factors preclude the use of septic tank and drainage field systems.

(2) The Administrator shall conduct a comprehensive program of research and investigation and pilot project implementation into new and improved methods for the collection and treatment of sew-

age and other liquid wastes combined with the treatment and disposal of solid wastes.

(3) The Administrator shall establish, either within the Environmental Protection Agency, or through contract with an appropriate public or private non-profit organization, a national clearinghouse which shall (A) receive reports and information resulting from research, demonstrations, and other projects funded under this Act related to paragraph (1) of this subsection and to subsection (e)(2) of section 105; (B) coordinate and disseminate such reports and information for use by Federal and State agencies, municipalities, institutions, and persons in developing new and improved methods pursuant to this subsection; and (C) provide for the collection and dissemination of reports and information relevant to this subsection from other Federal and State agencies, institutions, universities, and persons.

(4) SMALL FLOWS CLEARINGHOUSE.—Notwithstanding section 205(d) of this Act, from amounts that are set aside for a fiscal year under section 205(i) of this Act and are not obligated by the end of the 24-month period of availability for such amounts under section 205(d), the Administrator shall make available $1,000,000 or such unobligated amount, whichever is less, to support a national clearinghouse within the Environmental Protection Agency to collect and disseminate information on small flows of sewage and innovative or alternative wastewater treatment processes and techniques, consistent with paragraph (3). This paragraph shall apply with respect to amounts set aside under section 205(i) for which the 24-month period of availability referred to in the preceding sentence ends on or after September 30, 1986.

(r) The Administrator is authorized to make grants to colleges and universities to conduct basic research into the structure and function of fresh water aquatic ecosystems, and to improve understanding of the ecological characteristics necessary to the maintenance of the chemical, physical, and biological integrity of freshwater aquatic ecosystems.

(s) The Administrator is authorized to make grants to one or more institutions of higher education (regionally located and to be designated as "River Study Centers") for the purpose of conducting and reporting on interdisciplinary studies on the nature of river systems, including hydrology, biology, ecology, economics, the relationship between river uses and land uses, and the effects of development within river basins on river systems and on the value of water resources and water related activities. No such grant in any fiscal year shall exceed $1,000,000.

(t) The Administrator shall, in cooperation with State and Federal agencies and public and private organizations, conduct continuing comprehensive studies of the effects and methods of control of thermal discharges. In evaluating alternative methods of control the studies shall consider (1) such data as are available on the latest available technology, economic feasibility including cost-effectiveness analysis, and (2) the total impact on the environment, considering not only water quality but also air quality, land use, and effective utilization and conservation of fresh water and other natural resources. Such studies shall consider methods of minimizing

adverse effects and maximizing beneficial effects of thermal discharges. The results of these studies shall be reported by the Administrator as soon as practicable, but not later than 270 days after enactment of this subsection, and shall be made available to the public and the States, and considered as they become available by the Administrator in carrying out section 316 of this Act and by the State in proposing thermal water quality standards.

(u) There is authorized to be appropriated (1) not to exceed $100,000,000 per fiscal year for the fiscal year ending June 30, 1973, the fiscal year ending June 30, 1974, and the fiscal year ending June 30, 1975, not to exceed $14,039,000 for the fiscal year ending September 30, 1980, not to exceed $20,697,000 for the fiscal year ending September 30, 1981, not to exceed $22,770,000 for the fiscal year ending September 30, 1982, such sums as may be necessary for fiscal years 1983 through 1985, and not to exceed $22,770,000 per fiscal year for each of the fiscal years 1986 through 1990, for carrying out the provisions of this section, other than subsections (g)(1) and (2), (p), (r), and (t), except that such authorizations are not for any research, development, or demonstration activity pursuant to such provisions; (2) not to exceed $7,500,000 for fiscal years 1973, 1974, and 1975, $2,000,000 for fiscal year 1977, $3,000,000 for fiscal year 1978, $3,000,000 for fiscal year 1979, $3,000,000 for fiscal year 1980, $3,000,000 for fiscal year 1981, $3,000,000 for fiscal year 1982, such sums as may be necessary for fiscal years 1983 through 1985, and $3,000,000 per fiscal year for each of the fiscal years 1986 through 1990, for carrying out the provisions of subsection (g)(1); (3) not to exceed $2,500,000 for fiscal years 1973, 1974, and 1975, $1,000,000 for fiscal year 1977, $1,500,000 for fiscal year 1978, $1,500,000 for fiscal year 1979, $1,500,000 for fiscal year 1980, $1,500,000 for fiscal year 1981, $1,500,000 for fiscal year 1982, such sums as may be necessary for fiscal years 1983 through 1985, and $1,500,000 per fiscal year for each of the fiscal years 1986 through 1990, for carrying out the provisions of subsection (g)(2); (4) not to exceed $10,000,000 for each of the fiscal years ending June 30, 1973, June 30, 1974, and June 30, 1975, for carrying out the provisions of subsection (p); (5) not to exceed $15,000,000 per fiscal year for the fiscal years ending June 30, 1973, June 30, 1974, and June 30, 1975, for carrying out the provisions of subsection (r); and (6) not to exceed $10,000,000 per fiscal year for the fiscal years ending June 30, 1973, June 30, 1974, and June 30, 1975, for carrying out the provisions of subsection (t).

(v) STUDIES CONCERNING PATHOGEN INDICATORS IN COASTAL RECREATION WATERS.—Not later than 18 months after the date of the enactment of this subsection, after consultation and in cooperation with appropriate Federal, State, tribal, and local officials (including local health officials), the Administrator shall initiate, and, not later than 3 years after the date of the enactment of this subsection, shall complete, in cooperation with the heads of other Federal agencies, studies to provide additional information for use in developing—

(1) an assessment of potential human health risks resulting from exposure to pathogens in coastal recreation waters, including nongastrointestinal effects;

(2) appropriate and effective indicators for improving detection in a timely manner in coastal recreation waters of the presence of pathogens that are harmful to human health;

(3) appropriate, accurate, expeditious, and cost-effective methods (including predictive models) for detecting in a timely manner in coastal recreation waters the presence of pathogens that are harmful to human health; and

(4) guidance for State application of the criteria for pathogens and pathogen indicators to be published under section 304(a)(9) to account for the diversity of geographic and aquatic conditions.

(33 U.S.C. 1254)

GRANTS FOR RESEARCH AND DEVELOPMENT

SEC. 105. (a) The Administrator is authorized to conduct in the Environmental Protection Agency, and to make grants to any State, municipality, or intermunicipal or interstate agency for the purpose of assisting in the development of—

(1) any project which will demonstrate a new or improved method of preventing, reducing, and eliminating the discharge into any waters of pollutants from sewers which carry storm water or both storm water and pollutants; or

(2) any project which will demonstrate advanced waste treatment and water purification methods (including the temporary use of new or improved chemical additives which provide substantial immediate improvement to existing treatment processes), or new or improved methods of joint treatment systems for municipal and industrial wastes;

and to include in such grants such amounts as are necessary for the purpose of reports, plans, and specifications in connection therewith.

(b) The Administrator is authorized to make grants to any State or States or interstate agency to demonstrate, in river basins or portions thereof, advanced treatment and environmental enhancement techniques to control pollution from all sources, within such basins or portions thereof, including nonpoint sources, together with in stream water quality improvement techniques.

(c) In order to carry out the purposes of section 301 of this Act, the Administrator is authorized to (1) conduct in the Environmental Protection Agency, (2) make grants to persons, and (3) enter into contracts with persons, for research and demonstration projects for prevention of pollution of any waters by industry including, but not limited to, the prevention, reduction, and elimination of the discharge of pollutants. No grant shall be made for any project under this subsection unless the Administrator determines that such project will develop or demonstrate a new or improved method of treating industrial wastes or otherwise prevent pollution by industry, which method shall have industrywide application.

(d) In carrying out the provisions of this section, the Administrator shall conduct, on a priority basis, an accelerated effort to develop, refine, and achieve practical application of:

(1) waste management methods applicable to point and nonpoint sources of pollutants to eliminate the discharge of pollutants, including, but not limited to, elimination of runoff of pollutants and the effects of pollutants from inplace or accumulated sources;

(2) advanced waste treatment methods applicable to point and nonpoint sources, including inplace or accumulated sources of pollutants, and methods for reclaiming and recycling water and confining pollutants so they will not migrate to cause water or other environmental pollution; and

(3) improved methods and procedures to identify and measure the effects of pollutants on the chemical, physical, and biological integrity of water, including those pollutants created by new technological developments.

(e)(1) The Administrator is authorized to (A) make, in consultation with the Secretary of Agriculture, grants to persons for research and demonstration projects with respect to new and improved methods of preventing, reducing, and eliminating pollution from agriculture, and (B) disseminate, in cooperation with the Secretary of Agriculture, such information obtained under this subsection, section 104(p), and section 304 as will encourage and enable the adoption of such methods in the agricultural industry.

(2) The Administrator is authorized, (A) in consultation with other interested Federal agencies, to make grants for demonstration projects with respect to new and improved methods of preventing, reducing, storing, collecting, treating, or otherwise eliminating pollution from sewage in rural and other areas where collection of sewage in conventional, community-wide sewage collection systems is impractical, uneconomical, or otherwise infeasible, or where soil conditions or other factors preclude the use of septic tank and drainage field systems, and (B) in cooperation with other interested Federal and State agencies, to disseminate such information obtained under this subsection as will encourage and enable the adoption of new and improved methods developed pursuant to this subsection.

(f) Federal grants under subsection (a) of this section shall be subject to the following limitations:

(1) No grant shall be made for any project unless such project shall have been approved by the appropriate State water pollution control agency or agencies and by the Administrator;

(2) No grant shall be made for any project in an amount exceeding 75 per centum of cost thereof as determined by the Administrator; and

(3) No grant shall be made for any project unless the Administrator determines that such project will serve as a useful demonstration for the purpose set forth in clause (1) or (2) of subsection (a).

(g) Federal grants under subsections (c) and (d) of this section shall not exceed 75 per centum of the cost of the project.

(h) For the purpose of this section there is authorized to be appropriated $75,000,000 per fiscal year for the fiscal year ending June 30, 1973, the fiscal year ending June 30, 1974, and the fiscal year ending June 30, 1975, and from such appropriations at least

10 per centum of the funds actually appropriated in each fiscal year shall be available only for the purposes of subsection (e).

(i) The Administrator is authorized to make grants to a municipality to assist in the costs of operating and maintaining a project which received a grant under this section, section 104, or section 113 of this Act prior to the date of enactment of this subsection so as to reduce the operation and maintenance costs borne by the recipients of services from such project to costs comparable to those for projects assisted under title II of this Act.

(j) The Administrator is authorized to make a grant to any grantee who received an increased grant pursuant to section 202(a)(2) of this Act. Such grant may pay up to 100 per centum of the costs of technical evaluation of the operation of the treatment works, costs of training of persons (other than employees of the grantee), and costs of disseminating technical information on the operation of the treatment works.

(33 U.S.C. 1255)

GRANTS FOR POLLUTION CONTROL PROGRAMS

SEC. 106. (a) There are hereby authorized to be appropriated the following sums, to remain available until expended, to carry out the purposes of this section—

(1) $60,000,000 for the fiscal year ending June 30, 1973; and

(2) $75,000,000 for the fiscal year ending June 30, 1974, and the fiscal year ending June 30, 1975, $100,000,000 per fiscal year for the fiscal years 1977, 1978, 1979, and 1980, $75,000,000 per fiscal year for the fiscal years 1981 and 1982, such sums as may be necessary for fiscal years 1983 through 1985, and $75,000,000 per fiscal year for each of the fiscal years 1986 through 1990;

for grants to States and to interstate agencies to assist them in administering programs for the prevention, reduction, and elimination of pollution, including enforcement directly or through appropriate State law enforcement officers or agencies.

(b) From the sums appropriated in any fiscal year, the Administrator shall make allotments to the several States and interstate agencies in accordance with regulations promulgated by him on the basis of the extent of the pollution problem in the respective States.

(c) The Administrator is authorized to pay to each State and interstate agency each fiscal year either—

(1) the allotment of such State or agency for such fiscal year under subsection (b), or

(2) the reasonable costs as determined by the Administrator of developing and carrying out a pollution program by such State or agency during such fiscal year,

whichever amount is the lesser.

(d) No grant shall be made under this section to any State or interstate agency for any fiscal year when the expenditure of non-Federal funds by such State or interstate agency during such fiscal year for the recurrent expenses of carrying out its pollution control program are less than the expenditure by such State or interstate

agency of non-Federal funds for such recurrent program expenses during the fiscal year ending June 30, 1971.

(e) Beginning in fiscal year 1974 the Administrator shall not make any grant under this section to any State which has not provided or is not carrying out as a part of its program—

(1) the establishment and operation of appropriate devices, methods, systems, and procedures necessary to monitor, and to compile and analyze data on (including classification according to eutrophic condition), the quality of navigable waters and to the extent practicable, ground waters including biological monitoring; and provision for annually updating such data and including it in the report required under section 305 of this Act;

(2) authority comparable to that in section 504 of this Act and adequate contingency plans to implement such authority.

(f) Grants shall be made under this section on condition that—

(1) Such State (or interstate agency) filed with the Administrator within one hundred and twenty days after the date of enactment of this section:

(A) a summary report of the current status of the State pollution control program, including the criteria used by the State in determining priority of treatment works; and

(B) such additional information, data, and reports as the Administrator may require.

(2) No federally assumed enforcement as defined in section 309(a)(2) is in effect with respect to such State or interstate agency.

(3) Such State (or interstate agency) submits within one hundred and twenty days after the date of enactment of this section and before July 1 of each year thereafter for the Administrator's approval of its program for the prevention, reduction, and elimination of pollution in accordance with purposes and provisions of this Act in such form and content as the Administrator may prescribe.

(g) Any sums allotted under subsection (b) in any fiscal year which are not paid shall be reallotted by the Administrator in accordance with regulations promulgated by him.

(33 U.S.C. 1256)

MINE WATER POLLUTION CONTROL DEMONSTRATIONS

SEC. 107. (a) The Administrator in cooperation with the Appalachian Regional Commission and other Federal agencies is authorized to conduct, to make grants for, or to contract for, projects to demonstrate comprehensive approaches to the elimination or control of acid or other mine water pollution resulting from active or abandoned mining operations and other environmental pollution affecting water quality within all or part of a watershed or river basin, including siltation from surface mining. Such projects shall demonstrate the engineering and economic feasibility and practicality of various abatement techniques which will contribute substantially to effective and practical methods of acid or other mine water pollution elimination or control, and other pollution affecting water quality, including techniques that demonstrate the engineer-

ing and economic feasibility and practicality of using sewage sludge materials and other municipal wastes to diminish or prevent pollution affecting water quality from acid, sedimentation, or other pollutants and in such projects to restore affected lands to usefulness for forestry, agriculture, recreation, or other beneficial purposes.

(b) Prior to undertaking any demonstration project under this section in the Appalachian region (as defined in section 403 of the Appalachian Regional Development Act of 1965, as amended), the Appalachian Regional Commission shall determine that such demonstration project is consistent with the objectives of the Appalachian Regional Development Act of 1965, as amended.

(c) The Administrator, in selecting watersheds for the purposes of this section, shall be satisfied that the project area will not be affected adversely by the influx of acid or other mine water pollution from nearby sources.

(d) Federal participation in such projects shall be subject to the conditions—

(1) that the State shall acquire any land or interests therein necessary for such project; and

(2) that the State shall provide legal and practical protection to the project area to insure against any activities which will cause future acid or other mine water pollution.

(e) There is authorized to be appropriated $30,000,000 to carry out the provisions of this section, which sum shall be available until expended.

(33 U.S.C. 1257)

POLLUTION CONTROL IN GREAT LAKES

SEC. 108. (a) The Administrator, in cooperation with other Federal departments, agencies, and instrumentalities is authorized to enter into agreements with any State, political subdivision, interstate agency, or other public agency, or combination thereof, to carry out one or more projects to demonstrate new methods and techniques and to develop preliminary plans for the elimination or control of pollution, within all or any part of the watersheds of the Great Lakes. Such projects shall demonstrate the engineering and economic feasibility and practicality of removal of pollutants and prevention of any polluting matter from entering into the Great Lakes in the future and other reduction and remedial techniques which will contribute substantially to effective and practical methods of pollution prevention, reduction, or elimination.

(b) Federal participation in such projects shall be subject to the condition that the State, political subdivision, interstate agency, or other public agency, or combination thereof, shall pay not less than 25 per centum of the actual project costs, which payment may be in any form, including, but not limited to, land or interests therein that is needed for the project, and personal property or services the value of which shall be determined by the Administrator.

(c) There is authorized to be appropriated $20,000,000 to carry out the provisions of subsections (a) and (b) of this section, which sum shall be available until expended.

(d)(1) In recognition of the serious conditions which exist in Lake Erie, the Secretary of the Army, acting through the Chief of

Engineers, is directed to design and develop a demonstration waste water management program for the rehabilitation and environmental repair of Lake Erie. Prior to the initiation of detailed engineering and design, the program, along with the specific recommendations of the Chief of Engineers and recommendations for its financing, shall be submitted to the Congress for statutory approval. This authority is in addition to, and not in lieu of, other waste water studies aimed at eliminating pollution emanating from select sources around Lake Erie.

(2) This program is to be developed in cooperation with the Environmental Protection Agency, other interested departments, agencies, and instrumentalities of the Federal Government, and the States and their political subdivisions. This program shall set forth alternative systems for managing waste water on a regional basis and shall provide local and State governments with a range of choice as to the type of system to be used for the treatment of waste water. These alternative systems shall include both advanced waste treatment technology and land disposal systems including aerated treatment-spray irrigation technology and will also include provisions for the disposal of solid wastes, including sludge. Such program should include measures to control point sources of pollution, area sources of pollution, including acid-mine drainage, urban runoff and rural runoff, and in place sources of pollution, including bottom loads, sludge banks, and polluted harbor dredgings.

(e) There is authorized to be appropriated $5,000,000 to carry out the provisions of subsection (d) of this section, which sum shall be available until expended.

(33 U.S.C. 1258)

TRAINING GRANTS AND CONTRACTS

SEC. 109. (a) The Administrator is authorized to make grants to or contracts with institutions of higher education, or combinations of such institutions, to assist them in planning, developing, strengthening, improving, or carrying out programs or projects for the preparation of undergraduate students to enter an occupation which involves the design, operation, and maintenance of treatment works, and other facilities whose purpose is water quality control. Such grants or contracts may include payment of all or part of the cost of programs or projects such as—

(A) planning for the development or expansion of programs or projects for training persons in the operation and maintenance of treatment works;

(B) training and retraining of faculty members;

(C) conduct of short-term or regular session institutes for study by persons engaged in, or preparing to engage in, the preparation of students preparing to enter an occupation involving the operation and maintenance of treatment works;

(D) carrying out innovative and experimental programs of cooperative education involving alternate periods of full-time or part-time academic study at the institution and periods of full-time or part-time employment involving the operation and maintenance of treatment works; and

(E) research into, and development of, methods of training students or faculty, including the preparation of teaching materials and the planning of curriculum.

(b)(1) The Administrator may pay 100 per centum of any additional cost of construction of treatment works required for a facility to train and upgrade waste treatment works operation and maintenance personnel and for the costs of other State treatment works operator training programs, including mobile training units, classroom rental, specialized instructors, and instructional material.

(2) The Administrator shall make no more than one grant for such additional construction in any State (to serve a group of States, where, in his judgment, efficient training programs require multi-State programs), and shall make such grant after consultation with and approval by the State or States on the basis of (A) the suitability of such facility for training operation and maintenance personnel for treatment works throughout such State or States; and (B) a commitment by the State agency or agencies to carry out at such facility a program of training approved by the Administrator. In any case where a grant is made to serve two or more States, the Administrator is authorized to make an additional grant for a supplemental facility in each such State.

(3) The Administrator may make such grant out of the sums allocated to a State under section 205 of this Act, except that in no event shall the Federal cost of any such training facilities exceed $500,000.

(4) The Administrator may exempt a grant under this section from any requirement under section 204(a)(3) of this Act. Any grantee who received a grant under this section prior to enactment of the Clean Water Act of 1977 shall be eligible to have its grant increased by funds made available under such Act.

(33 U.S.C. 1259)

APPLICATION FOR TRAINING GRANT OR CONTRACT; ALLOCATION OF GRANTS OR CONTRACTS

SEC. 110. (1) A grant or contract authorized by section 109 may be made only upon application to the Administrator at such time or times and containing such information as he may prescribe, except that no such application shall be approved unless it—

(A) sets forth programs, activities, research, or development for which a grant is authorized under section 109 and describes the relation to any program set forth by the applicant in an application, if any, submitted pursuant to section 111;

(B) provides such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of and accounting for Federal funds paid to the applicant under this section; and

(C) provides for making such reports, in such form and containing such information, as the Administrator may require to carry out his functions under this section, and for keeping such records and for affording such access thereto as the Administrator may find necessary to assure the correctness and verification of such reports.

(2) The Administrator shall allocate grants or contracts under section 109 in such manner as will most nearly provide an equitable distribution of the grants or contracts throughout the United States among institutions of higher education which show promise of being able to use funds effectively for the purpose of this section.

(3)(A) Payments under this section may be used in accordance with regulations of the Administrator, and subject to the terms and conditions set forth in an application approved under paragraph (1), to pay part of the compensation of students employed in connection with the operation and maintenance of treatment works, other than as an employee in connection with the operation and maintenance of treatment works or as an employee in any branch of the Government of the United States, as part of a program for which a grant has been approved pursuant to this section.

(B) Departments and agencies of the United States are encouraged, to the extent consistent with efficient Administration, to enter into arrangements with institutions of higher education for the full-time, part-time, or temporary employment, whether in the competitive or excepted service, of students enrolled in programs set forth in applications approved under paragraph (1).

(33 U.S.C. 1260)

AWARD OF SCHOLARSHIPS

SEC. 111. (1) The Administrator is authorized to award scholarships in accordance with the provisions of this section for undergraduate study by persons who plan to enter an occupation involving the operation and maintenance of treatment works. Such scholarships shall be awarded for such periods as the Administrator may determine but not to exceed four academic years.

(2) The Administrator shall allocate scholarships under this section among institutions of higher education with programs approved under the provisions of this section for the use of individuals accepted into such programs, in such manner and accordance to such plan as will insofar as practicable—

(A) provide an equitable distribution of such scholarships throughout the United States; and

(B) attract recent graduates of secondary schools to enter an occupation involving the operation and maintenance of treatment works.

(3) The Administrator shall approve a program of any institution of higher education for the purposes of this section only upon application by the institution and only upon his finding—

(A) that such program has as a principal objective the education and training of persons in the operation and maintenance of treatment works;

(B) that such program is in effect and of high quality, or can be readily put into effect and may reasonably be expected to be of high quality;

(C) that the application describes the relation of such program to any program, activity, research, or development set forth by the applicant in an application, if any, submitted pursuant to section 110 of this Act; and

(D) that the application contains satisfactory assurances that (i) the institution will recommend to the Administrator for the award of scholarships under this section, for study in such program, only persons who have demonstrated to the satisfaction of the institution a serious intent, upon completing the program, to enter an occupation involving the operation and maintenance of treatment works, and (ii) the institution will make reasonable continuing efforts to encourage recipients of scholarships under this section, enrolled in such program, to enter occupations involving the operation and maintenance of treatment works upon completing the program.

(4)(A) The Administrator shall pay to persons awarded scholarships under this section such stipends (including such allowances for subsistence and other expenses for such persons and their dependents) as he may determine to be consistent with prevailing practices under comparable federally supported programs.

(B) The Administrator shall (in addition to the stipends paid to persons under paragraph (1)) pay to the institution of higher education at which such person is pursuing his course of study such amount as he may determine to be consistent with prevailing practices under comparable federally supported programs.

(5) A person awarded a scholarship under the provisions of this section shall continue to receive the payments provided in this section only during such periods as the Administrator finds that he is maintaining satisfactory proficiency and devoting full time to study or research in the field in which such scholarship was awarded in an institution of higher education, and is not engaging in gainful employment other than employment approved by the Administrator by or pursuant to regulation.

(6) The Administrator shall by regulation provide that any person awarded a scholarship under this section shall agree in writing to enter and remain in an occupation involving the design, operation, or maintenance of treatment works for such period after completion of his course of studies as the Administrator determines appropriate.

(33 U.S.C. 1261)

DEFINITIONS AND AUTHORIZATIONS

SEC. 112. (a) As used in sections 109 through 112 of this Act—

(1) The term "institution of higher education" means an educational institution described in the first sentence of section 101 of the Higher Education Act of 1965 (other than an institution of any agency of the United States) which is accredited by a nationally recognized accrediting agency or association approved by the Administrator for this purpose. For purposes of this subsection, the Administrator shall publish a list of nationally recognized accrediting agencies or associations which he determines to be reliable authority as to the quality of training offered.

(2) The term "academic year" means an academic year or its equivalent, as determined by the Administrator.

(b) The Administrator shall annually report his activities under sections 109 through 112 of this Act, including recommendations for needed revisions in the provisions thereof.

(c) There are authorized to be appropriated $25,000,000 per fiscal year for fiscal years ending June 30, 1973, June 30, 1974, and June 30, 1975, $6,000,000 for the fiscal year ending September 30, 1977, $7,000,000 for the fiscal year ending September 30, 1978, $7,000,000 for the fiscal year ending September 30, 1979, $7,000,000 for the fiscal year ending September 30, 1980, $7,000,000 for the fiscal year ending September 30, 1981, $7,000,000 for the fiscal year ending September 30, 1982, such sums as may be necessary for fiscal years 1983 through 1985, and $7,000,000 per fiscal year for each of the fiscal years 1986 through 1990, to carry out sections 109 through 112 of this Act.

(33 U.S.C. 1262)

ALASKA VILLAGE DEMONSTRATION PROJECTS

SEC. 113. (a) The Administrator is authorized to enter into agreements with the State of Alaska to carry out one or more projects to demonstrate methods to provide for central community facilities for safe water and elimination or control of pollution in those native villages of Alaska without such facilities. Such project shall include provisions for community safe water supply systems, toilets, bathing and laundry facilities, sewage disposal facilities, and other similar facilities, and educational and informational facilities and programs relating to health and hygiene. Such demonstration projects shall be for the further purpose of developing preliminary plans for providing such safe water and such elimination or control of pollution for all native villages in such State.

(b) In carrying out this section the Administrator shall cooperate with the Secretary of Health, Education, and Welfare for the purpose of utilizing such of the personnel and facilities of that Department as may be appropriate.

(c) The Administrator shall report to Congress not later than July 1, 1973, the results of the demonstration projects authorized by this section together with his recommendations, including and necessary legislation, relating to the establishment of a statewide program.

(d) There is authorized to be appropriated not to exceed $2,000,000 to carry out this section. In addition, there is authorized to be appropriated to carry out this section not to exceed $200,000 for the fiscal year ending September 30, 1978, and $220,000 for the fiscal year ending September 30, 1979.

(e) The Administrator is authorized to coordinate with the Secretary of the Department of Health, Education, and Welfare, the Secretary of the Department of Housing and Urban Development, the Secretary of the Department of the Interior, the Secretary of the Department of Agriculture, and the heads of any other departments or agencies he may deem appropriate to conduct a joint study with representatives of the State of Alaska and the appropriate Native organizations (as defined in Public Law 92–203) to develop a comprehensive program for achieving adequate sanitation services in Alaska villages. This study shall be coordinated

with the programs and projects authorized by sections 104(q) and 105(e)(2) of this Act. The Administrator shall submit a report of the results of the study, together with appropriate supporting data and such recommendations as he deems desirable, to the Committee on Environment and Public Works of the Senate and to the Committee on Public Works and Transportation of the House of Representatives not later than December 31, 1979. The Administrator shall also submit recommended administrative actions, procedures, and any proposed legislation necessary to implement the recommendations of the study no later than June 30, 1980.

(f) The Administrator is authorized to provide technical, financial and management assistance for operation and maintenance of the demonstration projects constructed under this section, until such time as the recommendations of subsection (e) are implemented.

(g) For the purpose of this section, the term "village" shall mean an incorporated or unincorporated community with a population of ten to six hundred people living within a two-mile radius. The term "sanitation services" shall mean water supply, sewage disposal, solid waste disposal and other services necessary to maintain generally accepted standards of personal hygiene and public health.

(33 U.S.C. 1263)

LAKE TAHOE STUDY

SEC. 114. (a) The Administrator, in consultation with the Tahoe Regional Planning Agency, the Secretary of Agriculture, other Federal agencies, representatives of State and local governments, and members of the public, shall conduct a thorough and complete study on the adequacy of and need for extending Federal oversight and control in order to preserve the fragile ecology of Lake Tahoe.

(b) Such study shall include an examination of the interrelationships and responsibilities of the various agencies of the Federal Government and State and local governments with a view to establishing the necessity for redefinition of legal and other arrangements between these various governments, and making specific legislative recommendations to Congress. Such study shall consider the effect of various actions in terms of their environmental impact on the Tahoe Basin, treated as an ecosystem.

(c) The Administrator shall report on such study to Congress not later than one year after the date of enactment of this subsection.

(d) There is authorized to be appropriated to carry out this section not to exceed $500,000.

(33 U.S.C. 1264)

IN-PLACE TOXIC POLLUTANTS

SEC. 115. The Administrator is directed to identify the location of in-place pollutants with emphasis on toxic pollutants in harbors and navigable waterways and is authorized, acting through the Secretary of the Army, to make contracts for the removal and appropriate disposal of such materials from critical port and harbor

areas. There is authorized to be appropriated $15,000,000 to carry out the provisions of this section, which sum shall be available until expended.

(33 U.S.C. 1265)

HUDSON RIVER PCB RECLAMATION DEMONSTRATION PROJECT

SEC. 116. (a) The Administrator is authorized to enter into contracts and other agreements with the State of New York to carry out a project to demonstrate methods for the selective removal of polychlorinated biphenyls contaminating bottom sediments of the Hudson River, treating such sediments as required, burying such sediments in secure landfills, and installing monitoring systems for such landfills. Such demonstration project shall be for the purpose of determining the feasibility of indefinite storage in secure landfills of toxic substances and of ascertaining the improvement of the rate of recovery of a toxic contaminated national waterway. No pollutants removed pursuant to this paragraph shall be placed in any landfill unless the Administrator first determines that disposal of the pollutants in such landfill would provide a higher standard of protection of the public health, safety, and welfare than disposal of such pollutants by any other method including, but not limited to, incineration or a chemical destruction process.

(b) The Administrator is authorized to make grants to the State of New York to carry out this section from funds allotted to such State under section 205(a) of this Act, except that the amount of any such grant shall be equal to 75 per centum of the cost of the project and such grant shall be made on condition that non-Federal sources provide the remainder of the cost of such project. The authority of this section shall be available until September 30, 1983. Funds allotted to the State of New York under section 205(a) shall be available under this subsection only to the extent that funds are not available, as determined by the Administrator, to the State of New York for the work authorized by this section under section 115 or 311 of this Act or a comprehensive hazardous substance response and clean up fund. Any funds used under the authority of this subsection shall be deducted from any estimate of the needs of the State of New York prepared under section 516. The Administrator may not obligate or expend more than $20,000,000 to carry out this section.

(33 U.S.C. 1266)

SEC. 117. CHESAPEAKE BAY.

(a) DEFINITIONS.—In this section, the following definitions apply:

(1) ADMINISTRATIVE COST.—The term “administrative cost” means the cost of salaries and fringe benefits incurred in administering a grant under this section.

(2) CHESAPEAKE BAY AGREEMENT.—The term “Chesapeake Bay Agreement” means the formal, voluntary agreements executed to achieve the goal of restoring and protecting the Chesapeake Bay ecosystem and the living resources of the Chesapeake Bay ecosystem and signed by the Chesapeake Executive Council.

(3) CHESAPEAKE BAY ECOSYSTEM.—The term "Chesapeake Bay ecosystem" means the ecosystem of the Chesapeake Bay and its watershed.

(4) CHESAPEAKE BAY PROGRAM.—The term "Chesapeake Bay Program" means the program directed by the Chesapeake Executive Council in accordance with the Chesapeake Bay Agreement.

(5) CHESAPEAKE EXECUTIVE COUNCIL.—The term "Chesapeake Executive Council" means the signatories to the Chesapeake Bay Agreement.

(6) SIGNATORY JURISDICTION.—The term "signatory jurisdiction" means a jurisdiction of a signatory to the Chesapeake Bay Agreement.

(b) CONTINUATION OF CHESAPEAKE BAY PROGRAM.—

(1) IN GENERAL.—In cooperation with the Chesapeake Executive Council (and as a member of the Council), the Administrator shall continue the Chesapeake Bay Program.

(2) PROGRAM OFFICE.—

(A) IN GENERAL.—The Administrator shall maintain in the Environmental Protection Agency a Chesapeake Bay Program Office.

(B) FUNCTION.—The Chesapeake Bay Program Office shall provide support to the Chesapeake Executive Council by—

(i) implementing and coordinating science, research, modeling, support services, monitoring, data collection, and other activities that support the Chesapeake Bay Program;

(ii) developing and making available, through publications, technical assistance, and other appropriate means, information pertaining to the environmental quality and living resources of the Chesapeake Bay ecosystem;

(iii) in cooperation with appropriate Federal, State, and local authorities, assisting the signatories to the Chesapeake Bay Agreement in developing and implementing specific action plans to carry out the responsibilities of the signatories to the Chesapeake Bay Agreement;

(iv) coordinating the actions of the Environmental Protection Agency with the actions of the appropriate officials of other Federal agencies and State and local authorities in developing strategies to—

(I) improve the water quality and living resources in the Chesapeake Bay ecosystem; and

(II) obtain the support of the appropriate officials of the agencies and authorities in achieving the objectives of the Chesapeake Bay Agreement; and

(v) implementing outreach programs for public information, education, and participation to foster stewardship of the resources of the Chesapeake Bay.

(c) INTERAGENCY AGREEMENTS.—The Administrator may enter into an interagency agreement with a Federal agency to carry out this section.

(d) TECHNICAL ASSISTANCE AND ASSISTANCE GRANTS.—

(1) IN GENERAL.—In cooperation with the Chesapeake Executive Council, the Administrator may provide technical assistance, and assistance grants, to nonprofit organizations, State and local governments, colleges, universities, and interstate agencies to carry out this section, subject to such terms and conditions as the Administrator considers appropriate.

(2) FEDERAL SHARE.—

(A) IN GENERAL.—Except as provided in subparagraph (B), the Federal share of an assistance grant provided under paragraph (1) shall be determined by the Administrator in accordance with guidance issued by the Administrator.

(B) SMALL WATERSHED GRANTS PROGRAM.—The Federal share of an assistance grant provided under paragraph (1) to carry out an implementing activity under subsection (g)(2) shall not exceed 75 percent of eligible project costs, as determined by the Administrator.

(3) NON-FEDERAL SHARE.—An assistance grant under paragraph (1) shall be provided on the condition that non-Federal sources provide the remainder of eligible project costs, as determined by the Administrator.

(4) ADMINISTRATIVE COSTS.—Administrative costs shall not exceed 10 percent of the annual grant award.

(e) IMPLEMENTATION AND MONITORING GRANTS.—

(1) IN GENERAL.—If a signatory jurisdiction has approved and committed to implement all or substantially all aspects of the Chesapeake Bay Agreement, on the request of the chief executive of the jurisdiction, the Administrator—

(A) shall make a grant to the jurisdiction for the purpose of implementing the management mechanisms established under the Chesapeake Bay Agreement, subject to such terms and conditions as the Administrator considers appropriate; and

(B) may make a grant to a signatory jurisdiction for the purpose of monitoring the Chesapeake Bay ecosystem.

(2) PROPOSALS.—

(A) IN GENERAL.—A signatory jurisdiction described in paragraph (1) may apply for a grant under this subsection for a fiscal year by submitting to the Administrator a comprehensive proposal to implement management mechanisms established under the Chesapeake Bay Agreement.

(B) CONTENTS.—A proposal under subparagraph (A) shall include—

(i) a description of proposed management mechanisms that the jurisdiction commits to take within a specified time period, such as reducing or preventing pollution in the Chesapeake Bay and its watershed or meeting applicable water quality standards or established goals and objectives under the Chesapeake Bay Agreement; and

(ii) the estimated cost of the actions proposed to be taken during the fiscal year.

(3) APPROVAL.—If the Administrator finds that the proposal is consistent with the Chesapeake Bay Agreement and the national goals established under section 101(a), the Administrator may approve the proposal for an award.

(4) FEDERAL SHARE.—The Federal share of a grant under this subsection shall not exceed 50 percent of the cost of implementing the management mechanisms during the fiscal year.

(5) NON-FEDERAL SHARE.—A grant under this subsection shall be made on the condition that non-Federal sources provide the remainder of the costs of implementing the management mechanisms during the fiscal year.

(6) ADMINISTRATIVE COSTS.—Administrative costs shall not exceed 10 percent of the annual grant award.

(7) REPORTING.—On or before October 1 of each fiscal year, the Administrator shall make available to the public a document that lists and describes, in the greatest practicable degree of detail—

(A) all projects and activities funded for the fiscal year;

(B) the goals and objectives of projects funded for the previous fiscal year; and

(C) the net benefits of projects funded for previous fiscal years.

(f) FEDERAL FACILITIES AND BUDGET COORDINATION.—

(1) SUBWATERSHED PLANNING AND RESTORATION.—A Federal agency that owns or operates a facility (as defined by the Administrator) within the Chesapeake Bay watershed shall participate in regional and subwatershed planning and restoration programs.

(2) COMPLIANCE WITH AGREEMENT.—The head of each Federal agency that owns or occupies real property in the Chesapeake Bay watershed shall ensure that the property, and actions taken by the agency with respect to the property, comply with the Chesapeake Bay Agreement, the Federal Agencies Chesapeake Ecosystem Unified Plan, and any subsequent agreements and plans.

(3) BUDGET COORDINATION.—

(A) IN GENERAL.—As part of the annual budget submission of each Federal agency with projects or grants related to restoration, planning, monitoring, or scientific investigation of the Chesapeake Bay ecosystem, the head of the agency shall submit to the President a report that describes plans for the expenditure of the funds under this section.

(B) DISCLOSURE TO THE COUNCIL.—The head of each agency referred to in subparagraph (A) shall disclose the report under that subparagraph with the Chesapeake Executive Council as appropriate.

(g) CHESAPEAKE BAY PROGRAM.—

(1) MANAGEMENT STRATEGIES.—The Administrator, in coordination with other members of the Chesapeake Executive Council, shall ensure that management plans are developed

and implementation is begun by signatories to the Chesapeake Bay Agreement to achieve and maintain—

(A) the nutrient goals of the Chesapeake Bay Agreement for the quantity of nitrogen and phosphorus entering the Chesapeake Bay and its watershed;

(B) the water quality requirements necessary to restore living resources in the Chesapeake Bay ecosystem;

(C) the Chesapeake Bay Basinwide Toxins Reduction and Prevention Strategy goal of reducing or eliminating the input of chemical contaminants from all controllable sources to levels that result in no toxic or bioaccumulative impact on the living resources of the Chesapeake Bay ecosystem or on human health;

(D) habitat restoration, protection, creation, and enhancement goals established by Chesapeake Bay Agreement signatories for wetlands, riparian forests, and other types of habitat associated with the Chesapeake Bay ecosystem; and

(E) the restoration, protection, creation, and enhancement goals established by the Chesapeake Bay Agreement signatories for living resources associated with the Chesapeake Bay ecosystem.

(2) SMALL WATERSHED GRANTS PROGRAM.—The Administrator, in cooperation with the Chesapeake Executive Council, shall—

(A) establish a small watershed grants program as part of the Chesapeake Bay Program; and

(B) offer technical assistance and assistance grants under subsection (d) to local governments and nonprofit organizations and individuals in the Chesapeake Bay region to implement—

(i) cooperative tributary basin strategies that address the water quality and living resource needs in the Chesapeake Bay ecosystem; and

(ii) locally based protection and restoration programs or projects within a watershed that complement the tributary basin strategies, including the creation, restoration, protection, or enhancement of habitat associated with the Chesapeake Bay ecosystem.

(h) STUDY OF CHESAPEAKE BAY PROGRAM.—

(1) IN GENERAL.—Not later than April 22, 2003, and every 5 years thereafter, the Administrator, in coordination with the Chesapeake Executive Council, shall complete a study and submit to Congress a comprehensive report on the results of the study.

(2) REQUIREMENTS.—The study and report shall—

(A) assess the state of the Chesapeake Bay ecosystem;

(B) compare the current state of the Chesapeake Bay ecosystem with its state in 1975, 1985, and 1995;

(C) assess the effectiveness of management strategies being implemented on the date of enactment of this section and the extent to which the priority needs are being met;

(D) make recommendations for the improved management of the Chesapeake Bay Program either by strength-

ening strategies being implemented on the date of enactment of this section or by adopting new strategies; and

(E) be presented in such a format as to be readily transferable to and usable by other watershed restoration programs.

(i) SPECIAL STUDY OF LIVING RESOURCE RESPONSE.—

(1) IN GENERAL.—Not later than 180 days after the date of enactment of this section, the Administrator shall commence a 5-year special study with full participation of the scientific community of the Chesapeake Bay to establish and expand understanding of the response of the living resources of the Chesapeake Bay ecosystem to improvements in water quality that have resulted from investments made through the Chesapeake Bay Program.

(2) REQUIREMENTS.—The study shall—

(A) determine the current status and trends of living resources, including grasses, benthos, phytoplankton, zooplankton, fish, and shellfish;

(B) establish to the extent practicable the rates of recovery of the living resources in response to improved water quality condition;

(C) evaluate and assess interactions of species, with particular attention to the impact of changes within and among trophic levels; and

(D) recommend management actions to optimize the return of a healthy and balanced ecosystem in response to improvements in the quality and character of the waters of the Chesapeake Bay.

(j) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $40,000,000 for each of fiscal years 2001 through 2005. Such sums shall remain available until expended.

(33 U.S.C. 1267)

SEC. 118. GREAT LAKES.

(a) FINDINGS, PURPOSE, AND DEFINITIONS.—

(1) FINDINGS.—The Congress finds that—

(A) the Great Lakes are a valuable national resource, continuously serving the people of the United States and other nations as an important source of food, fresh water, recreation, beauty, and enjoyment;

(B) the United States should seek to attain the goals embodied in the Great Lakes Water Quality Agreement of 1978, as amended by the Water Quality Agreement of 1987 and any other agreements and amendments, with particular emphasis on goals related to toxic pollutants; and

(C) the Environmental Protection Agency should take the lead in the effort to meet those goals, working with other Federal agencies and State and local authorities.

(2) PURPOSE.—It is the purpose of this section to achieve the goals embodied in the Great Lakes Water Quality Agreement of 1978, as amended by the Water Quality Agreement of 1987 and any other agreements and amendments, through im-

proved organization and definition of mission on the part of the Agency, funding of State grants for pollution control in the Great Lakes area, and improved accountability for implementation of such agreement.

(3) DEFINITIONS.—For purposes of this section, the term—

(A) "Agency" means the Environmental Protection Agency;

(B) "Great Lakes" means Lake Ontario, Lake Erie, Lake Huron (including Lake St. Clair), Lake Michigan, and Lake Superior, and the connecting channels (Saint Mary's River, Saint Clair River, Detroit River, Niagara River, and Saint Lawrence River to the Canadian Border);

(C) "Great Lakes System" means all the streams, rivers, lakes, and other bodies of water within the drainage basin of the Great Lakes;

(D) "Program Office" means the Great Lakes National Program Office established by this section;

(E) "Research Office" means the Great Lakes Research Office established by subsection (d);

(F) "area of concern" means a geographic area located within the Great Lakes, in which beneficial uses are impaired and which has been officially designated as such under Annex 2 of the Great Lakes Water Quality Agreement;

(G) "Great Lakes States" means the States of Illinois, Indiana, Michigan, Minnesota, New York, Ohio, Pennsylvania, and Wisconsin;

(H) "Great Lakes Water Quality Agreement" means the bilateral agreement, between the United States and Canada which was signed in 1978 and amended by the Protocol of 1987;

(I) "Lakewide Management Plan" means a written document which embodies a systematic and comprehensive ecosystem approach to restoring and protecting the beneficial uses of the open waters of each of the Great Lakes, in accordance with article VI and Annex 2 of the Great Lakes Water Quality Agreement; and

(J) "Remedial Action Plan" means a written document which embodies a systematic and comprehensive ecosystem approach to restoring and protecting the beneficial uses of areas of concern, in accordance with article VI and Annex 2 of the Great Lakes Water Quality Agreement.

(b) GREAT LAKES NATIONAL PROGRAM OFFICE.—The Great Lakes National Program Office (previously established by the Administrator) is hereby established within the Agency. The Program Office shall be headed by a Director who, by reason of management experience and technical expertise relating to the Great Lakes, is highly qualified to direct the development of programs and plans on a variety of Great Lakes issues. The Great Lakes National Program Office shall be located in a Great Lakes State.

(c) GREAT LAKES MANAGEMENT.—

(1) FUNCTIONS.—The Program Office shall—

(A) in cooperation with appropriate Federal, State, tribal, and international agencies, and in accordance with

section 101(e) of this Act, develop and implement specific action plans to carry out the responsibilities of the United States under the Great Lakes Water Quality Agreement of 1978, as amended by the Water Quality Agreement of 1987 and any other agreements and amendments,;[1]

(B) establish a Great Lakes system-wide surveillance network to monitor the water quality of the Great Lakes, with specific emphasis on the monitoring of toxic pollutants;

(C) serve as the liaison with, and provide information to, the Canadian members of the International Joint Commission and the Canadian counterpart to the Agency;

(D) coordinate actions of the Agency (including actions by headquarters and regional offices thereof) aimed at improving Great Lakes water quality; and

(E) coordinate actions of the Agency with the actions of other Federal agencies and State and local authorities, so as to ensure the input of those agencies and authorities in developing water quality strategies and obtain the support of those agencies and authorities in achieving the objectives of such agreement.

(2) GREAT LAKES WATER QUALITY GUIDANCE.—

(A) By June 30, 1991, the Administrator, after consultation with the Program Office, shall publish in the Federal Register for public notice and comment proposed water quality guidance for the Great Lakes System. Such guidance shall conform with the objectives and provisions of the Great Lakes Water Quality Agreement, shall be no less restrictive than the provisions of this Act and national water quality criteria and guidance, shall specify numerical limits on pollutants in ambient Great Lakes waters to protect human health, aquatic life, and wildlife, and shall provide guidance to the Great Lakes States on minimum water quality standards, antidegradation policies, and implementation procedures for the Great Lakes System.

(B) By June 30, 1992, the Administrator, in consultation with the Program Office, shall publish in the Federal Register, pursuant to this section and the Administrator's authority under this chapter, final water quality guidance for the Great Lakes System.

(C) Within two years after such Great Lakes guidance is published, the Great Lakes States shall adopt water quality standards, antidegradation policies, and implementation procedures for waters within the Great Lakes System which are consistent with such guidance. If a Great Lakes State fails to adopt such standards, policies, and procedures, the Administrator shall promulgate them not later than the end of such two-year period. When reviewing any Great Lakes State's water quality plan, the agency shall consider the extent to which the State has complied with the Great Lakes guidance issued pursuant to this section.

[1] See P.L. 100–688, section 1008.

(3) REMEDIAL ACTION PLANS.—

(A) For each area of concern for which the United States has agreed to draft a Remedial Action Plan, the Program Office shall ensure that the Great Lakes State in which such area of concern is located—

(i) submits a Remedial Action Plan to the Program Office by June 30, 1991;

(ii) submits such Remedial Action Plan to the International Joint Commission by January 1, 1992; and

(iii) includes such Remedial Action Plans within the State's water quality plan by January 1, 1993.

(B) For each area of concern for which Canada has agreed to draft a Remedial Action Plan, the Program Office shall, pursuant to subparagraph (c)(1)(C) of this section, work with Canada to assure the submission of such Remedial Action Plans to the International Joint Commission by June 30, 1991, and to finalize such Remedial Action Plans by January 1, 1993.

(C) For any area of concern designated as such subsequent to the enactment of this Act, the Program Office shall (i) if the United States has agreed to draft the Remedial Action Plan, ensure that the Great Lakes State in which such area of concern is located submits such Plan to the Program Office within two years of the area's designation, submits it to the International Joint Commission no later than six months after submitting it to the Program Office, and includes such Plan in the State's water quality plan no later than one year after submitting it to the Commission; and (ii) if Canada has agreed to draft the Remedial Action Plan, work with Canada, pursuant to subparagraph (c)(1)(C) of this section, to ensure the submission of such Plan to the International Joint Commission within two years of the area's designation and the finalization of such Plan no later than eighteen months after submitting it to such Commission.

(D) The Program Office shall compile formal comments on individual Remedial Action Plans made by the International Joint Commission pursuant to section 4(d) of Annex 2 of the Great Lakes Water Quality Agreement and, upon request by a member of the public, shall make such comments available for inspection and copying. The Program Office shall also make available, upon request, formal comments made by the Environmental Protection Agency on individual Remedial Action Plans.

(E) REPORT.—Not later than 1 year after the date of enactment of this subparagraph, the Administrator shall submit to Congress a report on such actions, time periods, and resources as are necessary to fulfill the duties of the Agency relating to oversight of Remedial Action Plans under—

(i) this paragraph; and

(ii) the Great Lakes Water Quality Agreement.

(4) LAKEWIDE MANAGEMENT PLANS.—The Administrator, in consultation with the Program Office shall—

(A) by January 1, 1992, publish in the Federal Register a proposed Lakewide Management Plan for Lake Michigan and solicit public comments;

(B) by January 1, 1993, submit a proposed Lakewide Management Plan for Lake Michigan to the International Joint Commission for review; and

(C) by January 1, 1994, publish in the Federal Register a final Lakewide Management Plan for Lake Michigan and begin implementation.

Nothing in this subparagraph shall preclude the simultaneous development of Lakewide Management Plans for the other Great Lakes.

(5) SPILLS OF OIL AND HAZARDOUS MATERIALS.—The Program Office, in consultation with the Coast Guard, shall identify areas within the Great Lakes which are likely to experience numerous or voluminous spills of oil or other hazardous materials from land based facilities, vessels, or other sources and, in consultation with the Great Lakes States, shall identify weaknesses in Federal and State programs and systems to prevent and respond to such spills. This information shall be included on at least a biennial basis in the report required by this section.

(6) 5-YEAR PLAN AND PROGRAM.—The Program Office shall develop, in consultation with the States, a five-year plan and program for reducing the amount of nutrients introduced into the Great Lakes. Such program shall incorporate any management program for reducing nutrient runoff from nonpoint sources established under section 319 of this Act and shall include a program for monitoring nutrient runoff into, and ambient levels in, the Great Lakes.

(7) 5-YEAR STUDY AND DEMONSTRATION PROJECTS.—(A) The Program Office shall carry out a five-year study and demonstration projects relating to the control and removal of toxic pollutants in the Great Lakes, with emphasis on the removal of toxic pollutants from bottom sediments. In selecting locations for conducting demonstration projects under this paragraph, priority consideration shall be given to projects at the following locations: Saginaw Bay, Michigan; Sheboygan Harbor, Wisconsin; Grand Calumet River, Indiana; Ashtabula River, Ohio; and Buffalo River, New York.

(B) The Program Office shall—

(i) by December 31, 1990, complete chemical, physical, and biological assessments of the contaminated sediments at the locations selected for the study and demonstration projects;

(ii) by December 31, 1990, announce the technologies that will be demonstrated at each location and the numerical standard of protection intended to be achieved at each location;

(iii) by December 31, 1992, complete full or pilot scale demonstration projects on site at each location of

promising technologies to remedy contaminated sediments; and

(iv) by December 31, 1993, issue a final report to Congress on its findings.

(C) The Administrator, after providing for public review and comment, shall publish information concerning the public health and environmental consequences of contaminants in Great Lakes sediment. Information published pursuant to this subparagraph shall include specific numerical limits to protect health, aquatic life, and wildlife from the bioaccumulation of toxins. The Administrator shall, at a minimum, publish information pursuant to this subparagraph within 2 years of the date of the enactment of this title.

(8) ADMINISTRATOR'S RESPONSIBILITY.—The Administrator shall ensure that the Program Office enters into agreements with the various organizational elements of the Agency involved in Great Lakes activities and the appropriate State agencies specifically delineating—

(A) the duties and responsibilities of each such element in the Agency with respect to the Great Lakes;

(B) the time periods for carrying out such duties and responsibilities; and

(C) the resources to be committed to such duties and responsibilities.

(9) BUDGET ITEM.—The Administrator shall, in the Agency's annual budget submission to Congress, include a funding request for the Program Office as a separate budget line item.

(10) COMPREHENSIVE REPORT.—Within 90 days after the end of each fiscal year, the Administrator shall submit to Congress a comprehensive report which—

(A) describes the achievements in the preceding fiscal year in implementing the Great Lakes Water Quality Agreement of 1978 and shows by categories (including judicial enforcement, research, State cooperative efforts, and general administration) the amounts expended on Great Lakes water quality initiatives in such preceding fiscal year;

(B) describes the progress made in such preceding fiscal year in implementing the system of surveillance of the water quality in the Great Lakes System, including the monitoring of groundwater and sediment, with particular reference to toxic pollutants;

(C) describes the long-term prospects for improving the condition of the Great Lakes; and

(D) provides a comprehensive assessment of the planned efforts to be pursued in the succeeding fiscal year for implementing the Great Lakes Water Quality Agreement of 1978, which assessment shall—

(i) show by categories (including judicial enforcement, research, State cooperative efforts, and general administration) the amount anticipated to be expended on Great Lakes water quality initiatives in the fiscal year to which the assessment relates; and

(ii) include a report of current programs administered by other Federal agencies which make available resources to the Great Lakes water quality management efforts.

(11) CONFINED DISPOSAL FACILITIES.—(A) The Administrator, in consultation with the Assistant Secretary of the Army for Civil Works, shall develop and implement, within one year of the date of enactment of this paragraph, management plans for every Great Lakes confined disposal facility.

(B) The plan shall provide for monitoring of such facilities, including—

(i) water quality at the site and in the area of the site;

(ii) sediment quality at the site and in the area of the site;

(iii) the diversity, productivity, and stability of aquatic organisms at the site and in the area of the site; and

(iv) such other conditions as the Administrator deems appropriate.

(C) The plan shall identify the anticipated use and management of the site over the following twenty-year period including the expected termination of dumping at the site, the anticipated need for site management, including pollution control, following the termination of the use of the site.

(D) The plan shall identify a schedule for review and revision of the plan which shall not be less frequent than five years after adoption of the plan and every five years thereafter.

(12) REMEDIATION OF SEDIMENT CONTAMINATION IN AREAS OF CONCERN.—

(A) IN GENERAL.—In accordance with this paragraph, the Administrator, acting through the Program Office, may carry out projects that meet the requirements of subparagraph (B).

(B) ELIGIBLE PROJECTS.—A project meets the requirements of this subparagraph if the project is to be carried out in an area of concern located wholly or partially in the United States and the project—

(i) monitors or evaluates contaminated sediment;

(ii) subject to subparagraph (D), implements a plan to remediate contaminated sediment; or

(iii) prevents further or renewed contamination of sediment.

(C) PRIORITY.—In selecting projects to carry out under this paragraph, the Administrator shall give priority to a project that—

(i) constitutes remedial action for contaminated sediment;

(ii)(I) has been identified in a Remedial Action Plan submitted under paragraph (3); and

(II) is ready to be implemented;

(iii) will use an innovative approach, technology, or technique that may provide greater environmental benefits, or equivalent environmental benefits at a reduced cost; or

(iv) includes remediation to be commenced not later than 1 year after the date of receipt of funds for the project.

(D) LIMITATION.—The Administrator may not carry out a project under this paragraph for remediation of contaminated sediments located in an area of concern—

(i) if an evaluation of remedial alternatives for the area of concern has not been conducted, including a review of the short-term and long-term effects of the alternatives on human health and the environment; or

(ii) if the Administrator determines that the area of concern is likely to suffer significant further or renewed contamination from existing sources of pollutants causing sediment contamination following completion of the project.

(E) NON-FEDERAL SHARE.—

(i) IN GENERAL.—The non-Federal share of the cost of a project carried out under this paragraph shall be at least 35 percent.

(ii) IN-KIND CONTRIBUTIONS.—The non-Federal share of the cost of a project carried out under this paragraph may include the value of in-kind services contributed by a non-Federal sponsor.

(iii) NON-FEDERAL SHARE.—The non-Federal share of the cost of a project carried out under this paragraph—

(I) may include monies paid pursuant to, or the value of any in-kind service performed under, an administrative order on consent or judicial consent decree; but

(II) may not include any funds paid pursuant to, or the value of any in-kind service performed under, a unilateral administrative order or court order.

(iv) OPERATION AND MAINTENANCE.—The non-Federal share of the cost of the operation and maintenance of a project carried out under this paragraph shall be 100 percent.

(F) MAINTENANCE OF EFFORT.—The Administrator may not carry out a project under this paragraph unless the non-Federal sponsor enters into such agreements with the Administrator as the Administrator may require to ensure that the non-Federal sponsor will maintain its aggregate expenditures from all other sources for remediation programs in the area of concern in which the project is located at or above the average level of such expenditures in the 2 fiscal years preceding the date on which the project is initiated.

(G) COORDINATION.—In carrying out projects under this paragraph, the Administrator shall coordinate with the Secretary of the Army, and with the Governors of States in which the projects are located, to ensure that Federal and State assistance for remediation in areas of concern is used as efficiently as practicable.

(H) AUTHORIZATION OF APPROPRIATIONS.—

(i) IN GENERAL.—In addition to other amounts authorized under this section, there is authorized to be appropriated to carry out this paragraph $50,000,000 for each of fiscal years 2004 through 2008.

(ii) AVAILABILITY.—Funds made available under clause (i) shall remain available until expended.

(13) PUBLIC INFORMATION PROGRAM.—

(A) IN GENERAL.—The Administrator, acting through the Program Office and in coordination with States, Indian tribes, local governments, and other entities, may carry out a public information program to provide information relating to the remediation of contaminated sediment to the public in areas of concern that are located wholly or partially in the United States.

(B) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this paragraph $1,000,000 for each of fiscal years 2004 through 2008.

(d) GREAT LAKES RESEARCH.—

(1) ESTABLISHMENT OF RESEARCH OFFICE.—There is established within the National Oceanic and Atmospheric Administration the Great Lakes Research Office.

(2) IDENTIFICATION OF ISSUES.—The Research Office shall identify issues relating to the Great Lakes resources on which research is needed. The Research Office shall submit a report to Congress on such issues before the end of each fiscal year which shall identify any changes in the Great Lakes system with respect to such issues.

(3) INVENTORY.—The Research Office shall identify and inventory, Federal, State, university, and tribal environmental research programs (and, to the extent feasible, those of private organizations and other nations) relating to the Great Lakes system, and shall update that inventory every four years.

(4) RESEARCH EXCHANGE.—The Research Office shall establish a Great Lakes research exchange for the purpose of facilitating the rapid identification, acquisition, retrieval, dissemination, and use of information concerning research projects which are ongoing or completed and which affect the Great Lakes system.

(5) RESEARCH PROGRAM.—The Research Office shall develop, in cooperation with the Coordination Office, a comprehensive environmental research program and data base for the Great Lakes system. The data base shall include, but not be limited to, data relating to water quality, fisheries, and biota.

(6) MONITORING.—The Research Office shall conduct, through the Great Lakes Environmental Research Laboratory, the National Sea Grant College program, other Federal laboratories, and the private sector, appropriate research and monitoring activities which address priority issues and current needs relating to the Great Lakes.

(7) LOCATION.—The Research Office shall be located in a Great Lakes State.

(e) RESEARCH AND MANAGEMENT COORDINATION.—

(1) JOINT PLAN.—Before October 1 of each year, the Program Office and the Research Office shall prepare a joint research plan for the fiscal year which begins in the following calendar year.

(2) CONTENTS OF PLAN.—Each plan prepared under paragraph (1) shall—

(A) identify all proposed research dedicated to activities conducted under the Great Lakes Water Quality Agreement of 1978;

(B) include the Agency's assessment of priorities for research needed to fulfill the terms of such Agreement; and

(C) identify all proposed research that may be used to develop a comprehensive environmental data base for the Great Lakes system and establish priorities for development of such data base.

(3) HEALTH RESEARCH REPORT.—(A) Not later than September 30, 1994, the Program Office, in consultation with the Research Office, the Agency for Toxic Substances and Disease Registry, and Great Lakes States shall submit to the Congress a report assessing the adverse effects of water pollutants in the Great Lakes System on the health of persons in Great Lakes States and the health of fish, shellfish, and wildlife in the Great Lakes System. In conducting research in support of this report, the Administrator may, where appropriate, provide for research to be conducted under cooperative agreements with Great Lakes States.

(B) There is authorized to be appropriated to the Administrator to carry out this section not to exceed $3,000,000 for each of fiscal years 1992, 1993, and 1994.

(f) INTERAGENCY COOPERATION.—The head of each department, agency, or other instrumentality of the Federal Government which is engaged in, is concerned with, or has authority over programs relating to research, monitoring, and planning to maintain, enhance, preserve, or rehabilitate the environmental quality and natural resources of the Great Lakes, including the Chief of Engineers of the Army, the Chief of the Soil Conservation Service, the Commandant of the Coast Guard, the Director of the Fish and Wildlife Service, and the Administrator of the National Oceanic and Atmospheric Administration, shall submit an annual report to the Administrator with respect to the activities of that agency or office affecting compliance with the Great Lakes Water Quality Agreement of 1978.

(g) RELATIONSHIP TO EXISTING FEDERAL AND STATE LAWS AND INTERNATIONAL TREATIES.—Nothing in this section shall be construed—

(1) to affect the jurisdiction, powers, or prerogatives of any department, agency, or officer of the Federal Government or of any State government, or of any tribe, nor any powers, jurisdiction, or prerogatives of any international body created by treaty with authority relating to the Great Lakes; or

(2) to affect any other Federal or State authority that is being used or may be used to facilitate the cleanup and protection of the Great Lakes.

(h) AUTHORIZATIONS OF GREAT LAKES APPROPRIATIONS.—There are authorized to be appropriated to the Administrator to carry out this section not to exceed—

(1) $11,000,000 per fiscal year for the fiscal years 1987, 1988, 1989, and 1990, and $25,000,000 for fiscal year 1991;

(2) such sums as are necessary for each of fiscal years 1992 through 2003; and

(3) $25,000,000 for each of fiscal years 2004 through 2008.

(33 U.S.C. 1268)

SEC. 119. LONG ISLAND SOUND.—(a) The Administrator shall continue the Management Conference of the Long Island Sound Study (hereinafter referred to as the "Conference") as established pursuant to section 320 of this Act, and shall establish an office (hereinafter referred to as the "Office") to be located on or near Long Island Sound.

(b) ADMINISTRATION AND STAFFING OF OFFICE.—The Office shall be headed by a Director, who shall be detailed by the Administrator, following consultation with the Administrators of EPA regions I and II, from among the employees of the Agency who are in civil service. The Administrator shall delegate to the Director such authority and detail such additional staff as may be necessary to carry out the duties of the Director under this section.

(c) DUTIES OF THE OFFICE.—The Office shall assist the Management Conference of the Long Island Sound Study in carrying out its goals. Specifically, the Office shall—

(1) assist and support the implementation of the Comprehensive Conservation and Management Plan for Long Island Sound developed pursuant to section 320 of this Act, including efforts to establish, within the process for granting watershed general permits, a system for promoting innovative methodologies and technologies that are cost-effective and consistent with the goals of the Plan;

(2) conduct or commission studies deemed necessary for strengthened implementation of the Comprehensive Conservation and Management Plan including, but not limited to—

(A) population growth and the adequacy of wastewater treatment facilities,

(B) the use of biological methods for nutrient removal in sewage treatment plants,

(C) contaminated sediments, and dredging activities,

(D) nonpoint source pollution abatement and land use activities in the Long Island Sound watershed,

(E) wetland protection and restoration,

(F) atmospheric deposition of acidic and other pollutants into Long Island Sound,

(G) water quality requirements to sustain fish, shellfish, and wildlife populations, and the use of indicator species to assess environmental quality,

(H) State water quality programs, for their adequacy pursuant to implementation of the Comprehensive Conservation and Management Plan, and

(I) options for long-term financing of wastewater treatment projects and water pollution control programs.

(3) coordinate the grant, research and planning programs authorized under this section;

(4) coordinate activities and implementation responsibilities with other Federal agencies which have jurisdiction over Long Island Sound and with national and regional marine monitoring and research programs established pursuant to the Marine Protection, Research, and Sanctuaries Act;

(5) provide administrative and technical support to the conference;

(6) collect and make available to the public publications, and other forms of information the conference determines to be appropriate, relating to the environmental quality of Long Island Sound;

(7) not more than two years after the date of the issuance of the final Comprehensive Conservation and Management Plan for Long Island Sound under section 320 of this Act, and biennially thereafter, issue a report to the Congress which—

(A) summarizes the progress made by the States in implementing the Comprehensive Conservation and Management Plan;

(B) summarizes any modifications to the Comprehensive Conservation and Management Plan in the twelve-month period immediately preceding such report; and

(C) incorporates specific recommendations concerning the implementation of the Comprehensive Conservation and Management Plan; and

(8) convene conferences and meetings for legislators from State governments and political subdivisions thereof for the purpose of making recommendations for coordinating legislative efforts to facilitate the environmental restoration of Long Island Sound and the implementation of the Comprehensive Conservation and Management Plan.

(d) GRANTS.—(1) The Administrator is authorized to make grants for projects and studies which will help implement the Long Island Sound Comprehensive Conservation and Management Plan. Special emphasis shall be given to implementation, research and planning, enforcement, and citizen involvement and education.

(2) State, interstate, and regional water pollution control agencies, and other public or nonprofit private agencies, institutions, and organizations held to be eligible for grants pursuant to this subsection.

(3) Citizen involvement and citizen education grants under this subsection shall not exceed 95 per centum of the costs of such work. All other grants under this subsection shall not exceed 50 per centum of the research, studies, or work. All grants shall be made on the condition that the non-Federal share of such costs are provided from non-Federal sources.

(e) ASSISTANCE TO DISTRESSED COMMUNITIES.—

(1) ELIGIBLE COMMUNITIES.—For the purposes of this subsection, a distressed community is any community that meets affordability criteria established by the State in which the community is located, if such criteria are developed after public review and comment.

(2) PRIORITY.—In making assistance available under this section for the upgrading of wastewater treatment facilities, the Administrator may give priority to a distressed community.

(f) AUTHORIZATIONS.—(1) There is authorized to be appropriated to the Administrator for the implementation of this section, other than subsection (d), such sums as may be necessary for each of the fiscal years 2001 through 2005.

(2) There is authorized to be appropriated to the Administrator for the implementation of subsection (d) not to exceed $40,000,000 for each of fiscal years 2001 through 2005.

(33 U.S.C. 1269)

SEC. 120. LAKE CHAMPLAIN BASIN PROGRAM.

(a) ESTABLISHMENT.—

(1) IN GENERAL.—There is established a Lake Champlain Management Conference to develop a comprehensive pollution prevention, control, and restoration plan for Lake Champlain. The Administrator shall convene the management conference within ninety days of the date of enactment of this section.

(2) IMPLEMENTATION.—The Administrator—

(A) may provide support to the State of Vermont, the State of New York, and the New England Interstate Water Pollution Control Commission for the implementation of the Lake Champlain Basin Program; and

(B) shall coordinate actions of the Environmental Protection Agency under subparagraph (A) with the actions of other appropriate Federal agencies.

(b) MEMBERSHIP.—The Members of the Management Conference shall be comprised of—

(1) the Governors of the States of Vermont and New York;

(2) each interested Federal agency, not to exceed a total of five members;

(3) the Vermont and New York Chairpersons of the Vermont, New York, Quebec Citizens Advisory Committee for the Environmental Management of Lake Champlain;

(4) four representatives of the State legislature of Vermont;

(5) four representatives of the State legislature of New York;

(6) six persons representing local governments having jurisdiction over any land or water within the Lake Champlain basin, as determined appropriate by the Governors; and

(7) eight persons representing affected industries, nongovernmental organizations, public and private educational institutions, and the general public, as determined appropriate by the trigovernmental Citizens Advisory Committee for the Environmental Management of Lake Champlain, but not to be current members of the Citizens Advisory Committee.

(c) TECHNICAL ADVISORY COMMITTEE.—(1) The Management Conference shall, not later than one hundred and twenty days after the date of enactment of this section, appoint a Technical Advisory Committee.

(2) Such Technical Advisory Committee shall consist of officials of: appropriate departments and agencies of the Federal Govern-

ment; the State governments of New York and Vermont; and governments of political subdivisions of such States; and public and private research institutions.

(d) RESEARCH PROGRAM.—The Management Conference shall establish a multi-disciplinary environmental research program for Lake Champlain. Such research program shall be planned and conducted jointly with the Lake Champlain Research Consortium.

(e) POLLUTION PREVENTION, CONTROL, AND RESTORATION PLAN.—(1) Not later than three years after the date of the enactment of this section, the Management Conference shall publish a pollution prevention, control, and restoration plan for Lake Champlain.

(2) The Plan developed pursuant to this section shall—

(A) identify corrective actions and compliance schedules addressing point and nonpoint sources of pollution necessary to restore and maintain the chemical, physical, and biological integrity of water quality, a balanced, indigenous population of shellfish, fish and wildlife, recreational, and economic activities in and on the lake;

(B) incorporate environmental management concepts and programs established in State and Federal plans and programs in effect at the time of the development of such plan;

(C) clarify the duties of Federal and State agencies in pollution prevention and control activities, and to the extent allowable by law, suggest a timetable for adoption by the appropriate Federal and State agencies to accomplish such duties within a reasonable period of time;

(D) describe the methods and schedules for funding of programs, activities, and projects identified in the Plan, including the use of Federal funds and other sources of funds;

(E) include a strategy for pollution prevention and control that includes the promotion of pollution prevention and management practices to reduce the amount of pollution generated in the Lake Champlain basin; and

(F) be reviewed and revised, as necessary, at least once every 5 years, in consultation with the Administrator and other appropriate Federal agencies.

(3) The Administrator, in cooperation with the Management Conference, shall provide for public review and comment on the draft Plan. At a minimum, the Management Conference shall conduct one public meeting to hear comments on the draft plan in the State of New York and one such meeting in the State of Vermont.

(4) Not less than one hundred and twenty days after the publication of the Plan required pursuant to this section, the Administrator shall approve such plan if the plan meets the requirements of this section and the Governors of the States of New York and Vermont concur.

(5) Upon approval of the plan, such plan shall be deemed to be an approved management program for the purposes of section 319(h) of this Act and such plan shall be deemed to be an approved comprehensive conservation and management plan pursuant to section 320 of this Act.

(f) GRANT ASSISTANCE.—(1) The Administrator may, in consultation with participants in the Lake Champlain Basin Program,

make grants to State, interstate, and regional water pollution control agencies, and public or nonprofit agencies, institutions, and organizations.

(2) Grants under this subsection shall be made for assisting research, surveys, studies, and modeling and technical and supporting work necessary for the development and implementation of the Plan.

(3) The amount of grants to any person under this subsection for a fiscal year shall not exceed 75 per centum of the costs of such research, survey, study and work and shall be made available on the condition that non-Federal share of such costs are provided from non-Federal sources.

(4) The Administrator may establish such requirements for the administration of grants as he determines to be appropriate.

(g) DEFINITIONS.—In this section:

(1) LAKE CHAMPLAIN BASIN PROGRAM.—The term "Lake Champlain Basin Program" means the coordinated efforts among the Federal Government, State governments, and local governments to implement the Plan.

(2) LAKE CHAMPLAIN DRAINAGE BASIN.—The term "Lake Champlain drainage basin" means all or part of Clinton, Franklin, Warren, Essex, and Washington counties in the State of New York and all or part of Franklin, Hamilton, Grand Isle, Chittenden, Addison, Rutland, Bennington, Lamoille, Orange, Washington, Orleans, and Caledonia counties in Vermont, that contain all of the streams, rivers, lakes, and other bodies of water, including wetlands, that drain into Lake Champlain.

(3) PLAN.—The term "Plan" means the plan developed under subsection (e).

(h) NO EFFECT ON CERTAIN AUTHORITY.—Nothing in this section—

(1) affects the jurisdiction or powers of—

(A) any department or agency of the Federal Government or any State government; or

(B) any international organization or entity related to Lake Champlain created by treaty or memorandum to which the United States is a signatory;

(2) provides new regulatory authority for the Environmental Protection Agency; or

(3) affects section 304 of the Great Lakes Critical Programs Act of 1990 (Public Law 101–596; 33 U.S.C. 1270 note).

(i) AUTHORIZATION.—There are authorized to be appropriated to the Environmental Protection Agency to carry out this section—

(1) $2,000,000 for each of fiscal years 1991, 1992, 1993, 1994, and 1995;

(2) such sums as are necessary for each of fiscal years 1996 through 2003; and

(3) $11,000,000 for each of fiscal years 2004 through 2008.

(33 U.S.C. 1270)

SEC. 121. LAKE PONTCHARTRAIN BASIN.

(a) ESTABLISHMENT OF RESTORATION PROGRAM.—The Administrator shall establish within the Environmental Protection Agency the Lake Pontchartrain Basin Restoration Program.

(b) PURPOSE.—The purpose of the program shall be to restore the ecological health of the Basin by developing and funding restoration projects and related scientific and public education projects.

(c) DUTIES.—In carrying out the program, the Administrator shall—

(1) provide administrative and technical assistance to a management conference convened for the Basin under section 320;

(2) assist and support the activities of the management conference, including the implementation of recommendations of the management conference;

(3) support environmental monitoring of the Basin and research to provide necessary technical and scientific information;

(4) develop a comprehensive research plan to address the technical needs of the program;

(5) coordinate the grant, research, and planning programs authorized under this section; and

(6) collect and make available to the public publications, and other forms of information the management conference determines to be appropriate, relating to the environmental quality of the Basin.

(d) GRANTS.—The Administrator may make grants—

(1) for restoration projects and studies recommended by a management conference convened for the Basin under section 320; and

(2) for public education projects recommended by the management conference.

(e) DEFINITIONS.—In this section, the following definitions apply:

(1) BASIN.—The term "Basin" means the Lake Pontchartrain Basin, a 5,000 square mile watershed encompassing 16 parishes in the State of Louisiana and 4 counties in the State of Mississippi.

(2) PROGRAM.—The term "program" means the Lake Pontchartrain Basin Restoration Program established under subsection (a).

(f) AUTHORIZATION OF APPROPRIATIONS.—

(1) IN GENERAL.—There is authorized to be appropriated to carry out this section $20,000,000 for each of fiscal years 2001 through 2005. Such sums shall remain available until expended.

(2) PUBLIC EDUCATION PROJECTS.—Not more than 15 percent of the amount appropriated pursuant to paragraph (1) in a fiscal year may be expended on grants for public education projects under subsection (d)(2).

(33 U.S.C. 1273)

SEC. 121. WET WEATHER WATERSHED PILOT PROJECTS. [1]

(a) IN GENERAL.—The Administrator, in coordination with the States, may provide technical assistance and grants for treatment works to carry out pilot projects relating to the following areas of wet weather discharge control:

(1) WATERSHED MANAGEMENT OF WET WEATHER DISCHARGES.—The management of municipal combined sewer overflows, sanitary sewer overflows, and stormwater discharges, on an integrated watershed or subwatershed basis for the purpose of demonstrating the effectiveness of a unified wet weather approach.

(2) STORMWATER BEST MANAGEMENT PRACTICES.—The control of pollutants from municipal separate storm sewer systems for the purpose of demonstrating and determining controls that are cost-effective and that use innovative technologies in reducing such pollutants from stormwater discharges.

(b) ADMINISTRATION.—The Administrator, in coordination with the States, shall provide municipalities participating in a pilot project under this section the ability to engage in innovative practices, including the ability to unify separate wet weather control efforts under a single permit.

(c) FUNDING.—

(1) IN GENERAL.—There is authorized to be appropriated to carry out this section $10,000,000 for fiscal year 2002, $15,000,000 for fiscal year 2003, and $20,000,000 for fiscal year 2004. Such funds shall remain available until expended.

(2) STORMWATER.—The Administrator shall make available not less than 20 percent of amounts appropriated for a fiscal year pursuant to this subsection to carry out the purposes of subsection (a)(2).

(3) ADMINISTRATIVE EXPENSES.—The Administrator may retain not to exceed 4 percent of any amounts appropriated for a fiscal year pursuant to this subsection for the reasonable and necessary costs of administering this section.

(d) REPORT TO CONGRESS.—Not later than 5 years after the date of enactment of this section, the Administrator shall transmit to Congress a report on the results of the pilot projects conducted under this section and their possible application nationwide.

(33 U.S.C. 1274)

TITLE II—GRANTS FOR CONSTRUCTION OF TREATMENT WORKS

PURPOSE

SEC. 201. (a) It is the purpose of this title to require and to assist the development and implementation of waste treatment management plans and practices which will achieve the goals of this Act.

(b) Waste treatment management plans and practices shall provide for the application of the best practicable waste treatment

[1] The second section 121 was added by section 112(b) of the Miscellaneous Appropriations Act, 2001 (114 Stat. 2763A–225), as enacted into law by section 1(a)(6) of Public Law 106–554 (114 Stat. 2763).

technology before any discharge into receiving waters, including reclaiming and recycling of water, and confined disposal of pollutants so they will not migrate to cause water or other environmental pollution and shall provide for consideration of advanced waste treatment techniques.

(c) To the extent practicable, waste treatment management shall be on an areawide basis and provide control or treatment of all point and nonpoint sources of pollution, including in place or accumulated pollution sources.

(d) The Administrator shall encourage waste treatment management which results in the construction of revenue producing facilities providing for—

(1) the recycling of potential sewage pollutants through the production of agriculture, silviculture, or aquaculture products, or any combination thereof;

(2) the confined and contained disposal of pollutants not recycled;

(3) the reclamation of wastewater; and

(4) the ultimate disposal of sludge in a manner that will not result in environmental hazards.

(e) The Administrator shall encourage waste treatment management which results in integrating facilities for sewage treatment and recycling with facilities to treat, dispose of, or utilize other industrial and municipal wastes, including but not limited to solid waste and waste heat and thermal discharges. Such integrated facilities shall be designed and operated to produce revenues in excess of capital and operation and maintenance costs and such revenues shall be used by the designated regional management agency to aid in financing other environmental improvement programs.

(f) The Administrator shall encourage waste treatment management which combines "open space" and recreational considerations with such management.

(g)(1) The Administrator is authorized to make grants to any State, municipality, or intermunicipal or interstate agency for the construction of publicly owned treatment works. On and after October 1, 1984, grants under this title shall be made only for projects for secondary treatment or more stringent treatment, or any cost effective alternative thereto, new interceptors and appurtenances, and infiltration-in-flow correction. Notwithstanding the preceding sentences, the Administrator may make grants on and after October 1, 1984, for (A) any project within the definition set forth in section 212(2) of this Act, other than for a project referred to in the preceding sentence, and (B) any purpose for which a grant may be made under sections[1] 319 (h) and (i) of this Act (including any innovative and alternative approaches for the control of nonpoint sources of pollution), except that not more than 20 per centum (as determined by the Governor of the State) of the amount allotted to a State under section 205 of this Act for any fiscal year shall be obligated in such State under authority of this sentence.

(2) The Administrator shall not make grants from funds authorized for any fiscal year beginning after June 30, 1974, to any

[1] So in original. Probably should be "section".

State, municipality, or intermunicipal or interstate agency for the erection, building, acquisition, alteration, remodeling, improvement, or extension of treatment works unless the grant applicant has satisfactorily demonstrated to the Administrator that—

(A) alternative waste management techniques have been studied and evaluated and the works proposed for grant assistance will provide for the application of the best practicable waste treatment technology over the life of the works consistent with the purposes of this title; and

(B) as appropriate, the works proposed for grant assistance will take into account and allow to the extent practicable the application of technology at a later date which will provide for the reclaiming or recycling of water or otherwise eliminate the discharge of pollutants.

(3) The Administrator shall not approve any grant after July 1, 1973, for treatment works under this section unless the applicant shows to the satisfaction of the Administrator that each sewer collection system discharging into such treatment works is not subject to excessive infiltration.

(4) The Administrator is authorized to make grants to applicants for treatment works grants under this section for such sewer system evaluation studies as may be necessary to carry out the requirements of paragraph (3) of this subsection. Such grants shall be made in accordance with rules and regulations promulgated by the Administrator. Initial rules and regulations shall be promulgated under this paragraph not later than 120 days after the date of enactment of the Federal Water Pollution Control Act Amendments of 1972.

(5) The Administrator shall not make grants from funds authorized for any fiscal year beginning after September 30, 1978, to any State, municipality, or intermunicipal or interstate agency for the erection, building, acquisition, alteration, remodeling, improvement, or extension of treatment works unless the grant applicant has satisfactorily demonstrated to the Administrator that innovative and alternative wastewater treatment processes and techniques which provide for the reclaiming and reuse of water, otherwise eliminate the discharge of pollutants, and utilize recycling techniques, land treatment, new or improved methods of waste treatment management for municipal and industrial waste (discharged into municipal systems) and the confined disposal of pollutants, so that pollutants will not migrate to cause water or other environmental pollution, have been fully studied and evaluated by the applicant taking into account section 201(d) of this Act and taking into account and allowing to the extent practicable the more efficient use of energy and resources.

(6) The Administrator shall not make grants from funds authorized for any fiscal year beginning after September 30, 1978, to any State, municipality, or intermunicipal or interstate agency for the erection, building, acquisition, alteration, remodeling, improvement, or extension of treatment works unless the grant applicant has satisfactorily demonstrated to the Administrator that the applicant has analyzed the potential recreation and open space opportunities in the planning of the proposed treatment works.

(h) A grant may be made under this section to construct a privately owned treatment works serving one or more principal residences or small commercial establishments constructed prior to, and inhabited on the date of enactment of this subsection where the Administrator finds that—

(1) a public body otherwise eligible for a grant under subsection (g) of this section has applied on behalf of a number of such units and certified that public ownership of such works is not feasible;

(2) such public body has entered into an agreement with the Administrator which guarantees that such treatment works will be properly operated and maintained and will comply with all other requirements of section 204 of this Act and includes a system of charges to assure that each recipient of waste treatment services under such a grant will pay its proportionate share of the cost of operation and maintenance (including replacement); and

(3) the total cost and environmental impact of providing waste treatment services to such residences or commercial establishments will be less than the cost of providing a system of collection and central treatment of such wastes.

(i) The Administrator shall encourage waste treatment management methods, processes, and techniques which will reduce total energy requirements.

(j) The Administrator is authorized to make a grant for any treatment works utilizing processes and techniques meeting the guidelines promulgated under section 304(d)(3) of this Act, if the Administrator determines it is in the public interest and if in the cost effectiveness study made of the construction grant application for the purpose of evaluating alternative treatment works, the life cycle cost of the treatment works for which the grant is to be made does not exceed the life cycle cost of the most effective alternative by more than 15 per centum.

(k) No grant made after November 15, 1981, for a publicly owned treatment works, other than for facility planning and the preparation of construction plans and specifications, shall be used to treat, store, or convey the flow of any industrial user into such treatment works in excess of a flow per day equivalent to fifty thousand gallons per day of sanitary waste. This subsection shall not apply to any project proposed by a grantee which is carrying out an approved project to prepare construction plans and specifications for a facility to treat wastewater, which received its grant approval before May 15, 1980. This subsection shall not be in effect after November 15, 1981.

(l)(1) After the date of enactment of this subsection, Federal grants shall not be made for the purpose of providing assistance solely for facility plans, or plans, specifications, and estimates for any proposed project for the construction of treatment works. In the event that the proposed project receives a grant under this section for construction, the Administrator shall make an allowance in such grant for non-Federal funds expended during the facility planning and advanced engineering and design phase at the prevailing Federal share under section 202(a) of this Act, based on the per-

centage of total project costs which the Administrator determines is the general experience for such projects.

(2)(A) Each State shall use a portion of the funds allotted to such State each fiscal year, but not to exceed 10 per centum of such funds, to advance to potential grant applicants under this title the costs of facility planning or the preparation of plans, specifications, and estimates.

(B) Such an advance shall be limited to the allowance for such costs which the Administrator establishes under paragraph (1) of this subsection, and shall be provided only to a potential grant applicant which is a small community and which in the judgment of the State would otherwise be unable to prepare a request for a grant for construction costs under this section.

(C) In the event a grant for construction costs is made under this section for a project for which an advance has been made under this paragraph, the Administrator shall reduce the amount of such grant by the allowance established under paragraph (1) of this subsection. In the event no such grant is made, the State is authorized to seek repayment of such advance on such terms and conditions as it may determine.

(m)(1) Notwithstanding any other provisions of this title, the Administrator is authorized to make a grant from any funds otherwise allotted to the State of California under section 205 of this Act to the project (and in the amount) specified in Order WQG 81–1 of the California State Water Resources Control Board.

(2) Notwithstanding any other provision of this Act, the Administrator shall make a grant from any funds otherwise allotted to the State of California to the city of Eureka, California, in connection with project numbered C–06–2772, for the purchase of one hundred and thirty-nine acres of property as environmental mitigation for siting of the proposed treatment plant.

(3) Notwithstanding any other provision of this Act, the Administrator shall make a grant from any funds otherwise allotted to the State of California to the city of San Diego, California, in connection with that city's aquaculture sewage process (total resources recovery system) as an innovative and alternative waste treatment process.

(n)(1) On and after October 1, 1984, upon the request of the Governor of an affected State, the Administrator is authorized to use funds available to such State under section 205 to address water quality problems due to the impacts of discharges from combined storm water and sanitary sewer overflows, which are not otherwise eligible under this subsection, where correction of such discharges is a major priority for such State.

(2) Beginning fiscal year 1983, the Administrator shall have available $200,000,000 per fiscal year in addition to those funds authorized in section 207 of this Act to be utilized to address water quality problems of marine bays and estuaries subject to lower levels of water quality due to the impacts of discharges from combined storm water and sanitary sewer overflows from adjacent urban complexes, not otherwise eligible under this subsection. Such sums may be used as deemed appropriate by the Administrator as provided in paragraphs (1) and (2) of this subsection, upon the request

of and demonstration of water quality benefits by the Governor of an affected State.

(o) The Administrator shall encourage and assist applicants for grant assistance under this title to develop and file with the Administrator a capital financing plan which, at a minimum—

(1) projects the future requirements for waste treatment services within the applicant's jurisdiction for a period of no less than ten years;

(2) projects the nature, extent, timing, and costs of future expansion and reconstruction of treatment works which will be necessary to satisfy the applicant's projected future requirements for waste treatment services; and

(3) sets forth with specificity the manner in which the applicant intends to finance such future expansion and reconstruction.

(p) TIME LIMIT ON RESOLVING CERTAIN DISPUTES.—In any case in which a dispute arises with respect to the awarding of a contract for construction of treatment works by a grantee of funds under this title and a party to such dispute files an appeal with the Administrator under this title for resolution of such dispute, the Administrator shall make a final decision on such appeal within 90 days of the filing of such appeal.

(33 U.S.C. 1281)

FEDERAL SHARE

SEC. 202. (a)(1) The amount of any grant for treatment works made under this Act from funds authorized for any fiscal year beginning after June 30, 1971, and ending before October 1, 1984, shall be 75 per centum of the cost of construction thereof (as approved by the Administrator), and for any fiscal year beginning on or after October 1, 1984, shall be 55 per centum of the cost of construction thereof (as approved by the Administrator), unless modified to a lower percentage rate uniform throughout a State by the Governor of that State with the concurrence of the Administrator. Within ninety days after the enactment of this sentence the Administrator, shall issue guidelines for concurrence in any such modification, which shall provide for the consideration of the unobligated balance of sums allocated to the State under section 205 of this Act, the need for assistance under this title in such State, and the availability of State grant assistance to replace the Federal share reduced by such modification. The payment of any such reduced Federal share shall not constitute an obligation on the part of the United States or a claim on the part of any State or grantee to reimbursement for the portion of the Federal share reduced in any such State. Any grant (other than for reimbursement) made prior to the date of enactment of the Federal Water Pollution Control Act Amendments of 1972 from any funds authorized for any fiscal year beginning after June 30, 1971, shall, upon the request of the applicant, be increased to the applicable percentage under this section. Notwithstanding the first sentence of this paragraph, in any case where a primary, secondary, or advanced waste treatment facility or its related interceptors or a project for infiltration-in-flow correction has received a grant for erection, building, acqui-

sition, alteration, remodeling, improvement, extension, or correction before October 1, 1984, all segments and phases of such facility, interceptors, and project for infiltration-in-flow correction shall be eligible for grants at 75 per centum of the cost of construction thereof for any grant made pursuant to a State obligation which obligation occurred before October 1, 1990. Notwithstanding the first sentence of this paragraph, in the case of a project for which an application for a grant under this title has been made to the Administrator before October 1, 1984, and which project is under judicial injunction on such date prohibiting its construction, such project shall be eligible for grants at 75 percent of the cost of construction thereof. Notwithstanding the first sentence of this paragraph, in the case of the Wyoming Valley Sanitary Authority project mandated by judicial order under a proceeding begun prior to October 1, 1984, and a project for wastewater treatment for Altoona, Pennsylvania, such projects shall be eligible for grants at 75 percent of the cost of construction thereof.

(2) The amount of any grant made after September 30, 1978, and before October 1, 1981, for any eligible treatment works or significant portion thereof utilizing innovative or alternative wastewater treatment processes and techniques referred to in section 201(g)(5) shall be 85 per centum of the cost of construction thereof, unless modified by the Governor of the State with the concurrence of the Administrator to a percentage rate no less than 15 per centum greater than the modified uniform percentage rate in which the Administrator has concurred pursuant to paragraph (1) of this subsection. The amount of any grant made after September 30, 1981, for any eligible treatment works or unit processes and techinques thereof utilizing innovative or alternative wastewater treatment processes and techniques referred to in section 201(g)(5) shall be a percentage of the cost of construction thereof equal to 20 per centum greater than the percentage in effect under paragraph (1) of this subsection for such works or unit processes and techniques, but in no event greater than 85 per centum of the cost of construction thereof. No grant shall be made under this paragraph for construction of a treatment works in any State unless the proportion of the State contribution to the non-Federal share of construction costs for all treatment works in such State receiving a grant under this paragraph is the same as or greater than the proportion of the State contribution (if any) to the non-Federal share of construction costs for all treatment works receiving grants in such State under paragraph (1) of this subsection.

(3) In addition to any grant made pursuant to paragraph (2) of this subsection, the Administrator is authorized to make a grant to fund all of the costs of the modification or replacement of any facilities constructed with a grant made pursuant to paragraph (2) if the Administrator finds that such facilities have not met design performance specifications unless such failure is attributable to negligence on the part of any person and if such failure has significantly increased capital or operating and maintenance expenditures. In addition, the Administrator is authorized to make a grant to fund all of the costs of the modification or replacement of biodisc equipment (rotating biological contractors) in any publicly owned treatment works if the Administrator finds that such equipment

has failed to meet design performance specifications, unless such failure is attributable to negligence on the part of any person, and if such failure has significantly increased capital or operating and maintenance expenditures.

(4) For the purposes of this section, the term "eligible treatment works" means those treatment works in each State which meet the requirements of section 201(g)(5) of this Act and which can be fully funded from funds available for such purpose in such State.

(b) The amount of the grant for any project approved by the Administrator after January 1, 1971, and before July 1, 1971, for the construction of treatment works, the actual erection, building or acquisition of which was not commenced prior to July 1, 1971, shall, upon the request of the applicant, be increased to the applicable percentage under subsection (a) of this section for grants for treatment works from funds for fiscal years beginning after June 30, 1971, with respect to the cost of such actual erection, building, or acquisition. Such increased amount shall be paid from any funds allocated to the State in which the treatment works is located without regard to the fiscal year for which such funds were authorized. Such increased amount shall be paid for such project only if—

(1) a sewage collection system that is a part of the same total waste treatment system as the treatment works for which such grant was approved is under construction or is to be constructed for use in conjunction with such treatment works, and if the cost of such sewage collection system exceeds the cost of such treatment works, and

(2) the State water pollution control agency or other appropriate State authority certifies that the quantity of available ground water will be insufficient, inadequate, or unsuitable for public use, including the ecological preservation and recreational use of surface water bodies, unless effluents from publicly-owned treatment works after adequate treatment are returned to the ground water consistent with acceptable technological standards.

(c) Notwithstanding any other provision of law, sums allotted to the Commonwealth of Puerto Rico under section 205 of this Act for fiscal year 1981 shall remain available for obligation for the fiscal year for which authorized and for the period of the next succeeding twenty-four months. Such sums and any unobligated funds available to Puerto Rico from allotments for fiscal years ending prior to October 1, 1981, shall be available for obligation by the Administrator of the Environmental Protection Agency only to fund the following systems: Aguadilla, Arecibo, Mayaguez, Carolina, and Camuy Hatillo. These funds may be used by the Commonwealth of Puerto Rico to fund the non-Federal share of the costs of such projects. To the extent that these funds are used to pay the non-Federal share, the Commonwealth of Puerto Rico shall repay to the Environmental Protection Agency such amounts on terms and conditions developed and approved by the Administrator in consultation with the Governor of the Commonwealth of Puerto Rico. Agreement on such terms and conditions including the payment of interest to be determined by the Secretary of the Treasury, shall be reached prior to the use of these funds for the Commonwealth's

non-Federal share. No Federal funds awarded under this provision shall be used to replace local governments funds previously expended on these projects.

(33 U.S.C. 1282)

PLANS, SPECIFICATIONS, ESTIMATES, AND PAYMENTS

SEC. 203. (a)(1) Each applicant for a grant shall submit to the Administrator for his approval, plans, specifications, and estimates for each proposed project for the construction of treatment works for which a grant is applied for under section 201(g)(1) from funds allotted to the State under section 205 and which otherwise meets the requirements of this Act. The Administrator shall act upon such plans, specifications, and estimates as soon as practicable after the same have been submitted, and his approval of any such plans, specifications, and estimates shall be deemed a contractual obligation of the United States for the payment of its proportional contribution to such project.

(2) AGREEMENT ON ELIGIBLE COSTS.—

(A) LIMITATION ON MODIFICATIONS.—Before taking final action on any plans, specifications, and estimates submitted under this subsection after the 60th day following the date of the enactment of the Water Quality Act of 1987, the Administrator shall enter into a written agreement with the applicant which establishes and specifies which items of the proposed project are eligible for Federal payments under this section. The Administrator may not later modify such eligibility determinations unless they are found to have been made in violation of applicable Federal statutes and regulations.

(B) LIMITATION ON EFFECT.—Eligibility determinations under this paragraph shall not preclude the Administrator from auditing a project pursuant to section 501 of this Act, or other authority, or from withholding or recovering Federal funds for costs which are found to be unreasonable, unsupported by adequate documentation, or otherwise unallowable under applicable Federal costs principles, or which are incurred on a project which fails to meet the design specifications or effluent limitations contained in the grant agreement and permit pursuant to section 402 of this Act for such project.

(3) In the case of a treatment works that has an estimated total cost of $8,000,000 of less (as determined by the Administrator), and the population of the applicant municipality is twenty-five thousand or less (according to the most recent United States census), upon completion of an approved facility plan, a single grant may be awarded for the combined Federal share of the cost of preparing construction plans and specifications, and the building and erection of the treatment works.

(b) The Administrator shall, from time to time as the work progresses, make payments to the recipient of a grant for costs of construction incurred on a project. These payments shall at no time exceed the Federal share of the cost of construction incurred to the date of the voucher covering such payment plus the Federal share

of the value of the materials which have been stockpiled in the vicinity of such construction in conformity to plans and specifications for the project.

(c) After completion of a project and approval of the final voucher by the Administrator, he shall pay out of the appropriate sums the unpaid balance of the Federal share payable on account of such project.

(d) Nothing in this Act shall be construed to require, or to authorize the Administrator to require, that grants under this Act for construction of treatment works be made only for projects which are operable units usable for sewage collection, transportation, storage, waste treatment, or for similar purposes without additional construction.

(e) At the request of a grantee under this title, the Administrator is authorized to provide technical and legal assistance in the administration and enforcement of any contract in connection with treatment works assisted under this title, and to intervene any civil action involving the enforcement of such a contract.

(f) DESIGN/BUILD PROJECTS.—

(1) AGREEMENT.—Consistent with State law, an applicant who proposes to construct waste water treatment works may enter into an agreement with the Administrator under this subsection providing for the preparation of construction plans and specifications and the erection of such treatment works, in lieu of proceeding under the other provisions of this section.

(2) LIMITATION ON PROJECTS.—Agreements under this subsection shall be limited to projects under an approved facility plan which projects are—

(A) treatment works that have an estimated total cost of $8,000,000 or less; and

(B) any of the following types of waste water treatment systems: aerated lagoons, trickling filters, stabilization ponds, land application systems, sand filters, and subsurface disposal systems.

(3) REQUIRED TERMS.—An agreement entered into under this subsection shall—

(A) set forth an amount agreed to as the maximum Federal contribution to the project, based upon a competitively bid document of basic design data and applicable standard construction specifications and a determination of the federally eligible costs of the project at the applicable Federal share under section 202 of this Act;

(B) set forth dates for the start and completion of construction of the treatment works by the applicant and a schedule of payments of the Federal contribution to the project;

(C) contain assurances by the applicant that (i) engineering and management assistance will be provided to manage the project; (ii) the proposed treatment works will be an operable unit and will meet all the requirements of this title; and (iii) not later than 1 year after the date specified as the date of completion of construction of the treatment works, the treatment works will be operating so as

to meet the requirements of any applicable permit for such treatment works under section 402 of this Act;

(D) require the applicant to obtain a bond from the contractor in an amount determined necessary by the Administrator to protect the Federal interest in the project; and

(E) contain such other terms and conditions as are necessary to assure compliance with this title (except as provided in paragraph (4) of this subsection).

(4) LIMITATION ON APPLICATION.—Subsections (a), (b), and (c) of this section shall not apply to grants made pursuant to this subsection.

(5) RESERVATION TO ASSURE COMPLIANCE.—The Administrator shall reserve a portion of the grant to assure contract compliance until final project approval as defined by the Administrator. If the amount agreed to under paragraph (3)(A) exceeds the cost of designing and constructing the treatment works, the Administrator shall reallot the amount of the excess to the State in which such treatment works are located for the fiscal year in which such audit is completed.

(6) LIMITATION ON OBLIGATIONS.—The Administrator shall not obligate more than 20 percent of the amount allotted to a State for a fiscal year under section 205 of this Act for grants pursuant to this subsection.

(7) ALLOWANCE.—The Administrator shall determine an allowance for facilities planning for projects constructed under this subsection in accordance with section 201(l).

(8) LIMITATION ON FEDERAL CONTRIBUTIONS.—In no event shall the Federal contribution for the cost of preparing construction plans and specifications and the building and erection of treatment works pursuant to this subsection exceed the amount agreed upon under paragraph (3).

(9) RECOVERY ACTION.—In any case in which the recipient of a grant made pursuant to this subsection does not comply with the terms of the agreement entered into under paragraph (3), the Administrator is authorized to take such action as may be necessary to recover the amount of the Federal contribution to the project.

(10) PREVENTION OF DOUBLE BENEFITS.—A recipient of a grant made pursuant to this subsection shall not be eligible for any other grants under this title for the same project.

(33 U.S.C. 1283)

LIMITATIONS AND CONDITIONS

SEC. 204. (a) Before approving grants for any project for any treatment works under section 201(g)(1) the Administrator shall determine—

(1) that any required areawide waste treatment management plan under section 208 of this Act (A) is being implemented for such area and the proposed treatment works are included in such plan, or (B) is being developed for such area and reasonable progress is being made toward its implementation

and the proposed treatment works will be included in such plan;

(2) that (A) the State in which the project is to be located (i) is implementing any required plan under section 303(e) of this Act and the proposed treatment works are in conformity with such plan, or (ii) is developing such a plan and the proposed treatment works will be in conformity with such plan, and (B) such State is in compliance with section 305(b) of this Act;

(3) that such works have been certified by the appropriate State water pollution control agency as entitled to priority over such other works in the State in accordance with any applicable State plan under section 303(e) of this Act, except that any priority list developed pursuant to section 303(e)(3)(H) may be modified by such State in accordance with regulations promulgated by the Administrator to give higher priority for grants for the Federal share of the cost of preparing construction drawings and specifications for any treatment works utilizing processes and techniques meeting the guidelines promulgated under section 304(d)(3) of this Act for grants for the combined Federal share of the cost of preparing construction drawings and specifications and the building and erection of any treatment works meeting the requirements of the next to the last sentence of section 203(a) of this Act which utilizes processes and techniques meeting the guidelines promulgated under section 304(d)(3) of this Act.[1]

(4) that the applicant proposing to construct such works agrees to pay the non-Federal costs of such works and has made adequate provisions satisfactory to the Administrator for assuring proper and efficient operation, including the employment of trained management and operations personnel, and the maintenance of such works in accordance with a plan of operation approved by the state water pollution control agency or, as appropriate, the interstate agency, after construction thereof;

(5) that the size and capacity of such works relate directly to the needs to be served by such works, including sufficient reserve capacity. The amount of reserve capacity provided shall be approved by the Administrator on the basis of a comparison of the cost of constructing such reserves as a part of the works to be funded and the anticipated cost of providing expanded capacity at a date when such capacity will be required, after taking into account, in accordance with regulations promulgated by the Administrator, efforts to reduce total flow of sewage and unnecessary water consumption. The amount of reserve capacity eligible for a grant under this title shall be determined by the Administrator taking into account the projected population and associated commercial and industrial establishments within the jurisdiction of the applicant to be served by such treatment works as identified in an approved facilities plan, an areawide plan under section 208, or an applicable municipal master plan of development. For the purpose of this paragraph,

[1] So in law. The period should be a semicolon.

section 208, and any such plan, projected population shall be determined on the basis of the latest information available from the United States Department of Commerce or from the States as the Administrator, by regulation, determines appropriate. Beginning October 1, 1984, no grants shall be made under this title to construct that portion of any treatment works providing reserve capacity in excess of existing needs (including existing needs of residential, commercial, industrial, and other users) on the date of approval of a grant for the erection, building, acquisition, alteration, remodeling, improvement, or extension of a project for secondary treatment or more stringent treatment or new interceptors and appurtenances, except that in no event shall reserve capacity of a facility and its related interceptors to which this subsection applies be in excess of existing needs on October 1, 1990. In any case in which an applicant proposes to provide reserve capacity greater than that eligible for Federal financial assistance under this title, the incremental costs of the additional reserve capacity shall be paid by the applicant;

(6) that no specification for bids in connection with such works shall be written in such a manner as to contain proprietary, exclusionary, or discriminatory requirements other than those based upon performance, unless such requirements are necessary to test or demonstrate a specific thing or to provide for necessary interchangeability of parts and equipment. When in the judgment of the grantee, it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a "brand name or equal" description may be used as a means to define the performance or other salient requirements of a procurement, and in doing so the grantee need not establish the existence of any source other than the brand or source so named.

(b)(1) Notwithstanding any other provision of this title, the Administrator shall not approve any grant for any treatment works under section 201(g)(1) after March 1, 1973, unless he shall first have determined that the applicant (A) has adopted or will adopt a system of charges to assure that each recipient of waste treatment services within the applicant's jurisdiction, as determined by the Administrator, will pay its proportionate share (except as otherwise provided in this paragraph) of the costs of operation and maintenance (including replacement) of any waste treatment services provided by the applicant; and (B) has legal, institutional, managerial, and financial capability to insure adequate construction, operation, and maintenance of treatment works throughout the applicant's jurisdiction, as determined by the Administrator. In any case where an applicant which, as of the date of enactment of this sentence, uses a system of dedication ad valorem taxes and the Administrator determines that the applicant has a system of charges which results in the distribution of operation and maintenance costs for treatment works within the applicant's jurisdiction, to each user class, in proportion to the contribution to the total cost of operation and maintenance of such works by each user class (taking into account total waste water loading of such works, the constituent elements of the waste, and other appropriate factors),

and such applicant is otherwise in compliance with clause (A) of this paragraph with respect to each industrial user, then such dedication ad valorem tax system shall be deemed to be the user charge system meeting the requirements of clause (A) of this paragraph for the residential user class and such small non-residential user classes as defined by the Administrator. In defining small non-residential users, the Administrator shall consider the volume of wastes discharged into the treatment works by such users and the constituent elements of such wastes as well as such other factors as he deems appropriate. A system of user charges which imposes a lower charge for low-income residential users (as defined by the Administrator) shall be deemed to be a user charge system meeting the requirements of clause (A) of this paragraph if the Administrator determines that such system was adopted after public notice and hearing.

(2) The Administrator shall, within one hundred and eighty days after the date of enactment of the Federal Water Pollution Control Act Amendments of 1972, and after consultation with appropriate State, interstate, municipal and intermunicipal agencies, issue guidelines applicable to payment of waste treatment costs by industrial and nonindustrial receipts of waste treatment services which shall establish (A) classes of users of such services, including categories of industrial users; (B) criteria against which to determine the adequacy of charges imposed on classes and categories of users reflecting all factors that influence the cost of waste treatment, including strength, volume, and delivery flow rate characteristics of waste; and (C) model systems and rates of user charges typical of various treatment works serving municipal-industrial communities.

(3) Approval by the Administrator of a grant to an interstate agency established by interstate compact for any treatment works shall satisfy any other requirement that such works be authorized by Act of Congress.

(4) A system of charges which meets the requirement of clause (A) of paragraph (1) of this subsection may be based on something other than metering the sewage or water supply flow of residential recipients of waste treatment services, including ad valorem taxes. If the system of charges is based on something other than metering the Administrator shall require (A) the applicant to establish a system by which the necessary funds will be available for the proper operation and maintenance of the treatment works; and (B) the applicant to establish a procedure under which the residential user will be notified as to that portion of his total payment which will be allocated to the costs of the waste treatment services.

(c) The next to the last sentence of paragraph (5) of subsection (a) of this section shall not apply in any case where a primary, secondary, or advanced waste treatment facility or its related interceptors has received a grant for erection, building, acquisition, alteration, remodeling, improvement, or extension before October 1, 1984, and all segments and phases of such facility and interceptors shall be funded based on a 20-year reserve capacity in the case of such facility and a 20-year reserve capacity in the case of such interceptors, except that, if a grant for such interceptors has been approved prior to the date of enactment of the Municipal Waste-

water Treatment Construction Grant Amendments of 1981, such interceptors shall be funded based on the approved reserve capacity not to exceed 40 years.

(d)(1) A grant for the construction of treatment works under this title shall provide that the engineer or engineering firm supervising construction or providing architect engineering services during construction shall continue its relationship to the grant applicant for a period of one year after the completion of construction and initial operation of such treatment works. During such period such engineer or engineering firm shall supervise operation of the treatment works, train operating personnel, and prepare curricula and training material for operating personnel. Costs associated with the implementation of this paragraph shall be eligible for Federal assistance in accordance with this title.

(2) On the date one year after the completion of construction and initial operation of such treatment works, the owner and operator of such treatment works shall certify to the Administrator whether or not such treatment works meet the design specifications and effluent limitations contained in the grant agreement and permit pursuant to section 402 of the Act for such works. If the owner and operator of such treatment works cannot certify that such treatment works meet such design specifications and effluent limitations, any failure to meet such design specifications and effluent limitations shall be corrected in a timely manner, to allow such affirmative certification, at other than Federal expense.

(3) Nothing in this section shall be construed to prohibit a grantee under this title from requiring more assurances, guarantees, or indemnity or other contractual requirements from any party to a contract pertaining to a project assisted under this title, than those provided under this subsection.

(33 U.S.C. 1284)

ALLOTMENT

SEC. 205. (a) Sums authorized to be appropriated pursuant to section 207 for each fiscal year beginning after June 30, 1972, before September 30, 1977, shall be allotted by the Administrator not later than the January 1st immediately preceding the beginning of the fiscal year for which authorized, except that the allotment for fiscal year 1973 shall be made not later than 30 days after the date of enactment of the Federal Water Pollution Control Act Amendments of 1972. Such sums shall be allotted among the States by the Administrator in accordance with regulations promulgated by him, in the ratio that the estimated cost of constructing all needed publicly owned treatment works in each State bears to the estimated cost of construction of all needed publicly owned treatment works in all of the States. For the fiscal years ending June 30, 1973, and June 30, 1974, such ratio shall be determined on the basis of table III of House Public Works Committee Print No. 92–50. For the fiscal year ending June 30, 1975, such ratio shall be determined one-half on the basis of table I of House Public Works Committee Print Numbered 93–28 and one-half on the basis of table II of such print, except that no State shall receive an allotment less than that which it received for the fiscal year ending

June 30, 1972, as set forth in table III of such print. Allotments for fiscal years which begin after the fiscal year ending June 30, 1975 shall be made only in accordance with a revised cost estimate made and submitted to Congress in accordance with section 516 of this Act and only after such revised cost estimate shall have been approved by law specifically enacted hereafter.

(b)(1) Any sums allotted to a State under subsection (a) shall be available for obligation under section 203 on and after the date of such allotment. Such sums shall continue available for obligation in such State for a period of one year after the close of the fiscal year for which such sums are authorized. Any amounts so allotted which are not obligated by the end of such one-year period shall be immediately reallotted by the Administrator, in accordance with regulations promulgated by him, generally on the basis of the ratio used in making the last allotment of sums under this section. Such reallotted sums shall be added to the last allotments made to the States. Any sum made available to a State by reallotment under this subsection shall be in addition to any funds otherwise allotted to such State for grants under this title during any fiscal year.

(2) Any sums which have been obligated under section 203 and which are released by the payment of the final voucher for the project shall be immediately credited to the State to which such sums were last allotted. Such released sums shall be added to the amounts last allotted to such State and shall be immediately available for obligation in the same manner and to the same extent as such last allotment.

(c)(1) Sums authorized to be appropriated pursuant to section 207 for the fiscal years during the period beginning October 1, 1977, and ending September 30, 1981, shall be allotted for each such year by the Administrator not later than the tenth day which begins after the date of enactment of the Clean Water Act of 1977. Not-withstanding any other provision of law, sums authorized for the fiscal years ending September 30, 1978, September 30, 1979, September 30, 1980, and September 30, 1981, shall be allotted in accordance with table 3 of Committee Print Numbered 95–30 of the Committee on Public Works and Transportation of the House of Representatives.

(2) Sums authorized to be appropriated pursuant to section 207 for the fiscal years 1982, 1983, 1984, and 1985 shall be allotted for each such year by the Administrator not later than the tenth day which begins after the date of enactment of the Municipal Wastewater Treatment Construction Grant Amendments of 1981. Notwithstanding any other provision of law, sums authorized for the fiscal year ending September 30, 1982, shall be allotted in accordance with table 3 of Committee Print Numbered 95–30 of the Committee on Public Works and Transportation of the House of Representatives. Sums authorized for the fiscal years ending September 30, 1983, September 30, 1984, September 30, 1985, and September 30, 1986, shall be allotted in accordance with the following table:

	Fiscal years 1983 through 1985 [1]
States:	
Alabama	.011398
Alaska	.006101
Arizona	.006885
Arkansas	.006668
California	.072901
Colorado	.008154
Connecticut	.012487
Delaware	.004965
District of Columbia	.004965
Florida	.034407
Georgia	.017234
Hawaii	.007895
Idaho	.004965
Illinois	.046101
Indiana	.024566
Iowa	.013796
Kansas	.009201
Kentucky	.012973
Louisiana	.011205
Maine	.007788
Maryland	.024653
Massachusetts	.034608
Michigan	.043829
Minnesota	.018735
Mississippi	.009184
Missouri	.028257
Montana	.004965
Nebraska	.005214
Nevada	.004965
New Hampshire	.010186
New Jersey	.041654
New Mexico	.004965
New York	.113097
North Carolina	.018396
North Dakota	.004965
Ohio	.057383
Oklahoma	.008235
Oregon	.011515
Pennsylvania	.040377
Rhode Island	.006750
South Carolina	.010442
South Dakota	.004965
Tennessee	.014807
Texas	.038726
Utah	.005371
Vermont	.004965
Virginia	.020861
Washington	.017726
West Virginia	.015890
Wisconsin	.027557
Wyoming	.004965
Samoa	.000915
Guam	.000662
Northern Marianas	.000425
Puerto Rico	.013295
Pacific Trust Territories	.001305
Virgin Islands	.000531
United States totals	.999996

[1] So in original. Probably should be "1986".

(3) FISCAL YEARS 1987–1990.—Sums authorized to be appropriated pursuant to section 207 for the fiscal years 1987, 1988, 1989, and 1990 shall be allotted for each such year by the Administrator not later than the 10th day which begins after the

date of the enactment of this paragraph. Sums authorized for such fiscal years shall be allotted in accordance with the following table:

States:	
Alabama	.011309
Alaska	.006053
Arizona	.006831
Arkansas	.006616
California	.072333
Colorado	.008090
Connecticut	.012390
Delaware	.004965
District of Columbia	.004965
Florida	.034139
Georgia	.017100
Hawaii	.007833
Idaho	.004965
Illinois	.045741
Indiana	.024374
Iowa	.013688
Kansas	.009129
Kentucky	.012872
Louisiana	.011118
Maine	.007829
Maryland	.024461
Massachusetts	.034338
Michigan	.043487
Minnesota	.018589
Mississippi	.009112
Missouri	.028037
Montana	.004965
Nebraska	.005173
Nevada	.004965
New Hampshire	.010107
New Jersey	.041329
New Mexico	.004965
New York	.111632
North Carolina	.018253
North Dakota	.004965
Ohio	.056936
Oklahoma	.008171
Oregon	.011425
Pennsylvania	.040062
Rhode Island	.006791
South Carolina	.010361
South Dakota	.004965
Tennessee	.014692
Texas	.046226
Utah	.005329
Vermont	.004965
Virginia	.020698
Washington	.017588
West Virginia	.015766
Wisconsin	.027342
Wyoming	.004965
American Samoa	.000908
Guam	.000657
Northern Marianas	.000422
Puerto Rico	.013191
Pacific Trust Territories	.001295
Virgin Islands	.000527

(d) Sums allotted to the States for a fiscal year shall remain available for obligation for the fiscal year for which authorized and for the period of the next succeeding twelve months. The amount of any allotment not obligated by the end of such twenty-four-

month period shall be immediately reallotted by the Administrator on the basis of the same ratio as applicable to sums allotted for the then current fiscal year, except that none of the funds reallotted by the Administrator for fiscal year 1978 and for fiscal years thereafter shall be allotted to any State which failed to obligate any of the funds being reallotted. Any sum made available to a State by reallotment under this subsection shall be in addition to any funds otherwise allotted to such State for grants under this title during any fiscal year.

(e) For the fiscal years 1978, 1979, 1980, 1981, 1982, 1983, 1984, 1985, 1986, 1987, 1988, 1989, and 1990, no State shall receive less than one-half of 1 per centum of the total allotment under subsection (c) of this section, except that in the case of Guam, Virgin Islands, American Samoa, and the Trust Territories not more than thirty-three one-hundredths of 1 per centum in the aggregate shall be allotted to all four for these jurisdictions. For the purpose of carrying out this subsection there are authorized to be appropriated, subject to such amounts as are provided in appropriation Acts, not to exceed $75,000,000 for each fiscal years 1978, 1979, 1980, 1981, 1982, 1983, 1984, 1985, 1986, 1987, 1988, 1989, and 1990. If for any fiscal year the amount appropriated under authority of this subsection is less than the amount necessary to carry out this subsection, the amount each State receives under this subsection for such year shall be the same ratio for the amount such State would have received under this subsection in such year if the amount necessary to carry it out had been appropriated as the amount appropriated for such year bears to the amount necessary to carry out this subsection for such year.

(f) Notwithstanding any other provision of this section, sums made available between January 1, 1975, and March 1, 1975, by the Administrator for obligation shall be available for obligation until September 30, 1978.

(g)(1) The Administrator is authorized to reserve each fiscal year not to exceed 2 per centum of the amount authorized under section 207 of this title for purposes of the allotment made to each State under this section on or after October 1, 1977, except in the case of any fiscal year beginning on or after October 1, 1981, and ending before October 1, 1994, in which case the percentage authorized to be reserved shall not exceed 4 per centum.[1] or $400,000 whichever amount is the greater. Sums so reserved shall be available for making grants to such State under paragraph (2) of this subsection for the same period as sums are available from such allotment under subsection (d) of this section, and any such grant shall be available for obligation only during such period. Any grant made from sums reserved under this subsection which has not been obligated by the end of the period for which available shall be added to the amount last allotted to such State under this section and shall be immediately available for obligation in the same manner and to the same extent as such last allotment. Sums authorized to be reserved by this paragraph shall be in addition to and

[1] P.L. 97–117 added this phrase with a period at the end; probably should be a comma.

not in lieu of any other funds which may be authorized to carry out this subsection.

(2) The Administrator is authorized to grant to any State from amounts reserved to such State under this subsection, the reasonable costs of administering any aspects of sections 201, 203, 204, and 212 of this Act the responsibility for administration of which the Administrator has delegated to such State. The Administrator may increase such grant to take into account the reasonable costs of administering an approved program under section 402 or 404, administering a statewide waste treatment management planning program under section 208(b)(4), and managing waste treatment construction grants for small communities.

(h) The Administrator shall set aside from funds authorized for each fiscal year beginning on or after October 1, 1978, a total (as determined by the Governor of the State) of not less than 4 percent nor more than 7½ percent of the sums allotted to any State with a rural population of 25 per centum or more of the total population of such State, as determined by the Bureau of the Census. The Administrator may set aside no more than 7½ percent of the sums allotted to any other State for which the Governor requests such action. Such sums shall be available only for alternatives to conventional sewage treatment works for municipalities having a population of three thousand five hundred or less, or for the highly dispersed sections of larger municipalities, as defined by the Administrator.

(i) SET-ASIDE FOR INNOVATIVE AND ALTERNATIVE PROJECTS.—Not less than ½ of 1 percent of funds allotted to a State for each of the fiscal years ending September 30, 1979, through September 30, 1990, under subsection (c) of this section shall be expended only for increasing the Federal share of grants for construction of treatment works utilizing innovative processes and techniques pursuant to section 202(a)(2) of this Act. Including the expenditures authorized by the preceding sentence, a total of 2 percent of the funds allotted to a State for each of the fiscal years ending September 30, 1979, and September 30, 1980, and 3 percent of the funds allotted to a State for the fiscal year ending September 30, 1981, under subsection (c) of this section shall be expended only for increasing grants for construction of treatment works pursuant to section 202(a)(2) of this Act. Including the expenditures authorized by the first sentence of this subsection, a total (as determined by the Governor of the State) of not less than 4 percent nor more than 7½ percent of the funds allotted to such State under subsection (c) of this section for each of the fiscal years ending September 30, 1982, through September 30, 1990, shall be expended only for increasing the Federal share of grants for construction of treatment works pursuant to section 202(a)(2) of this Act.

(j)(1) The Administrator shall reserve each fiscal year not to exceed 1 per centum of the sums allotted and available for obligation to each State under this section for each fiscal year beginning on or after October 1, 1981, or $100,000, whichever amount is the greater.

(2) Such sums shall be used by the Administrator to make grants to the States to carry out water quality management planning, including, but not limited to—

(A) identifying most cost effective and locally acceptable facility and non-point measures to meet and maintain water quality standards;

(B) developing an implementation plan to obtain State and local financial and regulatory commitments to implement measures developed under subparagraph (A);

(C) determining the nature, extent, and causes of water quality problems in various areas of the State and interstate region, and reporting on these annually; and

(D) determining those publicly owned treatment works which should be constructed with assistance under this title, in which areas and in what sequence, taking into account the relative degree of effluent reduction attained, the relative contributions to water quality of other point or nonpoint sources, and the consideration of alternatives to such construction, and implementing section 303(e) of this Act.

(3) In carrying out planning with grants made under paragraph (2) of this subsection, a State shall develop jointly with local, regional, and interstate entities, a plan for carrying out the program and give funding priority to such entities and designated or undesignated public comprehensive planning organizations to carry out the purposes of this subsection. In giving such priority, the State shall allocate at least 40 percent of the amount granted to such State for a fiscal year under paragraph (2) of this subsection to regional public comprehensive planning organizations in such State and appropriate interstate organizations for the development and implementation of the plan described in this paragraph. In any fiscal year for which the Governor, in consultation with such organizations and with the approval of the Administrator, determines that allocation of at least 40 percent of such amount to such organizations will not result in significant participation by such organizations in water quality management planning and not significantly assist in development and implementation of the plan described in this paragraph and achieving the goals of this Act, the allocation to such organization may be less than 40 percent of such amount.

(4) All activities undertaken under this subsection shall be in coordination with other related provisions of this Act.

(5) NONPOINT SOURCE RESERVATION.—In addition to the sums reserved under paragraph (1), the Administrator shall reserve each fiscal year for each State 1 percent of the sums allotted and available for obligation to such State under this section for each fiscal year beginning on or after October 1, 1986, or $100,000, whichever is greater, for the purpose of carrying out section 319 of this Act. Sums so reserved in a State in any fiscal year for which such State does not request the use of such sums, to the extent such sums exceed $100,000, may be used by such State for other purposes under this title.

(k) The Administrator shall allot to the State of New York from sums authorized to be appropriated for the fiscal year ending September 30, 1982, an amount necessary to pay the entire cost of conveying sewage from the Convention Center of the City of New York to the Newtown sewage treatment plant, Brooklyn-Queens area, New York. The amount allotted under this subsection shall be in

addition to and not in lieu of any other amounts authorized to be allotted to such State under this Act.

(l) MARINE ESTUARY RESERVATION.—

(1) RESERVATION OF FUNDS.—

(A) GENERAL RULE.—Prior to making allotments among the States under subsection (c) of this section, the Administrator shall reserve funds from sums appropriated pursuant to section 207 for each fiscal year beginning after September 30, 1986.

(B) FISCAL YEARS 1987 AND 1988.—For each of fiscal years 1987 and 1988 the reservation shall be 1 percent of the sums appropriated pursuant to section 207 for such fiscal year.

(C) FISCAL YEARS 1989 AND 1990.—For each of fiscal years 1989 and 1990 the reservation shall be 1½ percent of the funds appropriated pursuant to section 207 for such fiscal year.

(2) USE OF FUNDS.—Of the sums reserved under this subsection, two-thirds shall be available to address water quality problems of marine bays and estuaries subject to lower levels of water quality due to the impacts of discharges from combined storm water and sanitary sewer overflows from adjacent urban complexes, and one-third shall be available for the implementation of section 320 of this Act, relating to the national estuary program.

(3) PERIOD OF AVAILABILITY.—Sums reserved under this subsection shall be subject to the period of availability for obligation established by subsection (d) of this section.

(4) TREATMENT OF CERTAIN BODY OF WATER.—For purposes of this section and section 201(n), Newark Bay, New Jersey, and the portion of the Passaic River up to Little Falls, in the vicinity of Beatties Dam, shall be treated as a marine bay and estuary.

(m) DISCRETIONARY DEPOSITS INTO STATE WATER POLLUTION CONTROL REVOLVING FUNDS.—

(1) FROM CONSTRUCTION GRANT ALLOTMENTS.—In addition to any amounts deposited in a water pollution control revolving fund established by a State under title VI, upon request of the Governor of such State, the Administrator shall make available to the State for deposit, as capitalization grants, in such fund in any fiscal year beginning after September 30, 1986, such portion of the amounts allotted to such State under this section for such fiscal year as the Governor considers appropriate; except that (A) in fiscal year 1987 such deposit may not exceed 50 percent of the amounts allotted to such State under this section for such fiscal year, and (B) in fiscal year 1988, such deposit may not exceed 75 percent of the amounts allotted to such State under this section for this [1] fiscal year.

(2) NOTICE REQUIREMENT.—The Governor of a State may make a request under paragraph (1) for a deposit into the water pollution control revolving fund of such State—

[1] So in original. Probably should be "such".

(A) in fiscal year 1987 only if no later than 90 days after the date of the enactment of this subsection, and

(B) in each fiscal year thereafter only if 90 days before the first day of such fiscal year,

the State provides notice of its intent to make such deposit.

(3) EXCEPTION.—Sums reserved under section 205(j) of this Act shall not be available for obligation under this subsection.

(33 U.S.C. 1285)

REIMBURSEMENT AND ADVANCED CONSTRUCTION

SEC. 206. (a) Any publicly owned treatment works in a State on which construction was initiated after June 30, 1966, but before July 1, 1973, which was approved by the appropriate State water pollution control agency and which the Administrator finds meets the requirements of section 8 of this Act in effect at the time of the initiation of construction shall be reimbursed a total amount equal to the difference between the amount of Federal financial assistance, if any, received under such section 8 for such project and 50 per centum of the cost of such project, or 55 per centum of the project cost where the Administrator also determines that such treatment works was constructed in conformity with a comprehensive metropolitan treatment plan as described in section 8(f) of the Federal Water Pollution Control Act as in effect immediately prior to the date of enactment of the Federal Water Pollution Control Act Amendments of 1972. Nothing in this subsection shall result in any such works receiving Federal grants from all sources in excess of 80 per centum of the cost of such project.

(b) Any publicly owned treatment works constructed with or eligible for Federal financial assistance under this Act in a State between June 30, 1956, and June 30, 1966, which was approved by the State water pollution control agency and which the Administrator finds meets the requirements of section 8 of this Act prior to the date of enactment of the Federal Water Pollution Control Act Amendments of 1972 but which was constructed without assistance under such section 8 or which received such assistance in an amount less than 30 per centum of the cost of such project shall qualify for payments and reimbursement of State or local funds used for such project from sums allocated to such State under this section in an amount which shall not exceed the difference between the amount of such assistance, if any, received for such project and 30 per centum of the cost of such project.

(c) No publicly owned treatment works shall receive any payment or reimbursement under subsection (a) or (b) of this section unless an application for such assistance is filed with the Administrator within the one year period which begins on the date of enactment of the Federal Water Pollution Control Act Amendments of 1972. Any application filed within such one year period may be revised from time to time, as may be necessary.

(d) The Administrator shall allocate to each qualified project under subsection (a) of this section each fiscal year for which funds are appropriated under subsection (e) of this section an amount which bears the same ratio to the unpaid balance of the reimbursement due such project as the total of such funds for such year

bears to the total unpaid balance of reimbursement due all such approved projects on the date of enactment of such appropriation. The Administrator shall allocate to each qualified project under subsection (b) of this section each fiscal year for which funds are appropriated under subsection (e) of this section an amount which bears the same ratio to the unpaid balance of the reimbursement due such project as the total of such funds for such year bears to the total unpaid balance of reimbursement due all such approved projects on the date of enactment of such appropriation.

(e) There is authorized to be appropriated to carry out subsection (a) of this section not to exceed $2,600,000,000 and, to carry out subsection (b) of this section, not to exceed $750,000,000. The authorizations contained in this subsection shall be the sole source of funds for reimbursements authorized by this section.

(f)(1) In any case where a substantial portion of the funds allotted to a State for the current fiscal year under this title have been obligated under section 201(g), or will be so obligated in a timely manner (as determined by the Administrator), and there is construction of any treatment work project without the aid of Federal funds and in accordance with all procedures and all requirements applicable to treatment works projects, except those procedures and requirements which limit construction of projects to those constructed with the aid of previously allotted Federal funds, the Administrator, upon his approval of an application made under this subsection therefore, is authorized to pay the Federal share of the cost of construction of such project when additional funds are allotted to the State under this title if prior to the construction of the project the Administrator approves plans, specifications, and estimates therefor in the same manner as other treatment works projects. The Administrator may not approve an application under this subsection unless an authorization is in effect for the first fiscal year in the period for which the application requests payment and such requested payment for that fiscal year does not exceed the State's expected allotment from such authorization. The Administrator shall not be required to make such requested payment for any fiscal year—

(A) to the extent that such payment would exceed such State's allotment of the amount appropriated for such fiscal year; and

(B) unless such payment is for a project which, on the basis of an approved funding priority list of such State, is eligible to receive such payment based on the allotment and appropriation for such fiscal year.

To the extent that sufficient funds are not appropriated to pay the full Federal share with respect to a project for which obligations under the provisions of this subsection have been made, the Administrator shall reduce the Federal share to such amount less than 75 per centum as such appropriations do provide.

(2) In determining the allotment for any fiscal year under this title, any treatment works project constructed in accordance with this section and without the aid of Federal funds shall not be considered completed until an application under the provisions of this subsection with respect to such project has been approved by the

Administrator, or the availability of funds from which this project is eligible for reimbursement has expired, whichever first occurs.

(33 U.S.C. 1286)

AUTHORIZATION

SEC. 207. There is authorized to be appropriated to carry out this title, other than sections 206(e), 208 and 209, for the fiscal year ending June 30, 1973, not to exceed $5,000,000,000, for the fiscal year ending June 30, 1974, not to exceed $6,000,000,000, and for the fiscal year ending June 30, 1975, not to exceed $7,000,000,000, and, subject to such amounts as are provided in appropriation Acts for the fiscal year ending September 30, 1977, $1,000,000,000 for the fiscal year ending September 30, 1978, $4,500,000,000 and for the fiscal years ending September 30, 1979, September 30, 1980, not to exceed $5,000,000,000; for the fiscal year ending September 30, 1981, not to exceed $2,548,837,000; and for the fiscal years ending September 30, 1982, September 30, 1983, September 30, 1984, and September 30, 1985, not to exceed $2,400,000,000 per fiscal year; and for each of the fiscal years ending September 30, 1986, September 30, 1987, and September 30, 1988, not to exceed $2,400,000,000; and for each of the fiscal years ending September 30, 1989, and September 30, 1990, not to exceed $1,200,000,000.

(33 U.S.C. 1287)

AREAWIDE WASTE TREATMENT MANAGEMENT

SEC. 208. (a) For the purpose of encouraging and facilitating the development and implementation of areawide waste treatment management plans—

(1) The Administrator, within ninety days after the date of enactment of this Act and after consultation with appropriate Federal, State, and local authorities, shall by regulation publish guidelines for the identification of those areas which, as a result of urban-industrial concentrations or other factors, have substantial water quality control problems.

(2) The Governor of each State, within sixty days after publication of the guidelines issued pursuant to paragraph (1) of this subsection, shall identify each area within the State which, as a result of urban-industrial concentrations or other factors, has substantial water quality control problems. Not later than one hundred and twenty days following such identification and after consultation with appropriate elected and other officials of local governments having jurisdiction in such areas, the Governor shall designate (A) the boundaries of each such area, and (B) a single representative organization, including elected officials from local governments or their designees, capable of developing effective areawide waste treatment management plans for such an area. The Governor may in the same manner at any later time identify any additional area (or modify an existing area) for which he determines areawide waste treatment management to be appropriate, designate the boundaries of such area, and designate an organization capable

of developing effective areawide waste treatment management plans for such area.

(3) With respect to any area which, pursuant to the guidelines published under paragraph (1) of this subsection, is located in two or more States, the Governors of the respective States shall consult and cooperate in carrying out the provisions of paragraph (2), with a view toward designating the boundaries of the interstate area having common water quality control problems and for which areawide waste treatment management plans would be most effective, and toward designating, within one hundred and eighty days after publication of guidelines issued pursuant to paragraph (1) of this subsection, of a single representative organization capable of developing effective areawide waste treatment management plans for such area.

(4) If a Governor does not act, either by designating or determining not to make a designation under paragraph (2) of this subsection, within the time required by such paragraph, or if, in the case of an interstate area, the Governors of the States involved do not designate a planning organization within the time required by paragraph (3) of this subsection, the chief elected officials of local governments within an area may by agreement designate (A) the boundaries for such an area, and (B) a single representative organization including elected officials from such local governments, or their designees, capable of developing an areawide waste treatment management plan for such area.

(5) Existing regional agencies may be designated under paragraphs (2), (3), and (4) of this subsection.

(6) The State shall act as a planning agency for all portions of such State which are not designated under paragraphs (2), (3), or (4) of this subsection.

(7) Designations under this subsection shall be subject to the approval of the Administrator.

(b)(1)(A) Not later than one year after the date of designation of any organization under subsection (a) of this section such organization shall have in operation a continuing areawide waste treatment management planning process consistent with section 201 of this Act. Plans prepared in accordance with this process shall contain alternatives for waste treatment management, and be applicable to all wastes generated within the area involved. The initial plan prepared in accordance with such process shall be certified by the Governor and submitted to the Administrator not later than two years after the planning process is in operation.

(B) For any agency designated after 1975 under subsection (a) of this section and for all portions of a State for which the State is required to act as the planning agency in accordance with subsection (a)(6), the initial plan prepared in accordance with such process shall be certified by the Governor and submitted to the Administrator not later than three years after the receipt of the initial grant award authorized under subsection (f) of this section.

(2) Any plan prepared under such process shall include, but not be limited to—

(A) the identification of treatment works necessary to meet the anticipated municipal and industrial waste treatment needs of the area over a twenty-year period, annually updated (including an analysis of alternative waste treatment systems), including any requirements for the acquisition of land for treatment purposes; the necessary waste water collection and urban storm water runoff systems; and a program to provide the necessary financial arrangements for the development of such treatment works, and an identification of open space and recreation opportunities that can be expected to result from improved water quality, including consideration of potential use of lands associated with treatment works and increased access to water-based recreation;

(B) the establishment of construction priorities for such treatment works and time schedules for the initiation and completion of all treatment works;

(C) the establishment of a regulatory program to—

(i) implement the waste treatment management requirements of section 201(c),

(ii) regulate the location, modification, and construction of any facilities within such area which may result in any discharge in such area, and

(iii) assure that any industrial or commercial waste discharged into any treatment works in such area meet applicable pretreatment requirements;

(D) the identification of those agencies necessary to construct, operate, and maintain all facilities required by the plan and otherwise to carry out the plan;

(E) the identification of the measures necessary to carry out the plan (including financing), the period of time necessary to carry out the plan, the costs of carrying out the plan within such time, and the economic, social, and environmental impact of carrying out the plan within such time;

(F) a process to (i) identify, if appropriate, agriculturally and silviculturally related nonpoint sources of pollution, including return flows from irrigated agriculture, and their cumulative effects, runoff from manure disposal areas, and from land used for livestock and crop production, and (ii) set forth procedures and methods (including land use requirements) to control to the extent feasible such sources;

(G) a process of (i) identify, if appropriate, mine-related sources of pollution including new, current, and abandoned surface and underground mine runoff, and (ii) set forth procedures and methods (including land use requirements) to control to the extent feasible such sources;

(H) a process to (i) identify construction activity related sources of pollution, and (ii) set forth procedures and methods (including land use requirements) to control to the extent feasible such sources;

(I) a process to (i) identify, if appropriate, salt water intrusion into rivers, lakes, and estuaries resulting from reduction of fresh water flow from any cause, including irrigation, obstruction, ground water extraction, and diversion, and (ii) set forth procedures and methods to control such intrusion to the

extent feasible where such procedures and methods are otherwise a part of the waste treatment management plan;

(J) a process to control the disposition of all residual waste generated in such area which could affect water quality; and

(K) a process to control the disposal of pollutants on land or in subsurface excavations within such area to protect ground and surface water quality.

(3) Areawide waste treatment management plans shall be certified annually by the Governor or his designee (or Governors or their designees, where more than one State is involved) as being consistent with applicable basin plans and such areawide waste treatment management plans shall be submitted to the Administrator for his approval.

(4)(A) Whenever the Governor of any State determines (and notifies the Administrator) that consistency with a statewide regulatory program under section 303 so requires, the requirements of clauses (F) through (K) of paragraph (2) of this subsection shall be developed and submitted by the Governor to the Administrator for approval for application to a class or category of activity throughout such State.

(B) Any program submitted under subparagraph (A) of this paragraph which, in whole or in part, is to control the discharge or other placement of dredged or fill material into the navigable waters shall include the following:

(i) A consultation process which includes the State agency with primary jurisdiction over fish and wildlife resources.

(ii) A process to identify and manage the discharge or other placement of dredged or fill material which adversely affects navigable waters, which shall complement and be coordinated with a State program under section 404 conducted pursuant to this Act.

(iii) A process to assure that any activity conducted pursuant to a best management practice will comply with the guidelines established under section 404(b)(1), and sections 307 and 403 of this Act.

(iv) A process to assure that any activity conducted pursuant to a best management practice can be terminated or modified for cause including, but not limited to, the following:

(I) violation of any condition of the best management practice;

(II) change in any activity that requires either a temporary or permanent reduction or elimination of the discharge pursuant to the best management practice.

(v) A process to assure continued coordination with Federal and Federal-State water-related planning and reviewing processes, including the National Wetlands Inventory.

(C) If the Governor of a State obtains approval from the Administrator of a statewide regulatory program which meets the requirements of subparagraph (B) of this paragraph and if such State is administering a permit program under section 404 of this Act, no person shall be required to obtain an individual permit pursuant to such section, or to comply with a general permit issued pursuant to such section, with respect to any appropriate activity within such State for which a best management practice has been ap-

proved by the Administrator under the program approved by the Administrator pursuant to this paragraph.

(D)(i) Whenever the Administrator determines after public hearing that a State is not administering a program approved under this section in accordance with the requirements of this section, the Administrator shall so notify the State, and if appropriate corrective action is not taken within a reasonable time, not to exceed ninety days, the Administrator shall withdraw approval of such program. The Administrator shall not withdraw approval of any such program unless he shall first have notified the State, and made public, in writing, the reasons for such withdrawal.

(ii) In the case of a State with a program submitted and approved under this paragraph, the Administrator shall withdraw approval of such program under this subparagraph only for a substantial failure of the State to administer its program in accordance with the requirements of this paragraph.

(c)(1) The Governor of each State, in consultation with the planning agency designated under subsection (a) of this section, at the time a plan is submitted to the Administrator, shall designate one or more waste treatment management agencies (which may be an existing or newly created local, regional or State agency or potential subdivision) for each area designated under subsection (a) of this section and submit such designations to the Administrator.

(2) The Administrator shall accept any such designation, unless, within 120 days of such designation, he finds that the designated management agency (or agencies) does not have adequate authority—

(A) to carry out appropriate portions of an areawide waste treatment management plan developed under subsection (b) of this section;

(B) to manage effectively waste treatment works and related facilities serving such area in conformance with any plan required by subsection (b) of this section;

(C) directly or by contract, to design and construct new works, and to operate and maintain new and existing works as required by any plan developed pursuant to subsection (b) of this section;

(D) to accept and utilize grants, or other funds from any source, for waste treatment management purposes;

(E) to raise revenues, including the assessment of waste treatment charges;

(F) to incur short- and long-term indebtedness;

(G) to assure in implementation of an areawide waste treatment management plan that each participating community pays its proportionate share of treatment costs;

(H) to refuse to receive any wastes from any municipality or subdivision thereof, which does not comply with any provisions of an approved plan under this section applicable to such area; and

(I) to accept for treatment industrial wastes.

(d) After a waste treatment management agency having the authority required by subsection (c) has been designated under such subsection for an area and a plan for such area has been approved under subsection (b) of this section, the Administrator shall

not make any grant for construction of a publicy owned treatment works under section 201(g)(1) within such area except to such designated agency and for works in conformity with such plan.

(e) No permit under section 402 of this Act shall be issued for any point source which is in conflict with a plan approved pursuant to subsection (b) of this section.

(f)(1) The Administrator shall make grants to any agency designated under subsection (a) of this section for payment of the reasonable costs of developing and operating a continuing areawide waste treatment management planning process under subsection (b) of this section.

(2) For the two-year period beginning on the date of the first grant is made under paragraph (1) of this subsection to an agency, if such first grant is made before October 1, 1977, the amount of each such grant to such agency shall be 100 per centum of the costs of developing and operating a continuing areawide waste treatment management planning process under subsection (b) of this section, and thereafter the amount granted to such agency shall not exceed 75 per centum of such costs in each succeeding one-year period. In the case of any other grant made to an agency under such paragraph (1) of this subsection, the amount of such grant shall not exceed 75 per centum of the costs of developing and operating a continuing areawide waste treatment management planning process in any year.

(3) Each applicant for a grant under this subsection shall submit to the Administrator for his approval each proposal for which a grant is applied for under this subsection. The Administrator shall act upon such proposal as soon as practicable after it has been submitted, and his approval of that proposal shall be deemed a contractual obligation of the United States for the payment of its contribution to such proposal, subject to such amounts as are provided in appropriation Acts. There is authorized to be appropriated to carry out this subsection not to exceed $50,000,000 for the fiscal year ending June 30, 1973, not to exceed $100,000,000 for the fiscal year ending June 30, 1974, not to exceed $150,000,000 per fiscal year for the fiscal years ending June 30, 1975, September 30, 1977, September 30, 1978, September 30, 1979, and September 30, 1980, not to exceed $100,000,000 per fiscal year for the fiscal years ending September 30, 1981, and September 30, 1982, and such sums as may be necessary for fiscal years 1983 through 1990.

(g) The Administrator is authorized, upon request of the Governor or the designated planning agency, and without reimbursement, to consult with, and provide technical assistance to, any agency designated under subsection (a) of this section in the development of areawide waste treatment management plans under subsection (b) of this section.

(h)(1) The Secretary of the Army, acting through the Chief of Engineers, in cooperation with the Administrator is authorized and directed, upon request of the Governor or the designated planning organization, to consult with, and provide technical assistance to, any agency designied[1] under subsection (a) of this section in devel-

[1] So in original. Probably should be "designated".

oping and operating a continuing areawide waste treatment management planning process under subsection (b) of this section.

(2) There is authorized to be appropriated to the Secretary of the Army, to carry out this subsection, not to exceed $50,000,000 per fiscal year for the fiscal years ending June 30, 1973, and June 30, 1974.

(i)(1) The Secretary of the Interior, acting through the Director of the United States Fish and Wildlife Service, shall, upon request of the Governor of a State, and without reimbursement, provide technical assistance to such State in developing a statewide program for submission to the Administrator under subsection (b)(4)(B) of this section and in implementing such program after its approval.

(2) There is authorized to be appropriated to the Secretary of the Interior $6,000,000 to complete the National Wetlands Inventory of the United States, by December 31, 1981, and to provide information from such Inventory to States as it becomes available to assist such States in the development and operation of programs under this Act.

(j)(1) The Secretary of Agriculture, with the concurrence of the Administrator, and acting through the Soil Conservation Service and such other agencies of the Department of Agriculture as the Secretary may designate, is authorized and directed to establish and administer a program to enter into contracts, subject to such amounts as are provided in advance by appropriation acts, of not less than five years nor more than ten years with owners and operators having control of rural land for the purpose of installing and maintaining measures incorporating best management practices to control nonpoint source pollution for improved water quality in those States or areas for which the Administrator has approved a plan under subsection (b) of this section where the practices to which the contracts apply are certified by the management agency designated under subsection (c)(1) of this section to be consistent with such plans and will result in improved water quality. Such contracts may be entered into during the period ending not later than September 31, 1988. Under such contracts the land owners or operator shall agree—

(i) to effectuate a plan approved by a soil conservation district, where one exists, under this section for his farm, ranch, or other land substantially in accordance with the schedule outlined therein unless any requirement thereof is waived or modified by the Secretary;

(ii) to forfeit all rights to further payments or grants under the contract and refund to the United States all payments and grants received thereunder, with interest, upon his violation of the contract at any stage during the time he has control of the land if the Secretary, after considering the recommendations of the soil conservation district, where one exists, and the Administrator, determines that such violation is of such a nature as to warrant termination of the contract, or to make refunds or accept such payment adjustments as the Secretary may deem appropriate if he determines that the violation by the owner or operator does not warrant termination of the contract;

(iii) upon transfer of his right and interest in the farm, ranch, or other land during the contract period to forfeit all rights to further payments or grants under the contract and refund to the United States all payments or grants received thereunder, with interest, unless the transferee of any such land agrees with the Secretary to assume all obligations of the contract;

(iv) not to adopt any practice specified by the Secretary on the advice of the Administrator in the contract as a practice which would tend to defeat the purposes of the contract;

(v) to such additional provisions as the Secretary determines are desirable and includes in the contract to effectuate the purposes of the program or to facilitate the practical administration of the program.

(2) In return for such agreement by the landowner or operator the Secretary shall agree to provide technical assistance and share the cost of carrying out those conservation practices and measures set forth in the contract for which he determines that cost sharing is appropriate and in the public interest and which are approved for cost sharing by the agency designated to implement the plan developed under subsection (b) of this section. The portion of such cost (including labor) to be shared shall be that part which the Secretary determines is necessary and appropriate to effectuate the installation of the water quality management practices and measures under the contract, but not to exceed 50 per centum of the total cost of the measures set forth in the contract; except the Secretary may increase the matching cost share where he determines that (1) the main benefits to be derived from the measures are related to improving offsite water quality, and (2) the matching share requirement would place a burden on the landowner which would probably prevent him from participating in the program.

(3) The Secretary may terminate any contract with a landowner or operator by mutual agreement with the owner or operator if the Secretary determines that such termination would be in the public interest, and may agree to such modification of contracts previously entered into as he may determine to be desirable to carry out the purposes of the program or facilitate the practical administration thereof or to accomplish equitable treatment with respect to other conservation, land use, or water quality programs.

(4) In providing assistance under this subsection the Secretary will give priority to those areas and sources that have the most significant effect upon water quality. Additional investigations or plans may be made, where necessary, to supplement approved water quality management plans, in order to determine priorities.

(5) The Secretary shall, where practicable, enter into agreements with soil conservation districts, State soil and water conservation agencies, or State water quality agencies to administer all or part of the program established in this subsection under regulations developed by the Secretary. Such agreements shall provide for the submission of such reports as the Secretary deems necessary, and for payment by the United States of such portion of the costs incurred in the administration of the program as the Secretary may deem appropriate.

(6) The contracts under this subsection shall be entered into only in areas where the management agency designated under subsection (c)(1) of this section assures an adequate level of participation by owners and operators having control of rural land in such areas. Within such areas the local soil conservation district, where one exists, together with the Secretary of Agriculture, will determine the priority of assistance among individual land owners and operators to assure that the most critical water quality problems are addressed.

(7) The Secretary, in consultation with the Administrator and subject to section 304(k) of this Act, shall, not later than September 30, 1978, promulgate regulations for carrying out this subsection and for support and cooperation with other Federal and non-Federal agencies for implementation of this subsection.

(8) This program shall not be used to authorize or finance projects that would otherwise be eligible for assistance under the terms of Public Law 83–566.

(9) There are hereby authorized to be appropriated to the Secretary of Agriculture $200,000,000 for fiscal year 1979, $400,000,000 for fiscal year 1980, $100,000,000 for fiscal year 1981, $100,000,000 for fiscal year 1982, and such sums as may be necessary for fiscal years 1983 through 1990, to carry out this subsection. The program authorized under this subsection shall be in addition to, and not in substitution of, other programs in such area authorized by this or any other public law.

(33 U.S.C. 1288)

BASIN PLANNING

SEC. 209. (a) The President, acting through the Water Resources Council, shall, as soon as practicable, prepare a Level B plan under the Water Resource Planning Act for all basins in the United States. All such plans shall be completed not later than January 1, 1980, except that priority in the preparation of such plans shall be given to those basins and portions thereof which are within those areas designated under paragraphs (2), (3), and (4) of subsection (a) of section 208 of this Act.

(b) The President, acting through the Water Resources Council, shall report annually to Congress on progress being made in carrying out this section. The first such report shall be submitted not later than January 31, 1973.

(c) There is authorized to be appropriated to carry out this section not to exceed $200,000,000.

(33 U.S.C. 1289)

ANNUAL SURVEY

SEC. 210. The Administrator shall annually make a survey to determine the efficiency of the operation and maintenance of treatment works constructed with grants made under this Act, as compared to the efficiency planned at the time the grant was made. The results of such annual survey shall be reported to Congress not later than 90 days after the date of convening of each session of Congress.

(33 U.S.C. 1290)

SEWAGE COLLECTION SYSTEMS

SEC. 211. (a) No grant shall be made for a sewage collection system under this title unless such grant (1) is for replacement or major rehabilitation of an existing collection system and is necessary to the total integrity and performance of the waste treatment works serving such community, or (2) is for a new collection system in an existing community with sufficient existing or planned capacity adequately to treat such collected sewage and is consistent with section 201 of this Act.

(b) If the Administrator uses population density as a test for determining the eligibility of a collector sewer for assistance it shall be only for the purpose of evaluating alternatives and determining the needs for such system in relation to ground or surface water quality impact.

(c) No grant shall be made under this title from funds authorized for any fiscal year during the period beginning October 1, 1977, and ending September 30, 1990, for treatment works for control of pollutant discharges from separate storm sewer systems.

(33 U.S.C. 1291)

DEFINITIONS

SEC. 212. As used in this title—

(1) The term "construction" means any one or more of the following: preliminary planning to determine the feasibility of treatment works, engineering, architectural, legal, fiscal, or economic investigations or studies, surveys, designs, plans, working drawings, specifications, procedures, field testing of innovative or alternative waste water treatment processes and techniques meeting guidelines promulgated under section 304(d)(3) of this Act, or other necessary actions, erection, building, acquisition, alteration, remodeling, improvement, or extension of treatment works, or the inspection or supervision of any of the foregoing items.

(2)(A) The term "treatment works" means any devices and systems used in the storage, treatment, recycling, and reclamation of municipal sewage or industrial wastes of a liquid nature to implement section 201 of this act, or necessary to recycle or reuse water at the most economical cost over the estimated life of the works, including intercepting sewers, outfall sewers, sewage collection systems, pumping, power, and other equipment, and their appurtenances; extensions, improvements, remodeling, additions, and alterations thereof; elements essential to provide a reliable recycled supply such as standby treatment units and clear well facilities; and any works, including site acquisition of the land that will be an integral part of the treatment process (including land use for the storage of treated wastewater in land treatment systems prior to land application) or is used for ultimate disposal of residues resulting from such treatment.

(B) In addition to the definition contained in subparagraph (A) of this paragraph, "treatment works" means any other method or system for preventing, abating, reducing, storing, treating, separating, or disposing of municipal waste, including storm water runoff, or industrial waste, including waste in combined storm water and sanitary sewer systems. Any application for construction

grants which includes wholly or in part such methods or systems shall, in accordance with guidelines published by the Administrator pursuant to subparagraph (C) of this paragraph, contain adequate data and analysis demonstrating such proposal to be, over the life of such works, the most cost efficient alternative to comply with sections 301 or 302 of this Act, or the requirements of section 201 of this Act.

(C) For the purposes of subparagraph (B) of this paragraph, the Administrator shall, within one hundred and eighty days after the date of enactment of this title, publish and thereafter revise no less often than annually, guidelines for the evaluation of methods, including cost-effective analysis, described in subparagraph (B) of this paragraph.

(3) The term "replacement" as used in this title means those expenditures for obtaining and installing equipment, accessories, or appurtenances during the useful life of the treatment works necessary to maintain the capacity and performance for which such works are designed and constructed.

(33 U.S.C. 1292)

LOAN GUARANTEES FOR CONSTRUCTION OF TREATMENT WORKS

SEC. 213. (a) Subject to the conditions of this section and to such terms and conditions as the Administrator determines to be necessary to carry out the purposes of this title, the Administrator is authorized to guarantee, and to make commitments to guarantee, the principal and interest (including interest accruing between the date of default and the date of the payment in full of the guarantee) of any loan, obligation, or participation therein of any State, municipality, or intermunicipal or interstate agency issued directly and exclusively to the Federal Financing Bank to finance that part of the cost of any grant-eligible project for the construction of publicly owned treatment works not paid for with Federal financial assistance under this title (other than this section), which project the Administrator has determined to be eligible for such financial assistance under this title, including, but not limited to, projects eligible for reimbursement under section 206 of this title.

(b) No guarantee, or commitment to make a guarantee, may be made pursuant to this section—

(1) unless the Administrator certifies that the issuing body is unable to obtain on reasonable terms sufficient credit to finance its actual needs without such guarantee; and

(2) unless the Administrator determines that there is a reasonable assurance or repayment of the loan, obligation, or participation therein.

A determination of whether financing is available at reasonable rates shall be made by the Secretary of the Treasury with relationship to the current average yield on outstanding marketable obligations of municipalities of comparable maturity.

(c) The Administrator is authorized to charge reasonable fees for the investigation of an application for a guarantee and for the issuance of a commitment to make a guarantee.

(d) The Administrator, in determining whether there is a reasonable assurance of repayment, may require a commitment which would apply to such repayment. Such commitment may include, but not be limited to, any funds received by such grantee from the amounts appropriated under section 206 of this Act.

(33 U.S.C. 1293)

PUBLIC INFORMATION

SEC. 214. The Administrator shall develop and operate within one year of the date of enactment of this section, a continuing program of public information and education on recycling and reuse of wastewater (including sludge), the use of land treatment, and methods for the reduction of wastewater volume.

(33 U.S.C. 1294)

REQUIREMENTS FOR AMERICAN MATERIALS

SEC. 215. Notwithstanding any other provision of law, no grant for which application is made after February 1, 1978, shall be made under this title for any treatment works unless only such unmanufactured articles, materials, and supplies as have been mined or produced in the United States, and only such manufactured articles, materials, and supplies as have been manufactured in the United States, substantially all from articles, materials, or supplies mined, produced, or manufactured, as the case may be, in the United States will be used in such treatment works. This section shall not apply in any case where the Administrator determines, based upon those factors the Administrator deems relevant, including the available resources of the agency, it to be inconsistent with the public interest (including multilateral government procurement agreements) or the cost to be unreasonable, or if articles, materials, or supplies of the class or kind to be used or the articles, materials, or supplies from which they are manufactured are not mined, produced, or manufactured, as the case may be, in the United States in sufficient and reasonably available commercial quantities and of a satisfactory quality.

(33 U.S.C. 1295)

DETERMINATION OF PRIORITY

SEC. 216. Notwithstanding any other provision of this Act, the determination of the priority to be given each category of projects for construction of publicly owned treatment works within each State shall be made solely by that State, except that if the Administrator, after a public hearing, determines that a specific project will not result in compliance with the enforceable requirements of this Act, such project shall be removed from the State's priority list and such State shall submit a revised priority list. These categories shall include, but not be limited to (A) secondary treatment, (B) more stringent treatment, (C) infiltration-in-flow correction, (D) major sewer system rehabilitation, (E) new collector sewers and appurtenances, (F) new interceptors and appurtenances, and (G) correction of combined sewer overflows. Not less than 25 per centum of funds allocated to a State in any fiscal year under this title for construction of publicly owned treatment works in such State shall

be obligated for those types of projects referred to in clauses (D), (E), (F), and (G) of this section, if such projects are on such State's priority list for that year and are otherwise eligible for funding in that fiscal year. It is the policy of Congress that projects for wastewater treatment and management undertaken with Federal financial assistance under this Act by any State, municipality, or intermunicipal or interstate agency shall be projects which, in the estimation of the State, are designed to achieve optimum water quality management, consistent with the public health and water quality goals and requirements of the Act.

(33 U.S.C. 1296)

COST-EFFECTIVENESS GUIDELINES

SEC. 217. Any guidelines for cost-effectiveness analysis published by the Administrator under this title shall provide for the identification and selection of cost effective alternatives to comply with the objective and goals of this Act and sections 201(b), 201(d), 201(g)(2)(A), and 301(b)(2)(B) of this Act.

(33 U.S.C. 1297)

COST EFFECTIVENESS

SEC. 218. (a) It is the policy of Congress that a project for waste treatment and management undertaken with Federal financial assistance under this Act by any State, municipality, or intermunicipal or interstate agency shall be considered as an overall waste treatment system for waste treatment and management, and shall be that system which constitutes the most economical and cost-effective combination of devices and systems used in the storage, treatment, recycling, and reclamation of municipal sewage or industrial wastes of a liquid nature to implement section 201 of this Act, or necessary to recycle or reuse water at the most economical cost over the estimated life of the works, including intercepting sewers, outfall sewers, sewage collection systems, pumping power, and other equipment, and their appurtenances; extension, improvements, remodeling, additions, and alterations thereof; elements essential to provide a reliable recycled supply such as standby treatment units and clear well facilities; and any works, including site acquisition of the land that will be an integral part of the treatment process (including land use for the storage of treated wastewater in land treatment systems prior to land application) or which is used for ultimate disposal of residues resulting from such treatment; water efficiency measures and devices; and any other method or system for preventing, abating, reducing, storing, treating, separating, or disposing of municipal waste, including storm water runoff, or industrial waste, including waste in combined storm water and sanitary sewer systems; to meet the requirements of this Act.

(b) In accordance with the policy set forth in subsection (a) of this section, before the Administrator approves any grant to any State, municipality, or intermunicipal or interstate agency for the erection, building, acquisition, alteration, remodeling, improvement, or extension of any treatment works the Administrator shall determine that the facilities plan of which such treatment works

are a part constitutes the most economical and cost-effective combination of treatment works over the life of the project to meet the requirements of this Act, including, but not limited to, consideration of construction costs, operation, maintenance, and replacement costs.

(c) In furtherance of the policy set forth in subsection (a) of this section, the Administrator shall require value engineering review in connection with any treatment works, prior to approval of any grant for the erection, building, acquisition, alteration, remodeling, improvement, or extension of such treatment works, in any case in which the cost of such erection, building, acquisition, alteration, remodeling, improvement, or extension is projected to be in excess of $10,000,000. For purposes of this subsection, the term "value engineering review" means a specialized cost control technique which uses a systematic and creative approach to identify and to focus on unnecessarily high cost in a project in order to arrive at a cost saving without sacrificing the reliability or efficiency of the project.

(d) This section applies to projects for waste treatment and management for which no treatment works including a facilities plan for such project have received Federal financial assistance for the preparation of construction plans and specifications under this Act before the date of enactment of this section.

(33 U.S.C. 1298)

STATE CERTIFICATION OF PROJECTS

SEC. 219. Whenever the Governor of a State which has been delegated sufficient authority to administer the construction grant program under this title in that State certifies to the Administrator that a grant application meets applicable requirements of Federal and State law for assistance under this title, the Administrator shall approve or disapprove such application within 45 days of the date of receipt of such application. If the Administrator does not approve or disapprove such application within 45 days of receipt, the application shall be deemed approved. If the Administrator disapproves such application the Administrator shall state in writing the reasons for such disapproval. Any grant approved or deemed approved under this section shall be subject to amounts provided in appropriation Acts.

(33 U.S.C. 1299)

SEC. 220. PILOT PROGRAM FOR ALTERNATIVE WATER SOURCE PROJECTS.

(a) POLICY.—Nothing in this section shall be construed to affect the application of section 101(g) of this Act and all of the provisions of this section shall be carried out in accordance with the provisions of section 101(g).

(b) IN GENERAL.—The Administrator may establish a pilot program to make grants to State, interstate, and intrastate water resource development agencies (including water management districts and water supply authorities), local government agencies, private utilities, and nonprofit entities for alternative water source projects to meet critical water supply needs.

(c) ELIGIBLE ENTITY.—The Administrator may make grants under this section to an entity only if the entity has authority

under State law to develop or provide water for municipal, industrial, and agricultural uses in an area of the State that is experiencing critical water supply needs.

(d) SELECTION OF PROJECTS.—

(1) LIMITATION.—A project that has received funds under the reclamation and reuse program conducted under the Reclamation Projects Authorization and Adjustment Act of 1992 (43 U.S.C. 390h et seq.) shall not be eligible for grant assistance under this section.

(2) ADDITIONAL CONSIDERATION.—In making grants under this section, the Administrator shall consider whether the project is located within the boundaries of a State or area referred to in section 1 of the Reclamation Act of June 17, 1902 (32 Stat. 385), and within the geographic scope of the reclamation and reuse program conducted under the Reclamation Projects Authorization and Adjustment Act of 1992 (43 U.S.C. 390h et seq.).

(3) GEOGRAPHICAL DISTRIBUTION.—Alternative water source projects selected by the Administrator under this section shall reflect a variety of geographical and environmental conditions.

(e) COMMITTEE RESOLUTION PROCEDURE.—

(1) IN GENERAL.—No appropriation shall be made for any alternative water source project under this section, the total Federal cost of which exceeds $3,000,000, if such project has not been approved by a resolution adopted by the Committee on Transportation and Infrastructure of the House of Representatives or the Committee on Environment and Public Works of the Senate.

(2) REQUIREMENTS FOR SECURING CONSIDERATION.—For purposes of securing consideration of approval under paragraph (1), the Administrator shall provide to a committee referred to in paragraph (1) such information as the committee requests and the non-Federal sponsor shall provide to the committee information on the costs and relative needs for the alternative water source project.

(f) USES OF GRANTS.—Amounts from grants received under this section may be used for engineering, design, construction, and final testing of alternative water source projects designed to meet critical water supply needs. Such amounts may not be used for planning, feasibility studies or for operation, maintenance, replacement, repair, or rehabilitation.

(g) COST SHARING.—The Federal share of the eligible costs of an alternative water source project carried out using assistance made available under this section shall not exceed 50 percent.

(h) REPORTS.—On or before September 30, 2004, the Administrator shall transmit to Congress a report on the results of the pilot program established under this section, including progress made toward meeting the critical water supply needs of the participants in the pilot program.

(i) DEFINITIONS.—In this section, the following definitions apply:

(1) ALTERNATIVE WATER SOURCE PROJECT.—The term "alternative water source project" means a project designed to

provide municipal, industrial, and agricultural water supplies in an environmentally sustainable manner by conserving, managing, reclaiming, or reusing water or wastewater or by treating wastewater. Such term does not include water treatment or distribution facilities.

(2) CRITICAL WATER SUPPLY NEEDS.—The term "critical water supply needs" means existing or reasonably anticipated future water supply needs that cannot be met by existing water supplies, as identified in a comprehensive statewide or regional water supply plan or assessment projected over a planning period of at least 20 years.

(j) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section a total of $75,000,000 for fiscal years 2002 through 2004. Such sums shall remain available until expended.

(33 U.S.C. 1300)

SEC. 221. SEWER OVERFLOW CONTROL GRANTS.

(a) IN GENERAL.—In any fiscal year in which the Administrator has available for obligation at least $1,350,000,000 for the purposes of section 601—

(1) the Administrator may make grants to States for the purpose of providing grants to a municipality or municipal entity for planning, design, and construction of treatment works to intercept, transport, control, or treat municipal combined sewer overflows and sanitary sewer overflows; and

(2) subject to subsection (g), the Administrator may make a direct grant to a municipality or municipal entity for the purposes described in paragraph (1).

(b) PRIORITIZATION.—In selecting from among municipalities applying for grants under subsection (a), a State or the Administrator shall give priority to an applicant that—

(1) is a municipality that is a financially distressed community under subsection (c);

(2) has implemented or is complying with an implementation schedule for the nine minimum controls specified in the CSO control policy referred to in section 402(q)(1) and has begun implementing a long-term municipal combined sewer overflow control plan or a separate sanitary sewer overflow control plan;

(3) is requesting a grant for a project that is on a State's intended use plan pursuant to section 606(c); or

(4) is an Alaska Native Village.

(c) FINANCIALLY DISTRESSED COMMUNITY.—

(1) DEFINITION.—In subsection (b), the term "financially distressed community" means a community that meets affordability criteria established by the State in which the community is located, if such criteria are developed after public review and comment.

(2) CONSIDERATION OF IMPACT ON WATER AND SEWER RATES.—In determining if a community is a distressed community for the purposes of subsection (b), the State shall consider, among other factors, the extent to which the rate of growth of a community's tax base has been historically slow such that

implementing a plan described in subsection (b)(2) would result in a significant increase in any water or sewer rate charged by the community's publicly owned wastewater treatment facility.

(3) INFORMATION TO ASSIST STATES.—The Administrator may publish information to assist States in establishing affordability criteria under paragraph (1).

(d) COST-SHARING.—The Federal share of the cost of activities carried out using amounts from a grant made under subsection (a) shall be not less than 55 percent of the cost. The non-Federal share of the cost may include, in any amount, public and private funds and in-kind services, and may include, notwithstanding section 603(h), financial assistance, including loans, from a State water pollution control revolving fund.

(e) ADMINISTRATIVE REPORTING REQUIREMENTS.—If a project receives grant assistance under subsection (a) and loan assistance from a State water pollution control revolving fund and the loan assistance is for 15 percent or more of the cost of the project, the project may be administered in accordance with State water pollution control revolving fund administrative reporting requirements for the purposes of streamlining such requirements.

(f) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $750,000,000 for each of fiscal years 2002 and 2003. Such sums shall remain available until expended.

(g) ALLOCATION OF FUNDS.—

(1) FISCAL YEAR 2002.—Subject to subsection (h), the Administrator shall use the amounts appropriated to carry out this section for fiscal year 2002 for making grants to municipalities and municipal entities under subsection (a)(2), in accordance with the criteria set forth in subsection (b).

(2) FISCAL YEAR 2003.—Subject to subsection (h), the Administrator shall use the amounts appropriated to carry out this section for fiscal year 2003 as follows:

(A) Not to exceed $250,000,000 for making grants to municipalities and municipal entities under subsection (a)(2), in accordance with the criteria set forth in subsection (b).

(B) All remaining amounts for making grants to States under subsection (a)(1), in accordance with a formula to be established by the Administrator, after providing notice and an opportunity for public comment, that allocates to each State a proportional share of such amounts based on the total needs of the State for municipal combined sewer overflow controls and sanitary sewer overflow controls identified in the most recent survey conducted pursuant to section 516(b)(1).

(h) ADMINISTRATIVE EXPENSES.—Of the amounts appropriated to carry out this section for each fiscal year—

(1) the Administrator may retain an amount not to exceed 1 percent for the reasonable and necessary costs of administering this section; and

(2) the Administrator, or a State, may retain an amount not to exceed 4 percent of any grant made to a municipality or

municipal entity under subsection (a), for the reasonable and necessary costs of administering the grant.

(i) REPORTS.—Not later than December 31, 2003, and periodically thereafter, the Administrator shall transmit to Congress a report containing recommended funding levels for grants under this section. The recommended funding levels shall be sufficient to ensure the continued expeditious implementation of municipal combined sewer overflow and sanitary sewer overflow controls nationwide.

(33 U.S.C. 1301)

TITLE III—STANDARDS AND ENFORCEMENT

EFFLUENT LIMITATIONS

SEC. 301. (a) Except as in compliance with this section and sections 302, 306, 307, 318, 402, and 404 of this Act, the discharge of any pollutant by any person shall be unlawful.

(b) In order to carry out the objective of this Act there shall be achieved—

(1)(A) not later than July 1, 1977, effluent limitations for point sources, other than publicly owned treatment works, (i) which shall require the application of the best practicable control technology currently available as defined by the Administrator pursuant to section 304(b) of this Act, or (ii) in the case of a discharge into a publicly owned treatment works which meets the requirements of subparagraph (B) of this paragraph, which shall require compliance with any applicable pretreatment requirements and any requirements under section 307 of this Act; and

(B) for publicly owned treatment works in existence on July 1, 1977, or approved pursuant to section 203 of this Act prior to June 30, 1974 (for which construction must be completed within four years of approval), effluent limitations based upon secondary treatment as defined by the Administrator pursuant to section 304(d)(1) of this Act; or,

(C) not later than July 1, 1977, any more stringent limitation, including those necessary to meet water quality standards, treatment standards, or schedule of compliance, established pursuant to any State law or regulations, (under authority preserved by section 510) or any other Federal law or regulation, or required to implement any applicable water quality standard established pursuant to this Act.

(2)(A) for pollutants identified in subparagraphs (C), (D), and (F) of this paragraph, effluent limitations for categories and classes of point sources, other than publicly owned treatment works, which (i) shall require application of the best available technology economically achievable for such category or class, which will result in reasonable further progress toward the national goal of eliminating the discharge of all pollutants, as determined in accordance with regulations issued by the Administrator pursuant to section 304(b)(2) of this Act, which such effluent limitations shall require the elimination of discharges of all pollutants if the Administrator finds, on the basis of information available to him (including information de-

veloped pursuant to section 315), that such elimination is technologically and economically achievable for category or class of point sources as determined in accordance with regulations issued by the Administrator pursuant to section 304(b)(2) of this Act, or (ii) in the case of the introduction of a pollutant into a publicly owned treatment works which meets the requirements of subparagraph (B) of this paragraph, shall require compliance with any applicable pretreatment requirements and any other requirement under section 307 of this Act;

[(B) subparagraph (B) repealed by section 21(b) of P.L. 97–117.]

(C) with respect to all toxic pollutants referred to in table 1 of Committee Print Numbered 95–30 of the Committee on Public Works and Transportation of the House of Representatives compliance with effluent limitations in accordance with subparagraph (A) of this paragraph as expeditiously as practicable but in no case later than three years after the date such limitations are promulgated under section 304(b), and in no case later than March 31, 1989;

(D) for all toxic pollutants listed under paragraph (1) of subsection (a) of section 307 of this Act which are not referred to in subparagraph (C) of this paragraph compliance with effluent limitation in accordance with subparagraph (A) of this paragraph as expeditiously as practicable, but in no case later than three years after the date such limitations are promulgated under section 304(b), and in no case later than March 31, 1989;

(E) as expeditiously as practicable but in no case later than three years after the date such limitations are promulgated under section 304(b), and in no case later than March 31, 1989, compliance with effluent limitations for categories and classes of point sources, other than publicly owned treatment works, which in the case of pollutants identified pursuant to section 304(a)(4) of this Act shall require application of the best conventional pollutant control technology as determined in accordance with regulations issued by the Administrator pursuant to section 304(b)(4) of this Act; and

(F) for all pollutants (other than those subject to subparagraphs (C), (D), or (E) of this paragraph) compliance with effluent limitations in accordance with subparagraph (A) of this paragraph as expeditiously as practicable but in no case later than 3 years after the date such limitations are established, and in no case later than March 31, 1989.

(3)(A) for effluent limitations under paragraph (1)(A)(i) of this subsection promulgated after January 1, 1982, and requiring a level of control substantially greater or based on fundamentally different control technology than under permits for an industrial category issued before such date, compliance as expeditiously as practicable but in no case later than three years after the date such limitations are promulgated under section 304(b), and in no case later than March 31, 1989; and

(B) for any effluent limitation in accordance with paragraph (1)(A)(i), (2)(A)(i), or (2)(E) of this subsection established

only on the basis of section 402(a)(1) in a permit issued after enactment of the Water Quality Act of 1987, compliance as expeditiously as practicable but in no case later than three years after the date such limitations are established, and in no case later than March 31, 1989.

(c) The Administrator may modify the requirements of subsection (b)(2)(A) of this section with respect to any point source for which a permit application is filed after July 1, 1977, upon a showing by the owner or operator of such point source satisfactory to the Administrator that such modified requirements (1) will represent the maximum use of technology within the economic capability of the owner or operator; and (2) will result in reasonable further progress toward the elimination of the discharge of pollutants.

(d) Any effluent limitation required by paragraph (2) of subsection (b) of this section shall be reviewed at least every five years and, if appropriate, revised pursuant to the procedure established under such paragraph.

(e) Effluent limitations established pursuant to this section or section 302 of this Act shall be applied to all point sources of discharge of pollutants in accordance with the provisions of this Act.

(f) Notwithstanding any other provisions of this Act it shall be unlawful to discharge any radiological, chemical, or biological warfare agent, any high-level radioactive waste, or any medical waste, into the navigable waters.

(g) MODIFICATIONS FOR CERTAIN NONCONVENTIONAL POLLUTANTS.—

(1) GENERAL AUTHORITY.—The Administrator, with the concurrence of the State, may modify the requirements of subsection (b)(2)(A) of this section with respect to the discharge from any point source of ammonia, chlorine, color, iron, and total phenols (4AAP) (when determined by the Administrator to be a pollutant covered by subsection (b)(2)(F)) and any other pollutant which the Administrator lists under paragraph (4) of this subsection.

(2) REQUIREMENTS FOR GRANTING MODIFICATIONS.—A modification under this subsection shall be granted only upon a showing by the owner or operator of a point source satisfactory to the Administrator that—

(A) such modified requirements will result at a minimum in compliance with the requirements of subsection (b)(1)(A) or (C) of this section, whichever is applicable;

(B) such modified requirements will not result in any additional requirements on any other point or nonpoint source; and

(C) such modification will not interfere with the attainment or maintenance of that water quality which shall assure protection of public water supplies, and the protection and propagation of a balanced population of shellfish, fish, and wildlife, and allow recreational activities, in and on the water and such modification will not result in the discharge of pollutants in quantities which may reasonably be anticipated to pose an unacceptable risk to human health or the environment because of bioaccumulation, persistency in the environment, acute toxicity, chronic tox-

icity (including carcinogenicity, mutagenicity or teratogenicity), or synergistic propensities.

(3) LIMITATION ON AUTHORITY TO APPLY FOR SUBSECTION (c) MODIFICATION.—If an owner or operator of a point source applies for a modification under this subsection with respect to the discharge of any pollutant, such owner or operator shall be eligible to apply for modification under subsection (c) of this section with respect to such pollutant only during the same time-period as he is eligible to apply for a modification under this subsection.

(4) PROCEDURES FOR LISTING ADDITIONAL POLLUTANTS.—

(A) GENERAL AUTHORITY.—Upon petition of any person, the Administrator may add any pollutant to the list of pollutants for which modification under this section is authorized (except for pollutants identified pursuant to section 304(a)(4) of this Act, toxic pollutants subject to section 307(a) of this Act, and the thermal component of discharges) in accordance with the provisions of this paragraph.

(B) REQUIREMENTS FOR LISTING.—

(i) SUFFICIENT INFORMATION.—The person petitioning for listing of an additional pollutant under this subsection shall submit to the Administrator sufficient information to make the determinations required by this subparagraph.

(ii) TOXIC CRITERIA DETERMINATION.—The Administrator shall determine whether or not the pollutant meets the criteria for listing as a toxic pollutant under section 307(a) of this Act.

(iii) LISTING AS TOXIC POLLUTANT.—If the Administrator determines that the pollutant meets the criteria for listing as a toxic pollutant under section 307(a), the Administrator shall list the pollutant as a toxic pollutant under section 307(a).

(iv) NONCONVENTIONAL CRITERIA DETERMINATION.—If the Administrator determines that the pollutant does not meet the criteria for lising as a toxic pollutant under such section and determines that adequate test methods and sufficient data are available to make the determinations required by paragraph (2) of this subsection with respect to the pollutant, the Administrator shall add the pollutant to the list of pollutants specified in paragraph (1) of this subsection for which modifications are authorized under this subsection.

(C) REQUIREMENTS FOR FILING OF PETITIONS.—A petition for lising of a pollutant under this paragraph—

(i) must be filed not later than 270 days after the date of promulgation of an applicable effluent guideline under section 304;

(ii) may be filed before promulgation of such guideline; and

(iii) may be filed with an application for a modification under paragraph (1) with respect to the discharge of such pollutant.

(D) DEADLINE FOR APPROVAL OF PETITION.—A decision to add a pollutant to the list of pollutants for which modifications under this subsection are authorized must be made within 270 days after the date of promulgation of an applicable effluent guideline under section 304.

(E) BURDEN OF PROOF.—The burden of proof for making the determinations under subparagraph (B) shall be on the petitioner.

(5) REMOVAL OF POLLUTANTS.—The Administrator may remove any pollutant from the list of pollutants for which modifications are authorized under this subsection if the Administrator determines that adequate test methods and sufficient data are no longer available for determining whether or not modifications may be granted with respect to such pollutant under paragraph (2) of this subsection.

(h) The Administrator, with the concurrence of the State, may issue a permit under section 402 which modifies the requirements of subsection (b)(1)(B) of this section with respect to the discharge of any pollutant from a publicly owned treatment works into marine waters, if the applicant demonstrates to the satisfaction of the Administrator that—

(1) there is an applicable water quality standard specific to the pollutant for which the modification is requested, which has been identified under section 304(a)(6) of this Act;

(2) the discharge of pollutants in accordance with such modified requirements will not interfere, alone or in combination with pollutants from other sources, with the attainment or maintenance of that water quality which assures protection of public water supplies and the protection and propagation of a balanced, indigenous population of shellfish, fish and wildlife, and allows recreational activities, in and on the water;

(3) the applicant has established a system for monitoring the impact of such discharge on a representative sample of aquatic biota, to the extent practicable, and the scope of such monitoring is limited to include only those scientific investigations which are necessary to study the effects of the proposed discharge;

(4) such modified requirements will not result in any additional requirements on any other point or nonpoint source;

(5) all applicable pretreatment requirements for sources introducing waste into such treatment works will be enforced;

(6) in the case of any treatment works serving a population of 50,000 or more, with respect to any toxic pollutant introduced into such works by an industrial discharger for which pollutant there is no applicable pretreatment requirement in effect, sources introducing waste into such works are in compliance with all applicable pretreatment requirements, the applicant will enforce such requirements, and the applicant has in effect a pretreatment program which, in combination with the treatment of discharges from such works, removes the same amount of such pollutant as would be removed if such works

were to apply secondary treatment to discharges and if such works had no pretreatment program with respect to such pollutant;

(7) to the extent practicable the applicant has established a schedule of activities designed to eliminate the entrance of toxic pollutants from nonindustrial sources into such treatment works;

(8) there will be no new or substantially increased discharges from the point source of the pollutant to which the modification applies above that volume of discharge specified in the permit;

(9) the applicant at the time such modification becomes effective will be discharging effluent which has received at least primary or equivalent treatment and which meets the criteria established under section 304(a)(1) of this Act after initial mixing in the waters surrounding or adjacent to the point at which such effluent is discharged.

For the purposes of this subsection the phrase "the discharge of any pollutant into marine waters" refers to a discharge into deep waters of the territorial sea or the waters of the contiguous zone, or into saline estuarine waters where there is strong tidal movement and other hydrological and geological characteristics which the Administrator determines necessary to allow compliance with paragraph (2) of this subsection, and section 101(a)(2) of this Act. For the purposes of paragraph (9), "primary or equivalent treatment" means treatment by screening, sedimentation, and skimming adequate to remove at least 30 percent of the biological oxygen demanding material and of the suspended solids in the treatment works influent, and disinfection, where appropriate. A municipality which applies secondary treatment shall be eligible to receive a permit pursuant to this subsection which modifies the requirements of subsection (b)(1)(B) of this section with respect to the discharge of any pollutant from any treatment works owned by such municipality into marine waters. No permit issued under this subsection shall authorize the discharge of sewage sludge into marine waters. In order for a permit to be issued under this subsection for the discharge of a pollutant into marine waters, such marine waters must exhibit characteristics assuring that water providing dilution does not contain significant amounts of previously discharged effluent from such treatment works. No permit issued under this subsection shall authorize the discharge of any pollutant into saline estuarine waters which at the time of application do not support a balanced indigenous population of shellfish, fish and wildlife, or allow recreation in and on the waters or which exhibit ambient water quality below applicable water quality standards adopted for the protection of public water supplies, shellfish, fish and wildlife or recreational activities or such other standards necessary to assure support and protection of such uses. The prohibition contained in the preceding sentence shall apply without regard to the presence or absence of a causal relationship between such characteristics and the applicant's current or proposed discharge. Notwithstanding any other provisions of this subsection, no permit may be issued under this subsection for discharge of a pollutant into the New York Bight Apex consisting of the ocean waters

of the Atlantic Ocean westward of 73 degrees 30 minutes west longitude and northward of 40 degrees 10 minutes north latitude.

(i)(1) Where construction is required in order for a planned or extisting publicly owned treatment works to achieve limitations under subsection (b)(1)(B) or (b)(1)(C) of this section, but (A) construction cannot be completed with the time required in such subsection, or (B) the United States has failed to make financial assistance under this Act available in time to achieve such limitations by the time specified in such subsection, the owner or operator of such treatment works may request the Administrator (or if appropriate the State) to issue a permit pursuant to section 402 of this Act or to modify a permit issued pursuant to that section to extend such time for compliance. Any such request shall be filed with the Administrator (or if appropriate the State) within 180 days after the date of enactment of the Water Quality Act of 1987. The Administrator (or if appropriate the State) may grant such request and issue or modify such a permit, which shall contain a schedule of compliance for the publicly owned treatment works based on the earliest date by which such financial assistance will be available from the United States and construction can be completed, but in no event later than July 1, 1988, and shall contain such other terms and conditions, including those necessary to carry out subsections (b) through (g) of section 201 of this Act, section 307 of this Act, and such interim effluent limitations applicable to that treatment works as the Administrator determines are necessary to carry out the provisions of this Act.

(2)(A) Where a point source (other than a publicly owned treatment works) will not achieve the requirements of subsections (b)(1)(A) and (b)(1)(C) of this section and—

(i) if a permit issued prior to July 1, 1977, to such point source is based upon a discharge into a publicly owned treatment works; or

(ii) if such point source (other than a publicly owned treatment works) had before July 1, 1977, a contract (enforceable against such point source) to discharge into a publicly owned treatment works; or

(iii) if either an application made before July 1, 1977, for a construction grant under this Act for a publicly owned treatment works, or engineering or architectural plans or working drawings made before July 1, 1977, for a publicly owned treatment works, show that such point source was to discharge into such publicly owned treatment works,

and such publicly owned treatment works is presently unable to accept such discharge without construction, and in the case of a discharge to an existing publicly owned treatment works, such treatment works has an extension pursuant to paragraph (1) of this subsection, the owner or operator of such point source may request the Administrator (or if appropriate the State) to issue or modify such a permit pursuant to such section 402 to extend such time for compliance. Any such request shall be filed with the Administrator (or if appropriate the State) within 180 days after the date of enactment of this subsection or the filing of a request by the appropriate publicly owned treatment works under paragraph (1) of this subsection, whichever is later. If the Administrator (or if appro-

priate the State) finds that the owner or operator of such point source has acted in good faith, he may grant such request and issue or modify such a permit, which shall contain a schedule of compliance for the point source to achieve the requirements of subsections (b)(1)(A) and (C) of this section and shall contain such other terms and conditions, including pretreatment and interim effluent limitations and water conservation requirements applicable to that point source, as the Administrator determines are necessary to carry out the provisions of this Act.

(B) No time modification granted by the Administrator (or if appropriate the State) pursuant to paragraph (2)(A) of this subsection shall extend beyond the earliest date practicable for compliance or beyond the date of any extension granted to the appropriate publicly owned treatment works pursuant to paragraph (1) of this subsection, but in no event shall it extend beyond July 1, 1988, and no such time modification shall be granted unless (i) the publicly owned treatment works will be in operation and available to the point source before July 1, 1988, and will meet the requirements to subsections (b)(1) (B) and (C) of this section after receiving the discharge from that point source; and (ii) the point source and the publicly owned treatment works have entered into an enforceable contract requiring the point source to discharge into the publicly owned treatment works, the owner or operator of such point source to pay the costs required under section 204 of this Act, and the publicly owned treatment works to accept the discharge from the point source; and (iii) the permit for such point source requires point source to meet all requirements under section 307 (a) and (b) during the period of such time modification.

(j)(1) Any application filed under this section for a modification of the provisions of—

(A) subsection (b)(1)(B) under subsection (h) of this section shall be filed not later that [1] the 365th day which begins after the date of enactment of the Municipal Wastewater Treatment Construction Grant Amendments of 1981, except that a publicly owned treatment works which prior to December 31, 1982, had a contractual arrangement to use a portion of the capacity of an ocean outfall operated by another publicly owned treatment works which has applied for or received modification under subsection (h), may apply for a modification of subsection (h) in its own right not later than 30 days after the date of the enactment of the Water Quality Act of 1987, and except as provided in paragraph (5);

(B) subsection (b)(2)(A) as it applies to pollutants identified in subsection (b)(2)(F) shall be filed not later than 270 days after the date of promulgation of an applicable effluent guideline under section 304 or not later than 270 days after the date of enactment of the Clean Water Act of 1977, whichever is later.

(2) Subject to paragraph (3) of this section, any application for a modification filed under subsection (g) of this section shall not operate to stay any requirement under this Act, unless in the judgment of the Administrator such a stay or the modification sought

[1] So in law. Probably should be "than".

will not result in the discharge of pollutants in quantities which may reasonably be anticipated to pose an unacceptable risk to human health or the environment because of bioaccumulation, persistency in the environment, acute toxicity, chronic toxicity (including carcinogenicity, mutagenicity or teratogenicity), or synergistic propensities, and that there is a substantial likelihood that the applicant will succeed on the merits of such application. In the case of an application filed under subsection (g) of this section, the Administrator may condition any stay granted under this paragraph on requiring the filing of a bond or other appropriate security to assure timely compliance with the requirements from which a modification is sought.

(3) COMPLIANCE REQUIREMENTS UNDER SUBSECTION (g).—

(A) EFFECT OF FILING.—An application for a modification under subsection (g) and a petition for listing of a pollutant as a pollutant for which modifications are authorized under such subsection shall not stay the requirement that the person seeking such modification or listing comply with effluent limitations under this Act for all pollutants not the subject of such application or petition.

(B) EFFECT OF DISAPPROVAL.—Disapproval of an application for a modification under subsection (g) shall not stay the requirement that the person seeking such modification comply with all applicable effluent limitations under this Act.

(4) DEADLINE FOR SUBSECTION (g) DECISION.—An application for a modification with respect to a pollutant filed under subsection (g) must be approved or disapproved not later than 365 days after the date of such filing; except that in any case in which a petition for listing such pollutant as a pollutant for which modifications are authorized under such subsection is approved, such application must be approved or disapproved not later than 365 days after the date of approval of such petition.

(5) EXTENSION OF APPLICATION DEADLINE.—

(A) IN GENERAL.—In the 180-day period beginning on the date of the enactment of this paragraph, the city of San Diego, California, may apply for a modification pursuant to subsection (h) of the requirements of subsection (b)(1)(B) with respect to biological oxygen demand and total suspended solids in the effluent discharged into marine waters.

(B) APPLICATION.—An application under this paragraph shall include a commitment by the applicant to implement a waste water reclamation program that, at a minimum, will—

(i) achieve a system capacity of 45,000,000 gallons of reclaimed waste water per day by January 1, 2010; and

(ii) result in a reduction in the quantity of suspended solids discharged by the applicant into the marine environment during the period of the modification.

(C) ADDITIONAL CONDITIONS.—The Administrator may not grant a modification pursuant to an application submitted under this paragraph unless the Administrator determines that such modification will result in removal of not less than 58 percent of the biological oxygen demand (on an annual average) and not less than 80 percent of total suspended solids (on a monthly average) in the discharge to which the application applies.

(D) PRELIMINARY DECISION DEADLINE.—The Administrator shall announce a preliminary decision on an application submitted under this paragraph not later than 1 year after the date the application is submitted.

(k) In the case of any facility subject to a permit under section 402 which proposes to comply with the requirements of subsection (b)(2)(A) or (b)(2)(E) of this section by replacing existing production capacity with an innovative production process which will result in an effluent reduction significantly greater than that required by the limitation otherwise applicable to such facility and moves toward the national goal of eliminating the discharge of all pollutants, or with the installation of an innovative control technique that has a substantial likelihood for enabling the facility to comply with the applicable effluent limitation by achieving a significantly greater effluent reduction than that required by the applicable effluent limitation and moves toward the national goal of eliminating the discharge of all pollutants, or by achieving the required reduction with an innovative system that has the potential for significantly lower costs than the systems which have been determined by the Administrator to be economically achievable, the Administrator (or the State with an approved program under section 402, in consultation with the Administrator) may establish a date for compliance under subsection (b)(2)(A) or (b)(2)(E) of this section no later than two years after the date for compliance with such effluent limitation which would otherwise be applicable under such subsection, if it is also determined that such innovative system has the potential for industrywide application.

(l) Other than as provided in subsection (n) of this section, the Administrator may not modify any requirement of this section as it applies to any specific pollutant which is on the toxic pollutant list under section 307(a)(1) of this Act.

(m)(1) The Administrator, with the concurrence of the State, may issue a permit under section 402 which modifies the requirements of subsections (b)(1)(A) and (b)(2)(E) of this section, and of section 403, with respect to effluent limitations to the extent such limitations relate to biochemical oxygen demand and pH from discharges by an industrial discharger in such State into deep waters of the territorial seas, if the applicant demonstrates and the Administrator finds that—

(A) the facility for which modification is sought is covered at the time of the enactment of this subsection by National Pollutant Discharge Elimination System permit number CA0005894 or CA0005282;

(B) the energy and environmental costs of meeting such requirements of subsections (b)(1)(A) and (b)(2)(E) and section

403 exceed by an unreasonable amount the benefits to be obtained, including the objectives of this Act;

(C) the applicant has established a system for monitoring the impact of such discharges on a representative sample of aquatic biota;

(D) such modified requirements will not result in any additional requirements on any other point or nonpoint source;

(E) there will be no new or substantially increased discharges from the point source of the pollutant to which the modification applies above that volume of discharge specified in the permit;

(F) the discharge is into waters where there is strong tidal movement and other hydrological and geological characteristics which are necessary to allow compliance with this subsection and section 101(a)(2) of this Act;

(G) the applicant accepts as a condition to the permit a contractural obligation to use funds in the amount required (but not less than $250,000 per year for ten years) for research and development of water pollution control technology, including but not limited to closed cycle technology;

(H) the facts and circumstances present a unique situation which, if relief is granted, will not establish a precedent or the relaxation of the requirements of this Act applicable to similarly situated discharges; and

(I) no owner or operator of a facility comparable to that of the applicant situated in the United States has demonstrated that it would be put at a competitive disadvantage to the applicant (or the parent company or any subsidiary thereof) as a result of the issuance of a permit under this subsection.

(2) The effluent limitations established under a permit issued under paragraph (1) shall be sufficient to implement the applicable State water quality standards, to assure the protection of public water supplies and protection and propagation of a balanced, indigenous population of shellfish, fish, fauna, wildlife, and other aquatic organisms, and to allow recreational activities in and on the water. In setting such limitations, the Administrator shall take into account any seasonal variations and the need for an adequate margin of safety, considering the lack of essential knowledge concerning the relationship between effluent limitations and water quality and the lack of essential knowledge of the effects of discharges on beneficial uses of the receiving waters.

(3) A permit under this subsection may be issued for a period not to exceed five years, and such a permit may be renewed for one additional period not to exceed five years upon a demonstration by the applicant and a finding by the Administrator at the time of application for any such renewal that the provisions of this subsection are met.

(4) The Administrator may terminate a permit issued under this subsection if the Administrator determines that there has been a decline in ambient water quality of the receiving waters during the period of the permit even if a direct cause and effect relationship cannot be shown: *Provided,* That if the effluent from a source with a permit issued under this subsection is contributing to a de-

cline in ambient water quality of the receiving waters, the Administrator shall terminate such permit.

(n) FUNDAMENTALLY DIFFERENT FACTORS.—

(1) GENERAL RULE.—The Administrator, with the concurrance of the State, may establish an alternative requirement under subsection (b)(2) or section 307(b) for a facility that modifies the requirements of national effluent limitation guidelines or categorical pretreatment standards that would otherwise be applicable to such facility, if the owner or operator of such facility demonstrates to the satisfaction of the Administrator that—

(A) the facility is fundamentally different with respect to the factors (other than cost) specified in section 304(b) or 304(g) and considered by the Administrator in establishing such national effluent limitation guidelines or categorical pretreatment standards;

(B) the application—

(i) is based solely on information and supporting data submitted to the Administrator during the rule making for establishment of the applicable national effluent limitation guidelines or categorical pretreatment standard specifically raising the factors that are fundamentally different for such facility; or

(ii) is based on information and supporting data referred to in clause (i) and information and supporting data the applicant did not have a reasonable opportunity to submit during such rulemaking;

(C) the alternative requirement is no less stringent than justified by the fundamental difference; and

(D) the alternative requirement will not result in a non-water quality environmental impact which is markedly more adverse than the impact considered by the Administrator in establishing such national affluent limitation guideline or categorical pretreatment standard.

(2) TIME LIMIT FOR APPLICATIONS.—An application for an alternative requirement which modifies the requirements of an effluent limitation or pretreatment standard under this subsection must be submitted to the Administrator within 180 days after the date on which such limitation or standard is established or revised, as the case may be.

(3) TIME LIMIT FOR DECISION.—The Administrator shall approve or deny by final agency action an application submitted under this subsection within 180 days after the date such application is filed with the Administrator.

(4) SUBMISSION OF INFORMATION.—The Administrator may allow an applicant under this subsection to submit information and supporting data until the earlier of the date the application is approved or denied or the last day that the Administrator has to approve or deny such application.

(5) TREATMENT OF PENDING APPLICATIONS.—For the purposes of this subsection, an application for an alternative requirement based on fundamentally different factors which is pending on the date of the enactment of this subsection shall be treated as having been submitted to the Administrator on

the 180th day following such date of enactment. The applicant may amend the application to take into account the provisions of this subsection.

(6) EFFECT OF SUBMISSION OF APPLICATION.—An application for an alternative requirement under this subsection shall not stay the applicant's obligation to comply with the effluent limitation guideline or categorical pretreatment standard which is the subject of the application.

(7) EFFECT OF DENIAL.—If an application for an alternative requirement which modifies the requirements of an effluent limitation or pretreatment standard under this subsection is denied by the Administrator, the applicant must comply with such limitation or standard as established or revised, as the case may be.

(8) REPORTS.—By January 1, 1997, and January 1 of every odd-numbered year thereafter, the Administrator shall submit to the Committee on Environment and Public Works of the Senate and the Committee on Transportation and Infrastructure of Representatives a report on the status of applications for alternative requirements which modify the requirements of effluent limitations under section 301 or 304 of this Act or any national categorical pretreatment standard under section 307(b) of this Act filed before, on, or after such date of enactment.

(o) APPLICATION FEES.—The Administrator shall prescribe and collect from each applicant fees reflecting the reasonable administrative costs incurred in reviewing and processing applications for modifications submitted to the Administrator pursuant to subsections (c), (g), (i), (k), (m), and (n) of section 301, section 304(d)(4), and section 316(a) of this Act. All amounts collected by the Administrator under this subsection shall be deposited into a special fund of the Treasury entitled "Water Permits and Related Services" which shall thereafter be available for appropriation to carry out activities of the Environmental Protection Agency for which such fees were collected.

(p) MODIFIED PERMIT FOR COAL REMINING OPERATIONS.—

(1) IN GENERAL.—Subject to paragraphs (2) through (4) of this subsection, the Administrator, or the State in any case which the State has an approved permit program under section 402(b), may issue a permit under section 402 which modifies the requirements of subsection (b)(2)(A) of this section with respect to the pH level of any pre-existing discharge, and with respect to pre-existing discharges of iron and manganese from the remined area of any coal remining operation or with respect to the pH level or level of iron or manganese in any pre-existing discharge affected by the remining operation. Such modified requirements shall apply the best available technology economically achievable on a case-by-case basis, using best professional judgment, to set specific numerical effluent limitations in each permit.

(2) LIMITATIONS.—The Administrator or the State may only issue a permit pursuant to paragraph (1) if the applicant demonstrates to the satisfaction of the Administrator or the State, as the case may be, that the coal remining operation will

result in the potential for improved water quality from the remining operation but in no event shall such a permit allow the pH level of any discharge, and in no event shall such a permit allow the discharges of iron and manganese, to exceed the levels being discharged from the remined area before the coal remining operation begins. No discharge from, or affected by, the remining operation shall exceed State water quality standards established under section 303 of this Act.

(3) DEFINITIONS.—For purposes of this subsection—

(A) COAL REMINING OPERATION.—The term "coal remining operation" means a coal mining operation which begins after the date of the enactment of this subsection at a site on which coal mining was conducted before the effective date of the Surface Mining Control and Reclamation Act of 1977.

(B) REMINED AREA.—The term "remined area" means only that area of any coal remining operation on which coal mining was conducted before the effective date of the Surface Mining Control and Reclamation Act of 1977.

(C) PRE-EXISTING DISCHARGE.—The term "pre-existing discharge" means any discharge at the time of permit application under this subsection.

(4) APPLICABILITY OF STRIP MINING LAWS.—Nothing in this subsection shall affect the application of the Surface Mining Control and Reclamation Act of 1977 to any coal remining operation, including the application of such Act to suspended solids.

(33 U.S.C. 1311)

WATER QUALITY RELATED EFFLUENT LIMITATIONS

SEC. 302. (a) Whenever, in the judgment of the Administrator or as identified under section 304(l), discharges of pollutants from a point source or group of point sources, with the application of effluent limitations required under section 301(b)(2) of this Act, would interfere with the attainment or maintenance of that water quality in a specific portion of the navigable waters which shall assure protection of public health, public water supplies, agricultural and industrial uses, and the protection and propagation of a balanced population of shellfish, fish and wildlife, and allow recreational activities in and on the water, effluent limitations (including alternative effluent control strategies) for such point source or sources shall be established which can reasonably be expected to contribute to the attainment or maintenance of such water quality.

(b) MODIFICATIONS OF EFFLUENT LIMITATIONS.—

(1) NOTICE AND HEARING.—Prior to establishment of any effluent limitation pursuant to subsection (a) of this section, the Administrator shall publish such proposed limitation and within 90 days of such publication hold a public hearing.

(2) PERMITS.—

(A) NO REASONABLE RELATIONSHIP.—The Administrator, with the concurrence of the State, may issue a permit which modifies the effluent limitations required by subsection (a) of this section for pollutants other than toxic

pollutants if the applicant demonstrates at such hearing that (whether or not technology or other alternative control strategies are available) there is no reasonable relationship between the economic and social costs and the benefits to be obtained (including attainment of the objective of this Act) from achieving such limitation.

(B) REASONABLE PROGRESS.—The Administrator, with the concurrence of the State, may issue a permit which modifies the effluent limitations required by subsection (a) of this section for toxic pollutants for a single period not to exceed 5 years if the applicant demonstrates to the satisfaction of the Administrator that such modified requirements (i) will represent the maximum degree of control within the economic capability of the owner and operator of the source, and (ii) will result in reasonable further progress beyond the requirements of section 301(b)(2) toward the requirements of subsection (a) of this section.

(c) The establishment of effluent limitations under this section shall not operate to delay the application of any effluent limitation established under section 301 of this Act.

(33 U.S.C. 1312)

WATER QUALITY STANDARDS AND IMPLEMENTATION PLANS

SEC. 303. (a)(1) In order to carry out the purpose of this Act, any water quality standard applicable to interstate waters which was adopted by any State and submitted to, and approved by, or is awaiting approval by, the Administrator pursuant to this Act as in effect immediately prior to the date of enactment of the Federal Water Pollution Control Act Amendments of 1972, shall remain in effect unless the Administrator determined that such standard is not consistent with the applicable requirements of this Act as in effect immediately prior to the date of enactment of the Federal Water Pollution Control Act Amendments of 1972. If the Administrator makes such a determination he shall, within three months after the date of enactment of the Federal Water Pollution Control Act Amendments of 1972, notify the State and specify the changes needed to meet such requirements. If such changes are not adopted by the State within ninety days after the date of such notification, the Administrator shall promulgate such changes in accordance with subsection (b) of this section.

(2) Any State which, before the date of enactment of the Federal Water Pollution Control Act Amendments of 1972, has adopted, pursuant to its own law, water quality standards applicable to intrastate waters shall submit such standards to the Administrator within thirty days after the date of enactment of the Federal Water Pollution Control Act Amendments of 1972. Each such standard shall remain in effect, in the same manner and to the same extent as any other water quality standard established under this Act unless the Administrator determines that such standard is inconsistent with the applicable requirements of this Act as in effect immediately prior to the date of enactment of the Federal Water Pollution Control Act Amendments of 1972. If the Administrator makes such a determination he shall not later than the one hun-

dred and twentieth day after the date of submission of such standards, notify the State and specify the changes needed to meet such requirements. If such changes are not adopted by the State within ninety days after such notification, the Administrator shall promulgate such changes in accordance with subsection (b) of this section.

(3)(A) Any State which prior to the date of enactment of the Federal Water Pollution Control Act Amendments of 1972 has not adopted pursuant to its own laws water quality standards applicable to intrastate waters shall, not later than one hundred and eighty days after the date of enactment of the Federal Water Pollution Control Act Amendments of 1972, adopt and submit such standards to the Administrator.

(B) If the Administrator determines that any such standards are consistent with the applicable requirements of this Act as in effect immediately prior to the date of enactment of the Federal Water Pollution Control Act Amendments of 1972, he shall approve such standards.

(C) If the Administrator determines that any such standards are not consistent with the applicable requirements of this Act as in effect immediately prior to the date of enactment of the Federal Water Pollution Control Act Amendments of 1972, he shall, not later than the ninetieth day after the date of submission of such standards, notify the State and specify the changes to meet such requirements. If such changes are not adopted by the State within ninety days after the date of notification, the Administrator shall promulgate such standards pursuant to subsection (b) of this section.

(b)(1) The Administrator shall promptly prepare and publish proposed regulations setting forth water quality standards for a State in accordance with the applicable requirements of this Act as in effect immediately prior to the date of enactment of the Federal Water Pollution Control Act Amendments of 1972, if—

(A) the State fails to submit water quality standards within the times prescribed in subsection (a) of this section,

(B) a water quality standard submitted by such State under subsection (a) of this section is determined by the Administrator not to be consistent with the applicable requirements of subsection (a) of this section.

(2) The Administrator shall promulgate any water quality standard published in a proposed regulation not later than one hundred and ninety days after the date he publishes any such proposed standard, unless prior to such promulgation, such State has adopted a water quality standard which the Administrator determines to be in accordance with subsection (a) of this section.

(c)(1) The Governor of a State or the State water pollution control agency of such State shall from time to time (but at least once each three year period beginning with the date of enactment of the Federal Water Pollution Control Act Amendments of 1972) hold public hearings for the purpose of reviewing applicable water quality standards and, as appropriate, modifying and adopting standards. Results of such review shall be made available to the Administrator.

(2)(A) Whenever the State revises or adopts a new standard, such revised or new standard shall be submitted to the Adminis-

trator. Such revised or new water quality standard shall consist of the designated uses of the navigable waters involved and the water quality criteria for such waters based upon such uses. Such standards shall be such as to protect the public health or welfare, enhance the quality of water and serve the purposes of this Act. Such standards shall be established taking into consideration their use and value for public water supplies, propagation of fish and wildlife, recreational purposes, and agricultural, industrial, and other purposes, and also taking into consideration their use and value for navigation.

(B) Whenever a State reviews water quality standards pursuant to paragraph (1) of this subsection, or revises or adopts new standards pursuant to this paragraph, such State shall adopt criteria for all toxic pollutants listed pursuant to section 307(a)(1) of this Act for which criteria have been published under section 304(a), the discharge or presence of which in the affected waters could reasonably be expected to interfere with those designated uses adopted by the State, as necessary to support such designated uses. Such criteria shall be specific numerical criteria for such toxic pollutants. Where such numerical criteria are not available, whenever a State reviews water quality standards pursuant to paragraph (1), or revises or adopts new standards pursuant to this paragraph, such State shall adopt criteria based on biological monitoring or assessment methods consistent with information published pursuant to section 304(a)(8). Nothing in this section shall be construed to limit or delay the use of effluent limitations or other permit conditions based on or involving biological monitoring or assessment methods or previously adopted numerical criteria.

(3) If the Administrator, within sixty days after the date of submission of the revised or new standard, determines that such standard meets the requirements of this Act, such standard shall thereafter be the water quality standard for the applicable waters of that State. If the Administrator determines that any such revised or new standard is not consistent with the applicable requirements of this Act, he shall not later than the ninetieth day after the date of submission of such standard notify the State and specify the changes to meet such requirements. If such changes are not adopted by the State within ninety days after the date of notification, the Administrator shall promulgate such standard pursuant to paragraph (4) of this subsection.

(4) The Administrator shall promptly prepare and publish proposed regulations setting forth a revised or new water quality standard for the navigable waters involved—

(A) if a revised or new water quality standard submitted by such State under paragraph (3) of this subsection for such waters is determined by the Administrator not to be consistent with the applicable requirements of this Act, or

(B) in any case where the Administrator determines that a revised or new standard is necessary to meet the requirements of this Act.

The Administrator shall promulgate any revised or new standard under this paragraph not later than ninety days after he publishes such proposed standards, unless prior to such promulgation, such

State has adopted a revised or new water quality standard which the Administrator determines to be in accordance with this Act.

(d)(1)(A) Each State shall identify those waters within its boundaries for which the effluent limitations required by section 301(b)(1)(A) and section 301(b)(1)(B) are not stringent enough to implement any water quality standard applicable to such waters. The State shall establish a priority ranking for such waters, taking into account the severity of the pollution and the uses to be made of such waters.

(B) Each State shall identify those waters or parts thereof within its boundaries for which controls on thermal discharges under section 301 are not stringent enough to assure protection and propagation of a balanced indigenous population of shellfish, fish, and wildlife.

(C) Each State shall establish for the waters identified in paragraph (1)(A) of this subsection, and in accordance with the priority ranking, the total maximum daily load, for those pollutants which the Administrator identifies under section 304(a)(2) as suitable for such calculation. Such load shall be established at a level necessary to implement the applicable water quality standards with seasonal variations and a margin of safety which takes into account any lack of knowledge concerning the relationship between effluent limitations and water quality.

(D) Each State shall estimate for the waters identified in paragraph (1)(D) of this subsection the total maximum daily thermal load required to assure protection and propagation of a balanced, indigenous population of shellfish, fish and wildlife. Such estimates shall take into account the normal water temperatures, flow rates, seasonal variations, existing sources of heat input, and the dissipative capacity of the identified waters or parts thereof. Such estimates shall include a calculation of the maximum heat input that can be made into each such part and shall include a margin of safety which takes into account any lack of knowledge concerning the development of thermal water quality criteria for such protection and propagation in the identified waters or parts thereof.

(2) Each State shall submit to the Administrator from time to time, with the first such submission not later than one hundred and eighty days after the date of publication of the first identification of pollutants under section 304(a)(2)(D), for his approval the waters identified and the loads established under paragraphs (1)(A), (1)(B), (1)(C), and (1)(D) of this subsection. The Administrator shall either approve or disapprove such identification and load not later than thirty days after the date of submission. If the Administrator approves such identification and load, such State shall incorporate them into its current plan under subsection (e) of this section. If the Administrator disapproves such identification and load, he shall not later than thirty days after the date of such disapproval identify such waters in such State and establish such loads for such waters as he determines necessary to implement the water quality standards applicable to such waters and upon such identification and establishment the State shall incorporate them into its current plan under subsection (e) of this section.

(3) For the specific purpose of developing information, each State shall identify all waters within its boundaries which it has

not identified under paragraph (1)(A) and (1)(B) of this subsection and estimate for such waters the total maximum daily load with seasonal variations and margins of safety, for those pollutants which the Administrator identifies under section 304(a)(2) as suitable for such calculation and for thermal discharges, at a level that would assure protection and propagation of a balanced indigenous population of fish, shellfish and wildlife.

(4) LIMITATIONS ON REVISION OF CERTAIN EFFLUENT LIMITATIONS.—

(A) STANDARD NOT ATTAINED.—For waters identified under paragraph (1)(A) where the applicable water quality standard has not yet been attained, any effluent limitation based on a total maximum daily load or other waste load allocation established under this section may be revised only if (i) the cumulative effect of all such revised effluent limitations based on such total maximum daily load or waste load allocation will assure the attainment of such water quality standard, or (ii) the designated use which is not being attained is removed in accordance with regulations established under this section.

(B) STANDARD ATTAINED.—For waters identified under paragraph (1)(A) where the quality of such waters equals or exceeds levels necessary to protect the designated use for such waters or otherwise required by applicable water quality standard, any effluent limitation based on a total maximum daily load or other waste load allocation established under this section, or any water quality standard established under this section, or any other permitting standard may be revised only if such revision is subject to and consistent with the antidegradation policy established under this section.

(e)(1) Each State shall have a continuing planning process approved under paragraph (2) of this subsection which is consistent with this Act.

(2) Each State shall submit not later than 120 days after the date of the enactment of the Water Pollution Control Amendments of 1972 to the Administrator for his approval a proposed continuing planning process which is consistent with this Act. Not later than thirty days after the date of submission of such a process the Administrator shall either approve or disapprove such process. The Administrator shall from time to time review each State's approved planning process for the purpose of insuring that such planning process is at all times consistent with this Act. The Administrator shall not approve any State permit program under title IV of this Act for any State which does not have an approved continuing planning process under this section.

(3) The Administrator shall approve any continuing planning process submitted to him under this section which will result in plans for all navigable waters within such State, which include, but are not limited to, the following:

(A) effluent limitations and schedules of compliance at least as stringent as those required by section 301(b)(1), section 301(b)(2), section 306, and section 307, and at least as

stringent as any requirements contained in any applicable water quality standard in effect under authority of this section;

(B) the incorporation of all elements of any applicable areawide waste management plans under section 208, and applicable basin plans under section 209 of this Act;

(C) total maximum daily load for pollutants in accordance with subsection (d) of this section;

(D) procedures for revision;

(E) adequate authority for intergovernmental cooperation;

(F) adequate implementation, including schedules of compliance, for revised or new water quality standards, under subsection (c) of this section;

(G) controls over the disposition of all residual waste from any water treatment processing;

(H) an inventory and ranking, in order of priority, of needs for construction of waste treatment works required to meet the applicable requirements of sections 301 and 302.

(f) Nothing in this section shall be construed to affect any effluent limitation, or schedule of compliance required by any State to be implemented prior to the dates set forth in sections 301(b)(1) and 301(b)(2) nor to preclude any State from requiring compliance with any effluent limitation or schedule of compliance at dates earlier than such dates.

(g) Water quality standards relating to heat shall be consistent with the requirements of section 316 of this Act.

(h) For the purposes of this Act the term "water quality standards" includes thermal water quality standards.

(i) COASTAL RECREATION WATER QUALITY CRITERIA.—

(1) ADOPTION BY STATES.—

(A) INITIAL CRITERIA AND STANDARDS.—Not later than 42 months after the date of the enactment of this subsection, each State having coastal recreation waters shall adopt and submit to the Administrator water quality criteria and standards for the coastal recreation waters of the State for those pathogens and pathogen indicators for which the Administrator has published criteria under section 304(a).

(B) NEW OR REVISED CRITERIA AND STANDARDS.—Not later than 36 months after the date of publication by the Administrator of new or revised water quality criteria under section 304(a)(9), each State having coastal recreation waters shall adopt and submit to the Administrator new or revised water quality standards for the coastal recreation waters of the State for all pathogens and pathogen indicators to which the new or revised water quality criteria are applicable.

(2) FAILURE OF STATES TO ADOPT.—

(A) IN GENERAL.—If a State fails to adopt water quality criteria and standards in accordance with paragraph (1)(A) that are as protective of human health as the criteria for pathogens and pathogen indicators for coastal recreation waters published by the Administrator, the Administrator shall promptly propose regulations for the State setting forth revised or new water quality standards

for pathogens and pathogen indicators described in paragraph (1)(A) for coastal recreation waters of the State.

(B) EXCEPTION.—If the Administrator proposes regulations for a State described in subparagraph (A) under subsection (c)(4)(B), the Administrator shall publish any revised or new standard under this subsection not later than 42 months after the date of the enactment of this subsection.

(3) APPLICABILITY.—Except as expressly provided by this subsection, the requirements and procedures of subsection (c) apply to this subsection, including the requirement in subsection (c)(2)(A) that the criteria protect public health and welfare.

(33 U.S.C. 1313)

INFORMATION AND GUIDELINES

SEC. 304. (a)(1) The Administrator, after consultation with appropriate Federal and State agencies and other interested persons, shall develop and publish, within one year after the date of enactment of this title (and from time to time thereafter revise) criteria for water quality accurately reflecting the latest scientific knowledge (A) on the kind and extent of all identifiable effects on health and welfare including, but not limited to, plankton, fish, shellfish, wildlife, plant life, shorelines, beaches, esthetics, and recreation which may be expected from the presence of pollutants in any body of water, including ground water; (B) on the concentration and dispersal of pollutants, or their byproducts, through biological, physical, and chemical processes; and (C) on the effects of pollutants on biological community diversity, productivity, and stability, including information on the factors affecting rates of eutrophication and rates of organic and inorganic sedimentation for varying types of receiving waters.

(2) The Administrator, after consultation with appropriate Federal and State agencies and other interested persons, shall develop and publish, within one year after the date of enactment of this title (and from time to time thereafter revise) information (A) on the factors necessary to restore and maintain the chemical, physical, and biological integrity of all navigable waters, ground waters, waters of the contiguous zone, and the oceans; (B) on the factors necessary for the protection and propagation of shellfish, fish, and wildlife for classes and categories of receiving waters and to allow recreational activities in and on the water; and (C) on the measurement and classification of water quality; and (D) for the purpose of section 303, on and the identification of pollutants suitable for maximum daily load measurement correlated with the achievement of water quality objectives.

(3) Such criteria and information and revisions thereof shall be issued to the States and shall be published in the Federal Register and otherwise made available to the public.

(4) The Administrator shall, within 90 days after the date of enactment of the Clean Water Act of 1977 and from time to time thereafter, publish and revise as appropriate information identifying conventional pollutants, including but not limited to, pollut-

ants classified as biological oxygen demanding, suspended solids, fecal coliform, and pH. The thermal component of any discharge shall not be identified as a conventional pollutant under this paragraph.

(5)(A) The Administrator, to the extent practicable before consideration of any request under section 301(g) of this Act and within six months after the date of enactment of the Clean Water Act of 1977, shall develop and publish information on the factors necessary for the protection of public water supplies, and the protection and propagation of a balanced population of shellfish, fish and wildlife, and to allow recreational activities, in and on the water.

(B) The Administrator, to the extent practicable before consideration of any application under section 301(h) of this Act and within six months after the date of enactment of Clean Water Act of 1977, shall develop and publish information on the factors necessary for the protection of public water supplies, and the protection and propagation of a balanced indigenous population of shellfish, fish and wildlife, and to allow recreational activities, in and on the water.

(6) The Administrator shall, within three months after enactment of the Clean Water Act of 1977 and annually thereafter, for purposes of section 301(h) of this Act publish and revise as appropriate information identifying each water quality standard in effect under this Act of State law, the specific pollutants associated with such water quality standard, and the particular waters to which such water quality standard applies.

(7) GUIDANCE TO STATES.—The Administrator, after consultation with appropriate State agencies and on the basis of criteria and information published under paragraphs (1) and (2) of this subsection, shall develop and publish, within 9 months after the date of the enactment of the Water Quality Act of 1987, guidance to the States on performing the identification required by section 304(l)(1) of this Act.

(8) INFORMATION ON WATER QUALITY CRITERIA.—The Administrator, after consultation with appropriate State agencies and within 2 years after the date of the enactment of the Water Quality Act of 1987, shall develop and publish information on methods for establishing and measuring water quality criteria for toxic pollutants on other bases than pollutant-by-pollutant criteria, including biological monitoring and assessment methods.

(9) REVISED CRITERIA FOR COASTAL RECREATION WATERS.—

(A) IN GENERAL.—Not later than 5 years after the date of the enactment of this paragraph, after consultation and in cooperation with appropriate Federal, State, tribal, and local officials (including local health officials), the Administrator shall publish new or revised water quality criteria for pathogens and pathogen indicators (including a revised list of testing methods, as appropriate), based on the results of the studies conducted under section 104(v), for the purpose of protecting human health in coastal recreation waters.

(B) REVIEWS.—Not later than the date that is 5 years after the date of publication of water quality criteria under

this paragraph, and at least once every 5 years thereafter, the Administrator shall review and, as necessary, revise the water quality criteria.

(b) For the purposes of adopting or revising effluent limitations under this Act the Administrator shall, after consultation with appropriate Federal and State agencies and other interested persons, publish within one year of enactment of this title, regulations, providing guidelines for effluent limitations, and, at least annually thereafter, revise, if appropriate, such regulations. Such regulations shall—

(1)(A) identify, in terms of amounts of constituents and chemical, physical, and biological characteristics of pollutants, the degree of effluent reduction attainable through the application of the best practicable control technology currently available for classes and categories to point sources (other than publicly owned treatment works); and

(B) specify factors to be taken into account in determining the control measures and practices to be applicable to point sources (other than publicly owned treatment works) within such categories of classes. Factors relating to the assessment of best practical control technology currently available to comply with subsection (b)(1) of section 301 of this Act shall include consideration of the total cost of application of technology in relation to the effluent reduction benefits to be achieved from such application, and shall also take into account the age of equipment and facilities involved, the process employed, the engineering aspects of the application of various types of control techniques, process changes, non-water quality environmental impact (including energy requirements), and such other factors as the Administrator deems appropriate;

(2)(A) identify, in terms of amounts of constituents and chemical, physical, and biological characteristics of pollutants, the degree of effluent reduction attainable through the application of the best control measures and practices achievable including treatment techniques, process and procedure innovations, operating methods, and other alternatives for classes and categories of point sources (other than publicly owned treatment works); and

(B) specify factors to be taken into account in determining the best measures and practices available to comply with subsection (b)(2) of section 301 of this Act to be applicable to any point source (other than publicly owned treatment works) within such categories of classes. Factors relating to the assessment of best available technology shall take into account the age of equipment and facilities involved, the process employed, the engineering aspects of the application of various types of control techniques, process changes, the cost of achieving such effluent reduction, non-water quality environmental impact (including energy requirements), and such other factors as the Administrator deems appropriate;

(3) identify control measures and practices available to eliminate the discharge of pollutants from categories and classes of point sources, taking into account the cost of achieving such elimination of the discharge of pollutants; and

(4)(A) identify, in terms of amounts of constituents and chemical, physical, and biological characteristics of pollutants, the degree of effluent reduction attainable through the application of the best conventional pollutant control technology (including measures and practices) for classes and categories of point sources (other than publicly owned treatment works); and

(B) specify factors to be taken into account in determining the best conventional pollutant control technology measures and practices to comply with section 301(b)(2)(E) of this Act to be applicable to any point source (other than publicly owned treatment works) within such categories or classes. Factors relating to the assessment of best conventional pollutant control technology (including measures and practices) shall include consideration of the reasonableness of the relationship between the costs of attaining a reduction in effluents and the effluent reduction benefits derived, and the comparison of the cost and level of reduction of such pollutants from the discharge from publicly owned treatment works to the cost and level of reduction of such pollutants from a class or category of industrial sources, and shall take into account the age of equipment and facilities involved, the process employed, the engineering aspects of the application of various types of control techniques, process changes, non-water quality environmental impact (including energy requirements), and such other factors as the Administrator deems appropriate.

(c) The Administrator, after consultation, with appropriate Federal and State agencies and other interested persons, shall issue to the States and appropriate water pollution control agencies within 270 days after enactment of this title (and from time to time thereafter) information on the processes, procedures, or operating methods which result in the elimination or reduction of the discharge of pollutants to implement standards of performance under section 306 of this Act. Such information shall include technical and other data, including costs, as are available on alternative methods of elimination or reduction of the discharge of pollutants. Such information, and revisions thereof, shall be published in the Federal Register and otherwise shall be made available to the public.

(d)(1) The Administrator, after consultation with appropriate Federal and State agencies and other interested persons, shall publish within sixty days after enactment of this title (and from time to time thereafter) information, in terms of amounts of constituents and chemical, physical, and biological characteristics of pollutants, on the degree of effluent reduction attainable through the application of secondary treatment.

(2) The Administrator, after consultation with appropriate Federal and State agencies and other interested persons, shall publish within nine months after the date of enactment of this title (and from time to time thereafter) information on alternative waste treatment management techniques and systems available to implement section 201 of this Act.

(3) The Administrator, after consultation with appropriate Federal and State agencies and other interested persons, shall promul-

gate witin one hundred and eighty days after the date of enactment of this subsection guidelines for identifying and evaluating innovative and alternative wastewater treatment process and techniques referred to in section 201(g)(5) of this Act.

(4) For the purposes of this subsection, such biological treatment facilities as oxidation ponds, lagoons, and ditches and trickling filters shall be deemed the equivalent of secondary treatment. The Administrator shall provide guidance under paragraph (1) of this subsection on design criteria for such facilities, taking into account pollutant removal efficiencies and, consistent with the objective of the Act, assuring that water quality will not be adversely affected by deeming such facilities as the equivalent of secondary treatment.

(e) The Administrator, after consultation with appropriate Federal and State agencies and other interested persons, may publish regulations, supplemental to any effluent limitations specified under subsections (b) and (c) of this section for a class or category of point sources, for any specific pollutant which the Administrator is charged with a duty to regulate as a toxic or hazardous pollutant under section 307(a)(1) or 311 of this Act, to control plant site runoff, spillage or leaks, sludge or waste disposal, and drainage from raw material storage which the Administrator determines are associated with or ancillary to the industrial manufacturing or treatment process within such class or category of point sources and may contribute significant amounts of such pollutants, to navigable waters. Any applicable controls established under this subsection shall be included as a requirement for the purposes of section 301, 302, 307, or 403, as the case may be, in any permit issued to a point source pursuant to section 402 of this Act.

(f) The Administrator, after consultation with appropriate Federal and State agencies and other interested persons, shall issue to appropriate Federal agencies, the States, water pollution control agencies, and agencies designated under section 208 of this Act, within one year after the effective date of this subsection (and from time to time thereafter) information including (1) guidelines for identifying and evaluating the nature and extent of nonpoint sources of pollutants, and (2) processes, procedures, and methods to control pollution resulting from—

(A) agricultural and silvicultural activities, including runoff from fields and crop and forest lands;

(B) mining activities, including runoff and siltation from new, currently operating, and abandoned surface and underground mines;

(C) all construction activity, including runoff from the facilities resulting from such construction;

(D) the disposal of pollutants in wells or in subsurface excavations;

(E) salt water intrusion resulting from reductions of fresh water flow from any cause, including extraction of ground water, irrigation, obstruction, and diversion; and

(F) changes in the movement, flow, or circulation of any navigable waters or ground waters, including changes caused by the construction of dams, levees, channels, causeways, or flow diversion facilities.

Such information and revisions thereof shall be published in the Federal Register and otherwise made available to the public.

(g)(1) For the purpose of assisting States in carrying out programs under section 402 of this Act, the Administrator shall publish, within one hundred and twenty days after the date of enactment of this title, and review at least annually thereafter and, if appropriate, revise guidelines for pretreatment of pollutants which he determines are not susceptible to treatment by publicly owned treatment works. Guidelines under this subsection shall be established to control and prevent the discharge into the navigable waters, the contiguous zone, or the ocean (either directly or through publicly owned treatment works) of any pollutant which interferes with, passes through, or otherwise is incompatible with such works.

(2) When publishing guidelines under this subsection, the Administrator shall designate the category or categories of treatment works to which the guidelines shall apply.

(h) The Administrator shall, within one hundred and eighty days from the date of enactment of this title, promulgate guidelines establishing test procedures for the analysis of pollutants that shall include the factors which must be provided in any certification pursuant to section 401 of this Act or permit application pursuant to section 402 of this Act.

(i) The Administrator shall (1) within sixty days after the enactment of this title promulgate guidelines for the purpose of establishing uniform application forms and other minimum requirements for the acquisition of information from owners and operators of point-sources of discharge subject to any State program under section 402 of this Act, and (2) within sixty days from the date of enactment of this title promulgate guidelines establishing the minimum procedural and other elements of any State program under section 402 of this Act which shall include:

(A) monitoring requirements;

(B) reporting requirements (including procedures to make information available to the public);

(C) enforcement provisions; and

(D) funding, personnel qualifications, and manpower requirements (including a requirement that no board or body which approves permit applications or portions thereof shall include, as a member, any person who receives, or has during the previous two years received, a significant portion of his income directly or indirectly from permit holders or applicants for a permit).

(j) Lake Restoration Guidance Manual.—The Administrator shall, within 1 year after the date of the enactment of the Water Quality Act of 1987 and biennially thereafter, publish and disseminate a lake restoration guidance manual describing methods, procedures, and processes to guide State and local efforts to improve, restore, and enhance water quality in the Nation's publicly owned lakes.

(k)(1) The Administrator shall enter into agreements with the Secretary of Agriculture, the Secretary of the Army, and the Secretary of the Interior, and the heads of such other departments, agencies, and instrumentalities of the United States as the Administrator determines, to provide for the maximum utilization of other

Federal laws and programs for the purpose of achieving and maintaining water quality through appropriate implementation of plans approved under section 208 of this Act and nonpoint source pollution management programs approved under section 319 of this Act.

(2) The Administrator is authorized to transfer to the Secretary of Agriculture, the Secretary of the Army, and the Secretary of the Interior and the heads of such other departments, agencies, and instrumentalities of the United States as the Administrator determines, any funds appropriated under paragraph (3) of this subsection to supplement funds otherwise appropriated to programs authorized pursuant to any agreement under paragraph (1).

(3) There is authorized to be appropriated to carry out the provisions of this subsection, $100,000,000 per fiscal year for the fiscal years 1979 through 1983 and such sums as may be necessary for fiscal years 1984 through 1990.

(l) INDIVIDUAL CONTROL STRATEGIES FOR TOXIC POLLUTANTS.—

(1) STATE LIST OF NAVIGABLE WATERS AND DEVELOPMENT OF STRATEGIES.—Not later than 2 years after the date of the enactment of this subsection, each State shall submit to the Administrator for review, approval, and implementation under this subsection—

(A) a list of those waters within the State which after the application of effluent limitations required under section 301(b)(2) of this Act cannot reasonably be anticipated to attain or maintain (i) water quality standards for such waters reviewed, revised, or adopted in accordance with section 303(c)(2)(B) of this Act, due to toxic pollutants, or (ii) that water quality which shall assure protection of public health, public water supplies, agricultural and industrial uses, and the protection and propagation of a balanced population of shellfish, fish and wildlife, and allow recreational activities in and on the water;

(B) a list of all navigable waters in such State for which the State does not expect the applicable standard under section 303 of this Act will be achieved after the requirements of sections 301(b), 306, and 307(b) are met, due entirely or substantially to discharges from point sources of any toxic pollutants listed pursuant to section 307(a);

(C) for each segment of the navigable waters included on such lists, a determination of the specific point sources discharging any such toxic pollutant which is believed to be preventing or impairing such water quality and the amount of each toxic pollutant discharged by each such source; and

(D) for each such segment, an individual control strategy which the State determines will produce a reduction in the discharge of toxic pollutants from point sources identified by the State under this paragraph through the establishment of effluent limitations under section 402 of this Act and water quality standards under section 303(c)(2)(B) of this Act, which reduction is sufficient, in combination with existing controls on point and nonpoint sources of pollution, to achieve the applicable water quality standard as

soon as possible, but not later than 3 years after the date of the establishment of such strategy.

(2) APPROVAL OR DISAPPROVAL.—Not later than 120 days after the last day of the 2-year period referred to in paragraph (1), the Administrator shall approve or disapprove the control strategies submitted under paragraph (1) by any State.

(3) ADMINISTRATOR'S ACTION.—If a State fails to submit control strategies in accordance with paragraph (1) or the Administrator does not approve the control strategies submitted by such State in accordance with paragraph (1), then, not later than 1 year after the last day of the period referred to in paragraph (2), the Administrator, in cooperation with such State and after notice and opportunity for public comment, shall implement the requirements of paragraph (1) in such State. In the implementation of such requirements, the Administrator shall, at a minimum, consider for listing under this subsection any navigable waters for which any person submits a petition to the Administrator for listing not later than 120 days after such last day.

(m) SCHEDULE FOR REVIEW OF GUIDELINES.—

(1) PUBLICATION.—Within 12 months after the date of the enactment of the Water Quality Act of 1987, and biennially thereafter, the Administrator shall publish in the Federal Register a plan which shall—

(A) establish a schedule for the annual review and revision of promulgated effluent guidelines, in accordance with subsection (b) of this section;

(B) identify categories of sources discharging toxic or nonconventional pollutants for which guidelines under subsection (b)(2) of this section and section 306 have not previously been published; and

(C) establish a schedule for promulgation of effluent guidelines for categories identified in subparagraph (B), under which promulgation of such guidelines shall be no later than 4 years after such date of enactment for categories identified in the first published plan or 3 years after the publication of the plan for categories identified in later published plans.

(2) PUBLIC REVIEW.—The Administrator shall provide for public review and comment on the plan prior to final publication.

(33 U.S.C. 1314)

WATER QUALITY INVENTORY

SEC. 305. (a) The Administrator, in cooperation with the States and with the assistance of appropriate Federal agencies, shall prepare a report to be submitted to the Congress on or before January 1, 1974, which shall—

(1) describe the specific quality, during 1973, with appropriate supplemental descriptions as shall be required to take into account seasonal, tidal, and other variations, of all navigable waters and the waters of the contiguous zone;

(2) include an inventory of all point sources of discharge (based on a qualitative and quantitative analysis of discharges) of pollutants, into all navigable waters and the waters of the contiguous zone; and

(3) identify specifically those navigable waters, the quality of which—

(A) is adequate to provide for the protection and propagation of a balanced population of shellfish, fish, and wildlife and allow recreational activities in and on the water;

(B) can reasonably be expected to attain such level by 1977 or 1983; and

(C) can reasonably be expected to attain such level by any later date.

(b)(1) Each State shall prepare and submit to the Administrator by April 1, 1975, and shall bring up to date by April 1, 1976, and biennially thereafter, a report which shall include—

(A) a description of the water quality of all navigable waters in such State during the preceding year, with appropriate supplemental descriptions as shall be required to take into account seasonal, tidal, and other variations, correlated with the quality of water required by the objective of this Act (as identified by the Administrator pursuant to criteria published under section 304(a) of this Act) and the water quality described in subparagraph (B) of this paragraph;

(B) an analysis of the extent to which all navigable waters of such State provide for the protection and propagation of a balanced population of shellfish, fish, and wildlife, and allow recreational activities in and on the water;

(C) an analysis of the extent to which the elimination of the discharge of pollutants and a level of water quality which provides for the protection and propagation of a balanced population of shellfish, fish, and wildlife and allows recreational activities in and on the water, have been or will be achieved by the requirements of this Act, together with recommendations as to additional action necessary to achieve such objectives and for what waters such additional action is necessary;

(D) an estimate of (i) the environmental impact, (ii) the economic and social costs necessary to achieve the objective of this Act in such State, (iii) the economic and social benefits of such achievement, and (iv) an estimate of the date of such achievement; and

(E) a description of the nature and extent of nonpoint sources of pollutants, and recommendations as to the programs which must be undertaken to control each category of such sources, including an estimate of the costs of implementing such programs.

(2) The Administrator shall transmit such State reports, together with an analysis thereof, to Congress on or before October 1, 1975, and October 1, 1976, and biennially thereafter.

(33 U.S.C. 1315)

NATIONAL STANDARDS OF PERFORMANCE

SEC. 306. (a) For purposes of this section:

(1) The term "standard of performance" means a standard for the control of the discharge of pollutants which reflects the greatest degree of effluent reduction which the Administrator determines to be achievable through application of the best available demonstrated control technology, processes, operating methods, or other alternatives, including, where practicable, a standard permitting no discharge of pollutants.

(2) The term "new source" means any source, the construction of which is commenced after the publication of proposed regulations prescribing a standard of performance under this section which will be applicable to such sources, if such standard is thereafter promulgated in accordance with this section.

(3) The term "source" means any building, structure, facility, or installation from which there is or may be the discharge of pollutants.

(4) The term "owner or operator" means any person who owns, leases, operates, controls, or supervises a source.

(5) The term "construction" means any placement, assembly, or installation of facilities or equipment (including contractual obligations to purchase such facilities or equipment) at the premises where such equipment will be used, including preparation work at such premises.

(b)(1)(A) The Administrator shall, within ninety days after the date of enactment of this title publish (and from time to time thereafter shall revise) a list of categories of sources, which shall, at the minimum, include:

pulp and paper mills;
paperboard, builders paper and board mills;
meat product and rendering processing;
dairy product processing;
grain mills;
canned and preserved fruits and vegetables processing;
canned and preserved seafood processing;
sugar processing;
textile mills;
cement manufacturing;
feedlots;
electroplating;
organic chemicals manufacturing;
inorganic chemicals manufacturing;
plastic and synthetic materials manufacturing;
soap and detergent manufacturing
fertilizer manufacturing;
petroleum refining;
iron and steel manufacturing;
nonferrous metals manufacturing;
phosphate manufacturing;
steam electric powerplants;
ferroalloy manufacturing;
leather tanning and finishing;
glass and asbestos manufacturing;

rubber processing; and
timber products processing.

(B) As soon as practicable, but in no case more than one year, after a category of sources is included in a list under subparagraph (A) of this paragraph, the Administrator shall propose and publish regulations establishing Federal standards of performance for new sources within such category. The Administrator shall afford interested persons an opportunity for written comment on such proposed regulations. After considering such comments, he shall promulgate, within one hundred and twenty days after publication of such proposed regulations, such standards with such adjustments as he deems appropriate. The Administrator shall, from time to time, as technlogy and alternatives change, revise such standards following the procedure required by this subsection for promulgation of such standards. Standards of performance, or revisions thereof, shall become effective upon promulgation. In establishing or revising Federal standards of performance for new sources under this section, the Administrator shall take into consideration the cost of achieving such effluent reduction, and any non-water quality environmental impact and energy requirements.

(2) The Administrator may distinguish among classes, types, and sizes within categories of new sources for the purpose of establishing such standards and shall consider the type of process employed (including whether batch or continuous).

(3) The provisions of this section shall apply to any new source owned or operated by the United States.

(c) Each State may develop and submit to the Administrator a procedure under State law for applying and enforcing standards of performance for new sources located in such State. If the Administrator finds that the procedure and the law of any State require the application and enforcement of standards of performance to at least the same extent as required by this section, such State is authorized to apply and enforce such standards of performance (except with respect to new sources owned or operated by the United States).

(d) Notwithstanding any other provision of this Act, any point source the construction of which is commenced after the date of enactment of the Federal Water Pollution Control Act Amendments of 1972 and which is so constructed as to meet all applicable standards of performance shall not be subject to any more stringent standard of performance during a ten-year period beginning on the date of completion of such construction or during the period of depreciation or amortization of such facility for the purposes of section 167 or 169 (or both) of the Internal Revenue Code of 1954, whichever period ends first.

(e) After the effective date of standards of performance promulgated under this section, it shall be unlawful for any owner or operator of any new source to operate such source in violation of any standard of performance applicable to such source.

(33 U.S.C. 1316)

TOXIC AND PRETREATMENT EFFLUENT STANDARDS

SEC. 307. (a)(1) On and after the date of enactment of the Clean Water Act of 1977, the list of toxic pollutants or combination of pollutants subject to this Act shall consist of those toxic polllutants listed in table 1 of Committee Print Numbered 95–30 of the Committee on Public Works and Transportation of the House of Representatives, and the Administrator shall publish, not later than the thirtieth day after the date of enactment of the Clean Water Act of 1977, that list. From time to time thereafter, the Administrator may revise such list and the Administrator is authorized to add to or remove from such list any pollutant. The Administrator in publishing any revised list, including the addition or removal of any pollutant from such list, shall take into account the toxicity of the pollutant, its persistence, degradability, the usual or potential presence of the affected organisms in any waters, the importance of the affected organisms, and the nature and extent of the effect of the toxic pollutant on such organisms. A determination of the Administrator under this paragraph shall be final except that if, on judicial review, such determination was based on arbitrary and capricious action of the Administrator, the Administrator shall make a redetermination.

(2) Each toxic pollutant listed in accordance with paragraph (1) of this subsection shall be subject to effluent limitations resulting from the application of the best available technology economically achieveable for the applicable category or class of point sources established in accordance with section 301(b)(2)(A) and 304(b)(2) of this Act. The Administrator, in his discretion, may publish in the Federal Register a proposed effluent standard (which may include a prohibition) establishing requirements for a toxic pollutant which, if an effluent limitation is applicable to a class or category of point sources, shall be applicable to such category or class only if such standard imposes more stringent requirements. Such published effluent standard (or prohibition) shall take into account the toxicity of the pollutant, its persistence, degradability, the usual or potential presence of the affected organisms in any waters, the importance of the affected organisms and the nature and extent of the effect of the toxic pollutant on such organisms, and the extent to which effective control is being or may be achieved under other regulatory authority. The Administrator shall allow a period of not less than sixty days following publication of any such proposed effluent standard (or prohibition) for written comment by interested persons on such proposed standard. In addition, if within thirty days of publication of any such proposed effluent standard (or prohibition) any interested person so requests, the Administrator shall hold a public hearing in connection therewith. Such a public hearing shall provide an opportunity for oral and written presentations, such cross-examination as the Administrator determines is appropriate on disputed issues of material fact, and the transcription of a verbatim record which shall be available to the public. After consideration of such comments and any information and material presented at any public hearing held on such proposed standard or prohibition, the Administrator shall promulgate such standards (or prohibition) with such modifications as the Administrator finds are

justified. Such promulgation by the Administrator shall be made within two hundred and seventy days after publication of proposed standard (or prohibition). Such standard (or prohibition) shall be final except that if, on judicial review, such standard was not based on substantial evidence, the Administrator shall promulgate a revised standard. Effluent limitations shall be established in accordance with sections 301(b)(2)(A) and 304(b)(2) for every toxic pollutant referred to in table 1 of Committee Print Numbered 95–30 of the Committee on Public Works and Transportation of the House of Representatives as soon as practicable after the date of enactment of the Clean Water Act of 1977, but no later than July 1, 1980. Such effluent limitations or effluent standards (or prohibitions) shall be established for every other toxic pollutant listed under paragraph (1) of this subsection as soon as practicable after it is so listed.

(3) Each such effluent standard (or prohibition) shall be reviewed and, if appropriate, revised at least every three years.

(4) Any effluent standard promulgated under this section shall be at that level which the Administrator determines provides an ample margin of safety.

(5) When proposing or promulgating any effluent standard (or prohibition) under this section, the Administrator shall designate the category or categories of sources to which the effluent standard (or prohibition) shall apply. Any disposal of dredged material may be included in such a category of sources after consultation with the Secretary of the Army.

(6) Any effluent standard (or prohibition) established pursuant to this section shall take effect on such date or dates as specified in the order promulgating such standard, but in no case, more than one year from the date of such promulgation. If the Administrator determines that compliance within one year from the date of promulgation is technologically infeasible for a category of sources, the Administrator may establish the effective date of the effluent standard (or prohibition) for such category at the earliest date upon which compliance can be feasibly attained by sources within such category, but in no event more than three years after the date of such promulgation.

(7) Prior to publishing any regulations pursuant to this section the Administrator shall, to the maximum extent practicable within the time provided, consult with appropriate advisory committees, States, independent experts, and Federal departments and agencies.

(b)(1) The Administrator shall, within one hundred and eighty days after the date of enactment of this title and from time to time thereafter, publish proposed regulations establishing pretreatment standards for introduction of pollutants into treatment works (as defined in section 212 of this Act) which are publicly owned for those pollutants which are determined not to be susceptible to treatment by such treatment works or which would interfere with the operation of such treatment works. Not later than ninety days after such publication, and after opportunity for public hearing, the Administrator shall promulgate such pretreatment standards. Pretreatment standards under this subsection shall specify a time for compliance not to exceed three years from the date of promulga-

tion and shall be established to prevent the discharge of any pollutant through treatment works (as defined in section 212 of this Act) which are publicly owned, which pollutant interfers with, passes through, or otherwise is incompatible with such works. If, in the case of any toxic pollutant under subsection (a) of this section introduced by a source into a publicly owned treatment works, the treatment by such works removes all or any part of such toxic pollutant and the discharge from such works does not violate that effluent limitation or standard which would be applicable to such toxic pollutant if it were discharged by such source other than through a publicly owned treatment works, and does not prevent sludge use or disposal by such works in accordance with section 405 of this Act, then the pretreatment requirements for the sources actually discharging such toxic pollutant into such publicly owned treatment works may be revised by the owner or operator of such works to reflect the removal of such toxic pollutant by such works.

(2) The Administrator shall, from time to time, as control technology, processes, operating methods, or other alternative change, revise such standards following the procedures established by this subsection for promulgation of such standards.

(3) When proposing or promulgating any pretreatment standard under this section, the Administrator shall designate the category or categories of sources to which such standard shall apply.

(4) Nothing in this subsection shall affect any pretreatment requirement established by any State or local law not in conflict with any pretreatment standard established under this subsection.

(c) In order to ensure that any source introducing pollutants into a publicly owned treatment works, which source would be a new source subject to section 306 if it were to discharge pollutants, will not cause a violation of the effluent limitations established for any such treatment works, the Administrator shall promulgate pretreatment standards for the category of such sources simultaneously with the promulgation of standards of performance under section 306 for the equivalent category of new sources. Such pretreatment standards shall prevent the discharge of any pollutant into such treatment works, which pollutant may interfere with, pass through, or otherwise be incompatible with such works.

(d) After the effective date of any effluent standard or prohibition or pretreatment standard promulgated under this section, it shall be unlawful for any owner or operator of any source to operate any source in violation of any such effluent standard or prohibition or pretreatment standard.

(e) COMPLIANCE DATE EXTENSION FOR INNOVATIVE PRETREATMENT SYSTEMS.—In the case of any existing facility that proposes to comply with the pretreatment standards of subsection (b) of this section by applying an innovative system that meets the requirements of section 301(k) of this Act, the owner or operator of the publicly owned treatment works receiving the treated effluent from such facility may extend the date for compliance with the applicable pretreatment standard established under this section for a period not to exceed 2 years—

(1) if the Administrator determines that the innovative system has the potential for industrywide application, and

(2) if the Administrator (or the State in consultation with the Administrator, in any case in which the State has a pretreatment program approved by the Administrator)—

(A) determines that the proposed extension will not cause the publicly owned treatment works to be in violation of its permit under section 402 or of section 405 or to contribute to such a violation, and

(B) concurs with the proposed extension.

(33 U.S.C. 1317)

INSPECTIONS, MONITORING, AND ENTRY

SEC. 308. (a) Whenever required to carry out the objective of this Act, including but not limited to (1) developing or assisting in the development of any effluent limitation, or other limitation, prohibition, or effluent standard, pretreatment standard, or standard of performance under this Act; (2) determining whether any person is in violation of any such effluent limitation, or other limitation, prohibition or effluent standard, pretreatment standard, or standard of performance; (3) any requirement established under this section; or (4) carrying out sections 305, 311, 402, 404 (relating to State permit programs), 405, and 504 of this Act—

(A) the Administrator shall require the owner or operator of any point source to (i) establish and maintain such records, (ii) make such reports, (iii) install, use, and maintain such monitoring equipment or methods (including where appropriate, biological monitoring methods), (iv) sample such effluents (in accordance with such methods, at such locations, at such intervals, and in such manner as the Administrator shall prescribe), and (v) provide such other information as he may reasonably require; and

(B) the Administrator or his authorized representative (including an authorized contractor acting as a representative of the Administrator), upon presentation of his credentials—

(i) shall have a right of entry to, upon, or through any premises in which an effluent source is located or in which any records required to be maintained under clause (A) of this subsection are located, and

(ii) may at reasonable times have access to and copy any records, inspect any monitoring equipment or method required under clause (A), and sample any effluents which the owner or operator of such source is required to sample under such clause.

(b) Any records, reports, or information obtained under this section (1) shall, in the case of effluent data, be related to any applicable effluent limitations, toxic, pretreatment, or new source performance standards, and (2) shall be available to the public, except that upon a showing satisfactory to the Administrator by any person that records, reports, or information, or particular part thereof (other than effluent data), to which the Administrator has access under this section, if made public would divulge methods or processes entitled to protection as trade secrets of such person, the Administrator shall consider such record, report, or information, or particular portion thereof confidential in accordance with the pur-

poses of section 1905 of title 18 of the United States Code. Any authorized representative of the Administrator (including an authorized contractor acting as a representative of the Administrator) who knowingly or willfully publishes, divulges, discloses, or makes known in any manner or to any extent not authorized by law any information which is required to be considered confidential under this subsection shall be fined not more than $1,000 or imprisoned not more than 1 year, or both. Nothing in this subsection shall prohibit the Administrator or an authorized representative of the Administrator (including any authorized contractor acting as a representative of the Administrator) from disclosing records, reports, or information to other officers, employees, or authorized representatives of the United States concerned with carrying out this Act or when relevant in any proceeding under this Act.

(c) Each State may develop and submit to the Administrator procedures under State law for inspection, monitoring, and entry with respect to point sources located in such State. If the Administrator finds that the procedures and the law of any State relating to inspection, monitoring, and entry are applicable to at least the same extent as those required by this section, such State is authorized to apply and enforce its procedures for inspection, monitoring, and entry with respect to point sources located in such State (except with respect to point sources owned or operated by the United States).

(d) ACCESS BY CONGRESS.—Notwithstanding any limitation contained in this section or any other provision of law, all information reported to or otherwise obtained by the Administrator (or any representative of the Administrator) under this Act shall be made available, upon written request of any duly authorized committee of Congress, to such committee.

(33 U.S.C. 1318)

FEDERAL ENFORCEMENT

SEC. 309. (a)(1) Whenever, on the basis of any information available to him, the Administrator finds that any person is in violation of any condition or limitation which implements section 301, 302, 306, 307, 308, 318, or 405 of this Act in a permit issued by a State under an approved permit program under section 402 or 404 of this Act, he shall proceed under his authority in paragraph (3) of this subsection or he shall notify the person in alleged violation and such State of such finding. If beyond the thirtieth day after the Administrator's notification the State has not commenced appropriate enforcement action, the Administrator shall issue an order requiring such person to comply with such condition or limitation or shall bring a civil action in accordance with subsection (b) of this section.

(2) Whenever, on the basis of information available to him, the Administrator finds that violations of permit conditions or limitations as set forth in paragraph (1) of this subsection are so widespread that such violations appear to result from a failure of the State to enforce such permit conditions or limitations effectively, he shall so notify the State. If the Administrator finds such failure extends beyond the thirtieth day after such notice, he shall give pub-

lic notice of such finding. During the period beginning with such public notice and ending when such State satisfies the Administrator that it will enforce such conditions and limitations (hereafter referred to in this section as the period of "federally assumed enforcement"), except where an extension has been granted under paragraph (5)(B) of this subsection, the Administrator shall enforce any permit condition or limitation with respect to any person—

(A) by issuing an order to comply with such condition or limitation, or

(B) by bringing a civil action under subsection (b) of this section.

(3) Whenever on the basis of any information available to him the Administrator finds that any person is in violation of section 301, 302, 306, 307, 308, 318, or 405 of this Act, or is in violation of any permit condition or limitation implementing any of such sections in a permit issued under section 402 of this Act by him or by a State or in a permit issued under section 404 of this Act by a State, he shall issue an order requiring such person to comply with such section or requirement, or he shall bring a civil action in accordance with subsection (b) of this section.

(4) A copy of any order issued under this subsection shall be sent immediately by the Administrator to the State in which the violation occurs and other affected States. In any case in which an order under this subsection (or notice to a violator under paragraph (1) of this subsection) is issued to a corporation, a copy of such order (or notice) shall be served on any appropriate corporate officers. An order issued under this subsection relating to a violation of section 308 of this Act shall not take effect until the person to whom it is issued has had an opportunity to confer with the Administrator concerning the alleged violation.

(5)(A) Any order issued under this subsection shall be by personal service, shall state with reasonable specificity the nature of the violation, and shall specify a time for compliance not to exceed thirty days in the case of a violation of an interim compliance schedule or operation and maintenance requirement and not to exceed a time the Administrator determines to be reasonable in the case of a violation of a final deadline, taking into account the seriousness of the violation and any good faith efforts to comply with applicable requirements.

(B) The Administrator may, if he determines (i) that any person who is a violator of, or any person who is otherwise not in compliance with, the time requirements under this Act or in any permit issued under this Act, has acted in good faith, and has made a commitment (in the form of contracts or other securities) of necessary resources to achieve compliance by the earliest possible date after July 1, 1977, but not later than April 1, 1979; (ii) that any extension under this provision will not result in the imposition of any additional controls on any other point or nonpoint source; (iii) that an application for a permit under section 402 of this Act was filed for such person prior to December 31, 1974; and (iv) that the facilities necessary for compliance with such requirements are under construction, grant an extension of the date referred to in section 301(b)(1)(A) to a date which will achieve compliance at the earliest time possible but not later than April 1, 1979.

(6) Whenever, on the basis of information available to him, the Administrator finds (A) that any person is in violation of section 301(b)(1) (A) or (C) of this Act, (B) that such person cannot meet the requirements for a time extension under section 301(i)(2) of this Act, and (C) that the most expeditious and appropriate means of compliance with this Act by such person is to discharge into a publicly owned treatment works, then, upon request of such person, the Administrator may issue an order requiring such person to comply with this Act at the earliest date practicable, but not later than July 1, 1983, by discharging into a publicly owned treatment works if such works concur with such order. Such order shall include a schedule of compliance.

(b) The Administrator is authorized to commence a civil action for appropriate relief, including a permanent or temporary injunction, for any violation for which he is authorized to issue a compliance order under subsection (a) of this section. Any action under this subsection may be brought in the district court of the United States for the district in which the defendant is located or resides or is doing business, and such court shall have jurisdiction to restrain such violation and to require compliance. Notice of the commencement of such action shall be given immediately to the appropriate State.

(c) CRIMINAL PENALTIES.—

(1) NEGLIGENT VIOLATIONS.—Any person who—

(A) negligently violates section 301, 302, 306, 307, 308, 311(b)(3), 318, or 405 of this Act, or any permit condition or limitation implementing any of such sections in a permit issued under section 402 of this Act by the Administrator or by a State, or any requirement imposed in a pretreatment program approved under section 402(a)(3) or 402(b)(8) of this Act or in a permit issued under section 404 of this Act by the Secretary of the Army or by a State; or

(B) negligently introduces into a sewer system or into a publicly owned treatment works any pollutant or hazardous substance which such person knew or reasonably should have known could cause personal injury or property damage or, other than in compliance with all applicable Federal, State, or local requirements or permits, which causes such treatment works to violate any effluent limitation or condition in any permit issued to the treatment works under section 402 of this Act by the Administrator or a State;

shall be punished by a fine of not less than $2,500 nor more than $25,000 per day of violation, or by imprisonment for not more than 1 year, or by both. If a conviction of a person is for a violation committed after a first conviction of such person under this paragraph, punishment shall be by a fine of not more than $50,000 per day of violation, or by imprisonment of not more than 2 years, or by both.

(2) KNOWING VIOLATIONS.—Any person who—

(A) knowingly violates section 301, 302, 306, 307, 308, 311(b)(3), 318, or 405 of this Act, or any permit condition or limitation implementing any of such sections in a per-

mit issued under section 402 of this Act by the Administrator or by a State, or any requirement imposed in a pretreatment program approved under section 402(a)(3) or 402(b)(8) of this Act or in a permit issued under section 404 of this Act by the Secretary of the Army or by a State; or

(B) knowingly introduces into a sewer system or into a publicly owned treatment works any pollutant or hazardous substance which such person knew or reasonably should have known could cause personal injury or property damage or, other than in compliance with all applicable Federal, State, or local requirements or permits, which causes such treatment works to violate any effluent limitation or condition in a permit issued to the treatment works under section 402 of this Act by the Administrator or a State;

shall be punished by a fine of not less that $5,000 nor more than $50,000 per day of violation, or by imprisonment for not more than 3 years, or by both. If a conviction of a person is for a violation committed after a first conviction of such person under this paragraph, punishment shall be by a fine of not more than $100,000 per day of violation, or imprisonment of not more than 6 years, or by both.

(3) KNOWING ENDANGERMENT.—

(A) GENERAL RULE.—Any person who knowingly violates section 301, 302, 306, 307, 308, 311(b)(3), 318, or 405 of this Act, or any permit condition or limitation implementing any of such sections in a permit issued under section 402 of this Act by the Administrator or by a State, or in a permit issued under section 404 of this Act by the Secretary of the Army or by a State, and who knows at that time that he thereby places another person in imminent danger of death or serious bodily injury, shall, upon conviction, be subject to a fine of not more than $250,000 or imprisonment of not more than 15 years, or both. A person which is an organization shall, upon conviction of violating this subparagraph, be subject to a fine of not more than $1,000,000. If a conviction of a person is for a violation committed after a first conviction of such person under this paragraph, the maximum punishment shall be doubled with respect to both fine and imprisonment.

(B) ADDITIONAL PROVISIONS.—For the purpose of subparagraph (A) of this paragraph—

(i) in determining whether a defendant who is an individual knew that his conduct placed another person in imminent danger of death or serious bodily injury—

(I) the person is responsible only for actual awareness or actual belief that he possessed; and

(II) knowledge possessed by a person other than the defendant but not by the defendant himself may not be attributed to the defendant;

except that in proving the defendant's possession of actual knowledge, circumstantial evidence may be

used, including evidence that the defendant took affirmative steps to shield himself from relevant information;

(ii) it is an affirmative defense to prosecution that the conduct charged was consented to by the person endangered and that the danger and conduct charged were reasonably foreseeable hazards of—

(I) an occupation, a business, or a profession; or

(II) medical treatment or medical or scientific experimentation conducted by professionally approved methods and such other person had been made aware of the risks involved prior to giving consent;

and such defense may be established under this subparagraph by a preponderance of the evidence;

(iii) the term "organization" means a legal entity, other than a government, established or organized for any purpose, and such term includes a corporation, company, association, firm, partnership, joint stock company, foundation, institution, trust, society, union, or any other association of persons; and

(iv) the term "serious bodily injury" means bodily injury which involves a substantial risk of death, unconsciousness, extreme physical pain, protracted and obvious disfigurement, or protracted loss or impairment of the function of a bodily member, organ, or mental faculty.

(4) FALSE STATEMENTS.—Any person who knowingly makes any false material statement, representation, or certification in any application, record, report, plan, or other document filed or required to be maintained under this Act or who knowingly falsifies, tampers with, or renders inaccurate any monitoring device or method required to be maintained under this Act, shall upon conviction, be punished by a fine of not more than $10,000, or by imprisonment for not more than 2 years, or by both. If a conviction of a person is for a violation committed after a first conviction of such person under this paragraph, punishment shall be by a fine of not more than $20,000 per day of violation, or by imprisonment of not more than 4 years, or by both.

(5) TREATMENT OF SINGLE OPERATIONAL UPSET.—For purposes of this subsection, a single operational upset which leads to simultaneous violations of more than one pollutant parameter shall be treated as a single violation.

(6) RESPONSIBLE CORPORATE OFFICER AS "PERSON".—For the purpose of this subsection, the term "person" means, in addition to the definition contained in section 502(5) of this Act, any responsible corporate officer.

(7) HAZARDOUS SUBSTANCE DEFINED.—For the purpose of this subsection, the term "hazardous substance" means (A) any substance designated pursuant to section 311(b)(2)(A) of this Act, (B) any element, compound, mixture, solution, or substance designated pursuant to section 102 of the Comprehen-

sive Environmental Response, Compensation, and Liability Act of 1980, (C) any hazardous waste having the characteristics identified under or listed pursuant to section 3001 of the Solid Waste Disposal Act (but not including any waste the regulation of which under the Solid Waste Disposal Act has been suspended by Act of Congress), (D) any toxic pollutant listed under section 307(a) of this Act, and (E) any imminently hazardous chemical substance or mixture with respect to which the Administrator has taken action pursuant to section 7 of the Toxic Substances Control Act.

(d) Any person who violates section 301, 302, 306, 307, 308, 311(b)(3), 318 or 405 of this Act, or any permit condition or limitation implementing any of such sections in a permit issued under section 402 of this Act by the Administrator, or by a State, or in a permit issued under section 404 of this Act by a State,,[1] or any requirement imposed in a pretreatment program approved under section 402(a)(3) or 402(b)(8) of this Act, and any person who violates any order issued by the Administrator under subsection (a) of this section, shall be subject to a civil penalty not to exceed $25,000 per day for each violation. In determining the amount of a civil penalty the court shall consider the seriousness of the violation or violations, the economic benefit (if any) resulting from the violation, any history of such violations, any good-faith efforts to comply with the applicable requirements, the economic impact of the penalty on the violator, and such other matters as justice may require. For purposes of this subsection, a single operational upset which leads to simultaneous violations of more than one pollutant parameter shall be treated as a single violation.

(e) Whenever a municipality is a party to a civil action brought by the United States under this section, the State in which such municipality is located shall be joined as a party. Such State shall be liable for payment of any judgment, or any expenses incurred as a result of complying with any judgment, entered against the municipality in such action to the extent that the laws of that State prevent the municipality from raising revenues needed to comply with such judgment.

(f) Whenever, on the basis of an information available to him, the Administrator finds that an owner or operator of any source is introducing a pollutant into a treatment works in violation of subsection (d) of section 307, the Administrator may notify the owner or operator of such treatment works and the State of such violation. If the owner or operator of the treatment works does not commence appropriate enforcement action within 30 days of the date of such notification, the Administrator may commence a civil action for appropriate relief, including but not limited to, a permanent or temporary injunction, against the owner or operator of such treatment works. In any such civil action the Administrator shall join the owner or operator of such source as a party to the action. Such action shall be brought in the district court of the United States in the district in which the treatment works is located. Such court shall have jurisdiction to restrain such violation and to require the owner or operator of the treatment works and the owner or oper-

[1] So in law. See P.L. 100–4, sec. 313(a)(1), 101 Stat. 45.

ator of the source to take such action as may be necessary to come into compliance with this Act. Notice of commencement of any such action shall be given to the State. Nothing in this subsection shall be construed to limit or prohibit any other authority the Administrator may have under this Act.

(g) ADMINISTRATIVE PENALTIES.—

(1) VIOLATIONS.—Whenever on the basis of any information available—

(A) the Administrator finds that any person has violated section 301, 302, 306, 307, 308, 318, or 405 of this Act, or has violated any permit condition or limitation implementing any of such sections in a permit issued under section 402 of this Act by the Administrator or by a State, or in a permit issued under section 404 by a State, or

(B) the Secretary of the Army (hereinafter in this subsection referred to as the "Secretary") finds that any person has violated any permit condition or limitation in a permit issued under section 404 of this Act by the Secretary,

the Administrator or Secretary, as the case may be, may, after consultation with the State in which the violation occurs, assess a class I civil penalty or a class II civil penalty under this subsection.

(2) CLASSES OF PENALTIES.—

(A) CLASS I.—The amount of a class I civil penalty under paragraph (1) may not exceed $10,000 per violation, except that the maximum amount of any class I civil penalty under this subparagraph shall not exceed $25,000. Before issuing an order assessing a civil penalty under this subparagraph, the Administrator or the Secretary, as the case may be, shall give to the person to be assessed such penalty written notice of the Administrator's or Secretary's proposal to issue such order and the opportunity to request, within 30 days of the date the notice is received by such person, a hearing on the proposed order. Such hearing shall not be subject to section 554 or 556 of title 5, United States Code, but shall provide a reasonable opportunity to be heard and to represent evidence.

(B) CLASS II.—The amount of a class II civil penalty under paragraph (1) may not exceed $10,000 per day for each day during which the violation continues; except that the maximum amount of any class II civil penalty under this subparagraph shall not exceed $125,000. Except as otherwise provided in this subsection, a class II civil penalty shall be assessed and collected in the same manner, and subject to the same provisions, as in the case of civil penalties assessed and collected after notice and opportunity for a hearing on the record in accordance with section 554 of title 5, United States Code. The Administrator and the Secretary may issue rules for discovery procedures for hearings under this subparagraph.

(3) DETERMINING AMOUNT.—In determining the amount of any penalty assessed under this subsection, the Administrator or the Secretary, as the case may be, shall take into account

the nature, circumstances, extent and gravity of the violation, or violations, and, with respect to the violator, ability to pay, any prior history of such violations, the degree of culpability, economic benefit or savings (if any) resulting from the violation, and such other matters as justice may require. For purposes of this subsection, a single operational upset which leads to simultaneous violations of more than one pollutant parameter shall be treated as a single violation.

(4) RIGHTS OF INTERESTED PERSONS.—

(A) PUBLIC NOTICE.—Before issuing an order assessing a civil penalty under this subsection the Administrator or Secretary, as the case may be, shall provide public notice of and reasonable opportunity to comment on the proposed issuance of such order.

(B) PRESENTATION OF EVIDENCE.—Any person who comments on a proposed assessment of a penalty under this subsection shall be given notice of any hearing held under this subsection and of the order assessing such penalty. In any hearing held under this subsection, such person shall have a reasonable opportunity to be heard and to present evidence.

(C) RIGHTS OF INTERESTED PERSONS TO A HEARING.—If no hearing is held under paragraph (2) before issuance of an order assessing a penalty under this subsection, any person who commented on the proposed assessment may petition, within 30 days after the issuance of such order, the Administrator or Secretary, as the case may be, to set aside such order and to provide a hearing on the penalty. If the evidence presented by the petitioner in support of the petition is material and was not considered in the issuance of the order, the Administrator or Secretary shall immediately set aside such order and provide a hearing in accordance with paragraph (2)(A) in the case of a class I civil penalty and paragraph (2)(B) in the case of a class II civil penalty. If the Administrator or Secretary denies a hearing under this subparagraph, the Administrator or Secretary shall provide to the petitioner, and publish in the Federal Register, notice of and the reasons for such denial.

(5) FINALITY OF ORDER.—An order issued under this subsection shall become final 30 days after its issuance unless a petition for judicial review is filed under paragraph (8) or a hearing is requested under paragraph (4)(C). If such a hearing is denied, such order shall become final 30 days after such denial.

(6) EFFECT OF ORDER.—

(A) LIMITATION ON ACTIONS UNDER OTHER SECTIONS.—Action taken by the Administrator or the Secretary, as the case may be, under this subsection shall not affect or limit the Administrator's or Secretary's authority to enforce any provision of this Act; except that any violation—

(i) with respect to which the Administrator or the Secretary has commenced and is diligently prosecuting an action under this subsection,

(ii) with respect to which a State has commenced and is diligently prosecuting an action under a State law comparable to this subsection, or

(iii) for which the Administrator, the Secretary, or the State has issued a final order not subject to further judicial review and the violator has paid a penalty assessed under this subsection, or such comparable State law, as the case may be,

shall not be the subject of a civil penalty action under subsection (d) of this section or section 311(b) or section 505 of this Act.

(B) APPLICABILITY OF LIMITATION WITH RESPECT TO CITIZEN SUITS.—The limitations contained in subparagraph (A) on civil penalty actions under section 505 of this Act shall not apply with respect to any violation for which—

(i) a civil action under section 505(a)(1) of this Act has been filed prior to commencement of an action under this subsection, or

(ii) notice of an alleged violation of section 505(a)(1) of this Act has been given in accordance with section 505(b)(1)(A) prior to commencement of an action under this subsection and an action under section 505(a)(1) with respect to such alleged violation is filed before the 120th day after the date on which such notice is given.

(7) EFFECT OF ACTION ON COMPLIANCE.—No action by the Administrator or the Secretary under this subsection shall affect any person's obligation to comply with any section of this Act or with the terms and conditions of any permit issued pursuant to section 402 or 404 of this Act.

(8) JUDICIAL REVIEW.—Any person against whom a civil penalty is assessed under this subsection or who commented on the proposed assessment of such penalty in accordance with paragraph (4) may obtain review of such assessment—

(A) in the case of assessment of a class I civil penalty, in the United States District Court for the District of Columbia or in the district in which the violation is alleged to have occurred, or

(B) in the case of assessment of a class II civil penalty, in United States Court of Appeals for the District of Columbia Circuit or for any other circuit in which such person resides or transacts business,

by filing a notice of appeal in such court within the 30-day period beginning on the date the civil penalty order is issued and by simultaneously sending a copy of such notice by certified mail to the Administrator or the Secretary, as the case may be, and the Attorney General. The Administrator or the Secretary shall promptly file in such court a certified copy of the record on which the order was issued. Such court shall not set aside or remand such order unless there is not substantial evidence in the record, taken as a whole, to support the finding of a violation or unless the Administrator's or Secretary's assessment of the penalty constitutes an abuse of discretion and shall not impose additional civil penalties for the same violation unless

the Administrator's or Secretary's assessment of the penalty constitutes an abuse of discretion.

(9) COLLECTION.—If any person fails to pay an assessment of a civil penalty—

(A) after the order making the assessment has become final, or

(B) after a court in an action brought under paragraph (8) has entered a final judgment in favor of the Administrator or the Secretary, as the case may be,

the Administrator or the Secretary shall request the Attorney General to bring a civil action in an appropriate district court to recover the amount assessed (plus interest at currently prevailing rates from the date of the final order or the date of the final judgment, as the case may be). In such an action, the validity, amount, and appropriateness of such penalty shall not be subject to review. Any person who fails to pay on a timely basis the amount of an assessment of a civil penalty as described in the first sentence of this paragraph shall be required to pay, in addition to such amount and interest, attorneys fees and costs for collection proceedings and a quarterly nonpayment penalty for each quarter during which such failure to pay persists. Such nonpayment penalty shall be in an amount equal to 20 percent of the aggregate amount of such person's penalties and nonpayment penalties which are unpaid as of the beginning of such quarter.

(10) SUBPOENAS.—The Administrator or Secretary, as the case may be, may issue subpoenas for the attendance and testimony of witnesses and the production of relevant papers, books, or documents in connection with hearings under this subsection. In case of contumacy or refusal to obey a subpoena issued pursuant to this paragraph and served upon any person, the district court of the United States for any district in which such person is found, resides, or transacts business, upon application by the United States and after notice to such person, shall have jurisdiction to issue an order requiring such person to appear and give testimony before the administrative law judge or to appear and produce documents before the administrative law judge, or both, and any failure to obey such order of the court may be punished by such court as a contempt thereof.

(11) PROTECTION OF EXISTING PROCEDURES.—Nothing in this subsection shall change the procedures existing on the day before the date of the enactment of the Water Quality Act of 1987 under other subsections of this section for issuance and enforcement of orders by the Administrator.

(33 U.S.C. 1319)

INTERNATIONAL POLLUTION ABATEMENT

SEC. 310. (a) Whenever the Administrator, upon receipts of reports, surveys, or studies from any duly constituted international agency, has reason to believe that pollution is occurring which endangers the health or welfare of persons in a foreign country, and the Secretary of State requests him to abate such pollution, he

shall give formal notification thereof to the State water pollution control agency of the State or States in which such discharge or discharges originate and to the appropriate interstate agency, if any. He shall also promptly call such a hearing, if he believes that such pollution is occurring in sufficient quantity to warrant such action, and if such foreign country has given the United States essentially the same rights with respect to the prevention and control of pollution occurring in that country as is given that country by this subsection. The Administrator, through the Secretary of State, shall invite the foreign country which may be adversely affected by the pollution to attend and participate in the hearing, and the representative of such country shall, for the purpose of the hearing and any further proceeding resulting from such hearing, have all the rights of a State water pollution control agency. Nothing in this subsection shall be construed to modify, amend, repeal, or otherwise affect the provisions of the 1909 Boundary Waters Treaty between Canada and the United States or the Water Utilization Treaty of 1944 between Mexico and the United States (59 Stat. 1219), relative to the control and abatement of pollution in waters covered by those treaties.

(b) The calling of a hearing under this section shall not be construed by the courts, the Administrator, or any person as limiting, modifying, or otherwise affecting the functions and responsibilities of the Administrator under this section to establish and enforce water quality requirements under this Act.

(c) The Administrator shall publish in the Federal Register a notice of a public hearing before a hearing board of five or more persons appointed by the Administrator. A majority of the members of the board and the chairman who shall be designated by the Administrator shall not be officers or employees of Federal, State, or local governments. On the basis of the evidence presented at such hearing, the board shall within sixty days after completion of the hearing make findings of fact as to whether or not such pollution is occurring and shall thereupon by decision, incorporating its findings therein, make such recommendations to abate the pollution as may be appropriate and shall transmit such decision and the record of the hearings to the Administrator. All such decisions shall be public. Upon receipt of such decision, the Administrator shall promptly implement the board's decision in accordance with the provisions of this Act.

(d) In connection with any hearing called under this subsection, the board is authorized to require any persons whose alleged activities result in discharges causing or contributing to pollution to file with it in such forms as it may prescribe, a report based on existing data, furnishing such information as may reasonably be required as to the character, kind, and quantity of such discharges and the use of facilities or other means to prevent or reduce such discharges by the person filing such a report. Such report shall be made under oath or otherwise, as the board may prescribe, and shall be filed with the board within such reasonable period as it may prescribe, unless additional time is granted by it. Upon a showing satisfactory to the board by the person filing such report that such report or portion thereof (other than effluent data), to which the Adminsitrator has access under this section, if

made public would divulge trade secrets or secret processes of such person, the board shall consider such report or portion thereof confidential for the purposes of section 1905 of title 18 of the United States Code. If any person required to file any report under this paragraph shall fail to do so within the time fixed by the board for filing the same, and such failure shall continue for thirty days after notice of such default, such person shall forfeit to the United States the sum of $1,000 for each and every day of the continuance of such failure, which forfeiture shall be payable into the Treasury of the United States, and shall be recoverable in a civil suit in the name of the United States in the district court of the United States where such person has his principal office or in any district in which he does business. The Administrator may upon application therefor remit or mitigate any forfeiture provided for under this subsection.

(e) Board members, other than officers or employees of Federal, State, or local governments, shall be for each day (including traveltime) during which they are performing board business, entitled to receive compensation at a rate fixed by the Administrator but not in excess of the maximum rate of pay for grade GS–18, as provided in the General Schedule under section 5332 of title 5 of the United States Code, and shall, notwithstanding the limitations of sections 5703 and 5704 of title 5 of the United States Code, be fully reimbursed for travel, subsistence, and related expenses.

(f) When any such recommendation adopted by the Administrator involves the institution of enforcement proceedings against any person to obtain the abatement of pollution subject to such recommendation, the Administrator shall institute such proceedings if he believes that the evidence warrants such proceedings. The district court of the United States shall consider and determine de novo all relevant issues, but shall receive in evidence the record of the proceedings before the conference or hearing board. The court shall have jurisdiction to enter such judgment and orders enforcing such judgment as it deems appropriate or to remand such proceedings to the Administrator for such further action as it may direct.

(33 U.S.C. 1320)

OIL AND HAZARDOUS SUBSTANCE LIABILITY

SEC. 311. (a) For the purpose of this section, the term—

(1) "oil" means oil of any kind or in any form, including, but not limited to, petroleum, fuel oil, sludge, oil refuse, and oil mixed with wastes other than dredged spoil;

(2) "discharge" includes, but is not limited to, any spilling, leaking, pumping, pouring, emitting, emptying or dumping, but excludes (A) discharges in compliance with a permit under section 402 of this Act, (B) discharges resulting from circumstances identified and reviewed and made a part of the public record with respect to a permit issued or modified under section 402 of this Act, and subject to a condition in such permit, ,(C)[1] continuous or anticipated intermittent discharges from a point source, identified in a permit or permit applica-

[1] So in law.

tion under section 402 of this Act, which are caused by events occurring within the scope of relevant operating or treatment systems, and (D) discharges incidental to mechanical removal authorized by the President under subsection (c) of this section;

(3) "vessel" means every description of watercraft or other artificial contrivance used, or capable of being used, as a means of transportation on water other than a public vessel;

(4) "public vessel" means a vessel owned or bareboat-chartered and operated by the United States, or by a State or political subdivision thereof, or by a foreign nation, except when such vessel is engaged in commerce;

(5) "United States" means the States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands;

(6) "owner or operator" means (A) in the case of a vessel, any person owning, operating, or chartering by demise, such vessel, and (B) in the case of an onshore facility, and an offshore facility, any person owning or operating such onshore facility or offshore facility, and (C) in the case of any abandoned offshore facility, the person who owned or operated such facility immediately prior to such abandonment;

(7) "person" includes an individual, firm, corporation, association, and a partnership;

(8) "remove" or "removal" refers to containment and removal of the oil or hazardous substances from the water and shorelines or the taking of such other actions as may be necessary to prevent, minimize, or mitigate damage to the public health or welfare, including, but not limited to, fish, shellfish, wildlife, and public and private property, shorelines, and beaches;

(9) "contiguous zone" means the entire zone established or to be established by the United States under article 24 of the Convention on the Territorial Sea and the Contiguous Zone;

(10) "onshore facility" means any facility (including, but not limited to, motor vehicles and rolling stock) of any kind located in, on, or under, any land within the United States other than submerged land;

(11) "offshore facility" means any facility of any kind located in, on, or under, any of the navigable waters of the United States, and any facility of any kind which is subject to the jurisdiction of the United States and is located in, on, or under any other waters, other than a vessel or a public vessel;

(12) "act of God" means an act occasioned by an unanticipated grave natural disaster;

(13) "barrel" means 42 United States gallons at 60 degrees Fahrenheit;

(14) "hazardous substance" means any substance designated pursuant to subsection (b)(2) of this section;

(15) "inland oil barge" means a non-self-propelled vessel carrying oil in bulk as cargo and certificated to operate only in the inland waters of the United States, while operating in such waters;

(16) "inland waters of the United States" means those waters of the United States lying inside the baseline from which the territorial sea is measured and those water outside such baseline which are a part of the Gulf Intracoastal Waterway;

(17) "otherwise" subject to the jurisdiction of the United States" means subject to the jurisdiction of the United States by virtue of United States citizenship, United States vessel documentation or numbering, or as provided for by international agreement to which the United States is a party;

(18) "Area Committee" means an Area Committee established under subsection (j);

(19) "Area Contingency Plan" means an Area Contingency Plan prepared under subsection (j);

(20) "Coast Guard District Response Group" means a Coast Guard District Response Group established under subsection (j);

(21) "Federal On-Scene Coordinator" means a Federal On-Scene Coordinator designated in the National Contingency Plan;

(22) "National Contingency Plan" means the National Contingency Plan prepared and published under subsection (d);

(23) "National Response Unit" means the National Response Unit established under subsection (j);

(24) "worst case discharge" means—

(A) in the case of a vessel, a discharge in adverse weather conditions of its entire cargo; and

(B) in the case of an offshore facility or onshore facility, the largest foreseeable discharge in adverse weather conditions; and

(25) "removal costs" means—

(A) the costs of removal of oil or a hazardous substance that are incurred after it is discharged; and

(B) in any case in which there is a substantial threat of a discharge of oil or a hazardous substance, the costs to prevent, minimize, or mitigate that threat.

(b)(1) The Congress hereby declares that it is the policy of the United States that there should be no discharges of oil or hazardous substances into or upon the navigable waters of the United States, adjoining shorelines, or into or upon the waters of the contiguous zone, or in connection with activities under the Outer Continental Shelf Lands Act or the Deepwater Port Act of 1974, or which may affect natural resources belonging to, appertaining to, or under the exclusive management authority of the United States (including resources under the Fishery Conservation and Management Act of 1976).

(2)(A) The Administrator shall develop, promulgate, and revise as may be appropriate, regulations designating as hazardous substances, other than oil as defined in this section, such elements and compounds which, when discharged in any quantity into or upon the navigable waters of the United States or adjoining shorelines or the waters of the contiguous zone or in connection with activities under the Outer Continental Shelf Lands Act or the Deepwater Port Act of 1974, or which may affect natural resources belonging to, appertaining to, or under the exclusive management authority

of the United States (including resources under the Fishery Conservation and Management Act of 1976), present an imminent and substantial danger to the public health or welfare, including, but not limited to, fish, shellfish, wildlife, shorelines, and beaches.

(B) The Administrator shall within 18 months after the date of enactment of this paragraph, conduct a study and report to the Congress on methods, mechanisms, and procedures to create incentives to achieve a higher standard of care in all aspects of the management and movement of hazardous substances on the part of owners, operators, or persons in charge of onshore facilities, offshore facilities, or vessels. The Administrator shall include in such study (1) limits of liability, (2) liability for third party damages, (3) penalties and fees, (4) spill prevention plans, (5) current practices in the insurance and banking industries, and (6) whether the penalty enacted in subclause (bb) of clause (iii) of subparagraph (B) of subsection (b)(2) of section 311 of Public Law 92–500 should be enacted.

(3) The discharge of oil or hazardous substances (i) into or upon the navigable waters of the United States, adjoining shorelines, or into or upon the waters of the contiguous zone, or (ii) in connection with activities under the Outer Continental Shelf Lands Act or the Deepwater Port Act of 1974, or which may affect natural resources belonging to, appertaining to, or under the exclusive management authority of the United States (including resources under the Fishery Conservation and Management Act of 1976), in such quantities as may be harmful as determined by the President under paragraph (4) of this subsection, is prohibited, except (A) in the case of such discharges into the waters of the contiguous zone or which may affect natural resources belonging to, appertaining to, or under the exclusive management authority of the United States (including resources under the Fishery Conservation and Management Act of 1976), where permitted under the Protocol of 1978 Relating to the International Convention for the Prevention of Pollution from Ships, 1973, and (B) where permitted in quantities and at times and locations or under such circumstances or conditions as the President may, by regulation, determine not to be harmful. Any regulations issued under this subsection shall be consistent with maritime safety and with marine and navigation laws and regulations and applicable water quality standards.

(4) The President shall by regulation determine for the purposes of this section those quantities of oil and any hazardous substances the discharge of which may be harmful to the public health or welfare or the environment of the United States, including but not limited to fish, shellfish, wildlife, and public and private property, shorelines, and beaches.

(5) Any person in charge of a vessel or of an onshore facility or an offshore facility shall, as soon as he has knowledge of any discharge of oil or a hazardous substance from such vessel or facility in violation of paragraph (3) of this subsection, immediately notify the appropriate agency of the United States Government of such discharge. The Federal agency shall immediately notify the appropriate State agency of any State which is, or may reasonably be expected to be, affected by the discharge of oil or a hazardous substance. Any such person (A) in charge of a vessel from which

oil or a hazardous substance is discharged in violation of pragraph (3)(i) of this subsection, or (B) in charge of a vessel from which oil or a hazardous substance is discharged in violation of paragraph (3)(ii) of this subsection and who is otherwise subject to the jurisdiction of the United States at the time of the discharge, or (C) in charge of an onshore facility or an offshore facility, who fails to notify immediately such agency of such discharge shall, upon conviction, be fined in accordance with title 18, United States Code, or imprisoned for not more than 5 years, or both. Notification received pursuant to this paragraph shall not be used against any such natural person in any criminal case, except a prosecution for perjury or for giving a false statement.

(6) ADMINISTRATIVE PENALTIES.—

(A) VIOLATIONS.—Any owner, operator, or person in charge of any vessel, onshore facility, or offshore facility—

(i) from which oil or a hazardous substance is discharged in violation of paragraph (3), or

(ii) who fails or refuses to comply with any regulation issued under subsection (j) to which that owner, operator, or person in charge is subject,

may be assessed a class I or class II civil penalty by the Secretary of the department in which the Coast Guard is operating or the Administrator.

(B) CLASSES OF PENALTIES.—

(i) CLASS I.—The amount of a class I civil penalty under subparagraph (A) may not exceed $10,000 per violation, except that the maximum amount of any class I civil penalty under this subparagraph shall not exceed $25,000. Before assessing a civil penalty under this clause, the Administrator or Secretary, as the case may be, shall give to the person to be assessed such penalty written notice of the Administrator's or Secretary's proposal to assess the penalty and the opportunity to request, within 30 days of the date the notice is received by such person, a hearing on the proposed penalty. Such hearing shall not be subject to section 554 or 556 of title 5, United States Code, but shall provide a reasonable opportunity to be heard and to present evidence.

(ii) CLASS II.—The amount of a class II civil penalty under subparagraph (A) may not exceed $10,000 per day for each day during which the violation continues; except that the maximum amount of any class II civil penalty under this subparagraph shall not exceed $125,000. Except as otherwise provided in this subsection, a class II civil penalty shall be assessed and collected in the same manner, and subject to the same provisions, as in the case of civil penalties assessed and collected after notice and opportunity for a hearing on the record in accordance with section 554 of title 5, United States Code. The Administrator and Secretary may issue rules for discovery procedures for hearings under this paragraph.

(C) RIGHTS OF INTERESTED PERSONS.—

(i) PUBLIC NOTICE.—Before issuing an order assessing a class II civil penalty under this paragraph the Administrator or Secretary, as the case may be, shall provide public notice of and reasonable opportunity to comment on the proposed issuance of such order.

(ii) PRESENTATION OF EVIDENCE.—Any person who comments on a proposed assessment of a class II civil penalty under this paragraph shall be given notice of any hearing held under this paragraph and of the order assessing such penalty. In any hearing held under this paragraph, such person shall have a reasonable opportunity to be heard and to present evidence.

(iii) RIGHTS OF INTERESTED PERSONS TO A HEARING.—If no hearing is held under subparagraph (B) before issuance of an order assessing a class II civil penalty under this paragraph, any person who commented on the proposed assessment may petition, within 30 days after the issuance of such order, the Administrator or Secretary, as the case may be, to set aside such order and to provide a hearing on the penalty. If the evidence presented by the petitioner in support of the petition is material and was not considered in the issuance of the order, the Administrator or Secretary shall immediately set aside such order and provide a hearing in accordance with subparagraph (B)(ii). If the Administrator or Secretary denies a hearing under this clause, the Administrator or Secretary shall provide to the petitioner, and publish in the Federal Register, notice of and the reasons for such denial.

(D) FINALITY OF ORDER.—An order assessing a class II civil penalty under this paragraph shall become final 30 days after its issuance unless a petition for judicial review is filed under subparagraph (G) or a hearing is requested under subparagraph (C)(iii). If such a hearing is denied, such order shall become final 30 days after such denial.

(E) EFFECT OF ORDER.—Action taken by the Administrator or Secretary, as the case may be, under this paragraph shall not affect or limit the Administrator's or Secretary's authority to enforce any provision of this Act; except that any violation—

(i) with respect to which the Administrator or Secretary has commenced and is diligently prosecuting an action to assess a class II civil penalty under this paragraph, or

(ii) for which the Administrator or Secretary has issued a final order assessing a class II civil penalty not subject to further judicial review and the violator has paid a penalty assessed under this paragraph,

shall not be the subject of a civil penalty action under section 309(d), 309(g), or 505 of this Act or under paragraph (7).

(F) EFFECT OF ACTION ON COMPLIANCE.—No action by the Administrator or Secretary under this paragraph shall affect any person's obligation to comply with any section of this Act.

(G) JUDICIAL REVIEW.—Any person against whom a civil penalty is assessed under this paragraph or who commented on the proposed assessment of such penalty in accordance with subparagraph (C) may obtain review of such assessment—

(i) in the case of assessment of a class I civil penalty, in the United States District Court for the District of Columbia or in the district in which the violation is alleged to have occurred, or

(ii) in the case of assessment of a class II civil penalty, in United States Court of Appeals for the District of Columbia Circuit or for any other circuit in which such person resides or transacts business,

by filing a notice of appeal in such court within the 30-day period beginning on the date the civil penalty order is issued and by simultaneously sending a copy of such notice by certified mail to the Administrator or Secretary, as the case may be, and the Attorney General. The Administrator or Secretary shall promptly file in such court a certified copy of the record on which the order was issued. Such court shall not set aside or remand such order unless there is not substantial evidence in the record, taken as a whole, to support the finding of a violation or unless the Administrator's or Secretary's assessment of the penalty constitutes an abuse of discretion and shall not impose additional civil penalties for the same violation unless the Administrator's or Secretary's assessment of the penalty constitutes an abuse of discretion.

(H) COLLECTION.—If any person fails to pay an assessment of a civil penalty—

(i) after the assessment has become final, or

(ii) after a court in an action brought under subparagraph (G) has entered a final judgment in favor of the Administrator or Secretary, as the case may be,

the Administrator or Secretary shall request the Attorney General to bring a civil action in an appropriate district court to recover the amount assessed (plus interest at currently prevailing rates from the date of the final order or the date of the final judgment, as the case may be). In such an action, the validity, amount, and appropriateness of such penalty shall not be subject to review. Any person who fails to pay on a timely basis the amount of an assessment of a civil penalty as described in the first sentence of this subparagraph shall be required to pay, in addition to such amount and interest, attorneys fees and costs for collection proceedings and a quarterly nonpayment penalty for each quarter during which such failure to pay persists. Such nonpayment penalty shall be in an amount equal to 20 percent of the aggregate amount of such person's pen-

alties and nonpayment penalties which are unpaid as of the beginning of such quarter.

(I) SUBPOENAS.—The Administrator or Secretary, as the case may be, may issue subpoenas for the attendance and testimony of witnesses and the production of relevant papers, books, or documents in connection with hearings under this paragraph. In case of contumacy or refusal to obey a subpoena issued pursuant to this subparagraph and served upon any person, the district court of the United States for any district in which such person is found, resides, or transacts business, upon application by the United States and after notice to such person, shall have jurisdiction to issue an order requiring such person to appear and give testimony before the administrative law judge or to appear and produce documents before the administrative law judge, or both, and any failure to obey such order of the court may be punished by such court as a contempt thereof.

(7) CIVIL PENALTY ACTION.—

(A) DISCHARGE, GENERALLY.—Any person who is the owner, operator, or person in charge of any vessel, onshore facility, or offshore facility from which oil or a hazardous substance is discharged in violation of paragraph (3), shall be subject to a civil penalty in an amount up to $25,000 per day of violation or an amount up to $1,000 per barrel of oil or unit of reportable quantity of hazardous substances discharged.

(B) FAILURE TO REMOVE OR COMPLY.—Any person described in subparagraph (A) who, without sufficient cause—

(i) fails to properly carry out removal of the discharge under an order of the President pursuant to subsection (c); or

(ii) fails to comply with an order pursuant to subsection (e)(1)(B);

shall be subject to a civil penalty in an amount up to $25,000 per day of violation or an amount up to 3 times the costs incurred by the Oil Spill Liability Trust Fund as a result of such failure.

(C) FAILURE TO COMPLY WITH REGULATION.—Any person who fails or refuses to comply with any regulation issued under subsection (j) shall be subject to a civil penalty in an amount up to $25,000 per day of violation.

(D) GROSS NEGLIGENCE.—In any case in which a violation of paragraph (3) was the result of gross negligence or willful misconduct of a person described in subparagraph (A), the person shall be subject to a civil penalty of not less than $100,000, and not more than $3,000 per barrel of oil or unit of reportable quantity of hazardous substance discharged.

(E) JURISDICTION.—An action to impose a civil penalty under this paragraph may be brought in the district court of the United States for the district in which the defendant

is located, resides, or is doing business, and such court shall have jurisdiction to assess such penalty.

(F) LIMITATION.—A person is not liable for a civil penalty under this paragraph for a discharge if the person has been assessed a civil penalty under paragraph (6) for the discharge.

(8) DETERMINATION OF AMOUNT.—In determining the amount of a civil penalty under paragraphs (6) and (7), the Administrator, Secretary, or the court, as the case may be, shall consider the seriousness of the violation or violations, the economic benefit to the violator, if any, resulting from the violation, the degree of culpability involved, any other penalty for the same incident, any history of prior violations, the nature, extent, and degree of success of any efforts of the violator to minimize or mitigate the effects of the discharge, the economic impact of the penalty on the violator, and any other matters as justice may require.

(9) MITIGATION OF DAMAGE.—In addition to establishing a penalty for the discharge of oil or a hazardous substance, the Administrator or the Secretary of the department in which the Coast Guard is operating may act to mitigate the damage to the public health or welfare caused by such discharge. The cost of such mitigation shall be deemed a cost incurred under subsection (c) of this section for the removal of such substance by the United States Government.

(10) RECOVERY OF REMOVAL COSTS.—Any costs of removal incurred in connection with a discharge excluded by subsection (a)(2)(C) of this section shall be recoverable from the owner or operator of the source of the discharge in an action brought under section 309(b) of this Act.

(11) LIMITATION.—Civil penalties shall not be assessed under both this section and section 309 for the same discharge.

(12)[1] WITHHOLDING CLEARANCE.—If any owner, operator, or person in charge of a vessel is liable for a civil penalty under this subsection, or if reasonable cause exists to believe that the owner, operator, or person in charge may be subject to a civil penalty under this subsection, the Secretary of the Treasury, upon the request of the Secretary of the department in which the Coast Guard is operating or the Administrator, shall with respect to such vessel refuse or revoke—

(A) the clearance required by section 4197 of the Revised Statutes of the United States (46 U.S.C. App. 91);

(B) a permit to proceed under section 4367 of the Revised Statutes of the United States (46 U.S.C. App. 313); and

(C) a permit to depart required under section 443 of the Tariff Act of 1930 (19 U.S.C. 1443);

as applicable. Clearance or a permit refused or revoked under this paragraph may be granted upon the filing of a bond or other surety satisfactory to the Secretary of the department in which the Coast Guard is operating or the Administrator.

(c) FEDERAL REMOVAL AUTHORITY.—

[1] Indentation so in law.

(1) GENERAL REMOVAL REQUIREMENT.—(A) The President shall, in accordance with the National Contingency Plan and any appropriate Area Contingency Plan, ensure effective and immediate removal of a discharge, and mitigation or prevention of a substantial threat of a discharge, of oil or a hazardous substance—

(i) into or on the navigable waters;

(ii) on the adjoining shorelines to the navigable waters;

(iii) into or on the waters of the exclusive economic zone; or

(iv) that may affect natural resources belonging to, appertaining to, or under the exclusive management authority of the United States.

(B) In carrying out this paragraph, the President may—

(i) remove or arrange for the removal of a discharge, and mitigate or prevent a substantial threat of a discharge, at any time;

(ii) direct or monitor all Federal, State, and private actions to remove a discharge; and

(iii) remove and, if necessary, destroy a vessel discharging, or threatening to discharge, by whatever means are available.

(2) DISCHARGE POSING SUBSTANTIAL THREAT TO PUBLIC HEALTH OR WELFARE.—(A) If a discharge, or a substantial threat of a discharge, of oil or a hazardous substance from a vessel, offshore facility, or onshore facility is of such a size or character as to be a substantial threat to the public health or welfare of the United States (including but not limited to fish, shellfish, wildlife, other natural resources, and the public and private beaches and shorelines of the United States), the President shall direct all Federal, State, and private actions to remove the discharge or to mitigate or prevent the threat of the discharge.

(B) In carrying out this paragraph, the President may, without regard to any other provision of law governing contracting procedures or employment of personnel by the Federal Government—

(i) remove or arrange for the removal of the discharge, or mitigate or prevent the substantial threat of the discharge; and

(ii) remove and, if necessary, destroy a vessel discharging, or threatening to discharge, by whatever means are available.

(3) ACTIONS IN ACCORDANCE WITH NATIONAL CONTINGENCY PLAN.—(A) Each Federal agency, State, owner or operator, or other person participating in efforts under this subsection shall act in accordance with the National Contingency Plan or as directed by the President.

(B) An owner or operator participating in efforts under this subsection shall act in accordance with the National Contingency Plan and the applicable response plan required under subsection (j), or as directed by the President, except that the owner or operator may deviate from the applicable response

plan if the President or the Federal On-Scene Coordinator determines that deviation from the response plan would provide for a more expeditious or effective response to the spill or mitigation of its environmental effects.

(4) EXEMPTION FROM LIABILITY.—(A) A person is not liable for removal costs or damages which result from actions taken or omitted to be taken in the course of rendering care, assistance, or advice consistent with the National Contingency Plan or as otherwise directed by the President relating to a discharge or a substantial threat of a discharge of oil or a hazardous substance.

(B) Subparagraph (A) does not apply—

(i) to a responsible party;

(ii) to a response under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601 et seq.);

(iii) with respect to personal injury or wrongful death; or

(iv) if the person is grossly negligent or engages in willful misconduct.

(C) A responsible party is liable for any removal costs and damages that another person is relieved of under subparagraph (A).

(5) OBLIGATION AND LIABILITY OF OWNER OR OPERATOR NOT AFFECTED.—Nothing in this subsection affects—

(A) the obligation of an owner or operator to respond immediately to a discharge, or the threat of a discharge, of oil; or

(B) the liability of a responsible party under the Oil Pollution Act of 1990.

(6) RESPONSIBLE PARTY DEFINED.—For purposes of this subsection, the term "responsible party" has the meaning given that term under section 1001 of the Oil Pollution Act of 1990.

(d) NATIONAL CONTINGENCY PLAN.—

(1) PREPARATION BY PRESIDENT.—The President shall prepare and publish a National Contingency Plan for removal of oil and hazardous substances pursuant to this section.

(2) CONTENTS.—The National Contingency Plan shall provide for efficient, coordinated, and effective action to minimize damage from oil and hazardous substance discharges, including containment, dispersal, and removal of oil and hazardous substances, and shall include, but not be limited to, the following:

(A) Assignment of duties and responsibilities among Federal departments and agencies in coordination with State and local agencies and port authorities including, but not limited to, water pollution control and conservation and trusteeship of natural resources (including conservation of fish and wildlife).

(B) Identification, procurement, maintenance, and storage of equipment and supplies.

(C) Establishment or designation of Coast Guard strike teams, consisting of—

(i) personnel who shall be trained, prepared, and available to provide necessary services to carry out the National Contingency Plan;

(ii) adequate oil and hazardous substance pollution control equipment and material; and

(iii) a detailed oil and hazardous substance pollution and prevention plan, including measures to protect fisheries and wildlife.

(D) A system of surveillance and notice designed to safeguard against as well as ensure earliest possible notice of discharges of oil and hazardous substances and imminent threats of such discharges to the appropriate State and Federal agencies.

(E) Establishment of a national center to provide coordination and direction for operations in carrying out the Plan.

(F) Procedures and techniques to be employed in identifying, containing, dispersing, and removing oil and hazardous substances.

(G) A schedule, prepared in cooperation with the States, identifying—

(i) dispersants, other chemicals, and other spill mitigating devices and substances, if any, that may be used in carrying out the Plan,

(ii) the waters in which such dispersants, other chemicals, and other spill mitigating devices and substances may be used, and

(iii) the quantities of such dispersant, other chemicals, or other spill mitigating device or substance which can be used safely in such waters,

which schedule shall provide in the case of any dispersant, chemical, spill mitigating device or substance, or waters not specifically identified in such schedule that the President, or his delegate, may, on a case-by-case basis, identify the dispersants, other chemicals, and other spill mitigating devices and substances which may be used, the waters in which they may be used, and the quantities which can be used safely in such waters.

(H) A system whereby the State or States affected by a discharge of oil or hazardous substance may act where necessary to remove such discharge and such State or States may be reimbursed in accordance with the Oil Pollution Act of 1990, in the case of any discharge of oil from a vessel or facility, for the reasonable costs incurred for that removal, from the Oil Spill Liability Trust Fund.

(I) Establishment of criteria and procedures to ensure immediate and effective Federal identification of, and response to, a discharge, or the threat of a discharge, that results in a substantial threat to the public health or welfare of the United States, as required under subsection (c)(2).

(J) Establishment of procedures and standards for removing a worst case discharge of oil, and for mitigating or preventing a substantial threat of such a discharge.

(K) Designation of the Federal official who shall be the Federal On-Scene Coordinator for each area for which an Area Contingency Plan is required to be prepared under subsection (j).

(L) Establishment of procedures for the coordination of activities of—

(i) Coast Guard strike teams established under subparagraph (C);

(ii) Federal On-Scene Coordinators designated under subparagraph (K);

(iii) District Response Groups established under subsection (j); and

(iv) Area Committees established under subsection (j).

(M) A fish and wildlife response plan, developed in consultation with the United States Fish and Wildlife Service, the National Oceanic and Atmospheric Administration, and other interested parties (including State fish and wildlife conservation officials), for the immediate and effective protection, rescue, and rehabilitation of, and the minimization of risk of damage to, fish and wildlife resources and their habitat that are harmed or that may be jeopardized by a discharge.

(3) REVISIONS AND AMENDMENTS.—The President may, from time to time, as the President deems advisable, revise or otherwise amend the National Contingency Plan.

(4) ACTIONS IN ACCORDANCE WITH NATIONAL CONTINGENCY PLAN.—After publication of the National Contingency Plan, the removal of oil and hazardous substances and actions to minimize damage from oil and hazardous substance discharges shall, to the greatest extent possible, be in accordance with the National Contingency Plan.

(e) CIVIL ENFORCEMENT.—

(1) ORDERS PROTECTING PUBLIC HEALTH.—In addition to any action taken by a State or local government, when the President determines that there may be an imminent and substantial threat to the public health or welfare of the United States, including fish, shellfish, and wildlife, public and private property, shorelines, beaches, habitat, and other living and nonliving natural resources under the jurisdiction or control of the United States, because of an actual or threatened discharge of oil or a hazardous substance from a vessel or facility in violation of subsection (b), the President may—

(A) require the Attorney General to secure any relief from any person, including the owner or operator of the vessel or facility, as may be necessary to abate such endangerment; or

(B) after notice to the affected State, take any other action under this section, including issuing administrative orders, that may be necessary to protect the public health and welfare.

(2) JURISDICTION OF DISTRICT COURTS.—The district courts of the United States shall have jurisdiction to grant any relief

under this subsection that the public interest and the equities of the case may require.

(f)(1) Except where an owner or operator can prove that a discharge was caused solely by (A) an act of God, (B) an act of war, (C) negligence on the part of the United States Government, or (D) an act or omission of a third party without regard to whether any such act or omission was or was not negligent, or any combination of the foregoing clauses, such owner or operator of any vessel from which oil or a hazardous substance is discharged in violation of subsection (b)(3) of this section shall, notwithstanding any other provision of law, be liable to the United States Government for the actual costs incurred under subsection (c) for the removal of such oil or substance by the United States Government in an amount not to exceed, in the case of an inland oil barge $125 per gross ton of such barge, or $125,000, whichever is greater, and in the case of any other vessel, $150 per gross ton of such vessel (or, for a vessel carrying oil or hazardous substances as cargo, $250,000), whichever is greater, except that where the United States can show that such discharge was the result of willful negligence or willful misconduct within the privity and knowledge of the owner, such owner or operator shall be liable to the United States Government for the full amount of such costs. Such costs shall constitute a maritime lien on such vessel which may be recovered in an action in rem in the district court of the United States for any district within which any vessel may be found. The United States may also bring an action against the owner or operator of such vessel in any court of competent jurisdiction to recover such costs.

(2) Except where an owner or operator of an onshore facility can prove that a discharge was caused solely by (A) an act of God, (B) an act of war, (C) negligence on the part of the United States Government, or (D) an act or omission of a third party without regard to whether any such act or omission was or was not negligent, or any combination of the foregoing clauses, such owner or operator of any such facility from which oil or a hazardous substance is discharged in violation of subsection (b)(3) of this section shall be liable to the United States Government for the actual costs incurred under subsection (c) for the removal of such oil or substance by the United States Government in an amount not to exceed $50,000,000, except that where the United States can show that such discharge was the result of willful negligence or willful misconduct within the privity and knowledge of the owner, such owner or operator shall be liable to the United States Government for the full amount of such costs. The United States may bring an action against the owner or operator of such facility in any court of competent jurisdiction to recover such costs. The Administrator is authorized, by regulation, after consultation with the Secretary of Commerce and the Small Business Administration, to establish reasonable and equitable classifications, of those onshore facilities having a total fixed storage capacity of 1,000 barrels or less which he determines because of size, type, and location do not present a substantial risk of the discharge of oil or hazardous substance in violation of subsection (b)(3) of this section, and apply with respect to such classifications differing limits of liability which may be less than the amount contained in this paragraph.

(3) Except where an owner or operator of an onshore facility can prove that a discharge was caused solely by (A) an act of God, (B) an act of war, (C) negligence on the part of the United States Government, or (D) an act or omission of a third party without regard to whether any such act or omission was or was not negligent, or any combination of the foregoing clauses, such owner or operator of any such facility from which oil or a hazardous substance is discharged in violation of subsection (b)(3) of this section shall, notwithstanding any other provision of law, be liable to the United States Government for the actual costs incurred under subsection (c) for the removal of such oil or substance by the United States Government in an amount not to exceed $50,000,000, except that where the United States can show that such discharge was the result of willful negligence or willful misconduct within the privity and knowledge of the owner, such owner or operator shall be liable to the United States Government for the full amount of such costs. The United States may bring an action against the owner or operator of such facility in any court of competent jurisdiction to recover such costs.

(4) The costs of removal of oil or a hazardous substance for which the owner or operator of a vessel or onshore or offshore facility is liable under subsection (f) of this section shall include any costs or expenses incurred by the Federal Government or any State government in the restoration or replacement of natural resources damaged or destroyed as a result of a discharge of oil or a hazardous substance in violation of subsection (b) of this section.

(5) The President, or the authorized representative of any State, shall act on behalf of the public as trustee of the natural resources to recover for the costs of replacing or restoring such resources. Sums recovered shall be used to restore, rehabilitate, or acquire the equivalent of such natural resources by the appropriate agencies of the Federal Government, or the State government.

(g) Where the owner or operator of a vessel (other than an inland oil barge) carrying oil or hazardous substances as cargo or an onshore or offshore facility which handles or stores oil or hazardous substances in bulk, from which oil or a hazardous substance is discharged in violation of subsection (b) of this section, alleges that such discharge was caused solely by an act or omission of a third party, such owner or operator shall pay to the United States Government the actual costs incurred under subsection (c) for removal of such oil or substance and shall be entitled by subrogation to all rights of the United States Government to recover such costs from such third party under this subsection. In any case where an owner or operator of a vessel, of an onshore facility, or of an offshore facility, from which oil or a hazardous substance is discharged in violation of subsection (b)(3) of this section, proves that such discharge of oil or hazardous substance was caused solely by an act or omission of a third party, or was caused solely by such an act or omission in combination with an act of God, an act of war, or negligence on the part of the United States Government, such third party shall, not withstanding any other provision of law, be liable to the United States Government for the actual costs incurred under subsection (c) for removal of such oil or substance by the United States Government, except where such third party can prove that such

discharge was caused solely by (A) an act of God, (B) an act of war, (C) negligence on the part of the United States Government, or (D) an act or omission of another party without regard to whether such an act or omission was or was not negligent, or any combination of the foregoing clauses. If such third party was the owner or operator of a vessel which caused the discharge of oil or a hazardous substance in violation of subsection (b)(3) of this section, the liability of such third party under this subsection shall not exceed, in the case of an inland oil barge $125 per gross ton of such barge, $125,000, whichever is greater, and in the case of any other vessel, $150 per gross ton of such vessel (or, for a vessel carrying oil or hazardous substances as cargo, $250,000), whichever is greater. In any other case the liability of such third party shall not exceed the limitation which would have been applicable to the owner or operator of the vessel or the onshore or offshore facility from which the discharge actually occurred if such owner or operator were liable. If the United States can show that the discharge of oil or a hazardous substance in violation of subsection (b)(3) of this section was the result of willful negligence or willful misconduct within the privity and knowledge of such third party, such third party shall be liable to the United States Government for the full amount of such removal costs. The United States may bring an action against the third party in any court of competent jurisdiction to recover such removal costs.

(h) The liabilities established by this section shall in no way affect any rights which (1) the owner or operator of a vessel or of an onshore facility or an offshore facility may have against any third party whose acts may in any way have caused or contributed to such discharge, or (2) The [1] United States Government may have against any third party whose actions may in any way have caused or contributed to the discharge of oil or hazardous substance.

(i) In any case where an owner or operator of a vessel or an onshore facility or an offshore facility from which oil or a hazardous substance is discharged in violation of subsection (b)(3) of this section acts to remove such oil or substance in accordance with regulations promulgated pursuant to this section, such owner or operator shall be entitled to recover the reasonable costs incurred in such removal upon establishing, in a suit which may be brought against the United States Government in the United States Claims Court, that such discharge was caused solely by (A) an act of God, (B) an act of war, (C) negligence on the part of the United States Government, or (D) an act or omission of a third party without regard to whether such act or omission was or was not negligent, or of any combination of the foregoing clauses.

(j) NATIONAL RESPONSE SYSTEM.—

(1) IN GENERAL.—Consistent with the National Contingency Plan required by subsection (c)(2) of this section, as soon as practicable after the effective date of this section, and from time to time thereafter, the President shall issue regulations consistent with maritime safety and with marine and navigation laws (A) establishing methods and procedures for removal of discharged oil and hazardous substances, (B) establishing

[1] So in law. Should not be capitalized.

criteria for the development and implementation of local and regional oil and hazardous substance removal contingency plans, (C) establishing procedures, methods, and equipment and other requirements for equipment to prevent discharges of oil and hazardous substances from vessels and from onshore facilities and offshore facilities, and to contain such discharges, and (D) governing the inspection of vessels carrying cargoes of oil and hazardous substances and the inspection of such cargoes in order to reduce the likelihood of discharges of oil from vessels in violation of this section.

(2) NATIONAL RESPONSE UNIT.—The Secretary of the department in which the Coast Guard is operating shall establish a National Response Unit at Elizabeth City, North Carolina. The Secretary, acting through the National Response Unit—

(A) shall compile and maintain a comprehensive computer list of spill removal resources, personnel, and equipment that is available worldwide and within the areas designated by the President pursuant to paragraph (4), and of information regarding previous spills, including data from universities, research institutions, State governments, and other nations, as appropriate, which shall be disseminated as appropriate to response groups and area committees, and which shall be available to Federal and State agencies and the public;

(B) shall provide technical assistance, equipment, and other resources requested by a Federal On-Scene Coordinator;

(C) shall coordinate use of private and public personnel and equipment to remove a worst case discharge, and to mitigate or prevent a substantial threat of such a discharge, from a vessel, offshore facility, or onshore facility operating in or near an area designated by the President pursuant to paragraph (4);

(D) may provide technical assistance in the preparation of Area Contingency Plans required under paragraph (4);

(E) shall administer Coast Guard strike teams established under the National Contingency Plan;

(F) shall maintain on file all Area Contingency Plans approved by the President under this subsection; and

(G) shall review each of those plans that affects its responsibilities under this subsection.

(3) COAST GUARD DISTRICT RESPONSE GROUPS.—(A) The Secretary of the department in which the Coast Guard is operating shall establish in each Coast Guard district a Coast Guard District Response Group.

(B) Each Coast Guard District Response Group shall consist of—

(i) the Coast Guard personnel and equipment, including firefighting equipment, of each port within the district;

(ii) additional prepositioned equipment; and

(iii) a district response advisory staff.

(C) Coast Guard district response groups—

(i) shall provide technical assistance, equipment, and other resources when required by a Federal On-Scene Coordinator;

(ii) shall maintain all Coast Guard response equipment within its district;

(iii) may provide technical assistance in the preparation of Area Contingency Plans required under paragraph (4); and

(iv) shall review each of those plans that affect its area of geographic responsibility.

(4) AREA COMMITTEES AND AREA CONTINGENCY PLANS.—(A) There is established for each area designated by the President an Area Committee comprised of members appointed by the President from qualified personnel of Federal, State, and local agencies.

(B) Each Area Committee, under the direction of the Federal On-Scene Coordinator for its area, shall—

(i) prepare for its area the Area Contingency Plan required under subparagraph (C);

(ii) work with State and local officials to enhance the contingency planning of those officials and to assure preplanning of joint response efforts, including appropriate procedures for mechanical recovery, dispersal, shoreline cleanup, protection of sensitive environmental areas, and protection, rescue, and rehabilitation of fisheries and wildlife; and

(iii) work with State and local officials to expedite decisions for the use of dispersants and other mitigating substances and devices.

(C) Each Area Committee shall prepare and submit to the President for approval an Area Contingency Plan for its area. The Area Contingency Plan shall—

(i) when implemented in conjunction with the National Contingency Plan, be adequate to remove a worst case discharge, and to mitigate or prevent a substantial threat of such a discharge, from a vessel, offshore facility, or onshore facility operating in or near the area;

(ii) describe the area covered by the plan, including the areas of special economic or environmental importance that might be damaged by a discharge;

(iii) describe in detail the responsibilities of an owner or operator and of Federal, State, and local agencies in removing a discharge, and in mitigating or preventing a substantial threat of a discharge;

(iv) list the equipment (including firefighting equipment), dispersants or other mitigating substances and devices, and personnel available to an owner or operator and Federal, State, and local agencies, to ensure an effective and immediate removal of a discharge, and to ensure mitigation or prevention of a substantial threat of a discharge;

(v) compile a list of local scientists, both inside and outside Federal Government service, with expertise in the environmental effects of spills of the types of oil typically transported in the area, who may be contacted to provide

information or, where appropriate, participate in meetings of the scientific support team convened in response to a spill, and describe the procedures to be followed for obtaining an expedited decision regarding the use of dispersants;

(vi) describe in detail how the plan is integrated into other Area Contingency Plans and vessel, offshore facility, and onshore facility response plans approved under this subsection, and into operating procedures of the National Response Unit;

(vii) include any other information the President requires; and

(viii) be updated periodically by the Area Committee.

(D) The President shall—

(i) review and approve Area Contingency Plans under this paragraph; and

(ii) periodically review Area Contingency Plans so approved.

(5) TANK VESSEL AND FACILITY RESPONSE PLANS.—(A) The President shall issue regulations which require an owner or operator of a tank vessel or facility described in subparagraph (B) to prepare and submit to the President a plan for responding, to the maximum extent practicable, to a worst case discharge, and to a substantial threat of such a discharge, of oil or a hazardous substance.

(B) The tank vessels and facilities referred to in subparagraph (A) are the following:

(i) A tank vessel, as defined under section 2101 of title 46, United States Code.

(ii) An offshore facility.

(iii) An onshore facility that, because of its location, could reasonably be expected to cause substantial harm to the environment by discharging into or on the navigable waters, adjoining shorelines, or the exclusive economic zone.

(C) A response plan required under this paragraph shall—

(i) be consistent with the requirements of the National Contingency Plan and Area Contingency Plans;

(ii) identify the qualified individual having full authority to implement removal actions, and require immediate communications between that individual and the appropriate Federal official and the persons providing personnel and equipment pursuant to clause (iii);

(iii) identify, and ensure by contract or other means approved by the President the availability of, private personnel and equipment necessary to remove to the maximum extent practicable a worst case discharge (including a discharge resulting from fire or explosion), and to mitigate or prevent a substantial threat of such a discharge;

(iv) describe the training, equipment testing, periodic unannounced drills, and response actions of persons on the vessel or at the facility, to be carried out under the plan to ensure the safety of the vessel or facility and to mitigate or prevent the discharge, or the substantial threat of a discharge;

(v) be updated periodically; and

(vi) be resubmitted for approval of each significant change.

(D) With respect to any response plan submitted under this paragraph for an onshore facility that, because of its location, could reasonably be expected to cause significant and substantial harm to the environment by discharging into or on the navigable waters or adjoining shorelines or the exclusive economic zone, and with respect to each response plan submitted under this paragraph for a tank vessel or offshore facility, the President shall—

(i) promptly review such response plan;

(ii) require amendments to any plan that does not meet the requirements of this paragraph;

(iii) approve any plan that meets the requirements of this paragraph; and

(iv) review each plan periodically thereafter.

(E)[1] A tank vessel, offshore facility, or onshore facility required to prepare a response plan under this subsection may not handle, store, or transport oil unless—

(i) in the case of a tank vessel, offshore facility, or onshore facility for which a response plan is reviewed by the President under subparagraph (D), the plan has been approved by the President; and

(ii) the vessel or facility is operating in compliance with the plan.

(F) Notwithstanding subparagraph (E), the President may authorize a tank vessel, offshore facility, or onshore facility to operate without a response plan approved under this paragraph, until not later than 2 years after the date of the submission to the President of a plan for the tank vessel or facility, if the owner or operator certifies that the owner or operator has ensured by contract or other means approved by the President the availability of private personnel and equipment necessary to respond, to the maximum extent practicable, to a worst case discharge or a substantial threat of such a discharge.

(G) The owner or operator of a tank vessel, offshore facility, or onshore facility may not claim as a defense to liability under title I of the Oil Pollution Act of 1990 that the owner or operator was acting in accordance with an approved response plan.

(H) The Secretary shall maintain, in the Vessel Identification System established under chapter 125 of title 46, United States Code, the dates of approval and review of a response plan under this paragraph for each tank vessel that is a vessel of the United States.

(6) EQUIPMENT REQUIREMENTS AND INSPECTION.—Not later than 2 years after the date of enactment of this section, the President shall require—

[1] Subparagraph (E) of section 311(j)(5) shall take effect 36 months (August 18, 1993) after the date of the enactment of Public Law 101-380. See P.L. 101-380, sec. 4202(b)(4)(C), 104 Stat. 532.

(A) periodic inspection of containment booms, skimmers, vessels, and other major equipment used to remove discharges; and

(B) vessels operating on navigable waters and carrying oil or a hazardous substance in bulk as cargo to carry appropriate removal equipment that employs the best technology economically feasible and that is compatible with the safe operation of the vessel.

(7) AREA DRILLS.—The President shall periodically conduct drills of removal capability, without prior notice, in areas for which Area Contingency Plans are required under this subsection and under relevant tank vessel and facility response plans. The drills may include participation by Federal, State, and local agencies, the owners and operators of vessels and facilities in the area, and private industry. The President may publish annual reports on these drills, including assessments of the effectiveness of the plans and a list of amendments made to improve plans.

(8) UNITED STATES GOVERNMENT NOT LIABLE.—The United States Government is not liable for any damages arising from its actions or omissions relating to any response plan required by this section.

[Subsection (k) was repealed by sec. 2002(b)(2) of P.L. 101-380.]

(l) The President is authorized to delegate the administration of this section to the heads of those Federal departments, agencies, and instrumentalities which he determines to be appropriate. Each such department, agency, and instrumentality, in order to avoid duplication of effort, shall, whenever appropriate, utilize the personnel, services, and facilities of other Federal departments, agencies, and instrumentalities.

(m) ADMINISTRATIVE PROVISIONS.—

(1) FOR VESSELS.—Anyone authorized by the President to enforce the provisions of this section with respect to any vessel may, except as to public vessels—

(A) board and inspect any vessel upon the navigable waters of the United States or the waters of the contiguous zone,

(B) with or without a warrant, arrest any person who in the presence or view of the authorized person violates the provisions of this section or any regulation issued thereunder, and

(C) execute any warrant or other process issued by an officer or court of competent jurisdiction.

(2) FOR FACILITIES.—

(A) RECORDKEEPING.—Whenever required to carry out the purposes of this section, the Administrator or the Secretary of the Department in which the Coast Guard is operating shall require the owner or operator of a facility to which this section applies to establish and maintain such records, make such reports, install, use, and maintain such monitoring equipment and methods, and provide such other information as the Administrator or Secretary, as

the case may be, may require to carry out the objectives of this section.

(B) ENTRY AND INSPECTION.—Whenever required to carry out the purposes of this section, the Administrator or the Secretary of the Department in which the Coast Guard is operating or an authorized representative of the Administrator or Secretary, upon presentation of appropriate credentials, may—

(i) enter and inspect any facility to which this section applies, including any facility at which any records are required to be maintained under subparagraph (A); and

(ii) at reasonable times, have access to and copy any records, take samples, and inspect any monitoring equipment or methods required under subparagraph (A).

(C) ARRESTS AND EXECUTION OF WARRANTS.—Anyone authorized by the Administrator or the Secretary of the department in which the Coast Guard is operating to enforce the provisions of this section with respect to any facility may—

(i) with or without a warrant, arrest any person who violates the provisions of this section or any regulation issued thereunder in the presence or view of the person so authorized; and

(ii) execute any warrant or process issued by an officer or court of competent jurisdiction.

(D) PUBLIC ACCESS.—Any records, reports, or information obtained under this paragraph shall be subject to the same public access and disclosure requirements which are applicable to records, reports, and information obtained pursuant to section 308.

(n) The several district courts of the United States are invested with jurisdiction for any actions, other than actions pursuant to subsection (i)(1), arising under this section. In the case of Guam and the Trust Territory of the Pacific Islands, such actions may be brought in the district court of Guam, and in the case of the Virgin Islands such actions may be brought in the district court of the Virgin Islands. In the case of American Samoa and the Trust Territory of the Pacific Islands, such actions may be brought in the District Court of the United States for the District of Hawaii and such court shall have jurisdiction of such actions. In the case of the Canal Zone, such actions may be brought in the United States District Court for the District of the Canal Zone.

(o)(1) Nothing in this section shall affect or modify in any way the obligations of any owner or operator of any vessel, or of any owner or operator of any onshore facility or offshore facility to any person or agency under any provision of law for damages to any publicly owned or privately owned property resulting from a discharge of any oil or hazardous substance or from the removal of any such oil or hazardous substance.

(2) Nothing in this section shall be construed as preempting any State or political subdivision thereof from imposing any requirement or liability with respect to the discharge of oil or haz-

ardous substance into any waters within such State, or with respect to any removal activites related to such discharge.

(3) Nothing in this section shall be construed as affecting or modifying any other existing authority of any Federal department, agency, or instrumentality, relative to onshore or offshore facilities under this Act or any other provision of law, or to affect any State or local law not in conflict with this section.

[Subsection (p) was repealed by sec. 2002(b)(4) of Public Law 101-380, 104 Stat. 507.]

(q) The President is authorized to establish, with repect to any class or category of onshore or offshore facilities, a maximum limit of liability under subsections (f)(2) and (3) of this section of less than $50,000,0000, but not less than, $8,000,000.

(r) Nothing in this section shall be construed to impose, or authorize the imposition of any limitation on liability under the Outer Continental Shelf Lands Act or the Deepwater Port Act of 1974.

(s) The Oil Spill Liability Trust Fund established under section 9509 of the Internal Revenue Code of 1986 (26 U.S.C. 9509) shall be available to carry out subsections (b), (c), (d), (j), and (l) as those subsections apply to discharges, and substantial threats of discharges, of oil. Any amounts received by the United States under this section shall be deposited in the Oil Spill Liability Trust Fund.

(33 U.S.C. 1321)

MARINE SANITATION DEVICES

SEC. 312. (a) For the purpose of this section, the term—

(1) "new vessel" includes every description of watercraft or other artificial contrivance used, or capable of being used, as a means of transportation on the navigable waters, the construction of which is initiated after promulgation of standards and regulations under this section;

(2) "existing vessel" includes every description of watercraft or other artificial contrivance used, or capable of being used, as a means of transportation on the navigable waters, the construction of which is initiated before promulgation of standards and regulations under this section;

(3) "public vessel" means a vessel owned or bareboat chartered and operated by the United States, by a State or political subdivision thereof, or by a foreign nation, except when such vessel is engaged in commerce;

(4) "United States" includes the States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Canal Zone, and the Trust Territory of the Pacific Islands;

(5) "marine sanitation device" includes any equipment for installation on board a vessel which is designed to receive, retain, treat, or discharge sewage, and any process to treat such sewage;

(6) "sewage" means human body wastes and the wastes from toilets and other receptacles intended to receive or retain body wastes except that, with respect to commercial vessels on the Great Lakes, such term shall include graywater;

(7) "manufacture" means any person engaged in the manufacturing, assembling, or importation of marine sanitation devices or of vessels subject to standards and regulations promulgated under this section;

(8) "person" means an individual, partnership, firm, corporation, association, or agency of the United States, but does not include an individual on board a public vessel;

(9) "discharge" includes, but is not limited to, any spilling, leaking, pumping, pouring, emitting, emptying or dumping;

(10) "commercial vessels" means those vessels used in the business of transporting property for compensation or hire, or in transporting property in the business of the owner, lessee, or operator of the vessel;

(11) "graywater" means galley, bath, and shower water;

(12) "discharge incidental to the normal operation of a vessel"—

(A) means a discharge, including—

(i) graywater, bilge water, cooling water, weather deck runoff, ballast water, oil water separator effluent, and any other pollutant discharge from the operation of a marine propulsion system, shipboard maneuvering system, crew habitability system, or installed major equipment, such as an aircraft carrier elevator or a catapult, or from a protective, preservative, or absorptive application to the hull of the vessel; and

(ii) a discharge in connection with the testing, maintenance, and repair of a system described in clause (i) whenever the vessel is waterborne; and

(B) does not include—

(i) a discharge of rubbish, trash, garbage, or other such material discharged overboard;

(ii) an air emission resulting from the operation of a vessel propulsion system, motor driven equipment, or incinerator; or

(iii) a discharge that is not covered by part 122.3 of title 40, Code of Federal Regulations (as in effect on the date of the enactment of subsection (n));

(13) "marine pollution control device" means any equipment or management practice, for installation or use on board a vessel of the Armed Forces, that is—

(A) designed to receive, retain, treat, control, or discharge a discharge incidental to the normal operation of a vessel; and

(B) determined by the Administrator and the Secretary of Defense to be the most effective equipment or management practice to reduce the environmental impacts of the discharge consistent with the considerations set forth in subsection (n)(2)(B); and

(14) "vessel of the Armed Forces" means—

(A) any vessel owned or operated by the Department of Defense, other than a time or voyage chartered vessel; and

(B) any vessel owned or operated by the Department of Transportation that is designated by the Secretary of

the department in which the Coast Guard is operating as a vessel equivalent to a vessel described in subparagraph (A).

(b)(1) As soon as possible, after the enactment of this section and subject to the provisions of section 104(j) of this Act, the Administrator, after consultation with the Secretary of the department in which the Coast Guard is operating, after giving appropriate consideration to the economic costs involved, and within the limits of available technology, shall promulgate Federal standards of performance for marine sanitation devices (hereinafter in this section referred to as "standards") which shall be designed to prevent the discharge of untreated or inadequately treated sewage into or upon the navigable waters from new vessels and existing vessels, except vessels not equipped with installed toilet facilities. Such standards and standards established under subsection (c)(1)(B) of this section shall be consistent with maritime safety and the marine and navigation laws and regulations and shall be coordinated with the regulations issued under this subsection by the Secretary of the department in which the Coast Guard is operating. The Secretary of the department in which the Coast Guard is operating shall promulgate regulations, which are consistent with standards promulgated under this subsection and subsection (c) of this section and with maritime safety and the marine and navigation laws and regulations governing the design, construction, installation, and operation of any marine sanitation device on board such vessels.

(2) Any existing vessel equipped with a marine sanitation device on the date of promulgation of initial standards and regulations under this section, which device is in compliance with such initial standards and regulations, shall be deemed in compliance with this section until such time as the device is replaced or is found not to be in compliance with such initial standards and regulations.

(c)(1)(A) Initial standards and regulations under this section shall become effective for new vessels two years after promulgation; and for existing vessels five years after promulgation. Revisions of standards and regulations shall be effective upon promulgation, unless another effective date is specified, except that no revision shall take effect before the effective date of the standard or regulation being revised.

(B) The Administrator shall, with respect to commercial vessels on the Great Lakes, establish standards which require at a minimum the equivalent of secondary treatment as defined under section 304(d) of this Act. Such standards and regulations shall take effect for existing vessels after such time as the Administrator determines to be reasonable for the upgrading of marine sanitation devices to attain such standard.

(2) The Secretary of the department in which the Coast Guard is operating with regard to his regulatory authority established by this section, after consultation with the Administrator, may distinguish among classes, types, and sizes of vessels as well as between new and existing vessels, and may waive applicability of standards and regulations as necessary or appropriate for such classes, types, and sizes of vessels (including existing vessels equipped with ma-

rine sanitation devices on the date of promulgation of the initial standards required by this section), and, upon application, for individual vessels.

(d) The provisions of this section and the standards and regulations promulgated hereunder apply to vessels owned and operated by the United States unless the Secretary of Defense finds that compliance would not be in the interest of national security. With respect to vessels owned and operated by the Department of Defense, regulations under the last sentence of subsection (b)(1) of this section and certifications under subsection (g)(2) of this section shall be promulgated and issued by the Secretary of Defense.

(e) Before the standards and regulations under this section are promulgated, the Administrator and the Secretary of the department in which the Coast Guard is operating shall consult with the Secretary of State; the Secretary of Health, Education, and Welfare; the Secretary of Defense; the Secretary of the Treasury; the Secretary of Commerce; other interested Federal agencies; and the States and industries interested; and otherwise comply with the requirements of section 553 of title 5 of the United States Code.

(f)(1)(A) Except as provided in subparagraph (B), after the effective date of the initial standards and regulations promulgated under this section, no State or political subdivision thereof shall adopt or enforce any statute or regulation of such State or political subdivision with respect to the design, manufacture, or installation or use of any marine sanitation device on any vessel subject to the provisions of this section.

(B) A State may adopt and enforce a statute or regulation with respect to the design, manufacture, or installation or use of any marine sanitation device on a houseboat, if such statute or regulation is more stringent than the standards and regulations promulgated under this section. For purposes of this paragraph, the term "houseboat" means a vessel which, for a period of time determined by the State in which the vessel is located, is used primarily as a residence and is not used primarily as a means of transportation.

(2) If, after promulgation of the initial standards and regulations and prior to their effective date, a vessel is equipped with a marine sanitation device in compliance with such standards and regulations and the installation and operation of such device is in accordance with such standards and regulations, such standards and regulations shall, for the purposes of paragraph (1) of this subsection, become effective with respect to such vessel on the date of such compliance.

(3) After the effective date of the initial standards and regulations promulgated under this section, if any State determines that the protection and enhancement of the quality of some or all of the waters within such State require greater environmental protection, such State may completely prohibit the discharge from all vessels of any sewage, whether treated or not, into such waters, except that no such prohibition shall apply until the Administrator determines that adequate facilities for the safe and sanitary removal and treatment of sewage from all vessels are reasonably available for such water to which such prohibition would apply. Upon application of the State, the Administrator shall make such determination within 90 days of the date of such application.

(4)(A) If the Administrator determines upon application by a State that the protection and enhancement of the quality of specified waters within such State requires such a prohibition, he shall by regulation completely prohibit the discharge from a vessel of any sewage (whether treated or not) into such waters.

(B) Upon application by a State, the Administrator shall, by regulation, establish a drinking water intake zone in any waters within such State and prohibit the discharge of sewage from vessels within that zone.

(g)(1) No manufacturer of a marine sanitation device shall sell, offer for sale, or introduce or deliver for introduction in interstate commerce, or import into the United States for sale or resale any marine sanitation device manufactured after the effective date of the standards and regulations promulgated under this section unless such device is in all material respects substantially the same as a test device certified under this subsection.

(2) Upon application of the manufacturer, the Secretary of the department in which the Coast Guard is operating shall so certify a marine sanitation device if he determines, in accordance with the provisions of this paragraph, that it meets the appropriate standards and regulations promulgated under this section. The Secretary of the department in which the Coast Guard is operating shall test or require such testing of the device in accordance with procedures set forth by the Administrator as to standards of performance and for such other purposes as may be appropriate. If the Secretary of the department in which the Coast Guard is operating determines that the device is satisfactory from the standpoint of safety and any other requirements of maritime law or regulation, and after consideration of the design, installation, operation, material, or other appropriate factors, he shall certify the device. Any device manufactured by such manufacturer which is in all material respects substantially the same as the certified test device shall be deemed to be in conformity with the appropriate standards and regulations established under this section.

(3) Every manufacturer shall establish and maintain such records, make such reports, and provide such information as the Administrator or the Secretary of the department in which the Coast Guard is operating may reasonably require to enable him to determine whether such manufacturer has acted or is acting in compliance with this section and regulations issued thereunder and shall, upon request of an officer or employee duly designated by the Administrator or the Secretary of the department in which the Coast Guard is operating, permit such officer or employee at reasonable times to have access to and copy such records. All information reported to or otherwise obtained by the Administrator or the Secretary of the department in which the Coast Guard is operating or their representatives pursuant to this subsection which contains or relates to a trade secret or other matter referred in section 1905 of title 18 of the United States Code shall be considered confidential for the purpose of that section, except that such information may be disclosed to other officers or employees concerned with carrying out this section. This paragraph shall not apply in the case of the construction of a vessel by an individual for his own use.

(h) After the effective date of standards and regulations promulgated under this section, it shall be unlawful—

(1) for the manufacturer of any vessel subject to such standards and regulations to manufacture for sale, to sell or offer for sale, or to distribute for sale or resale any such vessel unless it is equipped with a marine sanitation device which is in all material respects substantially the same as the appropriate test device certified pursuant to this section;

(2) for any person, prior to the sale or delivery of a vessel subject to such standards and regulations to the ultimate purchaser, wrongfully to remove or render inoperative any certified marine sanitation device or element of design of such device installed in such vessel;

(3) for any person to fail or refuse to permit access to or copying of records or to fail to make reports or provide information required under this section; and

(4) for a vessel subject to such standards and regulations to operate on the navigable waters of the United States, if such vessel is not equipped with an operable marine sanitation device certified pursuant to this section.

(i) The district courts of the United States shall have jurisdictions to restrain violations of subsection (g)(1) of this section and subsections (h)(1) through (3) of this section. Actions to restrain such violations shall be brought by, and in, the name of the United States. In case of contumacy or refusal to obey a subpena served upon any person under this subsection, the district court of the United States for any district in which such person is found or resides or transacts business, upon application by the United States and after notice to such person, shall have jurisdiction to issue an order requiring such person to appear and give testimony or to appear and produce documents, and any failure to obey such order of the court may be punished by such court as a contempt thereof.

(j) Any person who violates subsection (g)(1), clause (1) or (2) of subsection (h), or subsection (n)(8) shall be liable to a civil penalty of not more than $5,000 for each violation. Any person who violates clause (4) of subsection (h) of this section or any regulation issued pursuant to this section shall be liable to a civil penalty of not more than $2,000 for each violation. Each violation shall be a separate offense. The Secretary of the department in which the Coast Guard is operating may assess and compromise any such penalty. No penalty shall be assessed until the person charged shall have been given notice and an opportunity for a hearing on such charge. In determining the amount of the penalty, or the amount agreed upon in compromise, the gravity of the violation, and the demonstrated good faith of the person charged in attempting to achieve rapid compliance, after notification of a violation, shall be considered by said Secretary.

(k) The provisions of this section shall be enforced by the Secretary of the department in which the Coast Guard is operating and he may utilize by agreement, with or without reimbursement, law enforcement officers or other personnel and facilities of the Administrator, other Federal agencies, or the States to carry out the provisions of this section. The provisions of this section may also be enforced by a State.

(l) Anyone authorized by the Secretary of the department in which the Coast Guard is operating to enforce the provisions of this section may, except as to public vessels, (1) board and inspect any vessel upon the navigable waters of the United States and (2) execute any warrant or other process issued by an officer or court of competent jurisdiction.

(m) In the case of Guam and the Trust Territory of the Pacific Islands, actions arising under this section may be brought in the district court of Guam, and in the case of the Virgin Islands such actions may be brought in the district court of the Virgin Islands. In the case of American Samoa and the Trust Territory of the Pacific Islands, such actions may be brought in the District Court of the United States for the District of Hawaii and such court shall have jurisdiction of such actions. In the case of the Canal Zone, such actions may be brought in the District Court for the District of the Canal Zone.

(n) UNIFORM NATIONAL DISCHARGE STANDARDS FOR VESSELS OF THE ARMED FORCES.—

(1) APPLICABILITY.—This subsection shall apply to vessels of the Armed Forces and discharges, other than sewage, incidental to the normal operation of a vessel of the Armed Forces, unless the Secretary of Defense finds that compliance with this subsection would not be in the national security interests of the United States.

(2) DETERMINATION OF DISCHARGES REQUIRED TO BE CONTROLLED BY MARINE POLLUTION CONTROL DEVICES.—

(A) IN GENERAL.—The Administrator and the Secretary of Defense, after consultation with the Secretary of the department in which the Coast Guard is operating, the Secretary of Commerce, and interested States, shall jointly determine the discharges incidental to the normal operation of a vessel of the Armed Forces for which it is reasonable and practicable to require use of a marine pollution control device to mitigate adverse impacts on the marine environment. Notwithstanding subsection (a)(1) of section 553 of title 5, United States Code, the Administrator and the Secretary of Defense shall promulgate the determinations in accordance with such section. The Secretary of Defense shall require the use of a marine pollution control device on board a vessel of the Armed Forces in any case in which it is determined that the use of such a device is reasonable and practicable.

(B) CONSIDERATIONS.—In making a determination under subparagraph (A), the Administrator and the Secretary of Defense shall take into consideration—

(i) the nature of the discharge;

(ii) the environmental effects of the discharge;

(iii) the practicability of using the marine pollution control device;

(iv) the effect that installation or use of the marine pollution control device would have on the operation or operational capability of the vessel;

(v) applicable United States law;

(vi) applicable international standards; and

(vii) the economic costs of the installation and use of the marine pollution control device.

(3) PERFORMANCE STANDARDS FOR MARINE POLLUTION CONTROL DEVICES.—

(A) IN GENERAL.—For each discharge for which a marine pollution control device is determined to be required under paragraph (2), the Administrator and the Secretary of Defense, in consultation with the Secretary of the department in which the Coast Guard is operating, the Secretary of State, the Secretary of Commerce, other interested Federal agencies, and interested States, shall jointly promulgate Federal standards of performance for each marine pollution control device required with respect to the discharge. Notwithstanding subsection (a)(1) of section 553 of title 5, United States Code, the Administrator and the Secretary of Defense shall promulgate the standards in accordance with such section.

(B) CONSIDERATIONS.—In promulgating standards under this paragraph, the Administrator and the Secretary of Defense shall take into consideration the matters set forth in paragraph (2)(B).

(C) CLASSES, TYPES, AND SIZES OF VESSELS.—The standards promulgated under this paragraph may—

(i) distinguish among classes, types, and sizes of vessels;

(ii) distinguish between new and existing vessels; and

(iii) provide for a waiver of the applicability of the standards as necessary or appropriate to a particular class, type, age, or size of vessel.

(4) REGULATIONS FOR USE OF MARINE POLLUTION CONTROL DEVICES.—The Secretary of Defense, after consultation with the Administrator and the Secretary of the department in which the Coast Guard is operating, shall promulgate such regulations governing the design, construction, installation, and use of marine pollution control devices on board vessels of the Armed Forces as are necessary to achieve the standards promulgated under paragraph (3).

(5) DEADLINES; EFFECTIVE DATE.—

(A) DETERMINATIONS.—The Administrator and the Secretary of Defense shall—

(i) make the initial determinations under paragraph (2) not later than 2 years after the date of the enactment of this subsection; and

(ii) every 5 years—

(I) review the determinations; and

(II) if necessary, revise the determinations based on significant new information.

(B) STANDARDS.—The Administrator and the Secretary of Defense shall—

(i) promulgate standards of performance for a marine pollution control device under paragraph (3) not later than 2 years after the date of a determination

under paragraph (2) that the marine pollution control device is required; and

(ii) every 5 years—

(I) review the standards; and

(II) if necessary, revise the standards, consistent with paragraph (3)(B) and based on significant new information.

(C) REGULATIONS.—The Secretary of Defense shall promulgate regulations with respect to a marine pollution control device under paragraph (4) as soon as practicable after the Administrator and the Secretary of Defense promulgate standards with respect to the device under paragraph (3), but not later than 1 year after the Administrator and the Secretary of Defense promulgate the standards. The regulations promulgated by the Secretary of Defense under paragraph (4) shall become effective upon promulgation unless another effective date is specified in the regulations.

(D) PETITION FOR REVIEW.—The Governor of any State may submit a petition requesting that the Secretary of Defense and the Administrator review a determination under paragraph (2) or a standard under paragraph (3), if there is significant new information, not considered previously, that could reasonably result in a change to the particular determination or standard after consideration of the matters set forth in paragraph (2)(B). The petition shall be accompanied by the scientific and technical information on which the petition is based. The Administrator and the Secretary of Defense shall grant or deny the petition not later than 2 years after the date of receipt of the petition.

(6) EFFECT ON OTHER LAWS.—

(A) PROHIBITION ON REGULATION BY STATES OR POLITICAL SUBDIVISIONS OF STATES.—Beginning on the effective date of—

(i) a determination under paragraph (2) that it is not reasonable and practicable to require use of a marine pollution control device regarding a particular discharge incidental to the normal operation of a vessel of the Armed Forces; or

(ii) regulations promulgated by the Secretary of Defense under paragraph (4);

except as provided in paragraph (7), neither a State nor a political subdivision of a State may adopt or enforce any statute or regulation of the State or political subdivision with respect to the discharge or the design, construction, installation, or use of any marine pollution control device required to control discharges from a vessel of the Armed Forces.

(B) FEDERAL LAWS.—This subsection shall not affect the application of section 311 to discharges incidental to the normal operation of a vessel.

(7) ESTABLISHMENT OF STATE NO-DISCHARGE ZONES.—

(A) STATE PROHIBITION.—

(i) IN GENERAL.—After the effective date of—

(I) a determination under paragraph (2) that it is not reasonable and practicable to require use of a marine pollution control device regarding a particular discharge incidental to the normal operation of a vessel of the Armed Forces; or

(II) regulations promulgated by the Secretary of Defense under paragraph (4);

if a State determines that the protection and enhancement of the quality of some or all of the waters within the State require greater environmental protection, the State may prohibit 1 or more discharges incidental to the normal operation of a vessel, whether treated or not treated, into the waters. No prohibition shall apply until the Administrator makes the determinations described in subclauses (II) and (III) of subparagraph (B)(i).

(ii) DOCUMENTATION.—To the extent that a prohibition under this paragraph would apply to vessels of the Armed Forces and not to other types of vessels, the State shall document the technical or environmental basis for the distinction.

(B) PROHIBITION BY THE ADMINISTRATOR.—

(i) IN GENERAL.—Upon application of a State, the Administrator shall by regulation prohibit the discharge from a vessel of 1 or more discharges incidental to the normal operation of a vessel, whether treated or not treated, into the waters covered by the application if the Administrator determines that—

(I) the protection and enhancement of the quality of the specified waters within the State require a prohibition of the discharge into the waters;

(II) adequate facilities for the safe and sanitary removal of the discharge incidental to the normal operation of a vessel are reasonably available for the waters to which the prohibition would apply; and

(III) the prohibition will not have the effect of discriminating against a vessel of the Armed Forces by reason of the ownership or operation by the Federal Government, or the military function, of the vessel.

(ii) APPROVAL OR DISAPPROVAL.—The Administrator shall approve or disapprove an application submitted under clause (i) not later than 90 days after the date on which the application is submitted to the Administrator. Notwithstanding clause (i)(II), the Administrator shall not disapprove an application for the sole reason that there are not adequate facilities to remove any discharge incidental to the normal operation of a vessel from vessels of the Armed Forces.

(C) APPLICABILITY TO FOREIGN FLAGGED VESSELS.—A prohibition under this paragraph—

(i) shall not impose any design, construction, manning, or equipment standard on a foreign flagged vessel engaged in innocent passage unless the prohibition implements a generally accepted international rule or standard; and

(ii) that relates to the prevention, reduction, and control of pollution shall not apply to a foreign flagged vessel engaged in transit passage unless the prohibition implements an applicable international regulation regarding the discharge of oil, oily waste, or any other noxious substance into the waters.

(8) PROHIBITION RELATING TO VESSELS OF THE ARMED FORCES.—After the effective date of the regulations promulgated by the Secretary of Defense under paragraph (4), it shall be unlawful for any vessel of the Armed Forces subject to the regulations to—

(A) operate in the navigable waters of the United States or the waters of the contiguous zone, if the vessel is not equipped with any required marine pollution control device meeting standards established under this subsection; or

(B) discharge overboard any discharge incidental to the normal operation of a vessel in waters with respect to which a prohibition on the discharge has been established under paragraph (7).

(9) ENFORCEMENT.—This subsection shall be enforceable, as provided in subsections (j) and (k), against any agency of the United States responsible for vessels of the Armed Forces notwithstanding any immunity asserted by the agency.

(33 U.S.C. 1322)

FEDERAL FACILITIES POLLUTION CONTROL

SEC. 313. (a) Each department, agency, or instrumentality of the executive, legislative, and judicial branches of the Federal Government (1) having jurisdiction over any property or facility, or (2) engaged in any activity resulting, or which may result, in the discharge or runoff of pollutants, and each officer, agent, or employee thereof in the performance of his official duties, shall be subject to, and comply with, all Federal, State, interstate, and local requirements, administrative authority, and process and sanctions respecting the control and abatement of water pollution in the same manner, and to the same extent as any nongovernmental entity including the payment of reasonable service charges. The preceding sentence shall apply (A) to any requirement whether substantive or procedural (including any recordkeeping or reporting requirement, any requirement respecting permits and any other requirement, whatsoever), (B) to the exercise of any Federal, State, or local administrative authority, and (C) to any process and sanction, whether enforced in Federal, State, or local courts or in any other manner. This subsection shall apply notwithstanding any immunity of such agencies, officers, agents, or employees under any law or rule of law. Nothing in this section shall be construed to prevent any department, agency, or instrumentality of the Federal Government,

or any officer, agent, or employee thereof in the performance of his official duties, from removing to the appropriate Federal district court any proceeding to which the department, agency, or instrumentality or officer, agent, or employee thereof is subject pursuant to this section, and any such proceeding may be removed in accordance with 28 U.S.C. 1441 et seq. No officer, agent, or employee of the United States shall be personally liable for any civil penalty arising from the performance of his official duties, for which he is not otherwise liable, and the United States shall be liable only for those civil penalties arising under Federal law or imposed by a State or local court to enforce an order or the process of such court. The President may exempt any effluent source of any department, agency, or instrumentality in the executive branch from compliance with any such a requirement if he determines it to be in the paramount interest of the United States to do so; except that no exemption may be granted from the requirements of section 306 or 307 of this Act. No such exemptions shall be granted due to lack of appropriation unless the President shall have specifically requested such appropriation as a part of the budgetary process and the Congress shall have failed to make available such requested appropriation. Any exemption shall be for a period not in excess of one year, but additional exemptions may be granted for periods of not to exceed one year upon the President's making a new determination. The President shall report each January to the Congress all exemptions from the requirements of this section granted during the preceding calendar year, together with his reason for granting such exemption. In addition to any such exemption of a particular effluent source, the President may, if he determines it to be in the paramount interest of the United States to do so, issue regulations exempting from compliance with the requirements of this section any weaponry, equipment, aircraft, vessels, vehicles, or other classes or categories of property, and access to such property, which are owned or operated by the Armed Forces of the United States (including the Coast Guard) or by the National Guard of any State and which are uniquely military in nature. The President shall reconsider the need for such regulations at three-year intervals.

(b)(1) The Administrator shall coordinate with the head of each department, agency, or instrumentality of the Federal Government having jurisdiction over any property or facility utilizing federally owned wastewater facilities to develop a program of cooperation for utilizing wastewater control systems utilizing those innovative treatment processes and techniques for which guidelines have been promulgated under section 304(d)(3). Such program shall include an inventory of property and facilities which could utilize such processes and techniques.

(2) Construction shall not be initiated for facilities for treatment of wastewater at any Federal property or facility after September 30, 1979, if alternative methods for wastewater treatment at such property or facility utilizing innovative treatment processes and techniques, including but not limited to methods utilizing recycle and reuse techniques and land treatment are not utilized, unless the life cycle cost of the alternative treatment works exceeds the life cycle cost of the most cost effective alternative by more than 15 per centum. The Administrator may waive the application

of this paragraph in any case where the Administrator determines it to be in the public interest, or that compliance with this paragraph would interfere with the orderly compliance with the conditions of a permit issued pursuant to section 402 of this Act.

(33 U.S.C. 1323)

CLEAN LAKES

SEC. 314. (a) ESTABLISHMENT AND SCOPE OF PROGRAM.—

(1) STATE PROGRAM REQUIREMENTS.—Each State on a biennial basis shall prepare and submit to the Administrator for his approval—

(A) an identification and classification according to eutrophic condition of all publicly owned lakes in such State;

(B) a description of procedures, processes, and methods (including land use requirements), to control sources of pollution of such lakes;

(C) a description of methods and procedures, in conjunction with appropriate Federal agencies, to restore the quality of such lakes;

(D) methods and procedures to mitigate the harmful effects of high acidity, including innovative methods of neutralizing and restoring buffering capacity of lakes and methods of removing from lakes toxic metals and other toxic substances mobilized by high acidity;

(E) a list and description of those publicly owned lakes in such State for which uses are known to be impaired, including those lakes which are known not to meet applicable water quality standards or which require implementation of control programs to maintain compliance with applicable standards and those lakes in which water quality has deteriorated as a result of high acidity that may reasonably be due to acid deposition; and

(F) an assessment of the status and trends of water quality in lakes in such State, including but not limited to, the nature and extent of pollution loading from point and nonpoint sources and the extent to which the use of lakes is impaired as a result of such pollution, particularly with respect to toxic pollution.

(2) SUBMISSION AS PART OF 305(b)(1) REPORT.—The information required under paragraph (1) shall be included in the report required under section 305(b)(1) of this Act, beginning with the report required under such section by April 1, 1988.

(3) ELIGIBILITY REQUIREMENT.—Beginning after April 1, 1988, a State must have submitted the information required under paragraph (1) in order to receive grant assistance under this section.

(b) The Administrator shall provide financial assistance to States in order to carry out methods and procedures approved by him under subsection (a) of this section. The Administrator shall provide financial assistance to States to prepare the identification and classification surveys required in subsection (a)(1) of this section.

(c)(1) The amount granted to any State for any fiscal year under subsection (b) of this section shall not exceed 70 per centum of the funds expended by such State in such year for carrying out approved methods and procedures under subsection (a) of this section.

(2) There is authorized to be appropriated $50,000,000 for the fiscal year ending June 30, 1973; $100,000,000 for the fiscal year 1974; $150,000,000 for the fiscal year 1975, $50,000,000 for fiscal year 1977, $60,000,000 for fiscal year 1978, $60,000,000 for fiscal year 1979, $60,000,000 for fiscal year 1980, $30,000,000 for fiscal year 1981, $30,000,000 for fiscal year 1982, such sums as may be necessary for fiscal years 1983 through 1985, and $30,000,000 per fiscal year for each of the fiscal years 1986 through 1990 for grants to States under subsection (b) of this section which such sums shall remain available until expended. The Administrator shall provide for an equitable distribution of such sums to the States with approved methods and procedures under subsection (a) of this section.

(d) DEMONSTRATION PROGRAM.—

(1) GENERAL REQUIREMENTS.—The Administrator is authorized and directed to establish and conduct at locations throughout the Nation a lake water quality demonstration program. The program shall, at a minimum—

(A) develop cost effective technologies for the control of pollutants to preserve or enhance lake water quality while optimizing multiple lakes uses;

(B) control nonpoint sources of pollution which are contributing to the degradation of water quality in lakes;

(C) evaluate the feasibility of implementing regional consolidated pollution control strategies;

(D) demonstrate environmentally preferred techniques for the removal and disposal of contaminated lake sediments;

(E) develop improved methods for the removal of silt, stumps, aquatic growth, and other obstructions which impair the quality of lakes;

(F) construct and evaluate silt traps and other devices or equipment to prevent or abate the deposit of sediment in lakes; and

(G) demonstrate the costs and benefits of utilizing dredged material from lakes in the reclamation of despoiled land.

(2) GEOGRAPHICAL REQUIREMENTS.—Demonstration projects authorized by this subsection shall be undertaken to reflect a variety of geographical and environmental conditions. As a priority, the Administrator shall undertake demonstration projects at Lake Champlain, New York and Vermont; Lake Houston, Texas; Beaver Lake, Arkansas; Greenwood Lake and Belcher Creek, New Jersey; Deal Lake, New Jersey; Alcyon Lake, New Jersey; Gorton's Pond, Rhode Island; Lake Washington, Rhode Island; Lake Bomoseen, Vermont; Sauk Lake, Minnesota; and Lake Worth, Texas.

(3) REPORTS.—By January 1, 1997, and January 1 of every odd-numbered year thereafter, the Administrator shall report to the Committee on Transportation and Infrastructure of the

House of Representatives and the Committee on Environment and Public Works of the Senate on work undertaken pursuant to this subsection. Upon completion of the program authorized by this subsection, the Administrator shall submit to such committees a final report on the results of such program, along with recommendations for further measures to improve the water quality of the Nation's lakes.

(4) AUTHORIZATION OF APPROPRIATIONS.—

(A) IN GENERAL.—There is authorized to be appropriated to carry out this subsection not to exceed $40,000,000 for fiscal years beginning after September 30, 1986, to remain available until expended.

(B) SPECIAL AUTHORIZATIONS.—

(i) AMOUNT.—There is authorized to be appropriated to carry out subsection (b) with respect to subsection (a)(1)(D) not to exceed $15,000,000 for fiscal years beginning after September 30, 1986, to remain available until expended.

(ii) DISTRIBUTION OF FUNDS.—The Administrator shall provide for an equitable distribution of sums appropriated pursuant to this subparagraph among States carrying out approved methods and procedures. Such distribution shall be based on the relative needs of each such State for the mitigation of the harmful effects on lakes and other surface waters of high acidity that may reasonably be due to acid deposition or acid mine drainage.

(iii) GRANTS AS ADDITIONAL ASSISTANCE.—The amount of any grant to a State under this subparagraph shall be in addition to, and not in lieu of, any other Federal financial assistance.

(33 U.S.C. 1324)

NATIONAL STUDY COMMISSION

SEC. 315. (a) There is established a National Study Commission, which shall make a full and complete investigation and study of all of the technological aspects of achieving, and all aspects of the total economic, social, and environmental effects of achieving or not achieving, the effluent limitations and goals set forth for 1983 in section 301(b)(2) of this Act.

(b) Such Commission shall be composed of fifteen members, including five members of the Senate, who are members of the Public Works committee, appointed by the President of the Senate, five members of the House, who are members of the Public Works committee, appointed by the Speaker of the House, and five members of the public appointed by the President. The Chairman of such Commission shall be elected from among its members.

(c) In the conduct of such study, the Commission is authorized to contract with the National Academy of Sciences and the National Academy of Engineering (acting through the National Research Council), the National Institute of Ecology, Brookings Institution, and other nongovernmental entities, for the investigation of matters within their competence.

(d) The heads of the departments, agencies and instrumentalities of the executive branch of the Federal Government shall cooperate with the Commission in carrying out the requirements of this section, and shall furnish to the Commission such information as the Commission deems necessary to carry out this section.

(e) A report shall be submitted to the Congress of the results of such investigation and study, together with recommendations, not later than three years after the date of enactment of this title.

(f) The members of the Commission who are not officers or employees of the United States, while attending conferences or meetings of the Commission or while otherwise serving at the request of the Chairman shall be entitled to receive compensation at a rate not in excess of the maximum rate of pay for grade GS–18, as provided in the General Schedule under section 5332 of title V of the United States Code, including traveltime and while away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence as authorized by law (5 U.S.C. 73b–2) for persons in the Government service employed intermittently.

(g) In addition to authority to appoint personnel subject to the provisions of title 5, United States Code, governing appointments in the competitive service, and to pay such personnel in accordance with the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, the Commission shall have authority to enter into contracts with private or public organizations who shall furnish the Commission with such administrative and technical personnel as may be necessary to carry out the purpose of this section. Personnel furnished by such organizations under this subsection are not, and shall not be considered to be, Federal employees for any purposes, but in the performance of their duties shall be guided by the standards which apply to employees of the legislative branches under rules 41 and 43 of the Senate and House of Representatives, respectively.

(h) There is authorized to be appropriated, for use in carrying out this section, not to exceed $17,250,000.

(33 U.S.C. 1325)

THERMAL DISCHARGES

SEC. 316. (a) With respect to any point source otherwise subject to the provisions of section 301 or section 306 of this Act, whenever the owner or operator of any such source, after opportunity for public hearing, can demonstrate to the satisfaction of the Administrator (or, if appropriate, the State) that any effluent limitation proposed for the control of the thermal component of any discharge from such source will require effluent limitations more stringent than necessary to assure the projection and propagation of a balanced, indigenous population of shellfish, fish, and wildlife in and on the body of water into which the discharge is to be made, the Administrator (or, if appropriate, the State) may impose an effluent limitation under such sections for such plant, with respect to the thermal component of such discharge (taking into account the interaction of such thermal component with other pollutants),

that will assure the projection and propagation of a balanced, indigenous population of shellfish, fish, and wildlife in and on that body of water.

(b) Any standard established pursuant to section 301 or section 306 of this Act and applicable to a point source shall require that the location, design, construction, and capacity of cooling water intake structures reflect the best technology available for minimizing adverse environmental impact.

(c) Notwithstanding any other provision of this Act, any point source of a discharge having a thermal component, the modification of which point source is commenced after the date of enactment of the Federal Water Pollution Control Act Amendments of 1972 and which, as modified, meets effluent limitations established under section 301 or, if more stringent, effluent limitations established under section 303 and which effluent limitations will assure protection and propagation of a balanced, indigenous population of shellfish, fish, and wildlife in or on the water into which the discharge is made, shall not be subject to any more stringent effluent limitation with respect to the thermal component of its discharge during a ten year period beginning on the date of completion of such modification or during the period of depreciation or amortization of such facility for the purpose of section 167 or 169 (or both) of the Internal Revenue Code of 1954, whichever period ends first.

(33 U.S.C. 1326)

FINANCING STUDY

SEC. 317. (a) The Administrator shall continue to investigate and study the feasibility of alternate methods of financing the cost of preventing, controlling and abating pollution as directed in the Water Quality Improvement Act of 1970 (Public Law 91–224), including, but not limited to, the feasibility of establishing a pollution abatement trust fund. The results of such investigation and study shall be reported to the Congress not later than two years after enactment of this title, together with recommendations of the Administrator for financing the programs for preventing, controlling and abating pollution for the fiscal years beginning after fiscal year 1976, including any necessary legislation.

(b) There is authorized to be appropriated for use in carrying out this section, not to exceed $1,000,000.

(33 U.S.C. 1327)

AQUACULTURE

SEC. 318. (a) The Administrator is authorized, after public hearings, to permit the discharge of a specific pollutant or pollutants under controlled conditions associated with an approved aquaculture project under Federal or State supervision pursuant to section 402 of this Act.

(b) The Administrator shall by regulation establish any procedures and guidelines which the Administrator deems necessary to carry out this section. Such regulations shall require the application to such discharge of each criterion, factor, procedure, and requirement applicable to a permit issued under section 402 of this

title, as the Administrator determines necessary to carry out the objective of this Act.

(c) Each State desiring to administer its own permit program within its jurisdiction for discharge of a specific pollutant or pollutants under controlled conditions associated with an approved aquaculture project may do so if upon submission of such program the Administrator determines such program is adequate to carry out the objective of this Act.

(33 U.S.C. 1328)

SEC. 319. NONPOINT SOURCE MANAGEMENT PROGRAMS.

(a) STATE ASSESSMENT REPORTS.—

(1) CONTENTS.—The Governor of each State shall, after notice and opportunity for public comment, prepare and submit to the Administrator for approval, a report which—

(A) identifies those navigable waters within the State which, without additional action to control nonpoint sources of pollution, cannot reasonably be expected to attain or maintain applicable water quality standards or the goals and requirements of this Act;

(B) identifies those categories and subcategories of nonpoint sources or, where appropriate, particular nonpoint sources which add significant pollution to each portion of the navigable waters identified under subparagraph (A) in amounts which contribute to such portion not meeting such water quality standards or such goals and requirements;

(C) describes the process, including intergovernmental coordination and public participation, for identifying best management practices and measures to control each category and subcategory of nonpoint sources and, where appropriate, particular nonpoint sources identified under subparagraph (B) and to reduce, to the maximum extent practicable, the level of pollution resulting from such category, subcategory, or source; and

(D) identifies and describes State and local programs for controlling pollution added from nonpoint sources to, and improving the quality of, each such portion of the navigable waters, including but not limited to those programs which are receiving Federal assistance under subsections (h) and (i).

(2) INFORMATION USED IN PREPARATION.—In developing the report required by this section, the State (A) may rely upon information developed pursuant to sections 208, 303(e), 304(f), 305(b), and 314, and other information as appropriate, and (B) may utilize appropriate elements of the waste treatment management plans developed pursuant to sections 208(b) and 303, to the extent such elements are consistent with and fulfill the requirements of this section.

(b) STATE MANAGEMENT PROGRAMS.—

(1) IN GENERAL.—The Governor of each State, for that State or in combination with adjacent States, shall, after notice and opportunity for public comment, prepare and submit to the Administrator for approval a management program which such

State proposes to implement in the first four fiscal years beginning after the date of submission of such management program for controlling pollution added from nonpoint sources to the navigable waters within the State and improving the quality of such waters.

(2) SPECIFIC CONTENTS.—Each management program proposed for implementation under this subsection shall include each of the following:

(A) An identification of the best management practices and measures which will be undertaken to reduce pollutant loadings resulting from each category, subcategory, or particular nonpoint source designated under paragraph (1)(B), taking into account the impact of the practice on ground water quality.

(B) An identification of programs (including, as appropriate, nonregulatory or regulatory programs for enforcement, technical assistance, financial assistance, education, training, technology transfer, and demonstration projects) to achieve implementation of the best management practices by the categories, subcategories, and particular nonpoint sources designated under subparagraph (A).

(C) A schedule containing annual milestones for (i) utilization of the program implementation methods identified in subparagraph (B), and (ii) implementation of the best management practices identified in subparagraph (A) by the categories, subcategories, or particular nonpoint sources designated under paragraph (1)(B). Such schedule shall provide for utilization of the best management practices at the earliest practicable date.

(D) A certification of the attorney general of the State or States (or the chief attorney of any State water pollution control agency which has independent legal counsel) that the laws of the State or States, as the case may be, provide adequate authority to implement such management program or, if there is not such adequate authority, a list of such additional authorities as will be necessary to implement such management program. A schedule and commitment by the State or States to seek such additional authorities as expeditiously as practicable.

(E) Sources of Federal and other assistance and funding (other than assistance provided under subsections (h) and (i)) which will be available in each of such fiscal years for supporting implementation of such practices and measures and the purposes for which such assistance will be used in each of such fiscal years.

(F) An identification of Federal financial assistance programs and Federal development projects for which the State will review individual assistance applications or development projects for their effect on water quality pursuant to the procedures set forth in Executive Order 12372 as in effect on September 17, 1983, to determine whether such assistance applications or development projects would be consistent with the program prepared under this subsection; for the purposes of this subparagraph, identifica-

tion shall not be limited to the assistance programs or development projects subject to Executive Order 12372 but may include any programs listed in the most recent Catalog of Federal Domestic Assistance which may have an effect on the purposes and objectives of the State's nonpoint source pollution management program.

(3) UTILIZATION OF LOCAL AND PRIVATE EXPERTS.—In developing and implementing a management program under this subsection, a State shall, to the maximum extent practicable, involve local public and private agencies and organizations which have expertise in control of nonpoint sources of pollution.

(4) DEVELOPMENT ON WATERSHED BASIS.—A State shall, to the maximum extent practicable, develop and implement a management program under this subsection on a watershed-by-watershed basis within such State.

(c) ADMINISTRATIVE PROVISIONS.—

(1) COOPERATION REQUIREMENT.—Any report required by subsection (a) and any management program and report required by subsection (b) shall be developed in cooperation with local, substate regional, and interstate entities which are actively planning for the implementation of nonpoint source pollution controls and have either been certified by the Administrator in accordance with section 208, have worked jointly with the State on water quality management planning under section 205(j), or have been designated by the State legislative body or Governor as water quality management planning agencies for their geographic areas.

(2) TIME PERIOD FOR SUBMISSION OF REPORTS AND MANAGEMENT PROGRAMS.—Each report and management program shall be submitted to the Administrator during the 18-month period beginning on the date of the enactment of this section.

(d) APPROVAL OR DISAPPROVAL OF REPORTS AND MANAGEMENT PROGRAMS.—

(1) DEADLINE.—Subject to paragraph (2), not later than 180 days after the date of submission to the Administrator of any report or management program under this section (other than subsections (h), (i), and (k)), the Administrator shall either approve or disapprove such report or management program, as the case may be. The Administrator may approve a portion of a management program under this subsection. If the Administrator does not disapprove a report, management program, or portion of a management program in such 180-day period, such report, management program, or portion shall be deemed approved for purposes of this section.

(2) PROCEDURE FOR DISAPPROVAL.—If, after notice and opportunity for public comment and consultation with appropriate Federal and State agencies and other interested persons, the Administrator determines that—

(A) the proposed management program or any portion thereof does not meet the requirements of subsection (b)(2) of this section or is not likely to satisfy, in whole or in part, the goals and requirements of this Act;

(B) adequate authority does not exist, or adequate resources are not available, to implement such program or portion;

(C) the schedule for implementing such program or portion is not sufficiently expeditious; or

(D) the practices and measures proposed in such program or portion are not adequate to reduce the level of pollution in navigable waters in the State resulting from nonpoint sources and to improve the quality of navigable waters in the State;

the Administrator shall within 6 months of the receipt of the proposed program notify the State of any revisions or modifications necessary to obtain approval. The State shall thereupon have an additional 3 months to submit its revised management program and the Administrator shall approve or disapprove such revised program within three months of receipt.

(3) FAILURE OF STATE TO SUBMIT REPORT.—If a Governor of a State does not submit the report required by subsection (a) within the period specified by subsection (c)(2), the Administrator shall, within 30 months after the date of the enactment of this section, prepare a report for such State which makes the identifications required by paragraphs (1)(A) and (1)(B) of subsection (a). Upon completion of the requirement of the preceding sentence and after notice and opportunity for comment, the Administrator shall report to Congress on his actions pursuant to this section.

(e) LOCAL MANAGEMENT PROGRAMS; TECHNICAL ASSISTANCE.—If a State fails to submit a management program under subsection (b) or the Administrator does not approve such a management program, a local public agency or organization which has expertise in, and authority to, control water pollution resulting from nonpoint sources in any area of such State which the Administrator determines is of sufficient geographic size may, with approval of such State, request the Administrator to provide, and the Administrator shall provide, technical assistance to such agency or organization in developing for such area a management program which is described in subsection (b) and can be approved pursuant to subsection (d). After development of such management program, such agency or organization shall submit such management program to the Administrator for approval. If the Administrator approves such management program, such agency or organization shall be eligible to receive financial assistance under subsection (h) for implementation of such management program as if such agency or organization were a State for which a report submitted under subsection (a) and a management program submitted under subsection (b) were approved under this section. Such financial assistance shall be subject to the same terms and conditions as assistance provided to a State under subsection (h).

(f) TECHNICAL ASSISTANCE FOR STATE.—Upon request of a State, the Administrator may provide technical assistance to such State in developing a management program approved under subsection (b) for those portions of the navigable waters requested by such State.

(g) INTERSTATE MANAGEMENT CONFERENCE.—

(1) CONVENING OF CONFERENCE; NOTIFICATION; PURPOSE.—If any portion of the navigable waters in any State which is implementing a management program approved under this section is not meeting applicable water quality standards or the goals and requirements of this Act as a result, in whole or in part, of pollution from nonpoint sources in another State, such State may petition the Administrator to convene, and the Administrator shall convene, a management conference of all States which contribute significant pollution resulting from nonpoint sources to such portion. If, on the basis of information available, the Administrator determines that a State is not meeting applicable water quality standards or the goals and requirements of this Act as a result, in whole or in part, of significant pollution from nonpoint sources in another State, the Administrator shall notify such States. The Administrator may convene a management conference under this paragraph not later than 180 days after giving such notification, whether or not the State which is not meeting such standards requests such conference. The purpose of such conference shall be to develop an agreement among such States to reduce the level of pollution in such portion resulting from nonpoint sources and to improve the water quality of such portion. Nothing in such agreement shall supersede or abrogate rights to quantities of water which have been established by interstate water compacts, Supreme Court decrees, or State water laws. This subsection shall not apply to any pollution which is subject to the Colorado River Basin Salinity Control Act. The requirement that the Administrator convene a management conference shall not be subject to the provisions of section 505 of this Act.

(2) STATE MANAGEMENT PROGRAM REQUIREMENT.—To the extent that the States reach agreement through such conference, the management programs of the States which are parties to such agreements and which contribute significant pollution to the navigable waters or portions thereof not meeting applicable water quality standards or goals and requirements of this Act will be revised to reflect such agreement. Such management programs shall be consistent with Federal and State law.

(h) GRANT PROGRAM.—

(1) GRANTS FOR IMPLEMENTATION OF MANAGEMENT PROGRAMS.—Upon application of a State for which a report submitted under subsection (a) and a management program submitted under subsection (b) is approved under this section, the Administrator shall make grants, subject to such terms and conditions as the Administrator considers appropriate, under this subsection to such State for the purpose of assisting the State in implementing such management program. Funds reserved pursuant to section 205(j)(5) of this Act may be used to develop and implement such management program.

(2) APPLICATIONS.—An application for a grant under this subsection in any fiscal year shall be in such form and shall contain such other information as the Administrator may require, including an identification and description of the best management practices and measures which the State proposes

to assist, encourage, or require in such year with the Federal assistance to be provided under the grant.

(3) FEDERAL SHARE.—The Federal share of the cost of each management program implemented with Federal assistance under this subsection in any fiscal year shall not exceed 60 percent of the cost incurred by the State in implementing such management program and shall be made on condition that the non-Federal share is provided from non-Federal sources.

(4) LIMITATION ON GRANT AMOUNTS.—Notwithstanding any other provision of this subsection, not more than 15 percent of the amount appropriated to carry out this subsection may be used to make grants to any one State, including any grants to any local public agency or organization with authority to control pollution from nonpoint sources in any area of such State.

(5) PRIORITY FOR EFFECTIVE MECHANISMS.—For each fiscal year beginning after September 30, 1987, the Administrator may give priority in making grants under this subsection, and shall give consideration in determining the Federal share of any such grant, to States which have implemented or are proposing to implement management programs which will—

(A) control particularly difficult or serious nonpoint source pollution problems, including, but not limited to, problems resulting from mining activities;

(B) implement innovative methods or practices for controlling nonpoint sources of pollution, including regulatory programs where the Administrator deems appropriate;

(C) control interstate nonpoint source pollution problems; or

(D) carry out ground water quality protection activities which the Administrator determines are part of a comprehensive nonpoint source pollution control program, including research, planning, ground water assessments, demonstration programs, enforcement, technical assistance, education, and training to protect ground water quality from nonpoint sources of pollution.

(6) AVAILABILITY FOR OBLIGATION.—The funds granted to each State pursuant to this subsection in a fiscal year shall remain available for obligation by such State for the fiscal year for which appropriated. The amount of any such funds not obligated by the end of such fiscal year shall be available to the Administrator for granting to other States under this subsection in the next fiscal year.

(7) LIMITATION ON USE OF FUNDS.—States may use funds from grants made pursuant to this section for financial assistance to persons only to the extent that such assistance is related to the costs of demonstration projects.

(8) SATISFACTORY PROGRESS.—No grant may be made under this subsection in any fiscal year to a State which in the preceding fiscal year received a grant under this subsection unless the Administrator determines that such State made satisfactory progress in such preceding fiscal year in meeting the schedule specified by such State under subsection (b)(2).

(9) MAINTENANCE OF EFFORT.—No grant may be made to a State under this subsection in any fiscal year unless such

State enters into such agreements with the Administrator as the Administrator may require to ensure that such State will maintain its aggregate expenditures from all other sources for programs for controlling pollution added to the navigable waters in such State from nonpoint sources and improving the quality of such waters at or above the average level of such expenditures in its two fiscal years preceding the date of enactment of this subsection.

(10) REQUEST FOR INFORMATION.—The Administrator may request such information, data, and reports as he considers necessary to make the determination of continuing eligibility for grants under this section.

(11) REPORTING AND OTHER REQUIREMENTS.—Each State shall report to the Administrator on an annual basis concerning (A) its progress in meeting the schedule of milestones submitted pursuant to subsection (b)(2)(C) of this section, and (B) to the extent that appropriate information is available, reductions in nonpoint source pollutant loading and improvements in water quality for those navigable waters or watersheds within the State which were identified pursuant to subsection (a)(1)(A) of this section resulting from implementation of the management program.

(12) LIMITATION ON ADMINISTRATIVE COSTS.—For purposes of this subsection, administrative costs in the form of salaries, overhead, or indirect costs for services provided and charged against activities and programs carried out with a grant under this subsection shall not exceed in any fiscal year 10 percent of the amount of the grant in such year, except that costs of implementing enforcement and regulatory activities, education, training, technical assistance, demonstration projects, and technology transfer programs shall not be subject to this limitation.

(i) GRANTS FOR PROTECTING GROUNDWATER QUALITY.—

(1) ELIGIBLE APPLICANTS AND ACTIVITIES.—Upon application of a State for which a report submitted under subsection (a) and a plan submitted under subsection (b) is approved under this section, the Administrator shall make grants under this subsection to such State for the purpose of assisting such State in carrying out groundwater quality protection activities which the Administrator determines will advance the State toward implementation of a comprehensive nonpoint source pollution control program. Such activities shall include, but not be limited to, research, planning, groundwater assessment, demonstration programs, enforcement, technical assistance, education and training to protect the quality of groundwater and to prevent contamination of groundwater from nonpoint sources of pollution.

(2) APPLICATIONS.—An application for a grant under this subsection shall be in such form and shall contain such information as the Administrator may require.

(3) FEDERAL SHARE; MAXIMUM AMOUNT.—The Federal share of the cost of assisting a State in carrying out groundwater protection activities in any fiscal year under this subsection shall be 50 percent of the costs incurred by the State

in carrying out such activities, except that the maximum amount of Federal assistance which any State may receive under this subsection in any fiscal year shall not exceed $150,000.

(j) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out subsections (h) and (i) not to exceed $70,000,000 for fiscal year 1988, $100,000,000 per fiscal year for each of fiscal years 1989 and 1990, and $130,000,000 for fiscal year 1991; except that for each of such fiscal years not to exceed $7,500,000 may be made available to carry out subsection (i). Sums appropriated pursuant to this subsection shall remain available until expended.

(k) CONSISTENCY OF OTHER PROGRAMS AND PROJECTS WITH MANAGEMENT PROGRAMS.—The Administrator shall transmit to the Office of Management and Budget and the appropriate Federal departments and agencies a list of those assistance programs and development projects identified by each State under subsection (b)(2)(F) for which individual assistance applications and projects will be reviewed pursuant to the procedures set forth in Executive Order 12372 as in effect on September 17, 1983. Beginning not later than sixty days after receiving notification by the Administrator, each Federal department and agency shall modify existing regulations to allow States to review individual development projects and assistance applications under the identified Federal assistance programs and shall accommodate, according to the requirements and definitions of Executive Order 12372, as in effect on September 17, 1983, the concerns of the State regarding the consistency of such applications or projects with the State nonpoint source pollution management program.

(l) COLLECTION OF INFORMATION.—The Administrator shall collect and make available, through publications and other appropriate means, information pertaining to management practices and implementation methods, including, but not limited to, (1) information concerning the costs and relative efficiencies of best management practices for reducing nonpoint source pollution; and (2) available data concerning the relationship between water quality and implementation of various management practices to control nonpoint sources of pollution.

(m) SET ASIDE FOR ADMINISTRATIVE PERSONNEL.—Not less than 5 percent of the funds appropriated pursuant to subsection (j) for any fiscal year shall be available to the Administrator to maintain personnel levels at the Environmental Protection Agency at levels which are adequate to carry out this section in such year.

(33 U.S.C. 1329)

SEC. 320. NATIONAL ESTUARY PROGRAM.

(a) MANAGEMENT CONFERENCE.—

(1) NOMINATION OF ESTUARIES.—The Governor of any State may nominate to the Administrator an estuary lying in whole or in part within the State as an estuary of national significance and request a management conference to develop a comprehensive management plan for the estuary. The nomination shall document the need for the conference, the likelihood of

success, and information relating to the factors in paragraph (2).

(2) CONVENING OF CONFERENCE.—

(A) IN GENERAL.—In any case where the Administrator determines, on his own initiative or upon nomination of a State under paragraph (1), that the attainment or maintenance of that water quality in an estuary which assures protection of public water supplies and the protection and propagation of a balanced, indigenous population of shellfish, fish, and wildlife and allows recreational activities, in and on the water, requires the control of point and nonpoint sources of pollution to supplement existing controls of pollution in more than one State, the Administrator shall select such estuary and convene a management conference.

(B) PRIORITY CONSIDERATION.—The Administrator shall give priority consideration under this section to Long Island Sound, New York and Connecticut; Narragansett Bay, Rhode Island; Buzzards Bay, Massachusetts; Massachusetts Bay, Massachusetts (including Cape Cod Bay and Boston Harbor);[1] Puget Sound, Washington; New York-New Jersey Harbor, New York and New Jersey; Delaware Bay, Delaware and New Jersey; Delaware Inland Bays, Delaware; Albermarle Sound, North Carolina; Sarasota Bay, Florida; San Francisco Bay, California; Santa Monica Bay, California; Galveston Bay, Texas;[2] Barataria-Terrebonne Bay estuary complex, Louisiana; Indian River Lagoon, Florida; and Peconic Bay, New York.

(3) BOUNDARY DISPUTE EXCEPTION.—In any case in which a boundary between two States passes through an estuary and such boundary is disputed and is the subject of an action in any court, the Administrator shall not convene a management conference with respect to such estuary before a final adjudication has been made of such dispute.

(b) PURPOSES OF CONFERENCE.—The purposes of any management conference convened with respect to an estuary under this subsection shall be to—

(1) assess trends in water quality, natural resources, and uses of the estuary;

(2) collect, characterize, and assess data on toxics, nutrients, and natural resources within the estuarine zone to identify the causes of environmental problems;

(3) develop the relationship between the inplace loads and point and nonpoint loadings of pollutants to the estuarine zone and the potential uses of the zone, water quality, and natural resources;

(4) develop a comprehensive conservation and management plan that recommends priority corrective actions and compliance schedules addressing point and nonpoint sources of pollution to restore and maintain the chemical, physical, and bio-

[1] Both P.L. 100–653 and P.L. 100–658 inserted the same Massachusetts Bay phrase after Buzzards Bay; so that the phrase appears twice.

[2] P.L. 100–688, section 2001(3) inserted the Louisiana, Florida, New York bays after "Galveston, Texas;" which technically could not be executed.

logical integrity of the estuary, including restoration and maintenance of water quality, a balanced indigenous population of shellfish, fish and wildlife, and recreational activities in the estuary, and assure that the designated uses of the estuary are protected;

(5) develop plans for the coordinated implementation of the plan by the States as well as Federal and local agencies participating in the conference;

(6) monitor the effectiveness of actions taken pursuant to the plan; and

(7) review all Federal financial assistance programs and Federal development projects in accordance with the requirements of Executive Order 12372, as in effect on September 17, 1983, to determine whether such assistance program or project would be consistent with and further the purposes and objectives of the plan prepared under this section.

For purposes of paragraph (7), such programs and projects shall not be limited to the assistance programs and development projects subject to Executive Order 12372, but may include any programs listed in the most recent Catalog of Federal Domestic Assistance which may have an effect on the purposes and objectives of the plan developed under this section.

(c) MEMBERS OF CONFERENCE.—The members of a management conference convened under this section shall include, at a minimum, the Administrator and representatives of—

(1) each State and foreign nation located in whole or in part in the estuarine zone of the estuary for which the conference is convened;

(2) international, interstate, or regional agencies or entities having jurisdiction over all or a significant part of the estuary;

(3) each interested Federal agency, as determined appropriate by the Administrator;

(4) local governments having jurisdiction over any land or water within the estuarine zone, as determined appropriate by the Administrator; and

(5) affected industries, public and private educational institutions, and the general public, as determined appropriate by the Administrator.

(d) UTILIZATION OF EXISTING DATA.—In developing a conservation and management plan under this section, the management conference shall survey and utilize existing reports, data, and studies relating to the estuary that have been developed by or made available to Federal, interstate, State, and local agencies.

(e) PERIOD OF CONFERENCE.—A management conference convened under this section shall be convened for a period not to exceed 5 years. Such conference may be extended by the Administrator, and if terminated after the initial period, may be reconvened by the Administrator at any time thereafter, as may be necessary to meet the requirements of this section.

(f) APPROVAL AND IMPLEMENTATION OF PLANS.—

(1) APPROVAL.—Not later than 120 days after the completion of a conservation and management plan and after providing for public review and comment, the Administrator shall

approve such plan if the plan meets the requirements of this section and the affected Governor or Governors concur.

(2) IMPLEMENTATION.—Upon approval of a conservation and management plan under this section, such plan shall be implemented. Funds authorized to be appropriated under titles II and VI and section 319 of this Act may be used in accordance with the applicable requirements of this Act to assist States with the implementation of such plan.

(g) GRANTS.—

(1) RECIPIENTS.—The Administrator is authorized to make grants to State, interstate, and regional water pollution control agencies and entities, State coastal zone management agencies, interstate agencies, other public or nonprofit private agencies, institutions, organizations, and individuals.

(2) PURPOSES.—Grants under this subsection shall be made to pay for assisting research, surveys, studies, and modeling and other technical work necessary for the development of a conservation and management plan under this section.

(3) FEDERAL SHARE.—The amount of grants to any person (including a State, interstate, or regional agency or entity) under this subsection for a fiscal year shall not exceed 75 percent of the costs of such research, survey, studies, and work and shall be made on condition that the non-Federal share of such costs are provided from non-Federal sources.

(h) GRANT REPORTING.—Any person (including a State, interstate, or regional agency or entity) that receives a grant under subsection (g) shall report to the Administrator not later than 18 months after receipt of such grants and biennially there after on the progress being made under this section.

(i) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Administrator not to exceed $12,000,000 per fiscal year for each of fiscal years 1987, 1988, 1989, 1990, and 1991 for—

(1) expenses related to the administration of management conferences under this section, not to exceed 10 percent of the amount appropriated under this subsection;

(2) making grants under subsection (g); and

(3) monitoring the implementation of a conservation and management plan by the management conference or by the Administrator, in any case in which the conference has been terminated.

The Administrator shall provide up to $5,000,000 per fiscal year of the sums authorized to be appropriated under this subsection to the Administrator of the National Oceanic and Atmospheric Administration to carry out subsection (j).

(j) RESEARCH.—

(1) PROGRAMS.—In order to determine the need to convene a management conference under this section or at the request of such a management conference, the Administrator shall coordinate and implement, through the National Marine Pollution Program Office and the National Marine Fisheries Service of the National Oceanic and Atmospheric Administration, as appropriate, for one or more estuarine zones—

(A) a long-term program of trend assessment monitoring measuring variations in pollutant concentrations, marine ecology, and other physical or biological environmental paramenters which may affect estuarine zones, to provide the Administrator the capacity to determine the potential and actual effects of alternative management strategies and measures;

(B) a program of ecosystem assessment assisting in the development of (i) baseline studies which determine the state of estuarine zones and the effects of natural and anthropogenic changes, and (ii) predictive models capable of translating information on specific discharges or general pollutant loadings within estuarine zones into a set of probable effects on such zones;

(C) a comprehensive water quality sampling program for the continuous monitoring of nutrients, chlorine, acid precipitation dissolved oxygen, and potentially toxic pollutants (including organic chemicals and metals) in estuarine zones, after consultation with interested State, local, interstate, or international agencies and review and analysis of all environmental sampling data presently collected from estuarine zones; and

(D) a program of research to identify the movements of nutrients, sediments and pollutants through estuarine zones and the impact of nutrients, sediments, and pollutants on water quality, the ecosystem, and designated or potential uses of the estuarine zones.

(2) REPORTS.—The Administrator, in cooperation with the Administrator of the National Oceanic and Atmospheric Administration, shall submit to the Congress no less often than biennially a comprehensive report on the activities authorized under this subsection including—

(A) a listing of priority monitoring and research needs;

(B) an assessment of the state and health of the Nation's estuarine zones, to the extent evaluated under this subsection;

(C) a discussion of pollution problems and trends in pollutant concentrations with a direct or indirect effect on water quality, the ecosystem, and designated or potential uses of each estuarine zone, to the extent evaluated under this subsection; and

(D) an evaluation of pollution abatement activities and management measures so far implemented to determine the degree of improvement toward the objectives expressed in subsection (b)(4) of this section.

(k) DEFINITIONS.—For purposes of this section, the terms "estuary" and "estuarine zone" have the meanings such terms have in section 104(n)(3) of this Act, except that the term "estuarine zone" shall also include associated aquatic ecosystems and those portions of tributaries draining into the estuary up to the historic height of migration of anadromous fish or the historic head of tidal influence, whichever is higher.

(33 U.S.C. 1330)

TITLE IV—PERMITS AND LICENSES

CERTIFICATION

SEC. 401. (a)(1) Any applicant for a Federal license or permit to conduct any activity including, but not limited to, the construction or operation of facilities, which may result in any discharge into the navigable waters, shall provide the licensing or permitting agency a certification from the State in which the discharge originates or will originate, or, if appropriate, from the interstate water pollution control agency having jurisdiction over the navigable waters at the point where the discharge originates or will originate, that any such discharge will comply with the applicable provisions of sections 301, 302, 303, 306, and 307 of this Act. In the case of any such activity for which there is not an applicable effluent limitation or other limitation under sections 301(b) and 302, and there is not an applicable standard under sections 306 and 307, the State shall so certify, except that any such certification shall not be deemed to satisfy section 511(c) of this Act. Such State or interstate agency shall establish procedures for public notice in the case of all applications for certification by it and, to the extent it deems appropriate, procedures for public hearings in connection with specific applications. In any case where a State or interstate agency has no authority to give such a certification, such certification shall be from the Administrator. If the State, interstate agency, or Administrator, as the case may be, fails or refuses to act on a request for certification, within a reasonable period of time (which shall not exceed one year) after receipt of such request, the certification requirements of this subsection shall be waived with respect to such Federal application. No license or permit shall be granted until the certification required by this section has been obtained or has been waived as provided in the preceding sentence. No license or permit shall be granted if certification has been denied by the State, interstate agency, or the Administrator, as the case may be.

(2) Upon receipt of such application and certification the licensing or permitting agency shall immediately notify the Administrator of such application and certification. Whenever such a discharge may affect, as determined by the Administrator, the quality of the waters of any other State, the Administrator within thirty days of the date of notice of application for such Federal license or permit shall so notify such other State, the licensing or permitting agency, and the applicant. If, within sixty days after receipt of such notification, such other State determines that such discharge will affect the quality of its waters so as to violate any water quality requirement in such State, and within such sixty-day period notifies the Administrator and the licensing or permitting agency in writing of its objection to the issuance of such license or permit and requests a public hearing on such objection, the licensing or permitting agency shall hold such a hearing. The Administrator shall at such hearing submit his evaluation and recommendations with respect to any such objection to the licensing or permitting agency. Such agency, based upon the recommendations of such State, the Administrator, and upon any additional evidence, if any, presented to the agency at the hearing, shall condition such license or permit in such manner as may be necessary to insure compliance with ap-

plicable water quality requirements. If the imposition of conditions cannot insure such compliance such agency shall not issue such license or permit.

(3) The certification obtained pursuant to paragraph (1) of this subsection with respect to the construction of any facility shall fulfill the requirements of this subsection with respect to certification in connection with any other Federal license or permit required for the operation of such facility unless, after notice to the certifying State, agency, or Administrator, as the case may be, which shall be given by the Federal agency to whom application is made for such operating license or permit, the State, or if appropriate, the interstate agency or the Administrator, notifies such agency within sixty days after receipt of such notice that there is no longer reasonable assurance that there will be compliance with the applicable provisions of sections 301, 302, 303, 306, and 307 of this Act because of changes since the construction license or permit certification was issued in (A) the construction or operation of the facility, (B) the characteristics of the waters into which such discharge is made, (C) the water quality criteria applicable to such waters or (D) applicable effluent limitations or other requirements. This paragraph shall be inapplicable in any case where the applicant for such operating license or permit has failed to provide the certifying State, or, if appropriate, the interstate agency or the Administrator, with notice of any proposed changes in the construction or operation of the facility with respect to which a construction license or permit has been granted, which changes may result in violation of section 301, 302, 303, 306, or 307 of this Act.

(4) Prior to the initial operation of any federally licensed or permitted facility or activity which may result in any discharge into the navigable waters and with respect to which a certification has been obtained pursuant to paragraph (1) of this subsection, which facility or activity is not subject to a Federal operating license or permit, the licensee or permittee shall provide an opportunity for such certifying State, or, if appropriate, the interstate agency or the Administrator to review the manner in which the facility or activity shall be operated or conducted for the purposes of assuring that applicable effluent limitations or other limitations or other applicable water quality requirements will not be violated. Upon notification by the certifying State, or if appropriate, the interstate agency or the Administrator that the operation of any such federally licensed or permitted facility or activity will violate applicable effluent limitations or other limitations or other water quality requirements such Federal agency may, after public hearing, suspend such license or permit. If such license or permit is suspended, it shall remain suspended until notification is received from the certifying State, agency, or Administrator, as the case may be, that there is reasonable assurance that such facility or activity will not violate the applicable provisions of section 301, 302, 303, 306, or 307 of this Act.

(5) Any Federal license or permit with respect to which a certification has been obtained under paragraph (1) of this subsection may be suspended or revoked by the Federal agency issuing such license or permit upon the entering of a judgment under this Act that such facility or activity has been operated in violation of the

applicable provisions of section 301, 302, 303, 306, or 307 of this Act.

(6) Except with respect to a permit issued under section 402 of this Act, in any case where actual construction of a facility has been lawfully commenced prior to April 3, 1970, no certification shall be required under this subsection for a license or permit issued after April 3, 1970, to operate such facility, except that any such license or permit issued without certification shall terminate April 3, 1973, unless prior to such termination date the person having such license or permit submits to the Federal agency which issued such license or permit a certification and otherwise meets the requirements of this section.

(b) Nothing in this section shall be construed to limit the authority of any department or agency pursuant to any other provision of law to require compliance with any applicable water quality requirements. The Administrator shall, upon the request of any Federal department or agency, or State or interstate agency, or applicant, provide, for the purpose of this section, any relevant information on applicable effluent limitations, or other limitations, standards, regulations, or requirements, or water quality criteria, and shall, when requested by any such department or agency or State or interstate agency, or applicant, comment on any methods to comply with such limitations, standards, regulations, requirements, or criteria.

(c) In order to implement the provisions of this section, the Secretary of the Army, acting throught the Chief of Engineers, is authorized, if he deems it to be in the public interest, to permit the use of spoil disposal areas under his jurisdiction by Federal licenses or permittees, and to make an appropriate charge for such use. Moneys received from such licensees or permittees shall be deposited in the Treasury as miscellaneous receipts.

(d) Any certification provided under this section shall set forth any effluent limitations and other limitations, and monitoring requirements necessary to assure that any applicant for a Federal license or permit will comply with any applicable effluent limitations and other limitations, under section 301 or 302 of this Act, standard of performance under section 306 of this Act, or prohibition, effluent standard, or pretreatment standard under section 307 of this Act, and with any other appropriate requirement of State law set forth in such certification, and shall become a condition on any Federal license or permit subject to the provisions of this section.

(33 U.S.C. 1341)

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM

SEC. 402. (a)(1) Except as provided in sections 318 and 404 of this Act, the Administrator may, after opportunity for public hearing, issue a permit for the discharge of any pollutant, or combination of pollutants, notwithstanding section 301(a), upon condition that such discharge will meet either (A) all applicable requirements under sections 301, 302, 306, 307, 308, and 403 of this Act, or (B) prior to the taking of necessary implementing actions relating to all such requirements, such conditions as the Administrator determines are necessary to carry out the provisions of this Act.

(2) The Administrator shall prescribe conditions for such permits to assure compliance with the requirements of paragraph (1) of this subsection, including conditions on data and information collection, reporting, and such other requirements as he deems appropriate.

(3) The permit program of the Administrator under paragraph (1) of this subsection, and permits issued thereunder, shall be subject to the same terms, conditions, and requirements as apply to a State permit program and permits issued thereunder under subsection (b) of this section.

(4) All permits for discharges into the navigable waters issued pursuant to section 13 of the Act of March 3, 1899, shall be deemed to be permits issued under this title, and permits issued under this title shall be deemed to be permits issued under section 13 of the Act of March 3, 1899, and shall continue in force and effect for their term unless revoked, modified, or suspended in accordance with the provisions of this Act.

(5) No permit for a discharge into the navigable waters shall be issued under section 13 of the Act of March 3, 1899, after the date of enactment of this title. Each application for a permit under section 13 of the Act of March 3, 1899, pending on the date of enactment of this Act shall be deemed to be an application for a permit under this section. The Administrator shall authorize a State, which he determines has the capability of administering a permit program which will carry out the objective of this Act, to issue permits for discharges into the navigable waters within the jurisdiction of such State. The Administrator may exercise the authority granted him by the preceding sentence only during the period which begins on the date of enactment of this Act and ends either on the ninetieth day after the date of the first promulgation of guidelines required by section 304(h)(2) of this Act, or the date of approval by the Administrator of a permit program for such State under subsection (b) of this section, whichever date first occurs, and no such authorization to a State shall extend beyond the last day of such period. Each such permit shall be subject to such conditions as the Administrator determines are necessary to carry out the provisions of this Act. No such permit shall issue if the Administrator objects to such issuance.

(b) At any time after the promulgation of the guidelines required by subsection (h)(2) of section 304 of this Act, the Governor of each State desiring to administer its own permit program for discharges into navigable waters within its jurisdiction may submit to the Administrator a full and complete discription of the program it proposes to establish and administer under State law or under an interstate compact. In addition, such State shall submit a statement from the attorney general (or the attorney for those State water pollution control agencies which have independent legal counsel), or from the chief legal officer in the case of an interstate agency, that the laws of such State, or the interstate compact, as the case may be, provide adequate authority to carry out the described program. The Administrator shall approve each such submitted program unless he determines that adequate authority does not exist:

(1) To issue permits which—

(A) apply, and insure compliance with, any applicable requirements of sections 301, 302, 306, 307, and 403;

(B) are for fixed terms not exceeding five years; and

(C) can be terminated or modified for cause including, but not limited to, the following:

(i) violation of any condition of the permit;

(ii) obtaining a permit by misrepresentation, or failure to disclose fully all relevant facts;

(iii) change in any condition that requires either a temporary or permanent reduction or elimination of the permitted discharge;

(D) control the disposal of pollutants into wells;

(2)(A) To issue permits which apply, and insure compliance with, all applicable requirements of section 308 of this Act, or

(B) To inspect, monitor, enter, and require reports to at least the same extent as required in section 308 of this Act;

(3) To insure that the public, and any other State the waters of which may be affected, receive notice of each application for a permit and to provide an opportunity for public hearing before a ruling on each such application;

(4) To insure that the Administrator receives notice of each application (including a copy thereof) for a permit;

(5) To insure that any State (other than the permitting State), whose waters may be affected by the issuance of a permit may submit written recommendations to the permitting State (and the Administrator) with respect to any permit application and, if any part of such written recommendations are not accepted by the permitting State, that the permitting State will notify such affected State (and the Administrator) in writing of its failure to so accept such recommendations together with its reasons for so doing;

(6) To insure that no permit will be issued if, in the judgment of the Secretary of the Army acting through the Chief of Engineers, after consultation with the Secretary of the department in which the Coast Guard is operating, anchorage and navigation of any of the navigable waters would be substantially impaired thereby;

(7) To abate violations of the permit or the permit program, including civil and criminal penalties and other ways and means of enforcement;

(8) To insure that any permit for a discharge from a publicly owned treatment works includes conditions to require the identification in terms of character and volume of pollutants of any significant source introducing pollutants subject to pretreatment standards under section 307(b) of this Act into such works and a program to assure compliance with such pretreatment standards by each such source, in addition to adequate notice to the permitting agency of (A) new introductions into such works of pollutants from any source which would be a new source as defined in section 306 if such source were discharging pollutants, (B) new introductions of pollutants into such works from a source which would be subject to section 301 if it were discharging such pollutants, or (C) a substantial change in volume or character of pollutants being introduced into such works by a source introducing pollutants into such works at the time of issuance of the permit. Such notice shall include information on the quality and quantity of effluent to be in-

troduced into such treatment works and any anticipated impact of such change in the quantity or quality of effluent to be discharged from such publicly owned treatment works; and

(9) To insure that any industrial user of any publicly owned treatment works will comply with sections 204(b), 307, and 308.

(c)(1) Not later than ninety days after the date on which a State has submitted a program (or revision thereof) pursuant to subsection (b) of this section, the Administrator shall suspend the issuance of permits under subsection (a) of this section as to those discharges subject to such program unless he determines that the State permit program does not meet the requirements of subsection (b) of this section or does not conform to the guidelines issued under section 304(i)(2) of this Act. If the Administrator so determines, he shall notify the State or any revisons or modifications necessary to conform to such requirements or guidelines.

(2) Any State permit program under this section shall at all times be in accordance with this section and guidelines promulgated pursuant to section 304(h)(2) of this Act.

(3) Whenever the Administrator determines after public hearing that a State is not administering a program approved under this section in accordance with requirements of this section, he shall so notify the State and, if appropriate corrective action is not taken within a reasonable time, not to exceed ninety days, the Administrator shall withdraw approval of such program. The Administrator shall not withdraw approval of any such program unless he shall first have notified the State, and made public, in writing, the reasons for such withdrawal.

(4) LIMITATIONS ON PARTIAL PERMIT PROGRAM RETURNS AND WITHDRAWALS.—A State may return to the Administrator administration, and the Administrator may withdraw under paragraph (3) of this subsection approval, of—

(A) a State partial permit program approved under subsection (n)(3) only if the entire permit program being administered by the State department or agency at the time is returned or withdrawn; and

(B) a State partial permit program approved under subsection (n)(4) only if an entire phased component of the permit program being administered by the State at the time is returned or withdrawn.

(d)(1) Each State shall transmit to the Administrator a copy of each permit application received by such State and provide notice to the Administrator of every action related to the consideration of such permit application, including each permit proposed to be issued by such State.

(2) No permit shall issue (A) if the Administrator within ninety days of the date of his notification under subsection (b)(5) of this section objects in writing to the issuance of such permit, or (B) if the Administrator within ninety days of the date of transmittal of the proposed permit by the State objects in writing to the issuance of such permit as being outside the guidelines and requirements of this Act. Whenever the Administrator objects to the issuance of a permit under this paragraph such written objection shall contain a statement of the reasons for such objection and the effluent limita-

tions and conditions which such permit would include if it were issued by the Administrator.

(3) The Administrator may, as to any permit application, waive paragraph (2) of this subsection.

(4) In any case where, after the date of enactment of this paragraph, the Administrator, pursuant to paragraph (2) of this subsection, objects to the issuance of a permit, on request of the State, a public hearing shall be held by the Administrator on such objection. If the State does not resubmit such permit revised to meet such objection within 30 days after completion of the hearing, or, if no hearing is requested within 90 days after the date of such objection, the Administrator may issue the permit pursuant to subsection (a) of this section for such source in accordance with the guidelines and requirements of this Act.

(e) In accordance with guidelines promulgated pursuant to subsection (h)(2) of section 304 of this Act, the Administrator is authorized to waive the requirements of subsection (d) of this section at the time he approves a program pursuant to subsection (b) of this section for any category (including any class, type, or size within such category) of point sources within the State submitting such program.

(f) The Administrator shall promulgate regulations establishing categories of point sources which he determines shall not be subject to the requirements of subsection (d) of this section in any State with a program approved pursuant to subsection (b) of this section. The Administrator may distinguish among classes, types, and sizes within any category of point sources.

(g) Any permit issued under this section for the discharge of pollutants into the navigable waters from a vessel or other floating craft shall be subject to any applicable regulations promulgated by the Secretary of the Department in which the Coast Guard is operating, establishing specifications for safe transportation, handling, carriage, storage, and stowage of pollutants.

(h) In the event any condition of a permit for discharges from a treatment works (as defined in section 212 of this Act) which is publicly owned is violated, a State with a program approved under subsection (b) of this section or the Administrator, where no State program is approved or where the Administrator determines pursuant to section 309(a) of this Act that a State with an approved program has not commenced appropriate enforcement action with respect to such permit, may proceed in a court of competent jurisdiction to restrict or prohibit the introduction of any pollutant into such treatment works by a source not utilizing such treatment works prior to the finding that such condition was violated.

(i) Nothing in this section shall be construed to limit the authority of the Administrator to take action pursuant to section 309 of this Act.

(j) A copy of each permit application and each permit issued under this section shall be available to the public. Such permit application or permit, or portion thereof, shall further be available on request for the purpose of reproduction.

(k) Compliance with a permit issued pursuant to this section shall be deemed compliance, for purposes of sections 309 and 505, with sections 301, 302, 306, 307, and 403, except any standard im-

posed under section 307 for a toxic pollutant injurious to human health. Until December 31, 1974, in any case where a permit for discharge has been applied for pursuant to this section, but final administrative disposition of such application has not been made, such discharge shall not be a violation of (1) section 301, 306, or 402 of this Act, or (2) section 13 of the Act of March 3, 1899, unless the Administrator or other plaintiff proves that final administrative disposition of such application has not been made because of the failure of the applicant to furnish information reasonably required or requested in order to process the application. For the 180-day period beginning on the date of enactment of the Federal Water Pollution Control Act Amendments of 1972, in the case of any point source discharging any pollutant or combination of pollutants immediately prior to such date of enactment which source is not subject to section 13 of the Act of March 3, 1899, the discharge by such source shall not be a violation of this Act if such a source applies for a permit for discharge pursuant to this section within such 180-day period.

(l) LIMITATION ON PERMIT REQUIREMENT.—

(1) AGRICULTURAL RETURN FLOWS.—The Administrator shall not require a permit under this section for discharges composed entirely of return flows from irrigated agriculture, nor shall the Administrator directly or indirectly, require any State to require such a permit.

(2) STORMWATER RUNOFF FROM OIL, GAS, AND MINING OPERATIONS.—The Administrator shall not require a permit under this section, nor shall the Administrator directly or indirectly require any State to require a permit, for discharges of stormwater runoff from mining operations or oil and gas exploration, production, processing, or treatment operations or transmission facilities, composed entirely of flows which are from conveyances or systems of conveyances (including but not limited to pipes, conduits, ditches, and channels) used for collecting and conveying precipitation runoff and which are not contaminated by contact with, or do not come into contact with, any overburden, raw material, intermediate products, finished product, byproduct, or waste products located on the site of such operations.

(m) ADDITIONAL PRETREATMENT OF CONVENTIONAL POLLUTANTS NOT REQUIRED.—To the extent a treatment works (as defined in section 212 of this Act) which is publicly owned is not meeting the requirements of a permit issued under this section for such treatment works as a result of inadequate design or operation of such treatment works, the Administrator, in issuing a permit under this section, shall not require pretreatment by a person introducing conventional pollutants identified pursuant to a section 304(a)(4) of this Act into such treatment works other than pretreatment required to assure compliance with pretreatment standards under subsection (b)(8) of this section and section 307(b)(1) of this Act. Nothing in this subsection shall affect the Administrator's authority under sections 307 and 309 of this Act, affect State and local authority under sections 307(b)(4) and 510 of this Act, relieve such treatment works of its obligations to meet requirements established under this Act, or otherwise preclude such

works from pursuing whatever feasible options are available to meet its responsibility to comply with its permit under this section.

(n) PARTIAL PERMIT PROGRAM.—

(1) STATE SUBMISSION.—The Governor of a State may submit under subsection (b) of this section a permit program for a portion of the discharges into the navigable waters in such State.

(2) MINIMUM COVERAGE.—A partial permit program under this subsection shall cover, at a minimum, administration of a major category of the discharges into the navigable waters of the State or a major component of the permit program required by subsection (b).

(3) APPROVAL OF MAJOR CATEGORY PARTIAL PERMIT PROGRAMS.—The Administrator may approve a partial permit program covering administration of a major category of discharges under this subsection if—

(A) such program represents a complete permit program and covers all of the discharges under the jurisdiction of a department or agency of the State; and

(B) the Administrator determines that the partial program represents a significant and identifiable part of the State program required by subsection (b).

(4) APPROVAL OF MAJOR COMPONENT PARTIAL PERMIT PROGRAMS.—The Administrator may approve under this subsection a partial and phased permit program covering administration of a major component (including discharge categories) of a State permit program required by subsection (b) if—

(A) the Administrator determines that the partial program represents a significant and identifiable part of the State program required by subsection (b); and

(B) the State submits, and the Administrator approves, a plan for the State to assume administration by phases of the remainder of the State program required by subsection (b) by a specified date not more than 5 years after submission of the partial program under this subsection and agrees to make all reasonable efforts to assume such administration by such date.

(o) ANTI-BACKSLIDING.—

(1) GENERAL PROHIBITION.—In the case of effluent limitations established on the basis of subsection (a)(1)(B) of this section, a permit may not be renewed, reissued, or modified on the basis of effluent guidelines promulgated under section 304(b) subsequent to the original issuance of such permit, to contain effluent limitations which are less stringent than the comparable effluent limitations in the previous permit. In the case of effluent limitations established on the basis of section 301(b)(1)(C) or section 303(d) or (e), a permit may not be renewed, reissued, or modified to contain effluent limitations which are less stringent than the comparable effluent limitations in the previous permit except in compliance with section 303(d)(4).

(2) EXCEPTIONS.—A permit with respect to which paragraph (1) applies may be renewed, reissued, or modified to con-

tain a less stringent effluent limitation applicable to a pollutant if—

(A) material and substantial alterations or additions to the permitted facility occurred after permit issuance which justify the application of a less stringent effluent limitation;

(B)(i) information is available which was not available at the time of permit issuance (other than revised regulations, guidance, or test methods) and which would have justified the application of a less stringent effluent limitation at the time of permit issuance; or

(ii) the Administrator determines that technical mistakes or mistaken interpretations of law were made in issuing the permit under subsection (a)(1)(B);

(C) a less stringent effluent limitation is necessary because of events over which the permittee has no control and for which there is no reasonably available remedy;

(D) the permittee has received a permit modification under section 301(c), 301(g), 301(h), 301(i), 301(k), 301(n), or 316(a); or

(E) the permittee has installed the treatment facilities required to meet the effluent limitations in the previous permit and has properly operated and maintained the facilities but has nevertheless been unable to achieve the previous effluent limitations, in which case the limitations in the reviewed, reissued, or modified permit may reflect the level of pollutant control actually achieved (but shall not be less stringent than required by effluent guidelines in effect at the time of permit renewal, reissuance, or modification).

Subparagraph (B) shall not apply to any revised waste load allocations or any alternative grounds for translating water quality standards into effluent limitations, except where the cumulative effect of such revised allocations results in a decrease in the amount of pollutants discharged into the concerned waters, and such revised allocations are not the result of a discharger eliminating or substantially reducing its discharge of pollutants due to complying with the requirements of this Act or for reasons otherwise unrelated to water quality.

(3) LIMITATIONS.—In no event may a permit with respect to which paragraph (1) applies be renewed, reissued, or modified to contain an effluent limitation which is less stringent than required by effluent guidelines in effect at the time the permit is renewed, reissued, or modified. In no event may such a permit to discharge into waters be renewed, reissued, or modified to contain a less stringent effluent limitation if the implementation of such limitation would result in a violation of a water quality standard under section 303 applicable to such waters.

(p) MUNICIPAL AND INDUSTRIAL STORMWATER DISCHARGES.—

(1) GENERAL RULE.—Prior to October 1, 1994, the Administrator or the State (in the case of a permit program approved under section 402 of this Act) shall not require a permit under this section for discharges composed entirely of stormwater.

(2) EXCEPTIONS.—Paragraph (1) shall not apply with respect to the following stormwater discharges:

(A) A discharge with respect to which a permit has been issued under this section before the date of the enactment of this subsection.

(B) A discharge associated with industrial activity.

(C) A discharge from a municipal separate storm sewer system serving a population of 250,000 or more.

(D) A discharge from a municipal separate storm sewer system serving a population of 100,000 or more but less than 250,000.

(E) A discharge for which the Administrator or the State, as the case may be, determines that the stormwater discharge contributes to a violation of a water quality standard or is a significant contributor of pollutants to waters of the United States.

(3) PERMIT REQUIREMENTS.—

(A) INDUSTRIAL DISCHARGES.—Permits for discharges associated with industrial activity shall meet all applicable provisions of this section and section 301.

(B) MUNICIPAL DISCHARGE.—Permits for discharges from municipal storm sewers—

(i) may be issued on a system- or jurisdiction-wide basis;

(ii) shall include a requirement to effectively prohibit non-stormwater discharges into the storm sewers; and

(iii) shall require controls to reduce the discharge of pollutants to the maximum extent practicable, including management practices, control techniques and system, design and engineering methods, and such other provisions as the Administrator or the State determines appropriate for the control of such pollutants.

(4) PERMIT APPLICATION REQUIREMENTS.—

(A) INDUSTRIAL AND LARGE MUNICIPAL DISCHARGES.—Not later than 2 years after the date of the enactment of this subsection, the Administrator shall establish regulations setting forth the permit application requirements for stormwater discharges described in paragraphs (2)(B) and (2)(C). Applications for permits for such discharges shall be filed no later than 3 years after such date of enactment. Not later than 4 year after such date of enactment the Administrator or the State, as the case may be, shall issue or deny each such permit. Any such permit shall provide for compliance as expeditiously as practicable, but in no event later than 3 years after the date of issuance of such permit.

(B) OTHER MUNICIPAL DISCHARGES.—Not later than 4 years after the date of the enactment of this subsection, the Administrator shall establish regulations setting forth the permit application requirements for stormwater discharges described in paragraph (2)(D). Applications for permits for such discharges shall be filed no later than 5 years after such date of enactment. Not later than 6 years

after such date of enactment, the Administrator or the State, as the case may be, shall issue or deny each such permit. Any such permit shall provide for compliance as expeditiously as practicable, but in no event later than 3 years after the date of issuance of such permit.

(5) STUDIES.—The Administrator, in consultation with the States, shall conduct a study for the purposes of—

(A) identifying those stormwater discharges or classes of stormwater discharges for which permits are not required pursuant to paragraphs (1) and (2) of this subsection;

(B) determining, to the maximum extent practicable, the nature and extent of pollutants in such discharges; and

(C) establishing procedures and methods to control stormwater discharges to the extent necessary to mitigate impacts on water quality.

Not later than October 1, 1988, the Administrator shall submit to Congress a report on the results of the study described in subparagraphs (A) and (B). Not later than October 1, 1989, the Administrator shall submit to Congress a report on the results of the study described in subparagraph (C).

(6) REGULATIONS.—Not later than October 1, 1993, the Administrator, in consultation with State and local officials, shall issue regulations (based on the results of the studies conducted under paragraph (5)) which designate stormwater discharges, other than those discharges described in paragraph (2), to be regulated to protect water quality and shall establish a comprehensive program to regulate such designated sources. The program shall, at a minimum, (A) establish priorities, (B) establish requirements for State stormwater management programs, and (C) establish expeditious deadlines. The program may include performance standards, guidelines, guidance, and management practices and treatment requirements, as appropriate.

(q) COMBINED SEWER OVERFLOWS.—

(1) REQUIREMENT FOR PERMITS, ORDERS, AND DECREES.—Each permit, order, or decree issued pursuant to this Act after the date of enactment of this subsection for a discharge from a municipal combined storm and sanitary sewer shall conform to the Combined Sewer Overflow Control Policy signed by the Administrator on April 11, 1994 (in this subsection referred to as the "CSO control policy").

(2) WATER QUALITY AND DESIGNATED USE REVIEW GUIDANCE.—Not later than July 31, 2001, and after providing notice and opportunity for public comment, the Administrator shall issue guidance to facilitate the conduct of water quality and designated use reviews for municipal combined sewer overflow receiving waters.

(3) REPORT.—Not later than September 1, 2001, the Administrator shall transmit to Congress a report on the progress made by the Environmental Protection Agency, States, and municipalities in implementing and enforcing the CSO control policy.

(33 U.S.C. 1342)

OCEAN DISCHARGE CRITERIA

SEC. 403. (a) No permit under section 402 of this Act for a discharge into the territorial sea, the waters of the contiguous zone, or the oceans shall be issued, after promulgation of guidelines established under subsection (c) of this section, except in compliance with such guidelines. Prior to the promulgation of such guidelines, a permit may be issued under such section 402 if the Administrator determines it to be in the public interest.

(b) The requirements of subsection (d) of section 402 of this Act may not be waived in the case of permits for discharges into the territorial sea.

(c)(1) The Administrator shall, within one hundred and eighty days after enactment of this Act (and from time to time thereafter), promulgate guidelines for determining the degradation of the waters of the territorial seas, the contiguous zone, and the oceans, which shall include:

(A) the effect of disposal of pollutants on human health or welfare, including but not limited to plankton, fish, shellfish, wildlife, shorelines, and beaches;

(B) the effect of disposal of pollutants on marine life including the transfer, concentration, and dispersal of pollutants or their byproducts through biological, physical, and chemical processes; changes in marine ecosystem diversity, productivity, and stability; and species and community population changes;

(C) the effect of disposal, of pollutants on esthetic, recreation, and economic values;

(D) the persistence and permanence of the effects of disposal of pollutants;

(E) the effect of the disposal at varying rates, of particular volumes and concentrations of pollutants;

(F) other possible locations and methods of disposal or recycling of pollutants including land-based alternatives; and

(G) the effect on alternate uses of the oceans, such as mineral exploitation and scientific study.

(2) In any event where insufficient information exists on any proposed discharge to make a reasonable judgment on any of the guidelines established pursuant to this subsection no permit shall be issued under section 402 of this Act.

(33 U.S.C. 1343)

PERMITS FOR DREDGED OR FILL MATERIAL

SEC. 404. (a) The Secretary may issue permits, after notice and opportunity for public hearings for the discharge of dredged or fill material into the navigable waters at specified disposal sites. Not later than the fifteenth day after the date an applicant submits all the information required to complete an application for a permit under this subsection, the Secretary shall publish the notice required by this subsection.

(b) Subject to subsection (c) of this section, each such disposal site shall be specified for each such permit by the Secretary (1) through the application of guidelines developed by the Administrator, in conjunction with the Secretary which guidelines shall be based upon criteria comparable to the criteria applicable to the ter-

ritorial seas, the contiguous zone, and the ocean under section 403(c), and (2) in any case where such guidelines under clause (1) alone would prohibit the specification of a site, through the application additionally of the economic impact of the site on navigation and anchorage.

(c) The Administrator is authorized to prohibit the specification (including the withdrawal of specification) of any defined area as a disposal site, and he is authorized to deny or restrict the use of any defined area for specification (including the withdrawal of specification) as a disposal site, whenever he determines, after notice and opportunity for public hearings, that the discharge of such materials into such area will have an unacceptable adverse effect on municipal water supplies, shellfish beds and fishery areas (including spawning and breeding areas), wildlife, or recreational areas. Before making such determination, the Administrator shall consult with the Secretary. The Administrator shall set forth in writing and make public his findings and his reasons for making any determination under this subsection.

(d) The term "Secretary" as used in this section means the Secretary of the Army, acting through the Chief of Engineers.

(e)(1) In carrying out his functions relating to the discharge of dredged or fill material under this section, the Secretary may, after notice and opportunity for public hearing, issue general permits on a State, regional, or nationwide basis for any category of activities involving discharges of dredged or fill material if the Secretary determines that the activities in such category are similar in nature, will cause only minimal adverse environmental effects when performed separately, and will have only minimal cumulative adverse effect on the environment. Any general permit issued under this subsection shall (A) be based on the guidelines described in subsection (b)(1) of this section, and (B) set forth the requirements and standards which shall apply to any activity authorized by such general permit.

(2) No general permit issued under this subsection shall be for a period of more than five years after the date of its issuance and such general permit may be revoked or modified by the Secretary if, after opportunity for public hearing, the Secretary determines that the activities authorized by such general permit have an adverse impact on the environment or such activities are more appropriately authorized by individual permits.

(f)(1) Except as provided in paragraph (2) of this subsection, the discharge of dredge or fill material—

(A) from normal farming, silviculture, and ranching activities such as plowing, seeding, cultivating, minor drainage, harvesting for the production of food, fiber, and forest products, or upland soil and water conservation practices;

(B) for the purpose of maintenance, including emergency reconstruction of recently damaged parts, of currently serviceable structures such as dikes, dams, levees, groins, riprap, breakwaters, causeways, and bridge abutments or approaches, and transportation structures;

(C) for the purpose of construction or maintenance of farm or stock ponds or irrigation ditches, or the maintenance of drainage ditches;

(D) for the purpose of construction of temporary sedimentation basins on a construction site which does not include placement of fill material into the navigable waters;

(E) for the purpose of construction or maintenance of farm roads or forest roads, or temporary roads for moving mining equipment, where such roads are constructed and maintained, in accordance with best management practices, to assure that flow and circulation patterns and chemical and biological characteristics of the navigable waters are not impaired, that the reach of the navigable waters is not reduced, and that any adverse effect on the aquatic environment will be otherwise minimized;

(F) resulting from any activity with respect to which a State has an approved program under section 208(b)(4) which meets the requirements of subparagraphs (B) and (C) of such section,

is not prohibited by or otherwise subject to regulation under this section or section 301(a) or 402 of this Act (except for effluent standards or prohibitions under section 307).

(2) Any discharge of dredged or fill material into the navigable waters incidental to any activity having as its purpose bringing an area of the navigable waters into a use to which it was not previously subject, where the flow or circulation of navigable waters may be impaired or the reach of such waters be reduced, shall be required to have a permit under this section.

(g)(1) The Governor of any State desiring to administer its own individual and general permit program for the discharge of dredged or fill material into the navigable waters (other than those waters which are presently used, or are susceptible to use in their natural condition or by reasonable improvement as a means to transport interstate or foreign commerce shoreward to their ordinary high water mark, including all waters which are subject to the ebb and flow of the tide shoreward to their mean high water mark, or mean higher high water mark on the west coast, including wetlands adjacent thereto), within its jurisdiction may submit to the Administrator a full and complete description of the program it proposes to establish and administer under State law or under an interstate compact. In addition, such State shall submit a statement from the attorney general (or the attorney for those State agencies which have independent legal counsel), or from the chief legal officer in the case of an interstate agency, that the laws of such State, or the interstate compact, as the case may be, provide adequate authority to carry out the described program.

(2) Not later than the tenth day after the date of the receipt of the program, and statement submitted by any State under paragraph (1) of this subsection, the Administrator shall provide copies of such program and statement to the Secretary and the Secretary of the Interior, acting through the Director of the United States Fish and Wildlife Service.

(3) Not later than the ninetieth day after the date of the receipt by the Administrator of the program and statement submitted by any State, under paragraph (1) of this subsection, the Secretary and the Secretary of the Interior, acting through the Director of the United States Fish and Wildlife Service, shall submit any com-

ments with respect to such program and statement to the Administrator in writing.

(h)(1) Not later than the one-hundred-twentieth day after the date of the receipt by the Administrator of a program and statement submitted by any State under paragraph (1) of this subsection, the Administrator shall determine, taking into account any comments submitted by the Secretary and the Secretary of the Interior, acting through the Director of the United States Fish and Wildlife Service, pursuant to subsection (g) of this section, whether such State has the following authority with respect to the issuance of permits pursuant to such program:

(A) To issue permits which—

(i) apply, and assure compliance with, any applicable requirements of this section, including, but not limited to, the guidelines established under subsection (b)(1) of this section, and sections 307 and 403 of this Act;

(ii) are for fixed terms not exceeding five years; and

(iii) can be terminated or modified for cause including, but not limited to, the following:

(I) violation of any condition of the permit;

(II) obtaining a permit by misrepresentation, or failure to disclose fully all relevant facts;

(III) change in any condition that requires either a temporary or permanent reduction or elimination of the permitted discharge.

(B) To issue permits which apply, and assure compliance with, all applicable requirements of section 308 of this Act, or to inspect, monitor, enter, and requrie reports to at least the same extent as required in section 308 of this Act.

(C) To assure that the public, and any other State the waters of which may be affected, receive notice of each application for a permit and to provide an opportunity for public hearing before a ruling on each such application.

(D) To assure that the Administrator receives notice of each application (including a copy thereof) for a permit.

(E) To assure that any State (other than the permitting State), whose waters may be affected by the issuance of a permit may submit written recommendation to the permitting State (and the Administrator) with respect to any permit application and, if any part of such written recommendations are not accepted by the permitting State, that the permitting State will notify such affected State (and the Administrator) in writing of its failure to so accept such recommendations together with its reasons for so doing.

(F) To assure that no permit will be issued if, in the judgment of the Secretary, after consultation with the Secretary of the department in which the Coast Guard is operating, anchorage and navigation of any of the navigable waters would be substantially impaired thereby.

(G) To abate violations of the permit or the permit program, including civil and criminal penalties and other ways and means of enforcement.

(H) To assure continued coordination with Federal and Federal-State water-related planning and review processes.

(2) If, with respect to a State program submitted under subsection (g)(1) of this section, the Administrator determines that such State—

(A) has the authority set forth in paragraph (1) of this subsection, the Administrator shall approve the program and so notify (i) such State, and (ii) the Secretary, who upon subsequent notification from such State that it is administering such program, shall suspend the issuance of permits under subsection (a) and (e) of this section for activities with respect to which a permit may be issued pursuant to such State program; or

(B) does not have the authority set forth in paragraph (1) of this subsection, the Administrator shall so notify such State, which notification shall also describe the revisions or modifications necessary so that such State may resubmit such program for a determination by the Administrator under this subsection.

(3) If the Administrator fails to make a determination with respect to any program submitted by a State under subsection (g)(1) of this section within one-hundred-twenty days after the date of the receipt of such program, such program shall be deemed approved pursuant to paragraph (2)(A) of this subsection and the Administrator shall so notify such State and the Secretary who, upon subsequent notification from such State that it is administering such program, shall suspend the issuance of permits under subsection (a) and (e) of this section for activities with respect to which a permit may be issued by such State.

(4) After the Secretary receives notification from the Administrator under paragraph (2) or (3) of this subsection that a State permit program has been approved, the Secretary shall transfer any applications for permits pending before the Secretary for activities with respect to which a permit may be issued pursuant to such State program to such State for appropriate action.

(5) Upon notification from a State with a permit program approved under this subsection that such State intends to administer and enforce the terms and conditions of a general permit issed by the Secretary under subsection (e) of this section with respect to activities in such State to which such general permit applies, the Secretary shall suspend the administration and enforcement of such general permit with respect to such activities.

(i) Whenever the Administrator determines after public hearing that a State is not administering a program approved under section (h)(2)(A) of this section, in accordance with this section, including, but not limited to, the guidelines established under subsection (b)(1) of this section, the Administrator shall so notify the State, and, if appropriate corrective action is not taken within a reasonable time, not to exceed ninety days after the date of the receipt of such notification, the Administrator shall (1) withdraw approval of such program until the Administrator determines such corrective action has been taken, and (2) notify the Secretary that the Secretary shall resume the program for the issuance of permits under subsections (a) and (e) of this section for activities with respect to which the State was issuing permits and that such authority of the Secretary shall continue in effect until such time as the

Administrator makes the determination described in clause (1) of this subsection and such State again has an approved program.

(j) Each State which is administering a permit program pursuant to this section shall transmit to the Administrator (1) a copy of each permit application received by such State and provide notice to the Administrator of every action related to the consideration of such permit application, including each permit proposed to be issued by such State, and (2) a copy of each proposed general permit which such State intends to issue. Not later than the tenth day after the date of the receipt of such permit application or such proposed general permit, the Administrator shall provide copies of such permit application or such proposed general permit to the Secretary and the Secretary of the Interior, acting through the Director of the United States Fish and Wildlife Service. If the Administrator intends to provide written comments to such State with respect to such permit application or such proposed general permit, he shall so notify such State not later than the thirtieth day after the date of the receipt of such application or such proposed general permit and provide such written comments to such State, after consideration of any comments made in writing with respect to such application or such proposed general permit by the Secretary and the Secretary of the Interior, acting through the Director of the United States Fish and Wildlife Service, not later than the ninetieth day after the date of such receipt. If such State is so notified by the Administrator, it shall not issue the proposed permit until after the receipt of such comments from the Administrator, or after such ninetieth day, whichever first occurs. Such State shall not issue such proposed permit after such ninetieth day if it has received such written comments in which the Administrator objects (A) to the issuance of such proposed permit and such proposed permit is one that has been submitted to the Administrator pursuant to subsection (h)(1)(E), or (B) to the issuance of such proposed permit as being outside the requirements of this section, including, but not limited to, the guidelines developed under subsection (b)(1) of this section unless it modifies such proposed permit in accordance with such comments. Whenever the Administrator objects to the issuance of a permit under the preceding sentence such written objection shall contain a statement of the reasons for such objection and the conditions which such permit would include if it were issued by the Administrator. In any case where the Administrator objects to the issuance of a permit, on request of the State, a public hearing shall be held by the Administrator on such objection. If the State does not resubmit such permit revised to meet such objection within 30 days after completion of the hearing or, if no hearing is requested within 90 days after the date of such objection, the Secretary may issue the permit pursuant to subsection (a) or (e) of this section, as the case may be, for such source in accordance with the guidelines and requirements of this Act.

(k) In accordance with guidelines promulgated pursuant to subsection (i)(2) of section 304 of this Act, the Administrator is authorized to waive the requirements of subsection (j) of this section at the time of the approval of a program pursuant to subsection (h)(2)(A) of this section for any category (including any class, type,

or size within such category) of discharge within the State submitting such program.

(l) The Administrator shall promulgate regulations establishing categories of discharges which he determines shall not be subject to the requirements of subsection (j) of this section in any State with a program approved pursuant to subsection (h)(2)(A) of this section. The Administrator may distinguish among classes, types, and sizes within any category of discharges.

(m) Not later than the ninetieth day after the date on which the Secretary notifies the Secretary of the Interior, acting through the Director of the United States Fish and Wildlife Service that (1) an application for a permit under subsection (a) of this section has been received by the Secretary, or (2) the Secretary proposes to issue a general permit under subsection (e) of this section, the Secretary of the Interior, acting through the Director of the United States Fish and Wildlife Service, shall submit any comments with respect to such application or such proposed general permit in writing to the Secretary.

(n) Nothing in this section shall be construed to limit the authority of the Administrator to take action pursuant to section 309 of this Act.

(o) A copy of each permit application and each permit issued under this section shall be available to the public. Such permit application or portion thereof, shall further be available on request for the purpose of reproduction.

(p) Compliance with a permit issued pursuant to this section, including any activity carried out pursuant to a general permit issued under this section, shall be deemed compliance, for purposes of sections 309 and 505, with sections 301, 307, and 403.

(q) Not later than the one-hundred-eightieth day after the date of enactment of this subsection, the Secretary shall enter into agreements with the Administrator, the Secretaries of the Departments of Agriculture, Commerce, Interior, and Transportation, and the heads of other appropriate Federal agencies to minimize, to the maximum extent practicable, duplication, needless paperwork, and delays in the issuance of permits under this section. Such agreements shall be developed to assure that, to the maximum extent practicable, a decision with respect to an application for a permit under subsection (a) of this section will be made not later than the ninetieth day after the date the notice of such application is published under subsection (a) of this section.

(r) The discharge of dredged or fill material as part of the construction of a Federal project specifically authorized by Congress, whether prior to or on or after the date of enactment of this subsection, is not prohibited by or otherwise subject to regulation under this section, or a State program approved under this section, or section 301(a) or 402 of the Act (except for effluent standards or prohibitions under section 307), if information on the effects of such discharge, including consideration of the guidelines developed under subsection (b)(1) of this section, is included in an environmental impact statement for such project pursuant to the National Environmental Policy Act of 1969 and such environmental impact statement has been submitted to Congress before the actual discharge of dredged or fill material in connection with the construc-

tion of such project and prior to either authorization of such project or an appropriation of funds for each construction.

(s)(1) Whenever on the basis of any information available to him the Secretary finds that any person is in violation of any condition or limitation set forth in a permit issued by the Secretary under this section, the Secretary shall issue an order requiring such persons to comply with such condition or limitation, or the Secretary shall bring a civil action in accordance with paragraph (3) of this subsection.

(2) A copy of any order issued under this subsection shall be sent immediately by the Secretary to the State in which the violation occurs and other affected States. Any order issued under this subsection shall be by personal service and shall state with reasonable specificity the nature of the violation, specify a time for compliance, not to exceed thirty days, which the Secretary determines is reasonable, taking into account the seriousness of the violation and any good faith efforts to comply with applicable requirements. In any case in which an order under this subsection is issued to a corporation, a copy of such order shall be served on any appropriate corporate officers.

(3) The Secretary is authorized to commence a civil action for appropriate relief, including a permanent or temporary injunction for any violation for which he is authorized to issue a compliance order under paragraph (1) of this subsection. Any action under this paragraph may be brought in the district court of the United States for the district in which the defendant is located or resides or is doing business, and such court shall have jurisdiction to restrain such violation and to require compliance. Notice of the commencement of such acton [1] shall be given immediately to the appropriate State.

(4) Any person who violates any condition or limitation in a permit issued by the Secretary under this section, and any person who violates any order issued by the Secretary under paragraph (1) of this subsection, shall be subject to a civil penalty not to exceed $25,000 per day for each violation. In determining the amount of a civil penalty the court shall consider the seriousness of the violation or violations, the economic benefit (if any) resulting from the violaltion, any history of such violations, any good-faith efforts to comply with the applicable requirements, the economic impact of the penalty on the violator, and such other matters as justice may require.

(t) Nothing in the section shall preclude or deny the right of any State or interstate agency to control the discharge of dredged or fill material in any portion of the navigable waters within the jurisdiction of such State, including any activity of any Federal agency, and each such agency shall comply with such State or interstate requirements both substantive and procedural to control the discharge of dredged or fill material to the same extent that any person is subject to such requirements. This section shall not be construed as affecting or impairing the authority of the Secretary to maintain navigation.

(33 U.S.C. 1344)

[1] So in law. Probably should be "action".

DISPOSAL OF SEWAGE SLUDGE

SEC. 405. (a) Notwithstanding any other provision of this Act or of any other law, in the case where the disposal of sewage sludge resulting from the operation of a treatment works as defined in section 212 of this Act (including the removal of in-place sewage sludge from one location and its deposit at another location) would result in any pollutant from such sewage sludge entering the navigable waters, such disposal is prohibited except in accordance with a permit issued by the Administrator under section 402 of this Act.

(b) The Administrator shall issue regulations governing the issuance of permits for the disposal of sewage sludge subject to subsection (a) of this section and section 402 of this Act. Such regulations shall require the application to such disposal of each criterion, factor, procedure, and requirement applicable to a permit issued under section 402 of this title.

(c) Each State desiring to administer its own permit program for disposal of sewage sludge subject to subsection (a) of this section within its jurisdiction may do so in accordance with section 402 of this Act.

(d) REGULATIONS.—

(1) REGULATIONS.—The Administrator, after consultation with appropriate Federal and State agencies and other interested persons, shall develop and publish, within one year after the date of enactment of this subsection and from time to time thereafter, regulations poroviding guidelines for the disposal of sludge and the utilization of sludge for various purposes. Such regulations shall—

(A) identify uses for sludge, including disposal;

(B) specify factors to be taken into account in determining the measures and practices applicable to each such use or disposal (including publication of information on costs);

(C) identify concentrations of pollutants which interfere with each such use or disposal.

The Administrator is authorized to revise any regulation issued under this subsection.

(2) IDENTIFICATION AND REGULATION OF TOXIC POLLUTANTS.—

(A) ON BASIS OF AVAILABLE INFORMATION.—

(i) PROPOSED REGULATIONS.—Not later than November 30, 1986, the Administrator shall identify those toxic pollutants which, on the basis of available information on their toxicity, persistence, concentration, mobility, or potential for exposure, may be present in sewage sludge in concentrations which may adversely affect public health or the environment, and propose regulations specifying acceptable management practices for sewage sludge containing each such toxic pollutant and establishing numerical limitations for each such pollutant for each use identified under paragraph (1)(A).

(ii) FINAL REGULATIONS.—Not later than August 31, 1987, and after opportunity for public hearing, the

Administrator shall promulgate the regulations required by subparagraph (A)(i).

(B) OTHERS.—

(i) PROPOSED REGULATIONS.—Not later than July 31, 1987, the Administrator shall identify those toxic pollutants not identified under subparagraph (A)(i) which may be present in sewage sludge in concentrations which may adversely affect public health or the environment, and propose regulations specifying acceptable management practices for sewage sludge containing each such toxic pollutant and establishing numerical limitations for each pollutant for each such use identified under paragraph (1)(A).

(ii) FINAL REGULATIONS.—Not later than June 15, 1988, the Administrator shall promulate the regulations required by subparagraph (B)(i).

(C) REVIEW.—From time to time, but not less often than every 2 years, the Administrator shall review the regulations promulgated under this paragraph for the purpose of identifying additional toxic pollutants and promulgating regulations for such pollutants consistent with the requirements of this paragraph.

(D) MINIMUM STANDARDS; COMPLIANCE DATE.—The management practices and numerical criteria established under subparagraphs (A), (B), and (C) shall be adequate to protect public health and the environment from any reasonably anticipated adverse effects of each pollutant. Such regulations shall require compliance as expeditiously as practicable but in no case later than 12 months after their publication, unless such regulations require the construction of new pollution control facilities, in which case the regulations shall require compliance as expeditiously as practicable but in no case later than two years from the date of their publication.

(3) ALTERNATIVE STANDARDS.—For purposes of this subsection, if, in the judgment of the Administrator, it is not feasible to prescribe or enforce a numerical limitation for a pollutant identified under paragraph (2), the Administrator may instead promulgate a design, equipment, management practice, or operational standard, or combination thereof, which in the Administrator's judgment is adequate to protect public health and the environment from any reasonably anticipated adverse effects of such pollutant. In the event the Administrator promulgates a design or equipment standard under this subsection, the Administrator shall include as part of such standard such requirements as will assure the proper operation and maintenance of any such element of design or equipment.

(4) CONDITIONS ON PERMITS.—Prior to the promulgation of the regulations required by paragraph (2), the Administrator shall impose conditions in permits issued to publicly owned treatment works under section 402 of this Act or take such other measures as the Administrator deems appropriate to protect public health and the environment from any adverse effects which may occur from toxic pollutants in sewage sludge.

(5) LIMITATION ON STATUTORY CONSTRUCTION.—Nothing in this section is intended to waive more stringent requirements established by this Act or any other law.

(e) MANNER OF SLUDGE DISPOSAL.—The determination of the manner of disposal or use of sludge is a local determination, except that it shall be unlawful for any person to dispose of sludge from a publicly owned treatment works or any other treatment works treating domestic sewage for any use for which regulations have been established pursuant to subsection (d) of this section, except in accordance with such regulations.

(f) IMPLEMENTATION OF REGULATIONS.—

(1) THROUGH SECTION 402 PERMITS.—Any permit issued under section 402 of this Act to a publicly owned treatment works or any other treatment works treating domestic sewage shall include requirements for the use and disposal of sludge that implement the regulations established pursuant to subsection (d) of this section, unless such requirements have been included in a permit issued under the appropriate provisions of subtitle C of the Solid Waste Disposal Act, part C of the Safe Drinking Water Act, the Marine Protection, Research, and Sanctuaries Act of 1972, or the Clean Air Act, or under State permit programs approved by the Administrator, where the Administrator determines that such programs assure compliance with any applicable requirements of this section. Not later than December 15, 1986, the Administrator shall promulgate procedures for approval of State programs pursuant to this paragraph.

(2) THROUGH OTHER PERMITS.—In the case of a treatment works described in paragraph (1) that is not subject to section 402 of this Act and to which none of the other above listed permit programs nor approved State permit authority apply, the Administrator may issue a permit to such treatment works solely to impose requirements for the use and disposal of sludge that implement the regulations established pursuant to subsection (d) of this section. The Administrator shall include in the permit appropriate requirements to assure compliance with the regulations established pursuant to subsection (d) of this section. The Administrator shall establish procedures for issuing permits pursuant to this paragraph.

(g) STUDIES AND PROJECTS.—

(1) GRANT PROGRAM; INFORMATION GATHERING.—The Administrator is authorized to conduct or initiate scientific studies, demonstration projects, and public information and education projects which are designed to promote the safe and beneficial management or use of sewage sludge for such purposes as aiding the restoration of abandoned mine sites, conditioning soil for parks and recreation areas, agricultural and horticultural uses, and other beneficial purposes. For the purposes of carrying out this subsection, the Administrator may make grants to State water pollution control agencies, other public or nonprofit agencies, institutions, organizations, and individuals. In cooperation with other Federal departments and agencies, other public and private agencies, institutions, and organizations, the Administrator is authorized to collect and

disseminate information pertaining to the safe and beneficial use of sewage sludge.

(2) AUTHORIZATION OF APPROPRIATIONS.—For the purposes of carrying out the scientific studies, demonstration projects, and public information and education projects authorized in this section, there is authorized to be appropriated for fiscal years beginning after September 30, 1986, not to exceed $5,000,000.

(33 U.S.C. 1345)

SEC. 406. COASTAL RECREATION WATER QUALITY MONITORING AND NOTIFICATION.

(a) MONITORING AND NOTIFICATION.—

(1) IN GENERAL.—Not later than 18 months after the date of the enactment of this section, after consultation and in cooperation with appropriate Federal, State, tribal, and local officials (including local health officials), and after providing public notice and an opportunity for comment, the Administrator shall publish performance criteria for—

(A) monitoring and assessment (including specifying available methods for monitoring) of coastal recreation waters adjacent to beaches or similar points of access that are used by the public for attainment of applicable water quality standards for pathogens and pathogen indicators; and

(B) the prompt notification of the public, local governments, and the Administrator of any exceeding of or likelihood of exceeding applicable water quality standards for coastal recreation waters described in subparagraph (A).

(2) LEVEL OF PROTECTION.—The performance criteria referred to in paragraph (1) shall provide that the activities described in subparagraphs (A) and (B) of that paragraph shall be carried out as necessary for the protection of public health and safety.

(b) PROGRAM DEVELOPMENT AND IMPLEMENTATION GRANTS.—

(1) IN GENERAL.—The Administrator may make grants to States and local governments to develop and implement programs for monitoring and notification for coastal recreation waters adjacent to beaches or similar points of access that are used by the public.

(2) LIMITATIONS.—

(A) IN GENERAL.—The Administrator may award a grant to a State or a local government to implement a monitoring and notification program if—

(i) the program is consistent with the performance criteria published by the Administrator under subsection (a);

(ii) the State or local government prioritizes the use of grant funds for particular coastal recreation waters based on the use of the water and the risk to human health presented by pathogens or pathogen indicators;

(iii) the State or local government makes available to the Administrator the factors used to prioritize the use of funds under clause (ii);

(iv) the State or local government provides a list of discrete areas of coastal recreation waters that are subject to the program for monitoring and notification for which the grant is provided that specifies any coastal recreation waters for which fiscal constraints will prevent consistency with the performance criteria under subsection (a); and

(v) the public is provided an opportunity to review the program through a process that provides for public notice and an opportunity for comment.

(B) GRANTS TO LOCAL GOVERNMENTS.—The Administrator may make a grant to a local government under this subsection for implementation of a monitoring and notification program only if, after the 1-year period beginning on the date of publication of performance criteria under subsection (a)(1), the Administrator determines that the State is not implementing a program that meets the requirements of this subsection, regardless of whether the State has received a grant under this subsection.

(3) OTHER REQUIREMENTS.—

(A) REPORT.—A State recipient of a grant under this subsection shall submit to the Administrator, in such format and at such intervals as the Administrator determines to be appropriate, a report that describes—

(i) data collected as part of the program for monitoring and notification as described in subsection (c); and

(ii) actions taken to notify the public when water quality standards are exceeded.

(B) DELEGATION.—A State recipient of a grant under this subsection shall identify each local government to which the State has delegated or intends to delegate responsibility for implementing a monitoring and notification program consistent with the performance criteria published under subsection (a) (including any coastal recreation waters for which the authority to implement a monitoring and notification program would be subject to the delegation).

(4) FEDERAL SHARE.—

(A) IN GENERAL.—The Administrator, through grants awarded under this section, may pay up to 100 percent of the costs of developing and implementing a program for monitoring and notification under this subsection.

(B) NON-FEDERAL SHARE.—The non-Federal share of the costs of developing and implementing a monitoring and notification program may be—

(i) in an amount not to exceed 50 percent, as determined by the Administrator in consultation with State, tribal, and local government representatives; and

(ii) provided in cash or in kind.

(c) CONTENT OF STATE AND LOCAL GOVERNMENT PROGRAMS.—As a condition of receipt of a grant under subsection (b), a State

or local government program for monitoring and notification under this section shall identify—

(1) lists of coastal recreation waters in the State, including coastal recreation waters adjacent to beaches or similar points of access that are used by the public;

(2) in the case of a State program for monitoring and notification, the process by which the State may delegate to local governments responsibility for implementing the monitoring and notification program;

(3) the frequency and location of monitoring and assessment of coastal recreation waters based on—

(A) the periods of recreational use of the waters;

(B) the nature and extent of use during certain periods;

(C) the proximity of the waters to known point sources and nonpoint sources of pollution; and

(D) any effect of storm events on the waters;

(4)(A) the methods to be used for detecting levels of pathogens and pathogen indicators that are harmful to human health; and

(B) the assessment procedures for identifying short-term increases in pathogens and pathogen indicators that are harmful to human health in coastal recreation waters (including increases in relation to storm events);

(5) measures for prompt communication of the occurrence, nature, location, pollutants involved, and extent of any exceeding of, or likelihood of exceeding, applicable water quality standards for pathogens and pathogen indicators to—

(A) the Administrator, in such form as the Administrator determines to be appropriate; and

(B) a designated official of a local government having jurisdiction over land adjoining the coastal recreation waters for which the failure to meet applicable standards is identified;

(6) measures for the posting of signs at beaches or similar points of access, or functionally equivalent communication measures that are sufficient to give notice to the public that the coastal recreation waters are not meeting or are not expected to meet applicable water quality standards for pathogens and pathogen indicators; and

(7) measures that inform the public of the potential risks associated with water contact activities in the coastal recreation waters that do not meet applicable water quality standards.

(d) FEDERAL AGENCY PROGRAMS.—Not later than 3 years after the date of the enactment of this section, each Federal agency that has jurisdiction over coastal recreation waters adjacent to beaches or similar points of access that are used by the public shall develop and implement, through a process that provides for public notice and an opportunity for comment, a monitoring and notification program for the coastal recreation waters that—

(1) protects the public health and safety;

(2) is consistent with the performance criteria published under subsection (a);

(3) includes a completed report on the information specified in subsection (b)(3)(A), to be submitted to the Administrator; and

(4) addresses the matters specified in subsection (c) .

(e) DATABASE.—The Administrator shall establish, maintain, and make available to the public by electronic and other means a national coastal recreation water pollution occurrence database that provides—

(1) the data reported to the Administrator under subsections (b)(3)(A)(i) and (d)(3); and

(2) other information concerning pathogens and pathogen indicators in coastal recreation waters that—

(A) is made available to the Administrator by a State or local government, from a coastal water quality monitoring program of the State or local government; and

(B) the Administrator determines should be included.

(f) TECHNICAL ASSISTANCE FOR MONITORING FLOATABLE MATERIAL.—The Administrator shall provide technical assistance to States and local governments for the development of assessment and monitoring procedures for floatable material to protect public health and safety in coastal recreation waters.

(g) LIST OF WATERS.—

(1) IN GENERAL.—Beginning not later than 18 months after the date of publication of performance criteria under subsection (a), based on information made available to the Administrator, the Administrator shall identify, and maintain a list of, discrete coastal recreation waters adjacent to beaches or similar points of access that are used by the public that—

(A) specifies any waters described in this paragraph that are subject to a monitoring and notification program consistent with the performance criteria established under subsection (a); and

(B) specifies any waters described in this paragraph for which there is no monitoring and notification program (including waters for which fiscal constraints will prevent the State or the Administrator from performing monitoring and notification consistent with the performance criteria established under subsection (a)).

(2) AVAILABILITY.—The Administrator shall make the list described in paragraph (1) available to the public through—

(A) publication in the Federal Register; and

(B) electronic media.

(3) UPDATES.—The Administrator shall update the list described in paragraph (1) periodically as new information becomes available.

(h) EPA IMPLEMENTATION.—In the case of a State that has no program for monitoring and notification that is consistent with the performance criteria published under subsection (a) after the last day of the 3-year period beginning on the date on which the Administrator lists waters in the State under subsection (g)(1)(B), the Administrator shall conduct a monitoring and notification program for the listed waters based on a priority ranking established by the Administrator using funds appropriated for grants under subsection (i)—

(1) to conduct monitoring and notification; and
(2) for related salaries, expenses, and travel.

(i) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated for making grants under subsection (b), including implementation of monitoring and notification programs by the Administrator under subsection (h), $30,000,000 for each of fiscal years 2001 through 2005.

(33 U.S.C. 1346)

TITLE V—GENERAL PROVISIONS

ADMINISTRATION

SEC. 501. (a) The Administrator is authorized to prescribe such regulations as are necessary to carry out his functions under this Act.

(b) The Administrator, with the consent of the head of any other agency of the United States, may utilize such officers and employees of such agency as may be found necessary to assist in carrying out the purposes of this Act.

(c) Each recipient of financial assistance under this Act shall keep such records as the Administrator shall prescribe, including records which fully disclose the amount and disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance is given or used, and the amount of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

(d) The Administrator and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access, for the purpose of audit and examination, to any books, documents, papers, and records of the recipients that are pertinent to the grants received under this Act. For the purpose of carrying out audits and examinations with respect to recipients of Federal assistance under this Act, the Administrator is authorized to enter into noncompetitive procurement contracts with independent State audit organizations, consistent with chapter 75 of title 31, United States Code. Such contracts may only be entered into to the extent and in such amounts as may be provided in advance in appropriation Acts.

(e)(1) It is the purpose of this subsection to authorize a program which will provide official recognition by the United States Government to those industrial organizations and political subdivisions of States which during the preceding year demonstrated an outstanding technological achievement or an innovative process, method, or device in their waste treatment and pollution abatement programs. The Administrator shall, in consultation with the appropriate State water pollution control agencies, establish regulations under which such recognition may be applied for and granted, except that no applicant shall be eligible for an award under this subsection if such applicant is not in total compliance with all applicable water quality requirements under this Act, or otherwise does not have a satisfactory record with respect to environmental quality.

(2) The Administrator shall award a certificate or plaque of suitable design to each industrial organization or political subdivision which qualifies for such recognition under regulations established under this subsection.

(3) The President of the United States, the Governor of the appropriate State, the Speaker of the House of Representatives, and the President pro tempore of the Senate shall be notified of the award by the Administrator and the awarding of such recognition shall be published in the Federal Register.

(f) Upon the request of a State water pollution control agency, personnel of the Environmental Protection Agency may be detailed to such agency for the purpose of carrying out the provisions of this Act.

(33 U.S.C. 1361)

GENERAL DEFINITIONS

SEC. 502. Except as otherwise specifically provided, when used in this Act:

(1) The term "State water pollution control agency" means the State agency designated by the Governor having responsibility for enforcing State laws relating to the abatement of pollution.

(2) The term "interstate agency" means an agency of two or more States established by or pursuant to an agreement or compact approved by the Congress, or any other agency of two or more States, having substantial powers or duties pertaining to the control of pollution as determined and approved by the Adminstrator.

(3) The term "State" means a State, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and the Trust Territory of the Pacific Islands.

(4) The term "municipality" means a city, town, borough, county, parish, district, association, or other public body created by or pursuant to State law and having jurisdiction over disposal of sewage, industrial wastes, or other wastes, or an Indian tribe or an authorized Indian tribal organization, or a designated and approved management agency under section 208 of this Act.

(5) The term "person" means an individual, corporation, partnership, association, State, municipality, commission, or political subdivision of a State, or any interstate body.

(6) The term "pollutant" means dredged spoil, solid waste, incinerator residue, sewage, garbage, sewage sludge, munitions, chemical wastes, biological materials, radioactive materials, heat, wrecked or discarded equipment, rock, sand, cellar dirt and industrial, municipal, and agricultural waste discharged into water. This term does not mean (A) "sewage from vessels or a discharge incidental to the normal operation of a vessel of the Armed Forces" within the meaning of section 312 of this Act; or (B) water, gas, or other material which is injected into a well to facilitate production of oil or gas, or water derived in association with oil or gas production and disposed of in a well, if the well used either to facilitate production or for disposal purpose is approved by authority of the State in which the well is located, and if such State determines

that such injection or disposal will not result in the degradation of ground or surface water resources.

(7) The term "navigable waters" means the waters of the United States, including the territorial seas.

(8) The term "territorial seas" means the belt of the seas measured from the line of ordinary low water along that portion of the coast which is in direct contact with the open sea and the line marking the seaward limit of inland waters, and extending seaward a distance of three miles.

(9) The term "contiguous zone" means the entire zone established or to be established by the United States under article 24 of the Convention of the Territorial Sea and the Contiguous Zone.

(10) The term "ocean" means any portion of the high seas beyond the contiguous zone.

(11) The term "effluent limitation" means any restriction established by a State or the Administrator on quantities, rates, and concentrations of chemical, physical, biological, and other constituents which are discharged from point sources into navigable waters, the waters of the contiguous zone, or the ocean, including schedules of compliance.

(12) The term "discharge of a pollutant" and the term "discharge of pollutants" each means (A) any addition of any pollutant to navigable waters from any point source, (B) any addition of any pollutant to the waters of the contiguous zone or the ocean from any point source other than a vessel or other floating craft.

(13) The term "toxic pollutant" means those pollutants, or combinations of pollutants, including disease-causing agents, which after discharge and upon exposure, ingestion, inhalation or assimilation into any organism, either directly from the environment or indirectly by ingestion through food chains, will, on the basis of information available to the Administrator, cause death, disease, behavioral abnormalities, cancer, genetic mutations, physiological malfunctions (including malfunctions in reproduction) or physical deformations, in such organisms or their offspring.

(14) The term "point source" means any discernible, confined and discrete conveyance, including but not limited to any pipe, ditch, channel, tunnel, conduit, well, discrete fissure, container, rolling stock, concentrated animal feeding operation, or vessel or other floating craft, from which pollutants are or may be discharged. This term does not include agricultural stormwater discharges and return flows from irrigated agriculture.

(15) The term "biological monitoring" shall mean the determination of the effects on aquatic life, including accumulation of pollutants in tissue, in receiving waters due to the discharge of pollutants (A) by techniques and procedures, including sampling of organisms representative of appropriate levels of the food chain appropriate to the volume and the physical, chemical, and biological characteristics of the effluent, and (B) at appropriate frequencies and locations.

(16) The term "discharge" when used without qualification includes a discharge of a pollutant, and a discharge of pollutants.

(17) The term "schedule of compliance" means a schedule of remedial measures including an enforceable sequence of actions or

operations leading to compliance with an effluent limitation, other limitation, prohibition, or standard.

(18) The term "industrial user" means those industries identified in the Standard Industrial Classification Manual, Bureau of the Budget, 1967, as amended and supplemented, under the category "Division D—Manufacturing" and such other classes of significant waste producers as, by regulation, the Administrator deems appropriate.

(19) The term "pollution" means the man-made or man-induced alteration of the chemical, physical, biological, and radiological integrity of water.

(20) The term "medical waste" means isolation wastes; infectious agents; human blood and blood products; pathological wastes; sharps; body parts; contaminated bedding; surgical wastes and potentially contaminated laboratory wastes; dialysis wastes; and such additional medical items as the Administrator shall prescribe by regulation.

(21) COASTAL RECREATION WATERS.—

(A) IN GENERAL.—The term "coastal recreation waters" means—

(i) the Great Lakes; and

(ii) marine coastal waters (including coastal estuaries) that are designated under section 303(c) by a State for use for swimming, bathing, surfing, or similar water contact activities.

(B) EXCLUSIONS.—The term "coastal recreation waters" does not include—

(i) inland waters; or

(ii) waters upstream of the mouth of a river or stream having an unimpaired natural connection with the open sea.

(22) FLOATABLE MATERIAL.—

(A) IN GENERAL.—The term "floatable material" means any foreign matter that may float or remain suspended in the water column.

(B) INCLUSIONS.—The term "floatable material" includes—

(i) plastic;

(ii) aluminum cans;

(iii) wood products;

(iv) bottles; and

(v) paper products.

(23) PATHOGEN INDICATOR.—The term "pathogen indicator" means a substance that indicates the potential for human infectious disease.

(33 U.S.C. 1362)

WATER POLLUTION CONTROL ADVISORY BOARD

SEC. 503. (a)(1) There is hereby established in the Environmental Protection Agency a Water Pollution Control Advisory Board, composed of the Administrator or his designee, who shall be Chairman, and nine members appointed by the President, none of whom shall be Federal officers or employees. The appointed mem-

bers, having due regard for the purposes of this Act, shall be selected from among representatives of various State, interstate, and local governmental agencies, of public or private interests contributing to, affected by, or concerned with pollution, and of other public and private agencies, organizations, or groups demonstrating an active interest in the field of pollution prevention and control, as well as other individuals who are expert in this field.

(2)(A) Each member appointed by the President shall hold office for a term of three years, except that (i) any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term, and (ii) the terms of office of the members first taking office after June 30, 1956, shall expire as follows: three at the end of one year after such date, three at the end of two years after such date, and three at the end of three years after such date, as designated by the President at the time of appointment, and (iii) the term of any member under the preceding provisions shall be extended until the date on which his successor's appointment is effective. None of the members appointed by the President shall be eligible for reappointment within one year after the end of his preceding term.

(B) The members of the Board who are not officers or employees of the United States, while attending conferences or meetings of the Board or while otherwise serving at the request of the Administrator, shall be entitled to receive compensation at a rate to be fixed by the Administrator, but not exceeding $100 per diem, including traveltime, and while away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law (5 U.S.C. 73b–2) for persons in the Government service employed intermittently.

(b) The Board shall advise, consult with, and make recommendations to the Administrator on matters of policy relating to the activities and functions of the Administrator under this Act.

(c) Such clerical and technical assistance as may be necessary to discharge the duties of the Board shall be provided from the personnel of the Environmental Protection Agency.

(33 U.S.C. 1363)

EMERGENCY POWERS

SEC. 504. (a) Notwithstanding any other provision of this Act, the Administrator upon receipt of evidence that a pollution source or combination of sources is presenting an imminent and substantial endangerment to the health of persons or to the welfare of persons where such endangerment is to the livelihood of such persons, such as inability to market shellfish, may bring suit on behalf of the United States in the appropriate district court to immediately restrain any person causing or contributing to the alleged pollution to stop the discharge of pollutants causing or contributing to such pollution or to take such other action as may be necessary.

[Subsection (b) repealed by §304(a) of P.L. 96–510, Dec. 11, 1980, 94 Stat. 2809]

(33 U.S.C. 1364)

CITIZEN SUITS

SEC. 505. (a) Except as provided in subsection (b) of this section and section 309(g)(6), any citizen may commence a civil action on his own behalf—

(1) against any person (including (i) the United States, and (ii) any other governmental instrumentality or agency to the extent permitted by the eleventh amendment to the Constitution) who is alleged to be in violation of (A) an effluent standard or limitation under this Act or (B) an order issued by the Administrator or a State with respect to such a standard or limitation, or

(2) against the Administrator where there is alleged a failure of the Administrator to perform any act or duty under this Act which is not discretionary with the Administrator.

The district courts shall have jurisdiction, without regard to the amount in controversy or the citizenship of the parties, to enforce such an effluent standard or limitation, or such an order, or to order the Administrator to perform such act or duty, as the case may be, and to apply any appropriate civil penalties under section 309(d) of this Act.

(b) No action may be commenced—

(1) under subsection (a)(1) of this section—

(A) prior to sixty days after the plaintiff has given notice of the alleged violation (i) to the Administrator, (ii) to the State in which the alleged violation occurs, and (iii) to any alleged violator of the standard, limitation, or order, or

(B) if the Administrator or State has commenced and is diligently prosecuting a civil or criminal action in a court of the United States, or a State to require compliance with the standard, limitation, or order, but in any such action in a court of the United States any citizen may intervene as a matter of right.

(2) under subsection (a)(2) of this section prior to sixty days after the plaintiff has given notice of such action to the Administrator,

except that such action may be brought immediately after such notification in the case of an action under this section respecting a violation of sections 306 and 307(a) of this Act. Notice under this subsection shall be given in such manner as the Administrator shall prescribe by regulation.

(c)(1) Any action respecting a violation by a discharge source of an effluent standard or limitation or an order respecting such standard or limitation may be brought under this section only in the judicial district in which such source is located.

(2) In such action under this section, the Administrator, if not a party, may intervene as a matter of right.

(3) PROTECTION OF INTERESTS OF UNITED STATES.—Whenever any action is brought under this section in a court of the United States, the plaintiff shall serve a copy of the complaint on the Attorney General and the Administrator. No consent judgment shall be entered in an action in which the United States is not a party prior to 45 days following the receipt of

a copy of the proposed consent judgment by the Attorney General and the Administrator.

(d) The court, in issuing any final order in any action brought pursuant to this section, may award costs of litigation (including reasonable attorney and expert witness fees) to any prevailing or substantially prevailing party, whenever the court determines such award is appropriate. The court may, if a temporary restraining order or preliminary injunction is sought, require the filing of a bond or equivalent security in accordance with the Federal Rules of Civil Procedure.

(e) Nothing in this section shall restrict any right which any person (or class of persons) may have under any statute or common law to seek enforcement of any effluent standard or limitation or to seek any other relief (including relief against the Administrator or a State agency).

(f) For purposes of this section, the term "effluent standard or limitation under this Act" means (1) effective July 1, 1973, an unlawful act under subsection (a) of section 301 of this Act; (2) an effluent limitation or other limitation under section 301 or 302 of this Act; (3) standard or performance under section 306 of this Act; (4) prohibition, effluent standard or pretreatment standards under section 307 of this Act; (5) certification under section 401 of this Act; (6) a permit or condition thereof issued under section 402 of this Act, which is in effect under this Act (including a requirement applicable by reason of section 313 of this Act); or (7) a regulation under section 405(d) of this Act,.[1]

(g) For the purposes of this section the term "citizen" means a person or persons having an interest which is or may be adversely affected.

(h) A Governor of a State may commence a civil action under subsection (a), without regard to the limitations of subsection (b) of this section, against the Administrator where there is alleged a failure of the Administrator to enforce an effluent standard or limitation under this Act the violation of which is occurring in another State and is causing an adverse effect on the public health or welfare in his State, or is causing a violation of any water quality requirement in his State.

(33 U.S.C. 1365)

APPEARANCE

SEC. 506. The Administrator shall request the Attorney General to appear and represent the United States in any civil or criminal action instituted under this Act to which the Administrator is a party. Unless the Attorney General notifies the Administrator within a reasonable time, that he will appear in a civil action, attorneys who are officers or employees of the Environmental Protection Agency shall appear and represent the United States in such action.

(33 U.S.C. 1366)

[1] So in law. See P.L. 100–4, sec. 406(d)(2), 101 Stat. 73.

EMPLOYEE PROTECTION

SEC. 507. (a) No person shall fire, or in any other way discriminate against, or cause to be fired or discriminated against, any employee or any authorized representative or employees by reason of the fact that such employee or representative has filed, instituted, or caused to be filed or instituted any proceeding under this Act, or has testified or is about to testify in any proceeding resulting from the administration or enforcement of the provisions of this Act.

(b) Any employee or a representative of employees who believes that he has been fired or otherwise discriminated against by any person in violation of subsection (a) of this section may, within thirty days after such alleged violation occurs, apply to the Secretary of Labor for a review of such firing or alleged discrimination. A copy of the application shall be sent to such person who shall be the respondent. Upon receipt of such application, the Secretary of Labor shall cause such investigation to be made as he deems appropriate. Such investigation shall provide an opportunity for a public hearing at the request of any party to such review to enable the parties to present information relating to such alleged violation. The parties shall be given written notice of the time and place of the hearing at least five days prior to the hearing. Any such hearing shall be of record and shall be subject to section 554 of title 5 of the United States Code. Upon receiving the report of such investigation, the Secretary of Labor shall make findings of fact. If he finds that such violation did occur, he shall issue a decision, incorporating an order therein and his findings, requiring the party committing such violation to take such affirmative action to abate the violation as the Secretary of Labor deems appropriate, including, but not limited to, the rehiring or reinstatement of the employee or representative of employees to his former position with compensation. If he finds that there was no such violation, he shall issue an order denying the application. Such order issued by the Secretary of Labor under this subparagraph shall be subject to judicial review in the same manner as orders and decisions of the Administrator are subject to judicial review under this Act.

(c) Whenever an order is issued under this section to abate such violation, at the request of the applicant, a sum equal to the aggregate amount of all costs and expenses (including the attorney's fees), as determined by the Secretary of Labor, to have been reasonably incurred by the applicant for, or in connection with, the institution and prosecution of such proceedings, shall be assessed against the person committing such violation.

(d) This section shall have no application to any employee who, acting without direction from his employer (or his agent) deliberately violates any prohibition of effluent limitation or other limitation under section 301 or 302 of this Act, standards of performance under section 306 of this Act, effluent standard, prohibition or pretreatment standard under section 307 of this Act, or any other prohibition or limitation established under this Act.

(e) The Administrator shall conduct continuing evaluations of potential loss or shifts of employment which may result from the issuance of any effluent limitation or order under this Act, includ-

ing, where appropriate, investigating threatened plant closures or reductions in employment allegedly resulting from such limitation or order. Any employee who is discharged or laid off, threatened with discharge or lay-off, or otherwise discriminated against by any person because of the alleged results of any effluent limitation or order issued under this Act, or any representative of such employee, may request the Administrator to conduct a full investigation of the matter. The Administrator shall thereupon investigate the matter and, at the request of any party, shall hold public hearings on not less than five days notice, and shall at such hearings require the parties, including the employer involved, to present information relating to the actual or potential effect of such limitation or order on employment and on any alleged discharge, lay-off, or other discrimination and the detailed reasons or justification therefor. Any such hearing shall be of record and shall be subject to section 554 of title 5 of the United States Code. Upon receiving the report of such investigation, the Administrator shall make findings of fact as to the effect of such effluent limitation or order on employment and on the alleged discharge, lay-off, or discrimination and shall make such recommendations as he deems appropriate. Such report, findings, and recommendations shall be available to the public. Nothing in this subsection shall be construed to require or authorize the Administrator to modify or withdraw any effluent limitation or order issued under this Act.

(33 U.S.C. 1367)

FEDERAL PROCUREMENT

SEC. 508. (a) No Federal agency may enter into any contract with any person, who has been convicted of any offense under section 309(c) of this Act, for the procurement of goods, materials, and services if such contract is to be performed at any facility at which the violation which gave rise to such conviction occurred, and if such facility is owned, leased, or supervised by such person. The prohibition in the preceding sentence shall continue until the Administrator certifies that the condition giving rise to such conviction has been corrected.

(b) The Administrator shall establish procedures to provide all Federal agencies with the notification necessary for the purposes of subsection (a) of this section.

(c) In order to implement the purposes and policy of this Act to protect and enhance the quality of the Nation's water, the President shall, not more than one hundred and eighty days after enactment of this Act, cause to be issued an order (1) requiring each Federal agency authorized to enter into contracts and each Federal agency which is empowered to extend Federal assistance by way of grant, loan, or contract to effectuate the purpose and policy of this Act in such contracting or assistance activities, and (2) setting forth procedures, sanctions, penalties, and such other provisions, as the President determines necessary to carry out such requirement.

(d) The President may exempt any contract, loan, or grant from all or part of the provisions of this section where he determines such exemption is necessary in the paramount interest of

the United States and he shall notify the Congress of such exemption.

(e) The President shall annually report to the Congress on measures taken in compliance with the purpose and intent of this section, including, but not limited to, the progress and problems associated with such compliance.

(f)(1) No certification by a contractor, and no contract clause, may be required in the case of a contract for the acquisition of commercial items in order to implement a prohibition or requirement of this section or a prohibition or requirement issued in the implementation of this section.

(2) In paragraph (1), the term "commercial item" has the meaning given such term in section 4(12) of the Office of Federal Procurement Policy Act (41 U.S.C. 403(12)).

(33 U.S.C. 1368)

ADMINISTRATIVE PROCEDURE AND JUDICIAL REVIEW

SEC. 509. (a)(1) For purposes of obtaining information under section 305 of this Act, or carrying out section 507(e) of this Act, the Administrator may issue subpenas for the attendance and testimony of witnesses and the production of relevant papers, books, and documents, and he may administer oaths. Except for effluent data, upon a showing satisfactory to the Administrator that such papers, books, documents, or information or particular part thereof, if made public, would divulge trade secrets or secret processes, the Administrator shall consider such record, report, or information or particular portion thereof confidential in accordance with the purposes of section 1905 of title 18 of the United States Code, except that such paper, book, document, or information may be disclosed to other officers, employees, or authorized representatives of the United States concerned with carrying out this Act, or when relevant in any proceeding under this Act. Witnesses summoned shall be paid the same fees and mileage that are paid witnesses in the courts of the United States. In case of contumacy or refusal to obey a subpena served upon any person under this subsection, the district court of the United States for any district in which such person is found or resides or transacts business, upon application by the United States and after notice to such person, shall have jurisdiction to issue an order requiring such person to appear and give testimony before the Administrator, to appear and produce papers, books, and documents before the Administrator, or both, and any failure to obey such order of the court may be punished by such court as a contempt thereof.

(2) The district courts of the United States are authorized, upon application by the Administrator, to issue subpenas for attendance and testimony of witnesses and the production of relevant papers, books, and documents, for purposes of obtaining information under sections 304 (b) and (c) of this Act. Any papers, books, documents, or other information or part thereof, obtained by reason of such a subpena shall be subject to the same requirements as are provided in paragraph (1) of this subsection.

(b)(1) Review of the Administrator's action (A) in promulgating any standard of performance under section 306, (B) in making any

determination pursuant to section 306(b)(1)(C), (C) in promulgating any effluent standard, prohibition, or pretreatment standard under section 307, (D) in making any determination as to a State permit program submitted under section 402(b), (E) in approving or promulgating any effluent limitation or other limitation under sections 301, 302, 306, or 405, (F) in issuing or denying any permit under section 402, and (G) in promulgating any individual control strategy under section 304(l), may be had by any interested person in the Circuit Court of Appeals of the United States for the Federal judicial district in which such person resides or transacts business which is directly affected by such action upon application by such person. Any such application shall be made within 120 days from the date of such determination, approval, promulgation, issuance or denial, or after such date only if such application is based solely on grounds which arose after such 120th day.

(2) Action of the Administrator with respect to which review could have been obtained under paragraph (1) of this subsection shall not be subject to judicial review in any civil or criminal proceeding for enforcement.

(3) AWARD OF FEES.—In any judicial proceeding under this subsection, the court may award costs of litigation (including reasonable attorney and expert witness fees) to any prevailing or substantially prevailing party whenever it determines that such award is appropriate.

(c) In any judicial proceeding brought under subsection (b) of this section in which review is sought of a determination under this Act required to be made on the record after notice and opportunity for hearing, if any party applies to the court for leave to adduce additional evidence, and shows to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for the failure to adduce such evidence in the proceeding before the Administrator, the court may order such additional evidence (and evidence in rebuttal thereof) to be taken before the Administrator, in such manner and upon such terms and conditions as the court may deem proper. The Administrator may modify his findings as to the facts, or make new findings, by reason of the additional evidence so taken and he shall file such modified or new findings, and his recommendation, if any, for the modification or setting aside of his original determination with the return of such additional evidence.

(33 U.S.C. 1369)

STATE AUTHORITY

SEC. 510. Except as expressly provided in this Act, nothing in this Act shall (1) preclude or deny the right of any State or political subdivision thereof or interstate agency to adopt or enforce (A) any standard or limitation respecting discharges of pollutants, or (B) any requirement respecting control or abatement of pollution; except that if an effluent limitation, or other limitation, effluent standard, prohibition, pretreatment standard, or standard of performance is in effect under this Act, such State or political subdivision or interstate agency may not adopt or enforce any effluent limitation, or other limitation, effluent standard, prohibition,

pretreatment standard, or standard of performance which is less stringent than the effluent limitation, or other limitation, effluent standard prohibition, pretreatment standard, or standard of performance under this Act; or (2) be construed as impairing or in any manner affecting any right or jurisdiction of the States with respect to the waters (including boundary waters) of such States.

(33 U.S.C. 1370)

OTHER AFFECTED AUTHORITY

SEC. 511. (a) This Act shall not be construed as (1) limiting the authority or functions of any officer or agency of the United States under any other law or regulation not inconsistent with this Act; (2) affecting or impairing the authority of the Secretary of the Army (A) to maintain navigation or (B) under the Act of March 3, 1899 (30 Stat. 1112); except that any permit issued under section 404 of this Act shall be conclusive as to the effect on water quality of any discharge resulting from any activity subject to section 10 of the Act of March 3, 1899, or (3) affecting or impairing the provisions of any treaty of the United States.

(b) Discharges of pollutants into the navigable waters subject to the Rivers and Harbors Act of 1910 (36 Stat. 593; 33 U.S.C. 421) and the Supervisory Harbors, Act of 1888 (25 Stat. 209; 33 U.S.C. 441–451b) shall be regulated pursuant to this Act, and not subject to such Act of 1910 and the Act of 1888 except as to effect on navigation and anchorage.

(c)(1) Except for the provision of Federal financial assistance for the purpose of assisting the construction of publicly owned treatment works as authorized by section 201 of this Act, and the issuance of a permit under section 402 of this Act for the discharge of any pollutant by a new source as defined in section 306 of this Act, no action of the Administrator taken pursuant to this Act shall be deemed a major Federal action significantly affecting the quality of the human environment within the meaning of the National Environmental Policy Act of 1969 (83 Stat. 852); and

(2) Nothing in the National Environmental Policy Act of 1969 (83 Stat. 852) shall be deemed to—

(A) authorize any Federal agency authorized to license or permit the conduct of any activity which may result in the discharge of a pollutant into the navigable waters to review any effluent limitation or other requirement established pursuant to this Act or the adequacy of any certification under section 401 of ths Act; or

(B) authorize any such agency to impose, as a condition precedent to the issuance of any license or permit, any effluent limitation other than any such limitation established pursuant to this Act.

(d) Notwithstanding this Act or any other provisions of law, the Administrator (1) shall not require any State to consider in the development of the ranking in order of priority of needs for the construction of treatment works (as defined in title II of this Act), any water pollution control agreement which may have been entered into between the United States and any other nation, and (2) shall

not consider any such agreement in the approval of any such priority ranking.

(33 U.S.C. 1371)

SEPARABILITY

SEC. 512. If any provision of this Act, or the application of any provision of this Act to any person or circumstance, is held invalid, the application of such provision to other persons or circumstances, and the remainder of this Act shall not be affected thereby.

(33 U.S.C. 1251 note)

LABOR STANDARDS

SEC. 513. The Administrator shall take such action as may be necessary to insure that all laborers and mechanics employed by contractors or subcontractors on treatment works for which grants are made under this Act shall be paid wages at rates not less than those prevailing for the same type of work on similar construction in the immediate locality, as determied by the Secretry of Labor, in accordance with the Act of March 3, 1931, as amended, known as the Davis-Bacon Act (46 Stat. 1494; 40 U.S.C., sec. 276a through 276a–5). The Secretary of Labor shall have, with respect to the labor standards specified in this subsection, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176) and section 2 of the Act of June 13, 1934, as amended (48 Stat. 948; 40 U.S.C. 276c).

(33 U.S.C. 1372)

PUBLIC HEALTH AGENCY COORDINATION

SEC. 514. The permitting agency under section 402 shall assist the applicant for a permit under such section in coordinating the requirements of this Act with those of the appropriate public health agencies.

(33 U.S.C. 1373)

EFFLUENT STANDARDS AND WATER QUALITY INFORMATION ADVISORY COMMITTEE

SEC. 515. (a)(1) There is established on Effluent Standards and Water Quality Information Advisory Committee, which shall be composed of a Chairman and eight members who shall be appointed by the Administrator within sixty days after the date of enactment of this Act.

(2) All members of the Committee shall be selected from the scientific community, qualified by education, training, and experience to provide assess, and evaluate scientific and technical information on effluent standards and limitations.

(3) Members of the Committee shall serve for a term of four years, and may be reappointed.

(b)(1) No later than one hundred and eighty days prior to the date on which the Administrator is required to publish any proposed regulations required by section 304(b) of this Act, any proposed standard of performance for new sources required by section 306 of this Act, or any proposed toxic effluent standard required by

section 307 of this Act, he shall transmit to the Committee a notice of intent to propose such regulations. The Chairman of the Committee within ten days after receipt of such notice may publish a notice of a public hearing by the Committee, to be held within thirty days.

(2) No later than one hundred and twenty days after receipt of such notice, the Committee shall transmit to the Administrator such scientific and technical information as is in its possession, including that presented at any public hearing, related to the subject matter contained in such notice.

(3) Information so transmitted to the Administrator shall constitute a part of the administrative record and comments on any proposed regulations or standards as information to be considered with other comments and information in making any final determinations.

(4) In preparing information for transmittal, the Committee shall avail itself of the technical and scientific services of any Federal agency, including the United States Geological Survey and any national environmental laboratories which may be established.

(c)(1) The Committee shall appoint and prescribe the duties of a Secretary, and such legal counsel as it deems necessary. The Committee shall appoint such other employees as it deems necessary to exercise and fulfill its powers and responsibilities. The compensation of all employees appointed by the Committee shall be fixed in accordance with chapter 51 and subchapter III of chapter 53 of title V of the United States Code.

(2) Members of the Committee shall be entitled to receive compensation at a rate to be fixed by the President but not in excess of the maximum rate of pay grade for GS–18, as provided in the General Schedule under section 5332 of title V of the United States Code.

(d) Five members of the Committee shall constitute a quorum, and official actions of the Committee shall be taken only on the affirmative vote of at least five members. A special panel composed of one or more members upon order of the Committee shall conduct any hearing authorized by this section and submit the transcript of such hearing to the entire Committee for its action thereon.

(e) The Committee is authorized to make such rules as are necessary for the orderly transaction of its business.

(33 U.S.C. 1374)

REPORTS TO CONGRESS

SEC. 516. The Administrator, in cooperation with the States, including water pollution control agencies and other water pollution control planning agencies, shall make (1) a detailed estimate of the cost of carrying out the provisions of this Act; (2) a detailed estimate, biennially revised, of the cost of construction of all needed publicly owned treatment works in all of the States and of the cost of construction of all needed publicly owned treatment works in each of the States; (3) a comprehensive study of the economic impact on affected units of government of the cost of installation of treatment facilities; and (4) a comprehensive analysis of the national requirements for and the cost of treating municipal, indus-

trial, and other effluent to attain the water quality objectives as established by this Act or applicable State law. The Administrator shall submit such detailed estimate and such comprehensive study of such cost to the Congress no later than February 10 of each odd-numbered year. Whenever the Administrator, pursuant to this subsection, requests and receives an estimate of cost from a State, he shall furnish copies of such estimate together with such detailed estimate to Congress.

(33 U.S.C. 1375)

GENERAL AUTHORIZATION

SEC. 517. There are authorized to be appropriated to carry out this Act, other than sections 104, 105, 106(a), 107, 108, 112, 113, 114, 115, 206, 207, 208 (f) and (h), 209, 304, 311 (c), (d), (i), (l), and (k), 314, 315, and 317, $250,000,000 for the fiscal year ending June 30, 1973, $300,000,000 for the fiscal year ending June 30, 1974, $350,000,000 for the fiscal year ending June 30, 1975, $100,000,000 for the fiscal year ending September 30, 1977, $150,000,000 for the fiscal year ending September 30, 1978, $150,000,000 for the fiscal year ending September 30, 1979, $150,000,000 for the fiscal year ending September 30, 1980, $150,000,000 for the fiscal year ending September 30, 1981, $161,000,000 for the fiscal year ending September 30, 1982, such sums as may be necessary for fiscal years 1983 through 1985, and $135,000,000 per fiscal year for each of the fiscal years 1986 through 1990.

(33 U.S.C. 1376)

SEC. 518. INDIAN TRIBES.

(a) POLICY.—Nothing in this section shall be construed to affect the application of section 101(g) of this Act, and all of the provisions of this section shall be carried out in accordance with the provisions of such section 101(g). Indian tribes shall be treated as States for purposes of such section 101(g).

(b) ASSESSMENT OF SEWAGE TREATMENT NEEDS; REPORT.—The Administrator, in cooperation with the Director of the Indian Health Service, shall assess the need for sewage treatment works to serve Indian tribes, the degree to which such needs will be met through funds allotted to States under section 205 of this Act and priority lists under section 216 of this Act, and any obstacles which prevent such needs from being met. Not later than one year after the date of the enactment of this section, the Administrator shall submit a report to Congress on the assessment under this subsection, along with recommendations specifying (1) how the Administrator intends to provide assistance to Indian tribes to develop waste treatment management plans and to construct treatment works under this Act, and (2) methods by which the participation in and administration of programs under this Act by Indian tribes can be maximized.

(c) RESERVATION OF FUNDS.—The Administrator shall reserve each fiscal year beginning after September 30, 1986, before allotments to the States under section 205(e), one-half of one percent of the sums appropriated under section 207. Sums reserved under this subsection shall be available only for grants for the develoment of waste treatment management plans and for the construction of

sewage treatment works to serve Indian tribes, as defined in subsection (h) and former Indian reservations in Oklahoma (as determined by the Secretary of the Interior) and Alaska Native Villages as defined in Public Law 92–203.

(d) COOPERATIVE AGREEMENTS.—In order to ensure the consistent implementation of the requirements of this Act, an Indian tribe and the State or States in which the lands of such tribe are located may enter into a cooperative agreement, subject to the review and approval of the Administrator, to jointly plan and administer the requirements of this Act.

(e) TREATMENT AS STATES.—The Administrator is authorized to treat an Indian tribe as a State for purposes of title II and sections 104, 106, 303, 305, 308, 309, 314, 319, 401, 402, 404, and 406 of this Act to the degree necessary to carry out the objectives of this section, but only if—

(1) the Indian tribe has a governing body carrying out substantial governmental duties and powers;

(2) the functions to be exercised by the Indian tribe pertain to the management and protection of water resources which are held by an Indian tribe, held by the United States in trust for Indians, held by a member of an Indian tribe if such property interest is subject to a trust restriction on alienation, or otherwise within the borders of an Indian reservation; and

(3) the Indian tribe is reasonably expected to be capable, in the Administrator's judgment, of carrying out the functions to be exercised in a manner consistent with the terms and purposes of this Act and of all applicable regulations.

Such treatment as a State may include the direct provision of funds reserved under subsection (c) to the governing bodies of Indian tribes, and the determination of priorities by Indian tribes, where not determined by the Administrator in cooperation with the Director of the Indian Health Service. The Administrator, in cooperation with the Director of the Indian Health Service, is authorized to make grants under title II of this Act in an amount not to exceed 100 percent of the cost of a project. Not later than 18 months after the date of the enactment of this section, the Administrator shall, in consultation with Indian tribes, promulgate final regulations which specify how Indian tribes shall be treated as States for purposes of this Act. The Administrator shall, in promulgating such regulations, consult affected States sharing common water bodies and provide a mechanism for the resolution of any unreasonable consequences that may arise as a result of differing water quality standards that may be set by States and Indian tribes located on common bodies of water. Such mechanism shall provide for explicit consideration of relevant factors including, but not limited to, the effects of differing water quality permit requirements on upstream and downstream dischargers, economic impacts, and present and historical uses and quality of the waters subject to such standards. Such mechanism should provide for the avoidance of such unreasonable consequences in a manner consistent with the objective of this Act.

(f) GRANTS FOR NONPOINT SOURCE PROGRAMS.—The Administrator shall make grants to an Indian tribe under section 319 of this Act as though such tribe was a State. Not more than one-third

of one percent of the amount appropriated for any fiscal year under section 319 may be used to make grants under this subsection. In addition to the requirements of section 319, an Indian tribe shall be required to meet the requirements of paragraphs (1), (2), and (3) of subsection (d)[1] of this section in order to receive such a grant.

(g) ALASKA NATIVE ORGANIZATIONS.—No provision of this Act shall be construed to—

(1) grant, enlarge, or diminish, or in any way affect the scope of the governmental authority, if any, of any Alaska Native organization, including any federally-recognized tribe, traditional Alaska Native council, or Native council organized pursuant to the Act of June 18, 1934 (48 Stat. 987), over lands or persons in Alaska;

(2) create or validate any assertion by such organization or any form of governmental authority over lands or persons in Alaska; or

(3) in any way affect any assertion that Indian country, as defined in section 1151 of title 18, United States Code, exists or does not exist in Alaska.

(h) DEFINITIONS.—For purposes of this section, the term—

(1) "Federal Indian reservation" means all land within the limits of any Indian reservation under the jurisdiction of the United States Government, notwithstanding the issuance of any patent, and including rights-of-way running through the reservation; and

(2) "Indian tribe" means any Indian tribe, band, group, or community recognized by the Secretary of the Interior and exercising governmental authority over a Federal Indian reservation.

(33 U.S.C. 1377)

SHORT TITLE

SEC. 519. This Act may be cited as the "Federal Water Pollution Control Act" (commonly referred to as the Clean Water Act).

(33 U.S.C. 1251 note)

TITLE VI—STATE WATER POLLUTION CONTROL REVOLVING FUNDS

SEC. 601. GRANTS TO STATES FOR ESTABLISHMENT OF REVOLVING FUNDS.

(a) GENERAL AUTHORITY.—Subject to the provisions of this title, the Administrator shall make capitalization grants to each State for the purpose of establishing a water pollution control revolving fund for providing assistance (1) for construction of treatment works (as defined in section 212 of this Act) which are publicly owned, (2) for implementing a management program under section 319, and (3) for developing and implementing a conservation and management plan under section 320.

(b) SCHEDULE OF GRANT PAYMENTS.—The Administrator and each State shall jointly establish a schedule of payments under which the Administrator will pay to the State the amount of each

[1] Probably should be subsection (e).

grant to be made to the State under this title. Such schedule shall be based on the State's intended use plan under section 606(c) of this Act, except that—

(1) such payments shall be made in quarterly installments, and

(2) such payments shall be made as expeditiously as possible, but in no event later than the earlier of—

(A) 8 quarters after the date such funds were obligated by the State, or

(B) 12 quarters after the date such funds were allotted to the State.

(33 U.S.C. 1381)

SEC. 602. CAPITALIZATION GRANT AGREEMENTS.

(a) GENERAL RULE.—To receive a capitalization grant with funds made available under this title and section 205(m) of this Act, a State shall enter into an agreement with the Administrator which shall include but not be limited to the specifications set forth in subsection (b) of this section.

(b) SPECIFIC REQUIREMENTS.—The Administrator shall enter into an agreement under this section with a State only after the State has established to the satisfaction of the Administrator that—

(1) the State will accept grant payments with funds to be made available under this title and section 205(m) of this Act in accordance with a payment schedule established jointly by the Administrator under section 601(b) of this Act and will deposit all such payments in the water pollution control revolving fund established by the State in accordance with this title;

(2) the State will deposit in the fund from State moneys an amount equal to at least 20 percent of the total amount of all capitalization grants which will be made to the State with funds to be made available under this title and section 205(m) of this Act on or before the date on which each quarterly grant payment will be made to the State under this title;

(3) the State will enter into binding commitments to provide assistance in accordance with the requirements of this title in an amount equal to 120 percent of the amount of each such grant payment within 1 year after the receipt of such grant payment;

(4) all funds in the fund will be expended in an expeditious and timely manner;

(5) all funds in the fund as a result of capitalization grants under this title and section 205(m) of this Act will first be used to assure maintenance of progress, as determined by the Governor of the State, toward compliance with enforceable deadlines, goals, and requirements of this Act, including the municipal compliance deadline;

(6) treatment works eligible under section 603(c)(1) of this Act which will be constructed in whole or in part before fiscal year 1995 with funds directly made available by capitalization grants under this title and section 205(m) of this Act will meet the requirements of, or otherwise be treated (as determined by the Governor of the State) under sections 201(b), 201(g)(1),

201(g)(2), 201(g)(3), 201(g)(5), 201(g)(6), 201(n)(1), 201(o), 204(a)(1), 204(a)(2), 204(b)(1), 204(d)(2), 211, 218, 511(c)(1), and 513 of this Act in the same manner as treatment works constructed with assistance under title II of this Act;

(7) in addition to complying with the requirements of this title, the State will commit or expend each quarterly grant payment which it will receive under this title in accordance with laws and procedures applicable to the commitment or expenditure of revenues of the State;

(8) in carrying out the requirements of section 606 of this Act, the State will use accounting, audit, and fiscal procedures conforming to generally accepted government accounting standards;

(9) the State will require as a condition of making a loan or providing other assistance, as described in section 603(d) of this Act, from the fund that the recipient of such assistance will maintain project accounts in accordance with generally accepted government accounting standards; and

(10) the State will make annual reports to the Administrator on the actual use of funds in accordance with section 606(d) of this Act.

(33 U.S.C. 1382)

SEC. 603. WATER POLLUTION CONTROL REVOLVING LOAN FUNDS. [1]

(a) REQUIREMENTS FOR OBLIGATION OF GRANT FUNDS.—Before a State may receive a capitalization grant with funds made available under this title and section 205(m) of this Act, the State shall first establish a water pollution control revolving fund which complies with the requirements of this section.

(b) ADMINISTRATOR.—Each State water pollution control revolving fund shall be administered by an instrumentality of the State with such powers and limitations as may be required to operate such fund in accordance with the requirements and objectives of this Act.

(c) PROJECTS ELIGIBLE FOR ASSISTANCE.—The amounts of funds available to each State water pollution control revolving fund shall be used only for providing financial assistance (1) to any municipality, intermunicipal, interstate, or State agency for construction of publicly owned treatment works (as defined in section 212 of this Act), (2) for the implementation of a management program established under section 319 of this Act, and (3) for development and implementation of a conservation and management plan under section 320 of this Act. The fund shall be established, maintained, and credited with repayments, and the fund balance shall be available in perpetuity for providing such financial assistance. [2]

[1] See section 104B of the Marine Protection, Research and Sanctuaries Act of 1972 (33 U.S.C. 1414G) for additional amounts that are to be deposited into a State's fund and treatment of such deposits.

[2] Section 1006 of the Ocean Dumping Ban Act of 1988 (P.L. 100–688) is as follows:

SEC. 1066. USE OF STATE WATER POLLUTION CONTROL REVOLVING FUND GRANTS FOR DEVELOPING ALTERNATIVE SYSTEMS.

(a) GENERAL REQUIREMENT.—Notwithstanding the provisions of title VI of the Federal Water Pollution Control Act, each of the States of New York and New Jersey shall use 10 percent of the amount of a grant payment made to such State under such title for each of the fiscal years 1990 and 1991 and 10 percent of the State's contribution associated with such grant payment in the 6-month period beginning on the date of receipt of such grant payment for making loans

(d) TYPES OF ASSISTANCE.—Except as otherwise limited by State law, a water pollution control revolving fund of a State under this section may be used only—

(1) to make loans, on the condition that—

(A) such loans are made at or below market interest rates, including interest free loans, at terms not to exceed 20 years;

(B) annual principal and interest payments will commence not later than 1 year after completion of any project and all loans will be fully amortized not later than 20 years after project completion;

(C) the recipient of a loan will establish a dedicated source of revenue for repayment of loans; and

(D) the fund will be credited with all payments of principal and interest on all loans;

(2) to buy or refinance the debt obligation of municipalities and intermunicipal and interstate agencies within the State at or below market rates, where such debt obligations were incurred after March 7, 1985;

(3) to guarantee, or purchase insurance for, local obligations where such action would improve credit market access or reduce interest rates;

(4) as a source of revenue or security for the payment of principal and interest on revenue or general obligation bonds issued by the State if the proceeds of the sale of such bonds will be deposited in the fund;

(5) to provide loan guarantees for similar revolving funds established by municipalities or intermunicipal agencies;

(6) to earn interest on fund accounts; and

(7) for the reasonable costs of administering the fund and conducting activities under this title, except that such amounts shall not exceed 4 percent of all grant awards to such fund under this title.

(e) LIMITATION TO PREVENT DOUBLE BENEFITS.—If a State makes, from its water pollution revolving fund, a loan which will finance the cost of facility planning and the preparation of plans, specifications, and estimates for construction of publicly owned treatment works, the State shall ensure that if the recipient of such loan receives a grant under section 201(g) of this Act for construction of such treatment works and an allowance under section 201(l)(1) of this Act for non-federal funds expended for such planning and preparation, such recipient will promptly repay such loan to the extent of such allowance.

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and providing other assistance as described in section 603(d) of the Federal Water Pollution Control Act to any governmental entity in such State which has entered into a compliance agreement or enforcement agreement under section 104B of the Marine Protection, Research, and Sanctuaries Act of 1972 for identifying, developing, and implementing pursuant to such section alternative systems for management of sewage sludge.

(b) LIMITATION.—If, after the last day of the 6-month period beginning on the date of receipt of a grant payment by the State of New York or New Jersey under title VI of the Federal Water Pollution Control Act for each of fiscal years 1990 and 1991, 10 percent of the amount of such grant payment and the State's contribution associated with such grant payment has not been used for providing assistance described in subsection (a) as a result of insufficient applications for such assistance from persons eligible for such assistance, the 10 percent limitations set forth in subsection (a) shall not be applicable with respect to such grant payment and associated State contribution.

(f) CONSISTENCY WITH PLANNING REQUIREMENTS.—A State may provide financial assistance from its water pollution control revolving fund only with respect to a project which is consistent with plans, if any, developed under sections 205(j), 208, 303(e), 319, and 320 of this Act.

(g) PRIORITY LIST REQUIREMENT.—The State may provide financial assistance from its water pollution control revolving fund only with respect to a project for construction of a treatment works described in subsection (c)(1) if such project is on the State's priority list under section 216 of this Act. Such assistance may be provided regardless of the rank of such project on such list.

(h) ELIGIBILITY OF NON-FEDERAL SHARE OF CONSTRUCTION GRANT PROJECTS.—A State water pollution control revolving fund may provide assistance (other than under subsection (d)(1) of this section) to a municipality or intermunicipal or interstate agency with respect to the non-Federal share of the costs of a treatment works project for which such municipality or agency is receiving assistance from the Administrator under any other authority only if such assistance is necessary to allow such project to proceed.

(33 U.S.C. 1383)

SEC. 604. ALLOTMENT OF FUNDS.

(a) FORMULA.—Sums authorized to be appropriated to carry out this section for each of fiscal years 1989 and 1990 shall be allotted by the Administrator in accordance with section 205(c) of this Act.

(b) RESERVATION OF FUNDS FOR PLANNING.—Each State shall reserve each fiscal year 1 percent of the sums allotted to such State under this section for such fiscal year, or $100,000, whichever amount is greater, to carry out planning under sections 205(j) and 303(e) of this Act.

(c) ALLOTMENT PERIOD.—

(1) PERIOD OF AVAILABILITY FOR GRANT AWARD.—Sums allotted to a State under this section for a fiscal year shall be available for obligation by the State during the fiscal year for which sums are authorized and during the following fiscal year.

(2) REALLOTMENT OF UNOBLIGATED FUNDS.—The amount of any allotment not obligated by the State by the last day of the 2-year period of availability established by paragraph (1) shall be immediately reallotted by the Administrator on the basis of the same ratio as is applicable to sums allotted under title II of this Act for the second fiscal year of such 2-year period. None of the funds reallotted by the Administrator shall be reallotted to any State which has not obligated all sums allotted to such State in the first fiscal year of such 2-year period.

(33 U.S.C. 1384)

SEC. 605. CORRECTIVE ACTION.

(a) NOTIFICATION OF NONCOMPLIANCE.—If the Administrator determines that a State has not complied with its agreement with the Administrator under section 602 of this Act or any other requirement of this title, the Administrator shall notify the State of such noncompliance and the necessary corrective action.

(b) WITHHOLDING OF PAYMENTS.—If a State does not take corrective action within 60 days after the date a State receives notification of such action under subsection (a), the Administrator shall withhold additional payments to the State until the Administrator is satisfied that the State has taken the necessary corrective action.

(c) REALLOTMENT OF WITHHELD PAYMENTS.—If the Administrator is not satisfied that adequate corrective actions have been taken by the State within 12 months after the State is notified of such actions under subsection (a), the payments withheld from the State by the Administrator under subsection (b) shall be made available for reallotment in accordance with the most recent formula for allotment of funds under this title.

(33 U.S.C. 1385)

SEC. 606. AUDITS, REPORTS, AND FISCAL CONTROLS; INTENDED USE PLAN.

(a) FISCAL CONTROL AND AUDITING PROCEDURES.—Each State electing to establish a water pollution control revolving fund under this title shall establish fiscal controls and accounting procedures sufficient to assure proper accounting during appropriate accounting periods for—

(1) payments received by the fund;

(2) disbursements made by the fund; and

(3) fund balances at the beginning and end of the accounting period.

(b) ANNUAL FEDERAL AUDITS.—The Administrator shall, at least on an annual basis, conduct or require each State to have independently conducted reviews and audits as may be deemed necessary or appropriate by the Administrator to carry out the objectives of this section. Audits of the use of funds deposited in the water pollution revolving fund established by such State shall be conducted in accordance with the auditing procedures of the General Accounting Office, including chapter 75 of title 31, United States Code.

(c) INTENDED USE PLAN.—After providing for public comment and review, each State shall annually prepare a plan identifying the intended uses of the amounts available to its water pollution control revolving fund. Such intended use plan shall include, but not be limited to—

(1) a list of those projects for construction of publicly owned treatment works on the State's priority list developed pursuant to section 216 of this Act and a list of activities eligible for assistance under sections 319 and 320 of this Act;

(2) a description of the short- and long-term goals and objectives of its water pollution control revolving fund;

(3) information on the activities to be supported, including a description of project categories, discharge requirements under titles III and IV of this Act, terms of financial assistance, and communities served;

(4) assurances and specific proposals for meeting the requirements of paragraphs (3), (4), (5), and (6) of section 602(b) of this Act; and

(5) the criteria and method established for the distribution of funds.

(d) ANNUAL REPORT.—Beginning the first fiscal year after the receipt of payments under this title, the State shall provide an annual report to the Administrator describing how the State has met the goals and objectives for the previous fiscal year as identified in the plan prepared for the previous fiscal year pursuant to subsection (c), including identification of loan recipients, loan amounts, and loan terms and similar details on other forms of financial assistance provided from the water pollution control revolving fund.

(e) ANNUAL FEDERAL OVERSIGHT REVIEW.—The Administrator shall conduct an annual oversight review of each State plan prepared under subsection (c), each State report prepared under subsection (d), and other such materials as are considered necessary and appropriate in carrying out the purposes of this title. After reasonable notice by the Administrator to the State or the recipient of a loan from a water pollution control revolving fund, the State or loan recipient shall make available to the Administrator such records as the Administrator reasonably requires to review and determine compliance with this title.

(f) APPLICABILITY OF TITLE II PROVISIONS.—Except to the extent provided in this title, the provisions of title II shall not apply to grants under this title.

(33 U.S.C. 1386)

SEC. 607. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated to carry out the purposes of this title the following sums:

(1) $1,200,000,000 per fiscal year for each of fiscal year 1989 and 1990;

(2) $2,400,000,000 for fiscal year 1991;

(3) $1,800,000,000 for fiscal year 1992;

(4) $1,200,000,000 for fiscal year 1993; and

(5) $600,000,000 for fiscal year 1994.

(33 U.S.C. 1387)

TITLE XIV OF THE PUBLIC HEALTH SERVICE ACT

SAFETY OF PUBLIC WATER SYSTEMS (SAFE DRINKING WATER ACT)

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[As Amended Through P.L. 107–377, December 31, 2002]

TABLE OF CONTENTS FOR TITLE XIV OF THE PUBLIC HEALTH SERVICE ACT ("SAFE DRINKING WATER ACT")[1]

[1] This table of contents is not part of title XIV of the Public Health Service Act but is set forth for the convenience of the users of this publication.

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TITLE XIV OF THE PUBLIC HEALTH SERVICE ACT (THE SAFE DRINKING WATER ACT)[1]

TITLE XIV—SAFETY OF PUBLIC WATER SYSTEMS

SHORT TITLE

SEC. 1400. This title may be cited as the "Safe Drinking Water Act".

PART A—DEFINITIONS

DEFINITIONS

SEC. 1401. For purposes of this title:

(1) The term "primary drinking water regulation" means a regulation which—

(A) applies to public water systems;

(B) specifies contaminants which, in the judgment of the Administrator, may have any adverse effect on the health of persons;

(C) specifies for each such contaminant either—

(i) a maximum contaminant level, if, in the judgment of the Administrator, it is economically and technologically feasible to ascertain the level of such contaminant in water in public water systems, or

(ii) if, in the judgment of the Administrator, it is not economically or technologically feasible to so ascertain the level of such contaminant, each treatment technique known to the Administrator which leads to a reduction in the level of such contaminant sufficient to satisfy the requirements of section 1412; and

(D) contains criteria and procedures to assure a supply of drinking water which dependably complies with such maximum contaminant levels; including accepted methods for quality control and testing procedures to insure compliance with such levels and to insure proper operation and maintenance of the system, and requirements as to (i) the minimum quality of water which may be taken into the system and (ii) siting for new facilities for public water

[1] This title, the "Safe Drinking Water Act", consists of title XIV of the Public Health Service Act (42 U.S.C. 300f–300j–9) as added by Public Law 93–523 (Dec. 16, 1974) and the amendments made by subsequent enactments.

systems. At any time after promulgation of a regulation referred to in this paragraph, the Administrator may add equally effective quality control and testing procedures by guidance published in the Federal Register. Such procedures shall be treated as an alternative for public water systems to the quality control and testing procedures listed in the regulation.

(2) The term "secondary drinking water regulation" means a regulation which applies to public water systems and which specifies the maximum contaminant levels which, in the judgment of the Administrator, are requisite to protect the public welfare. Such regulations may apply to any contaminant in drinking water (A) which may adversely affect the odor or appearance of such water and consequently may cause a substantial number of the persons served by the public water system providing such water to discontinue its use, or (B) which may otherwise adversely affect the public welfare. Such regulations may vary according to geographic and other circumstances.

(3) The term "maximum contaminant level" means the maximum permissible level of a contaminant in water which is delivered to any user of a public water system.

(4) PUBLIC WATER SYSTEM.—

(A) IN GENERAL.—The term "public water system" means a system for the provision to the public of water for human consumption through pipes or other constructed conveyances, if such system has at least fifteen service connections or regularly serves at least twenty-five individuals. Such term includes (i) any collection, treatment, storage, and distribution facilities under control of the operator of such system and used primarily in connection with such system, and (ii) any collection or pretreatment storage facilities not under such control which are used primarily in connection with such system.

(B) CONNECTIONS.—

(i) IN GENERAL.—For purposes of subparagraph (A), a connection to a system that delivers water by a constructed conveyance other than a pipe shall not be considered a connection, if—

(I) the water is used exclusively for purposes other than residential uses (consisting of drinking, bathing, and cooking, or other similar uses);

(II) the Administrator or the State (in the case of a State exercising primary enforcement responsibility for public water systems) determines that alternative water to achieve the equivalent level of public health protection provided by the applicable national primary drinking water regulation is provided for residential or similar uses for drinking and cooking; or

(III) the Administrator or the State (in the case of a State exercising primary enforcement responsibility for public water systems) determines that the water provided for residential or similar uses for drinking, cooking, and bathing is cen-

trally treated or treated at the point of entry by the provider, a pass-through entity, or the user to achieve the equivalent level of protection provided by the applicable national primary drinking water regulations.

(ii) IRRIGATION DISTRICTS.—An irrigation district in existence prior to May 18, 1994, that provides primarily agricultural service through a piped water system with only incidental residential or similar use shall not be considered to be a public water system if the system or the residential or similar users of the system comply with subclause (II) or (III) of clause (i).

(C) TRANSITION PERIOD.—A water supplier that would be a public water system only as a result of modifications made to this paragraph by the Safe Drinking Water Act Amendments of 1996 shall not be considered a public water system for purposes of the Act[1] until the date that is two years after the date of enactment of this subparagraph. If a water supplier does not serve 15 service connections (as defined in subparagraphs (A) and (B)) or 25 people at any time after the conclusion of the 2-year period, the water supplier shall not be considered a public water system.

(5) The term "supplier of water" means any person who owns or operates a public water system.

(6) The term "contaminant" means any physical, chemical, biological, or radiological substance or matter in water.

(7) The term "Administrator" means the Administrator of the Environmental Protection Agency.

(8) The term "Agency" means the Environmental Protection Agency.

(9) The term "Council" means the National Drinking Water Advisory Council established under section 1446.

(10) The term "municipality" means a city, town, or other public body created by or pursuant to State law, or an Indian tribe.

(11) The term "Federal agency" means any department, agency, or instrumentality of the United States.

(12) The term "person" means an individual, corporation, company, association, partnership, State, municipality, or Federal agency (and includes officers, employees, and agents of any corporation, company, association, State, municipality, or Federal agency).

(13)(A) Except as provided in subparagraph (B), the term "State" includes, in addition to the several States, only the District of Columbia, Guam, the Commonwealth of Puerto Rico, the Northern Mariana Islands, the Virgin Islands, American Samoa, and the Trust Territory of the Pacific Islands.

(B) For purposes of section 1452, the term "State" means each of the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico.

[1] So in law. The phrase "the Act" probably intended to refer to "this Act".

(14) The term "Indian Tribe" means any Indian tribe having a Federally recognized governing body carrying out substantial governmental duties and powers over any area. For purposes of section 1452, the term includes any Native village (as defined in section 3(c) of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(c))).

(15) COMMUNITY WATER SYSTEM.—The term "community water system" means a public water system that—

(A) serves at least 15 service connections used by year-round residents of the area served by the system; or

(B) regularly serves at least 25 year-round residents.

(16) NONCOMMUNITY WATER SYSTEM.—The term "noncommunity water system" means a public water system that is not a community water system.

[42 U.S.C. 300f]

PART B—PUBLIC WATER SYSTEMS

COVERAGE

SEC. 1411. Subject to sections 1415 and 1416, national primary drinking water regulations under this part shall apply to each public water system in each State; except that such regulations shall not apply to a public water system—

(1) which consists only of distribution and storage facilities (and does not have any collection and treatment facilities);

(2) which obtains all of its water from, but is not owned or operated by, a public water system to which such regulations apply;

(3) which does not sell water to any person; and

(4) which is not a carrier which conveys passengers in interstate commerce.

[42 U.S.C. 300g]

NATIONAL DRINKING WATER REGULATIONS

SEC. 1412. (a)(1) Effective on the enactment of the Safe Drinking Water Act Amendments of 1986, each national interim or revised primary drinking water regulation promulgated under this section before such enactment shall be deemed to be a national primary drinking water regulation under subsection (b). No such regulation shall be required to comply with the standards set forth in subsection (b)(4) unless such regulation is amended to establish a different maximum contaminant level after the enactment of such amendments.

(2) After the enactment of the Safe Drinking Water Act Amendments of 1986 each recommended maximum contaminant level published before the enactment of such amendments shall be treated as a maximum contaminant level goal.

(3) Whenever a national primary drinking water regulation is proposed under subsection (b) for any contaminant, the maximum contaminant level goal for such contaminant shall be proposed simultaneously. Whenever a national primary drinking water regulation is promulgated under subsection (b) for any contaminant, the

maximum contaminant level goal for such contaminant shall be published simultaneously.

(4) Paragraph (3) shall not apply to any recommended maximum contaminant level published before the enactment of the Safe Drinking Water Act Amendments of 1986.

(b) STANDARDS.—

(1) IDENTIFICATION OF CONTAMINANTS FOR LISTING.—

(A) GENERAL AUTHORITY.—The Administrator shall, in accordance with the procedures established by this subsection, publish a maximum contaminant level goal and promulgate a national primary drinking water regulation for a contaminant (other than a contaminant referred to in paragraph (2) for which a national primary drinking water regulation has been promulgated as of the date of enactment of the Safe Drinking Water Act Amendments of 1996) if the Administrator determines that—

(i) the contaminant may have an adverse effect on the health of persons;

(ii) the contaminant is known to occur or there is a substantial likelihood that the contaminant will occur in public water systems with a frequency and at levels of public health concern; and

(iii) in the sole judgment of the Administrator, regulation of such contaminant presents a meaningful opportunity for health risk reduction for persons served by public water systems.

(B) REGULATION OF UNREGULATED CONTAMINANTS.—

(i) LISTING OF CONTAMINANTS FOR CONSIDERATION.—(I) Not later than 18 months after the date of enactment of the Safe Drinking Water Act Amendments of 1996 and every 5 years thereafter, the Administrator, after consultation with the scientific community, including the Science Advisory Board, after notice and opportunity for public comment, and after considering the occurrence data base established under section 1445(g), shall publish a list of contaminants which, at the time of publication, are not subject to any proposed or promulgated national primary drinking water regulation, which are known or anticipated to occur in public water systems, and which may require regulation under this title.

(II) The unregulated contaminants considered under subclause (I) shall include, but not be limited to, substances referred to in section 101(14) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, and substances registered as pesticides under the Federal Insecticide, Fungicide, and Rodenticide Act.

(III) The Administrator's decision whether or not to select an unregulated contaminant for a list under this clause shall not be subject to judicial review.

(ii) DETERMINATION TO REGULATE.—(I) Not later than 5 years after the date of enactment of the Safe Drinking Water Act Amendments of 1996, and every

5 years thereafter, the Administrator shall, after notice of the preliminary determination and opportunity for public comment, for not fewer than 5 contaminants included on the list published under clause (i), make determinations of whether or not to regulate such contaminants.

(II) A determination to regulate a contaminant shall be based on findings that the criteria of clauses (i), (ii), and (iii) of subparagraph (A) are satisfied. Such findings shall be based on the best available public health information, including the occurrence data base established under section 1445(g).

(III) The Administrator may make a determination to regulate a contaminant that does not appear on a list under clause (i) if the determination to regulate is made pursuant to subclause (II).

(IV) A determination under this clause not to regulate a contaminant shall be considered final agency action and subject to judicial review.

(iii) REVIEW.—Each document setting forth the determination for a contaminant under clause (ii) shall be available for public comment at such time as the determination is published.

(C) PRIORITIES.—In selecting unregulated contaminants for consideration under subparagraph (B), the Administrator shall select contaminants that present the greatest public health concern. The Administrator, in making such selection, shall take into consideration, among other factors of public health concern, the effect of such contaminants upon subgroups that comprise a meaningful portion of the general population (such as infants, children, pregnant women, the elderly, individuals with a history of serious illness, or other subpopulations) that are identifiable as being at greater risk of adverse health effects due to exposure to contaminants in drinking water than the general population.

(D) URGENT THREATS TO PUBLIC HEALTH.—The Administrator may promulgate an interim national primary drinking water regulation for a contaminant without making a determination for the contaminant under paragraph (4)(C), or completing the analysis under paragraph (3)(C), to address an urgent threat to public health as determined by the Administrator after consultation with and written response to any comments provided by the Secretary of Health and Human Services, acting through the director of the Centers for Disease Control and Prevention or the director of the National Institutes of Health. A determination for any contaminant in accordance with paragraph (4)(C) subject to an interim regulation under this subparagraph shall be issued, and a completed analysis meeting the requirements of paragraph (3)(C) shall be published, not later than 3 years after the date on which the regulation is promulgated and the regulation shall be repromul-

gated, or revised if appropriate, not later than 5 years after that date.

(E) REGULATION.—For each contaminant that the Administrator determines to regulate under subparagraph (B), the Administrator shall publish maximum contaminant level goals and promulgate, by rule, national primary drinking water regulations under this subsection. The Administrator shall propose the maximum contaminant level goal and national primary drinking water regulation for a contaminant not later than 24 months after the determination to regulate under subparagraph (B), and may publish such proposed regulation concurrent with the determination to regulate. The Administrator shall publish a maximum contaminant level goal and promulgate a national primary drinking water regulation within 18 months after the proposal thereof. The Administrator, by notice in the Federal Register, may extend the deadline for such promulgation for up to 9 months.

(F) HEALTH ADVISORIES AND OTHER ACTIONS.—The Administrator may publish health advisories (which are not regulations) or take other appropriate actions for contaminants not subject to any national primary drinking water regulation.

(2) SCHEDULES AND DEADLINES.—

(A) IN GENERAL.—In the case of the contaminants listed in the Advance Notice of Proposed Rulemaking published in volume 47, Federal Register, page 9352, and in volume 48, Federal Register, page 45502, the Administrator shall publish maximum contaminant level goals and promulgate national primary drinking water regulations—

(i) not later than 1 year after June 19, 1986, for not fewer than 9 of the listed contaminants;

(ii) not later than 2 years after June 19, 1986, for not fewer than 40 of the listed contaminants; and

(iii) not later than 3 years after June 19, 1986, for the remainder of the listed contaminants.

(B) SUBSTITUTION OF CONTAMINANTS.—If the Administrator identifies a drinking water contaminant the regulation of which, in the judgment of the Administrator, is more likely to be protective of public health (taking into account the schedule for regulation under subparagraph (A)) than a contaminant referred to in subparagraph (A), the Administrator may publish a maximum contaminant level goal and promulgate a national primary drinking water regulation for the identified contaminant in lieu of regulating the contaminant referred to in subparagraph (A). Substitutions may be made for not more than 7 contaminants referred to in subparagraph (A). Regulation of a contaminant identified under this subparagraph shall be in accordance with the schedule applicable to the contaminant for which the substitution is made.

(C) DISINFECTANTS AND DISINFECTION BYPRODUCTS.—The Administrator shall promulgate an Interim Enhanced Surface Water Treatment Rule, a Final Enhanced Surface

Water Treatment Rule, a Stage I Disinfectants and Disinfection Byproducts Rule, and a Stage II Disinfectants and Disinfection Byproducts Rule in accordance with the schedule published in volume 59, Federal Register, page 6361 (February 10, 1994), in table III.13 of the proposed Information Collection Rule. If a delay occurs with respect to the promulgation of any rule in the schedule referred to in this subparagraph, all subsequent rules shall be completed as expeditiously as practicable but no later than a revised date that reflects the interval or intervals for the rules in the schedule.

(3) RISK ASSESSMENT, MANAGEMENT, AND COMMUNICATION.—

(A) USE OF SCIENCE IN DECISIONMAKING.—In carrying out this section, and, to the degree that an Agency action is based on science, the Administrator shall use—

(i) the best available, peer-reviewed science and supporting studies conducted in accordance with sound and objective scientific practices; and

(ii) data collected by accepted methods or best available methods (if the reliability of the method and the nature of the decision justifies use of the data).

(B) PUBLIC INFORMATION.—In carrying out this section, the Administrator shall ensure that the presentation of information on public health effects is comprehensive, informative, and understandable. The Administrator shall, in a document made available to the public in support of a regulation promulgated under this section, specify, to the extent practicable—

(i) each population addressed by any estimate of public health effects;

(ii) the expected risk or central estimate of risk for the specific populations;

(iii) each appropriate upper-bound or lower-bound estimate of risk;

(iv) each significant uncertainty identified in the process of the assessment of public health effects and studies that would assist in resolving the uncertainty; and

(v) peer-reviewed studies known to the Administrator that support, are directly relevant to, or fail to support any estimate of public health effects and the methodology used to reconcile inconsistencies in the scientific data.

(C) HEALTH RISK REDUCTION AND COST ANALYSIS.—

(i) MAXIMUM CONTAMINANT LEVELS.—When proposing any national primary drinking water regulation that includes a maximum contaminant level, the Administrator shall, with respect to a maximum contaminant level that is being considered in accordance with paragraph (4) and each alternative maximum contaminant level that is being considered pursuant to paragraph (5) or (6)(A), publish, seek public comment on,

and use for the purposes of paragraphs (4), (5), and (6) an analysis of each of the following:

(I) Quantifiable and nonquantifiable health risk reduction benefits for which there is a factual basis in the rulemaking record to conclude that such benefits are likely to occur as the result of treatment to comply with each level.

(II) Quantifiable and nonquantifiable health risk reduction benefits for which there is a factual basis in the rulemaking record to conclude that such benefits are likely to occur from reductions in co-occurring contaminants that may be attributed solely to compliance with the maximum contaminant level, excluding benefits resulting from compliance with other proposed or promulgated regulations.

(III) Quantifiable and nonquantifiable costs for which there is a factual basis in the rulemaking record to conclude that such costs are likely to occur solely as a result of compliance with the maximum contaminant level, including monitoring, treatment, and other costs and excluding costs resulting from compliance with other proposed or promulgated regulations.

(IV) The incremental costs and benefits associated with each alternative maximum contaminant level considered.

(V) The effects of the contaminant on the general population and on groups within the general population such as infants, children, pregnant women, the elderly, individuals with a history of serious illness, or other subpopulations that are identified as likely to be at greater risk of adverse health effects due to exposure to contaminants in drinking water than the general population.

(VI) Any increased health risk that may occur as the result of compliance, including risks associated with co-occurring contaminants.

(VII) Other relevant factors, including the quality and extent of the information, the uncertainties in the analysis supporting subclauses (I) through (VI), and factors with respect to the degree and nature of the risk.

(ii) TREATMENT TECHNIQUES.—When proposing a national primary drinking water regulation that includes a treatment technique in accordance with paragraph (7)(A), the Administrator shall publish and seek public comment on an analysis of the health risk reduction benefits and costs likely to be experienced as the result of compliance with the treatment technique and alternative treatment techniques that are being considered, taking into account, as appropriate, the factors described in clause (i).

(iii) APPROACHES TO MEASURE AND VALUE BENEFITS.—The Administrator may identify valid approaches for the measurement and valuation of benefits under this subparagraph, including approaches to identify consumer willingness to pay for reductions in health risks from drinking water contaminants.

(iv) AUTHORIZATION.—There are authorized to be appropriated to the Administrator, acting through the Office of Ground Water and Drinking Water, to conduct studies, assessments, and analyses in support of regulations or the development of methods, $35,000,000 for each of fiscal years 1996 through 2003.

(4) GOALS AND STANDARDS.—

(A) MAXIMUM CONTAMINANT LEVEL GOALS.—Each maximum contaminant level goal established under this subsection shall be set at the level at which no known or anticipated adverse effects on the health of persons occur and which allows an adequate margin of safety.

(B) MAXIMUM CONTAMINANT LEVELS.—Except as provided in paragraphs (5) and (6), each national primary drinking water regulation for a contaminant for which a maximum contaminant level goal is established under this subsection shall specify a maximum contaminant level for such contaminant which is as close to the maximum contaminant level goal as is feasible.

(C) DETERMINATION.—At the time the Administrator proposes a national primary drinking water regulation under this paragraph, the Administrator shall publish a determination as to whether the benefits of the maximum contaminant level justify, or do not justify, the costs based on the analysis conducted under paragraph (3)(C).

(D) DEFINITION OF FEASIBLE.—For the purposes of this subsection, the term "feasible" means feasible with the use of the best technology, treatment techniques and other means which the Administrator finds, after examination for efficacy under field conditions and not solely under laboratory conditions, are available (taking cost into consideration). For the purpose of this paragraph, granular activated carbon is feasible for the control of synthetic organic chemicals, and any technology, treatment technique, or other means found to be the best available for the control of synthetic organic chemicals must be at least as effective in controlling synthetic organic chemicals as granular activated carbon.

(E) FEASIBLE TECHNOLOGIES.—

(i) IN GENERAL.—Each national primary drinking water regulation which establishes a maximum contaminant level shall list the technology, treatment techniques, and other means which the Administrator finds to be feasible for purposes of meeting such maximum contaminant level, but a regulation under this subsection shall not require that any specified technology, treatment technique, or other means be used

for purposes of meeting such maximum contaminant level.

(ii) LIST OF TECHNOLOGIES FOR SMALL SYSTEMS.—The Administrator shall include in the list any technology, treatment technique, or other means that is affordable, as determined by the Administrator in consultation with the States, for small public water systems serving—

(I) a population of 10,000 or fewer but more than 3,300;

(II) a population of 3,300 or fewer but more than 500; and

(III) a population of 500 or fewer but more than 25;

and that achieves compliance with the maximum contaminant level or treatment technique, including packaged or modular systems and point-of-entry or point-of-use treatment units. Point-of-entry and point-of-use treatment units shall be owned, controlled and maintained by the public water system or by a person under contract with the public water system to ensure proper operation and maintenance and compliance with the maximum contaminant level or treatment technique and equipped with mechanical warnings to ensure that customers are automatically notified of operational problems. The Administrator shall not include in the list any point-of-use treatment technology, treatment technique, or other means to achieve compliance with a maximum contaminant level or treatment technique requirement for a microbial contaminant (or an indicator of a microbial contaminant). If the American National Standards Institute has issued product standards applicable to a specific type of point-of-entry or point-of-use treatment unit, individual units of that type shall not be accepted for compliance with a maximum contaminant level or treatment technique requirement unless they are independently certified in accordance with such standards. In listing any technology, treatment technique, or other means pursuant to this clause, the Administrator shall consider the quality of the source water to be treated.

(iii) LIST OF TECHNOLOGIES THAT ACHIEVE COMPLIANCE.—Except as provided in clause (v), not later than 2 years after the date of enactment of this clause and after consultation with the States, the Administrator shall issue a list of technologies that achieve compliance with the maximum contaminant level or treatment technique for each category of public water systems described in subclauses (I), (II), and (III) of clause (ii) for each national primary drinking water regulation promulgated prior to the date of enactment of this paragraph.

(iv) ADDITIONAL TECHNOLOGIES.—The Administrator may, at any time after a national primary

drinking water regulation has been promulgated, supplement the list of technologies describing additional or new or innovative treatment technologies that meet the requirements of this paragraph for categories of small public water systems described in subclauses (I), (II), and (III) of clause (ii) that are subject to the regulation.

(v) TECHNOLOGIES THAT MEET SURFACE WATER TREATMENT RULE.—Within one year after the date of enactment of this clause, the Administrator shall list technologies that meet the Surface Water Treatment Rule for each category of public water systems described in subclauses (I), (II), and (III) of clause (ii).

(5) ADDITIONAL HEALTH RISK CONSIDERATIONS.—

(A) IN GENERAL.—Notwithstanding paragraph (4), the Administrator may establish a maximum contaminant level for a contaminant at a level other than the feasible level, if the technology, treatment techniques, and other means used to determine the feasible level would result in an increase in the health risk from drinking water by—

(i) increasing the concentration of other contaminants in drinking water; or

(ii) interfering with the efficacy of drinking water treatment techniques or processes that are used to comply with other national primary drinking water regulations.

(B) ESTABLISHMENT OF LEVEL.—If the Administrator establishes a maximum contaminant level or levels or requires the use of treatment techniques for any contaminant or contaminants pursuant to the authority of this paragraph—

(i) the level or levels or treatment techniques shall minimize the overall risk of adverse health effects by balancing the risk from the contaminant and the risk from other contaminants the concentrations of which may be affected by the use of a treatment technique or process that would be employed to attain the maximum contaminant level or levels; and

(ii) the combination of technology, treatment techniques, or other means required to meet the level or levels shall not be more stringent than is feasible (as defined in paragraph (4)(D)).

(6) ADDITIONAL HEALTH RISK REDUCTION AND COST CONSIDERATIONS.—

(A) IN GENERAL.—Notwithstanding paragraph (4), if the Administrator determines based on an analysis conducted under paragraph (3)(C) that the benefits of a maximum contaminant level promulgated in accordance with paragraph (4) would not justify the costs of complying with the level, the Administrator may, after notice and opportunity for public comment, promulgate a maximum contaminant level for the contaminant that maximizes health risk reduction benefits at a cost that is justified by the benefits.

(B) EXCEPTION.—The Administrator shall not use the authority of this paragraph to promulgate a maximum contaminant level for a contaminant, if the benefits of compliance with a national primary drinking water regulation for the contaminant that would be promulgated in accordance with paragraph (4) experienced by—

(i) persons served by large public water systems; and

(ii) persons served by such other systems as are unlikely, based on information provided by the States, to receive a variance under section 1415(e) (relating to small system variances);

would justify the costs to the systems of complying with the regulation. This subparagraph shall not apply if the contaminant is found almost exclusively in small systems eligible under section 1415(e) for a small system variance.

(C) DISINFECTANTS AND DISINFECTION BYPRODUCTS.—The Administrator may not use the authority of this paragraph to establish a maximum contaminant level in a Stage I or Stage II national primary drinking water regulation (as described in paragraph (2)(C)) for contaminants that are disinfectants or disinfection byproducts, or to establish a maximum contaminant level or treatment technique requirement for the control of cryptosporidium. The authority of this paragraph may be used to establish regulations for the use of disinfection by systems relying on ground water sources as required by paragraph (8).

(D) JUDICIAL REVIEW.—A determination by the Administrator that the benefits of a maximum contaminant level or treatment requirement justify or do not justify the costs of complying with the level shall be reviewed by the court pursuant to section 1448 only as part of a review of a final national primary drinking water regulation that has been promulgated based on the determination and shall not be set aside by the court under that section unless the court finds that the determination is arbitrary and capricious.

(7)(A)[1] The Administrator is authorized to promulgate a national primary drinking water regulation that requires the use of a treatment technique in lieu of establishing a maximum contaminant level, if the Administrator makes a finding that it is not economically or technologically feasible to ascertain the level of the contaminant. In such case, the Administrator shall identify those treatment techniques which, in the Administrator's judgment, would prevent known or anticipated adverse effects on the health of persons to the extent feasible. Such regulations shall specify each treatment technique known to the Administrator which meets the requirements of this paragraph, but the Administrator may grant a variance from any specified treatment technique in accordance with section 1415(a)(3).

(B) Any schedule referred to in this subsection for the promulgation of a national primary drinking water regulation for any contaminant shall apply in the same manner if the regulation requires

[1] So in law. Indentation is incorrect.

a treatment technique in lieu of establishing a maximum contaminant level.

(C)(i) Not later than 18 months after the enactment of the Safe Drinking Water Act Amendments of 1986, the Administrator shall propose and promulgate national primary drinking water regulations specifying criteria under which filtration (including coagulation and sedimentation, as appropriate) is required as a treatment technique for public water systems supplied by surface water sources. In promulgating such rules, the Administrator shall consider the quality of source waters, protection afforded by watershed management, treatment practices (such as disinfection and length of water storage) and other factors relevant to protection of health.

(ii) In lieu of the provisions of section 1415 the Administrator shall specify procedures by which the State determines which public water systems within its jurisdiction shall adopt filtration under the criteria of clause (i). The State may require the public water system to provide studies or other information to assist in this determination. The procedures shall provide notice and opportunity for public hearing on this determination. If the State determines that filtration is required, the State shall prescribe a schedule for compliance by the public water system with the filtration requirement. A schedule shall require compliance within 18 months of a determination made under clause (iii).

(iii) Within 18 months from the time that the Administrator establishes the criteria and procedures under this subparagraph, a State with primary enforcement responsibility shall adopt any necessary regulations to implement this subparagraph. Within 12 months of adoption of such regulations the State shall make determinations regarding filtration for all the public water systems within its jurisdiction supplied by surface waters.

(iv) If a State does not have primary enforcement responsibility for public water systems, the Administrator shall have the same authority to make the determination in clause (ii) in such State as the State would have under that clause. Any filtration requirement or schedule under this subparagraph shall be treated as if it were a requirement of a national primary drinking water regulation.

(v) As an additional alternative to the regulations promulgated pursuant to clauses (i) and (iii), including the criteria for avoiding filtration contained in 40 CFR 141.71, a State exercising primary enforcement responsibility for public water systems may, on a case-by-case basis, and after notice and opportunity for public comment, establish treatment requirements as an alternative to filtration in the case of systems having uninhabited, undeveloped watersheds in consolidated ownership, and having control over access to, and activities in, those watersheds, if the State determines (and the Administrator concurs) that the quality of the source water and the alternative treatment requirements established by the State ensure greater removal or inactivation efficiencies of pathogenic organisms for which national primary drinking water regulations have been promulgated or that are of public health concern than would be achieved by the combination of filtration and chlorine disinfection (in compliance with this section).

(8) DISINFECTION.—At any time after the end of the 3-year period that begins on the date of enactment of the Safe Drink-

ing Water Act Amendments of 1996, but not later than the date on which the Administrator promulgates a Stage II rulemaking for disinfectants and disinfection byproducts (as described in paragraph (2)(C)), the Administrator shall also promulgate national primary drinking water regulations requiring disinfection as a treatment technique for all public water systems, including surface water systems and, as necessary, ground water systems. After consultation with the States, the Administrator shall (as part of the regulations) promulgate criteria that the Administrator, or a State that has primary enforcement responsibility under section 1413, shall apply to determine whether disinfection shall be required as a treatment technique for any public water system served by ground water. The Administrator shall simultaneously promulgate a rule specifying criteria that will be used by the Administrator (or delegated State authorities) to grant variances from this requirement according to the provisions of sections 1415(a)(1)(B) and 1415(a)(3). In implementing section 1442(e) the Administrator or the delegated State authority shall, where appropriate, give special consideration to providing technical assistance to small public water systems in complying with the regulations promulgated under this paragraph.

(9) REVIEW AND REVISION.—The Administrator shall, not less often than every 6 years, review and revise, as appropriate, each national primary drinking water regulation promulgated under this title. Any revision of a national primary drinking water regulation shall be promulgated in accordance with this section, except that each revision shall maintain, or provide for greater, protection of the health of persons.

(10) EFFECTIVE DATE.—A national primary drinking water regulation promulgated under this section (and any amendment thereto) shall take effect on the date that is 3 years after the date on which the regulation is promulgated unless the Administrator determines that an earlier date is practicable, except that the Administrator, or a State (in the case of an individual system), may allow up to 2 additional years to comply with a maximum contaminant level or treatment technique if the Administrator or State (in the case of an individual system) determines that additional time is necessary for capital improvements.

(11) No national primary drinking water regulation may require the addition of any substance for preventive health care purposes unrelated to contamination of drinking water.

(12) CERTAIN CONTAMINANTS.—

(A) ARSENIC.—

(i) SCHEDULE AND STANDARD.—Notwithstanding the deadlines set forth in paragraph (1), the Administrator shall promulgate a national primary drinking water regulation for arsenic pursuant to this subsection, in accordance with the schedule established by this paragraph.

(ii) STUDY PLAN.—Not later than 180 days after the date of enactment of this paragraph, the Administrator shall develop a comprehensive plan for study in

support of drinking water rulemaking to reduce the uncertainty in assessing health risks associated with exposure to low levels of arsenic. In conducting such study, the Administrator shall consult with the National Academy of Sciences, other Federal agencies, and interested public and private entities.

(iii) COOPERATIVE AGREEMENTS.—In carrying out the study plan, the Administrator may enter into cooperative agreements with other Federal agencies, State and local governments, and other interested public and private entities.

(iv) PROPOSED REGULATIONS.—The Administrator shall propose a national primary drinking water regulation for arsenic not later than January 1, 2000.

(v) FINAL REGULATIONS.—Not later than January 1, 2001, after notice and opportunity for public comment, the Administrator shall promulgate a national primary drinking water regulation for arsenic.

(vi) AUTHORIZATION.—There are authorized to be appropriated $2,500,000 for each of fiscal years 1997 through 2000 for the studies required by this paragraph.

(B) SULFATE.—

(i) ADDITIONAL STUDY.—Prior to promulgating a national primary drinking water regulation for sulfate, the Administrator and the Director of the Centers for Disease Control and Prevention shall jointly conduct an additional study to establish a reliable dose-response relationship for the adverse human health effects that may result from exposure to sulfate in drinking water, including the health effects that may be experienced by groups within the general population (including infants and travelers) that are potentially at greater risk of adverse health effects as the result of such exposure. The study shall be conducted in consultation with interested States, shall be based on the best available, peer-reviewed science and supporting studies conducted in accordance with sound and objective scientific practices, and shall be completed not later than 30 months after the date of enactment of the Safe Drinking Water Act Amendments of 1996.

(ii)[1] DETERMINATION.—The Administrator shall include sulfate among the 5 or more contaminants for which a determination is made pursuant to paragraph (3)(B) not later than 5 years after the date of enactment of the Safe Drinking Water Act Amendments of 1996.

(iii)[1] PROPOSED AND FINAL RULE.—Notwithstanding the deadlines set forth in paragraph (2), the Administrator may, pursuant to the authorities of this subsection and after notice and opportunity for public comment, promulgate a final national primary drinking water regulation for

[1] So in law. Indentation is incorrect.

sulfate. Any such regulation shall include requirements for public notification and options for the provision of alternative water supplies to populations at risk as a means of complying with the regulation in lieu of a best available treatment technology or other means.

(13) RADON IN DRINKING WATER.—

(A) NATIONAL PRIMARY DRINKING WATER REGULATION.—Notwithstanding paragraph (2), the Administrator shall withdraw any national primary drinking water regulation for radon proposed prior to the date of enactment of this paragraph and shall propose and promulgate a regulation for radon under this section, as amended by the Safe Drinking Water Act Amendments of 1996.

(B) RISK ASSESSMENT AND STUDIES.—

(i) ASSESSMENT BY NAS.—Prior to proposing a national primary drinking water regulation for radon, the Administrator shall arrange for the National Academy of Sciences to prepare a risk assessment for radon in drinking water using the best available science in accordance with the requirements of paragraph (3). The risk assessment shall consider each of the risks associated with exposure to radon from drinking water and consider studies on the health effects of radon at levels and under conditions likely to be experienced through residential exposure. The risk assessment shall be peer-reviewed.

(ii) STUDY OF OTHER MEASURES.—The Administrator shall arrange for the National Academy of Sciences to prepare an assessment of the health risk reduction benefits associated with various mitigation measures to reduce radon levels in indoor air. The assessment may be conducted as part of the risk assessment authorized by clause (i) and shall be used by the Administrator to prepare the guidance and approve State programs under subparagraph (G).

(iii) OTHER ORGANIZATION.—If the National Academy of Sciences declines to prepare the risk assessment or studies required by this subparagraph, the Administrator shall enter into a contract or cooperative agreement with another independent, scientific organization to prepare such assessments or studies.

(C) HEALTH RISK REDUCTION AND COST ANALYSIS.—Not later than 30 months after the date of enactment of this paragraph, the Administrator shall publish, and seek public comment on, a health risk reduction and cost analysis meeting the requirements of paragraph (3)(C) for potential maximum contaminant levels that are being considered for radon in drinking water. The Administrator shall include a response to all significant public comments received on the analysis with the preamble for the proposed rule published under subparagraph (D).

(D) PROPOSED REGULATION.—Not later than 36 months after the date of enactment of this paragraph, the Administrator shall propose a maximum contaminant level goal

and a national primary drinking water regulation for radon pursuant to this section.

(E) FINAL REGULATION.—Not later than 12 months after the date of the proposal under subparagraph (D), the Administrator shall publish a maximum contaminant level goal and promulgate a national primary drinking water regulation for radon pursuant to this section based on the risk assessment prepared pursuant to subparagraph (B) and the health risk reduction and cost analysis published pursuant to subparagraph (C). In considering the risk assessment and the health risk reduction and cost analysis in connection with the promulgation of such a standard, the Administrator shall take into account the costs and benefits of control programs for radon from other sources.

(F) ALTERNATIVE MAXIMUM CONTAMINANT LEVEL.—If the maximum contaminant level for radon in drinking water promulgated pursuant to subparagraph (E) is more stringent than necessary to reduce the contribution to radon in indoor air from drinking water to a concentration that is equivalent to the national average concentration of radon in outdoor air, the Administrator shall, simultaneously with the promulgation of such level, promulgate an alternative maximum contaminant level for radon that would result in a contribution of radon from drinking water to radon levels in indoor air equivalent to the national average concentration of radon in outdoor air. If the Administrator promulgates an alternative maximum contaminant level under this subparagraph, the Administrator shall, after notice and opportunity for public comment and in consultation with the States, publish guidelines for State programs, including criteria for multimedia measures to mitigate radon levels in indoor air, to be used by the States in preparing programs under subparagraph (G). The guidelines shall take into account data from existing radon mitigation programs and the assessment of mitigation measures prepared under subparagraph (B).

(G) MULTIMEDIA RADON MITIGATION PROGRAMS.—

(i) IN GENERAL.—A State may develop and submit a multimedia program to mitigate radon levels in indoor air for approval by the Administrator under this subparagraph. If, after notice and the opportunity for public comment, such program is approved by the Administrator, public water systems in the State may comply with the alternative maximum contaminant level promulgated under subparagraph (F) in lieu of the maximum contaminant level in the national primary drinking water regulation promulgated under subparagraph (E).

(ii) ELEMENTS OF PROGRAMS.—State programs may rely on a variety of mitigation measures including public education, testing, training, technical assistance, remediation grant and loan or incentive programs, or other regulatory or nonregulatory measures. The effectiveness of elements in State programs shall

be evaluated by the Administrator based on the assessment prepared by the National Academy of Sciences under subparagraph (B) and the guidelines published by the Administrator under subparagraph (F).

(iii) APPROVAL.—The Administrator shall approve a State program submitted under this paragraph if the health risk reduction benefits expected to be achieved by the program are equal to or greater than the health risk reduction benefits that would be achieved if each public water system in the State complied with the maximum contaminant level promulgated under subparagraph (E). The Administrator shall approve or disapprove a program submitted under this paragraph within 180 days of receipt. A program that is not disapproved during such period shall be deemed approved. A program that is disapproved may be modified to address the objections of the Administrator and be resubmitted for approval.

(iv) REVIEW.—The Administrator shall periodically, but not less often than every 5 years, review each multimedia mitigation program approved under this subparagraph to determine whether it continues to meet the requirements of clause (iii) and shall, after written notice to the State and an opportunity for the State to correct any deficiency in the program, withdraw approval of programs that no longer comply with such requirements.

(v) EXTENSION.—If, within 90 days after the promulgation of an alternative maximum contaminant level under subparagraph (F), the Governor of a State submits a letter to the Administrator committing to develop a multimedia mitigation program under this subparagraph, the effective date of the national primary drinking water regulation for radon in the State that would be applicable under paragraph (10) shall be extended for a period of 18 months.

(vi) LOCAL PROGRAMS.—In the event that a State chooses not to submit a multimedia mitigation program for approval under this subparagraph or has submitted a program that has been disapproved, any public water system in the State may submit a program for approval by the Administrator according to the same criteria, conditions, and approval process that would apply to a State program. The Administrator shall approve a multimedia mitigation program if the health risk reduction benefits expected to be achieved by the program are equal to or greater than the health risk reduction benefits that would result from compliance by the public water system with the maximum contaminant level for radon promulgated under subparagraph (E).

(14) RECYCLING OF FILTER BACKWASH.—The Administrator shall promulgate a regulation to govern the recycling of filter

backwash water within the treatment process of a public water system. The Administrator shall promulgate such regulation not later than 4 years after the date of enactment of the Safe Drinking Water Act Amendments of 1996 unless such recycling has been addressed by the Administrator's Enhanced Surface Water Treatment Rule prior to such date.

(15) VARIANCE TECHNOLOGIES.—

(A) IN GENERAL.—At the same time as the Administrator promulgates a national primary drinking water regulation for a contaminant pursuant to this section, the Administrator shall issue guidance or regulations describing the best treatment technologies, treatment techniques, or other means (referred to in this paragraph as "variance technology") for the contaminant that the Administrator finds, after examination for efficacy under field conditions and not solely under laboratory conditions, are available and affordable, as determined by the Administrator in consultation with the States, for public water systems of varying size, considering the quality of the source water to be treated. The Administrator shall identify such variance technologies for public water systems serving—

(i) a population of 10,000 or fewer but more than 3,300;

(ii) a population of 3,300 or fewer but more than 500; and

(iii) a population of 500 or fewer but more than 25,

if, considering the quality of the source water to be treated, no treatment technology is listed for public water systems of that size under paragraph (4)(E). Variance technologies identified by the Administrator pursuant to this paragraph may not achieve compliance with the maximum contaminant level or treatment technique requirement of such regulation, but shall achieve the maximum reduction or inactivation efficiency that is affordable considering the size of the system and the quality of the source water. The guidance or regulations shall not require the use of a technology from a specific manufacturer or brand.

(B) LIMITATION.—The Administrator shall not identify any variance technology under this paragraph, unless the Administrator has determined, considering the quality of the source water to be treated and the expected useful life of the technology, that the variance technology is protective of public health.

(C) ADDITIONAL INFORMATION.—The Administrator shall include in the guidance or regulations identifying variance technologies under this paragraph any assumptions supporting the public health determination referred to in subparagraph (B), where such assumptions concern the public water system to which the technology may be applied, or its source waters. The Administrator shall provide any assumptions used in determining affordability, taking into consideration the number of persons served by such systems. The Administrator shall provide as much re-

liable information as practicable on performance, effectiveness, limitations, costs, and other relevant factors including the applicability of variance technology to waters from surface and underground sources.

(D) REGULATIONS AND GUIDANCE.—Not later than 2 years after the date of enactment of this paragraph and after consultation with the States, the Administrator shall issue guidance or regulations under subparagraph (A) for each national primary drinking water regulation promulgated prior to the date of enactment of this paragraph for which a variance may be granted under section 1415(e). The Administrator may, at any time after a national primary drinking water regulation has been promulgated, issue guidance or regulations describing additional variance technologies. The Administrator shall, not less often than every 7 years, or upon receipt of a petition supported by substantial information, review variance technologies identified under this paragraph. The Administrator shall issue revised guidance or regulations if new or innovative variance technologies become available that meet the requirements of this paragraph and achieve an equal or greater reduction or inactivation efficiency than the variance technologies previously identified under this subparagraph. No public water system shall be required to replace a variance technology during the useful life of the technology for the sole reason that a more efficient variance technology has been listed under this subparagraph.

(c) The Administrator shall publish proposed national secondary drinking water regulations within 270 days after the date of enactment of this title. Within 90 days after publication of any such regulation, he shall promulgate such regulation with such modifications as he deems appropriate. Regulations under this subsection may be amended from time to time.

(d) Regulations under this section shall be prescribed in accordance with section 553 of title 5, United States Code (relating to rulemaking), except that the Administrator shall provide opportunity for public hearing prior to promulgation of such regulations. In proposing and promulgating regulations under this section, the Administrator shall consult with the Secretary and the National Drinking Water Advisory Council.

(e) The Administrator shall request comments from the Science Advisory Board (established under the Environmental Research, Development, and Demonstration Act of 1978) prior to proposal of a maximum contaminant level goal and national primary drinking water regulation. The Board shall respond, as it deems appropriate, within the time period applicable for promulgation of the national primary drinking water standard concerned. This subsection shall, under no circumstances, be used to delay final promulgation of any national primary drinking water standard.

[42 U.S.C. 300g–1]

STATE PRIMARY ENFORCEMENT RESPONSIBILITY

SEC. 1413. (a) For purposes of this title, a State has primary enforcement responsibility for public water systems during any period for which the Administrator determines (pursuant to regulations prescribed under subsection (b)) that such State—

(1) has adopted drinking water regulations that are no less stringent than the national primary drinking water regulations promulgated by the Administrator under subsections (a) and (b) of section 1412 not later than 2 years after the date on which the regulations are promulgated by the Administrator, except that the Administrator may provide for an extension of not more than 2 years if, after submission and review of appropriate, adequate documentation from the State, the Administrator determines that the extension is necessary and justified;

(2) has adopted and is implementing adequate procedures for the enforcement of such State regulations, including conducting such monitoring and making such inspections as the Administrator may require by regulation;

(3) will keep such records and make such reports with respect to its activities under paragraphs (1) and (2) as the Administrator may require by regulation;

(4) if it permits variances or exemptions, or both, from the requirements of its drinking water regulations which meet the requirements of paragraph (1), permits such variances and exemptions under conditions and in a manner which is not less stringent than the conditions under, and the manner in, which variances and exemptions may be granted under sections 1415 and 1416;

(5) has adopted and can implement an adequate plan for the provision of safe drinking water under emergency circumstances including earthquakes, floods, hurricanes, and other natural disasters, as appropriate; and

(6) has adopted authority for administrative penalties (unless the constitution of the State prohibits the adoption of the authority) in a maximum amount—

(A) in the case of a system serving a population of more than 10,000, that is not less than $1,000 per day per violation; and

(B) in the case of any other system, that is adequate to ensure compliance (as determined by the State);

except that a State may establish a maximum limitation on the total amount of administrative penalties that may be imposed on a public water system per violation.

(b)(1) The Administrator shall, by regulation (proposed within 180 days of the date of the enactment of this title), prescribe the manner in which a State may apply to the Administrator for a determination that the requirements of paragraphs (1), (2), (3), and (4) of subsection (a) are satisfied with respect to the State, the manner in which the determination is made, the period for which the determination will be effective, and the manner in which the Administrator may determine that such requirements are no longer met. Such regulations shall require that before a determination of the Administrator that such requirements are met or are no longer

met with respect to a State may become effective, the Administrator shall notify such State of the determination and the reasons therefor and shall provide an opportunity for public hearing on the determination. Such regulations shall be promulgated (with such modifications as the Administrator deems appropriate) within 90 days of the publication of the proposed regulations in the Federal Register. The Administrator shall promptly notify in writing the chief executive officer of each State of the promulgation of regulations under this paragraph. Such notice shall contain a copy of the regulations and shall specify a State's authority under this title when it is determined to have primary enforcement responsibility for public water systems.

(2) When an application is submitted in accordance with the Administrator's regulations under paragraph (1), the Administrator shall within 90 days of the date on which such application is submitted (A) make the determination applied for, or (B) deny the application and notify the applicant in writing of the reasons for his denial.

(c) INTERIM PRIMARY ENFORCEMENT AUTHORITY.—A State that has primary enforcement authority under this section with respect to each existing national primary drinking water regulation shall be considered to have primary enforcement authority with respect to each new or revised national primary drinking water regulation during the period beginning on the effective date of a regulation adopted and submitted by the State with respect to the new or revised national primary drinking water regulation in accordance with subsection (b)(1) and ending at such time as the Administrator makes a determination under subsection (b)(2)(B) with respect to the regulation.

[42 U.S.C. 300g–2]

ENFORCEMENT OF DRINKING WATER REGULATIONS

SEC. 1414. (a)(1)(A) Whenever the Administrator finds during a period during which a State has primary enforcement responsibility for public water systems (within the meaning of section 1413(a)) that any public water system—

(i) for which a variance under section 1415 or an exemption under section 1416 is not in effect, does not comply with any applicable requirement, or

(ii) for which a variance under section 1415 or an exemption under section 1416 is in effect, does not comply with any schedule or other requirement imposed pursuant thereto,

he shall so notify the State and such public water system and provide such advice and technical assistance to such State and public water system as may be appropriate to bring the system into compliance with the requirement by the earliest feasible time.

(B) If, beyond the thirtieth day after the Administrator's notification under subparagraph (A), the State has not commenced appropriate enforcement action, the Administrator shall issue an order under subsection (g) requiring the public water system to comply with such applicable requirement or the Administrator shall commence a civil action under subsection (b).

(2) ENFORCEMENT IN NONPRIMACY STATES.—

(A) IN GENERAL.—If, on the basis of information available to the Administrator, the Administrator finds, with respect to a period in which a State does not have primary enforcement responsibility for public water systems, that a public water system in the State—

(i) for which a variance under section 1415 or an exemption under section 1416 is not in effect, does not comply with any applicable requirement; or

(ii) for which a variance under section 1415 or an exemption under section 1416 is in effect, does not comply with any schedule or other requirement imposed pursuant to the variance or exemption;

the Administrator shall issue an order under subsection (g) requiring the public water system to comply with the requirement, or commence a civil action under subsection (b).

(B) NOTICE.—If the Administrator takes any action pursuant to this paragraph, the Administrator shall notify an appropriate local elected official, if any, with jurisdiction over the public water system of the action prior to the time that the action is taken.

(b) The Administrator may bring a civil action in the appropriate United States district court to require compliance with any applicable requirement, with an order issued under subsection (g), or with any schedule or other requirement imposed pursuant to a variance or exemption granted under section 1415 or 1416 if—

(1) authorized under paragraph (1) or (2) of subsection (a), or

(2) if requested by (A) the chief executive officer of the State in which is located the public water system which is not in compliance with such regulation or requirement, or (B) the agency of such State which has jurisdiction over compliance by public water systems in the State with national primary drinking water regulations or State drinking water regulations.

The court may enter, in an action brought under this subsection, such judgment as protection of public health may require, taking into consideration the time necessary to comply and the availability of alternative water supplies; and, if the court determines that there has been a violation of the regulation or schedule or other requirement with respect to which the action was brought, the court may, taking into account the seriousness of the violation, the population at risk, and other appropriate factors, impose on the violator a civil penalty of not to exceed $25,000 for each day in which such violation occurs.

(c) NOTICE TO PERSONS SERVED.—

(1) IN GENERAL.—Each owner or operator of a public water system shall give notice of each of the following to the persons served by the system:

(A) Notice of any failure on the part of the public water system to—

(i) comply with an applicable maximum contaminant level or treatment technique requirement of, or a testing procedure prescribed by, a national primary drinking water regulation; or

(ii) perform monitoring required by section 1445(a).

(B) If the public water system is subject to a variance granted under subsection (a)(1)(A), (a)(2), or (e) of section 1415 for an inability to meet a maximum contaminant level requirement or is subject to an exemption granted under section 1416, notice of—

(i) the existence of the variance or exemption; and

(ii) any failure to comply with the requirements of any schedule prescribed pursuant to the variance or exemption.

(C) Notice of the concentration level of any unregulated contaminant for which the Administrator has required public notice pursuant to paragraph (2)(E).

(2) FORM, MANNER, AND FREQUENCY OF NOTICE.—

(A) IN GENERAL.—The Administrator shall, by regulation, and after consultation with the States, prescribe the manner, frequency, form, and content for giving notice under this subsection. The regulations shall—

(i) provide for different frequencies of notice based on the differences between violations that are intermittent or infrequent and violations that are continuous or frequent; and

(ii) take into account the seriousness of any potential adverse health effects that may be involved.

(B) STATE REQUIREMENTS.—

(i) IN GENERAL.—A State may, by rule, establish alternative notification requirements—

(I) with respect to the form and content of notice given under and in a manner in accordance with subparagraph (C); and

(II) with respect to the form and content of notice given under subparagraph (D).

(ii) CONTENTS.—The alternative requirements shall provide the same type and amount of information as required pursuant to this subsection and regulations issued under subparagraph (A).

(iii) RELATIONSHIP TO SECTION 1413.—Nothing in this subparagraph shall be construed or applied to modify the requirements of section 1413.

(C) VIOLATIONS WITH POTENTIAL TO HAVE SERIOUS ADVERSE EFFECTS ON HUMAN HEALTH.—Regulations issued under subparagraph (A) shall specify notification procedures for each violation by a public water system that has the potential to have serious adverse effects on human health as a result of short-term exposure. Each notice of violation provided under this subparagraph shall—

(i) be distributed as soon as practicable after the occurrence of the violation, but not later than 24 hours after the occurrence of the violation;

(ii) provide a clear and readily understandable explanation of—

(I) the violation;

(II) the potential adverse effects on human health;

(III) the steps that the public water system is taking to correct the violation; and

(IV) the necessity of seeking alternative water supplies until the violation is corrected;

(iii) be provided to the Administrator or the head of the State agency that has primary enforcement responsibility under section 1413 as soon as practicable, but not later than 24 hours after the occurrence of the violation; and

(iv) as required by the State agency in general regulations of the State agency, or on a case-by-case basis after the consultation referred to in clause (iii), considering the health risks involved—

(I) be provided to appropriate broadcast media;

(II) be prominently published in a newspaper of general circulation serving the area not later than 1 day after distribution of a notice pursuant to clause (i) or the date of publication of the next issue of the newspaper; or

(III) be provided by posting or door-to-door notification in lieu of notification by means of broadcast media or newspaper.

(D) WRITTEN NOTICE.—

(i) IN GENERAL.—Regulations issued under subparagraph (A) shall specify notification procedures for violations other than the violations covered by subparagraph (C). The procedures shall specify that a public water system shall provide written notice to each person served by the system by notice (I) in the first bill (if any) prepared after the date of occurrence of the violation, (II) in an annual report issued not later than 1 year after the date of occurrence of the violation, or (III) by mail or direct delivery as soon as practicable, but not later than 1 year after the date of occurrence of the violation.

(ii) FORM AND MANNER OF NOTICE.—The Administrator shall prescribe the form and manner of the notice to provide a clear and readily understandable explanation of the violation, any potential adverse health effects, and the steps that the system is taking to seek alternative water supplies, if any, until the violation is corrected.

(E) UNREGULATED CONTAMINANTS.—The Administrator may require the owner or operator of a public water system to give notice to the persons served by the system of the concentration levels of an unregulated contaminant required to be monitored under section 1445(a).

(3) REPORTS.—

(A) ANNUAL REPORT BY STATE.—

(i) IN GENERAL.—Not later than January 1, 1998, and annually thereafter, each State that has primary

enforcement responsibility under section 1413 shall prepare, make readily available to the public, and submit to the Administrator an annual report on violations of national primary drinking water regulations by public water systems in the State, including violations with respect to (I) maximum contaminant levels, (II) treatment requirements, (III) variances and exemptions, and (IV) monitoring requirements determined to be significant by the Administrator after consultation with the States.

(ii) DISTRIBUTION.—The State shall publish and distribute summaries of the report and indicate where the full report is available for review.

(B) ANNUAL REPORT BY ADMINISTRATOR.—Not later than July 1, 1998, and annually thereafter, the Administrator shall prepare and make available to the public an annual report summarizing and evaluating reports submitted by States pursuant to subparagraph (A) and notices submitted by public water systems serving Indian Tribes provided to the Administrator pursuant to subparagraph (C) or (D) of paragraph (2) and making recommendations concerning the resources needed to improve compliance with this title. The report shall include information about public water system compliance on Indian reservations and about enforcement activities undertaken and financial assistance provided by the Administrator on Indian reservations, and shall make specific recommendations concerning the resources needed to improve compliance with this title on Indian reservations.

(4) CONSUMER CONFIDENCE REPORTS BY COMMUNITY WATER SYSTEMS.—

(A) ANNUAL REPORTS TO CONSUMERS.—The Administrator, in consultation with public water systems, environmental groups, public interest groups, risk communication experts, and the States, and other interested parties, shall issue regulations within 24 months after the date of enactment of this paragraph to require each community water system to mail to each customer of the system at least once annually a report on the level of contaminants in the drinking water purveyed by that system (referred to in this paragraph as a "consumer confidence report"). Such regulations shall provide a brief and plainly worded definition of the terms "maximum contaminant level goal", "maximum contaminant level", "variances", and "exemptions" and brief statements in plain language regarding the health concerns that resulted in regulation of each regulated contaminant. The regulations shall also include a brief and plainly worded explanation regarding contaminants that may reasonably be expected to be present in drinking water, including bottled water. The regulations shall also provide for an Environmental Protection Agency toll-free hotline that consumers can call for more information and explanation.

(B) CONTENTS OF REPORT.—The consumer confidence reports under this paragraph shall include, but not be limited to, each of the following:

(i) Information on the source of the water purveyed.

(ii) A brief and plainly worded definition of the terms "maximum contaminant level goal", "maximum contaminant level", "variances", and "exemptions" as provided in the regulations of the Administrator.

(iii) If any regulated contaminant is detected in the water purveyed by the public water system, a statement setting forth (I) the maximum contaminant level goal, (II) the maximum contaminant level, (III) the level of such contaminant in such water system, and (IV) for any regulated contaminant for which there has been a violation of the maximum contaminant level during the year concerned, the brief statement in plain language regarding the health concerns that resulted in regulation of such contaminant, as provided by the Administrator in regulations under subparagraph (A).

(iv) Information on compliance with national primary drinking water regulations, as required by the Administrator, and notice if the system is operating under a variance or exemption and the basis on which the variance or exemption was granted.

(v) Information on the levels of unregulated contaminants for which monitoring is required under section 1445(a)(2) (including levels of cryptosporidium and radon where States determine they may be found).

(vi) A statement that the presence of contaminants in drinking water does not necessarily indicate that the drinking water poses a health risk and that more information about contaminants and potential health effects can be obtained by calling the Environmental Protection Agency hotline.

A public water system may include such additional information as it deems appropriate for public education. The Administrator may, for not more than 3 regulated contaminants other than those referred to in subclause (IV) of clause (iii), require a consumer confidence report under this paragraph to include the brief statement in plain language regarding the health concerns that resulted in regulation of the contaminant or contaminants concerned, as provided by the Administrator in regulations under subparagraph (A).

(C) COVERAGE.—The Governor of a State may determine not to apply the mailing requirement of subparagraph (A) to a community water system serving fewer than 10,000 persons. Any such system shall—

(i) inform, in the newspaper notice required by clause (iii) or by other means, its customers that the

system will not be mailing the report as required by subparagraph (A);

(ii) make the consumer confidence report available upon request to the public; and

(iii) publish the report referred to in subparagraph (A) annually in one or more local newspapers serving the area in which customers of the system are located.

(D) ALTERNATIVE TO PUBLICATION.—For any community water system which, pursuant to subparagraph (C), is not required to meet the mailing requirement of subparagraph (A) and which serves 500 persons or fewer, the community water system may elect not to comply with clause (i) or (iii) of subparagraph (C). If the community water system so elects, the system shall, at a minimum—

(i) prepare an annual consumer confidence report pursuant to subparagraph (B); and

(ii) provide notice at least once per year to each of its customers by mail, by door-to-door delivery, by posting or by other means authorized by the regulations of the Administrator that the consumer confidence report is available upon request.

(E) ALTERNATIVE FORM AND CONTENT.—A State exercising primary enforcement responsibility may establish, by rule, after notice and public comment, alternative requirements with respect to the form and content of consumer confidence reports under this paragraph.

(d) Whenever, on the basis of information available to him, the Administrator finds that within a reasonable time after national secondary drinking water regulations have been promulgated, one or more public water systems in a State do not comply with such secondary regulations, and that such noncompliance appears to result from a failure of such State to take reasonable action to assure that public water systems throughout such State meet such secondary regulations, he shall so notify the State.

(e) Nothing in this title shall diminish any authority of a State or political subdivision to adopt or enforce any law or regulation respecting drinking water regulations or public water systems, but no such law or regulation shall relieve any person of any requirement otherwise applicable under this title.

(f) If the Administrator makes a finding of noncompliance (described in subparagraph (A) or (B) of subsection (a)(1)) with respect to a public water system in a State which has primary enforcement responsibility, the Administrator may, for the purpose of assisting that State in carrying out such responsibility and upon the petition of such State or public water system or persons served by such system, hold, after appropriate notice, public hearings for the purpose of gathering information from technical or other experts, Federal, State, or other public officials, representatives of such public water system, persons served by such system, and other interested persons on—

(1) the ways in which such system can within the earliest feasible time be brought into compliance with the regulation or requirement with respect to which such finding was made, and

(2) the means for the maximum feasible protection of the public health during any period in which such system is not in compliance with a national primary drinking water regulation or requirement applicable to a variance or exemption.

On the basis of such hearings the Administrator shall issue recommendations which shall be sent to such State and public water system and shall be made available to the public and communications media.

(g)(1) In any case in which the Administrator is authorized to bring a civil action under this section or under section 1445 with respect to any applicable requirement, the Administrator also may issue an order to require compliance with such applicable requirement.

(2) An order issued under this subsection shall not take effect, in the case of a State having primary enforcement responsibility for public water systems in that State, until after the Administrator has provided the State with an opportunity to confer with the Administrator regarding the order. A copy of any order issued under this subsection shall be sent to the appropriate State agency of the State involved if the State has primary enforcement responsibility for public water systems in that State. Any order issued under this subsection shall state with reasonable specificity the nature of the violation. In any case in which an order under this subsection is issued to a corporation, a copy of such order shall be issued to appropriate corporate officers.

(3)(A) Any person who violates, or fails or refuses to comply with, an order under this subsection shall be liable to the United States for a civil penalty of not more than $25,000 per day of violation.

(B) In a case in which a civil penalty sought by the Administrator under this paragraph does not exceed $5,000, the penalty shall be assessed by the Administrator after notice and opportunity for a public hearing (unless the person against whom the penalty is assessed requests a hearing on the record in accordance with section 554 of title 5, United States Code). In a case in which a civil penalty sought by the Administrator under this paragraph exceeds $5,000, but does not exceed $25,000, the penalty shall be assessed by the Administrator after notice and opportunity for a hearing on the record in accordance with section 554 of title 5, United States Code.

(C) Whenever any civil penalty sought by the Administrator under this subsection for a violation of an applicable requirement exceeds $25,000, the penalty shall be assessed by a civil action brought by the Administrator in the appropriate United States district court (as determined under the provisions of title 28 of the United States Code).

(D) If any person fails to pay an assessment of a civil penalty after it has become a final and unappealable order, or after the appropriate court of appeals has entered final judgment in favor of the Administrator, the Attorney General shall recover the amount for which such person is liable in any appropriate district court of the United States. In any such action, the validity and appropriateness of the final order imposing the civil penalty shall not be subject to review.

(h) CONSOLIDATION INCENTIVE.—

(1) IN GENERAL.—An owner or operator of a public water system may submit to the State in which the system is located (if the State has primary enforcement responsibility under section 1413) or to the Administrator (if the State does not have primary enforcement responsibility) a plan (including specific measures and schedules) for—

(A) the physical consolidation of the system with 1 or more other systems;

(B) the consolidation of significant management and administrative functions of the system with 1 or more other systems; or

(C) the transfer of ownership of the system that may reasonably be expected to improve drinking water quality.

(2) CONSEQUENCES OF APPROVAL.—If the State or the Administrator approves a plan pursuant to paragraph (1), no enforcement action shall be taken pursuant to this part with respect to a specific violation identified in the approved plan prior to the date that is the earlier of the date on which consolidation is completed according to the plan or the date that is 2 years after the plan is approved.

(i) DEFINITION OF APPLICABLE REQUIREMENT.—In this section, the term "applicable requirement" means—

(1) a requirement of section 1412, 1414, 1415, 1416, 1417[1] 1433, 1441, or 1445;

(2) a regulation promulgated pursuant to a section referred to in paragraph (1);

(3) a schedule or requirement imposed pursuant to a section referred to in paragraph (1); and

(4) a requirement of, or permit issued under, an applicable State program for which the Administrator has made a determination that the requirements of section 1413 have been satisfied, or an applicable State program approved pursuant to this part.

[42 U.S.C. 300g–3]

VARIANCES

SEC. 1415. (a) Notwithstanding any other provision of this part, variances from national primary drinking water regulations may be granted as follows:

(1)(A) A State which has primary enforcement responsibility for public water systems may grant one or more variances from an applicable national primary drinking water regulation to one or more public water systems within its jurisdiction which, because of characteristics of the raw water sources which are reasonably available to the systems, cannot meet the requirements respecting the maximum contaminant levels of such drinking water regulation. A variance may be issued to a system on condition that the system install the best

[1] Lack of comma so in law. Section 403 of the Public Health Security and Bioterrorism Preparedness and Response Act of 2002 (P.L. 107–188; 116 Stat.594) amended section 1414(i)(1) by inserting "1433" after "1417". The amendment should probably have inserted "1433," after "1417,".

technology, treatment techniques, or other means, which the Administrator finds are available (taking costs into consideration), and based upon an evaluation satisfactory to the State that indicates that alternative sources of water are not reasonably available to the system. The Administrator shall propose and promulgate his finding of the best available technology, treatment techniques or other means available for each contaminant for purposes of this subsection at the time he proposes and promulgates a maximum contaminant level for each such contaminant. The Administrator's finding of best available technology, treatment techniques or other means for purposes of this subsection may vary depending on the number of persons served by the system or for other physical conditions related to engineering feasibility and costs of compliance with maximum contaminant levels as considered approprate by Administrator. Before a State may grant a variance under this subparagraph, the State must find that the variance will not result in an unreasonable risk to health. If a State grants a public water system a variance under this subparagraph, the State shall prescribe at the the[1] time the variance is granted, a schedule for—

(i) compliance (including increments of progress) by the public water system with each contaminant level requirement with respect to which the variance was granted, and

(ii) implementation by the public water system of such additional control measures as the State may require for each contaminant, subject to such contaminant level requirement, during the period ending on the date compliance with such requirement is required.

Before a schedule prescribed by a State pursuant to this subparagraph may take effect, the State shall provide notice and opportunity for a public hearing on the schedule. A notice given pursuant to the preceding sentence may cover the prescribing of more than one such schedule and a hearing held pursuant to such notice shall include each of the schedules covered by the notice. A schedule prescribed pursuant to this subparagraph for a public water system granted a variance shall require compliance by the system with each contaminant level requirement with respect to which the variance was granted as expeditiously as practicable (as the State may reasonably determine).

(B) A State which has primary enforcement responsibility for public water systems may grant to one or more public water systems within its jurisdiction one or more variances from any provision of a national primary drinking water regulation which requires the use of a specified treatment technique with respect to a contaminant if the public water system applying for the variance demonstrates to the satisfaction of the State that such treatment technique is not necessary to protect the health of persons because of the nature of the raw water source of such system. A variance granted under this

[1] Section 501(a)(3) of Public Law 104–182 inserted an additional "the" before the word "time".

subparagraph shall be conditioned on such monitoring and other requirements as the Administrator may prescribe.

(C) Before a variance proposed to be granted by a State under subparagraph (A) or (B) may take effect, such State shall provide notice and opportunity for public hearing on the proposed variance. A notice given pursuant to the preceding sentence may cover the granting of more than one variance and a hearing held pursuant to such notice shall include each of the variances covered by the notice. The State shall promptly notify the Administrator of all variances granted by it. Such notification shall contain the reason for the variance (and in the case of a variance under subparagraph (A), the basis for the finding required by that subparagraph before the granting of the variance) and documentation of the need for the variance.

(D) Each public water system's variance granted by a State under subparagraph (A) shall be conditioned by the State upon compliance by the public water system with the schedule prescribed by the State pursuant to that subparagraph. The requirements of each schedule prescribed by a State pursuant to that subparagraph shall be enforceable by the State under its laws. Any requirement of a schedule on which a variance granted under that subparagraph is conditioned may be enforced under section 1414 as if such requirement was part of a national primary drinking water regulation.

(E) Each schedule prescribed by a State pursuant to subparagraph (A) shall be deemed approved by the Administrator unless the variance for which it was prescribed is revoked by the Administrator under such subparagraph.

(F) Not later than 18 months after the effective date of the interim national primary drinking water regulations the Administrator shall complete a comprehensive review of the variances granted under subparagraph (A) (and schedules prescribed pursuant thereto) and under subparagraph (B) by the States during the one-year period beginning on such effective date. The Administrator shall conduct such subsequent reviews of variances and schedules as he deems necessary to carry out the purposes of this title, but each subsequent review shall be completed within each 3-year period following the completion of the first review under this subparagraph. Before conducting any review under this subparagraph, the Administrator shall publish notice of the proposed review in the Federal Register. Such notice shall (i) provide information respecting the location of data and other information respecting the variances to be reviewed (including data and other information concerning new scientific matters bearing on such variances), and (ii) advise of the opportunity to submit comments on the variances reviewed and on the need for continuing them. Upon completion of any such review, the Administrator shall publish in the Federal Register the results of his review together with findings responsive to comments submitted in connection with such review.

(G)(i) If the Administrator finds that a State has, in a substantial number of instances, abused its discretion in granting

variances under subparagraph (A) or (B) or that in a substantial number of cases the State has failed to prescribe schedules in accordance with subparagraph (A), the Administrator shall notify the State of his findings. In determining if a State has abused its discretion in granting variances in a substantial number of instances, the Administrator shall consider the number of persons who are affected by the variances and if the requirements applicable to the granting of the variances were complied with. A notice under this clause shall—

(I) identify each public water system with respect to which the finding was made,

(II) specify the reasons for the finding, and

(III) as appropriate, propose revocations of specific variances or propose revised schedules or other requirements for specific public water systems granted variances, or both.

(ii) The Administrator shall provide reasonable notice and public hearing on the provisions of each notice given pursuant to clause (i) of this subparagraph. After a hearing on a notice pursuant to such clause, the Administrator shall (I) rescind the finding for which the notice was given and promptly notify the State of such rescission, or (II) promulgate (with such modifications as he deems appropriate) such variance revocations and revised schedules or other requirements proposed in such notice as he deems appropriate. Not later than 180 days after the date a notice is given pursuant to clause (i) of this subparagraph, the Administrator shall complete the hearing on the notice and take the action required by the preceding sentence.

(iii) If a State is notified under clause (i) of this subparagraph of a finding of the Administrator made with respect to a variance granted a public water system within that State or to a schedule or other requirement for a variance and if, before a revocation of such variance or a revision of such schedule or other requirement promulgated by the Administrator takes effect, the State takes corrective action with respect to such variance or schedule or other requirement which the Administrator determines makes his finding inapplicable to such variance or schedule or other requirement, the Administrator shall rescind the application of his finding to that variance or schedule or other requirement. No variance revocation or revised schedule or other requirement may take effect before the expiration of 90 days following the date of the notice in which the revocation or revised schedule or other requirement was proposed.

(2) If a State does not have primary enforcement responsibility for public water systems, the Administrator shall have the same authority to grant variances in such State as the State would have under paragraph (1) if it had primary enforcement responsibility.

(3) The Administrator may grant a variance from any treatment technique requirement of a national primary drinking water regulation upon a showing by any person that an alternative treatment technique not included in such requirement is at least as efficient in lowering the level of the contaminant with respect to which such requirement was pre-

scribed. A variance under this paragraph shall be conditioned on the use of the alternative treatment technique which is the basis of the variance.

(b) Any schedule or other requirement on which a variance granted under paragraph (1)(B) or (2) of subsection (a) is conditioned may be enforced under section 1414 as if such schedule or other requirement was part of a national primary drinking water regulation.

(c) If an application for a variance under subsection (a) is made, the State receiving the application or the Administrator, as the case may be, shall act upon such application within a reasonable period (as determined under regulations prescribed by the Administrator) after the date of its submission.

(d) For purposes of this section, the term "treatment technique requirement" means a requirement in a national primary drinking water regulation which specifies for a contaminant (in accordance with section 1401(1)(C)(ii)) each treatment technique known to the Administrator which leads to a reduction in the level of such contaminant sufficient to satisfy the requirements of section 1412(b).

(e) SMALL SYSTEM VARIANCES.—

(1) IN GENERAL.—A State exercising primary enforcement responsibility for public water systems under section 1413 (or the Administrator in nonprimacy States) may grant a variance under this subsection for compliance with a requirement specifying a maximum contaminant level or treatment technique contained in a national primary drinking water regulation to—

(A) public water systems serving 3,300 or fewer persons; and

(B) with the approval of the Administrator pursuant to paragraph (9), public water systems serving more than 3,300 persons but fewer than 10,000 persons,

if the variance meets each requirement of this subsection.

(2) AVAILABILITY OF VARIANCES.—A public water system may receive a variance pursuant to paragraph (1), if—

(A) the Administrator has identified a variance technology under section 1412(b)(15) that is applicable to the size and source water quality conditions of the public water system;

(B) the public water system installs, operates, and maintains, in accordance with guidance or regulations issued by the Administrator, such treatment technology, treatment technique, or other means; and

(C) the State in which the system is located determines that the conditions of paragraph (3) are met.

(3) CONDITIONS FOR GRANTING VARIANCES.—A variance under this subsection shall be available only to a system—

(A) that cannot afford to comply, in accordance with affordability criteria established by the Administrator (or the State in the case of a State that has primary enforcement responsibility under section 1413), with a national primary drinking water regulation, including compliance through—

(i) treatment;

(ii) alternative source of water supply; or

(iii) restructuring or consolidation (unless the Administrator (or the State in the case of a State that has primary enforcement responsibility under section 1413) makes a written determination that restructuring or consolidation is not practicable); and

(B) for which the Administrator (or the State in the case of a State that has primary enforcement responsibility under section 1413) determines that the terms of the variance ensure adequate protection of human health, considering the quality of the source water for the system and the removal efficiencies and expected useful life of the treatment technology required by the variance.

(4) COMPLIANCE SCHEDULES.—A variance granted under this subsection shall require compliance with the conditions of the variance not later than 3 years after the date on which the variance is granted, except that the Administrator (or the State in the case of a State that has primary enforcement responsibility under section 1413) may allow up to 2 additional years to comply with a variance technology, secure an alternative source of water, restructure or consolidate if the Administrator (or the State) determines that additional time is necessary for capital improvements, or to allow for financial assistance provided pursuant to section 1452 or any other Federal or State program.

(5) DURATION OF VARIANCES.—The Administrator (or the State in the case of a State that has primary enforcement responsibility under section 1413) shall review each variance granted under this subsection not less often than every 5 years after the compliance date established in the variance to determine whether the system remains eligible for the variance and is conforming to each condition of the variance.

(6) INELIGIBILITY FOR VARIANCES.—A variance shall not be available under this subsection for—

(A) any maximum contaminant level or treatment technique for a contaminant with respect to which a national primary drinking water regulation was promulgated prior to January 1, 1986; or

(B) a national primary drinking water regulation for a microbial contaminant (including a bacterium, virus, or other organism) or an indicator or treatment technique for a microbial contaminant.

(7) REGULATIONS AND GUIDANCE.—

(A) IN GENERAL.—Not later than 2 years after the date of enactment of this subsection and in consultation with the States, the Administrator shall promulgate regulations for variances to be granted under this subsection. The regulations shall, at a minimum, specify—

(i) procedures to be used by the Administrator or a State to grant or deny variances, including requirements for notifying the Administrator and consumers of the public water system that a variance is proposed to be granted (including information regarding the contaminant and variance) and requirements for a

public hearing on the variance before the variance is granted;

(ii) requirements for the installation and proper operation of variance technology that is identified (pursuant to section 1412(b)(15)) for small systems and the financial and technical capability to operate the treatment system, including operator training and certification;

(iii) eligibility criteria for a variance for each national primary drinking water regulation, including requirements for the quality of the source water (pursuant to section 1412(b)(15)(A)); and

(iv) information requirements for variance applications.

(B) AFFORDABILITY CRITERIA.—Not later than 18 months after the date of enactment of the Safe Drinking Water Act Amendments of 1996, the Administrator, in consultation with the States and the Rural Utilities Service of the Department of Agriculture, shall publish information to assist the States in developing affordability criteria. The affordability criteria shall be reviewed by the States not less often than every 5 years to determine if changes are needed to the criteria.

(8) REVIEW BY THE ADMINISTRATOR.—

(A) IN GENERAL.—The Administrator shall periodically review the program of each State that has primary enforcement responsibility for public water systems under section 1413 with respect to variances to determine whether the variances granted by the State comply with the requirements of this subsection. With respect to affordability, the determination of the Administrator shall be limited to whether the variances granted by the State comply with the affordability criteria developed by the State.

(B) NOTICE AND PUBLICATION.—If the Administrator determines that variances granted by a State are not in compliance with affordability criteria developed by the State and the requirements of this subsection, the Administrator shall notify the State in writing of the deficiencies and make public the determination.

(9) APPROVAL OF VARIANCES.—A State proposing to grant a variance under this subsection to a public water system serving more than 3,300 and fewer than 10,000 persons shall submit the variance to the Administrator for review and approval prior to the issuance of the variance. The Administrator shall approve the variance if it meets each of the requirements of this subsection. The Administrator shall approve or disapprove the variance within 90 days. If the Administrator disapproves a variance under this paragraph, the Administrator shall notify the State in writing of the reasons for disapproval and the variance may be resubmitted with modifications to address the objections stated by the Administrator.

(10) OBJECTIONS TO VARIANCES.—

(A) BY THE ADMINISTRATOR.—The Administrator may review and object to any variance proposed to be granted

by a State, if the objection is communicated to the State not later than 90 days after the State proposes to grant the variance. If the Administrator objects to the granting of a variance, the Administrator shall notify the State in writing of each basis for the objection and propose a modification to the variance to resolve the concerns of the Administrator. The State shall make the recommended modification or respond in writing to each objection. If the State issues the variance without resolving the concerns of the Administrator, the Administrator may overturn the State decision to grant the variance if the Administrator determines that the State decision does not comply with this subsection.

(B) PETITION BY CONSUMERS.—Not later than 30 days after a State exercising primary enforcement responsibility for public water systems under section 1413 proposes to grant a variance for a public water system, any person served by the system may petition the Administrator to object to the granting of a variance. The Administrator shall respond to the petition and determine whether to object to the variance under subparagraph (A) not later than 60 days after the receipt of the petition.

(C) TIMING.—No variance shall be granted by a State until the later of the following:

(i) 90 days after the State proposes to grant a variance.

(ii) If the Administrator objects to the variance, the date on which the State makes the recommended modifications or responds in writing to each objection.

[42 U.S.C. 300g–4]

EXEMPTIONS

SEC. 1416. (a) A State which has primary enforcement responsibility may exempt any public water system within the State's jurisdiction from any requirement respecting a maximum contaminant level or any treatment technique requirement, or from both, of an applicable national primary drinking water regulation upon a finding that—

(1) due to compelling factors (which may include economic factors, including qualification of the public water system as a system serving a disadvantaged community pursuant to section 1452(d)), the public water system is unable to comply with such contaminant level or treatment technique requirement, or to implement measures to develop an alternative source of water supply,

(2) the public water system was in operation on the effective date of such contaminant level or treatment technique requirement, a system that was not in operation by that date, only if no reasonable alternative source of drinking water is available to such new system,

(3) the granting of the exemption will not result in an unreasonable risk to health;[1] and

(4) management or restructuring changes (or both) cannot reasonably be made that will result in compliance with this title or, if compliance cannot be achieved, improve the quality of the drinking water.

(b)(1) If a State grants a public water system an exemption under subsection (a), the State shall prescribe, at the time the exemption is granted, a schedule for—

(A) compliance (including increments of progress or measures to develop an alternative source of water supply) by the public water system with each contaminant level requirement or treatment technique requirement with respect to which the exemption was granted, and

(B) implementation by the public water system of such control measures as the State may require for each contaminant, subject to such contaminant level requirement or treatment technique requirement, during the period ending on the date compliance with such requirement is required.

Before a schedule prescribed by a State pursuant to this subsection may take effect, the State shall provide notice and opportunity for a public hearing on the schedule. A notice given pursuant to the preceding sentence may cover the prescribing of more than one such schedule and a hearing held pursuant to such notice shall include each of the schedules covered by the notice.

(2)(A) A schedule prescribed pursuant to this subsection for a public water system granted an exemption under subsection (a) shall require compliance by the system with each contaminant level and treatment technique requirement with respect to which the exemption was granted as expeditiously as practicable (as the State may reasonably determine) but not later than 3 years after the otherwise applicable compliance date established in section 1412(b)(10).

(B) No exemption shall be granted unless the public water system establishes that—

(i) the system cannot meet the standard without capital improvements which cannot be completed prior to the date established pursuant to section 1412(b)(10);

(ii) in the case of a system which needs financial assistance for the necessary improvement, the system has entered into an agreement to obtain such financial assistance or assistance pursuant to section 1452, or any other Federal or State program is reasonably likely to be available within the period of the exemption; or

(iii) the system has entered into an enforceable agreement to become a part of a regional public water system; and

the system is taking all practicable steps to meet the standard.

(C) In the case of a system which does not serve more than a population of 3,300 and which needs financial assistance for the necessary improvements, an exemption granted under clause (i) or (ii) of subparagraph (B) may be renewed for one or more additional

[1] So in law. The semicolon probably should have been a comma. See the amendment made by section 117(a)(2) of Public Law 104–182.

2-year periods, but not to exceed a total of 6 years, if the system establishes that it is taking all practicable steps to meet the requirements of subparagraph (B).

(D) LIMITATION.—A public water system may not receive an exemption under this section if the system was granted a variance under section 1415(e).

(3) Each public water system's exemption granted by a State under subsection (a) shall be conditioned by the State upon compliance by the public water system with the schedule prescribed by the State pursuant to this subsection. The requirements of each schedule prescribed by a State pursuant to this subsection shall be enforceable by the State under its laws. Any requirement of a schedule on which an exemption granted under this section is conditioned may be enforced under section 1414 as if such requirement was part of a national primary drinking water regulation.

(4) Each schedule prescribed by a State pursuant to this subsection shall be deemed approved by the Administrator unless the exemption for which it was prescribed is revoked by the Administrator under subsection (d)(2) or the schedule is revised by the Administrator under such subsection.

(c) Each State which grants an exemption under subsection (a) shall promptly notify the Administrator of the granting of such exemption. Such notification shall contain the reasons for the exemption (including the basis for the finding required by subsection (a)(3) before the exemption may be granted) and document the need for the exemption.

(d)(1) Not later than 18 months after the effective date of the interim national primary drinking water regulations the Administrator shall complete a comprehensive review of the exemptions granted (and schedules prescribed pursuant thereto) by the States during the one-year period beginning on such effective date. The Administrator shall conduct such subsequent reviews of exemptions and schedules as he deems necessary to carry out the purposes of this title, but each subsequent review shall be completed within each 3-year period following the completion of the first review under this subparagraph. Before conducting any review under this subparagraph, the Administrator shall publish notice of the proposed review in the Federal Register. Such notice shall (A) provide information respecting the location of data and other information respecting the exemptions to be reviewed (including data and other information concerning new scientific matters bearing on such exemptions), and (B) advise of the opportunity to submit comments on the exemptions reviewed and on the need for continuing them. Upon completion of any such review, the Administrator shall publish in the Federal Register the results of his review together with findings responsive to comments submitted in connection with such review.

(2)(A) If the Administrator finds that a State has, in a substantial number of instances, abused its discretion in granting exemptions under subsection (a) or failed to prescribe schedules in accordance with subsection (b), the Administrator shall notify the State of his finding. In determining if a State has abused its discretion in granting exemptions in a substantial number of instances, the Administrator shall consider the number of persons who are af-

fected by the exemptions and if the requirements applicable to the granting of the exemptions were complied with. A notice under this subparagraph shall—

(i) identify each exempt public water system with respect to which the finding was made,

(ii) specify the reasons for the finding, and

(iii) as appropriate, propose revocations of specific exemptions or propose revised schedules for specific exempt public water systems, or both.

(B) The Administrator shall provide reasonable notice and public hearing on the provisions of each notice given pursuant to subparagraph (A). After a hearing on a notice pursuant to subparagraph (A), the Administrator shall (i) rescind the finding for which the notice was given and promptly notify the State of such rescission, or (ii) promulgate (with such modifications as he deems appropriate) such exemption revocations and revised schedules proposed in such notice as he deems appropriate. Not later than 180 days after the date a notice is given pursuant to subparagraph (A), the Administrator shall complete the hearing on the notice and take the action required by the preceding sentence.

(C) If a State is notified under subparagraph (A) of a finding of the Administrator made with respect to an exemption granted a public water system within that State or to a schedule prescribed pursuant to such an exemption and if before a revocation of such exemption or a revision of such schedule promulgated by the Administrator takes effect the State takes corrective action with respect to such exemption or schedule which the Administrator determines makes his finding inapplicable to such exemption or schedule, the Administrator shall rescind the application of his finding to that exemption or schedule. No exemption revocation or revised schedule may take effect before the expiration of 90 days following the date of the notice in which the revocation or revised schedule was proposed.

(e) For purposes of this section, the term "treatment technique requirement" means a requirement in a national primary drinking water regulation which specifies for a contaminant (in accordance with section 1401(1)(C)(ii)) each treatment technique known to the Administrator which leads to a reduction in the level of such contaminant sufficient to satisfy the requirements of section 1412(b).

(f) If a State does not have primary enforcement responsibility for public water systems, the Administrator shall have the same authority to exempt public water systems in such State from maximum contaminant level requirements and treatment technique requirements under the same conditions and in the same manner as the State would be authorized to grant exemptions under this section if it had primary enforcement responsibility.

(g) If an application for an exemption under this section is made, the State receiving the application or the Administrator, as the case may be, shall act upon such application within a reasonable period (as determined under regulations prescribed by the Administrator) after the date of its submission.

[42 U.S.C. 300g–5]

PROHIBITION ON USE OF LEAD PIPES, SOLDER, AND FLUX

SEC. 1417. (a) IN GENERAL.—

(1) PROHIBITIONS.—

(A) IN GENERAL.—No person may use any pipe, any pipe or plumbing fitting or fixture, any solder, or any flux, after June 19, 1986, in the installation or repair of—

(i) any public water system; or

(ii) any plumbing in a residential or nonresidential facility providing water for human consumption,

that is not lead free (within the meaning of subsection (d)).

(B) LEADED JOINTS.—Subparagraph (A) shall not apply to leaded joints necessary for the repair of cast iron pipes.

(2) PUBLIC NOTICE REQUIREMENTS.—

(A) IN GENERAL.—Each owner or operator of a public water system shall identify and provide notice to persons that may be affected by lead contamination of their drinking water where such contamination results from either or both of the following:

(i) The lead content in the construction materials of the public water distribution system.

(ii) Corrosivity of the water supply sufficient to cause leaching of lead.

The notice shall be provided in such manner and form as may be reasonably required by the Administrator. Notice under this paragraph shall be provided notwithstanding the absence of a violation of any national drinking water standard.

(B) CONTENTS OF NOTICE.—Notice under this paragraph shall provide a clear and readily understandable explanation of—

(i) the potential sources of lead in the drinking water,

(ii) potential adverse health effects,

(iii) reasonably available methods of mitigating known or potential lead content in drinking water,

(iv) any steps the system is taking to mitigate lead content in drinking water, and

(v) the necessity for seeking alternative water supplies, if any.

(3) UNLAWFUL ACTS.—Effective 2 years after the date of enactment of this paragraph, it shall be unlawful—

(A) for any person to introduce into commerce any pipe, or any pipe or plumbing fitting or fixture, that is not lead free, except for a pipe that is used in manufacturing or industrial processing;

(B) for any person engaged in the business of selling plumbing supplies, except manufacturers, to sell solder or flux that is not lead free; or

(C) for any person to introduce into commerce any solder or flux that is not lead free unless the solder or flux bears a prominent label stating that it is illegal to use the solder or flux in the installation or repair of any plumbing providing water for human consumption.

(b) STATE ENFORCEMENT.—

(1) ENFORCEMENT OF PROHIBITION.—The requirements of subsection (a)(1) shall be enforced in all States effective 24 months after the enactment of this section. States shall enforce such requirements through State or local plumbing codes, or such other means of enforcement as the State may determine to be appropriate.

(2) ENFORCEMENT OF PUBLIC NOTICE REQUIREMENTS.—The requirements of subsection (a)(2) shall apply in all States effective 24 months after the enactment of this section.

(c) PENALTIES.—If the Administrator determines that a State is not enforcing the requirements of subsection (a) as required pursuant to subsection (b), the Administrator may withhold up to 5 percent of Federal funds available to that State for State program grants under section 1443(a).

(d) DEFINITION OF LEAD FREE.—For purposes of this section, the term "lead free"—

(1) when used with respect to solders and flux refers to solders and flux containing not more than 0.2 percent lead;

(2) when used with respect to pipes and pipe fittings refers to pipes and pipe fittings containing not more than 8.0 percent lead; and

(3) when used with respect to plumbing fittings and fixtures, refers to plumbing fittings and fixtures in compliance with standards established in accordance with subsection (e).

(e) PLUMBING FITTINGS AND FIXTURES.—

(1) IN GENERAL.—The Administrator shall provide accurate and timely technical information and assistance to qualified third-party certifiers in the development of voluntary standards and testing protocols for the leaching of lead from new plumbing fittings and fixtures that are intended by the manufacturer to dispense water for human ingestion.

(2) STANDARDS.—

(A) IN GENERAL.—If a voluntary standard for the leaching of lead is not established by the date that is 1 year after the date of enactment of this subsection, the Administrator shall, not later than 2 years after the date of enactment of this subsection, promulgate regulations setting a health-effects-based performance standard establishing maximum leaching levels from new plumbing fittings and fixtures that are intended by the manufacturer to dispense water for human ingestion. The standard shall become effective on the date that is 5 years after the date of promulgation of the standard.

(B) ALTERNATIVE REQUIREMENT.—If regulations are required to be promulgated under subparagraph (A) and have not been promulgated by the date that is 5 years after the date of enactment of this subsection, no person may import, manufacture, process, or distribute in commerce a new plumbing fitting or fixture, intended by the manufacturer to dispense water for human ingestion, that contains more than 4 percent lead by dry weight.

[42 U.S.C. 300g–6]

MONITORING OF CONTAMINANTS

SEC. 1418. (a) INTERIM MONITORING RELIEF AUTHORITY.—

(1) IN GENERAL.—A State exercising primary enforcement responsibility for public water systems may modify the monitoring requirements for any regulated or unregulated contaminants for which monitoring is required other than microbial contaminants (or indicators thereof), disinfectants and disinfection byproducts or corrosion byproducts for an interim period to provide that any public water system serving 10,000 persons or fewer shall not be required to conduct additional quarterly monitoring during an interim relief period for such contaminants if—

(A) monitoring, conducted at the beginning of the period for the contaminant concerned and certified to the State by the public water system, fails to detect the presence of the contaminant in the ground or surface water supplying the public water system; and

(B) the State, considering the hydrogeology of the area and other relevant factors, determines in writing that the contaminant is unlikely to be detected by further monitoring during such period.

(2) TERMINATION; TIMING OF MONITORING.—The interim relief period referred to in paragraph (1) shall terminate when permanent monitoring relief is adopted and approved for such State, or at the end of 36 months after the date of enactment of the Safe Drinking Water Act Amendments of 1996, whichever comes first. In order to serve as a basis for interim relief, the monitoring conducted at the beginning of the period must occur at the time determined by the State to be the time of the public water system's greatest vulnerability to the contaminant concerned in the relevant ground or surface water, taking into account in the case of pesticides the time of application of the pesticide for the source water area and the travel time for the pesticide to reach such waters and taking into account, in the case of other contaminants, seasonality of precipitation and contaminant travel time.

(b) PERMANENT MONITORING RELIEF AUTHORITY.—

(1) IN GENERAL.—Each State exercising primary enforcement responsibility for public water systems under this title and having an approved source water assessment program may adopt, in accordance with guidance published by the Administrator, tailored alternative monitoring requirements for public water systems in such State (as an alternative to the monitoring requirements for chemical contaminants set forth in the applicable national primary drinking water regulations) where the State concludes that (based on data available at the time of adoption concerning susceptibility, use, occurrence, or wellhead protection, or from the State's drinking water source water assessment program) such alternative monitoring would provide assurance that it complies with the Administrator's guidelines. The State program must be adequate to assure compliance with, and enforcement of, applicable national primary drinking water regulations. Alternative monitoring shall

not apply to regulated microbiological contaminants (or indicators thereof), disinfectants and disinfection byproducts, or corrosion byproducts. The preceding sentence is not intended to limit other authority of the Administrator under other provisions of this title to grant monitoring flexibility.

(2) GUIDELINES.—

(A) IN GENERAL.—The Administrator shall issue, after notice and comment and at the same time as guidelines are issued for source water assessment under section 1453, guidelines for States to follow in proposing alternative monitoring requirements under paragraph (1) for chemical contaminants. The Administrator shall publish such guidelines in the Federal Register. The guidelines shall assure that the public health will be protected from drinking water contamination. The guidelines shall require that a State alternative monitoring program apply on a contaminant-by-contaminant basis and that, to be eligible for such alternative monitoring program, a public water system must show the State that the contaminant is not present in the drinking water supply or, if present, it is reliably and consistently below the maximum contaminant level.

(B) DEFINITION.—For purposes of subparagraph (A), the phrase "reliably and consistently below the maximum contaminant level" means that, although contaminants have been detected in a water supply, the State has sufficient knowledge of the contamination source and extent of contamination to predict that the maximum contaminant level will not be exceeded. In determining that a contaminant is reliably and consistently below the maximum contaminant level, States shall consider the quality and completeness of data, the length of time covered and the volatility or stability of monitoring results during that time, and the proximity of such results to the maximum contaminant level. Wide variations in the analytical results, or analytical results close to the maximum contaminant level, shall not be considered to be reliably and consistently below the maximum contaminant level.

(3) EFFECT OF DETECTION OF CONTAMINANTS.—The guidelines issued by the Administrator under paragraph (2) shall require that if, after the monitoring program is in effect and operating, a contaminant covered by the alternative monitoring program is detected at levels at or above the maximum contaminant level or is no longer reliably or consistently below the maximum contaminant level, the public water system must either—

(A) demonstrate that the contamination source has been removed or that other action has been taken to eliminate the contamination problem; or

(B) test for the detected contaminant pursuant to the applicable national primary drinking water regulation.

(4) STATES NOT EXERCISING PRIMARY ENFORCEMENT RESPONSIBILITY.—The Governor of any State not exercising primary enforcement responsibility under section 1413 on the date of enactment of this section may submit to the Adminis-

trator a request that the Administrator modify the monitoring requirements established by the Administrator and applicable to public water systems in that State. After consultation with the Governor, the Administrator shall modify the requirements for public water systems in that State if the request of the Governor is in accordance with each of the requirements of this subsection that apply to alternative monitoring requirements established by States that have primary enforcement responsibility. A decision by the Administrator to approve a request under this clause shall be for a period of 3 years and may subsequently be extended for periods of 5 years.

(c) TREATMENT AS NPDWR.—All monitoring relief granted by a State to a public water system for a regulated contaminant under subsection (a) or (b) shall be treated as part of the national primary drinking water regulation for that contaminant.

(d) OTHER MONITORING RELIEF.—Nothing in this section shall be construed to affect the authority of the States under applicable national primary drinking water regulations to alter monitoring requirements through waivers or other existing authorities. The Administrator shall periodically review and, as appropriate, revise such authorities.

[42 U.S.C. 300g–7]

OPERATOR CERTIFICATION

SEC. 1419. (a) GUIDELINES.—Not later than 30 months after the date of enactment of the Safe Drinking Water Act Amendments of 1996 and in cooperation with the States, the Administrator shall publish guidelines in the Federal Register, after notice and opportunity for comment from interested persons, including States and public water systems, specifying minimum standards for certification (and recertification) of the operators of community and nontransient noncommunity public water systems. Such guidelines shall take into account existing State programs, the complexity of the system, and other factors aimed at providing an effective program at reasonable cost to States and public water systems, taking into account the size of the system.

(b) STATE PROGRAMS.—Beginning 2 years after the date on which the Administrator publishes guidelines under subsection (a), the Administrator shall withhold 20 percent of the funds a State is otherwise entitled to receive under section 1452 unless the State has adopted and is implementing a program for the certification of operators of community and nontransient noncommunity public water systems that meets the requirements of the guidelines published pursuant to subsection (a) or that has been submitted in compliance with subsection (c) and that has not been disapproved.

(c) EXISTING PROGRAMS.—For any State exercising primary enforcement responsibility for public water systems or any other State which has an operator certification program, the guidelines under subsection (a) shall allow the State to enforce such program in lieu of the guidelines under subsection (a) if the State submits the program to the Administrator within 18 months after the publication of the guidelines unless the Administrator determines (within 9 months after the State submits the program to the Adminis-

trator) that such program is not substantially equivalent to such guidelines. In making this determination, an existing State program shall be presumed to be substantially equivalent to the guidelines, notwithstanding program differences, based on the size of systems or the quality of source water, providing the State program meets the overall public health objectives of the guidelines. If disapproved, the program may be resubmitted within 6 months after receipt of notice of disapproval.

(d) EXPENSE REIMBURSEMENT.—

(1) IN GENERAL.—The Administrator shall provide reimbursement for the costs of training, including an appropriate per diem for unsalaried operators, and certification for persons operating systems serving 3,300 persons or fewer that are required to undergo training pursuant to this section.

(2) STATE GRANTS.—The reimbursement shall be provided through grants to States with each State receiving an amount sufficient to cover the reasonable costs for training all such operators in the State, as determined by the Administrator, to the extent required by this section. Grants received by a State pursuant to this paragraph shall first be used to provide reimbursement for training and certification costs of persons operating systems serving 3,300 persons or fewer. If a State has reimbursed all such costs, the State may, after notice to the Administrator, use any remaining funds from the grant for any of the other purposes authorized for grants under section 1452.

(3) AUTHORIZATION.—There are authorized to be appropriated to the Administrator to provide grants for reimbursement under this section $30,000,000 for each of fiscal years 1997 through 2003.

(4) RESERVATION.—If the appropriation made pursuant to paragraph (3) for any fiscal year is not sufficient to satisfy the requirements of paragraph (1), the Administrator shall, prior to any other allocation or reservation, reserve such sums as necessary from the funds appropriated pursuant to section 1452(m) to provide reimbursement for the training and certification costs mandated by this subsection.

[42 U.S.C. 300g–8]

CAPACITY DEVELOPMENT

SEC. 1420. (a) STATE AUTHORITY FOR NEW SYSTEMS.—A State shall receive only 80 percent of the allotment that the State is otherwise entitled to receive under section 1452 (relating to State loan funds) unless the State has obtained the legal authority or other means to ensure that all new community water systems and new nontransient, noncommunity water systems commencing operation after October 1, 1999, demonstrate technical, managerial, and financial capacity with respect to each national primary drinking water regulation in effect, or likely to be in effect, on the date of commencement of operations.

(b) SYSTEMS IN SIGNIFICANT NONCOMPLIANCE.—

(1) LIST.—Beginning not later than 1 year after the date of enactment of this section, each State shall prepare, periodically update, and submit to the Administrator a list of commu-

nity water systems and nontransient, noncommunity water systems that have a history of significant noncompliance with this title (as defined in guidelines issued prior to the date of enactment of this section or any revisions of the guidelines that have been made in consultation with the States) and, to the extent practicable, the reasons for noncompliance.

(2) REPORT.—Not later than 5 years after the date of enactment of this section and as part of the capacity development strategy of the State, each State shall report to the Administrator on the success of enforcement mechanisms and initial capacity development efforts in assisting the public water systems listed under paragraph (1) to improve technical, managerial, and financial capacity.

(3) WITHHOLDING.—The list and report under this subsection shall be considered part of the capacity development strategy of the State required under subsection (c) of this section for purposes of the withholding requirements of section 1452(a)(1)(G)(i) (relating to State loan funds).

(c) CAPACITY DEVELOPMENT STRATEGY.—

(1) IN GENERAL.—Beginning 4 years after the date of enactment of this section, a State shall receive only—

(A) 90 percent in fiscal year 2001;

(B) 85 percent in fiscal year 2002; and

(C) 80 percent in each subsequent fiscal year,

of the allotment that the State is otherwise entitled to receive under section 1452 (relating to State loan funds), unless the State is developing and implementing a strategy to assist public water systems in acquiring and maintaining technical, managerial, and financial capacity.

(2) CONTENT.—In preparing the capacity development strategy, the State shall consider, solicit public comment on, and include as appropriate—

(A) the methods or criteria that the State will use to identify and prioritize the public water systems most in need of improving technical, managerial, and financial capacity;

(B) a description of the institutional, regulatory, financial, tax, or legal factors at the Federal, State, or local level that encourage or impair capacity development;

(C) a description of how the State will use the authorities and resources of this title or other means to—

(i) assist public water systems in complying with national primary drinking water regulations;

(ii) encourage the development of partnerships between public water systems to enhance the technical, managerial, and financial capacity of the systems; and

(iii) assist public water systems in the training and certification of operators;

(D) a description of how the State will establish a baseline and measure improvements in capacity with respect to national primary drinking water regulations and State drinking water law; and

(E) an identification of the persons that have an interest in and are involved in the development and implemen-

tation of the capacity development strategy (including all appropriate agencies of Federal, State, and local governments, private and nonprofit public water systems, and public water system customers).

(3) REPORT.—Not later than 2 years after the date on which a State first adopts a capacity development strategy under this subsection, and every 3 years thereafter, the head of the State agency that has primary responsibility to carry out this title in the State shall submit to the Governor a report that shall also be available to the public on the efficacy of the strategy and progress made toward improving the technical, managerial, and financial capacity of public water systems in the State.

(4) REVIEW.—The decisions of the State under this section regarding any particular public water system are not subject to review by the Administrator and may not serve as the basis for withholding funds under section 1452.

(d) FEDERAL ASSISTANCE.—

(1) IN GENERAL.—The Administrator shall support the States in developing capacity development strategies.

(2) INFORMATIONAL ASSISTANCE.—

(A) IN GENERAL.—Not later than 180 days after the date of enactment of this section, the Administrator shall—

(i) conduct a review of State capacity development efforts in existence on the date of enactment of this section and publish information to assist States and public water systems in capacity development efforts; and

(ii) initiate a partnership with States, public water systems, and the public to develop information for States on recommended operator certification requirements.

(B) PUBLICATION OF INFORMATION.—The Administrator shall publish the information developed through the partnership under subparagraph (A)(ii) not later than 18 months after the date of enactment of this section.

(3) PROMULGATION OF DRINKING WATER REGULATIONS.—In promulgating a national primary drinking water regulation, the Administrator shall include an analysis of the likely effect of compliance with the regulation on the technical, financial, and managerial capacity of public water systems.

(4) GUIDANCE FOR NEW SYSTEMS.—Not later than 2 years after the date of enactment of this section, the Administrator shall publish guidance developed in consultation with the States describing legal authorities and other means to ensure that all new community water systems and new nontransient, noncommunity water systems demonstrate technical, managerial, and financial capacity with respect to national primary drinking water regulations.

(e) VARIANCES AND EXEMPTIONS.—Based on information obtained under subsection (c)(3), the Administrator shall, as appropriate, modify regulations concerning variances and exemptions for small public water systems to ensure flexibility in the use of the

variances and exemptions. Nothing in this subsection shall be interpreted, construed, or applied to affect or alter the requirements of section 1415 or 1416.

(f) SMALL PUBLIC WATER SYSTEMS TECHNOLOGY ASSISTANCE CENTERS.—

(1) GRANT PROGRAM.—The Administrator is authorized to make grants to institutions of higher learning to establish and operate small public water system technology assistance centers in the United States.

(2) RESPONSIBILITIES OF THE CENTERS.—The responsibilities of the small public water system technology assistance centers established under this subsection shall include the conduct of training and technical assistance relating to the information, performance, and technical needs of small public water systems or public water systems that serve Indian Tribes.

(3) APPLICATIONS.—Any institution of higher learning interested in receiving a grant under this subsection shall submit to the Administrator an application in such form and containing such information as the Administrator may require by regulation.

(4) SELECTION CRITERIA.—The Administrator shall select recipients of grants under this subsection on the basis of the following criteria:

(A) The small public water system technology assistance center shall be located in a State that is representative of the needs of the region in which the State is located for addressing the drinking water needs of small and rural communities or Indian Tribes.

(B) The grant recipient shall be located in a region that has experienced problems, or may reasonably be foreseen to experience problems, with small and rural public water systems.

(C) The grant recipient shall have access to expertise in small public water system technology management.

(D) The grant recipient shall have the capability to disseminate the results of small public water system technology and training programs.

(E) The projects that the grant recipient proposes to carry out under the grant are necessary and appropriate.

(F) The grant recipient has regional support beyond the host institution.

(5) CONSORTIA OF STATES.—At least 2 of the grants under this subsection shall be made to consortia of States with low population densities.

(6) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to make grants under this subsection $2,000,000 for each of the fiscal years 1997 through 1999, and $5,000,000 for each of the fiscal years 2000 through 2003.

(g) ENVIRONMENTAL FINANCE CENTERS.—

(1) IN GENERAL.—The Administrator shall provide initial funding for one or more university-based environmental finance centers for activities that provide technical assistance to State and local officials in developing the capacity of public

water systems. Any such funds shall be used only for activities that are directly related to this title.

(2) NATIONAL CAPACITY DEVELOPMENT CLEARINGHOUSE.—The Administrator shall establish a national public water system capacity development clearinghouse to receive and disseminate information with respect to developing, improving, and maintaining financial and managerial capacity at public water systems. The Administrator shall ensure that the clearinghouse does not duplicate other federally supported clearinghouse activities.

(3) CAPACITY DEVELOPMENT TECHNIQUES.—The Administrator may request an environmental finance center funded under paragraph (1) to develop and test managerial, financial, and institutional techniques for capacity development. The techniques may include capacity assessment methodologies, manual and computer based public water system rate models and capital planning models, public water system consolidation procedures, and regionalization models.

(4) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subsection $1,500,000 for each of the fiscal years 1997 through 2003.

(5) LIMITATION.—No portion of any funds made available under this subsection may be used for lobbying expenses.

[42 U.S.C. 300g–9]

PART C—PROTECTION OF UNDERGROUND SOURCES OF DRINKING WATER

REGULATIONS FOR STATE PROGRAMS

SEC. 1421. (a)(1) The Administrator shall publish proposed regulations for State underground injection control programs within 180 days after the date of enactment of this title. Within 180 days after publication of such proposed regulations, he shall promulgate such regulations with such modifications as he deems appropriate. Any regulation under this subsection may be amended from time to time.

(2) Any regulation under this section shall be proposed and promulgated in accordance with section 553 of title 5, United States Code (relating to rulemaking), except that the Administrator shall provide opportunity for public hearing prior to promulgation of such regulations. In proposing and promulgating regulations under this section, the Administrator shall consult with the Secretary, the National Drinking Water Advisory Council, and other appropriate Federal entities and with interested State entities.

(b)(1) Regulations under subsection (a) for State underground injection programs shall contain minimum requirements for effective programs to prevent underground injection which endangers drinking water sources within the meaning of subsection (d)(2). Such regulations shall require that a State program, in order to be approved under section 1422—

(A) shall prohibit, effective on the date on which the applicable underground injection control program takes effect, any underground injection in such State which is not authorized by

a permit issued by the State (except that the regulations may permit a State to authorize underground injection by rule);

(B) shall require (i) in the case of a program which provides for authorization of underground injection by permit, that the applicant for the permit to inject must satisfy the State that the underground injection will not endanger drinking water sources, and (ii) in the case of a program which provides for such an authorization by rule, that no rule may be promulgated which authorizes any underground injection which endangers drinking water sources;

(C) shall include inspection, monitoring, recordkeeping, and reporting requirements; and

(D) shall apply (i) as prescribed by section 1447(b) [1], to underground injections by Federal agencies, and (ii) to underground injections by any other person whether or not occurring on property owned or leased by the United States.

(2) Regulations of the Administrator under this section for State underground injection control programs may not prescribe requirements which interfere with or impede—

(A) the underground injection of brine or other fluids which are brought to the surface in connection with oil or natural gas production or natural gas storage operations, or

(B) any underground injection for the secondary or tertiary recovery of oil or natural gas,

unless such requirements are essential to assure that underground sources of drinking water will not be endangered by such injection.

(3)(A) The regulations of the Administrator under this section shall permit or provide for consideration of varying geologic, hydrological, or historical conditions in different States and in different areas within a State.

(B)(i) In prescribing regulations under this section the Administrator shall, to the extent feasible, avoid promulgation of requirements which would unnecessarily disrupt State underground injection control programs which are in effect and being enforced in a substantial number of States.

(ii) For the purpose of this subparagraph, a regulation prescribed by the Administrator under this section shall be deemed to disrupt a State underground injection control program only if it would be infeasible to comply with both such regulation and the State underground injection control program.

(iii) For the purpose of this subparagraph, a regulation prescribed by the Administrator under this section shall be deemed unnecessary only if, without such regulation, underground sources of drinking water will not be endangered by any underground injection.

(C) Nothing in this section shall be construed to alter or affect the duty to assure that underground sources of drinking water will not be endangered by any underground injection.

(c)(1) The Administrator may, upon application of the Governor of a State which authorizes underground injection by means of permits, authorize such State to issue (without regard to subsection

[1] So in law. The reference to "section 1447(b)" probably should refer to "section 1447(a)". See the amendment made by section 129 of Public Law 104–182.

(b)(1)(B)(i)) temporary permits for underground injection which may be effective until the expiration of four years after the date of enactment of this title, if—

(A) the Administrator finds that the State has demonstrated that it is unable and could not reasonably have been able to process all permit applications within the time available;

(B) the Administrator determines the adverse effect on the environment of such temporary permits is not unwarranted;

(C) such temporary permits will be issued only with respect to injection wells in operation on the date on which such State's permit program approved under this part first takes effect and for which there was inadequate time to process its permit application; and

(D) the Administrator determines the temporary permits require the use of adequate safeguards established by rules adopted by him.

(2) The Administrator may, upon application of the Governor of a State which authorizes underground injection by means of permits, authorize such State to issue (without regard to subsection (b)(1)(B)(i)), but after reasonable notice and hearing, one or more temporary permits each of which is applicable to a particular injection well and to the underground injection of a particular fluid and which may be effective until the expiration of four years after the date of enactment of this title, if the State finds, on the record of such hearing—

(A) that technology (or other means) to permit safe injection of the fluid in accordance with the applicable underground injection control program is not generally available (taking costs into consideration);

(B) that injection of the fluid would be less harmful to health than the use of other available means of disposing of waste or producing the desired product; and

(C) that available technology or other means have been employed (and will be employed) to reduce the volume and toxicity of the fluid and to minimize the potentially adverse effect of the injection on the public health.

(d) For purposes of this part:

(1) The term "underground injection" means the subsurface emplacement of fluids by well injection. Such term does not include the underground injection of natural gas for purposes of storage.

(2) Underground injection endangers drinking water sources if such injection may result in the presence in underground water which supplies or can reasonably be expected to supply any public water system of any contaminant, and if the presence of such contaminant may result in such system's not complying with any national primary drinking water regulation or may otherwise adversely affect the health of persons.

[42 U.S.C. 300h]

STATE PRIMARY ENFORCEMENT RESPONSIBILITY

SEC. 1422. (a) Within 180 days after the date of enactment of this title, the Administrator shall list in the Federal Register each State for which in his judgment a State underground injection control program may be necessary to assure that underground injection will not endanger drinking water sources. Such list may be amended from time to time.

(b)(1)(A) Each State listed under subsection (a) shall within 270 days after the date of promulgation of any regulation under section 1421 (or, if later, within 270 days after such State is first listed under subsection (a)) submit to the Administrator an application which contains a showing satisfactory to the Administrator that the State—

(i) has adopted after reasonable notice and public hearings, and will implement, an underground injection control program which meets the requirements of regulations in effect under section 1421; and

(ii) will keep such records and make such reports with respect to its activities under its underground injection control program as the Administrator may require by regulation.

The Administrator may, for good cause, extend the date for submission of an application by any State under this subparagraph for a period not to exceed an additional 270 days.

(B) Within 270 days of any amendment of a regulation under section 1421 revising or adding any requirement respecting State underground injection control programs, each State listed under subsection (a) shall submit (in such form and manner as the Administrator may require) a notice to the Administrator containing a showing satisfactory to him that the State underground injection control program meets the revised or added requirement.

(2) Within ninety days after the State's application under paragraph (1)(A) or notice under paragraph (1)(B) and after reasonable opportunity for presentation of views, the Administrator shall by rule either approve, disapprove, or approve in part and disapprove in part, the State's underground injection control program.

(3) If the Administrator approves the State's program under paragraph (2), the State shall have primary enforcement responsibility for underground water sources until such time as the Administrator determines, by rule, that such State no longer meets the requirements of clause (i) or (ii) of paragraph (1)(A) of this subsection.

(4) Before promulgating any rule under paragraph (2) or (3) of this subsection, the Administrator shall provide opportunity for public hearing respecting such rule.

(c) If the Administrator disapproves a State's program (or part thereof) under subsection (b)(2), if the Administrator determines under subsection (b)(3) that a State no longer meets the requirements of clause (i) or (ii) of subsection (b)(1)(A), or if a State fails to submit an application or notice before the date of expiration of the period specified in subsection (b)(1), the Administrator shall by regulation within 90 days after the date of such disapproval, determination, or expiration (as the case may be) prescribe (and may from time to time by regulation revise) a program applicable to

such State meeting the requirements of section 1421(b). Such program may not include requirements which interfere with or impede—

(1) the underground injection of brine or other fluids which are brought to the surface in connection with oil or natural gas production or natural gas storage operations, or

(2) any underground injection for the secondary or tertiary recovery of oil or natural gas,

unless such requirements are essential to assure that underground sources of drinking water will not be endangered by such injection. Such program shall apply in such State to the extent that a program adopted by such State which the Administrator determines meets such requirements is not in effect. Before promulgating any regulation under this section, the Administrator shall provide opportunity for public hearing respecting such regulation.

(d) For purposes of this title, the term "applicable underground injection control program" with respect to a State means the program (or most recent amendment thereof) (1) which has been adopted by the State and which has been approved under subsection (b), or (2) which has been prescribed by the Administrator under subsection (c).

(e) An Indian Tribe may assume primary enforcement responsibility for underground injection control under this section consistent with such regulations as the Administrator has prescribed pursuant to Part C and section 1451 of this Act. The area over which such Indian Tribe exercises governmental jurisdiction need not have been listed under subsection (a) of this section, and such Tribe need not submit an application to assume primary enforcement responsibility within the 270-day deadline noted in subsection (b)(1)(A) of this section. Until an Indian Tribe assumes primary enforcement responsibility, the currently applicable underground injection control program shall continue to apply. If an applicable underground injection control program does not exist for an Indian Tribe, the Administrator shall prescribe such a program pursuant to subsection (c) of this section, and consistent with section 1421(b), within 270 days after the enactment of the Safe Drinking Water Act Amendments of 1986, unless an Indian Tribe first obtains approval to assume primary enforcement responsibility for underground injection control.

[42 U.S.C. 300h–1]

ENFORCEMENT OF PROGRAM

SEC. 1423. (a)(1) Whenever the Administrator finds during a period during which a State has primary enforcement responsibility for underground water sources (within the meaning of section 1422(b)(3) or section 1425(c)) that any person who is subject to a requirement of an applicable underground injection control program in such State is violating such requirement, he shall so notify the State and the person violating such requirement. If beyond the thirtieth day after the Administrator's notification the State has not commenced appropriate enforcement action, the Administrator shall issue an order under subsection (c) requiring the person to

comply with such requirement or the Administrator shall commence a civil action under subsection (b).

(2) Whenever the Administrator finds during a period during which a State does not have primary enforcement responsibility for underground water sources that any person subject to any requirement of any applicable underground injection control program in such State is violating such requirement, the Administrator shall issue an order under subsection (c) requiring the person to comply with such requirement or the Administrator shall commence a civil action under subsection (b).

(b) CIVIL AND CRIMINAL ACTIONS.—Civil actions referred to in paragraphs (1) and (2) of subsection (a) shall be brought in the appropriate United States district court. Such court shall have jurisdiction to require compliance with any requirement of an applicable underground injection program or with an order issued under subsection (c). The court may enter such judgment as protection of public health may require. Any person who violates any requirement of an applicable underground injection control program or an order requiring compliance under subsection (c)—

(1) shall be subject to a civil penalty of not more than $25,000 for each day of such violation, and

(2) if such violation is willful, such person may, in addition to or in lieu of the civil penalty authorized by paragraph (1), be imprisoned for not more than 3 years, or fined in accordance with title 18 of the United States Code, or both.

(c) ADMINISTRATIVE ORDERS.—(1) In any case in which the Administrator is authorized to bring a civil action under this section with respect to any regulation or other requirement of this part other than those relating to—

(A) the underground injection of brine or other fluids which are brought to the surface in connection with oil or natural gas production, or

(B) any underground injection for the secondary or tertiary recovery of oil or natural gas,

the Administrator may also issue an order under this subsection either assessing a civil penalty of not more than $10,000 for each day of violation for any past or current violation, up to a maximum administrative penalty of $125,000, or requiring compliance with such regulation or other requirement, or both.

(2) In any case in which the Administrator is authorized to bring a civil action under this section with respect to any regulation, or other requirement of this part relating to—

(A) the underground injection of brine or other fluids which are brought to the surface in connection with oil or natural gas production, or

(B) any underground injection for the secondary or tertiary recovery of oil or natural gas,

the Administrator may also issue an order under this subsection either assessing a civil penalty of not more than $5,000 for each day of violation for any past or current violation, up to a maximum administrative penalty of $125,000, or requiring compliance with such regulation or other requirement, or both.

(3)(A) An order under this subsection shall be issued by the Administrator after opportunity (provided in accordance with this

subparagraph) for a hearing. Before issuing the order, the Administrator shall give to the person to whom it is directed written notice of the Administrator's proposal to issue such order and the opportunity to request, within 30 days of the date the notice is received by such person, a hearing on the order. Such hearing shall not be subject to section 554 or 556 of title 5, United States Code, but shall provide a reasonable opportunity to be heard and to present evidence.

(B) The Administrator shall provide public notice of, and reasonable opportunity to comment on, any proposed order.

(C) Any citizen who comments on any proposed order under subparagraph (B) shall be given notice of any hearing under this subsection and of any order. In any hearing held under subparagraph (A), such citizen shall have a reasonable opportunity to be heard and to present evidence.

(D) Any order issued under this subsection shall become effective 30 days following its issuance unless an appeal is taken pursuant to paragraph (6).

(4)(A) Any order issued under this subsection shall state with reasonable specificity the nature of the violation and may specify a reasonable time for compliance.

(B) In assessing any civil penalty under this subsection, the Administrator shall take into account appropriate factors, including (i) the seriousness of the violation; (ii) the economic benefit (if any) resulting from the violation; (iii) any history of such violations; (iv) any good-faith efforts to comply with the applicable requirements; (v) the economic impact of the penalty on the violator; and (vi) such other matters as justice may require.

(5) Any violation with respect to which the Administrator has commenced and is diligently prosecuting an action, or has issued an order under this subsection assessing a penalty, shall not be subject to an action under subsection (b) of this section or section 1424(c) or 1449, except that the foregoing limitation on civil actions under section 1449 of this Act shall not apply with respect to any violation for which—

(A) a civil action under section 1449(a)(1) has been filed prior to commencement of an action under this subsection, or

(B) a notice of violation under section 1449(b)(1) has been given before commencement of an action under this subsection and an action under section 1449(a)(1) of this Act is filed before 120 days after such notice is given.

(6) Any person against whom an order is issued or who commented on a proposed order pursuant to paragraph (3) may file an appeal of such order with the United States District Court for the District of Columbia or the district in which the violation is alleged to have occurred. Such an appeal may only be filed within the 30-day period beginning on the date the order is issued. Appellant shall simultaneously send a copy of the appeal by certified mail to the Administrator and to the Attorney General. The Administrator shall promptly file in such court a certified copy of the record on which such order was imposed. The district court shall not set aside or remand such order unless there is not substantial evidence on the record, taken as a whole, to support the finding of a violation or, unless the Administrator's assessment of penalty or re-

quirement for compliance constitutes an abuse of discretion. The district court shall not impose additional civil penalties for the same violation unless the Administrator's assessment of a penalty constitutes an abuse of discretion. Notwithstanding section 1448(a)(2), any order issued under paragraph (3) shall be subject to judicial review exclusively under this paragraph.

(7) If any person fails to pay an assessment of a civil penalty—

(A) after the order becomes effective under paragraph (3), or

(B) after a court, in an action brought under paragraph (6), has entered a final judgment in favor of the Administrator,

the Administrator may request the Attorney General to bring a civil action in an appropriate district court to recover the amount assessed (plus costs, attorneys' fees, and interest at currently prevailing rates from the date the order is effective or the date of such final judgment, as the case may be). In such an action, the validity, amount, and appropriateness of such penalty shall not be subject to review.

(8) The Administrator may, in connection with administrative proceedings under this subsection, issue subpoenas compelling the attendance and testimony of witnesses and subpoenas duces tecum, and may request the Attorney General to bring an action to enforce any subpoena under this section. The district courts shall have jurisdiction to enforce such subpoenas and impose sanction.

(d) Nothing in this title shall diminish any authority of a State or political subdivision to adopt or enforce any law or regulation respecting underground injection but no such law or regulation shall relieve any person of any requirement otherwise applicable under this title.

[42 U.S.C. 300h–2]

INTERIM REGULATION OF UNDERGROUND INJECTIONS

SEC. 1424. (a)(1) Any person may petition the Administrator to have an area of a State (or States) designated as an area in which no new underground injection well may be operated during the period beginning on the date of the designation and ending on the date on which the applicable underground injection control program covering such area takes effect unless a permit for the operation of such well has been issued by the Administrator under subsection (b). The Administrator may so designate an area within a State if he finds that the area has one aquifer which is the sole or principal drinking water source for the area and which, if contaminated, would create a significant hazard to public health.

(2) Upon receipt of a petition under paragraph (1) of this subsection, the Administrator shall publish it in the Federal Register and shall provide an opportunity to interested persons to submit written data, views, or arguments thereon. Not later than the 30th day following the date of the publication of a petition under this paragraph in the Federal Register, the Administrator shall either make the designation for which the petition is submitted or deny the petition.

(b)(1) During the period beginning on the date an area is designated under subsection (a) and ending on the date the applicable

underground injection control program covering such area takes effect, no new underground injection well may be operated in such area unless the Administrator has issued a permit for such operation.

(2) Any person may petition the Administrator for the issuance of a permit for the operation of such a well in such an area. A petition submitted under this paragraph shall be submitted in such manner and contain such information as the Administrator may require by regulation. Upon receipt of such a petition, the Administrator shall publish it in the Federal Register. The Administrator shall give notice of any proceeding on a petition and shall provide opportunity for agency hearing. The Administrator shall act upon such petition on the record of any hearing held pursuant to the preceding sentence respecting such petition. Within 120 days of the publication in the Federal Register of a petition submitted under this paragraph, the Administrator shall either issue the permit for which the petition was submitted or shall deny its issuance.

(3) The Administrator may issue a permit for the operation of a new underground injection well in an area designated under subsection (a) only if he finds that the operation of such well will not cause contamination of the aquifer of such area so as to create a significant hazard to public health. The Administrator may condition the issuance of such a permit upon the use of such control measures in connection with the operation of such well, for which the permit is to be issued, as he deems necessary to assure that the operation of the well will not contaminate the aquifer of the designated area in which the well is located so as to create a significant hazard to public health.

(c) Any person who operates a new underground injection well in violation of subsection (b), (1) shall be subject to a civil penalty of not more than $5,000 for each day in which such violation occurs, or (2) if such violation is willful, such person may, in lieu of the civil penalty authorized by clause (1), be fined not more than $10,000 for each day in which such violation occurs. If the Administrator has reason to believe that any person is violating or will violate subsection (b), he may petition the United States district court to issue a temporary restraining order or injunction (including a mandatory injunction) to enforce such subsection.

(d) For purposes of this section, the term "new underground injection well" means an underground injection well whose operation was not approved by appropriate State and Federal agencies before the date of the enactment of this title.

(e) If the Administrator determines, on his own initiative or upon petition, that an area has an aquifer which is the sole or principal drinking water source for the area and which, if contaminated, would create a significant hazard to public health, he shall publish notice of that determination in the Federal Register. After the publication of any such notice, no commitment for Federal financial assistance (through a grant, contract, loan guarantee, or otherwise) may be entered into for any project which the Administrator determines may contaminate such aquifer through a recharge zone so as to create a significant hazard to public health, but a commitment for Federal financial assistance may, if authorized under another provision of law, be entered into to plan or de-

sign the project to assure that it will not so contaminate the aquifer.

[42 U.S.C. 300h–3]

OPTIONAL DEMONSTRATION BY STATES RELATING TO OIL OR NATURAL GAS

SEC. 1425. (a) For purposes of the Administrator's approval or disapproval under section 1422 of that portion of any State underground injection control program which relates to—

(1) the underground injection of brine or other fluids which are brought to the surface in connection with oil or natural gas production or natural gas storage operations, or

(2) any underground injection for the secondary or tertiary recovery of oil or natural gas,

in lieu of the showing required under subparagraph (A) of section 1422(b)(1) the State may demonstrate that such portion of the State program meets the requirements of subparagraphs (A) through (D) of section 1421(b)(1) and represents an effective program (including adequate recordkeeping and reporting) to prevent underground injection which endangers drinking water sources.

(b) If the Administrator revises or amends any requirement of a regulation under section 1421 relating to any aspect of the underground injection referred to in subsection (a), in the case of that portion of a State underground injection control program for which the demonstration referred to in subsection (a) has been made, in lieu of the showing required under section 1422(b)(1)(B) the State may demonstrate that, with respect to that aspect of such underground injection, the State program meets the requirements of subparagraphs (A) through (D) of section 1421(b)(1) and represents an effective program (including adequate recordkeeping and reporting) to prevent underground injection which endangers drinking water sources.

(c)(1) Section 1422(b)(3) shall not apply to that portion of any State underground injection control program approved by the Administrator pursuant to a demonstration under subsection (a) of this section (and under subsection (b) of this section where applicable).

(2) If pursuant to such a demonstration, the Administrator approves such portion of the State program, the State shall have primary enforcement responsibility with respect to that portion until such time as the Administrator determines, by rule, that such demonstration is no longer valid. Following such a determination, the Administrator may exercise the authority of subsection (c) of section 1422 in the same manner as provided in such subsection with respect to a determination described in such subsection.

(3) Before promulgating any rule under paragraph (2), the Administrator shall provide opportunity for public hearing respecting such rule.

[42 U.S.C. 300h–4]

REGULATION OF STATE PROGRAMS

SEC. 1426. (a)[1] Not later than 18 months after enactment of the Safe Drinking Water Act Amendments of 1986, the Administrator shall modify regulations issued under this Act for Class I injection wells to identify monitoring methods, in addition to those in effect on November 1, 1985, including groundwater monitoring. In accordance with such regulations, the Administrator, or delegated State authority, shall determine the applicability of such monitoring methods, wherever appropriate, at locations and in such a manner as to proivide the earliest possible detection of fluid migration into, or in the direction of, underground sources of drinking water from such wells, based on its assessment of the potential for fluid migration from the injection zone that may be harmful to human health or the environment. For purposes of this subsection, a class I injection well is defined in accordance with 40 CFR 146.05 as in effect on November 1, 1985.

[42 U.S.C. 300h–5]

SOLE SOURCE AQUIFER DEMONSTRATION PROGRAM

SEC. 1427. (a) PURPOSE.—The purpose of this section is to establish procedures for development, implementation, and assessment of demonstration programs designed to protect critical aquifer protection areas located within areas designated as sole or principal source aquifers under section 1424(e) of this Act.

(b) DEFINITION.—For purposes of this section, the term "critical aquifer protection area" means either of the following:

(1) All or part of an area located within an area for which an application or designation as a sole or principal source aquifer pursuant to section 1424(e), has been submitted and approved by the Administrator and which satisfies the criteria established by the Administrator under subsection (d).

(2) All or part of an area which is within an aquifer designated as a sole source aquifer as of the enactment of the Safe Drinking Water Act Amendments of 1986 and for which an areawide ground water quality protection plan has been approved under section 208 of the Clean Water Act prior to such enactment.

(c) APPLICATION.—Any State, municipal or local government or political subdivision thereof of any planning entity (including any interstate regional planning entity) that identifies a critical aquifer protection area over which it has authority or jurisdiction may apply to the Administrator for the selection of such area for a demonstration program under this section. Any applicant shall consult with other government or planning entities with authority or jurisdiction in such area prior to application. Applicants, other than the Governor, shall submit the application for a demonstration program jointly with the Governor.

(d) CRITERIA.—Not later than 1 year after the enactment of the Safe Drinking Water Act Amendments of 1986, the Administrator shall, by rule, establish criteria for identifying critical aquifer pro-

[1] So in law. The "(a)" in section 1426, as amended by section 501(f)(2) of Public Law 104–182, should be deleted because subsection (b) of such section was struck out by section 2021(f) of Public Law 104–66.

tection areas under this section. In establishing such criteria, the Administrator shall consider each of the following:

(1) The vulnerability of the aquifer to contamination due to hydrogeologic characteristics.

(2) The number of persons or the proportion of population using the ground water as a drinking water source.

(3) The economic, social and environmental benefits that would result to the area from maintenance of ground water of high quality.

(4) The economic, social and environmental costs that would result from degradation of the quality of the ground water.

(e) CONTENTS OF APPLICATION.—An application submitted to the Administrator by any applicant for demonstration program under this section shall meet each of the following requirements:

(1) The application shall propose boundaries for the critical aquifer protection area within its jurisdiction.

(2) The application shall designate or, if necessary, establish a planning entity (which shall be a public agency and which shall include representation of elected local and State governmental officials) to develop a comprehensive management plan (hereinafter in this section referred to as the "plan") for the critical protection area. Where a local government planning agency exists with adequate authority to carry out this section with respect to any proposed critical protection area, such agency shall be designated as the planning entity.

(3) The application shall establish procedures for public participation in the development of the plan, for review, approval, and adoption of the plan, and for assistance to municipalities and other public agencies with authority under State law to implement the plan.

(4) The application shall include a hydrogeologic assessment of surface and ground water resources within the critical protection area.

(5) The application shall include a comprehensive management plan for the proposed protection area.

(6) The application shall include the measures and schedule proposed for implementation of such plan.

(f) COMPREHENSIVE PLAN.—

(1) The objective of a comprehensive management plan submitted by an applicant under this section shall be to maintain the quality of the ground water in the critical protection area in a manner reasonably expected to protect human health, the environment and ground water resources. In order to achieve such objective, the plan may be designed to maintain, to the maximum extent possible, the natural vegetative and hydrogeological conditions. Each of the following elements shall be included in such a protection plan:

(A) A map showing the detailed boundary of the critical protection area.

(B) An identification of existing and potential point and nonpoint sources of ground water degradation.

(C) An assessment of the relationship between activities on the land surface and ground water quality.

(D) Specific actions and management practices to be implemented in the critical protection area to prevent adverse impacts on ground water quality.

(E) Identification of authority adequate to implement the plan, estimates of program costs, and sources of State matching funds.

(2) Such plan may also include the following:

(A) A determination of the quality of the existing ground water recharged through the special protection area and the natural recharge capabilities of the special protection area watershed.

(B) Requirements designed to maintain existing underground drinking water quality or improve underground drinking water quality if prevailing conditions fail to meet drinking water standards, pursuant to this Act and State law.

(C) Limits on Federal, State, and local government, financially assisted activities and projects which may contribute to degradation of such ground water or any loss of natural surface and subsurface infiltration of purification capability of the special protection watershed.

(D) A comprehensive statement of land use management including emergency contingency planning as it pertains to the maintenance of the quality of underground sources of drinking water or to the improvement of such sources if necessary to meet drinking water standards pursuant to this Act and State law.

(E) Actions in the special protection area which would avoid adverse impacts on water quality, recharge capabilities, or both.

(F) Consideration of specific techniques, which may include clustering, transfer of development rights, and other innovative measures sufficient to achieve the objectives of this section.

(G) Consideration of the establishment of a State institution to facilitate and assist funding a development transfer credit system.

(H) A program for State and local implementation of the plan described in this subsection in a manner that will insure the continued, uniform, consistent protection of the critical protection area in accord with the purposes of this section.

(I) Pollution abatement measures, if appropriate.

(g) PLANS UNDER SECTION 208 OF THE CLEAN WATER ACT.—A plan approved before the enactment of the Safe Drinking Water Act Amendments of 1986 under section 208 of the Clean Water Act to protect a sole source aquifer designated under section 1424(e) of this Act shall be considered a comprehensive management plan for the purposes of this section.

(h) CONSULTATION AND HEARINGS.—During the development of a comprehensive management plan under this section, the planning entity shall consult with, and consider the comments of, appropriate officials of any municipality and State or Federal agency which has jurisdiction over lands and waters within the special

protection area, other concerned organizations and technical and citizen advisory committees. The planning entity shall conduct public hearings at places within the special protection area for the purpose of providing the opportunity to comment on any aspect of the plan.

(i) APPROVAL OR DISAPPROVAL.—Within 120 days after receipt of an application under this section, the Administrator shall approve or disapprove the application. The approval or disapproval shall be based on a determination that the critical protection area satisfies the criteria established under subsection (d) and that a demonstration program for the area would provide protection for ground water quality consistent with the objectives stated in subsection (f). The Administrator shall provide to the Governor a written explanation of the reasons for the disapproval of any such application. Any petitioner may modify and resubmit any application which is not approved. Upon approval of an application, the Administrator may enter into a cooperative agreement with the applicant to establish a demonstration program under this section.

(j) GRANTS AND REIMBURSEMENT.—Upon entering a cooperative agreement under subsection (i), the Administrator may provide to the applicant, on a matching basis, a grant of 50 per centum of the costs of implementing the plan established under this section. The Administrator may also reimburse the applicant of an approved plan up to 50 per centum of the costs of developing such plan, except for plans approved under section 208 of the Clean Water Act. The total amount of grants under this section for any one aquifer, designated under section 1424(e), shall not exceed $4,000,000 in any one fiscal year.

(k) ACTIVITIES FUNDED UNDER OTHER LAW.—No funds authorized under this section may be used to fund activities funded under other sections of this Act or the Clean Water Act, the Solid Waste Disposal Act, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 or other environmental laws.

(l) SAVINGS PROVISION.—Nothing under this section shall be construed to amend, supersede or abrogate rights to quantities of water which have been established by interstate water compacts, Supreme Court decrees, or State water laws, or any requirement imposed or right provided under any Federal or State environmental or public health statute.

(m) AUTHORIZATION.—There are authorized to be appropriated to carry out this section not more than the following amounts:

Fiscal year:	*Amount*
1987	$10,000,000
1988	15,000,000
1989	17,500,000
1990	17,500,000
1991	17,500,000
1992–2003	15,000,000.

Matching grants under this section may also be used to implement or update any water quality management plan for a sole or principal source aquifer approved (before the date of the enactment of this section) by the Administrator under section 208 of the Federal Water Pollution Control Act.

[42 U.S.C. 300h–6]

STATE PROGRAMS TO ESTABLISH WELLHEAD PROTECTION AREAS

SEC. 1428. (a) STATE PROGRAMS.—The Governor ordir Governor's designee of each State shall, within 3 years of the date of enactment of the Safe Drinking Water Act Amendments of 1986, adopt and submit to the Administrator a State program to protect wellhead areas within their jurisdiction from contaminants which may have any adverse effect on the health of persons. Each State program under this section shall, at a minimum—

(1) specify the duties of State agencies, local governmental entities, and public water supply systems with respect to the development and implementation of programs required by this section;

(2) for each wellhead, determine the wellhead protection areas as defined in subsection (e) based on all reasonably available hydrogeologic information on ground water flow, recharge and discharge and other information the State deems necessary to adequately determine the wellhead protection area;

(3) identify within each wellhead protection area all potential anthropogenic sources of contaminants which may have any adverse effect on the health of persons;

(4) describe a program that contains, as appropriate, technical assistance, financial assistance, implementation of control measures, education, training, and demonstration projects to protect the water supply within wellhead protection areas from such contaminants;

(5) include contingency plans for the location and provision of alternate drinking water supplies for each public water system in the event of well or wellfield contamination by such contaminants; and

(6) include a requirement that consideration be given to all potential sources of such contaminants within the expected wellhead area of a new water well which serves a public water supply system.

(b) PUBLIC PARTICIPATION.—To the maximum extent possible, each State shall establish procedures, including but not limited to the establishment of technical and citizens' advisory committees, to encourage the public to participate in developing the protection program for wellhead areas and source water assessment programs under section 1453. Such procedures shall include notice and opportunity for public hearing on the State program before it is submitted to the Administrator.

(c) DISAPPROVAL.—

(1) IN GENERAL.—If, in the judgment of the Administrator, a State program or portion thereof under subsection (a) is not adequate to protect public water systems as required by subsection (a) or a State program under section 1453 or section 1418(b) does not meet the applicable requirements of section 1453 or section 1418(b), the Administrator shall disapprove such program or portion thereof. A State program developed pursuant to subsection (a) shall be deemed to be adequate unless the Administrator determines, within 9 months of the receipt of a State program, that such program (or portion thereof) is inadequate for the purpose of protecting public water sys-

tems as required by this section from contaminants that may have any adverse effect on the health of persons. A State program developed pursuant to section 1453 or section 1418(b) shall be deemed to meet the applicable requirements of section 1453 or section 1418(b) unless the Administrator determines within 9 months of the receipt of the program that such program (or portion thereof) does not meet such requirements. If the Administrator determines that a proposed State program (or any portion thereof) is disapproved, the Administrator shall submit a written statement of the reasons for such determination to the Governor of the State.

(2) MODIFICATION AND RESUBMISSION.—Within 6 months after receipt of the Administrator's written notice under paragraph (1) that any proposed State program (or portion thereof) is disapproved, the Governor or Governor's designee, shall modify the program based upon the recommendations of the Administrator and resubmit the modified program to the Administrator.

(d) FEDERAL ASSISTANCE.—After the date 3 years after the enactment of this section, no State shall receive funds authorized to be appropriated under this section except for the purpose of implementing the program and requirements of paragraphs (4) and (6) of subsection (a).

(e) DEFINITION OF WELLHEAD PROTECTION AREA.—As used in this section, the term "wellhead protection area" means the surface and subsurface area surrounding a water well or wellfield, supplying a public water system, through which contaminants are reasonably likely to move toward and reach such water well or wellfield. The extent of a wellhead protection area, within a State, necessary to provide protection from contaminants which may have any adverse effect on the health of persons is to be determined by the State in the program submitted under subsection (a). Not later than one year after the enactment of the Safe Drinking Water Act Amendments of 1986, the Administrator shall issue technical guidance which States may use in making such determinations. Such guidance may reflect such factors as the radius of influence around a well or wellfield, the depth of drawdown of the water table by such well or wellfield at any given point, the time or rate of travel of various contaminants in various hydrologic conditions, distance from the well or wellfield, or other factors affecting the likelihood of contaminants reaching the well or wellfield, taking into account available engineering pump tests or comparable data, field reconnaissance, topographic information, and the geology of the formation in which the well or wellfield is located.

(f) PROHIBITIONS.—

(1) ACTIVITIES UNDER OTHER LAWS.—No funds authorized to be appropriated under this section may be used to support activities authorized by the Federal Water Pollution Control Act, the Solid Waste Disposal Act, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, or other sections of this Act.

(2) INDIVIDUAL SOURCES.—No funds authorized to be appropriated under this section may be used to bring individual sources of contamination into compliance.

(g) IMPLEMENTATION.—Each State shall make every reasonable effort to implement the State wellhead area protection program under this section within 2 years of submitting the program to the Administrator. Each State shall submit to the Administrator a biennial status report describing the State's progress in implementing the program. Such report shall include amendments to the State program for water wells sited during the biennial period.

(h) FEDERAL AGENCIES.—Each department, agency, and instrumentality of the executive, legislative, and judicial branches of the Federal Government having jurisdiction over any potential source of contaminants identified by a State program pursuant to the provisions of subsection (a)(3) shall be subject to and comply with all requirements of the State program developed according to subsection (a)(4) applicable to such potential source of contaminants, both substantive and procedural, in the same manner, and to the same extent, as any other person is subject to such requirements, including payment of reasonable charges and fees. The President may exempt any potential source under the jurisdiction of any department, agency, or instrumentality in the executive branch if the President determines it to be in the paramount interest of the United States to do so. No such exemption shall be granted due to the lack of an appropriation unless the President shall have specifically requested such appropriation as part of the budgetary process and the Congress shall have failed to make available such requested appropriations.

(i) ADDITIONAL REQUIREMENT.—

(1) IN GENERAL.—In addition to the provisions of subsection (a) of this section, States in which there are more than 2,500 active wells at which annular injection is used as of January 1, 1986, shall include in their State program a certification that a State program exists and is being adequately enforced that provides protection from contaminants which may have any adverse effect on the health of persons and which are associated with the annular injection or surface disposal of brines associated with oil and gas production.

(2) DEFINITION.—For purposes of this subsection, the term "annular injection" means the reinjection of brines associated with the production of oil or gas between the production and surface casings of a conventional oil or gas producing well.

(3) REVIEW.—The Administrator shall conduct a review of each program certified under this subsection.

(4) DISAPPROVAL.—If a State fails to include the certification required by this subsection or if in the judgment of the Administrator the State program certified under this subsection is not being adequately enforced, the Administrator shall disapprove the State program submitted under subsection (a) of this section.

(j) COORDINATION WITH OTHER LAWS.—Nothing in this section shall authorize or require any department, agency, or other instrumentality of the Federal Government or State or local government to apportion, allocate or otherwise regulate the withdrawal or beneficial use of ground or surface waters, so as to abrogate or modify any existing rights to water established pursuant to State or Federal law, including interstate compacts.

(k) AUTHORIZATION OF APPROPRIATIONS.—Unless the State program is disapproved under this section, the Administrator shall make grants to the State for not less than 50 or more than 90 percent of the costs incurred by a State (as determined by the Administrator) in developing and implementing each State program under this section. For purposes of making such grants there is authorized to be appropriated not more than the following amounts:

Fiscal year:	*Amount*
1987	$20,000,000
1988	20,000,000
1989	35,000,000
1990	35,000,000
1991	35,000,000
1992–2003	30,000,000.

[42 U.S.C. 300h–7]

STATE GROUND WATER PROTECTION GRANTS

SEC. 1429. (a) IN GENERAL.—The Administrator may make a grant to a State for the development and implementation of a State program to ensure the coordinated and comprehensive protection of ground water resources within the State.

(b) GUIDANCE.—Not later than 1 year after the date of enactment of the Safe Drinking Water Act Amendments of 1996, and annually thereafter, the Administrator shall publish guidance that establishes procedures for application for State ground water protection program assistance and that identifies key elements of State ground water protection programs.

(c) CONDITIONS OF GRANTS.—

(1) IN GENERAL.—The Administrator shall award grants to States that submit an application that is approved by the Administrator. The Administrator shall determine the amount of a grant awarded pursuant to this paragraph on the basis of an assessment of the extent of ground water resources in the State and the likelihood that awarding the grant will result in sustained and reliable protection of ground water quality.

(2) INNOVATIVE PROGRAM GRANTS.—The Administrator may also award a grant pursuant to this subsection for innovative programs proposed by a State for the prevention of ground water contamination.

(3) ALLOCATION OF FUNDS.—The Administrator shall, at a minimum, ensure that, for each fiscal year, not less than 1 percent of funds made available to the Administrator by appropriations to carry out this section are allocated to each State that submits an application that is approved by the Administrator pursuant to this section.

(4) LIMITATION ON GRANTS.—No grant awarded by the Administrator may be used for a project to remediate ground water contamination.

(d) AMOUNT OF GRANTS.—The amount of a grant awarded pursuant to paragraph (1) shall not exceed 50 percent of the eligible costs of carrying out the ground water protection program that is the subject of the grant (as determined by the Administrator) for the 1-year period beginning on the date that the grant is awarded. The State shall pay a State share to cover the costs of the ground

water protection program from State funds in an amount that is not less than 50 percent of the cost of conducting the program.

(e) EVALUATIONS AND REPORTS.—Not later than 3 years after the date of enactment of the Safe Drinking Water Act Amendments of 1996, and every 3 years thereafter, the Administrator shall evaluate the State ground water protection programs that are the subject of grants awarded pursuant to this section and report to the Congress on the status of ground water quality in the United States and the effectiveness of State programs for ground water protection.

(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $15,000,000 for each of fiscal years 1997 through 2003.

[42 U.S.C. 300h–8]

PART D—EMERGENCY POWERS

EMERGENCY POWERS

SEC. 1431. (a) Notwithstanding any other provision of this title, the Administrator, upon receipt of information that a contaminant which is present in or is likely to enter a public water system or an underground source of drinking water, or that there is a threatened or potential terrorist attack (or other intentional act designed to disrupt the provision of safe drinking water or to impact adversely the safety of drinking water supplied to communities and individuals), which may present an imminent and substantial endangerment to the health of persons, and that appropriate State and local authorities have not acted to protect the health of such persons, may take such actions as he may deem necessary in order to protect the health of such persons. To the extent he determines it to be practicable in light of such imminent endangerment, he shall consult with the State and local authorities in order to confirm the correctness of the information on which action proposed to be taken under this subsection is based and to ascertain the action which such authorities are or will be taking. The action which the Administrator may take may include (but shall not be limited to) (1) issuing such orders as may be necessary to protect the health of persons who are or may be users of such system (including travelers), including orders requiring the provision of alternative water supplies by persons who caused or contributed to the endangerment, and (2) commencing a civil action for appropriate relief, including a restraining order or permanent or temporary injunction.

(b) Any person who violates or fails or refuses to comply with any order issued by the Administrator under subsection (a)(1) may, in an action brought in the appropriate United States district court to enforce such order, be subject to a civil penalty of not to exceed $15,000 for each day in which such violation occurs or failure to comply continues.

[42 U.S.C. 300i]

TAMPERING WITH PUBLIC WATER SYSTEMS

SEC. 1432. (a) TAMPERING.—Any person who tampers with a public water system shall be imprisoned for not more than 20 years, or fined in accordance with title 18 of the United States Code, or both.

(b) ATTEMPT OR THREAT.—Any person who attempts to tamper, or makes a threat to tamper, with a public drinking water system be imprisoned for not more than 10 years, or fined in accordance with title 18 of the United States Code, or both.

(c) CIVIL PENALTY.—The Administrator may bring a civil action in the appropriate United States district court (as determined under the provisions of title 28 of the United States Code) against any person who tampers, attempts to tamper, or makes a threat to tamper with a public water system. The court may impose on such person a civil penalty of not more than $1,000,000 for such tampering or not more than $100,000 for such attempt or threat.

(d) DEFINITION OF "TAMPER".—For purposes of this section, the term "tamper" means—

(1) to introduce a contaminant into a public water system with the intention of harming persons; or

(2) to otherwise interfere with the operation of a public water system with the intention of harming persons.

[42 U.S.C. 300i–1]

SEC. 1433. TERRORIST AND OTHER INTENTIONAL ACTS.

(a) VULNERABILITY ASSESSMENTS.—(1) Each community water system serving a population of greater than 3,300 persons shall conduct an assessment of the vulnerability of its system to a terrorist attack or other intentional acts intended to substantially disrupt the ability of the system to provide a safe and reliable supply of drinking water. The vulnerability assessment shall include, but not be limited to, a review of pipes and constructed conveyances, physical barriers, water collection, pretreatment, treatment, storage and distribution facilities, electronic, computer or other automated systems which are utilized by the public water system, the use, storage, or handling of various chemicals, and the operation and maintenance of such system. The Administrator, not later than August 1, 2002, after consultation with appropriate departments and agencies of the Federal Government and with State and local governments, shall provide baseline information to community water systems required to conduct vulnerability assessments regarding which kinds of terrorist attacks or other intentional acts are the probable threats to—

(A) substantially disrupt the ability of the system to provide a safe and reliable supply of drinking water; or

(B) otherwise present significant public health concerns.

(2) Each community water system referred to in paragraph (1) shall certify to the Administrator that the system has conducted an assessment complying with paragraph (1) and shall submit to the Administrator a written copy of the assessment. Such certification and submission shall be made prior to:

(A) March 31, 2003, in the case of systems serving a population of 100,000 or more.

(B) December 31, 2003, in the case of systems serving a population of 50,000 or more but less than 100,000.

(C) June 30, 2004, in the case of systems serving a population greater than 3,300 but less than 50,000.

(3) Except for information contained in a certification under this subsection identifying the system submitting the certification and the date of the certification, all information provided to the Administrator under this subsection and all information derived therefrom shall be exempt from disclosure under section 552 of title 5 of the United States Code.

(4) No community water system shall be required under State or local law to provide an assessment described in this section to any State, regional, or local governmental entity solely by reason of the requirement set forth in paragraph (2) that the system submit such assessment to the Administrator.

(5) Not later than November 30, 2002, the Administrator, in consultation with appropriate Federal law enforcement and intelligence officials, shall develop such protocols as may be necessary to protect the copies of the assessments required to be submitted under this subsection (and the information contained therein) from unauthorized disclosure. Such protocols shall ensure that—

(A) each copy of such assessment, and all information contained in or derived from the assessment, is kept in a secure location;

(B) only individuals designated by the Administrator may have access to the copies of the assessments; and

(C) no copy of an assessment, or part of an assessment, or information contained in or derived from an assessment shall be available to anyone other than an individual designated by the Administrator.

At the earliest possible time prior to November 30, 2002, the Administrator shall complete the development of such protocols for the purpose of having them in place prior to receiving any vulnerability assessments from community water systems under this subsection.

(6)(A) Except as provided in subparagraph (B), any individual referred to in paragraph (5)(B) who acquires the assessment submitted under paragraph (2), or any reproduction of such assessment, or any information derived from such assessment, and who knowingly or recklessly reveals such assessment, reproduction, or information other than—

(i) to an individual designated by the Administrator under paragraph (5),

(ii) for purposes of section 1445 or for actions under section 1431, or

(iii) for use in any administrative or judicial proceeding to impose a penalty for failure to comply with this section,

shall upon conviction be imprisoned for not more than one year or fined in accordance with the provisions of chapter 227 of title 18, United States Code, applicable to class A misdemeanors, or both, and shall be removed from Federal office or employment.

(B) Notwithstanding subparagraph (A), an individual referred to in paragraph (5)(B) who is an officer or employee of the United

States may discuss the contents of a vulnerability assessment submitted under this section with a State or local official.

(7) Nothing in this section authorizes any person to withhold any information from Congress or from any committee or subcommittee of Congress.

(b) EMERGENCY RESPONSE PLAN.—Each community water system serving a population greater than 3,300 shall prepare or revise, where necessary, an emergency response plan that incorporates the results of vulnerability assessments that have been completed. Each such community water system shall certify to the Administrator, as soon as reasonably possible after the enactment of this section, but not later than 6 months after the completion of the vulnerability assessment under subsection (a), that the system has completed such plan. The emergency response plan shall include, but not be limited to, plans, procedures, and identification of equipment that can be implemented or utilized in the event of a terrorist or other intentional attack on the public water system. The emergency response plan shall also include actions, procedures, and identification of equipment which can obviate or significantly lessen the impact of terrorist attacks or other intentional actions on the public health and the safety and supply of drinking water provided to communities and individuals. Community water systems shall, to the extent possible, coordinate with existing Local Emergency Planning Committees established under the Emergency Planning and Community Right-to-Know Act (42 U.S.C. 11001 et seq.) when preparing or revising an emergency response plan under this subsection.

(c) RECORD MAINTENANCE.—Each community water system shall maintain a copy of the emergency response plan completed pursuant to subsection (b) for 5 years after such plan has been certified to the Administrator under this section.

(d) GUIDANCE TO SMALL PUBLIC WATER SYSTEMS.—The Administrator shall provide guidance to community water systems serving a population of less than 3,300 persons on how to conduct vulnerability assessments, prepare emergency response plans, and address threats from terrorist attacks or other intentional actions designed to disrupt the provision of safe drinking water or significantly affect the public health or significantly affect the safety or supply of drinking water provided to communities and individuals.

(e) FUNDING.—(1) There are authorized to be appropriated to carry out this section not more than $160,000,000 for the fiscal year 2002 and such sums as may be necessary for the fiscal years 2003 through 2005.

(2) The Administrator, in coordination with State and local governments, may use funds made available under paragraph (1) to provide financial assistance to community water systems for purposes of compliance with the requirements of subsections (a) and (b) and to community water systems for expenses and contracts designed to address basic security enhancements of critical importance and significant threats to public health and the supply of drinking water as determined by a vulnerability assessment conducted under subsection (a). Such basic security enhancements may include, but shall not be limited to the following:

(A) the purchase and installation of equipment for detection of intruders;

(B) the purchase and installation of fencing, gating, lighting, or security cameras;

(C) the tamper-proofing of manhole covers, fire hydrants, and valve boxes;

(D) the rekeying of doors and locks;

(E) improvements to electronic, computer, or other automated systems and remote security systems;

(F) participation in training programs, and the purchase of training manuals and guidance materials, relating to security against terrorist attacks;

(G) improvements in the use, storage, or handling of various chemicals; and

(H) security screening of employees or contractor support services.

Funding under this subsection for basic security enhancements shall not include expenditures for personnel costs, or monitoring, operation, or maintenance of facilities, equipment, or systems.

(3) The Administrator may use not more than $5,000,000 from the funds made available under paragraph (1) to make grants to community water systems to assist in responding to and alleviating any vulnerability to a terrorist attack or other intentional acts intended to substantially disrupt the ability of the system to provide a safe and reliable supply of drinking water (including sources of water for such systems) which the Administrator determines to present an immediate and urgent security need.

(4) The Administrator may use not more than $5,000,000 from the funds made available under paragraph (1) to make grants to community water systems serving a population of less than 3,300 persons for activities and projects undertaken in accordance with the guidance provided to such systems under subsection (d).

[42 U.S.C. 300i–2]

SEC. 1434. CONTAMINANT PREVENTION, DETECTION AND RESPONSE.

(a) IN GENERAL.—The Administrator, in consultation with the Centers for Disease Control and, after consultation with appropriate departments and agencies of the Federal Government and with State and local governments, shall review (or enter into contracts or cooperative agreements to provide for a review of) current and future methods to prevent, detect and respond to the intentional introduction of chemical, biological or radiological contaminants into community water systems and source water for community water systems, including each of the following:

(1) Methods, means and equipment, including real time monitoring systems, designed to monitor and detect various levels of chemical, biological, and radiological contaminants or indicators of contaminants and reduce the likelihood that such contaminants can be successfully introduced into public water systems and source water intended to be used for drinking water.

(2) Methods and means to provide sufficient notice to operators of public water systems, and individuals served by such systems, of the introduction of chemical, biological or radio-

logical contaminants and the possible effect of such introduction on public health and the safety and supply of drinking water.

(3) Methods and means for developing educational and awareness programs for community water systems.

(4) Procedures and equipment necessary to prevent the flow of contaminated drinking water to individuals served by public water systems.

(5) Methods, means, and equipment which could negate or mitigate deleterious effects on public health and the safety and supply caused by the introduction of contaminants into water intended to be used for drinking water, including an examination of the effectiveness of various drinking water technologies in removing, inactivating, or neutralizing biological, chemical, and radiological contaminants.

(6) Biomedical research into the short-term and long-term impact on public health of various chemical, biological and radiological contaminants that may be introduced into public water systems through terrorist or other intentional acts.

(b) FUNDING.—For the authorization of appropriations to carry out this section, see section 1435(e).

[42 U.S.C. 300i–3]

SEC. 1435. SUPPLY DISRUPTION PREVENTION, DETECTION AND RESPONSE.

(a) DISRUPTION OF SUPPLY OR SAFETY.—The Administrator, in coordination with the appropriate departments and agencies of the Federal Government, shall review (or enter into contracts or cooperative agreements to provide for a review of) methods and means by which terrorists or other individuals or groups could disrupt the supply of safe drinking water or take other actions against water collection, pretreatment, treatment, storage and distribution facilities which could render such water significantly less safe for human consumption, including each of the following:

(1) Methods and means by which pipes and other constructed conveyances utilized in public water systems could be destroyed or otherwise prevented from providing adequate supplies of drinking water meeting applicable public health standards.

(2) Methods and means by which collection, pretreatment, treatment, storage and distribution facilities utilized or used in connection with public water systems and collection and pretreatment storage facilities used in connection with public water systems could be destroyed or otherwise prevented from providing adequate supplies of drinking water meeting applicable public health standards.

(3) Methods and means by which pipes, constructed conveyances, collection, pretreatment, treatment, storage and distribution systems that are utilized in connection with public water systems could be altered or affected so as to be subject to cross-contamination of drinking water supplies.

(4) Methods and means by which pipes, constructed conveyances, collection, pretreatment, treatment, storage and distribution systems that are utilized in connection with public

water systems could be reasonably protected from terrorist attacks or other acts intended to disrupt the supply or affect the safety of drinking water.

(5) Methods and means by which information systems, including process controls and supervisory control and data acquisition and cyber systems at community water systems could be disrupted by terrorists or other groups.

(b) ALTERNATIVE SOURCES.—The review under this section shall also include a review of the methods and means by which alternative supplies of drinking water could be provided in the event of the destruction, impairment or contamination of public water systems.

(c) REQUIREMENTS AND CONSIDERATIONS.—In carrying out this section and section 1434—

(1) the Administrator shall ensure that reviews carried out under this section reflect the needs of community water systems of various sizes and various geographic areas of the United States; and

(2) the Administrator may consider the vulnerability of, or potential for forced interruption of service for, a region or service area, including community water systems that provide service to the National Capital area.

(d) INFORMATION SHARING.—As soon as practicable after reviews carried out under this section or section 1434 have been evaluated, the Administrator shall disseminate, as appropriate as determined by the Administrator, to community water systems information on the results of the project through the Information Sharing and Analysis Center, or other appropriate means.

(e) FUNDING.—There are authorized to be appropriated to carry out this section and section 1434 not more than $15,000,000 for the fiscal year 2002 and such sums as may be necessary for the fiscal years 2003 through 2005.

[42 U.S.C. 300i–4]

PART E—GENERAL PROVISIONS

ASSURANCE OF AVAILABILITY OF ADEQUATE SUPPLIES OF CHEMICALS NECESSARY FOR TREATMENT OF WATER

SEC. 1441. (a) If any person who uses chlorine, activated carbon, lime, ammonia, soda ash, potassium permanganate, caustic soda, or other chemical or substance for the purpose of treating water in any public water system or in any public treatment works determines that the amount of such chemical or substance necessary to effectively treat such water is not reasonably available to him or will not be so available to him when required for the effective treatment of such water, such person may apply to the Administrator for a certification (hereinafter in this section referred to as a "certification of need") that the amount of such chemical or substance which such person requires to effectively treat such water is not reasonably available to him or will not be so available when required for the effective treatment of such water.

(b)(1) An application for a certification of need shall be in such form and submitted in such manner as the Administrator may require and shall (A) specify the persons the applicant determines

are able to provide the chemical or substance with respect to which the application is submitted, (B) specify the persons from whom the applicant has sought such chemical or substance, and (C) contain such other information as the Administrator may require.

(2) Upon receipt of an application under this section, the Administrator shall (A) publish in the Federal Register a notice of the receipt of the application and a brief summary of it, (B) notify in writing each person whom the President or his delegate (after consultation with the Administrator) determines could be made subject to an order required to be issued upon the issuance of the certification of need applied for in such application, and (C) provide an opportunity for the submission of written comments on such application. The requirements of the preceding sentence of this paragraph shall not apply when the Administrator for good cause finds (and incorporates the finding with a brief statement of reasons therefor in the order issued) that waiver of such requirements is necessary in order to protect the public health.

(3) Within 30 days after—

(A) the date a notice is published under paragraph (2) in the Federal Register with respect to an application submitted under this section for the issuance of a certification of need, or

(B) the date on which such application is received if as authorized by the second sentence of such paragraph no notice is published with respect to such application,

the Administrator shall take action either to issue or deny the issuance of a certification of need.

(c)(1) If the Administrator finds that the amount of a chemical or substance necessary for an applicant under an application submitted under this section to effectively treat water in a public water system or in a public treatment works is not reasonably available to the applicant or will not be so available to him when required for the effective treatment of such water, the Administrator shall issue a certification of need. Not later than seven days following the issuance of such certification, the President or his delegate shall issue an order requiring the provision to such person of such amounts of such chemical or substance as the Administrator deems necessary in the certification of need issued for such person. Such order shall apply to such manufacturers, producers, processors, distributors, and repackagers of such chemical or substance as the President or his delegate deems necessary and appropriate, except that such order may not apply to any manufacturer, producer, or processor of such chemical or substance who manufactures, produces, or processes (as the case may be) such chemical or substance solely for its own use. Persons subject to an order issued under this section shall be given a reasonable opportunity to consult with the President or his delegate with respect to the implementation of the order.

(2) Orders which are to be issued under paragraph (1) to manufacturers, producers, and processors of a chemical or substance shall be equitably apportioned, as far as practicable, among all manufacturers, producers, and processors of such chemical or substance; and orders which are to be issued under paragraph (1) to distributors and repackagers of a chemical or substance shall be equitably apportioned, as far as practicable, among all distributors

and repackagers of such chemical or substance. In apportioning orders issued under paragraph (1) to manufacturers, producers, processors, distributors, and repackagers of chlorine, the President or his delegate shall, in carrying out the requirements of the preceding sentence, consider—

(A) the geographical relationships and established commercial relationships between such manufacturers, producers, processors, distributors, and repackagers and the persons for whom the orders are issued;

(B) in the case of orders to be issued to producers of chlorine, the (i) amount of chlorine historically supplied by each such producer to treat water in public water systems and public treatment works, and (ii) share of each such producer of the total annual production of chlorine in the United States; and

(C) such other factors as the President or his delegate may determine are relevant to the apportionment of orders in accordance with the requirements of the preceding sentence.

(3) Subject to subsection (f), any person for whom a certification of need has been issued under this subsection may upon the expiration of the order issued under paragraph (1) upon such certification apply under this section for additional certifications.

(d) There shall be available as a defense to any action brought for breach of contract in a Federal or State court arising out of delay or failure to provide, sell, or offer for sale or exchange a chemical or substance subject to an order issued pursuant to subsection (c)(1), that such delay or failure was caused solely by compliance with such order.

(e)(1) Whoever knowingly fails to comply with any order issued pursuant to subsection (c)(1) shall be fined not more than $5,000 for each such failure to comply.

(2) Whoever fails to comply with any order issued pursuant to subsection (c)(1) shall be subject to a civil penalty of not more than $2,500 for each such failure to comply.

(3) Whenever the Administrator or the President or his delegate has reason to believe that any person is violating or will violate any order issued pursuant to subsection (c)(1), he may petition a United States district court to issue a temporary restraining order or preliminary or permanent injunction (including a mandatory injunction) to enforce the provisions of such order.

(f) No certification of need or order issued under this section may remain in effect for more than one year.

[42 U.S.C. 300j]

RESEARCH, TECHNICAL ASSISTANCE, INFORMATION, TRAINING OF PERSONNEL

SEC. 1442. (a)(1) The Administrator may conduct research, studies, and demonstrations relating to the causes, diagnosis, treatment, control, and prevention of physical and mental diseases and other impairments of man resulting directly or indirectly from contaminants in water, or to the provision of a dependably safe supply of drinking water, including—

(A) improved methods (i) to identify and measure the existence of contaminants in drinking water (including methods

which may be used by State and local health and water officials), and (ii) to identify the source of such contaminants;

(B) improved methods to identify and measure the health effects of contaminants in drinking water;

(C) new methods of treating raw water to prepare it for drinking, so as to improve the efficiency of water treatment and to remove contaminants from water;

(D) improved methods for providing a dependably safe supply of drinking water, including improvements in water purification and distribution, and methods of assessing the health related hazards of drinking water; and

(E) improved methods of protecting underground water sources of public water systems from contamination.

(2)[1] INFORMATION AND RESEARCH FACILITIES.—In carrying out this title, the Administrator is authorized to—

(A) collect and make available information pertaining to research, investigations, and demonstrations with respect to providing a dependably safe supply of drinking water, together with appropriate recommendations in connection with the information; and

(B) make available research facilities of the Agency to appropriate public authorities, institutions, and individuals engaged in studies and research relating to this title.

(3) The Administrator shall carry out a study of polychlorinated biphenyl contamination of actual or potential sources of drinking water, contamination of such sources by other substances known or suspected to be harmful to public health, the effects of such contamination, and means of removing, treating, or otherwise controlling such contamination. To assist in carrying out this paragraph, the Administrator is authorized to make grants to public agencies and private nonprofit institutions.

(4) The Administrator shall conduct a survey and study of—

(A) disposal of waste (including residential waste) which may endanger underground water which supplies, or can reasonably be expected to supply, any public water systems, and

(B) means of control of such waste disposal.

Not later than one year after the date of enactment of this title, he shall transmit to the Congress the results of such survey and study, together with such recommendations as he deems appropriate.

(5) The Administrator shall carry out a study of methods of underground injection which do not result in the degradation of underground drinking water sources.

(6) The Administrator shall carry out a study of methods of preventing, detecting, and dealing with surface spills of contaminants which may degrade underground water sources for public water systems.

(7) The Administrator shall carry out a study of virus contamination of drinking water sources and means of control of such contamination.

(8) The Administrator shall carry out a study of the nature and extent of the impact on underground water which supplies or can

[1] So in law. Indentation is incorrect.

reasonably be expected to supply public water systems of (A) abandoned injection or extraction wells; (B) intensive application of pesticides and fertilizers in underground water recharge areas; and (C) ponds, pools, lagoons, pits, or other surface disposal of contaminants in underground water recharge areas.

(9) The Administrator shall conduct a comprehensive study of public water supplies and drinking water sources to determine the nature, extent, sources of and means of control of contamination by chemicals or other substances suspected of being carcinogenic. Not later than six months after the date of enactment of this title, he shall transmit to the Congress the initial results of such study, together with such recommendations for further review and corrective action as he deems appropriate.

(10) The Administrator shall carry out a study of the reaction of chlorine and humic acids and the effects of the contaminants which result from such reaction on public health and on the safety of drinking water, including any carcinogenic effect.

(b) The Administrator is authorized to provide technical assistance and to make grants to States, or publicly owned water systems to assist in responding to and alleviating any emergency situation affecting public water systems (including sources of water for such systems) which the Administrator determines to present substantial danger to the public health. Grants provided under this subsection shall be used only to support those actions which (i) are necessary for preventing, limiting or mitigating danger to the public health in such emergency situation and (ii) would not, in the judgment of the Administrator, be taken without such emergency assistance. The Administrator may carry out the program authorized under this subparagraph as part of, and in accordance with the terms and conditions of, any other program of assistance for environmental emergencies which the Administrator is authorized to carry out under any other provision of law. No limitation on appropriations for any such other program shall apply to amounts appropriated under this subparagraph.

(c) The Administrator shall—

(1) provide training for, and make grants for training (including postgraduate training) of (A) personnel of State agencies which have primary enforcement responsibility and of agencies or units of local government to which enforcement responsibilities have been delegated by the State, and (B) personnel who manage or operate public water systems, and

(2) make grants for postgraduate training of individuals (including grants to educational institutions for traineeships) for purposes of qualifying such individuals to work as personnel referred to in paragraph (1).

Reasonable fees may be charged for training provided under paragraph (1)(B) to persons other than personnel of State or local agencies but such training shall be provided to personnel of State or local agencies without charge.

(d) There are authorized to be appropriated to carry out subsection (b) not more than $35,000,000 for the fiscal year 2002 and such sums as may be necessary for each fiscal year thereafter.

(e) TECHNICAL ASSISTANCE.—The Administrator may provide technical assistance to small public water systems to enable such

systems to achieve and maintain compliance with applicable national primary drinking water regulations. Such assistance may include circuit-rider and multi-State regional technical assistance programs, training, and preliminary engineering evaluations. The Administrator shall ensure that technical assistance pursuant to this subsection is available in each State. Each nonprofit organization receiving assistance under this subsection shall consult with the State in which the assistance is to be expended or otherwise made available before using assistance to undertake activities to carry out this subsection. There are authorized to be appropriated to the Administrator to be used for such technical assistance $15,000,000 for each of the fiscal years 1997 through 2003. No portion of any State loan fund established under section 1452 (relating to State loan funds) and no portion of any funds made available under this subsection may be used for lobbying expenses. Of the total amount appropriated under this subsection, 3 percent shall be used for technical assistance to public water systems owned or operated by Indian Tribes.

[42 U.S.C. 300j–1]

GRANTS FOR STATE PROGRAMS

SEC. 1443. (a)(1) From allotments made pursuant to paragraph (4), the Administrator may make grants to States to carry out public water system supervision programs.

(2) No grant may be made under paragraph (1) unless an application therefor has been submitted to the Administrator in such form and manner as he may require. The Administrator may not approve an application of a State for its first grant under paragraph (1) unless he determines that the State—

(A) has established or will establish within one year from the date of such grant a public water system supervision program, and

(B) will, within that one year, assume primary enforcement responsibility for public water systems within the State.

No grant may be made to a State under paragraph (1) for any period beginning more than one year after the date of the State's first grant unless the State has assumed and maintains primary enforcement responsibility for public water systems within the State. The prohibitions contained in the preceding two sentences shall not apply to such grants when made to Indian Tribes.

(3) A grant under paragraph (1) shall be made to cover not more than 75 per centum of the grant recipient's costs (as determined under regulations of the Administrator) in carrying out, during the one-year period beginning on the date the grant is made, a public water system supervision program.

(4) In each fiscal year the Administrator shall, in accordance with regulations, allot the sums appropriated for such year under paragraph (5) among the States on the basis of population, geographical area, number of public water systems, and other relevant factors. No State shall receive less than 1 per centum of the annual appropriation for grants under paragraph (1): *Provided,* That the Administrator may, by regulation, reduce such percentage in accordance with the criteria specified in this paragraph: *And pro-*

vided further, That such percentage shall not apply to grants allotted to Guam, American Samoa, or the Virgin Islands.

(5) The prohibition contained in the last sentence of paragraph (2) may be waived by the Administrator with respect to a grant to a State through fiscal year 1979 but such prohibition may only be waived if, in the judgment of the Administrator—

(A) the State is making a diligent effort to assume and maintain primary enforcement responsibility for public water systems within the State;

(B) the State has made significant progress toward assuming and maintaining such primary enforcement responsibility; and

(C) there is reason to believe the State will assume such primary enforcement responsibility by October 1, 1979.

The amount of any grant awarded for the fiscal years 1978 and 1979 pursuant to a waiver under this paragraph may not exceed 75 per centum of the allotment which the State would have received for such fiscal year if it had assumed and maintained such primary enforcement responsibility. The remaining 25 per centum of the amount allotted to such State for such fiscal year shall be retained by the Administrator, and the Administrator may award such amount to such State at such time as the State assumes such responsibility before the beginning of fiscal year 1980. At the beginning of each fiscal years 1979 and 1980 the amounts retained by the Administrator for any preceding fiscal year and not awarded by the beginning of fiscal year 1979 or 1980 to the States to which such amounts were originally allotted may be removed from the original allotment and reallotted for fiscal year 1979 or 1980 (as the case may be) to States which have assumed primary enforcement responsibility by the beginning of such fiscal year.

(6) The Administrator shall notify the State of the approval or disapproval of any application for a grant under this section—

(A) within ninety days after receipt of such application, or

(B) not later than the first day of the fiscal year for which the grant application is made, whichever is later.

(7) AUTHORIZATION.—For the purpose of making grants under paragraph (1), there are authorized to be appropriated $100,000,000 for each of fiscal years 1997 through 2003.

(8) RESERVATION OF FUNDS BY THE ADMINISTRATOR.—If the Administrator assumes the primary enforcement responsibility of a State public water system supervision program, the Administrator may reserve from funds made available pursuant to this subsection an amount equal to the amount that would otherwise have been provided to the State pursuant to this subsection. The Administrator shall use the funds reserved pursuant to this paragraph to ensure the full and effective administration of a public water system supervision program in the State.

(9) STATE LOAN FUNDS.—

(A) RESERVATION OF FUNDS.—For any fiscal year for which the amount made available to the Administrator by appropriations to carry out this subsection is less than the amount that the Administrator determines is necessary to supplement funds made available pursuant to paragraph

(8) to ensure the full and effective administration of a public water system supervision program in a State, the Administrator may reserve from the funds made available to the State under section 1452 (relating to State loan funds) an amount that is equal to the amount of the shortfall. This paragraph shall not apply to any State not exercising primary enforcement responsibility for public water systems as of the date of enactment of the Safe Drinking Water Act Amendments of 1996.

(B) DUTY OF ADMINISTRATOR.—If the Administrator reserves funds from the allocation of a State under subparagraph (A), the Administrator shall carry out in the State each of the activities that would be required of the State if the State had primary enforcement authority under section 1413.

(b)(1) From allotments made pursuant to paragraph (4), the Administrator may make grants to States to carry out underground water source protection programs.

(2) No grant may be made under paragraph (1) unless an application therefor has been submitted to the Administrator in such form and manner as he may require. No grant may be made to any State under paragraph (1) unless the State has assumed primary enforcement responsibility within two years after the date the Administrator promulgates regulations for State underground injection control programs under section 1421. The prohibition contained in the preceding sentence shall not apply to such grants when made to Indian Tribes.

(3) A grant under paragraph (1) shall be made to cover not more than 75 per centum of the grant recipient's costs (as determined under regulations of the Administrator) in carrying out, during the one-year period beginning on the date the grant is made, an underground water source protection program.

(4) In each fiscal year the Administrator shall, in accordance with regulations, allot the sums appropriated for such year under paragraph (5) among the States on the basis of population, geographical area, and other relevant factors.

(5) For purposes of making grants under paragraph (1) there are authorized to be appropriated $5,000,000 for the fiscal year ending June 30, 1976, $7,500,000 for the fiscal year ending June 30, 1977, $10,000,000 for each of the fiscal years 1978 and 1979, $7,795,000 for the fiscal year ending September 30, 1980, $18,000,000 for the fiscal year ending September 30, 1981, and $21,000,000 for the fiscal year ending September 30, 1982. For the purpose of making grants under paragraph (1) there are authorized to be appropriated not more than the following amounts:

Fiscal year:	*Amount*
1987	$19,700,000
1988	19,700,000
1989	20,850,000
1990	20,850,000
1991	20,850,000
1992–2003	15,000,000.

(c) For purposes of this section:

(1) The term "public water system supervision program" means a program for the adoption and enforcement of drinking water regulations (with such variances and exemptions from such regulations under conditions and in a manner which is not less stringent than the conditions under, and the manner in, which variances and exemptions may be granted under sections 1415 and 1416) which are no less stringent than the national primary drinking water regulations under section 1412, and for keeping records and making reports required by section 1413(a)(3).

(2) The term "underground water source protection program" means a program for the adoption and enforcement of a program which meets the requirements of regulations under section 1421 and for keeping records and making reports required by section 1422(b)(1)(A)(ii). Such term includes, where applicable, a program which meets the requirements of section 1425.

(d) NEW YORK CITY WATERSHED PROTECTION PROGRAM.—

(1) IN GENERAL.—The Administrator is authorized to provide financial assistance to the State of New York for demonstration projects implemented as part of the watershed program for the protection and enhancement of the quality of source waters of the New York City water supply system, including projects that demonstrate, assess, or provide for comprehensive monitoring and surveillance and projects necessary to comply with the criteria for avoiding filtration contained in 40 CFR 141.71. Demonstration projects which shall be eligible for financial assistance shall be certified to the Administrator by the State of New York as satisfying the purposes of this subsection. In certifying projects to the Administrator, the State of New York shall give priority to monitoring projects that have undergone peer review.

(2) REPORT.—Not later than 5 years after the date on which the Administrator first provides assistance pursuant to this paragraph, the Governor of the State of New York shall submit a report to the Administrator on the results of projects assisted.

(3) MATCHING REQUIREMENTS.—Federal assistance provided under this subsection shall not exceed 50 percent of the total cost of the protection program being carried out for any particular watershed or ground water recharge area.

(4) AUTHORIZATION.—There are authorized to be appropriated to the Administrator to carry out this subsection for each of fiscal years 1997 through 2003, $15,000,000 for the purpose of providing assistance to the State of New York to carry out paragraph (1).

[42 U.S.C. 300j–2]

SPECIAL STUDY AND DEMONSTRATION PROJECT GRANTS; GUARANTEED LOANS

SEC. 1444. (a) The Administrator may make grants to any person for the purposes of—

(1) assisting in the development and demonstration (including construction) of any project which will demonstrate a new or improved method, approach, or technology, for providing a dependably safe supply of drinking water to the public; and

(2) assisting in the development and demonstration (including construction) of any project which will investigate and demonstrate health implications involved in the reclamation, recycling, and reuse of waste waters for drinking and the processes and methods for the preparation of safe and acceptable drinking water.

(b) Grants made by the Administrator under this section shall be subject to the following limitations:

(1) Grants under this section shall not exceed 66⅔ per centum of the total cost of construction of any facility and 75 per centum of any other costs, as determined by the Administrator.

(2) Grants under this section shall not be made for any project involving the construction or modification of any facilities for any public water system in a State unless such project has been approved by the State agency charged with the responsibility for safety of drinking water (or if there is no such agency in a State, by the State health authority).

(3) Grants under this section shall not be made for any project unless the Administrator determines, after consulting the National Drinking Water Advisory Council, that such project will serve a useful purpose relating to the development and demonstration of new or improved techniques, methods, or technologies for the provision of safe water to the public for drinking.

(4) Priority for grants under this section shall be given where there are known or potential public health hazards which require advanced technology for the removal of particles which are too small to be removed by ordinary treatment technology.

(c) For the purposes of making grants under subsections (a) and (b) of this section there are authorized to be appropriated $7,500,000 for the fiscal year ending June 30, 1975; and $7,500,000 for the fiscal year ending June 30, 1976; and $10,000,000 for the fiscal year ending June 30, 1977.

(d) The Administrator during the fiscal years ending June 30, 1975, and June 30, 1976, shall carry out a program of guaranteeing loans made by private lenders to small public water systems for the purpose of enabling such systems to meet national primary drinking water regulations prescribed under section 1412. No such guarantee may be made with respect to a system unless (1) such system cannot reasonably obtain financial assistance necessary to comply with such regulations from any other source, and (2) the Administrator determines that any facilities constructed with a loan guaranteed under this subsection is not likely to be made obsolete by subsequent changes in primary regulations. The aggregate amount of indebtedness guaranteed with respect to any system may not exceed $50,000. The aggregate amount of indebtedness guaranteed

under this subsection may not exceed $50,000,000. The Administrator shall prescribe regulations to carry out this subsection.

[42 U.S.C. 300j–3]

RECORDS AND INSPECTIONS

SEC. 1445. (a)(1)(A) Every person who is subject to any requirement of this title or who is a grantee, shall establish and maintain such records, make such reports, conduct such monitoring, and provide such information as the Administrator may reasonably require by regulation to assist the Administrator in establishing regulations under this title, in determining whether such person has acted or is acting in compliance with this title, in administering any program of financial assistance under this title, in evaluating the health risks of unregulated contaminants, or in advising the public of such risks. In requiring a public water system to monitor under this subsection, the Administrator may take into consideration the system size and the contaminants likely to be found in the system's drinking water.

(B) Every person who is subject to a national primary drinking water regulation under section 1412 shall provide such information as the Administrator may reasonably require, after consultation with the State in which such person is located if such State has primary enforcement responsibility for public water systems, on a case-by-case basis, to determine whether such person has acted or is acting in compliance with this title.

(C) Every person who is subject to a national primary drinking water regulation under section 1412 shall provide such information as the Administrator may reasonably require to assist the Administrator in establishing regulations under section 1412 of this title, after consultation with States and suppliers of water. The Administrator may not require under this subparagraph the installation of treatment equipment or process changes, the testing of treatment technology, or the analysis or processing of monitoring samples, except where the Administrator provides the funding for such activities. Before exercising this authority, the Administrator shall first seek to obtain the information by voluntary submission.

(D) The Administrator shall not later than 2 years after the date of enactment of this subparagraph, after consultation with public health experts, representatives of the general public, and officials of State and local governments, review the monitoring requirements for not fewer than 12 contaminants identified by the Administrator, and promulgate any necessary modifications.

(2) MONITORING PROGRAM FOR UNREGULATED CONTAMINANTS.—

(A) ESTABLISHMENT.—The Administrator shall promulgate regulations establishing the criteria for a monitoring program for unregulated contaminants. The regulations shall require monitoring of drinking water supplied by public water systems and shall vary the frequency and schedule for monitoring requirements for systems based on the number of persons served by the system, the source of supply, and the contaminants likely to be found, ensuring

that only a representative sample of systems serving 10,000 persons or fewer are required to monitor.

(B) MONITORING PROGRAM FOR CERTAIN UNREGULATED CONTAMINANTS.—

(i) INITIAL LIST.—Not later than 3 years after the date of enactment of the Safe Drinking Water Act Amendments of 1996 and every 5 years thereafter, the Administrator shall issue a list pursuant to subparagraph (A) of not more than 30 unregulated contaminants to be monitored by public water systems and to be included in the national drinking water occurrence data base maintained pursuant to subsection (g).

(ii) GOVERNORS' PETITION.—The Administrator shall include among the list of contaminants for which monitoring is required under this paragraph each contaminant recommended in a petition signed by the Governor of each of 7 or more States, unless the Administrator determines that the action would prevent the listing of other contaminants of a higher public health concern.

(C) MONITORING PLAN FOR SMALL AND MEDIUM SYSTEMS.—

(i) IN GENERAL.—Based on the regulations promulgated by the Administrator, each State may develop a representative monitoring plan to assess the occurrence of unregulated contaminants in public water systems that serve a population of 10,000 or fewer in that State. The plan shall require monitoring for systems representative of different sizes, types, and geographic locations in the State.

(ii) GRANTS FOR SMALL SYSTEM COSTS.—From funds reserved under section 1452(o) or appropriated under subparagraph (H), the Administrator shall pay the reasonable cost of such testing and laboratory analysis as are necessary to carry out monitoring under the plan.

(D) MONITORING RESULTS.—Each public water system that conducts monitoring of unregulated contaminants pursuant to this paragraph shall provide the results of the monitoring to the primary enforcement authority for the system.

(E) NOTIFICATION.—Notification of the availability of the results of monitoring programs required under paragraph (2)(A) shall be given to the persons served by the system.

(F) WAIVER OF MONITORING REQUIREMENT.—The Administrator shall waive the requirement for monitoring for a contaminant under this paragraph in a State, if the State demonstrates that the criteria for listing the contaminant do not apply in that State.

(G) ANALYTICAL METHODS.—The State may use screening methods approved by the Administrator under subsection (i) in lieu of monitoring for particular contaminants under this paragraph.

(H) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this paragraph $10,000,000 for each of the fiscal years 1997 through 2003.

(b)(1) Except as provided in paragraph (2), the Administrator, or representatives of the Administrator duly designated by him, upon presenting appropriate credentials and a written notice to any supplier of water or other person subject to (A) a national primary drinking water regulation prescribed under section 1412, (B) an applicable underground injection control program, or (C) any requirement to monitor an unregulated contaminant pursuant to subsection (a), or person in charge of any of the property of such supplier or other person referred to in clause (A), (B), or (C), is authorized to enter any establishment, facility, or other property of such supplier or other person in order to determine whether such supplier or other person has acted or is acting in compliance with this title, including for this purpose, inspection, at reasonable times, of records, files, papers, processes, controls, and facilities, or in order to test any feature of a public water system, including its raw water source. The Administrator or the Comptroller General (or any representative designated by either) shall have access for the purpose of audit and examination to any records, reports, or information of a grantee which are required to be maintained under subsection (a) or which are pertinent to any financial assistance under this title.

(2) No entry may be made under the first sentence of paragraph (1) in an establishment, facility, or other property of a supplier of water or other person subject to a national primary drinking water regulation if the establishment, facility, or other property is located in a State which has primary enforcement responsibility for public water systems unless, before written notice of such entry is made, the Administrator (or his representative) notifies the State agency charged with responsibility for safe drinking water of the reasons for such entry. The Administrator shall, upon a showing by the State agency that such an entry will be detrimental to the administration of the State's program of primary enforcement responsibility, take such showing into consideration in determining whether to make such entry. No State agency which receives notice under this paragraph of an entry proposed to be made under paragraph (1) may use the information contained in the notice to inform the person whose property is proposed to be entered of the proposed entry; and if a State agency so uses such information, notice to the agency under this paragraph is not required until such time as the Administrator determines the agency has provided him satisfactory assurances that it will no longer so use information contained in a notice under this paragraph.

(c) Whoever fails or refuses to comply with any requirement of subsection (a) or to allow the Administrator, the Comptroller General, or representatives of either, to enter and conduct any audit or inspection authorized by subsection (b) shall be subject to a civil penalty of not to exceed $25,000.

(d)(1) Subject to paragraph (2), upon a showing satisfactory to the Administrator by any person that any information required under this section from such person, if made public, would divulge trade secrets or secret processes of such person, the Administrator

shall consider such information confidential in accordance with the purposes of section 1905 of title 18 of the United States Code. If the applicant fails to make a showing satisfactory to the Administrator, the Administrator shall give such applicant thirty days' notice before releasing the information to which the application relates (unless the public health or safety requires an earlier release of such information).

(2) Any information required under this section (A) may be disclosed to other officers, employees, or authorized representatives of the United States concerned with carrying out this title or to committees of the Congress, or when relevant in any proceeding under this title, and (B) shall be disclosed to the extent it deals with the level of contaminants in drinking water. For purposes of this subsection the term "information required under this section" means any papers, books, documents, or information, or any particular part thereof, reported to or otherwise obtained by the Administrator under this section.

(e) For purposes of this section, (1) the term "grantee" means any person who applies for or receives financial assistance, by grant, contract, or loan guarantee under this title, and (2) the term "person" includes a Federal agency.

(f) INFORMATION REGARDING DRINKING WATER COOLERS.—The Administrator may utilize the authorities of this section for purposes of part F. Any person who manufactures, imports, sells, or distributes drinking water coolers in interstate commerce shall be treated as a supplier of water for purposes of applying the provisions of this section in the case of persons subject to part F.

(g) OCCURRENCE DATA BASE.—

(1) IN GENERAL.—Not later than 3 years after the date of enactment of the Safe Drinking Water Act Amendments of 1996, the Administrator shall assemble and maintain a national drinking water contaminant occurrence data base, using information on the occurrence of both regulated and unregulated contaminants in public water systems obtained under subsection (a)(1)(A) or subsection (a)(2) and reliable information from other public and private sources.

(2) PUBLIC INPUT.—In establishing the occurrence data base, the Administrator shall solicit recommendations from the Science Advisory Board, the States, and other interested parties concerning the development and maintenance of a national drinking water contaminant occurrence data base, including such issues as the structure and design of the data base, data input parameters and requirements, and the use and interpretation of data.

(3) USE.—The data shall be used by the Administrator in making determinations under section 1412(b)(1) with respect to the occurrence of a contaminant in drinking water at a level of public health concern.

(4) PUBLIC RECOMMENDATIONS.—The Administrator shall periodically solicit recommendations from the appropriate officials of the National Academy of Sciences and the States, and any person may submit recommendations to the Administrator, with respect to contaminants that should be included in the national drinking water contaminant occurrence data base, in-

cluding recommendations with respect to additional unregulated contaminants that should be listed under subsection (a)(2). Any recommendation submitted under this clause shall be accompanied by reasonable documentation that—

(A) the contaminant occurs or is likely to occur in drinking water; and

(B) the contaminant poses a risk to public health.

(5) PUBLIC AVAILABILITY.—The information from the data base shall be available to the public in readily accessible form.

(6) REGULATED CONTAMINANTS.—With respect to each contaminant for which a national primary drinking water regulation has been established, the data base shall include information on the detection of the contaminant at a quantifiable level in public water systems (including detection of the contaminant at levels not constituting a violation of the maximum contaminant level for the contaminant).

(7) UNREGULATED CONTAMINANTS.—With respect to contaminants for which a national primary drinking water regulation has not been established, the data base shall include—

(A) monitoring information collected by public water systems that serve a population of more than 10,000, as required by the Administrator under subsection (a);

(B) monitoring information collected from a representative sampling of public water systems that serve a population of 10,000 or fewer; and

(C) other reliable and appropriate monitoring information on the occurrence of the contaminants in public water systems that is available to the Administrator.

(h) AVAILABILITY OF INFORMATION ON SMALL SYSTEM TECHNOLOGIES.—For purposes of sections 1412(b)(4)(E) and 1415(e) (relating to small system variance program), the Administrator may request information on the characteristics of commercially available treatment systems and technologies, including the effectiveness and performance of the systems and technologies under various operating conditions. The Administrator may specify the form, content, and submission date of information to be submitted by manufacturers, States, and other interested persons for the purpose of considering the systems and technologies in the development of regulations or guidance under sections 1412(b)(4)(E) and 1415(e).

(i) SCREENING METHODS.—The Administrator shall review new analytical methods to screen for regulated contaminants and may approve such methods as are more accurate or cost-effective than established reference methods for use in compliance monitoring.

[42 U.S.C. 300j–4]

NATIONAL DRINKING WATER ADVISORY COUNCIL

SEC. 1446. (a) There is established a National Drinking Water Advisory Council which shall consist of fifteen members appointed by the Administrator after consultation with the Secretary. Five members shall be appointed from the general public; five members shall be appointed from appropriate State and local agencies concerned with water hygiene and public water supply; and five mem-

bers shall be appointed from representatives of private organizations or groups demonstrating an active interest in the field of water hygiene and public water supply, of which two such members shall be associated with small, rural public water systems. Each member of the Council shall hold office for a term of three years, except that—

(1) any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term; and

(2) the terms of the members first taking office shall expire as follows: Five shall expire three years after the date of enactment of this title, five shall expire two years after such date, and five shall expire one year after such date, as designated by the Administrator at the time of appointment.

The members of the Council shall be eligible for reappointment.

(b) The Council shall advise, consult with, and make recommendations to, the Administrator on matters relating to activities, functions, and policies of the Agency under this title.

(c) Members of the Council appointed under this section shall, while attending meetings or conferences of the Council or otherwise engaged in business of the Council, receive compensation and allowances at a rate to be fixed by the Administrator, but not exceeding the daily equivalent of the annual rate of basic pay in effect for grade GS–18 of the General Schedule for each day (including traveltime) during which they are engaged in the actual performance of duties vested in the Council. While away from their homes or regular places of business in the performance of services for the Council, members of the Council shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under section 5703(b) of title 5 of the United States Code.

(d) Section 14(a) of the Federal Advisory Committee Act (relating to termination) shall not apply to the Council.

[42 U.S.C. 300j–5]

FEDERAL AGENCIES

SEC. 1447. (a) IN GENERAL.—Each department, agency, and instrumentality of the executive, legislative, and judicial branches of the Federal Government—

(1) owning or operating any facility in a wellhead protection area;

(2) engaged in any activity at such facility resulting, or which may result, in the contamination of water supplies in any such area;

(3) owning or operating any public water system; or

(4) engaged in any activity resulting, or which may result in, underground injection which endangers drinking water (within the meaning of section 1421(d)(2)),

shall be subject to, and comply with, all Federal, State, interstate, and local requirements, both substantive and procedural (including any requirement for permits or reporting or any provisions for injunctive relief and such sanctions as may be imposed by a court to

enforce such relief), respecting the protection of such wellhead areas, respecting such public water systems, and respecting any underground injection in the same manner and to the same extent as any person is subject to such requirements, including the payment of reasonable service charges. The Federal, State, interstate, and local substantive and procedural requirements referred to in this subsection include, but are not limited to, all administrative orders and all civil and administrative penalties and fines, regardless of whether such penalties or fines are punitive or coercive in nature or are imposed for isolated, intermittent, or continuing violations. The United States hereby expressly waives any immunity otherwise applicable to the United States with respect to any such substantive or procedural requirement (including, but not limited to, any injunctive relief, administrative order or civil or administrative penalty or fine referred to in the preceding sentence, or reasonable service charge). The reasonable service charges referred to in this subsection include, but are not limited to, fees or charges assessed in connection with the processing and issuance of permits, renewal of permits, amendments to permits, review of plans, studies, and other documents, and inspection and monitoring of facilities, as well as any other nondiscriminatory charges that are assessed in connection with a Federal, State, interstate, or local regulatory program respecting the protection of wellhead areas or public water systems or respecting any underground injection. Neither the United States, nor any agent, employee, or officer thereof, shall be immune or exempt from any process or sanction of any State or Federal Court [1] with respect to the enforcement of any such injunctive relief. No agent, employee, or officer of the United States shall be personally liable for any civil penalty under any Federal, State, interstate, or local law concerning the protection of wellhead areas or public water systems or concerning underground injection with respect to any act or omission within the scope of the official duties of the agent, employee, or officer. An agent, employee, or officer of the United States shall be subject to any criminal sanction (including, but not limited to, any fine or imprisonment) under any Federal or State requirement adopted pursuant to this title, but no department, agency, or instrumentality of the executive, legislative, or judicial branch of the Federal Government shall be subject to any such sanction. The President may exempt any facility of any department, agency, or instrumentality in the executive branch from compliance with such a requirement if he determines it to be in the paramount interest of the United States to do so. No such exemption shall be granted due to lack of appropriation unless the President shall have specifically requested such appropriation as a part of the budgetary process and the Congress shall have failed to make available such requested appropriation. Any exemption shall be for a period not in excess of 1 year, but additional exemptions may be granted for periods not to exceed 1 year upon the President's making a new determination. The President shall report each January to the Congress all exemptions from the require-

[1] So in law. The word "Court" should be lowercase.

ments of this section granted during the preceding calendar year, together with his reason for granting each such exemption.

(b) ADMINISTRATIVE PENALTY ORDERS.—

(1) IN GENERAL.—If the Administrator finds that a Federal agency has violated an applicable requirement under this title, the Administrator may issue a penalty order assessing a penalty against the Federal agency.

(2) PENALTIES.—The Administrator may, after notice to the agency, assess a civil penalty against the agency in an amount not to exceed $25,000 per day per violation.

(3) PROCEDURE.—Before an administrative penalty order issued under this subsection becomes final, the Administrator shall provide the agency an opportunity to confer with the Administrator and shall provide the agency notice and an opportunity for a hearing on the record in accordance with chapters 5 and 7 of title 5, United States Code.

(4) PUBLIC REVIEW.—

(A) IN GENERAL.—Any interested person may obtain review of an administrative penalty order issued under this subsection. The review may be obtained in the United States District Court for the District of Columbia or in the United States District Court for the district in which the violation is alleged to have occurred by the filing of a complaint with the court within the 30-day period beginning on the date the penalty order becomes final. The person filing the complaint shall simultaneously send a copy of the complaint by certified mail to the Administrator and the Attorney General.

(B) RECORD.—The Administrator shall promptly file in the court a certified copy of the record on which the order was issued.

(C) STANDARD OF REVIEW.—The court shall not set aside or remand the order unless the court finds that there is not substantial evidence in the record, taken as a whole, to support the finding of a violation or that the assessment of the penalty by the Administrator constitutes an abuse of discretion.

(D) PROHIBITION ON ADDITIONAL PENALTIES.—The court may not impose an additional civil penalty for a violation that is subject to the order unless the court finds that the assessment constitutes an abuse of discretion by the Administrator.

(c) LIMITATION ON STATE USE OF FUNDS COLLECTED FROM FEDERAL GOVERNMENT.—Unless a State law in effect on the date of enactment of the Safe Drinking Water Act Amendments of 1996 or a State constitution requires the funds to be used in a different manner, all funds collected by a State from the Federal Government from penalties and fines imposed for violation of any substantive or procedural requirement referred to in subsection (a) shall be used by the State only for projects designed to improve or protect the environment or to defray the costs of environmental protection or enforcement.

(d)(1) Nothing in the Safe Drinking Water Amendments of 1977 shall be construed to alter or affect the status of American In-

dian lands or water rights nor to waive any sovereignty over Indian lands guaranteed by treaty or statute.

(2) For the purposes of this Act, the term "Federal agency" shall not be construed to refer to or include any American Indian tribe, nor to the Secretary of the Interior in his capacity as trustee of Indian lands.

(e) WASHINGTON AQUEDUCT.—The Secretary of the Army shall not pass the cost of any penalty assessed under this title on to any customer, user, or other purchaser of drinking water from the Washington Aqueduct system, including finished water from the Dalecarlia or McMillan treatment plant.

[42 U.S.C. 300j–6]

JUDICIAL REVIEW

SEC. 1448. (a) A petition for review of—

(1) actions pertaining to the establishment of national primary drinking water regulations (including maximum contaminant level goals) may be filed only in the United States Court of Appeals for the District of Columbia circuit; and

(2) any other final action of the Administrator under this Act may be filed in the circuit in which the petitioner resides or transacts business which is directly affected by the action.

Any such petition shall be filed within the 45-day period beginning on the date of the promulgation of the regulation or any other final Agency action with respect to which review is sought or on the date of the determination with respect to which review is sought, and may be filed after the expiration of such 45-day period if the petition is based solely on grounds arising after the expiration of such period. Action of the Administrator with respect to which review could have been obtained under this subsection shall not be subject to judicial review in any civil or criminal proceeding for enforcement or in any civil action to enjoin enforcement. In any petition concerning the assessment of a civil penalty pursuant to section 1414(g)(3)(B), the petitioner shall simultaneously send a copy of the complaint by certified mail to the Administrator and the Attorney General. The court shall set aside and remand the penalty order if the court finds that there is not substantial evidence in the record to support the finding of a violation or that the assessment of the penalty by the Administrator constitutes an abuse of discretion.

(b) The United States district courts shall have jurisdiction of actions brought to review (1) the granting of, or the refusing to grant, a variance or exemption under section 1415 or 1416 or (2) the requirements of any schedule prescribed for a variance or exemption under such section or the failure to prescribe such a schedule. Such an action may only be brought upon a petition for review filed with the court within the 45-day period beginning on the date the action sought to be reviewed is taken or, in the case of a petition to review the refusal to grant a variance or exemption or the failure to prescribe a schedule, within the 45-day period beginning on the date action is required to be taken on the variance, exemption, or schedule, as the case may be. A petition for such review may be filed after the expiration of such period if the petition is

based solely on grounds arising after the expiration of such period. Action with respect to which review could have been obtained under this subsection shall not be subject to judicial review in any civil or criminal proceeding for enforcement or in any civil action to enjoin enforcement.

(c) In any judicial proceeding in which review is sought of a determination under this title required to be made on the record after notice and opportunity for hearing, if any party applies to the court for leave to adduce additional evidence and shows to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for the failure to adduce such evidence in the proceeding before the Administrator, the court may order such additional evidence (and evidence in rebuttal thereof) to be taken before the Administrator, in such manner and upon such terms and conditions as the court may deem proper. The Administrator may modify his findings as to the facts, or make new findings, by reason of the additional evidence so taken, and he shall file such modified or new findings, and his recommendation, if any, for the modification or setting aside of his original determination, with the return of such additional evidence.

[42 U.S.C. 300j–7]

CITIZEN'S CIVIL ACTION

SEC. 1449. (a) Except as provided in subsection (b) of this section, any person may commence a civil action on his own behalf—

(1) against any person (including (A) the United States, and (B) any other governmental instrumentality or agency to the extent permitted by the eleventh amendment to the Constitution) who is alleged to be in violation of any requirement prescribed by or under this title;

(2) against the Administrator where there is alleged a failure of the Administrator to perform any act or duty under this title which is not discretionary with the Administrator; or

(3) for the collection of a penalty by the United States Government (and associated costs and interest) against any Federal agency that fails, by the date that is 18 months after the effective date of a final order to pay a penalty assessed by the Administrator under section 1429(b) [1], to pay the penalty.

No action may be brought under paragraph (1) against a public water system for a violation of a requirement prescribed by or under this title which occurred within the 27-month period beginning on the first day of the month in which this title is enacted. The United States district courts shall have jurisdiction, without regard to the amount in controversy or the citizenship of the parties, to enforce in an action brought under this subsection any requirement prescribed by or under this title or to order the Administrator to perform an act, or duty described in paragraph (2), as the case may be.

(b) No civil action may be commenced—

(1) under subsection (a)(1) of this section respecting violation of a requirement prescribed by or under this title—

[1] So in law. The reference to "section 1429(b)" probably should be to "1447(b)".

(A) prior to sixty days after the plaintiff has given notice of such violation (i) to the Administrator, (ii) to any alleged violator of such requirement and (iii) to the State in which the violation occurs, or

(B) if the Administrator, the Attorney General, or the State has commenced and is diligently prosecuting a civil action in a court of the United States to require compliance with such requirement, but in any such action in a court of the United States any person may intervene as a matter of right; or

(2) under subsection (a)(2) of this section prior to sixty days after the plaintiff has given notice of such action to the Administrator; or

(3) under subsection (a)(3) prior to 60 days after the plaintiff has given notice of such action to the Attorney General and to the Federal agency.

Notice required by this subsection shall be given in such manner as the Administrator shall prescribe by regulation. No person may commence a civil action under subsection (a) to require a State to prescribe a schedule under section 1415 or 1416 for a variance or exemption, unless such person shows to the satisfaction of the court that the State has in a substantial number of cases failed to prescribe such schedules.

(c) In any action under this section, the Administrator or the Attorney General, if not a party, may intervene as a matter of right.

(d) The court, in issuing any final order in any action brought under subsection (a) of this section, may award costs of litigation (including reasonable attorney and expert witness fees) to any party whenever the court determines such an award is appropriate. The court may, if a temporary restraining order or preliminary injunction is sought, require the filing of a bond or equivalent security in accordance with the Federal Rules of Civil Procedure.

(e) Nothing in this section shall restrict any right which any person (or class of persons) may have under any statute or common law to seek enforcement of any requirement prescribed by or under this title or to seek any other relief. Nothing in this section or in any other law of the United States shall be construed to prohibit, exclude, or restrict any State or local government from—

(1) bringing any action or obtaining any remedy or sanction in any State or local court, or

(2) bringing any administrative action or obtaining any administrative remedy or sanction,

against any agency of the United States under State or local law to enforce any requirement respecting the provision of safe drinking water or respecting any underground injection control program. Nothing in this section shall be construed to authorize judicial review of regulations or orders of the Administrator under this title, except as provided in section 1448. For provisions providing for application of certain requirements to such agencies in the same manner as to nongovernmental entities, see section 1447.

[42 U.S.C. 300j–8]

GENERAL PROVISIONS

SEC. 1450. (a)(1) The Administrator is authorized to prescribe such regulations as are necessary or appropriate to carry out his functions under this title.

(2) The Administrator may delegate any of his functions under this title (other than prescribing regulations) to any officer or employee of the Agency.

(b) The Administrator, with the consent of the head of any other agency of the United States, may utilize such officers and employees of such agency as he deems necessary to assist him in carrying out the purposes of this title.

(c) Upon the request of a State or interstate agency, the Administrator may assign personnel of the Agency to such State or interstate agency for the purposes of carrying out the provisions of this title.

(d)(1) The Administrator may make payments of grants under this title (after necessary adjustment on account of previously made underpayments or overpayments) in advance or by way of reimbursement, and in such installments and on such conditions as he may determine.

(2) Financial assistance may be made available in the form of grants only to individuals and nonprofit agencies or institutions. For purposes of this paragraph, the term "nonprofit agency or institution" means an agency or institution no part of the net earnings of which inure, or may lawfully inure, to the benefit of any private shareholder or individual.

(e) The Administrator shall take such action as may be necessary to assure compliance with provisions of the Act of March 3, 1931 (known as the Davis-Bacon Act; 40 U.S.C. 276a–276a(5)). The Secretary of Labor shall have, with respect to the labor standards specified in this subsection, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267) and section 2 of the Act of June 13, 1934 (40 U.S.C. 276c).

(f) The Administrator shall request the Attorney General to appear and represent him in any civil action instituted under this title to which the Administrator is a party. Unless, within a reasonable time, the Attorney General notifies the Administrator that he will appear in such action, attorneys appointed by the Administrator shall appear and represent him.

(g) The provisions of this title shall not be construed as affecting any authority of the Administrator under part G of title III of this Act.

(h) Not later than April 1 of each year, the Administrator shall submit to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Energy and Commerce of the House of Representatives a report respecting the activities of the Agency under this title and containing such recommendations for legislation as he considers necessary. The report of the Administrator under this subsection which is due not later than April 1, 1975, and each subsequent report of the Administrator under this subsection shall include a statement on the actual and anticipated cost to public water systems in each State of compliance with the requirements of this title. The Office of Management

and Budget may review any report required by this subsection before its submission to such committees of Congress, but the Office may not revise any such report, require any revision in any such report, or delay its submission beyond the day prescribed for its submission, and may submit to such committees of Congress its comments respecting any such report.

(i)(1) No employer may discharge any employee or otherwise discriminate against any employee with respect to his compensation, terms, conditions, or privileges of employment because the employee (or any person acting pursuant to a request of the employee) has—

(A) commenced, caused to be commenced, or is about to commence or cause to be commenced a proceeding under this title or a proceeding for the administration or enforcement of drinking water regulations or underground injection control programs of a State,

(B) testified or is about to testify in any such proceeding, or

(C) assisted or participated or is about to assist or participate in any manner in such a proceeding or in any other action to carry out the purposes of this title.

(2)(A) Any employee who believes that he has been discharged or otherwise discriminated against by any person in violation of paragraph (1) may, within 30 days after such violation occurs, file (or have any person file on his behalf) a complaint with the Secretary of Labor (hereinafter in this subsection referred to as the "Secretary") alleging such discharge or discrimination. Upon receipt of such a complaint, the Secretary shall notify the person named in the complaint of the filing of the complaint.

(B)(i) Upon receipt of a complaint filed under subparagraph (A), the Secretary shall conduct an investigation of the violation alleged in the complaint. Within 30 days of the receipt of such complaint, the Secretary shall complete such investigation and shall notify in writing the complainant (and any person acting in his behalf) and the person alleged to have committed such violation of the results of the investigation conducted pursuant to this subparagraph. Within 90 days of the receipt of such complaint the Secretary shall, unless the proceeding on the complaint is terminated by the Secretary on the basis of a settlement entered into by the Secretary and the person alleged to have committed such violation, issue an order either providing the relief prescribed by clause (ii) or denying the complaint. An order of the Secretary shall be made on the record after notice and opportunity for agency hearing. The Secretary may not enter into a settlement terminating a proceeding on a complaint without the participation and consent of the complainant.

(ii) If in response to a complaint filed under subparagraph (A) the Secretary determines that a violation of paragraph (1) has occurred, the Secretary shall order (I) the person who committed such violation to take affirmative action to abate the violation, (II) such person to reinstate the complainant to his former position together with the compensation (including back pay), terms, conditions, and privileges of his employment, (III) compensatory damages, and (IV) where appropriate, exemplary damages. If such an

order is issued, the Secretary, at the request of the complainant, shall assess against the person against whom the order is issued a sum equal to the aggregate amount of all costs and expenses (including attorneys' fees) reasonably incurred, as determined by the Secretary, by the complainant for, or in connection with, the bringing of the complaint upon which the order was issued.

(3)(A) Any person adversely affected or aggrieved by an order issued under paragraph (2) may obtain review of the order in the United States Court of Appeals for the circuit in which the violation, with respect to which the order was issued, allegedly occurred. The petition for review must be filed within sixty days from the issuance of the Secretary's order. Review shall conform to chapter 7 of title 5 of the United States Code. The commencement of proceedings under this subparagraph shall not, unless ordered by the court, operate as a stay of the Secretary's order.

(B) An order of the Secretary with respect to which review could have been obtained under subparagraph (A) shall not be subject to judicial review in any criminal or other civil proceeding.

(4) Whenever a person has failed to comply with an order issued under paragraph (2)(B), the Secretary shall file a civil action in the United States District Court for the district in which the violation was found to occur to enforce such order. In actions brought under this paragraph, the district courts shall have jurisdiction to grant all appropriate relief including, but not limited to, injunctive relief, compensatory, and exemplary damages.

(5) Any nondiscretionary duty imposed by this section is enforceable in mandamus proceeding brought under section 1361 of title 28 of the United States Code.

(6) Paragraph (1) shall not apply with respect to any employee who, acting without direction from his employer (or the employer's agent), deliberately causes a violation of any requirement of this title.

[42 U.S.C. 300j–9]

INDIAN TRIBES

SEC. 1451. (a) IN GENERAL.—Subject to the provisions of subsection (b), the Administrator—

(1) is authorized to treat Indian Tribes as States under this title,

(2) may delegate to such Tribes primary enforcement responsibility for public water systems and for underground injection control, and

(3) may provide such Tribes grant and contract assistance to carry out functions provided by this title.

(b) EPA REGULATIONS.—

(1) SPECIFIC PROVISIONS.—The Administrator shall, within 18 months after the enactment of the Safe Drinking Water Act Amendments of 1986, promulgate final regulations specifying those provisions of this title for which it is appropriate to treat Indian Tribes as States. Such treatment shall be authorized only if:

(A) the Indian Tribes is recognized by the Secretary of the Interior and has a governing body carrying out substantial governmental duties and powers;

(B) the functions to be exercised by the Indian Tribe are within the area of the Tribal Government's jurisdiction; and

(C) the Indian Tribe is reasonably expected to be capable, in the Administrator's judgment, of carrying out the functions to be exercised in a manner consistent with the terms and purposes of this title and of all applicable regulations.

(2) PROVISIONS WHERE TREATMENT AS STATE INAPPROPRIATE.—For any provision of this title where treatment of Indian Tribes as identical to States is inappropriate, administratively infeasible or otherwise inconsistent with the purposes of this title, the Administrator may include in the regulations promulgated under this section, other means for administering such provision in a manner that will achieve the purpose of the provision. Nothing in this section shall be construed to allow Indian Tribes to assume or maintain primary enforcement responsibility for public water systems or for underground injection control in a manner less protective of the health of persons than such responsibility may be assumed or maintained by a State. An Indian tribe shall not be required to exercise criminal enforcement jurisdiction for purposes of complying with the preceding sentence.

[42 U.S.C. 300j–11]

STATE REVOLVING LOAN FUNDS

SEC. 1452. (a) GENERAL AUTHORITY.—

(1) GRANTS TO STATES TO ESTABLISH STATE LOAN FUNDS.—

(A) IN GENERAL.—The Administrator shall offer to enter into agreements with eligible States to make capitalization grants, including letters of credit, to the States under this subsection to further the health protection objectives of this title, promote the efficient use of fund resources, and for other purposes as are specified in this title.

(B) ESTABLISHMENT OF FUND.—To be eligible to receive a capitalization grant under this section, a State shall establish a drinking water treatment revolving loan fund (referred to in this section as a "State loan fund") and comply with the other requirements of this section. Each grant to a State under this section shall be deposited in the State loan fund established by the State, except as otherwise provided in this section and in other provisions of this title. No funds authorized by other provisions of this title to be used for other purposes specified in this title shall be deposited in any State loan fund.

(C) EXTENDED PERIOD.—The grant to a State shall be available to the State for obligation during the fiscal year for which the funds are authorized and during the following fiscal year, except that grants made available from

funds provided prior to fiscal year 1997 shall be available for obligation during each of the fiscal years 1997 and 1998.

(D) ALLOTMENT FORMULA.—Except as otherwise provided in this section, funds made available to carry out this section shall be allotted to States that have entered into an agreement pursuant to this section (other than the District of Columbia) in accordance with—

(i) for each of fiscal years 1995 through 1997, a formula that is the same as the formula used to distribute public water system supervision grant funds under section 1443 in fiscal year 1995, except that the minimum proportionate share established in the formula shall be 1 percent of available funds and the formula shall be adjusted to include a minimum proportionate share for the State of Wyoming and the District of Columbia; and

(ii) for fiscal year 1998 and each subsequent fiscal year, a formula that allocates to each State the proportional share of the State needs identified in the most recent survey conducted pursuant to subsection (h), except that the minimum proportionate share provided to each State shall be the same as the minimum proportionate share provided under clause (i).

(E) REALLOTMENT.—The grants not obligated by the last day of the period for which the grants are available shall be reallotted according to the appropriate criteria set forth in subparagraph (D), except that the Administrator may reserve and allocate 10 percent of the remaining amount for financial assistance to Indian Tribes in addition to the amount allotted under subsection (i) and none of the funds reallotted by the Administrator shall be reallotted to any State that has not obligated all sums allotted to the State pursuant to this section during the period in which the sums were available for obligation.

(F) NONPRIMACY STATES.—The State allotment for a State not exercising primary enforcement responsibility for public water systems shall not be deposited in any such fund but shall be allotted by the Administrator under this subparagraph. Pursuant to section 1443(a)(9)(A) such sums allotted under this subparagraph shall be reserved as needed by the Administrator to exercise primary enforcement responsibility under this title in such State and the remainder shall be reallotted to States exercising primary enforcement responsibility for public water systems for deposit in such funds. Whenever the Administrator makes a final determination pursuant to section 1413(b) that the requirements of section 1413(a) are no longer being met by a State, additional grants for such State under this title shall be immediately terminated by the Administrator. This subparagraph shall not apply to any State not exercising primary enforcement responsibility for public water systems as of the date of enactment of the Safe Drinking Water Act Amendments of 1996.

(G) OTHER PROGRAMS.—

(i) NEW SYSTEM CAPACITY.—Beginning in fiscal year 1999, the Administrator shall withhold 20 percent of each capitalization grant made pursuant to this section to a State unless the State has met the requirements of section 1420(a) (relating to capacity development) and shall withhold 10 percent for fiscal year 2001, 15 percent for fiscal year 2002, and 20 percent for fiscal year 2003 if the State has not complied with the provisions of section 1420(c) (relating to capacity development strategies). Not more than a total of 20 percent of the capitalization grants made to a State in any fiscal year may be withheld under the preceding provisions of this clause. All funds withheld by the Administrator pursuant to this clause shall be reallotted by the Administrator on the basis of the same ratio as is applicable to funds allotted under subparagraph (D). None of the funds reallotted by the Administrator pursuant to this paragraph shall be allotted to a State unless the State has met the requirements of section 1420 (relating to capacity development).

(ii) OPERATOR CERTIFICATION.—The Administrator shall withhold 20 percent of each capitalization grant made pursuant to this section unless the State has met the requirements of 1419 [1] (relating to operator certification). All funds withheld by the Administrator pursuant to this clause shall be reallotted by the Administrator on the basis of the same ratio as applicable to funds allotted under subparagraph (D). None of the funds reallotted by the Administrator pursuant to this paragraph shall be allotted to a State unless the State has met the requirements of section 1419 (relating to operator certification).

(2) USE OF FUNDS.—Except as otherwise authorized by this title, amounts deposited in a State loan fund, including loan repayments and interest earned on such amounts, shall be used only for providing loans or loan guarantees, or as a source of reserve and security for leveraged loans, the proceeds of which are deposited in a State loan fund established under paragraph (1), or other financial assistance authorized under this section to community water systems and nonprofit noncommunity water systems, other than systems owned by Federal agencies. Financial assistance under this section may be used by a public water system only for expenditures (not including monitoring, operation, and maintenance expenditures) of a type or category which the Administrator has determined, through guidance, will facilitate compliance with national primary drinking water regulations applicable to the system under section 1412 or otherwise significantly further the health protection objectives of this title. The funds may also be

[1] So in law. The reference to "1419" probably should be to "section 1419". See the amendment made by section 130 of Public Law 104–182.

used to provide loans to a system referred to in section 1401(4)(B) for the purpose of providing the treatment described in section 1401(4)(B)(i)(III). The funds shall not be used for the acquisition of real property or interests therein, unless the acquisition is integral to a project authorized by this paragraph and the purchase is from a willing seller. Of the amount credited to any State loan fund established under this section in any fiscal year, 15 percent shall be available solely for providing loan assistance to public water systems which regularly serve fewer than 10,000 persons to the extent such funds can be obligated for eligible projects of public water systems.

(3) LIMITATION.—

(A) IN GENERAL.—Except as provided in subparagraph (B), no assistance under this section shall be provided to a public water system that—

(i) does not have the technical, managerial, and financial capability to ensure compliance with the requirements of this title; or

(ii) is in significant noncompliance with any requirement of a national primary drinking water regulation or variance.

(B) RESTRUCTURING.—A public water system described in subparagraph (A) may receive assistance under this section if—

(i) the use of the assistance will ensure compliance; and

(ii) if subparagraph (A)(i) applies to the system, the owner or operator of the system agrees to undertake feasible and appropriate changes in operations (including ownership, management, accounting, rates, maintenance, consolidation, alternative water supply, or other procedures) if the State determines that the measures are necessary to ensure that the system has the technical, managerial, and financial capability to comply with the requirements of this title over the long term.

(C) REVIEW.—Prior to providing assistance under this section to a public water system that is in significant noncompliance with any requirement of a national primary drinking water regulation or variance, the State shall conduct a review to determine whether subparagraph (A)(i) applies to the system.

(b) INTENDED USE PLANS.—

(1) IN GENERAL.—After providing for public review and comment, each State that has entered into a capitalization agreement pursuant to this section shall annually prepare a plan that identifies the intended uses of the amounts available to the State loan fund of the State.

(2) CONTENTS.—An intended use plan shall include—

(A) a list of the projects to be assisted in the first fiscal year that begins after the date of the plan, including a description of the project, the expected terms of financial assistance, and the size of the community served;

(B) the criteria and methods established for the distribution of funds; and

(C) a description of the financial status of the State loan fund and the short-term and long-term goals of the State loan fund.

(3) USE OF FUNDS.—

(A) IN GENERAL.—An intended use plan shall provide, to the maximum extent practicable, that priority for the use of funds be given to projects that—

(i) address the most serious risk to human health;

(ii) are necessary to ensure compliance with the requirements of this title (including requirements for filtration); and

(iii) assist systems most in need on a per household basis according to State affordability criteria.

(B) LIST OF PROJECTS.—Each State shall, after notice and opportunity for public comment, publish and periodically update a list of projects in the State that are eligible for assistance under this section, including the priority assigned to each project and, to the extent known, the expected funding schedule for each project.

(c) FUND MANAGEMENT.—Each State loan fund under this section shall be established, maintained, and credited with repayments and interest. The fund corpus shall be available in perpetuity for providing financial assistance under this section. To the extent amounts in the fund are not required for current obligation or expenditure, such amounts shall be invested in interest bearing obligations.

(d) ASSISTANCE FOR DISADVANTAGED COMMUNITIES.—

(1) LOAN SUBSIDY.—Notwithstanding any other provision of this section, in any case in which the State makes a loan pursuant to subsection (a)(2) to a disadvantaged community or to a community that the State expects to become a disadvantaged community as the result of a proposed project, the State may provide additional subsidization (including forgiveness of principal).

(2) TOTAL AMOUNT OF SUBSIDIES.—For each fiscal year, the total amount of loan subsidies made by a State pursuant to paragraph (1) may not exceed 30 percent of the amount of the capitalization grant received by the State for the year.

(3) DEFINITION OF DISADVANTAGED COMMUNITY.—In this subsection, the term "disadvantaged community" means the service area of a public water system that meets affordability criteria established after public review and comment by the State in which the public water system is located. The Administrator may publish information to assist States in establishing affordability criteria.

(e) STATE CONTRIBUTION.—Each agreement under subsection (a) shall require that the State deposit in the State loan fund from State moneys an amount equal to at least 20 percent of the total amount of the grant to be made to the State on or before the date on which the grant payment is made to the State, except that a State shall not be required to deposit such amount into the fund prior to the date on which each grant payment is made for fiscal

years 1994, 1995, 1996, and 1997 if the State deposits the State contribution amount into the State loan fund prior to September 30, 1999.

(f) TYPES OF ASSISTANCE.—Except as otherwise limited by State law, the amounts deposited into a State loan fund under this section may be used only—

(1) to make loans, on the condition that—

(A) the interest rate for each loan is less than or equal to the market interest rate, including an interest free loan;

(B) principal and interest payments on each loan will commence not later than 1 year after completion of the project for which the loan was made, and each loan will be fully amortized not later than 20 years after the completion of the project, except that in the case of a disadvantaged community (as defined in subsection (d)(3)), a State may provide an extended term for a loan, if the extended term—

(i) terminates not later than the date that is 30 years after the date of project completion; and

(ii) does not exceed the expected design life of the project;

(C) the recipient of each loan will establish a dedicated source of revenue (or, in the case of a privately owned system, demonstrate that there is adequate security) for the repayment of the loan; and

(D) the State loan fund will be credited with all payments of principal and interest on each loan;

(2) to buy or refinance the debt obligation of a municipality or an intermunicipal or interstate agency within the State at an interest rate that is less than or equal to the market interest rate in any case in which a debt obligation is incurred after July 1, 1993;

(3) to guarantee, or purchase insurance for, a local obligation (all of the proceeds of which finance a project eligible for assistance under this section) if the guarantee or purchase would improve credit market access or reduce the interest rate applicable to the obligation;

(4) as a source of revenue or security for the payment of principal and interest on revenue or general obligation bonds issued by the State if the proceeds of the sale of the bonds will be deposited into the State loan fund; and

(5) to earn interest on the amounts deposited into the State loan fund.

(g) ADMINISTRATION OF STATE LOAN FUNDS.—

(1) COMBINED FINANCIAL ADMINISTRATION.—Notwithstanding subsection (c), a State may (as a convenience and to avoid unnecessary administrative costs) combine, in accordance with State law, the financial administration of a State loan fund established under this section with the financial administration of any other revolving fund established by the State if otherwise not prohibited by the law under which the State loan fund was established and if the Administrator determines that—

(A) the grants under this section, together with loan repayments and interest, will be separately accounted for and used solely for the purposes specified in subsection (a); and

(B) the authority to establish assistance priorities and carry out oversight and related activities (other than financial administration) with respect to assistance remains with the State agency having primary responsibility for administration of the State program under section 1413, after consultation with other appropriate State agencies (as determined by the State): *Provided,* That in nonprimacy States eligible to receive assistance under this section, the Governor shall determine which State agency will have authority to establish priorities for financial assistance from the State loan fund.

(2) COST OF ADMINISTERING FUND.—Each State may annually use up to 4 percent of the funds allotted to the State under this section to cover the reasonable costs of administration of the programs under this section, including the recovery of reasonable costs expended to establish a State loan fund which are incurred after the date of enactment of this section, and to provide technical assistance to public water systems within the State. For fiscal year 1995 and each fiscal year thereafter, each State may use up to an additional 10 percent of the funds allotted to the State under this section—

(A) for public water system supervision programs under section 1443(a);

(B) to administer or provide technical assistance through source water protection programs;

(C) to develop and implement a capacity development strategy under section 1420(c); and

(D) for an operator certification program for purposes of meeting the requirements of section 1419,

if the State matches the expenditures with at least an equal amount of State funds. At least half of the match must be additional to the amount expended by the State for public water supervision in fiscal year 1993. An additional 2 percent of the funds annually allotted to each State under this section may be used by the State to provide technical assistance to public water systems serving 10,000 or fewer persons in the State. Funds utilized under subparagraph (B) shall not be used for enforcement actions.

(3) GUIDANCE AND REGULATIONS.—The Administrator shall publish guidance and promulgate regulations as may be necessary to carry out the provisions of this section, including—

(A) provisions to ensure that each State commits and expends funds allotted to the State under this section as efficiently as possible in accordance with this title and applicable State laws;

(B) guidance to prevent waste, fraud, and abuse; and

(C) guidance to avoid the use of funds made available under this section to finance the expansion of any public water system in anticipation of future population growth.

The guidance and regulations shall also ensure that the States, and public water systems receiving assistance under this section, use accounting, audit, and fiscal procedures that conform to generally accepted accounting standards.

(4) STATE REPORT.—Each State administering a loan fund and assistance program under this subsection shall publish and submit to the Administrator a report every 2 years on its activities under this section, including the findings of the most recent audit of the fund and the entire State allotment. The Administrator shall periodically audit all State loan funds established by, and all other amounts allotted to, the States pursuant to this section in accordance with procedures established by the Comptroller General.

(h) NEEDS SURVEY.—The Administrator shall conduct an assessment of water system capital improvement needs of all eligible public water systems in the United States and submit a report to the Congress containing the results of the assessment within 180 days after the date of enactment of the Safe Drinking Water Act Amendments of 1996 and every 4 years thereafter.

(i) INDIAN TRIBES.—

(1) IN GENERAL.—1½ percent of the amounts appropriated annually to carry out this section may be used by the Administrator to make grants to Indian Tribes and Alaska Native villages that have not otherwise received either grants from the Administrator under this section or assistance from State loan funds established under this section. The grants may only be used for expenditures by tribes and villages for public water system expenditures referred to in subsection (a)(2).

(2) USE OF FUNDS.—Funds reserved pursuant to paragraph (1) shall be used to address the most significant threats to public health associated with public water systems that serve Indian Tribes, as determined by the Administrator in consultation with the Director of the Indian Health Service and Indian Tribes.

(3) ALASKA NATIVE VILLAGES.—In the case of a grant for a project under this subsection in an Alaska Native village, the Administrator is also authorized to make grants to the State of Alaska for the benefit of Native villages. An amount not to exceed 4 percent of the grant amount may be used by the State of Alaska for project management.

(4) NEEDS ASSESSMENT.—The Administrator, in consultation with the Director of the Indian Health Service and Indian Tribes, shall, in accordance with a schedule that is consistent with the needs surveys conducted pursuant to subsection (h), prepare surveys and assess the needs of drinking water treatment facilities to serve Indian Tribes, including an evaluation of the public water systems that pose the most significant threats to public health.

(j) OTHER AREAS.—Of the funds annually available under this section for grants to States, the Administrator shall make allotments in accordance with section 1443(a)(4) for the Virgin Islands, the Commonwealth of the Northern Mariana Islands, American Samoa, and Guam. The grants allotted as provided in this subsection may be provided by the Administrator to the governments

of such areas, to public water systems in such areas, or to both, to be used for the public water system expenditures referred to in subsection (a)(2). The grants, and grants for the District of Columbia, shall not be deposited in State loan funds. The total allotment of grants under this section for all areas described in this subsection in any fiscal year shall not exceed 0.33 percent of the aggregate amount made available to carry out this section in that fiscal year.

(k) OTHER AUTHORIZED ACTIVITIES.—

(1) IN GENERAL.—Notwithstanding subsection (a)(2), a State may take each of the following actions:

(A) Provide assistance, only in the form of a loan, to one or more of the following:

(i) Any public water system described in subsection (a)(2) to acquire land or a conservation easement from a willing seller or grantor, if the purpose of the acquisition is to protect the source water of the system from contamination and to ensure compliance with national primary drinking water regulations.

(ii) Any community water system to implement local, voluntary source water protection measures to protect source water in areas delineated pursuant to section 1453, in order to facilitate compliance with national primary drinking water regulations applicable to the system under section 1412 or otherwise significantly further the health protection objectives of this title. Funds authorized under this clause may be used to fund only voluntary, incentive-based mechanisms.

(iii) Any community water system to provide funding in accordance with section 1454(a)(1)(B)(i).

(B) Provide assistance, including technical and financial assistance, to any public water system as part of a capacity development strategy developed and implemented in accordance with section 1420(c).

(C) Make expenditures from the capitalization grant of the State for fiscal years 1996 and 1997 to delineate and assess source water protection areas in accordance with section 1453, except that funds set aside for such expenditure shall be obligated within 4 fiscal years.

(D) Make expenditures from the fund for the establishment and implementation of wellhead protection programs under section 1428.

(2) LIMITATION.—For each fiscal year, the total amount of assistance provided and expenditures made by a State under this subsection may not exceed 15 percent of the amount of the capitalization grant received by the State for that year and may not exceed 10 percent of that amount for any one of the following activities:

(A) To acquire land or conservation easements pursuant to paragraph (1)(A)(i).

(B) To provide funding to implement voluntary, incentive-based source water quality protection measures pursuant to clauses (ii) and (iii) of paragraph (1)(A).

(C) To provide assistance through a capacity development strategy pursuant to paragraph (1)(B).

(D) To make expenditures to delineate or assess source water protection areas pursuant to paragraph (1)(C).

(E) To make expenditures to establish and implement wellhead protection programs pursuant to paragraph (1)(D).

(3) STATUTORY CONSTRUCTION.—Nothing in this section creates or conveys any new authority to a State, political subdivision of a State, or community water system for any new regulatory measure, or limits any authority of a State, political subdivision of a State or community water system.

(l) SAVINGS.—The failure or inability of any public water system to receive funds under this section or any other loan or grant program, or any delay in obtaining the funds, shall not alter the obligation of the system to comply in a timely manner with all applicable drinking water standards and requirements of this title.

(m) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out the purposes of this section $599,000,000 for the fiscal year 1994 and $1,000,000,000 for each of the fiscal years 1995 through 2003. To the extent amounts authorized to be appropriated under this subsection in any fiscal year are not appropriated in that fiscal year, such amounts are authorized to be appropriated in a subsequent fiscal year (prior to the fiscal year 2004). Such sums shall remain available until expended.

(n) HEALTH EFFECTS STUDIES.—From funds appropriated pursuant to this section for each fiscal year, the Administrator shall reserve $10,000,000 for health effects studies on drinking water contaminants authorized by the Safe Drinking Water Act Amendments of 1996. In allocating funds made available under this subsection, the Administrator shall give priority to studies concerning the health effects of cryptosporidium (as authorized by section 1458(c)), disinfection byproducts (as authorized by section 1458(c)), and arsenic (as authorized by section 1412(b)(12)(A)), and the implementation of a plan for studies of subpopulations at greater risk of adverse effects (as authorized by section 1458(a)).

(o) MONITORING FOR UNREGULATED CONTAMINANTS.—From funds appropriated pursuant to this section for each fiscal year beginning with fiscal year 1998, the Administrator shall reserve $2,000,000 to pay the costs of monitoring for unregulated contaminants under section 1445(a)(2)(C).

(p) DEMONSTRATION PROJECT FOR STATE OF VIRGINIA.—Notwithstanding the other provisions of this section limiting the use of funds deposited in a State loan fund from any State allotment, the State of Virginia may, as a single demonstration and with the approval of the Virginia General Assembly and the Administrator, conduct a program to demonstrate alternative approaches to intergovernmental coordination to assist in the financing of new drinking water facilities in the following rural communities in southwestern Virginia where none exists on the date of enactment of the Safe Drinking Water Act Amendments of 1996 and where such communities are experiencing economic hardship: Lee County, Wise County, Scott County, Dickenson County, Russell County, Buchanan County, Tazewell County, and the city of Norton, Virginia.

The funds allotted to that State and deposited in the State loan fund may be loaned to a regional endowment fund for the purpose set forth in this subsection under a plan to be approved by the Administrator. The plan may include an advisory group that includes representatives of such counties.

(q) SMALL SYSTEM TECHNICAL ASSISTANCE.—The Administrator may reserve up to 2 percent of the total funds appropriated pursuant to subsection (m) for each of the fiscal years 1997 through 2003 to carry out the provisions of section 1442(e) (relating to technical assistance for small systems), except that the total amount of funds made available for such purpose in any fiscal year through appropriations (as authorized by section 1442(e)) and reservations made pursuant to this subsection shall not exceed the amount authorized by section 1442(e).

(r) EVALUATION.—The Administrator shall conduct an evaluation of the effectiveness of the State loan funds through fiscal year 2001. The evaluation shall be submitted to the Congress at the same time as the President submits to the Congress, pursuant to section 1108 of title 31, United States Code, an appropriations request for fiscal year 2003 relating to the budget of the Environmental Protection Agency.

[42 U.S.C. 300j–12]

SOURCE WATER QUALITY ASSESSMENT

SEC. 1453. (a) SOURCE WATER ASSESSMENT.—

(1) GUIDANCE.—Within 12 months after the date of enactment of the Safe Drinking Water Act Amendments of 1996, after notice and comment, the Administrator shall publish guidance for States exercising primary enforcement responsibility for public water systems to carry out directly or through delegation (for the protection and benefit of public water systems and for the support of monitoring flexibility) a source water assessment program within the State's boundaries. Each State adopting modifications to monitoring requirements pursuant to section 1418(b) shall, prior to adopting such modifications, have an approved source water assessment program under this section and shall carry out the program either directly or through delegation.

(2) PROGRAM REQUIREMENTS.—A source water assessment program under this subsection shall—

(A) delineate the boundaries of the assessment areas in such State from which one or more public water systems in the State receive supplies of drinking water, using all reasonably available hydrogeologic information on the sources of the supply of drinking water in the State and the water flow, recharge, and discharge and any other reliable information as the State deems necessary to adequately determine such areas; and

(B) identify for contaminants regulated under this title for which monitoring is required under this title (or any unregulated contaminants selected by the State, in its discretion, which the State, for the purposes of this subsection, has determined may present a threat to public

health), to the extent practical, the origins within each delineated area of such contaminants to determine the susceptibility of the public water systems in the delineated area to such contaminants.

(3) APPROVAL, IMPLEMENTATION, AND MONITORING RELIEF.—A State source water assessment program under this subsection shall be submitted to the Administrator within 18 months after the Administrator's guidance is issued under this subsection and shall be deemed approved 9 months after the date of such submittal unless the Administrator disapproves the program as provided in section 1428(c). States shall begin implementation of the program immediately after its approval. The Administrator's approval of a State program under this subsection shall include a timetable, established in consultation with the State, allowing not more than 2 years for completion after approval of the program. Public water systems seeking monitoring relief in addition to the interim relief provided under section 1418(a) shall be eligible for monitoring relief, consistent with section 1418(b), upon completion of the assessment in the delineated source water assessment area or areas concerned.

(4) TIMETABLE.—The timetable referred to in paragraph (3) shall take into consideration the availability to the State of funds under section 1452 (relating to State loan funds) for assessments and other relevant factors. The Administrator may extend any timetable included in a State program approved under paragraph (3) to extend the period for completion by an additional 18 months.

(5) DEMONSTRATION PROJECT.—The Administrator shall, as soon as practicable, conduct a demonstration project, in consultation with other Federal agencies, to demonstrate the most effective and protective means of assessing and protecting source waters serving large metropolitan areas and located on Federal lands.

(6) USE OF OTHER PROGRAMS.—To avoid duplication and to encourage efficiency, the program under this section may make use of any of the following:

(A) Vulnerability assessments, sanitary surveys, and monitoring programs.

(B) Delineations or assessments of ground water sources under a State wellhead protection program developed pursuant to this section.

(C) Delineations or assessments of surface or ground water sources under a State pesticide management plan developed pursuant to the Pesticide and Ground Water State Management Plan Regulation (subparts I and J of part 152 of title 40, Code of Federal Regulations), promulgated under section 3(d) of the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136a(d)).

(D) Delineations or assessments of surface water sources under a State watershed initiative or to satisfy the watershed criterion for determining if filtration is required under the Surface Water Treatment Rule (section 141.70 of title 40, Code of Federal Regulations).

(E) Delineations or assessments of surface or ground water sources under programs or plans pursuant to the Federal Water Pollution Control Act.

(7) PUBLIC AVAILABILITY.—The State shall make the results of the source water assessments conducted under this subsection available to the public.

(b) APPROVAL AND DISAPPROVAL.—For provisions relating to program approval and disapproval, see section 1428(c).

[42 U.S.C. 300j–13]

SOURCE WATER PETITION PROGRAM

SEC. 1454. (a) PETITION PROGRAM.—

(1) IN GENERAL.—

(A) ESTABLISHMENT.—A State may establish a program under which an owner or operator of a community water system in the State, or a municipal or local government or political subdivision of a State, may submit a source water quality protection partnership petition to the State requesting that the State assist in the local development of a voluntary, incentive-based partnership, among the owner, operator, or government and other persons likely to be affected by the recommendations of the partnership, to—

(i) reduce the presence in drinking water of contaminants that may be addressed by a petition by considering the origins of the contaminants, including to the maximum extent practicable the specific activities that affect the drinking water supply of a community;

(ii) obtain financial or technical assistance necessary to facilitate establishment of a partnership, or to develop and implement recommendations of a partnership for the protection of source water to assist in the provision of drinking water that complies with national primary drinking water regulations with respect to contaminants addressed by a petition; and

(iii) develop recommendations regarding voluntary and incentive-based strategies for the long-term protection of the source water of community water systems.

(B) FUNDING.—Each State may—

(i) use funds set aside pursuant to section 1452(k)(1)(A)(iii) by the State to carry out a program described in subparagraph (A), including assistance to voluntary local partnerships for the development and implementation of partnership recommendations for the protection of source water such as source water quality assessment, contingency plans, and demonstration projects for partners within a source water area delineated under section 1453(a); and

(ii) provide assistance in response to a petition submitted under this subsection using funds referred to in subsection (b)(2)(B).

(2) OBJECTIVES.—The objectives of a petition submitted under this subsection shall be to—

(A) facilitate the local development of voluntary, incentive-based partnerships among owners and operators of community water systems, governments, and other persons in source water areas; and

(B) obtain assistance from the State in identifying resources which are available to implement the recommendations of the partnerships to address the origins of drinking water contaminants that may be addressed by a petition (including to the maximum extent practicable the specific activities contributing to the presence of the contaminants) that affect the drinking water supply of a community.

(3) CONTAMINANTS ADDRESSED BY A PETITION.—A petition submitted to a State under this subsection may address only those contaminants—

(A) that are pathogenic organisms for which a national primary drinking water regulation has been established or is required under section 1412; or

(B) for which a national primary drinking water regulation has been promulgated or proposed and that are detected by adequate monitoring methods in the source water at the intake structure or in any collection, treatment, storage, or distribution facilities by the community water systems at levels—

(i) above the maximum contaminant level; or

(ii) that are not reliably and consistently below the maximum contaminant level.

(4) CONTENTS.—A petition submitted under this subsection shall, at a minimum—

(A) include a delineation of the source water area in the State that is the subject of the petition;

(B) identify, to the maximum extent practicable, the origins of the drinking water contaminants that may be addressed by a petition (including to the maximum extent practicable the specific activities contributing to the presence of the contaminants) in the source water area delineated under section 1453;

(C) identify any deficiencies in information that will impair the development of recommendations by the voluntary local partnership to address drinking water contaminants that may be addressed by a petition;

(D) specify the efforts made to establish the voluntary local partnership and obtain the participation of—

(i) the municipal or local government or other political subdivision of the State with jurisdiction over the source water area delineated under section 1453; and

(ii) each person in the source water area delineated under section 1453—

(I) who is likely to be affected by recommendations of the voluntary local partnership; and

(II) whose participation is essential to the success of the partnership;

(E) outline how the voluntary local partnership has or will, during development and implementation of recommendations of the voluntary local partnership, identify, recognize and take into account any voluntary or other activities already being undertaken by persons in the source water area delineated under section 1453 under Federal or State law to reduce the likelihood that contaminants will occur in drinking water at levels of public health concern; and

(F) specify the technical, financial, or other assistance that the voluntary local partnership requests of the State to develop the partnership or to implement recommendations of the partnership.

(b) APPROVAL OR DISAPPROVAL OF PETITIONS.—

(1) IN GENERAL.—After providing notice and an opportunity for public comment on a petition submitted under subsection (a), the State shall approve or disapprove the petition, in whole or in part, not later than 120 days after the date of submission of the petition.

(2) APPROVAL.—The State may approve a petition if the petition meets the requirements established under subsection (a). The notice of approval shall, at a minimum, include for informational purposes—

(A) an identification of technical, financial, or other assistance that the State will provide to assist in addressing the drinking water contaminants that may be addressed by a petition based on—

(i) the relative priority of the public health concern identified in the petition with respect to the other water quality needs identified by the State;

(ii) any necessary coordination that the State will perform of the program established under this section with programs implemented or planned by other States under this section; and

(iii) funds available (including funds available from a State revolving loan fund established under title VI of the Federal Water Pollution Control Act (33 U.S.C. 1381 et seq.)) or section 1452;

(B) a description of technical or financial assistance pursuant to Federal and State programs that is available to assist in implementing recommendations of the partnership in the petition, including—

(i) any program established under the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.);

(ii) the program established under section 6217 of the Coastal Zone Act Reauthorization Amendments of 1990 (16 U.S.C. 1455b);

(iii) the agricultural water quality protection program established under chapter 2 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3838 et seq.);

(iv) the sole source aquifer protection program established under section 1427;

(v) the community wellhead protection program established under section 1428;

(vi) any pesticide or ground water management plan;

(vii) any voluntary agricultural resource management plan or voluntary whole farm or whole ranch management plan developed and implemented under a process established by the Secretary of Agriculture; and

(viii) any abandoned well closure program; and

(C) a description of activities that will be undertaken to coordinate Federal and State programs to respond to the petition.

(3) DISAPPROVAL.—If the State disapproves a petition submitted under subsection (a), the State shall notify the entity submitting the petition in writing of the reasons for disapproval. A petition may be resubmitted at any time if—

(A) new information becomes available;

(B) conditions affecting the source water that is the subject of the petition change; or

(C) modifications are made in the type of assistance being requested.

(c) GRANTS TO SUPPORT STATE PROGRAMS.—

(1) IN GENERAL.—The Administrator may make a grant to each State that establishes a program under this section that is approved under paragraph (2). The amount of each grant shall not exceed 50 percent of the cost of administering the program for the year in which the grant is available.

(2) APPROVAL.—In order to receive grant assistance under this subsection, a State shall submit to the Administrator for approval a plan for a source water quality protection partnership program that is consistent with the guidance published under subsection (d). The Administrator shall approve the plan if the plan is consistent with the guidance published under subsection (d).

(d) GUIDANCE.—

(1) IN GENERAL.—Not later than 1 year after the date of enactment of this section, the Administrator, in consultation with the States, shall publish guidance to assist—

(A) States in the development of a source water quality protection partnership program; and

(B) municipal or local governments or political subdivisions of a State and community water systems in the development of source water quality protection partnerships and in the assessment of source water quality.

(2) CONTENTS OF THE GUIDANCE.—The guidance shall, at a minimum—

(A) recommend procedures for the approval or disapproval by a State of a petition submitted under subsection (a);

(B) recommend procedures for the submission of petitions developed under subsection (a);

(C) recommend criteria for the assessment of source water areas within a State; and

(D) describe technical or financial assistance pursuant to Federal and State programs that is available to address the contamination of sources of drinking water and to develop and respond to petitions submitted under subsection (a).

(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $5,000,000 for each of the fiscal years 1997 through 2003. Each State with a plan for a program approved under subsection (b) shall receive an equitable portion of the funds available for any fiscal year.

(f) STATUTORY CONSTRUCTION.—Nothing in this section—

(1)(A) creates or conveys new authority to a State, political subdivision of a State, or community water system for any new regulatory measure; or

(B) limits any authority of a State, political subdivision, or community water system; or

(2) precludes a community water system, municipal or local government, or political subdivision of a government from locally developing and carrying out a voluntary, incentive-based, source water quality protection partnership to address the origins of drinking water contaminants of public health concern.

[42 U.S.C. 300j–14]

WATER CONSERVATION PLAN

SEC. 1455. (a) GUIDELINES.—Not later than 2 years after the date of enactment of the Safe Drinking Water Act Amendments of 1996, the Administrator shall publish in the Federal Register guidelines for water conservation plans for public water systems serving fewer than 3,300 persons, public water systems serving between 3,300 and 10,000 persons, and public water systems serving more than 10,000 persons, taking into consideration such factors as water availability and climate.

(b) LOANS OR GRANTS.—Within 1 year after publication of the guidelines under subsection (a), a State exercising primary enforcement responsibility for public water systems may require a public water system, as a condition of receiving a loan or grant from a State loan fund under section 1452, to submit with its application for such loan or grant a water conservation plan consistent with such guidelines.

[42 U.S.C. 300j–15]

ASSISTANCE TO COLONIAS

SEC. 1456. (a) DEFINITIONS.—As used in this section:

(1) BORDER STATE.—The term "border State" means Arizona, California, New Mexico, and Texas.

(2) ELIGIBLE COMMUNITY.—The term "eligible community" means a low-income community with economic hardship that—

(A) is commonly referred to as a colonia;

(B) is located along the United States-Mexico border (generally in an unincorporated area); and

(C) lacks a safe drinking water supply or adequate facilities for the provision of safe drinking water for human consumption.

(b) GRANTS TO ALLEVIATE HEALTH RISKS.—The Administrator of the Environmental Protection Agency and the heads of other appropriate Federal agencies are authorized to award grants to a border State to provide assistance to eligible communities to facilitate compliance with national primary drinking water regulations or otherwise significantly further the health protection objectives of this title.

(c) USE OF FUNDS.—Each grant awarded pursuant to subsection (b) shall be used to provide assistance to one or more eligible communities with respect to which the residents are subject to a significant health risk (as determined by the Administrator or the head of the Federal agency making the grant) attributable to the lack of access to an adequate and affordable drinking water supply system.

(d) COST SHARING.—The amount of a grant awarded pursuant to this section shall not exceed 50 percent of the costs of carrying out the project that is the subject of the grant.

(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $25,000,000 for each of the fiscal years 1997 through 1999.

[42 U.S.C. 300j–16]

ESTROGENIC SUBSTANCES SCREENING PROGRAM

SEC. 1457. In addition to the substances referred to in section 408(p)(3)(B) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 346a(p)(3)(B)) the Administrator may provide for testing under the screening program authorized by section 408(p) of such Act, in accordance with the provisions of section 408(p) of such Act, of any other substance that may be found in sources of drinking water if the Administrator determines that a substantial population may be exposed to such substance.

[42 U.S.C. 300j–17]

DRINKING WATER STUDIES

SEC. 1458. (a) SUBPOPULATIONS AT GREATER RISK.—

(1) IN GENERAL.—The Administrator shall conduct a continuing program of studies to identify groups within the general population that may be at greater risk than the general population of adverse health effects from exposure to contaminants in drinking water. The study shall examine whether and to what degree infants, children, pregnant women, the elderly, individuals with a history of serious illness, or other subpopulations that can be identified and characterized are likely to experience elevated health risks, including risks of cancer, from contaminants in drinking water.

(2) REPORT.—Not later than 4 years after the date of enactment of this subsection and periodically thereafter as new and significant information becomes available, the Administrator shall report to the Congress on the results of the studies.

(b) BIOLOGICAL MECHANISMS.—The Administrator shall conduct biomedical studies to—

(1) understand the mechanisms by which chemical contaminants are absorbed, distributed, metabolized, and eliminated from the human body, so as to develop more accurate physiologically based models of the phenomena;

(2) understand the effects of contaminants and the mechanisms by which the contaminants cause adverse effects (especially noncancer and infectious effects) and the variations in the effects among humans, especially subpopulations at greater risk of adverse effects, and between test animals and humans; and

(3) develop new approaches to the study of complex mixtures, such as mixtures found in drinking water, especially to determine the prospects for synergistic or antagonistic interactions that may affect the shape of the dose-response relationship of the individual chemicals and microbes, and to examine noncancer endpoints and infectious diseases, and susceptible individuals and subpopulations.

(c) STUDIES ON HARMFUL SUBSTANCES IN DRINKING WATER.—

(1) DEVELOPMENT OF STUDIES.—The Administrator shall, not later than 180 days after the date of enactment of this section and after consultation with the Secretary of Health and Human Services, the Secretary of Agriculture, and, as appropriate, the heads of other Federal agencies, conduct the studies described in paragraph (2) to support the development and implementation of the most current version of each of the following:

(A) Enhanced Surface Water Treatment Rule (59 Fed. Reg. 38832 (July 29, 1994)).

(B) Disinfectant and Disinfection Byproducts Rule (59 Fed. Reg. 38668 (July 29, 1994)).

(C) Ground Water Disinfection Rule (availability of draft summary announced at (57 Fed. Reg. 33960; July 31, 1992)).

(2) CONTENTS OF STUDIES.—The studies required by paragraph (1) shall include, at a minimum, each of the following:

(A) Toxicological studies and, if warranted, epidemiological studies to determine what levels of exposure from disinfectants and disinfection byproducts, if any, may be associated with developmental and birth defects and other potential toxic end points.

(B) Toxicological studies and, if warranted, epidemiological studies to quantify the carcinogenic potential from exposure to disinfection byproducts resulting from different disinfectants.

(C) The development of dose-response curves for pathogens, including cryptosporidium and the Norwalk virus.

(3) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subsection $12,500,000 for each of fiscal years 1997 through 2003.

(d) WATERBORNE DISEASE OCCURRENCE STUDY.—

(1) SYSTEM.—The Director of the Centers for Disease Control and Prevention, and the Administrator shall jointly—

(A) within 2 years after the date of enactment of this section, conduct pilot waterborne disease occurrence studies for at least 5 major United States communities or public water systems; and

(B) within 5 years after the date of enactment of this section, prepare a report on the findings of the pilot studies, and a national estimate of waterborne disease occurrence.

(2) TRAINING AND EDUCATION.—The Director and Administrator shall jointly establish a national health care provider training and public education campaign to inform both the professional health care provider community and the general public about waterborne disease and the symptoms that may be caused by infectious agents, including microbial contaminants. In developing such a campaign, they shall seek comment from interested groups and individuals, including scientists, physicians, State and local governments, environmental groups, public water systems, and vulnerable populations.

(3) FUNDING.—There are authorized to be appropriated for each of the fiscal years 1997 through 2001, $3,000,000 to carry out this subsection. To the extent funds under this subsection are not fully appropriated, the Administrator may use not more than $2,000,000 of the funds from amounts reserved under section 1452(n) for health effects studies for purposes of this subsection. The Administrator may transfer a portion of such funds to the Centers for Disease Control and Prevention for such purposes.

[42 U.S.C. 300j–18]

PART F—ADDITIONAL REQUIREMENTS TO REGULATE THE SAFETY OF DRINKING WATER [1]

DEFINITIONS

SEC. 1461. As used in this part—

(1) DRINKING WATER COOLER.—The term "drinking water cooler" means any mechanical device affixed to drinking water supply plumbing which actively cools water for human consumption.

(2) LEAD FREE.—The term "lead free" means, with respect to a drinking water cooler, that each part or component of the cooler which may come in contact with drinking water contains not more than 8 percent lead, except that no drinking water cooler which contains any solder, flux, or storage tank interior surface which may come in contact with drinking water shall be considered lead free if the solder, flux, or storage tank interior surface contains more than 0.2 percent lead. The Administrator may establish more stringent requirements for treating any part or component of a drinking water cooler as lead free for purposes of this part whenever he determines that any

[1] Part F was added by the Lead Contamination Control Act of 1988 (P.L. 100–572; 102 Stat. 2884).

such part may constitute an important source of lead in drinking water.

(3) LOCAL EDUCATIONAL AGENCY.—The term "local educational agency" means—

(A) any local educational agency as defined in section 9101 of the Elementary and Secondary Education Act of 1965,

(B) the owner of any private, nonprofit elementary or secondary school building, and

(C) the governing authority of any school operating under the defense dependent's education system provided for under the Defense Dependent's Education Act of 1978 (20 U.S.C. 921 and following).

(4) REPAIR.—The term "repair" means, with respect to a drinking water cooler, to take such corrective action as is necessary to ensure that water cooler is lead free.

(5) REPLACEMENT.—The term "replacement", when used with respect to a drinking water cooler, means the permanent removal of the water cooler and the installation of a lead free water cooler.

(6) SCHOOL.—The term "school" means any elementary school or secondary school as defined in section 9101 of the Elementary and Secondary Education Act of 1965 and any kindergarten or day care facility.

(7) LEAD-LINED TANK.—The term "lead-lined tank" means a water reservoir container in a drinking water cooler which container is constructed of lead or which has an interior surface which is not leadfree.

[42 U.S.C. 300j–21]

RECALL OF DRINKING WATER COOLERS WITH LEAD-LINED TANKS

SEC. 1462. For purposes of the Consumer Product Safety Act, all drinking water coolers identified by the Administrator on the list under section 1463 as having a lead-lined tank shall be considered to be imminently hazardous consumer products within the meaning of section 12 of such Act (15 U.S.C. 2061). After notice and opportunity for comment, including a public hearing, the Consumer Product Safety Commission shall issue an order requiring the manufacturers and importers of such coolers to repair, replace, or recall and provide a refund for such coolers within 1 year after the enactment of the Lead Contamination Control Act of 1988. For purposes of enforcement, such order shall be treated as an order under section 15(d) of that Act (15 U.S.C. 2064(d)).

[42 U.S.C. 300j–22]

DRINKING WATER COOLERS CONTAINING LEAD

SEC. 1463. (a) PUBLICATION OF LISTS.—The Administrator shall, after notice and opportunity for public comment, identify each brand and model of drinking water cooler which is not lead free, including each brand and model of drinking water cooler which has a lead-lined tank. For purposes of identifying the brand and model of drinking water coolers under this subsection, the Administrator shall use the best information available to the Environ-

mental Protection Agency. Within 100 days after the enactment of this section, the Administrator shall publish a list of each brand and model of drinking water cooler identified under this subsection. Such list shall separately identify each brand and model of cooler which has a lead-lined tank. The Administrator shall continue to gather information regarding lead in drinking water coolers and shall revise and republish the list from time to time as may be appropriate as new information or analysis becomes available regarding lead contamination in drinking water coolers.

(b) PROHIBITION.—No person may sell in interstate commerce, or manufacture for sale in interstate commerce, any drinking water cooler listed under subsection (a) or any other drinking water cooler which is not lead free, including a lead-lined drinking water cooler.

(c) CRIMINAL PENALTY.—Any person who knowingly violates the prohibition contained in subsection (b) shall be imprisoned for not more than 5 years, or fined in accordance with title 18 of the United States Code, or both.

(d) CIVIL PENALTY.—The Administrator may bring a civil action in the appropriate United States District Court (as determined under the provisions of title 28 of the United States Code) to impose a civil penalty on any person who violates subsection (b). In any such action the court may impose on such person a civil penalty of not more than $5,000 ($50,000 in the case of a second or subsequent violation).

[42 U.S.C. 300j–23]

LEAD CONTAMINATION IN SCHOOL DRINKING WATER

SEC. 1464. (a) DISTRIBUTION OF DRINKING WATER COOLER LIST.—Within 100 days after the enactment of this section, the Administrator shall distribute to the States a list of each brand and model of drinking water cooler identified and listed by the Administrator under section 1463(a).

(b) GUIDANCE DOCUMENT AND TESTING PROTOCOL.—The Administrator shall publish a guidance document and a testing protocol to assist schools in determining the source and degree of lead contamination in school drinking water supplies and in remedying such contamination. The guidance document shall include guidelines for sample preservation. The guidance document shall also include guidance to assist States, schools, and the general public in ascertaining the levels of lead contamination in drinking water coolers and in taking appropriate action to reduce or eliminate such contamination. The guidance document shall contain a testing protocol for the identification of drinking water coolers which contribute to lead contamination in drinking water. Such document and protocol may be revised, republished and redistributed as the Administrator deems necessary. The Administrator shall distribute the guidance document and testing protocol to the States within 100 days after the enactment of this section.

(c) DISSEMINATION TO SCHOOLS, ETC.—Each State shall provide for the dissemination to local educational agencies, private nonprofit elementary or secondary schools and to day care centers of the guidance document and testing protocol published under sub-

section (b), together with the list of drinking water coolers published under section 1463(a).

(d) REMEDIAL ACTION PROGRAM.—

(1) TESTING AND REMEDYING LEAD CONTAMINATION.—Within 9 months after the enactment of this section, each State shall establish a program, consistent with this section, to assist local educational agencies in testing for, and remedying, lead contamination in drinking water from coolers and from other sources of lead contamination at schools under the jurisdiction of such agencies.

(2) PUBLIC AVAILABILITY.—A copy of the results of any testing under paragraph (1) shall be available in the administrative offices of the local educational agency for inspection by the public, including teachers, other school personnel, and parents. The local educational agency shall notify parent, teacher, and employee organizations of the availability of such testing results.

(3) COOLERS.—In the case of drinking water coolers, such program shall include measures for the reduction or elimination of lead contamination from those water coolers which are not lead free and which are located in schools. Such measures shall be adequate to ensure that within 15 months after the enactment of this subsection all such water coolers in schools under the jurisdiction of such agencies are repaired, replaced, permanently removed, or rendered inoperable unless the cooler is tested and found (within the limits of testing accuracy) not to contribute lead to drinking water.

[42 U.S.C. 300j–24]

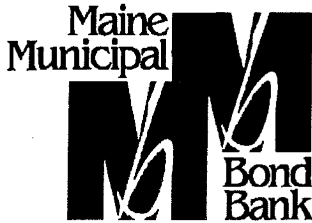
FEDERAL ASSISTANCE FOR STATE PROGRAMS REGARDING LEAD CONTAMINATION IN SCHOOL DRINKING WATER

SEC. 1465. (a) SCHOOL DRINKING WATER PROGRAMS.—The Administrator shall make grants to States to establish and carry out State programs under section 1464 to assist local educational agencies in testing for, and remedying, lead contamination in drinking water from drinking water coolers and from other sources of lead contamination at schools under the jurisdiction of such agencies. Such grants may be used by States to reimburse local educational agencies for expenses incurred after the enactment of this section for such testing and remedial action.

(b) LIMITS.—Each grant under this section shall be used by the State for testing water coolers in accordance with section 1464, for testing for lead contamination in other drinking water supplies under section 1464, or for remedial action under State programs under section 1464. Not more than 5 percent of the grant may be used for program administration.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section not more than $30,000,000 for fiscal year 1989, $30,000,000 for fiscal year 1990, and $30,000,000 for fiscal year 1991.

[42 U.S.C. 300j–25]



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Michael R. Goodwin, Executive Director
Tel 207-622-9386
Fax 207-623-5359

MAINE MUNICIPAL BOND BANK
GENERAL PROGRAM SUMMARY

- The Maine Municipal Bond Bank ("The Bank") was created by State Statute in 1971 to foster and promote by all reasonable means the provision of adequate capital markets and facilities for borrowing money by local governmental units in the State of Maine. This unique financing program allows Maine's towns, cities, counties, school systems, water districts, sewer districts and other governmental entities access to national money markets for their public purpose borrowing needs.

- The Bank's goal is to provide a financial service that meets the needs of Maine's governmental entities in the most efficient and cost-effective manner possible. In order to assess our performance The Bank provides a written survey form to each borrower involved in our bond issues.

- The Bank not only relies on its internal resources to obtain its goal but also receives quality service from a working group of professionals. The Bank provides low-cost financing with the assistance of its trustees, bond counsel and investment bankers. This public/private partnership is reviewed periodically for its economic benefits to The Bank and its constituents.

- The Bank, since its inception, has issued over $4.6 billion in municipal bonds. The Bank has funded over 1,758 municipal loans since 1973, when it issued its first bond sale.

- The Bank receives the highest credit rating that can be obtained by an issuer of municipal bonds, a rating of AA+. This achievement will provide additional savings to The Bank and in turn its constituents because of its visibility in the marketplace and affect of the pricing of the bond issues by The Bank.

- Please refer to the State Statute, brochure, financial reports, organizational chart and other enclosed documentation for further information regarding The Bank and its various programs.

Making a Difference for Maine's communities.

General Bond Resolution Program

Created in 1972 by the Maine State Legislature, the Maine Municipal Bond Bank has a thirty year history of providing Maine's cities, towns, school systems, water and sewer districts, and other governmental entities access to low cost funds through the sale of its highly rated tax-exempt bonds. Established as an independent agency, the Bond Bank is administered by a board of commissioners, including the Treasurer of State, Superintendent of Banking and three commissioners appointed by the Governor. The Bond Bank works closely with its municipal clientele to provide unique, cost effective and competitive financing programs.

General Resolution Program

General Resolution bond proceeds are typically used to fund public purpose, capital projects. A public purpose borrowing is a loan issued to finance traditional governmental facilities and equipment projects. Working closely with its municipal clientele, the Bond Bank sells tax-exempt bonds and in turn purchases the participating municipalities' bonds, which funds their public purpose projects. Capital financing through the Bond Bank's General Bond Resolution Program allows borrowers to take advantage of the Bond Bank's high investment grade rating, low interest rates relative to the current market and reduced issuance and post issuance costs.

Eligible Projects

Examples of eligible projects include but are not limited to school construction or renovation, road improvements, upgrade to sewerage treatment plants or water facilities, landfill closures, purchase of a new fire truck or other vehicles, construction or improvements to a town office or other facilities and equipment acquisitions. All borrowing terms must comply with the Federal Internal Revenue Service Code useful life policy and, if applicable, Department of Education or Public Utilities Commission approval terms. Governmental entities are encouraged to consult with their local bond counsel and the Bond Bank early in the capital financing process to determine whether their project qualifies for tax-exempt bond financing.

Application Process

Once a project is deemed eligible for the General Resolution Program, an application should be completed by the prospective borrower and submitted to the Bond Bank. Applications and the corresponding detailed instructions may be obtained by contacting the Bond Bank or downloaded by visiting our website at www.mmbb.com. Each application must be submitted with documents pertaining to the financial characteristics of the municipality requesting financing.

A school, city, county or town must include:

- Audit reports for the last 3 years
- Annual reports for the town(s)
- Budget

All other districts must include:

- Audit reports for the last 3 years
- Budget
- Charter
- Schedule of Rates (current & proposed)
- PUC annual report (water)

Bond Issuance Process

Traditionally twice a year, in the spring and fall, the Bond Bank will consolidate eligible applicants and engage in a bond sale to various individual and corporate investors on behalf of its applicants. However, at the request of a borrower requiring more than $10,000,000, the Bond Bank will undertake a freestanding sale for an individual borrower. All municipalities participating in a bond sale will receive their funds in the form of a wire transfer on the day of closing. From application to receipt of funds the bond issuance process usually lasts three to four months.

It is the goal of the Maine Municipal Bond Bank to provide a service that meets your municipal needs in the most efficient and cost effective manner available. The Maine Municipal Bond Bank staff welcomes the opportunity to discuss any decisions concerning your capital financing needs. For more information on the Maine Municipal Bond Bank's financing programs please contact us or visit our website at www.mmbb.com.

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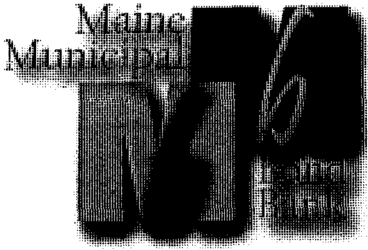

General Resolution At-A-Glance

Program Description	Created in 1972 by the Maine State Legislature, the Maine Municipal Bond Bank and the General Bond Resolution Program have a thirty year history of providing Maine's cities, towns, school systems, water and sewer districts, and other governmental entities access to low cost funds through the sale of its highly rated tax-exempt bonds. Capital financing through the General Bond Resolution Program allows borrowers to take advantage of the Bond Bank's high investment grade rating, low interest rates and reduced issuance and post issuance costs.
Eligible Borrowers	Towns, cities, counties, school systems, water & sewer districts, and other governmental entities.
Eligible Projects	Examples of eligible projects include but are not limited to: ● School contruction or renovation ● Road improvements ● Upgrades to sewerage treatment plants or water systems ● Landfill closures ● Purchase of public safety vehicles ● Other municipal construction or renovation projects and capital acquisitions
Application Deadline	Applications are accepted continuously during the year.
Issue Schedule	Typically two issues per year - Spring and Fall.
Interest Rates	Subject to current market conditions.
Minimum/Maximum Loan Amount	None
Issuance Costs & Fees	● Underwriter's discount (included in the interest rate) ● Local Bond Counsel Fee ● Insurance premium (included in the interest rate) - only included if the purchase of insurance presents a "net savings" All other costs are paid for by the Bond Bank. Please visit www.mmbb.com for a complete overview of all issuance costs.
Term	Between 5 and 30 years. In all cases, the maximum loan term may not exceed the useful life of the financed asset.
Repayment Schedule	Payments are due twice a year, 30 days prior to the interest payment in May and 30 days prior to the principal and interest payment in November.
Receipt of Funds	Funds are wired to an account specified by the borrower by 1PM on the day of closing.
Contact Information	Toni Reed, Program Officer tir@mmbb.com (207) 622-9386 1-800-821-1113

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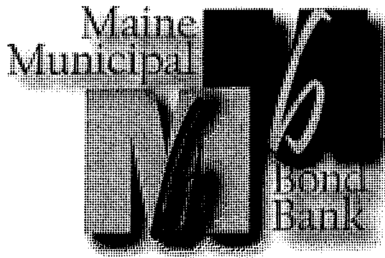
11-0109MC 04/13



Created in 1972 by the Maine State Legislature, the Maine Municipal Bond Bank (MMBB) and the General Bond Resolution Program(GBR) have over a thirty year history of providing Maine's cities, towns, school systems, water and sewer districts, and other governmental entities access to low cost funds through the sale of its highly rated tax-exempt bonds. Capital financing through the GBR allows borrowers to take advantage of the Bond Bank's high investment grade rating, low interest rates and reduced issuance and post issuance costs.

Local Bond Counsel

MMBB requires borrowers to hire local bond counsel from the Bond Bank's approved counsel list. It is strongly recommended that hiring local bond counsel happen before completing the financing application. Local bond counsel brings expert knowledge to the authorization process regarding procedures and related state/federal regulations of tax-exempt bond issuance. Local bond counsel is a valuable resource and will guide you through the referendum process, drafting the warrant, and obtain necessary vote by governing body. They also prepare the following documents: Certificate of Clerk, Non-Litigation Certificate, Local Municipal Bond, Tax Certificates, Legal Opinion, and the Loan Agreement with MMBB.

Application Process

Once a project is deemed eligible for the GBR, an application should be completed by the prospective borrower and submitted to the Bond Bank. Applications and corresponding detailed instructions may be obtained by contacting the MMBB or downloaded by visiting our website at www.mmbb.com. Each application must be submitted with documents pertaining to the financial characteristics of the municipality requesting finances.

Borrowing Process

Traditionally, twice a year, the MMBB General Bond Resolution Program will consolidate eligible applications and engage in a bond sale to various individual and corporate investors on behalf of its applicants. The GBR Program does not provide interim financing. If funds are needed before a bond issue, the borrower can to obtain a Bond Anticipation Note(BAN) from a bank. However, at the request of a borrower requiring more than $10,000,000, the MMBB, will undertake a freestanding sale for an individual borrower. All municipalities participating in a bond sale will receive their funds in the form of a wire transfer on the day of closing. From submission of application to receipt of funds the bond issuance process usually lasts three to four months.

Repayment Structure

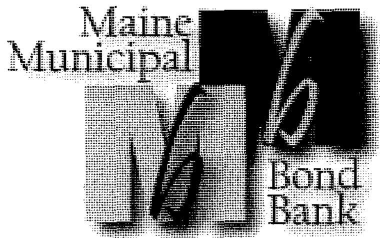
Typically repayment terms fall between 5 and 30 years. In all cases, the maximum loan term may not exceed the useful life of the financed asset. Annual debt service payments are due twice a year five days in advance of November 1st and May 1st. The borrower is responsible for the full term of principal and interest payments as disclosed in the loan agreement and debt service schedule. The payments can be structured in a number of ways:

1. Level Debt Service-annual principal and interest payments remain the same each fiscal year creating level debt service payments through out the life of the loan
2. Level Principal Payments – annual principal payments remain the same each year of the loan.
3. Stepped Payments – annual principal payments increase or decrease with each year creating a stepped repayment schedule. The increase or decrease of the principal amounts may be determined by the borrower.

Financial Characteristic Considered

Statistical and financial information reviewed includes, but is not limited to :

- Purpose of financing
- Fund Balance to expenditure ratios
- State Valuation and Debt limit
- Tax collection history and mill rates
- Level of indebtedness – including existing, overlapping and proposed
- Debt ratios
- Undesignated fund balance trends
- Population trends
- Makeup of local taxpayer and employment base



General Bond Resolution Borrowing Process

The shaded boxes represent the week, post application submission that a step takes place. All steps with an (*) should be initiated before the application deadline. Please consult with your local bond counsel for a more detailed timeline.

	Prior to Application	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	Week 14	Week 15
Bond Bank contacted; borrower requests financing application/debt service estimates																
*Local bond counsel has been hired; local authorization process is initiated.																
Applications and required documentation received by the Bond Bank.																
Local authorization is in place and received by the Bond Bank.																
Loan approved by Bond Bank board; local bond counsel receives the Loan Agreement.																
Counsel prepares preliminary documents; obtains borrowers signature(s).																
Signed documents/loan agreement due to Bond Bank from borrower's counsel.																
School contracts have been signed and rates are in place for water districts.																
Bond issue structured by Bond Bank underwriters; presented to investors.																
Bond Bank pricing; bond rate determined; bonds are sold.																
Local bond counsel obtains signatures on final documents ; returns to Bond Bank																
Loan Closing = bond proceeds are wired to a predetermined bank account.																

11-0108MC 08/04

Acton
Addison Point Water District
Airline CSD #08
Alexander
Alfred Water District
Alton
Andover Water District
Androscoggin County
Anson
Anson-Madison Sanitary District
Anson-Madison Water District
Appleton
Aroostook County
Aroostook Valley Solid Waste Disposal District
Arundel
Ashland
Ashland Water & Sewer District
Auburn
Auburn Sewerage District
Auburn Water District
Augusta
Aurora
Baileyville
Baileyville Utilities District
Bangor
Bangor Water District
Bar Harbor
Bath
Bath Water District
Beals
Beaver Cove
Belfast
Belfast Area Child Care Services, Inc.
Belfast Water District
Berwick
Berwick Sewer District
Best Apartments, Inc
Bethel
Bethel Water District
Biddeford
Bingham
Bingham Water District
Blue Hill
Boothbay
Boothbay Harbor
Boothbay Harbor Sewer District
Boothbay Region Water District
Boothbay Regional Refuse Disposal District
Boothbay-Boothbay Harbor CSD #03
Bowdoin
Bowdoinham
Bowdoinham Water District
Bowerbank
Bradley
Brewer
Bridgewater
Bridgton
Bridgton Water District
Bristol

Mount Desert CSD #07
Mount Desert Water District
Mount Vernon
MSAD #01
MSAD #03
MSAD #04
MSAD #05
MSAD #06
MSAD #07
MSAD #08
MSAD #09
MSAD #10
MSAD #11
MSAD #12
MSAD #13
MSAD #15
MSAD #16
MSAD #17
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MSAD #52
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MSAD #54
MSAD #55
MSAD #56
MSAD #57
MSAD #58
MSAD #59
MSAD #60

Brooklin
Brooks
Brooksville
Brownfield
Brownville
Brownville Jct Water Department
Brunswick
Brunswick & Topsham Water District
Brunswick Sewer District
Buckfield
Buckfield Village Corp
Bucksport
Buxton
Calais
Calais School District
Camden
Canaan
Canton
Canton Point Park
Canton Water District
Cape Elizabeth
Capitol Island Village Corporation
Caratunk
Caribou
Caribou Hospital District
Caribou Utilities District
Carrabassett Valley
Carrabassett Valley Sanitary District
Casco Bay Transit District
Castine
Charlotte
Charter Oaks Mobile Home Village
Chebeague Island
Chelsea
Cherryfield
Chewonki Foundation
China
Clinton
Clinton Water District
Columbia
Community Concepts, Inc
Corinna
Corinna Sewer District
Cornish
Cornish Water District
County of York
Covered Bridge Apartments
Cranberry Isles
Cubb Housing, LLC
Cumberland
Cumberland County
Damariscotta Montessori School
Danforth Water District
Dayton
Dedham
Deer Isle Consumer-Owned Water Utility
Deer Isle-Stonington CSD #13
Denmark
Dexter
MSAD #61
MSAD #62
MSAD #63
MSAD #64
MSAD #67
MSAD #68
MSAD #70
MSAD #71
MSAD #72
MSAD #74
MSAD #75
MSAD #76
MSAD #77
MSU # 104
MSU # 76
N E Frontier Camp
Naples
New Gloucester
New Sweden
Newport
Newport Sanitary District
Newport Water District
Newry
Nobleboro
Norridgewock
Norridgewock Water District
North Berwick
North Berwick Sanitary District
North Berwick Water District
North Haven
North Jay Water District
North Katahdin Valley Waste Disposal District
Northeastern Estate Mobile Home Park
Northern Aroostook Regional Airport Authority
Northern Oxford County (Voc Reg #09)
Northern Penobscot Technology (Voc Reg #03)
Northern Spring Mobile Home Park
Northport Village Corp
Norway
Norway Water District
Oakland
Ogunquit
Ogunquit Sewer District
Old Orchard Beach
Old Town
Old Town Water District
Orland
Orono
Orono-Veazie Water District
Orrington
Otis
Otisfield
Oxford
Oxford Hills Technical School (Voc Reg #11)
Oxford Water District
Palermo
Paris Utility District
Passamaquoddy Water District
Patten

Dexter Utility District
Dixfield
Dover-Foxcroft
Dover-Foxcroft Water District
Dresden
Durham
Eagle Lake
Eagle Lake Water & Sewer District
East Millinocket
East Range II CSD #12
East Vassalboro Water Company
Eastern Cumberland-Sagadahoc County (Voc Reg #10)
Easton
Eastport
Edgecomb
Eliot
Ellsworth
Etna
Fairfield
Falmouth
Farmingdale
Farmington
Farmington Village Corp
Fayette
Five Town CSD
Fort Fairfield
Fort Fairfield Utilities District
Fort Kent
Frankfort
Franklin County
Freeport
Freeport Sewer District
Frenchboro
Frenchville
Frye Island
Fryeburg
Fryeburg Water Company
Gardiner
Gardiner Water District
Georgetown
Glenburn
Gorham
Grand Isle
Gray
Gray Water District
Great Salt Bay CSD #14
Great Salt Bay Sanitary District
Greater Augusta Utility District
Greater Portland Transit Metro
Greenbush
Greene
Greenville
Greenwood
Guilford-Sangerville Sanitary District
Guilford-Sangerville Water District
H.A.D. - Penobscot Valley Hospital
H.A.D. #4-Mayo Hospital
Hallowell
Hallowell Water District

Pembroke
Peninsula Community School District #20
Penobscot County
Penobscot Indian Nation Water Pollution Control
Perry
Peru
Phippsburg
Piscataquis County
Pittsfield
Plymouth
Poland
Poland Spring Academy
Port Clyde Water District
Portland
Portland Water District
Pownal
Presque Isle
Presque Isle Utilities District
Princeton
Princeton Water District
Randolph
Rangeley
Rangeley Water District
Raymond
Readfield
Richmond
Richmond Utilities District
Robbinston
Rockland
Rockport
Rosewood Estates
Roxbury
RSU #01
RSU #02
RSU #05
RSU #09
RSU #13
RSU #14
RSU #18
RSU #19
RSU #21
RSU #23
RSU #24
RSU #25
RSU #26
RSU #39
RSU #57
RSU #64
RSU #73
RSU #82
Rumford
Rumford Water District
Rumford-Mexico Sewer District
Sabattus
Sabattus Sanitary District
Saco
Sagadahoc County
Saint Agatha
Saint Albans

Hampden
Hampden Water District
Hancock
Harmony
Harpswell
Harrison
Harrison Water District
Hartford
Hartland
Hermon
Holden
Hope
Houlton
Houlton Water Company
Howard's Trailer Park
Howland
Industry
Island Falls
Islesboro
Jackman Utility District
Jay
Jay Village Water District
Jefferson
Jonesboro
Jonesport
K. K. & Wells Water District
Kennebec County
Kennebec Regional Development Authority
Kennebec Sanitary District
Kennebec Water District
Kennebunk
Kennebunk Light & Power District
Kennebunk Sewer District
Kennebunkport
Kingfield
Kingfield Water District
Kittery
Kittery Water District
Knox County
Lake Arrowhead Community, Inc.
Lamoine
Levant
Lewiston
Lewiston-Auburn Water Pollution Control Authority
Liberty
Limerick
Limerick Sewer District
Saint George
Sandy Point Water Company
Sanford
Sanford Sewerage District
Sanford Water District
Scarborough
Scarborough Sanitary District
Schoodic CSD #11
Searsport
Searsport Water District
Sedgwick
Sheepscot Valley RSU #12
Sinclair Sanitary District
Skowhegan
Smithfield
Snow Pond Res Care Ctr
Solon Water District
Somerset County
Somerville
Sorrento
South Berwick
South Berwick Sewer District
South Berwick Water District
South Freeport Water District
South Portland
Southern Aroostook County (Voc Reg #02)
Southern Aroostook CSD #09
Southport Water District
Southwest Harbor
Squirrel Island Village Corp
St. Francis Water District
Standish
Starks
Stetson
Stockton Springs
Stonington
Stonington Sanitary District
Stow
Strong Water District
Sumner
Swan's Island
Swanville
Sweden
Tanglewood Mobile Estates
Temple
Thomaston
Thorndike

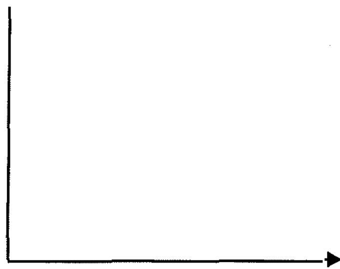
Limerick Water District
Limestone
Limestone Water & Sewer District
Lincoln
Lincoln County
Lincoln Sanitary District
Lincoln Water District
Lincolnville
Linneus
Lisbon
Litchfield
Litchfield, Sabattus & Wales CSD #15
Livermore Falls
Livermore Falls Water District
Living Waters Christian Day School & Daycare
Long Creek Watershed Management Dist
Long Island
Long Pond Water District
Loring Development Authority of Maine
Lovell
Lower Kennebec Region School Union (RSU #1)
Lubec
Lubec Water District
Lyman
Machias
Machias Water Company
Madawaska
Madawaska Water District
Madison
Maine Water Company
Manchester
Manchester Sanitary District
Mapleton Sewer District
Maranacook CSD #10
Mariaville
Mars Hill
Mars Hill Utility District
Mattawamkeag
Mechanic Falls
Medway
Mexico
Mexico Water District
Mid Coast School Of Technology (Voc Reg #08)
Mid Coast Solid Waste Corporation
Milbridge
Milbridge Water District
Milford
Millinocket
Milo Water District
Minot
Monmouth
Monmouth Sanitary District
Monmouth Water Association
Moosabec CSD #17
Moosehead Sanitary District
Moscow Water District
Mount Blue Standard Water District
Mount Desert
Topsham
Topsham Sewer District
Tremont
Tri-Community Recycling & Sanitary Landfill
Union
United Technologies (Voc Reg #04)
Unity
Van Buren
Van Buren Light & Power District
Van Buren Water District
Vanceboro
Vassalboro
Veazie
Veazie Sewer District
Vinalhaven
Vinalhaven Water District
Vocational Region #05
Waldo County
Waldo County (Voc Reg #07)
Waldoboro
Waldoboro Utility District
Wales
Warren Sanitary District
Washburn
Washburn Water & Sewer District
Washington County
Waterboro
Waterboro Water District
Waterville
Waterville Sewerage District
Wayne
Weld
Wells
Wells Sanitary District
Wells-Ogunquit CSD #18
Wesley
West Bath
West Gardiner
Westbrook
Whitefield
Wilton
Windham
Windsor
Winslow
Winter Harbor
Winter Harbor Utilities District
Winter Harbor Water District
Winterport Water District
Winthrop
Winthrop Utilities District
Wiscasset
Woodland
Woolwich
Yarmouth
Yarmouth Water District
York
York Sewer District
York Water District

Making a Difference for Maine Communities

FINANCIAL APPLICATION

for General Obligation Borrowers

Long-term bonds for



Public purpose financing of:

Construction Projects

Capital Improvements

Acquisitions

Toni Reed, Program Officer e-mail: tir@mmbb.com

127 Community Drive, P.O. Box 2268, Augusta, Maine 04338-2268
1-800-821-1113 207-622-9386 Fax: 623-5359

MAINE MUNICIPAL BOND BANK

GENERAL RESOLUTION PROGRAM APPLICATION

Types of Borrowers: This application is designed for the purpose of obtaining financial information from districts, municipalities and other governmental units. As a result, different information will be required for each type of unit. In certain cases it may be appropriate to note that a particular section is not applicable to the specific district, municipality or governmental unit. The following is a brief summary of the sections that are applicable to a specific type of borrower:

> **MUNICIPALITIES/GOVERNMENTAL UNITS:** The application should be filled out with information concerning the municipality and/or governmental unit. If the municipality has any stand-alone debt, it should be reflected as part of the debt and financial information. An applicant will use General Fund financial information only when completing the Financial Info worksheet of this General Resolution Application.
>
> **SCHOOL DISTRICTS:** If the school district debt is backed by a General Obligation pledge of the municipality or municipalities in the district, both district and municipal information will be required. When completing the Financial Info, Tax Info and Economic Info worksheets of this General Resolution Application, the district must obtain financial information from each city or town served by the school district.
>
> **WATER AND SEWER DISTRICTS:** If the applicant is a water district or sewer district, a different application is needed. Please contact the Bond Bank to obtain a copy of the Financial Application for Revenue Borrowers or visit our website at www.mmbb.com.

Repayment Source: Loan applications and supporting financial information will be reviewed for evidence of a dedicated source of revenue (in this case, property taxes) that is sufficient to cover repayment of the proposed loan, plus all existing indebtedness and operating costs of the borrower.

Local Bond Counsel: For a current listing of approved Bond Counsel please visit the Bond Bank's webpage at www.mmbb.com. It is strongly recommended that an applicant consult local bond counsel before completing the General Obligation Financial Application. Bond counsel is an attorney with expert knowledge of bond procedures who will issue a bond opinion confirming that the bonds issued by the applicant meet all requirements for tax-exempt status.

Application Instructions: Line-by-line instructions to help you fill out the General Resolution Program application are available. To obtain the most current version of the General Obligation Program's Fillable Application and Instructions, please visit our website: www.mmbb.com. The application and instructions can be downloaded using Adobe Acrobat Reader.

Careful completion of the application will contribute to quick processing of your loan request. Please bring to our attention any additional information that is not disclosed in the Application or the supporting documentation. If you have any questions or need help completing the application form, please call Toni Reed at 1-800-821-1113 or 622-9386 (Augusta).

When you are applying for a loan please remember to:

1. Contact your local bond counsel and advise them of your intentions to borrow. Also, please list the
2. Make sure you have local authorization to borrow as laid out in your charter, by-laws or state statutes.
3. Review our bond issue schedule to ensure you can meet all deadlines.
4. If you are refinancing debt, you will need to receive a payoff balance as of the closing date and that
5. Also, if refinancing debt, describe on your application what the original purpose of the debt was used for.
6. Bids on all projects need to be received prior to pricing to ensure proper bond pricing amounts.
7. Please tell us if you are paying off a temporary BAN on your application.
8. Your loan will be priced as a level principal payment amortization if not otherwise specified.
9. For all water districts: receive PUC approval prior to pricing bond as outlined on our bond issue

The undersigned Government Unit (the applicant) hereby requests the Maine Municipal Bond Bank (the Bank) to purchase the following described obligation of the applicant. *This application shall not constitute a contract or commitment to enter into a contract.*

GENERAL INFORMATION

Name of Applicant: ____________________

Mailing Address: ____________________

Physical Address: ____________________

	Chief Administrative Officer	Contact Person (if different)	Billing Contact Person (if different)
Name			
Title			
Telephone			
Fax			
Email			

Purpose of Borrowing: ____________________

If refinancing debt, please include original purpose of loan.

Source of Funds			Project Cost Breakdown	
Amount Requested from Bond Bank (this application)	$		Land	$
Federal grant or loan-*Specify*	$		Design	$
State grant or loan-*Specify*	$		Contractors	$
Applicant's share	$		Legal	$
Other-*Specify*	$		Contingency	$
Other-*Specify*	$		Other-*Specify*	$
Total Source of Funds	$ -		**Total Project Costs**	$ -

A current listing of approved Bond Counsel can be found on our website at www.mmbb.com.

Bond Counsel: Name: ____________________ Firm: ____________________

Telephone: ____________________ Email: ____________________

Mailing Address: ____________________

Form of Authorization: ☐ Referendum ☐ Council ☐ Town Meeting ☐ Other ________

Amount Authorized: $ ____________ Date of Authorization: ___/___/___

Project Bid Date*: ___/___/___ Expected Completion Date: ___/___/___

**bids need to be complete prior to bond pricing date*

Has bond counsel reached a preliminary determination that the interest on your bond will be exempt from federal income taxes? ___ Yes ___ No

How much, if any, of the proposed loan is for the refinance of existing debt: $ ____________

If applicable, what is the original issue date of loan being refinanced: ___/___/___

MATURITY SCHEDULE OF APPLICANT'S PROPOSED BOND ISSUE

How many years do you wish to have to repay this loan? ______________

Level principal payments or level principal and interest payments? ______________

PLEASE NOTE: If you would like an estimated amortization schedule for the amount and term you wish to borrow, the Bond Bank will provide such an estimate on request. The schedules are generally done on a calendar year basis, but can be done on a fiscal year.

☐ Calendar Year ☐ Fiscal Year Fiscal Year End: ____/____/____

*** The Bond Bank can assist you in completing the maturity schedule.**

Payment Date (Yr) *November 1,* ____	Principal Payment Amount Project 1	Principal Payment Amount Project 2	Total Principal
Totals	$ -	$ -	$ -

If you have more than one project, please indicate how you would like them to be treated:

☐ Separate Loans ☐ Aggregate Loans

FINANCIAL INFORMATION

Summary of Balance Sheet for Last Three Fiscal Years and Two Years Projected ***General Fund Only***

ASSETS (Complete for SAD and each City/Town in the District)

	Enter Year	Enter Year	Enter Year	Enter Year	Enter Year
Cash and Cash Equivalents					
Investments					
Accounts Receivable (Net)					
Allowances for uncollectibles					
Taxes Receivables (Net)					
Allowances for uncollectibles					
Due from other funds					
Due from other governments					
TOTAL ASSETS	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

LIABILITIES

Bonds Payable					
Accounts Payable					
Due to other funds					
Other-*Explain*					
Deferred Revenue					
TOTAL LIABILITIES	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

Designated					
Undesignated					
Reserve					
TOTAL FUND BALANCE	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
TOTAL LIABILITIES AND FUND BALANCE	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

FINANCIAL INFORMATION *(continued)*

Summary Statement of Revenue and Expenditures for General Fund
For Last Three Years and for Two Years Projected ***General Fund Only***

REVENUES (Complete for SAD and each City/Town in the District)

	Enter Year	Enter Year	Enter Year	Enter Year	Enter Year
Local Tax Revenues					
Licenses & Permits					
Intergovernmental Revenue					
State Subsidy for Schools					
Charges for Services					
Other State Subsidies					
Other-*Explain*					
Other-*Explain*					
TOTAL REVENUES	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

EXPENDITURES

All Departments *Operations*					
Debt Service					
Other- *Explain*					
TOTAL EXPENDITURES	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Excess of Revenues Over/Under Expenditures	$ -	$ -	$ -	$ -	$ -
Other Financing Sources (Uses)					
*Operating Transfer In:					
*Operating Transfer Out:					
BEGINNING FUND BALANCE		**$ -**	**$ -**	**$ -**	**$ -**
***PRIOR PERIOD ADJUSTMENTS**		**$ -**	**$ -**	**$ -**	**$ -**
FUND BALANCE	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

*Please Explain: ______

BUDGETED EXPENDITURES FOR LAST THREE FISCAL YEARS

	__/__/__	__/__/__	__/__/__
Gross Budgeted Dollars	$	$	$

DEBT INFORMATION

Complete for SAD and each City/Town in the District

Debt Statement - Most current as of: ___/___/___

GENERAL OBLIGATION BONDS		Principal Amount Outstanding
	Issued Through the Bond Bank	
		$ -
		$ -
	Other Issuances, outside the Bond Bank *(list principal/interest info on Pg. 8)*	
		$ -
		$ -
LOAN REQUESTS		Principal Amount Outstanding
	Loan amount being requested through the Bond Bank *(this application)*	
		$ -
		$ -
	Loan amount being requested through other sources *(e.g., USDA)*	
		$ -
		$ -

Total Direct Debt $ __________ -

Overlapping Debt

List all governmental units that have overlapping jurisdiction (county, school district, town, fire district, water, sewer, utility, etc.) with your own unit and the amount of debt owed by each. Please indicate the amount and percent of outstanding debt for which your community is liable.

Name of Governmental Unit	Outstanding Bonded Debt	Your % of Outstanding Debt	Your $ share of Outstanding Debt
		%	$
		%	$
		%	$

Total Overlapping Debt $ __________ -

Total Direct Debt and Overlapping Debt $ __________ -

Do you belong to the Maine State Retirement System? ☐ Yes ☐ No

If yes, what is the amount of the unfunded liability? __________

If no, does the municipality provide a retirement system? ☐ Yes ☐ No

If yes, please provide the most current estimate of any unfunded pension liability. __________

OUTSTANDING DEBT NOT WITH THE BOND BANK

Combined Debt Service Payment Schedule

List all your current outstanding long term debt that **is not** with the Maine Municipal Bond Bank. Provide a schedule of all future principal and interest payments, by year, until debt is retired, or attach a copy of the amortization schedule for each loan.

Fiscal Year Ending	Principal	Interest
	$ -	$ -
	$ -	$ -
	$ -	$ -
	$ -	$ -
	$ -	$ -
	$ -	$ -
	$ -	$ -
	$ -	$ -
	$ -	$ -
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	$ -	$ -
	$ -	$ -
	$ -	$ -
	$ -	$ -
Total Payments	$ -	$ -

Total principal payments should equal "Other Issuances, outside the Bond Bank" on the Debt Info Worksheet.

TAX INFORMATION

Tax Rate and Tax Collections *SAD's to complete for each City/Town in the District*

			Collected by End of Fiscal Year		Collected by End of Second Year	
Fiscal Year	**Tax Rate** ***(Per $1,000 of Assessed Value)***	**Total Taxes Billed**	**Dollar Amount**	**% of Tax Levy**	**Dollar Amount**	**% of Tax Levy**
				%		%
				%		%
				%		%
				%		%
				%		%
				%		%

Property Valuations *SAD's to complete for each City/Town in the District*

Year Ending *(Most Recent Year)*	Local Assessed Value *(Real Estate + Personal Property)*	State Assessed Value
/ /		

Date of Last Re-evaluation: ____/____/____

Composition of Tax Base: Please provide current fiscal year estimates for the following:

% Commercial and Industrial ____% % Residential ____%

Tax Due Dates: ____/____/____

Penalties and/or interest charged on overdue taxes: ____________

Basis of Accounting (check one) ☐ Cash ☐ Modified Accrual ☐ Full Accrual

ECONOMIC INFORMATION

Ten Largest Taxpayers of Municipality *(SAD's will need to complete for each City/Town)*

Taxpayer	Type of Business	Current Year Assessed Value	% of Total Assessed Value *taxpayer assessed value divided by town/city's total assessed value*
			%
			%
			%
			%
			%
			%
			%
			%
			%
			%

Are you anticipating any changes in the largest taxpayer? ☐ Yes ☐ No
If yes, why? ____________________

Five Largest Employers in your Community *(SAD's to complete for each City/Town)*

Employer	Type of Business	# of Employees

☐ Yes ☐ No Are any of these employers expected to make major changes in workforce or operations?
If yes, why? ____________________

☐ Yes ☐ No Are there any other factors that have occurred since the date of the last annual report or financial statements that would significantly affect your revenue, expenditures or overall
If yes, please list: ____________________

☐ Yes ☐ No There is pending litigation in excess of $10,000. *If yes, we will need a statement from your local legal counsel about any such lawsuit.*

ECONOMIC INFORMATION *(continued)*

☐ Yes ☐ No There is in place in your community or pending before the governing body, a limitation on the ability of governmental unit to raise, through taxes or rates, or expend from revenues, funds necessary to pay the costs incurred if you issue the debt called for in this application. *If yes, please provide a copy of the ordinance or proposed governmental unit action, explaining the possible limitation.*

☐ Yes ☐ No Other-please explain: ______________________

☐ Yes ☐ No Are there any limitations (e.g., local ordinance, statutory, or regulation) governing the amount of bonded or general obligation debt that you may incur?

If yes, please explain: ______________________

STATEMENT OF DEFAULT

We hereby certify that *(applicant's name)* ______________________ has not defaulted on any payment of matured Principal and/or Interest. If default has occurred, please provide details on a separate page.

The applicant must enclose the following documentation with the completed application. *Please indicate whether it is enclosed or not applicable.*

Enclosed	N/A	
☐	☐	One copy of each of the last three annual Audited Financial Statements for each School District and municipality. If there is no operational history, please submit an analysis demonstrating financial feasibility.
☐	☐	If the latest Audited Financial Statement is more than 12 months old, please submit the most recent unaudited financial statement *(e.g., trial balance, balance sheets, statement of revenue and expenditures).*
☐	☐	One copy of the latest Budget.
☐	☐	One copy of the last annual report. School Districts should include an annual report for each underlying municipality.
☐	☐	Financial Information on pages 7, 8, 9, 10 and 11 of the Financial Application for each municipality being served by a school district.

Any material facts that amplify the financial effect on the community not requested in this application should be noted here:

____

____

____

The facts and representations in this application form are from the official records of this unit and are correct in all material aspects to the best of our knowledge.

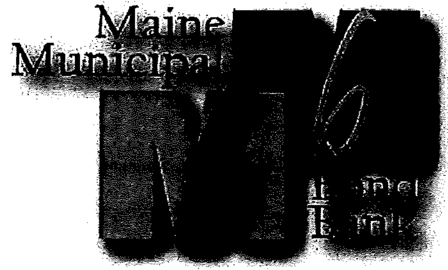
Chief Administrative Officer: ______________________ ______________________
(name) *(title)*

Signature: ____

Treasurer: ____

Signature: ____

Date: ______________________



Making a Difference for Maine Communities

FINANCIAL APPLICATION

for Revenue Borrowers

Long-term bonds for

Public purpose financing of:

Construction Projects

Capital Improvements

Acquisitions

Toni Reed, Program Officer e-mail: tir@mmbb.com

127 Community Drive, P.O. Box 2268, Augusta, Maine 04338-2268
1-800-821-1113 207-622-9386 Fax: 623-5359

MAINE MUNICIPAL BOND BANK

FINANCIAL APPLICATION FOR REVENUE BORROWERS

Types of Borrowers: This application is designed for the purpose of obtaining financial information from water, sewer and other districts.

> **WATER AND SEWER DISTRICTS:** If the district or system debt is backed by a General Obligation pledge of the municipality or municipalities in the district, both district and municipal financial information will be required. Each municipality being served by the system must provide the financial information requested on Page 8.

Repayment Source: Loan applications and supporting financial information will be reviewed for evidence of a dedicated source of revenue that is sufficient to cover repayment of the proposed loan, plus all existing indebtedness and operating costs of the borrower. Where the dedicated source of repayment is anticipated to be an increase in existing user charges, please note that the approval of rates by the PUC must be in place prior to the execution of a binding loan agreement. **IT IS RECOMMENDED THAT RATE CASES BE FILED WITH THE MAINE PUBLIC UTILITIES COMMISSION AS SOON AS PRACTICABLE IN ORDER TO FACILITATE THE CLOSING OF THE LOAN IN ACCORDANCE WITH THE BORROWER'S TIMING NEEDS**.

Local Bond Counsel: Districts, units or municipalities interested in financing their construction, capital improvement, or acquisition projects through the Maine Municipal Bond Bank will need to hire local bond counsel. It is strongly recommended that a borrower hire local bond counsel before completing this Financial Application. Please go to our website at www.mmbb.com for a current list of approved bond counsel.

Application Instructions: Line-by-line instructions to help you fill out the General Resolution Program application are available. To obtain the most current version of the Financial Application for Revenue Borrowers and Application Instructions, please visit our web site: www.mmbb.com. The application and instructions can be downloaded to your PC by using the Adobe Acrobat Reader.

Careful completion of the application will contribute to quick processing of your loan request. Please bring to our attention any additional information that is not disclosed in the Application or the supporting documentation. If you have any questions or need help completing the application form, please call Toni Reed at 1-800-821-1113 or 622-9386 (Augusta).

When you are applying for a loan please remember to:

1. Contact your local bond counsel and advise them of your intentions to borrow. Also, please list the
2. Make sure you have local authorization to borrow as laid out in your charter, by-laws or state statutes.
3. Review our bond issue schedule to ensure you can meet all deadlines.
4. If you are refinancing debt, you will need to receive a payoff balance as of the closing date and that
5. Also, if refinancing debt, describe on your application what the original purpose of the debt was used for.
6. Bids on all projects need to be received prior to pricing to ensure proper bond pricing amounts.
7. Please tell us if you are paying off a temporary BAN on your application.
8. Your loan will be priced as a level principal payment amortization if not otherwise specified.
9. For all water districts: apply and receive PUC approval prior to pricing bond as outlined on our bond

The undersigned Government Unit (the applicant) hereby requests the Maine Municipal Bond Bank (the Bank) to purchase the following described obligation of the applicant. *This application shall not constitute a contract or commitment to enter into a contract.*

GENERAL INFORMATION

Name of Applicant: ______

Mailing Address: ______

Physical Address: ______

Type of Unit: ☐ Water District ☐ Sewer District ☐ Other District

	Chief Administrative Officer	Contact Person (if different)	Billing Contact Person (if different)
Name			
Title			
Telephone			
Fax			
Email			

Purpose of Borrowing: ______

If refinancing debt, please include original purpose of loan.

Source of Funds			Project Cost Breakdown	
Amount Requested from Bond Bank (this application)	$		Land	$
Federal grant or loan-*Specify*	$		Design	$
State grant of loan-*Specify*	$		Contractors	$
Applicant's share	$		Legal	$
Other-*Specify*	$		Contingency	$
Other-*Specify*	$		Other-*Specify*	$
Total Source of Funds	$ -		**Total Project Costs**	$ -

A current listing of approved Bond Counsel can be found on our website at www.mmbb.com.

Bond Counsel: Name: ______ Firm: ______

Telephone: ______ Email: ______

Mailing Address: ______

Form of Authorization: ☐ Referendum ☐ Council ☐ Town Meeting ☐ Other ______

Amount Authorized: $ ______ Date of Authorization : ___/___/___

Project Bid Date*: ___/___/___ Expected Completion Date: ___/___/___

**bids need to be complete prior to bond pricing date*

Has bond counsel reached a preliminary determination that the interest on your bond will be exempt from federal income taxes? ___ Yes ___ No

How much, if any, of the proposed loan is for the refinance of existing debt: $ ______

If applicable, what is the original issue date of loan being refinanced: ___/___/___

ISSUANCE INFORMATION

Have you obtained all necessary approvals from the Maine Public Utilities Commission for this project (if applicable)?

	Yes	No	N/A	Date Obtained	Date Expected
Approval to Issue Debt	☐	☐	☐	/ /	/ /
Approval for Rate Increase	☐	☐	☐	/ /	/ /
Other: *Specify*	☐	☐	☐	/ /	/ /

Are there additional state or local approvals required? ☐ Yes ☐ No

If yes, have they been met? ☐ Yes ☐ No

Do you have interim financing? ☐ Yes ☐ No

If you have interim financing, please provide the following information:

Amount	Maturity	Rate	Lender
$	/ /	%	

Since your last Annual Report or Audited Financial Statement

Have you issued/authorized any:

New long-term debt? ☐ Yes ☐ No

Notes or loans for operating purposes? ☐ Yes ☐ No

Bond Anticipation Notes? ☐ Yes ☐ No

Grant Anticipation Notes? (Federal or State) ☐ Yes ☐ No

If you answered yes to any of the above questions, please provide the following information:

Type of Debt	Issue Date	Amount	Maturity	Rate	Lender
	/ /	$	/ /	%	
	/ /	$	/ /	%	
	/ /	$	/ /	%	
	/ /	$	/ /	%	

☐ Pending litigation in excess of $10,000. *If checked, we will need a statement from your local legal counsel about any such lawsuit.*

☐ In place or pending before the governing body, a limitation on the ability of the governmental unit to raise, through rates or expend from revenues, funds necessary to pay the costs incurred if you issue the debt called for in this application.

☐ Other-*please explain*.

Is there any reason that the Bond Bank could not take a mortgage or first lien pledge of the general revenue of the District? ☐ Yes ☐ No

If yes, *please explain*?

MATURITY SCHEDULE OF APPLICANT'S PROPOSED BOND ISSUE

How many years do you wish to have to repay this loan? ____________
Level principal payments or level principal and interest payments? ____________

PLEASE NOTE: If you would like an estimated amortization schedule for the amount and term you wish to borrow, the Bond Bank will provide such an estimate on request. The schedules are generally done on a calendar year basis, but can be done on a fiscal year .

☐ Calendar Year ☐ Fiscal Year Fiscal Year End: ___/___/___

*** The Bond Bank can assist you in completing the maturity schedule.**

Payment Date (Yr)	Principal Payment Amount	Principal Payment Amount	Total Principal
Totals	$ -	$ -	$ -

If you have more than one project, please indicate how you would like them to be treated:

☐ Separate Loans ☐ Aggregate Loans

ECONOMIC INFORMATION

Fiscal Year End: ____/____/____

When are the charges for service due and payable?

☐ Monthly ☐ Quarterly ☐ Semi-Annually ☐ Annually

What is the interest rate penalty for late payments? ______%

List all the cities and/or towns your district serves:

Town/City	Estimated # of People Being Served (Customers)

Populations:

2000 Census: ____________ people

Most Recent Estimate: ____________ people

List any significant users or potential users who utilize more than 5% of the system with approximate percentage of capacity attributed to each user.

Name of Individual or Business	Annual User Charge	Percentage of Capacity
		%
		%
		%
		%
		%

Facility and Rate Information for the Current and Past 5 years

	Previous Year	Previous Year	Previous Year	Previous Year	Previous Year	Current Year
# of Facility Customers *(hook-ups)*						
# of Employees *(operating the facility)*						
Rate Schedule *(may attach approved schedule for current year)*	c.f.	c.f.	c.f.	c.f.	c.f.	c.f.
Planned Rate Increases *(during the next 2 years)*						
Date and percentage of last rate increase						
Current annual residential user fees (2,000 cu. ft.)						

ECONOMIC INFORMATION (*continued*)

Ten Largest Taxpayers of the Municipality (District will need to supply information for each City/Town served)

Taxpayer	Type of Business	Current Year Assessed Value	% of Total Assessed Value (*taxpayer assessed value divided by town/city's total assessed value)*
			%
			%
			%
			%
			%
			%
			%
			%
			%
			%

Are you anticipating any changes in the largest taxpayer? ☐ Yes ☐ No

If yes, why? ______

Five Largest Employers in your Community

Employer	Type of Business	# of Employees

Are any of these employers expected to make major changes in workforce or operations? ☐ Yes ☐ No

If yes, why? ______

DISTRICT FINANCIAL INFORMATION

Summary of Balance Sheet for Last Three Fiscal Years and Two Years Projected

ASSETS

	Enter Year	Enter Year	Enter Year	Enter Year	Enter Year
Cash and Cash Equivalents					
Investments					
Accounts Receivable (Net)					
Property, Plant & Equipment					
Other: *Explain*					
TOTAL ASSETS	$ -	$ -	$ -	$ -	$ -

LIABILITIES

Bonds Payable					
Accounts Payable					
Notes Payable					
Other: *Explain*					
TOTAL LIABILITIES	$ -	$ -	$ -	$ -	$ -

FUND BALANCE

Contributions in aid of construction					
Retained Earnings					
Other: *Explain*					
TOTAL FUND BALANCE	$ -	$ -	$ -	$ -	$ -
TOTAL LIABILITIES AND FUND BALANCE	$ -	$ -	$ -	$ -	$ -

DISTRICT FINANCIAL INFORMATION *(continued)*

Summary Statement of Revenue and Expenditures
For Last Three Years and for Two Years Projected

REVENUES

	Enter Year	Enter Year	Enter Year	Enter Year	Enter Year
Residential					
Commercial					
Deferred Charges					
Other: *Explain*					

TOTAL REVENUES	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

EXPENDITURES

Operations & Maintenance					
Depreciation & Amortization					
Other: *Explain*					

TOTAL EXPENDITURES	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
TOTAL OPERATING INCOME	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

OTHER INCOME

Interest					
Other: *Explain*					

TOTAL OTHER INCOME	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

INCOME DEDUCTIONS

Interest on Debt					
Debt Retired					
Other: *Explain*					

TOTAL INCOME DEDUCTIONS	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
NET OPERATING INCOME	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

DEBT INFORMATION

Complete for each City/Town in the District

Debt Statement - Most current as of: ___/___/___

GENERAL OBLIGATION BONDS		Principal Amount Outstanding
	Issued Through the Bond Bank	
		$ -
		$ -
	Other Issuances, outside the Bond Bank *(list principal/interest info on Pg. 11)*	
		$ -
		$ -
LOAN REQUESTS		Principal Amount Outstanding
	Loan amount being requested through the Bond Bank *(this application)*	
		$ -
		$ -
	Loan amount being requested through other sources *(e.g., USDA)*	
		$ -
		$ -

Total Direct Debt $ -

Overlapping Debt

List all governmental units that have overlapping jurisdiction (county, school district, town, fire district, water, sewer, utility, etc.) with your own unit and the amount of debt owed by each. Please indicate the amount and percent of outstanding debt for which your community is liable.

Name of Governmental Unit	Outstanding Bonded Debt	Your % of Outstanding Debt	Your $ share of Outstanding Debt
		%	$
		%	$
		%	$

Total Overlapping Debt $ -

Total Direct Debt and Overlapping Debt $ -

Do you belong to the Maine State Retirement System? ☐ Yes ☐ No

If yes, what is the amount of the unfunded liability? $

If no, does the District provide a retirement system? ☐ Yes ☐ No

If yes, please provide the most current estimate of any unfunded pension liability. $

OUTSTANDING DEBT NOT WITH THE BOND BANK

Combined Debt Service Payment Schedule

List all your current outstanding long-term debt that **is not** with the Maine Municipal Bond Bank. Provide a schedule of all future principal and interest payments, by year, until debt is retired, or attach a copy of the amortization schedule for each loan.

Fiscal Year Ending	Principal	Interest
	$ -	$ -
	$ -	$ -
	$ -	$ -
	$ -	$ -
	$ -	$ -
	$ -	$ -
	$ -	$ -
	$ -	$ -
	$ -	$ -
	$ -	$ -
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	$ -	$ -
	$ -	$ -
	$ -	$ -
	$ -	$ -
	$ -	$ -
	$ -	$ -
	$ -	$ -
	$ -	$ -
	$ -	$ -
Total Payments	$ -	$ -

Total principal payments should equal "Other Issuances, outside the Bond Bank" on the Debt Info Worksheet.

STATEMENT OF DEFAULT

We hereby certify that (applicant's name) ______________________ has not defaulted on any payment of matured Principal and/or Interest. If default has occurred, please provide details on a separate page.

The applicant must enclose the following documentation with the completed application. *Please indicate whether it is enclosed or not applicable.*

Enclosed	N/A	
☐	☐	One copy of the district's charter, with amendments if any.
☐	☐	One copy of each of the last three annual Audited Financial Statements . If there is no operational history, please submit an analysis demonstrating financial feasibility.
☐	☐	If the latest Audited Financial Statement is more than 12 months old, please submit the most recent unaudited financial statement (e.g., trial balance, balance sheets, statement of revenue and expenditures).
☐	☐	One copy of the latest Budget.
☐	☐	Schedule of current and/or proposed rates required for financing the project under consideration and a schedule for adopting those rates, if they are not yet in place.

Any material facts that amplify the financial effect on the district, not requested in this application, should be noted here:

____

____

____

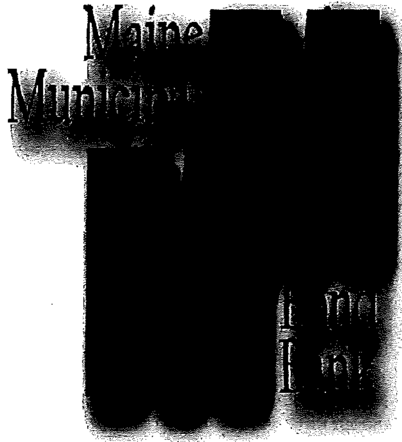
____

The facts and representations in this application form are from the official records of this unit and are correct in all material aspects to the best of our knowledge.

Signature: ____

Print ____
(name) *(title)*

Date: ______________________



MAINE MUNICIPAL BOND BANK

General Bond Resolution Program, 2015 Fall Sale

Rating Agency Presentation

September 9, 2015

Disclosure

Important Disclosures

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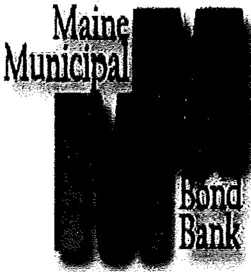
Presentation Team



Presentation Team

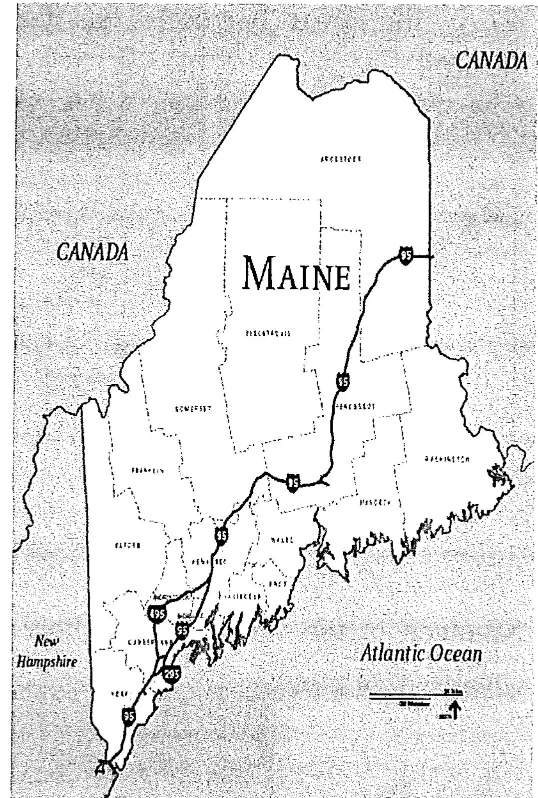
- **Maine Municipal Bond Bank**
  - Michael R. Goodwin, Executive Director
  - Toni Reed, Program Officer
- **Bank of America Merrill Lynch, Senior Manager**
  - Paul Ladd, Managing Director
  - Maulin Shah, Director
  - Geoffrey Hoyes, Vice President
  - Adam Keith, Associate
- **Wells Fargo Securities, Co-Senior Manager**
  - Craig Hrinkevich, Managing Director
  - Luke Bakiras, Director
  - Jennifer Kirby, Associate

Diversification of Pool

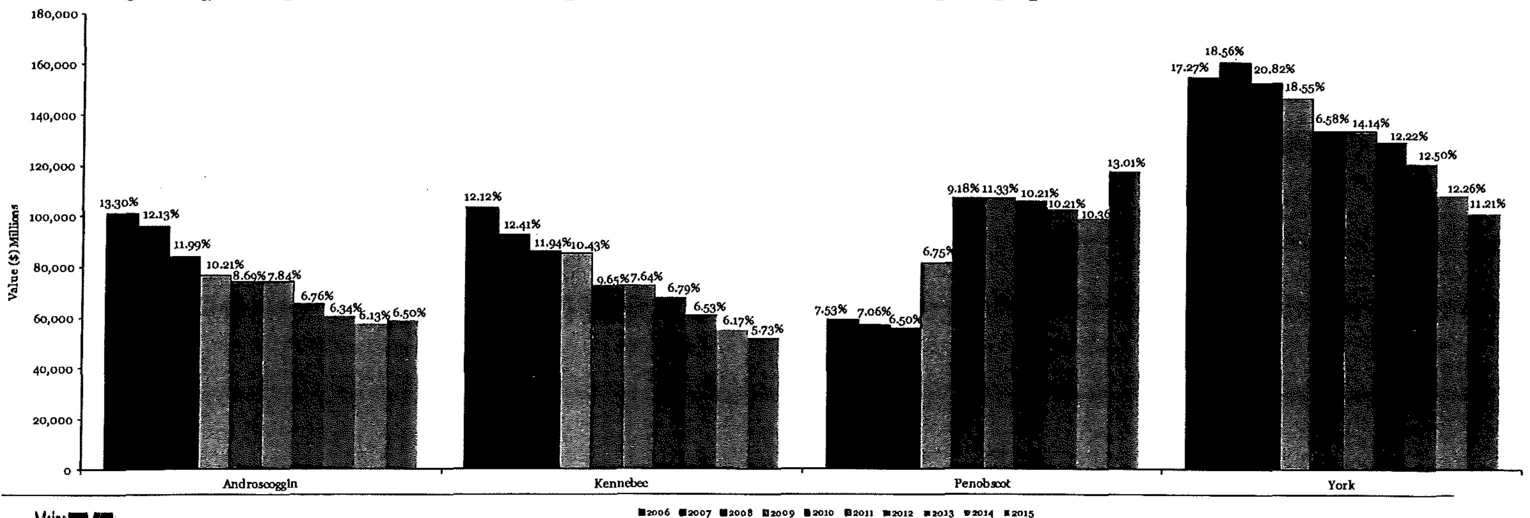
Diversification of Pool

- The Bank's outstanding portfolio contains 272 individual borrowers and 582 loans.
- Since inception, the Bank has provided loans to 487 different governmental units for a total of 1,758 loans.
- Geographically dispersed throughout the State:

County	Total Loans	Principal Outstanding ($)	Percent of Portfolio ($)
Androscoggin	132	$58,651,379.84	6.50%
Aroostook	119	$39,046,290.72	4.33%
Cumberland	252	$96,278,797.29	10.67%
Franklin	54	$67,422,627.57	7.47%
Hancock	64	$66,617,351.00	7.38%
Kennebec	199	$51,736,210.33	5.73%
Knox	59	$29,789,413.62	3.30%
Lincoln	47	$39,213,408.11	4.34%
Multi-County	103	$121,551,993.32	13.47%
Oxford	80	$16,854,759.58	1.87%
Penobscot	165	$117,477,988.41	13.01%
Piscataquis	33	$8,270,106.35	0.92%
Sagadahoc	45	$6,467,497.30	0.72%
Somerset	79	$24,006,107.98	2.66%
Waldo	66	$52,049,390.09	5.77%
Washington	65	$6,051,749.43	0.67%
York	196	$101,179,103.12	11.21%
Total	1,758	$902,664,174.06	100.00%



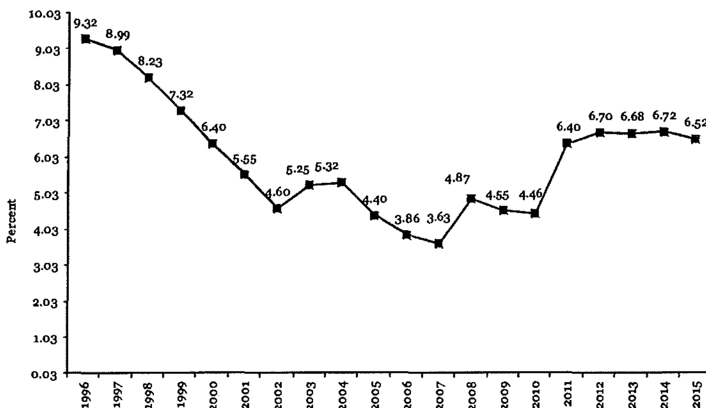
- Concentration of credits in Androscoggin, Cumberland, Kennebec, Penobscot, and York Counties are positive factors; since these are the most developed areas following the I-95/I-295 corridor with the highest per capita income, highest property valuations and largest population centers.



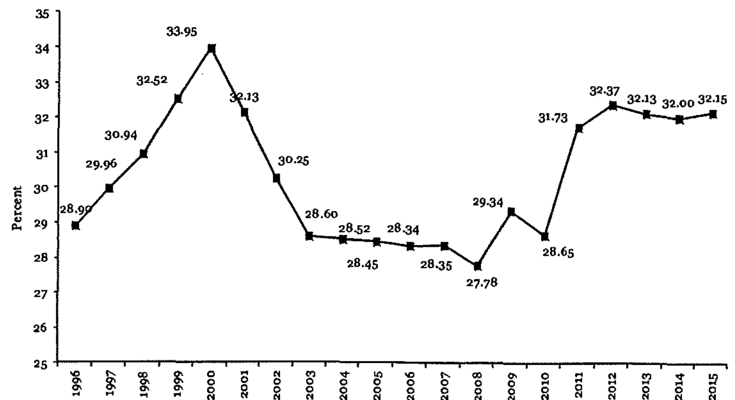
Diversification of Pool (continued)

- Largest borrower accounts for 6.52% of the pool and top ten borrowers account for 32.15% of the total loan pool.
- The concentration of loan obligations in the largest borrower has decreased over the past 20 years from a high of 9.32% in 1996 to its current level of 6.52%. The amount of the portfolio accounted for by the top 10 borrowers has decreased from a high of 33.95% in 2000 to its current level of 32.15%.

Largest Borrower as a % of Total



Top Ten Borrowers as a % of Total



- Nineteen of the twenty largest borrowers are school districts, whose debt service payments on construction projects are subsidized by the State of Maine.

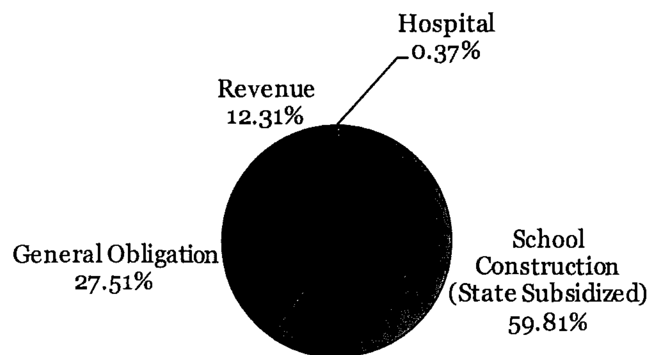
Borrower	Total Outstanding Loans	Total Principal Outstanding	Percent of Portfolio	Maximum Maturity
RSU #09	2	$58,897,574.80	6.525%	11/1/2031
MSAD #22	3	$40,506,795.70	4.488%	11/1/2031
Brewer	20	$38,572,405.00	4.273%	11/1/2035
Ellsworth	1	$27,596,939.20	3.057%	11/1/2029
RSU #64	1	$25,931,796.00	2.873%	11/1/2035
MSAD #03	1	$25,688,738.00	2.846%	11/1/2027
MSAD #46	1	$19,753,358.00	2.188%	11/1/2028
MSAD #06	2	$19,637,049.00	2.176%	11/1/2028
Brunswick	1	$17,169,800.00	1.902%	11/1/2030
MSAD #32	1	$16,453,449.00	1.823%	11/1/2029
Lisbon	10	$16,416,782.00	1.819%	11/1/2034
Portland Water District	17	$15,192,600.00	1.683%	11/1/2035
Biddeford	2	$13,791,500.00	1.528%	11/1/2026
MSAD #54	3	$13,773,703.00	1.526%	11/1/2028
MSAD #71	2	$13,487,535.80	1.494%	11/1/2024
RSU #05	1	$13,297,005.00	1.473%	11/1/2029
Sheepscot Valley RSU #12	1	$12,296,989.95	1.362%	11/1/2031
Poland	9	$12,036,603.46	1.334%	11/1/2032
Jefferson	1	$11,825,435.45	1.310%	11/1/2031
MSAD #57	1	$11,665,739.00	1.292%	11/1/2025
Total		$423,991,798.36	46.972%	

Portfolio Characteristics

Portfolio Characteristics

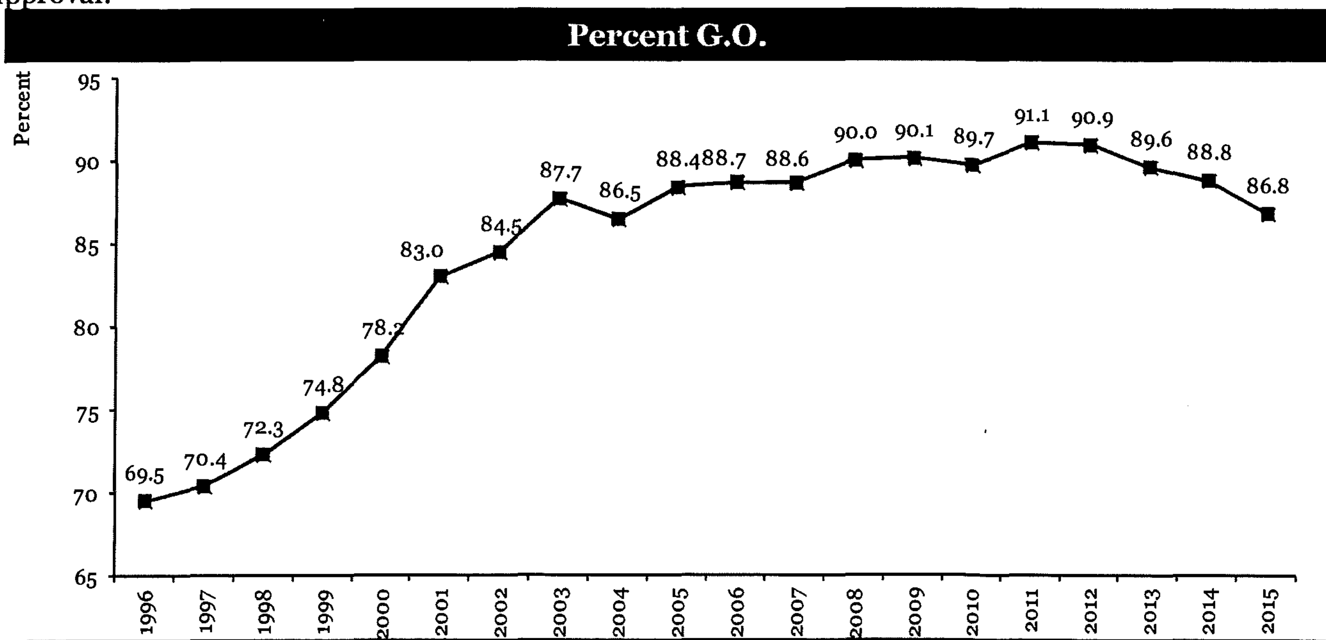
- Approximately 92% of the Bank's portfolio is general obligations of the issuers supported by their full faith and taxing power.
- Approximately 60% of the portfolio is school district bonds, the debt service on which is supported by State aid payments.
- Revenue bonds represent more than 12% of the portfolio and are almost exclusively concentrated in water and sewer revenue bonds - the most secure types of revenue credits in Maine, for the following reasons:
    1. PUC regulation maintains water rates sufficient to cover principal, interest and depreciation.
    2. Service interruption in the event of nonpayment represents a threat that is more severe than the consequences of nonpayment of taxes.
    3. Such credits benefit from the statutory remedies described on the following pages.
- The portfolio has no exposure to variable rate debt or derivatives. All obligations are fixed rate and fixed term.

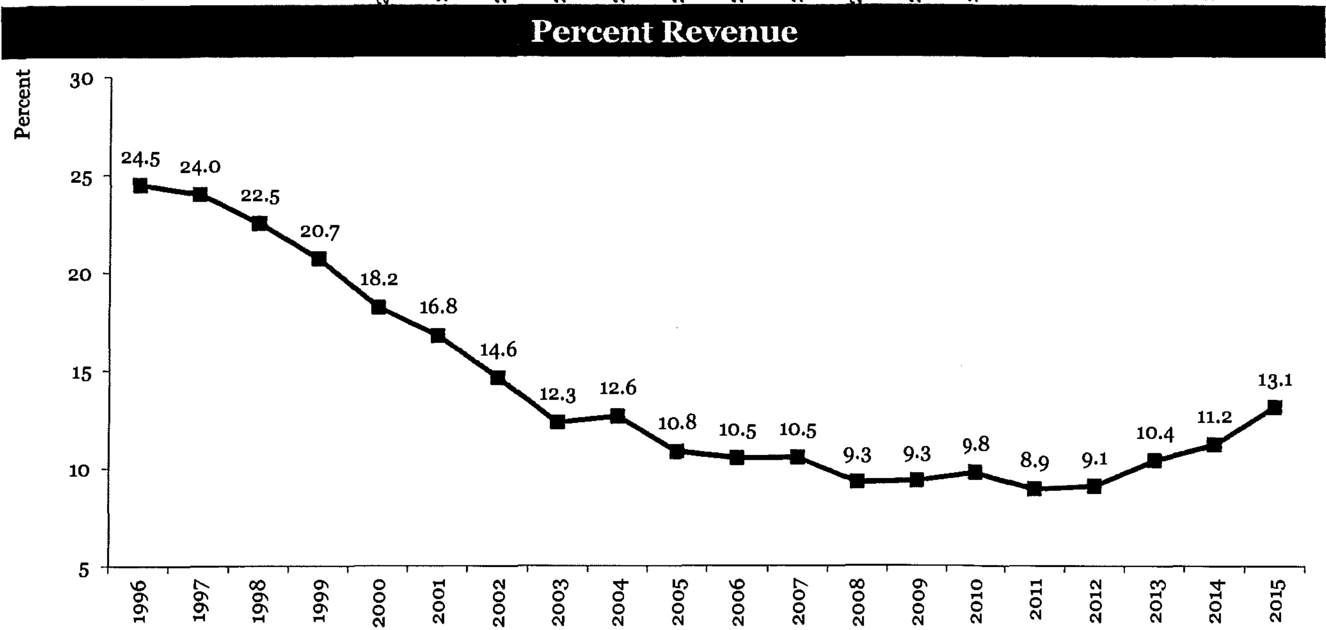
	Total Principal Outstanding ($)	Percent of Portfolio
School Subsidy	$539,843,541.71	59.81%
General Obligation	$248,352,460.43	27.51%
Revenue	$111,138,171.92	12.31%
Hospital	$3,330,000.00	0.37%
Total	**$902,664,174.06**	**100.00%**



Portfolio Characteristics (continued)

- The proportion of the portfolio composed for general obligations has increased by 25% since 1996, while revenue obligations have decreased by 46% over the same time period.
- All Municipal Bonds purchased by the bank are afforded a statutory remedy, which allows the personal property of the residents and real property within the boundaries of the issuer to be taken to pay any debt due.
- The Municipal Finance Board, established in state statute, is authorized to step in and take over the finances of any borrower in times of extraordinary financial difficulty, without having to seek legislative approval.





Credit Review Process

Credit Review Process

- The Bank is not a passive conduit but an active lender.
- Every borrower submits a credit application, which details the purpose of financing, source of repayment, historical financial data on the borrower and general economic and demographic trends in the borrower's service area or jurisdiction.
- Applications are reviewed first by staff and again by the full Board, acting as a loan committee, whose current membership includes:
  - ✓ the State Treasurer;
  - ✓ the Superintendent of Financial Institutions;
  - ✓ a commercial banker with extensive experience lending to local units of government;
  - ✓ a former commercial banker with over 41 years of banking experience lending to local governmental units;
  - ✓ a financial professional with extensive experience with loans to local governmental units.
- The Bank has a history of rejecting or modifying applications it determines to be below its credit standards. It has also imposed requirements upon the borrower before approving a loan.
- The Bank adheres to conservative credit policies which include but are not limited to the following:
  - ✓ The term of the financing is generally not permitted to exceed the useful life of the asset being financed, rather than 125% allowed under the IRS code.
  - ✓ The borrower must demonstrate the source of revenues to repay the financing.
  - ✓ Revenue borrowers must have demonstrated a history of responsible financial management and willingness to pay its obligations.
  - ✓ With the limited exception of towns with Council forms of government with a Charter authorizing Council approval of limited dollar amounts of debt issued where the proposed borrowing is within that limit, local authorization through referendum is required for all borrowers.
  - ✓ For major construction projects, the Bank requires that construction bids, or not to exceed contracts, be in hand prior to the Bank approving the project for financing.
- Monitoring Process
  - ✓ Borrowers are required to send their annual audited financial statements to the Bank.
  - ✓ Audits are reviewed for key financial and debt statistics.
  - ✓ Borrowers are now required to send in their bond payments 30 days in advance of the due date.

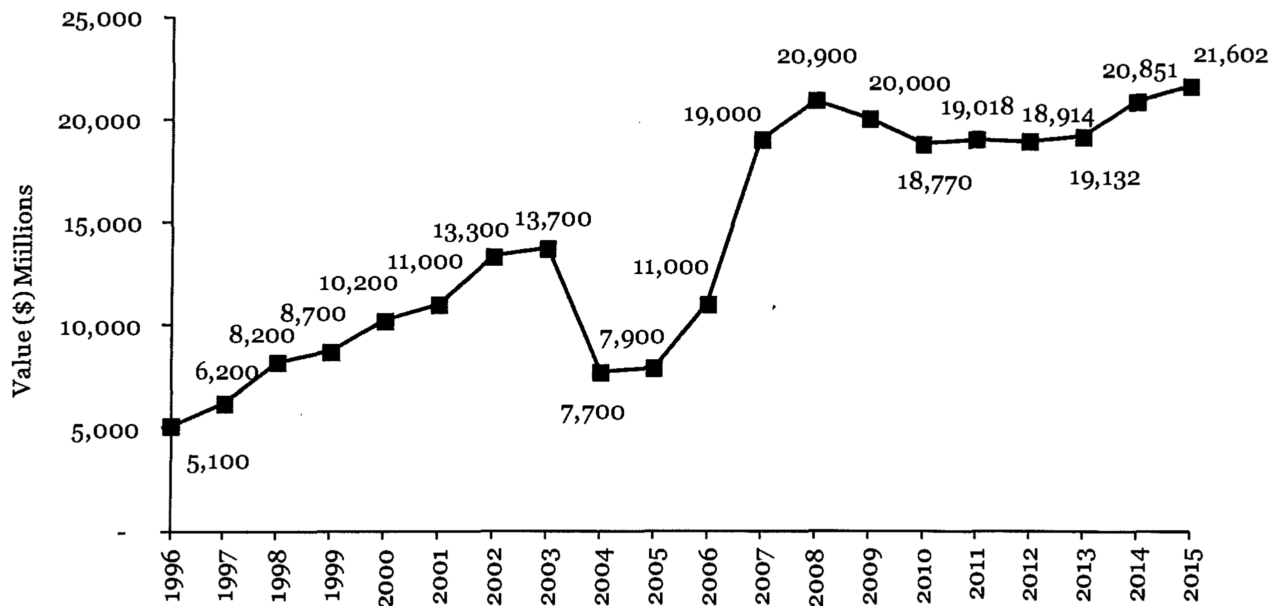
Resources of the Bank

Resources of the Bank

- The General Resolution Bonds are General Obligations of the Bank payable from any of its available assets.
- A Reserve Fund equal to Maximum Annual Debt Service on Municipal Bonds is fully funded.
- State law provides a Moral Obligation replenishment provision if the Reserve Fund goes below an amount equal to the Maximum Annual Debt Service requirement.

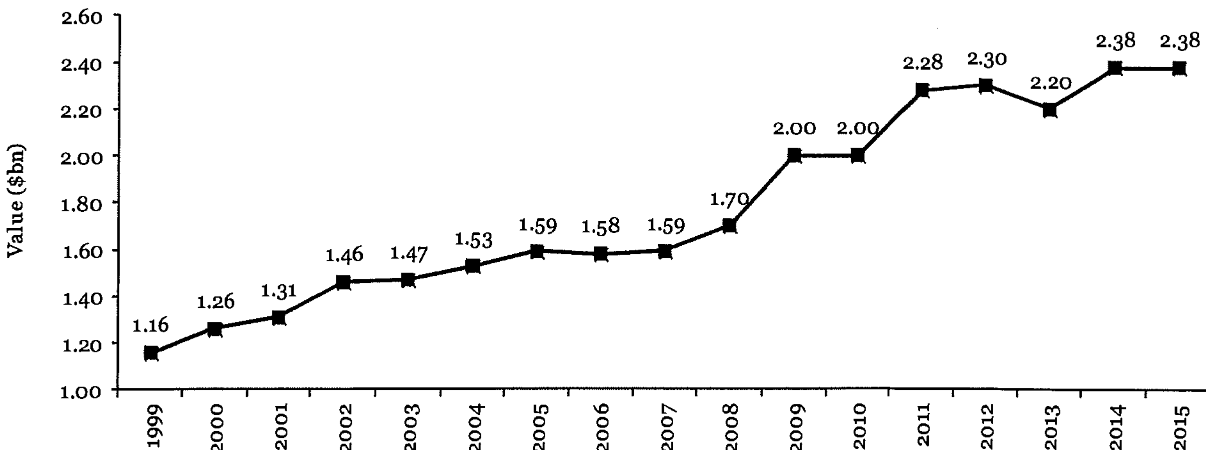
	Amortized Valuation (6/30/2015) ($)
Value of Reserve Fund Securities (Excluding Cash and Accrued Interest)*	141,288,048.95
Less: Current Reserve Requirement (as of 6/30/2015)	117,020,068.00
Excess of Value over Requirement	24,267,980.95

- A Supplemental Reserve Fund with an aggregate amount of over $13.28 million is comprised of the General Reserve Account totaling $10 million and a Special Reserve Account totaling $3.22 million.
- The Bank's funded liquidity facility, its Special Discretionary Reserve Fund, was valued at $21,602,401 as of July 31, 2015.



Resources of the Bank (continued)

- The Bank benefits from a State statute which provides that, to the extent that the State Treasurer is the custodian of any funds or money due or payable to a governmental unit, at any time after written notice to the State Treasurer from the Bank to the effect that the governmental unit has not paid or is in default as to the payment of principal or interest on any municipal securities of the governmental unit then held or owned by the Bank, the State Treasurer shall withhold the payment of such funds or money from the governmental unit until the amount of the principal or interest then due and unpaid has been paid to the Bank, or the State Treasurer has been advised that arrangements, satisfactory to the Bank, have been made for the payment of the principal and interest.
- In addition, the Bank's enabling act provides that the State Treasurer shall pay to the Bank any money in the Treasurer's control which by, the terms of any applicable grant or law, is required to be paid to the Bank upon default of a municipal security held by the Bank.
- The Bank's assets have grown from $1.16 billion in 1999 to its current level of $2.38 billion (as of 6/30/2015).



Track Record of Lender

Track Record of Lender

- The Bank has sold over $4.6 billion in Bonds.
- $987 million is currently outstanding.
- The Bank has issued $1,437,785,000 in refunding bonds that have refunded $1,375,050,000 in Bond Bank debt.
- As of June 30, 2015 the Bank has assets valued at $2.38 billion.
- The Bank has a forty–two year operating history which has spanned six recessions.
- With all of this lending experience, the Bank has never had a default.
- Besides the General Resolution program, the Bank provides other sources of funding for the State and Maine's municipalities through the School Revolving Renovation Fund, the Lease Financing Program, the Revolving Loan Fund for drinking water and wastewater treatment, the GARVEE bond financing program for the State Department of Transportation, as well as the TransCap Transportation Infrastructure Revenue Bond Program. The Bond Bank has also created a resolution for the issuance of Qualified School Construction Bonds. More recently, the Bond Bank created a new bond resolution for a one-time issuance of the Liquor Operation Revenue Bonds for the State of Maine. This issuance helped the State to pay 39 hospitals statewide for prior health services under the MaineCare (Medicaid) program.
- The Bank has written policies in place covering the following areas:
  - Investment Procedures
  - Long-Term Planning
  - Records Retention
  - Debt Issuance Compliance
  - Loan Application Approval
  - Delinquency Procedures

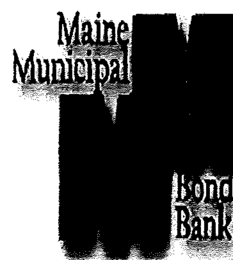
Investments

Investments

- **General Resolution Fund by Investment Type**

	Cost	Market Value	(%) of Market Value
US Government Obligations	20,288,795	20,654,799	12.80%
US Government Sponsered enterprises	18,907,635	20,314,363	12.59%
US Govt Sponsered Enterprises Strips	39,191,167	54,976,594	34.07%
US Treasury strips	14,239,209	36,769,941	22.79%
Bank Investment Contracts	8,572,352	8,572,352	5.31%
Cash & Cash Equivilents	20,088,399	20,088,399	12.45%
	$121,287,558	$ 161,376,448	100%

2015 Fall Schedule



2015 Fall Schedule

August 2015						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

September 2015						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

October 2015						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

2015 Fall Schedule	
August 4, 2015	Application deadline
August 26, 2015	Application Approval (Board Meeting)
September 9, 2015	Rating Agency Meetings
September 10, 2015	Preliminary opinions and loan agreements due from bond counsel of each borrower
September 11, 2015	Last date for signing school contracts and rates in place for water districts
September 18, 2015	Ratings Received
September 28, 2015	Pricing Bonds – Retail Order Period
September 29, 2015	Pricing Bonds – Institutional Order Period
September 30, 2015	Bond Bank Sale Meeting (Board Meeting)
October 14, 2015	Final Documents due from Local Bond Counsel
October 21, 2015	Pre – Closing
October 22, 2015	Closing – Bond proceeds available

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Summary:
Maine Municipal Bond Bank; Moral Obligation; State Revolving Funds/Pools

Primary Credit Analyst:
Scott D Garrigan, Chicago (1) 312-233-7014; scott.garrigan@standardandpoors.com

Secondary Contact:
Geoffrey E Buswick, Boston (1) 617-530-8311; geoffrey.buswick@standardandpoors.com

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Rationale

Outlook

Related Criteria And Research

1452910 | 300171391

Summary:

Maine Municipal Bond Bank; Moral Obligation; State Revolving Funds/Pools

Credit Profile		
US$53.735 mil rfdg bnds ser 2015 D due 11/01/2021		
Long Term Rating	AA+/Stable	New
US$16.01 mil GO bnds ser 2015 C due 11/01/2030		
Long Term Rating	AA+/Stable	New
Maine Mun Bnd Bank GO		
Long Term Rating	AA+/Stable	Affirmed
Maine Mun Bnd Bank GO		
Long Term Rating	AA+/Stable	Affirmed

Rationale

Standard & Poor's Ratings Services has assigned its 'AA+' long-term rating to Maine Municipal Bond Bank's series 2015C and D bonds and affirmed its 'AA+' rating on the bank's other general resolution bonds. The outlook is stable.

The 'AA+' ratings reflect the following characteristics:

- A very strong enterprise risk profile, given that the pool has explicit statutory support from the state government to support debt service if needed, and was also established by statute; and
- An extremely strong financial risk profile, reflecting its loss coverage score (LCS), operating performance, and financial policies.

The bank will use the series 2015C bond proceeds to make loans to municipalities and school districts, and the 2015D bonds proceeds to refund certain outstanding bonds. The bond bank's full faith general obligation (GO) pledge, municipal bonds purchased from governmental units borrowing funds from the bank, municipal bond payments made under the bank's 1973 general resolution, and various funds and accounts established under the resolution secure the bonds. Municipal bonds are purchased from governmental units with the proceeds of the bond bank's bonds.

We view the enterprise risk profile of the program as very strong due to a combination of the low industry risk profile for municipal pools and the program's market position, which we consider very strong. Maine Municipal Bond Bank was established in 1973 as outlined in Title 30-A, Chapter 225 of Maine Revised Statutes. Explicit statutory language exists for state support of debt service if needed through both a state aid intercept mechanism and a moral obligation of the state to replenish the debt service reserve (DSR) to the required level if it ever falls below this point. The state is also empowered to take control of the finances of any borrower that defaults on a municipal bond payment to the bond bank. All funds remain in the bank and are not transferred to other agencies or departments.

We view the financial risk profile of the program as extremely strong, reflecting the combination of the LCS, historical

operating performance, and management policies.

Annual debt service coverage (DSC) from pledged loan repayments, interest earnings on investments, and planned annual maturities of reserve fund investments have been shown by management to be about 1x in each year, with any surplus revenues then able to accumulate over time and also available to cure defaults if needed. The bond-funded DSR must be drawn down over time to make debt service payments and is not projected to grow from nonbond-funded sources due to the lack of significant equity support from multiple levels of government, as some other pool programs receive. We view this characteristic as marginally weaker compared to other programs that have substantially all program reserves funded through equity contributions that are not needed to make debt service payments.

The DSR fund valuation of $121.3 million (at cost) is substantial, with 100% of the reserve funded with bond proceeds. The reserve is composed of various U.S. government obligations, cash, and guaranteed investment contracts (GICs). If any loan repayments default and are not recovered at 100%, the bank would have to eventually use accumulated cash balances or other cash-funded reserves to make bond payments. In our view, this factor becomes more important during the last several years of debt service payments because at that time, the DSR balance becomes very low and eventually zero. We have allowed for 95% recovery of defaulted revenues. However, this recovery rate assumption introduces the issues above, namely that there must be at least some level of equity or cash available to cure defaults since recovery is not 100%.

In our view, the pledged supplemental reserve fund the bank holds within the general resolution ($13.3 million) and a $21.6 million discretionary reserve help contribute to producing an extremely strong financial risk score. Pursuant to the first supplemental to the general resolution, funds held in the supplemental reserve must be used to bring the reserve fund to the required amount before the bank requests a state appropriation for the same purpose. It is also our understanding that management would also use any funds in the discretionary reserve before liquidating funds in the DSR fund; however, there is no legal requirement to do so, as those funds are not pledged under the resolution.

We have incorporated the state aid intercept provision and moral obligation of the state to replenish the bank's DSR into our analysis in two ways. First, the credit quality of the underlying borrowers is supported, in our view, by a state aid intercept mechanism. Title 30-A section 6014 of the Maine Revised Statutes established this state aid intercept provision. If a governmental unit fails to make a scheduled principal or interest payment on its municipal bonds held by the bank, the state treasurer will pay to the bank the amount of the shortfall, provided the bank gave notice to the treasurer of said shortfall and there are available funds held by the treasurer that would otherwise be due to the defaulting governmental unit. To the extent that there is still a shortfall, then the treasurer can continue to withhold appropriated funds until the shortfall owed to the bank is cured.

Second, we have allowed for 95% recovery of defaulted revenues due to the presence of a moral obligation to replenish the DSR fund to the required level (maximum annual debt service [MADS] on the municipal loan obligations, as defined in the 1973 general resolution), outlined in Chapter 30-A section 6006 of the state's Revised Statutes. The bank's chairperson will, no later than Dec. 1 of each year, submit to the governor a written request for an appropriation for the sum, if any, required to ensure that the bond reserve fund equals the bond reserve fund requirement. This amount will then be appropriated and paid to the bank during the current fiscal year.

Averaging all of the financial policies and practices, we view these as adequate. Management performs credit reviews for all new loans and requires all borrowers to submit annual disclosure. New loan payments are made 30 days before debt service, but older loans have payments due five days beforehand. Management can fund loans as it receives applications and generally knows loan demand six months to one year in advance of each bond sale. Investment guidelines are defined in the resolution and are structured to mature when the related bond payment is due.

Management has indicated that there have been no loan defaults or delinquent payments since the program's inception in 1973, which we view as extremely low.

Program characteristics

Maine Municipal Bond Bank, established in 1973, provides loans to a variety of governmental units in Maine. As of this issue, about $903 million of loan principal repayments will be due from a diverse pool of about 290 borrowers compared to about $988 million of bonds outstanding. A large portion of the bond bank's loan portfolio consists of school projects eligible for debt service subsidies under Maine's school construction program. Maine provides an annual state subsidy, subject to annual state appropriation, for debt service costs for eligible projects. The subsidy typically ranges from 15%-85%, with certain projects receiving a full 100% reimbursement.

Regional School Unit 9 is the largest borrower (7% of the loan portfolio). School districts account for 12 of the 20 largest borrowers.

Outlook

The stable outlook reflects Standard & Poor's expectation that management will, at minimum, maintain its current set of policies and practices and continue to make loans to a diverse base of borrowers. As additional bonds are issued, we also expect the bank to continue its historical practice of increasing the bond-funded DSR fund balance and maintain at least some other equity positions in its other nonbond-funded reserve funds.

Upside scenario

We do not consider an upgrade from the current rating level as likely, at least within the two-year outlook horizon, since it would likely require an improvement in the enterprise risk profile. An improvement in this score is possible if the statutory framework for the program changes, but we view this possibility as remote in the near term.

Downside scenario

Within the two-year outlook horizon, the rating or outlook could come under pressure due to several factors, including the following:

- If pledged reserve funds and the discretionary reserve do not remain at levels we consider consistent with the LCS;
- If the program starts to experience loan delinquencies and defaults; or
- If the bank's management policies or practices change in a fashion that would ultimately lower the financial risk score.

Related Criteria And Research

Related Criteria

- USPF Criteria: U.S. Public Finance Long-Term Municipal Pools, March 19, 2012
- Criteria: Use of CreditWatch And Outlooks, Sept. 14, 2009

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MOODY'S
INVESTORS SERVICE

New Issue: Moody's assigns Aa2 to Maine Municipal Bond Bank's $69.7M 2015 Ser. C and D bonds; outlook stable

Global Credit Research - 17 Sep 2015

Affirms Aa2 on $987M of outstanding parity debt

MAINE MUNICIPAL BOND BANK
Bond Banks/Pool Programs
ME

Moody's Rating

ISSUE		RATING
2015 Series C Bonds		Aa2
Sale Amount	$16,010,000	
Expected Sale Date	09/28/15	
Rating Description	General Obligation	
2015 Series D Refunding Bonds		Aa2
Sale Amount	$53,735,000	
Expected Sale Date	09/28/15	
Rating Description	General Obligation	

Moody's Outlook STA

NEW YORK, September 17, 2015 --Moody's Investors Service has assigned a Aa2 rating to the Maine Municipal Bond Bank's (MMBB, the bank) 2015 Bonds, consisting of $16 million Series C and $53.7 million Refunding Series D. Concurrently, Moody's has affirmed the Aa2 rating on approximately $987 million in outstanding parity debt. The outlook is stable.

SUMMARY RATING RATIONALE

The Aa2 rating reflects the application of our methodology for pool program debt. The methodology's key rating factors and weights assigned to each factor are as follows: underlying credit quality and default tolerance (50%); pool size and diversity (15%); debt structure and legal covenants (20%); and management and governance (15%). The methodology states that for pool program structures that include a moral obligation pledge of their respective states to replenish a draw on the debt service reserve fund (DSRF) in the event of a loan repayment deficiency, we will compare the credit quality of moral obligation pledge to the underlying pool program rating and apply the higher of the two. In this case, we have determined the Aa2 credit quality of the Maine Municipal Bond Bank General Resolution pool program, as assessed through the application of the U.S. Municipal Pool Program Debt methodology, to be higher than the State of Maine's (Aa2 stable) moral obligation.

OUTLOOK

The stable outlook reflects the large size and diversity of the pool, as well as the adequate legal provisions and structural features. The outlook also incorporates our view that strong management will continue to soundly manage operations and participant monitoring, and that adequate reserves will be available to cure potential defaults or delayed participant payments, if necessary.

WHAT COULD MAKE THE RATING GO UP

- Significant improvement in credit quality of the participant pool

WHAT COULD MAKE THE RATING GO DOWN

- Downgrade of the state's rating could affect a large portion of the pool with assessments paid directly by the state and consequently assigned a rating closely linked to the state's general obligation rating

- Deterioration of the size, diversity, or credit quality of the participant pool

- Material reduction in discretionary reserves

STRENGTHS

- Active program management and surveillance of all pool participants

- Significant state involvement, including the pledge of the state's moral obligation

- Healthy reserve position

- Large and diverse pool of participants

CHALLENGES

- Oversight and ongoing credit review of all program participants

RECENT DEVELOPMENTS

Recent developments are incorporated in the Detailed Rating Rationale.

DETAILED RATING RATIONALE

CREDIT QUALITY OF POOL PARTICIPANTS: CREDIT QUALITY OF LARGE AND DIVERSE PARTICIPANT POOL IS PRIMARY RATING DRIVER; DIRECT PAYMENT OF SCHOOL DEBT BY THE STATE AFFECTS MAJORITY OF POOL

The size and diversity of MMBB's $903 million loan portfolio, together with the average credit quality of the 279 individual borrowers and timely repayment history over 42 years, provide strong security to bondholders. Moody's maintains investment grade ratings on 23 of the bank's participants, which together represent 16.6% of total loan principal. Approximately 65% of these published ratings are Aa3 or better. In addition, Moody's has completed an internal credit assessment of the bank's other borrowers that conservatively indicates that 100% of loan principal is of investment grade credit quality. Diversity in the pool is evidenced by the fact that the top five borrowers account for a reasonable 20.8% of total debt.

The credit strength of MMBB's General Resolution program is enhanced by the State of Maine's direct involvement in the program. Approximately 60% of the portfolio consists of general obligation bonds for state-approved school projects, which receive substantial support in the form of state school building aid. The state directly remits this school building aid to the bank. As a result of this relationship, Moody's believes that overall portfolio credit quality is augmented, thereby increasing the likelihood that the bank's reserves will be available to cover virtually all probable default scenarios.

FINANCES: RESERVES PROVIDE HIGH DEGREE OF ADDITIONAL SECURITY

The MMBB's multiple reserve funds provide a high degree of additional security if a borrower makes a late payment or defaults on a loan payment. The Debt Service Reserve Fund, established by the original resolution and funded with bond proceeds, must equal at least maximum annual debt service (MADS) on the bonds outstanding. Including the current issue, MADS is projected to be $128.5 million (fiscal 2016), with the reserve funded at roughly $141.3 million as of June 2015. A provision in the act establishing the MMBB obligates the state morally, though not legally, to make up through annual appropriations any deficiency that may occur in this fund. In addition, as of July 2015, the bank has a Supplemental Reserve Fund of approximately $13.3 million pledged to debt service. The bank also has a Special Discretionary Reserve Fund not restricted as to use, which has a balance of $21.6 million as of July 2015 and is available for repayment of debt as the bank has given its general obligation pledge. Total reserves available for repayment of debt are projected to cover MADS by a strong 1.37 times.

LEGAL STRUCTURE: SATISFACTORY LEGAL COVENANTS; STATE MORAL OBLIGATION AND INTERCEPT PROVISION PROVIDE ADDITIONAL CREDIT ENHANCEMENT

MMBB's outstanding bonds are secured by, and have historically been paid with, loan repayment revenues received from the participating local governmental units, comprising the bank's long-established and extensive portfolio. The loans contain strong security pledges, with approximately 87% secured by the local unit's general obligation pledge. The remaining loans generally carry water or sewer net revenue pledges backed by the statutory pledge of property taxes by the underlying units if enterprise revenues are insufficient. In addition, the full faith and credit of the bank, including its substantial reserves, are pledged towards bond repayment. The MMBB has been in operation since 1973 and no borrower has defaulted on its obligations.

Under the Bond Bank act, the state treasurer is empowered to intercept funds due to any local unit that is in default of its MMBB debt and redirect them to the bank. This provision is of limited effectiveness concerning debt held by cities, towns, and water and sewer systems due to the relatively low amounts of state aid they receive. However, school systems derive approximately one-half of their operating revenues from state aid, all of which is subject to the intercept provision. While this is a post-default mechanism, it provides another method for reserves to be replenished should they be drawn upon. The treasurer has never been called upon to exercise this authority.

MANAGEMENT AND GOVERNANCE: STRONG MONITORING AND COLLECTION PROCEDURES AND WELL-ESTABLISHED HISTORY OF SUCCESSFUL ADMINISTRATION

We believe the bank's well-established monitoring and payment collection procedures and professional administration further enhance security. MMBB officials, pending a review of the borrowers' finances, structure debt service to correspond to the individual borrowers' desired repayment schedules, subject to modification. The bank continues to annually monitor the finances of all active borrowers to ensure their continued ability to meet their obligations. As of 2011, new borrowers' loan payments are due 30 days before the debt service payment date, an improvement over the previous five day deadline. Officials report that approximately 25% of loans are currently required to be paid 30 days prior to the debt service payment date.

KEY FACTS

Debt Outstanding Under the General Resolution: $987 million

Total Amount of Loans Outstanding: $902.7 million

2015 Debt Service Reserve Fund: $141.3 million

Debt Service Reserve Fund Requirement (post issuance): MADS of $128.5 million (fiscal 2016)

Supplemental Reserve Fund (as of 7/31/2015): $13.3 million

Special Discretionary Reserve Fund (as of 7/31/2015): $21.6 million

Number of borrowers (post issuance): 279

Percent of loans to top five borrowers: 20.9%

Percent of borrowers consisting of less than 1% of pool: 91%

OBLIGOR PROFILE

The Maine Municipal Bond Bank was created in 1973 and is authorized to issue bonds in order to provide loans to counties, cities, towns, school districts, and quasi-municipal corporations located within the state of Maine.

LEGAL SECURITY

The bonds are general obligations of the MMBB, and the full faith and credit pledge of the bank are pledged for the payment of debt service.

USE OF PROCEEDS

Series C bond proceeds will be loaned out to 12 local units of government. Series D bond proceeds will be used to refund Series 2005A bonds currently outstanding for estimated net present value savings of $4.3 million, equal to 7.4% of refunded principal, with no extension of final maturity.

PRINCIPAL METHODOLOGY

The principal methodology used in this rating was U.S. Municipal Pool Program Debt published in March 2013. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

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NEW ISSUE **Ratings: See "RATINGS" herein**

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Maine Municipal Bond Bank, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the 2015 Series C Bonds and the 2015 Series D Refunding Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the 2015 Series C Bonds and the 2015 Series D Refunding Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations. In addition, in the opinion of Bond Counsel to the Maine Municipal Bond Bank, under existing statutes, interest on the 2015 Series C Bonds and the 2015 Series D Refunding Bonds is exempt from the State of Maine income tax imposed on individuals. See "Tax Matters" herein.

$70,010,000
MAINE MUNICIPAL BOND BANK
$16,405,000 2015 Series C Bonds
$53,605,000 2015 Series D Refunding Bonds

Dated: Respective Date of Delivery **Due:** November 1, as shown on inside front cover

The 2015 Series C Bonds and the 2015 Series D Refunding Bonds (collectively, the "Offered Bonds") will be issued in fully registered form only, without coupons, and when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository (the "Securities Depository") of the Offered Bonds. Individual purchases of the Offered Bonds will be made in book-entry form only in the principal amount of $5,000 or whole multiples thereof for each respective Series. Purchasers of the Offered Bonds will not receive certificates representing their interest in the Offered Bonds purchased.

The principal of, semi-annual interest (May 1 and November 1, first interest payment May 1, 2016) and redemption premium, if applicable, on the Offered Bonds are payable by U.S. Bank National Association, as Trustee, to the Securities Depository, which will in turn remit such principal, interest and redemption premium, if applicable, to its Participants (as defined herein), which will in turn remit such principal, interest and redemption premium, if applicable, to the Beneficial Owners (as defined herein) of the Offered Bonds, as described herein. The Offered Bonds will bear interest from their dated date to their maturity (or prior redemption) at the applicable rates set forth on the inside cover page.

The 2015 Series C Bonds maturing after November 1, 2025 shall be redeemable, as a whole or in part, on and after November 1, 2025, as more fully described herein. The 2015 Series D Refunding Bonds shall not be subject to redemption prior to maturity.

The Offered Bonds are offered when, as and if issued and accepted by the underwriters listed below (the "Underwriters"), subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Maine Municipal Bond Bank. Certain legal matters will be passed upon for the Underwriters by their counsel, Preti, Flaherty, Beliveau & Pachios, LLP, Augusta, Maine. It is expected that the 2015 Series C Bonds in definitive form will be available for delivery to The Depository Trust Company in New York, New York on or about October 22, 2015. It is expected that the 2015 Series D Refunding Bonds in definitive form will be available for delivery to The Depository Trust Company in New York, New York on or about November 3, 2015.

BofA Merrill Lynch **Wells Fargo Securities**

Dated: September 30, 2015

MATURITIES, AMOUNTS, INTEREST RATES AND YIELDS

$70,010,000
MAINE MUNICIPAL BOND BANK
$16,405,000 2015 Series C Bonds
$53,605,000 2015 Series D Refunding Bonds

$14,020,000
2015 Series C Serial Bonds

Maturity	Principal Amount	Interest Rate	Yield	CUSIP*† 56045R
2016	$ 1,170,000	2.000%	0.300%	SH3
2017	1,195,000	4.000	0.780	SJ9
2018	1,235,000	4.000	1.050	SK6
2019	1,725,000	5.000	1.300	SL4
2020	980,000	3.000	1.570	SM2
2021	885,000	4.000	1.820	SN0
2022	645,000	4.000	2.030	SP5
2023	700,000	2.000	2.200	SQ3
2024	630,000	3.000	2.320	SR1
2025	790,000	4.000	2.480	SS9
2026	485,000	3.000	2.720*	ST7
2027	560,000	3.000	2.920*	SU4
2028	420,000	3.000	3.090	SV2
2029	430,000	3.000	3.200	SW0
2030	565,000	3.125	3.350	SX8
2031	300,000	3.250	3.450	TA7
2032	315,000	3.250	3.510	TB5
2033	365,000	3.375	3.510	TC3
2034	290,000	3.500	3.560	TD1
2035	335,000	3.500	3.610	SY6

$2,385,000 5.00% Series C Term Bonds Due November 1, 2045, Yield 3.50%* CUSIP No. 56045RSZ3†

$53,605,000
2015 Series D Refunding Bonds

Maturity	Principal Amount	Interest Rate	Yield	CUSIP† 56045R
2016	$ 14,330,000	2.000%	0.300%	TE9
2017	3,000,000	4.000	0.780	TF6
2017	10,350,000	5.000	0.780	TK5
2018	12,520,000	5.000	1.050	TL3
2019	7,690,000	5.000	1.300	TG4
2020	3,645,000	5.000	1.570	TH2
2021	2,070,000	5.000	1.820	TJ8

* Priced at the stated yield to the November 1, 2025 optional redemption date at a redemption price of 100%.
† CUSIP numbers have been assigned by an independent company not affiliated with the Bank and are included on this page solely for convenience of the owners of the Offered Bonds. Neither the Underwriters nor the Bank makes any representation with respect to the accuracy of such CUSIP numbers as indicated in the above table or undertakes any responsibility for the selection of the CUSIP numbers or their accuracy now or at any time in the future.

No dealer, broker, salesperson or other person has been authorized by the Maine Municipal Bond Bank or the Underwriters to give any information or to make any representation, other than those contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Offered Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the Maine Municipal Bond Bank and from other sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstance, create any implication that there has been no change in the affairs of the Maine Municipal Bond Bank since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER- ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE OFFERED BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The CUSIP numbers set forth on the inside front cover page of this Official Statement have been assigned by an independent company not affiliated with the Bank and are included solely for the convenience of the holders of the Offered Bonds. The Bank is not responsible for the selection or uses of the CUSIP numbers and no representation is made as to their correctness on the Offered Bonds or as indicated on the inside front cover page hereof. The CUSIP number for a specific maturity of the 2015 Series C Bonds or the 2015 Series D Refunding Bonds is subject to change after the issuance of the Offered Bonds and as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that may be applicable to all or a portion of certain maturities of the 2015 Series C Bonds or the 2015 Series D Refunding Bonds.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, SEC Rule 15c2-12.

FOR NEW HAMPSHIRE INVESTORS: IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE MAINE MUNICIPAL BOND BANK AS ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE OFFERED BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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APPENDIX E - PROPOSED FORMS OF CONTINUING DISCLOSURE AGREEMENTS

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$70,010,000
MAINE MUNICIPAL BOND BANK

$16,405,000 2015 Series C Bonds
$53,605,000 2015 Series D Refunding Bonds

This Official Statement is provided for the purpose of setting forth information concerning the Maine Municipal Bond Bank (the "Bank") in connection with the sale of $16,405,000 2015 Series C Bonds (the "2015 Series C Bonds") and the $53,605,000 2015 Series D Refunding Bonds (the "2015 Series D Refunding Bonds" and, with the 2015 Series C Bonds, collectively the "Offered Bonds"). The Offered Bonds are issued pursuant to the Maine Municipal Bond Bank Act, being Chapter 225 of Title 30-A of the Maine Revised Statutes, as amended (the "Act").

The Offered Bonds are to be issued under and are to be secured by the Bank's General Bond Resolution adopted July 11, 1973, as amended and supplemented by the First Supplemental Resolution adopted on September 20, 1977 (the "First Supplemental Resolution"), the Second Supplemental Resolution adopted on July 18, 1984 (the "Second Supplemental Resolution"), the Third Supplemental Resolution adopted on May 7, 1993 (the "Third Supplemental Resolution"), the Fourth Supplemental Resolution adopted on June 25, 1993 (the "Fourth Supplemental Resolution") and the Fifth Supplemental Resolution adopted on September 18, 2003 (the "Fifth Supplemental Resolution") (collectively, the "Resolution") and the Series Resolutions, adopted on September 30, 2015 (collectively, the "Series Resolutions"). The Resolution and the Series Resolutions are sometimes collectively referred to herein as the "Resolutions." Since 1973, the Bank has issued pursuant to the Act and the Resolution bonds in an aggregate principal amount of $4,615,040,000, of which $987,420,000 are outstanding as of the date of this Official Statement. Such bonds, together with the Offered Bonds and any additional bonds (referred to collectively herein as the "Bonds"), constitute general obligations of the Bank, and the full faith and credit of the Bank are pledged for the payment of principal, redemption premium, if any, and interest thereon.

INTRODUCTORY STATEMENT

The Bank is constituted as an instrumentality exercising public and essential governmental functions of the State of Maine (the "State"). The membership of the Bank consists of five commissioners including the Treasurer of State and the Superintendent of Maine Bureau of Financial Institutions, both of whom serve as commissioners ex officio, and three additional commissioners appointed by the Governor for terms of three years (the "Commissioners").

Pursuant to the Act, the Bank is authorized to issue bonds for the purpose, among other purposes, of providing funds to enable the Bank to lend money to counties, cities, towns, school administrative districts, community school districts or other quasi-municipal corporations within the State ("Governmental Units"). Such loans are made through the direct purchase by the Bank from such Governmental Units of their bonds, notes or evidences of debt payable from taxes or from rates, charges or assessments (the "Municipal Bonds"). See "GOVERNMENTAL UNITS - Municipal Bonds Payable From Ad Valorem Taxes" herein for a discussion of certain Maine legislation which limits (subject to certain exceptions) municipal property tax levies.

Each Governmental Unit requesting the Bank to purchase its Municipal Bonds submits an application form containing certain information concerning the Governmental Units and the Municipal Bonds proposed to be purchased. The Commissioners of the Bank, in consultation with the Bank's Executive Director, discuss and accept or reject each application in open meeting. If approved, the Governmental Unit enters into a loan agreement (the "Loan Agreement") with the Bank pursuant to which the Governmental Unit issues Municipal Bonds, the payment of principal and interest on which is at least equal to the amount of principal and interest required to be paid on that portion of the Bonds issued for the purpose of purchasing the Municipal Bonds (the "Loan Obligations"). To the extent that (1) a Governmental Unit has issued a Municipal Bond which is designated under the Internal Revenue Code of 1986, as amended (the "Code"), as a "build America bond" or a "recovery zone economic development bond" or other category entitled under the Code to receive cash subsidy payments from the United States Treasury with respect to the interest payable under such Municipal Bond, or (2) the Bank has issued Bonds under the Resolution which the Bank instead so designates, the obligation of such Governmental Unit with respect to the related Loan Agreement and Municipal Bond will not be reduced except to the extent of any such cash subsidy payment actually received by the Trustee for deposit under the Resolution on a timely basis.

The 2015 Series C Bonds are being issued to provide moneys (i) to purchase $15,663,420.67 Municipal Bonds from 12 Governmental Units which are identified in Appendix B and to make 12 loans to those Governmental Units, (ii) to deposit $1,718,740.31 of the proceeds of the 2015 Series C Bonds in the Reserve Fund, and (iii) to pay certain costs of issuance of the 2015 Series C Bonds.

The 2015 Series D Refunding Bonds are being issued to provide moneys (i) to refund certain maturities of the Bank's 2005 Series A Bonds (the "Bonds to be Refunded"), all of which were issued pursuant to the Resolution (see "PLAN OF REFUNDING") and (ii) to pay certain costs of issuance of the 2015 Series D Refunding Bonds.

The Offered Bonds will constitute, in the opinion of Bond Counsel, general obligations of the Bank and the full faith and credit of the Bank are pledged for the payment of principal, redemption premium, if any, and interest thereon. The Offered Bonds, and other Bonds ranking on a parity therewith under the Resolution, are secured by an equal charge and lien on all Municipal Bonds and amounts paid or required to be paid for principal of and interest on the Municipal Bonds to the Bank by the Governmental Units (the "Municipal Bonds Payments") and the investments thereof and the proceeds of such investments, if any, and all funds and accounts established by the Resolution, as more fully described below. Additional series of bonds may be issued by the Bank on a parity with the Offered Bonds, provided that each additional series will be authorized and secured by a series resolution adopted in accordance with and under the provisions of the Resolution and the Act.

The Act provides that in order to assure the maintenance of the Required Debt Service Reserve in the Reserve Fund, there shall be appropriated annually and paid to the Bank for deposit in the Reserve Fund such sum as shall be certified by the Chairman of the Bank to the Governor as necessary to restore the Fund to an amount equal to the Required Debt Service Reserve. Under the Act and the Resolution, the Chairman shall annually, on or before December 1, make and deliver to the Governor the Chairman's certificate stating the sum required to restore the Fund to the amount aforesaid, and the sum so certified shall be appropriated and paid to the Bank during the then current State fiscal year.

While the Offered Bonds and the aforesaid provisions of the Act do not constitute a legally enforceable obligation upon the State of Maine nor create a debt on behalf of the State, there is no constitutional bar to future Legislatures to appropriate such sum as shall have been certified by the Chairman of the Bank to the Governor as necessary to restore the Reserve Fund to an amount equal to the Required Debt Service Reserve.

The amount currently on deposit in the Reserve Fund is at least equal to the Required Debt Service Reserve. The Bank also has established a Supplemental Reserve Fund by the adoption of the First Supplemental Resolution in 1977. Prior to the Chairman of the Bank making and delivering his certificate to the Governor stating the amount necessary to restore the Reserve Fund to the Required Debt Service Reserve, the First Supplemental Resolution directs trustee under the Resolution (the "Trustee") to apply amounts in the Supplemental Reserve Fund to the restoration of the Reserve Fund to the Required Debt Service Reserve. The Bank may, but is not required to, deposit additional amounts into the Supplemental Reserve Fund. The Supplemental Reserve Fund is more fully described under the caption "Supplemental Reserve Fund."

The Bank is obligated to pay the principal of and interest on the Bonds only from revenues or funds of the Bank, and the State is not obligated to pay the principal of or interest thereon and neither the faith and credit nor the taxing power of the State is pledged to the payment of the principal of or redemption price, if any, or interest on the Bonds.

There follows in this Official Statement a brief description of the Bank together with summaries of the terms of the Offered Bonds, the Resolution and certain provisions of the Act. All references herein to the Act and the Resolutions are qualified in their entirety by reference to such law and such documents, copies of which are available from the Bank or U.S. Bank National Association, as Trustee, and all references to the Offered Bonds are qualified in their entirety by reference to the respective definitive forms thereof and the information with respect thereto contained in the Resolutions.

THE MAINE MUNICIPAL BOND BANK

The Maine Municipal Bond Bank was established by the Act as a body corporate and politic and is constituted as an instrumentality exercising public and essential governmental functions of the State.

Purposes, Powers and Procedures of the Bank

It is the policy of the State, as declared in the Act, to foster and promote by all reasonable means the provision of adequate capital markets for the financing by Governmental Units of their respective public improvements and other municipal purposes from proceeds of their bonds and notes and to assist such Governmental Units in such financing by making funds available at reduced interest costs for orderly financing especially during periods of restricted credit or money supply, particularly for those Governmental Units not otherwise able to borrow for such purposes. In furtherance of this policy, the Bank is empowered to issue its Bonds to make funds available at reduced rates and on more favorable terms for borrowing by such Governmental Units through the purchase by the Bank of their Municipal Bonds.

Each Governmental Unit requesting the Bank to purchase its Municipal Bonds is required to complete an application form containing certain information concerning the Governmental Unit and the Municipal Bonds proposed to be purchased. The Bank also requires hospital districts to supply feasibility studies with such application forms. The Commissioners of the Bank, in consultation with the Executive Director, discuss and accept or reject each application in open meeting. In considering each application, the Commissioners rely on the information contained therein and such additional information as the Commissioners deem relevant. The information considered by the Commissioners includes, among other things: the amount of debt of each Governmental Unit, the amount by which such debt will be increased by the proposed purchase of the Governmental Unit's Municipal Bonds, the state and local valuation, tax levy and taxes receivable, the largest taxpayers, the largest employers in the local area, the population trends, and the economic outlook for the community as supplied by the Governmental Unit. The Commissioners' review of the sources of revenue as set forth above includes the nature of such revenue and whether such revenue will or could be recurring or nonrecurring. On the basis of such review, the Bank believes that each Governmental Unit whose Municipal Bonds the Bank is purchasing with the proceeds of the 2015 Series C Bonds, and each Governmental Unit whose Municipal Bonds the Bank has purchased with the proceeds of the Bonds to be Refunded, has the ability to pay debt service on such Municipal Bonds by the levy of ad valorem taxes or the collection of rates, charges or assessments.

In order to fulfill such purposes, the Bank has, among others, the following powers:

(1) To purchase or hold Municipal Bonds at such prices and in such manner as the Bank shall deem advisable, and to sell Municipal Bonds acquired or held by it at such prices without relation to cost and in such manner as the Bank shall deem advisable;

(2) To fix and establish any and all terms and provisions with respect to any purchase of Municipal Bonds by the Bank, including dates and maturities of the Municipal Bonds, provisions as to redemption or payment prior to maturity, and any other matters which in connection therewith are necessary, desirable or advisable in the judgment of the Bank;

(3) To fix and prescribe any form of application or procedure to be required of a Governmental Unit for the purpose of any loan or purchase of its Municipal Bonds and to fix the terms and conditions of any such loan or purchase and to enter into agreements with Governmental Units with respect to any such loan or purchase;

(4) In connection with any loan to a Governmental Unit, to consider the need, desirability or eligibility of such loan, the ability of such Governmental Unit to secure borrowed money from other sources and the costs thereof, and the particular public improvement or purpose to be financed by the Municipal Bonds to be purchased by the Bank;

(5) To borrow money and to issue its negotiable bonds or notes and to provide for and secure the payment thereof and to provide for the rights of the holders thereof, and to purchase, hold and dispose of any of its bonds or notes;

(6) To impose and collect charges for its costs and services in review or consideration of any proposed loan to a Governmental Unit or purchase of Municipal Bonds of such Governmental Unit, and to impose and collect charges thereof whether or not such loan shall have been made or such Municipal Bonds shall have been purchased;

(7) To fix and revise from time to time and charge and collect fees and charges for the use of its services or facilities;

(8) To acquire, rent, lease, hold, use and dispose of other personal and real property for its purposes;

(9) To make, enter into and enforce all contracts or agreements necessary, convenient or desirable for the purposes of the Bank or pertaining to any loan to a Governmental Unit or any purchase or sale of Municipal Bonds or other investments or to the performance of its duties and execution or carrying out of any of its powers under the Act;

(10) To invest any funds or moneys of the Bank not then required for loan to Governmental Units and for the purchase of Municipal Bonds, in the same manner as permitted for investment of funds belonging to the State or held in the State Treasury, except as otherwise permitted or provided by the Act (however, the Resolution limits investments as hereinafter set forth);

(11) To the extent permitted under its contracts with the holders of bonds or notes of the Bank, to consent to any modification with respect to rate of interest, time and payment of any installment of principal or interest, security or any other term of bond or note, contract or agreement of any kind to which the Bank is a party; and

(12) To do all acts and things necessary, convenient or desirable to carry out the powers expressly granted or necessarily implied in the Act.

The Bank is further empowered under the Act to issue certain bonds for other purposes and to administer certain other funds. Any such other bonds not issued under the Resolution shall not be entitled to the benefits of the Resolution. To date, the Bank has issued (i) $201,600,000 of its Sewer and Water Revenue Bonds (the "SRF Bonds"), for the purpose of lending money to certain municipalities to assist in financing certain wastewater and drinking water treatment facilities by the purchase of the municipal bonds of such municipalities pursuant to its State Revolving Loan Fund Program (the "SRF Program"), of which $21,105,000 is outstanding as of the date hereof, (ii) $1,700,000 of its taxable Special Obligation Bonds 1990 Series A (the "1990 Taxable Bonds"), for the purpose of lending money to a Maine hospital administrative district by the purchase of such district's taxable general obligation bond, which

have been paid in full, (iii) $3,520,000 of its Special Obligation Bonds 1994 Series A (Taxable) (the "1994 Taxable Bonds") for the purpose of lending money to the eleven Governmental Units to which the Bank lent money from the proceeds of the 1994 Series D Bonds to provide financing for a solid waste disposal facility for the Governmental Units, including refunding of bonds issued for such facility, which have been paid in full, (iv) $48,395,000 of its Grant Anticipation Bonds (Maine Department of Transportation) Series 2004A (the "Series 2004A GARVEE Bonds") for the purpose of paying a portion of the costs of a new bridge, of which $5,325,000 is outstanding as of the date hereof, (v) $50,000,000 of its Grant Anticipation Bonds (Maine Department of Transportation), Series 2008A (the "Series 2008A GARVEE Bonds") for the purpose of paying a portion of the costs of three highway reconstruction projects and twelve bridge projects, of which $27,645,000 is outstanding as of the date hereof, (vi) $25,915,000 of its Grant Anticipation Bonds (Maine Department of Transportation), Series 2010A (the "Series 2010A GARVEE Bonds") and $24,085,000 of its Grant Anticipation Bonds (Maine Department of Transportation), Series 2010B Taxable Build America Bonds (the "Series 2010B GARVEE Bonds") for the purpose of paying a portion of the costs of a new bridge, of which $36,460,000 is outstanding as of the date hereof, (vii) $44,810,000 of its Grant Anticipation Bonds (Maine Department of Transportation), Series 2014A (the "Series 2014A GARVEE Bonds") for the purpose of paying a portion of the cost of two new bridges, of which $44,810,000 is outstanding as of the date hereof, (viii) $50,000,000 of its Transportation Infrastructure Revenue Bonds (TransCap Program), Series 2008A (the "Series 2008A TransCap Bonds") for the purpose of paying a portion of the costs of various capital improvements to bridges and minor spans on or over public ways and highway reconstruction projects, of which $34,240,000 is outstanding as of the date hereof, (ix) $105,000,000 of its Transportation Infrastructure Revenue Bonds (TransCap Program), Series 2009A (the "Series 2009A TransCap Bonds") for the purpose of paying a portion of the costs of various bridge projects, of which $74,240,000 is outstanding as of the date hereof, (x) $30,000,000 of its Transportation Infrastructure Revenue Bonds (TransCap Program), Series 2009B (the "Series 2009B TransCap Bonds") for the purpose of paying a portion of the costs of the replacement, improvement, rehabilitation or demolition of various bridges, of which $25,755,000 is outstanding as of the date hereof, (xi) $55,000,000 of its Transportation Infrastructure Revenue Bonds (TransCap Program), Series 2011A (the "Series 2011A TransCap Bonds") for the purpose of paying a portion of the costs of the replacement, improvement, rehabilitation or demolition of various bridges, of which $52,135,000 is outstanding as of the date hereof, (xii) $9,210,000 of its Taxable Direct Payment Qualified School Construction Bonds, Series 2011B, (the "Series 2011B QSC Bonds") for the purpose of paying a portion of the costs of a school construction project of Maine School Administrative District No. 61, of which the full amount is outstanding as of the date hereof, (xiii) $12,650,000 of its Taxable Direct Payment Qualified School Construction Bonds, Series 2011D (the "Series 2011D QSC Bonds"), for the purpose of paying a portion of the costs of certain school construction projects of four Governmental Units, of which the full amount is outstanding as of the date hereof, (xiv) $8,515,000 of its Taxable Direct Payment Qualified School Construction Bonds, Series 2011G (the "Series 2011G QSC Bonds"), for the purpose of paying a portion of the costs of certain school construction projects of four Governmental Units, of which the full amount is outstanding as of the date hereof, (xv) $1,321,142 of its Taxable Direct Payment Qualified School Construction Bonds, Series 2012D (the "Series 2012D QSC Bonds") for the purpose of paying a portion of the costs of a school construction project of Maine School Administrative District No. 20, of which the full amount is outstanding as of the date hereof, (xvi) $1,150,238 of its Taxable Direct Payment Qualified School Construction Bonds, Series 2013C (the "Series 2013C QSC Bonds") for the purpose of paying a portion of the costs of certain school construction projects of two Governmental Units, of which the full amount is outstanding as of the date hereof; and (xvii)

$220,660,000 of its Liquor Operation Revenue Bonds, Series 2013 (Federally Taxable) (the "2013 Liquor Bonds") for the purpose of making payments to health care providers prior to December 1, 2012 under the MaineCare Program, of which $201,000,000 is outstanding as of the date hereof. The 1990 Taxable Bonds, the 1994 Taxable Bonds and the 2013 Liquor Bonds are hereinafter referred to as the "Special Obligation Bonds." The SRF Bonds, the Special Obligation Bonds, the Series 2004A GARVEE Bonds, the Series 2008A GARVEE Bonds, the Series 2010A GARVEE Bonds, the Series 2010B GARVEE Bonds, the Series 2014A GARVEE Bonds, the Series 2008A TransCap Bonds, the Series 2009A TransCap Bonds, the Series 2009B TransCap Bonds, the Series 2011A TransCap Bonds and the 2013 Liquor Bonds are special obligations of the Bank payable solely out of the respective revenues, funds and other security pledged therefor, and the Series 2011B QSC Bonds, the Series 2011D QSC Bonds, the Series 2011G QSC Bonds, the Series 2012D QSC Bonds and the Series 2013C QSC Bonds are general obligations of the Bank but none of such bonds are entitled to the benefits of the Resolution. The Bank is authorized to issue additional bonds on a parity with the Special Obligation Bonds, the Series 2004A GARVEE Bonds, the Series 2008A GARVEE Bonds, the Series 2010A GARVEE Bonds, the Series 2010B GARVEE Bonds, the Series 2014A GARVEE Bonds, the Series 2008A TransCap Bonds, the Series 2009A TransCap Bonds, the Series 2009B TransCap Bonds, the Series 2011A TransCap Bonds, the Series 2011B QSC Bonds, the Series 2011D QSC Bonds, the Series 2011G QSC Bonds, the Series 2012D QSC Bonds and the Series 2013C QSC Bonds.

Organization and Membership of the Bank

The Act provides that the membership of the Bank shall consist of five Commissioners, including the Treasurer of State and the Superintendent of Maine Bureau of Financial Institutions, who both serve as Commissioners ex officio. The three additional Commissioners appointed by the Governor are each required to be a resident of the State and each hold office for the three-year term of his appointment and until a successor is appointed and qualified. Commissioners are eligible for reappointment. Any vacancy in the office of a Commissioner occurring other than by expiration of term shall be filled in the same manner as the original appointment but only for the remainder of the unexpired term. The Commissioners select a Chairman and Vice-Chairman from among the members. The Commissioners appoint an Executive Director who also serves as both Secretary and Treasurer. The Executive Director serves at the pleasure of the Commissioners.

The powers of the Bank are vested in the Commissioners, three of whom constitute a quorum. Action may be taken and motions and resolutions adopted by the Bank at any meeting thereof by the affirmative vote of at least three Commissioners of the Bank.

Commissioners

The Bank's membership and officers are as follows:

STEPHEN R. CROCKETT, Chairman

Stephen R. Crockett, a resident of Winthrop, Maine, formerly served as Senior Vice President, Public Finance and Governmental Relations, the Fleet Bank of Maine, Augusta, Maine. Mr. Crockett served as a Commissioner from September, 1973 through September, 1978. He was appointed a Commissioner again in July, 1981, his current term expired in August, 2013, and he serves until a successor is appointed.

HON. PHILIP E. HARRIMAN, Chartered Financial Consultant

Phil Harriman is a lifelong resident of Yarmouth, Maine where he also served two terms on the Town Council.

He is a graduate of Husson University, Bangor, Maine with a B.S. in Business Administration. He earned the Chartered Life Underwriter and Chartered Financial Consultant designation from The American College, Bryn Mawr, PA.

Mr. Harriman is the founding partner of Lebel & Harriman, LLP, a financial planning firm. For over 35 years he has advised individuals, non-profit organizations and businesses in the areas of retirement, business succession and estate planning. He is the former President of MDRT, an international association of financial advisors with 34,000 members in 78 countries.

Mr. Harriman's public service includes serving on Husson University's Board of Trustees and serving four terms in the Maine Senate. In the Maine Senate he served on the Health and Human Services, Business and Economic Development, Natural Resources, Utilities and Energies and Appropriations Committees.

His current term expires in August, 2017.

CHRISTOPHER J. LOGAN

Chris Logan is a resident of Durham, Maine with his wife and three children. Mr. Logan is currently employed by Androscoggin Savings Bank as the Chief Lending Officer, Senior Vice President.

He is a graduate of Siena College with a B.A in Psychology. He furthered his educational attainment obtaining an M.B.A. with a concentration in finance from the University of Connecticut.

Mr. Logan's service includes serving as: the current President of the Lewiston Development Corporation, a member of the Lewiston/Auburn Economic Growth Council, an associate of Central Maine Medical Center, and a volunteer for Durham Fire and Rescue and Freeport Little League. His current term expired on August 31, 2015. Mr. Logan will serve until his successor is appointed.

LLOYD P. LAFOUNTAIN, III, Superintendent of Maine Bureau of Financial Institutions

Lloyd P. LaFountain, III, a resident of Biddeford, Maine, graduated from the College of Holy Cross and Suffolk University School of Law. Mr. LaFountain served eight years (1996-2004) as a State Senator and as Chair of the Insurance and Financial Services Committee. From 1994-1996 he represented District 19 in the Maine House of Representatives. Mr. LaFountain was a partner at the Biddeford law firm of LaFountain and LaFountain. His current term expires in April, 2018.

TERESEA HAYES, Treasurer of State

State Treasurer Teresea Hayes was elected by the Joint Convention of the 127th Maine Legislature to the office of State Treasurer for 2015-2016. She is the first Independent to hold this position. From 2006 through 2014 Terry served as a Democrat in the Maine House of Representatives, representing the Oxford County towns of Buckfield, Hartford, Sumner, and Paris. She was elected Assistant Minority Leader by the House Democratic Caucus in the 125th Legislature and served on the Legislative Council from 2010 through 2012. In 2012-2014 she convened the non-partisan Measures of Growth caucus; in 2009 and 2014 she collaborated with Republican colleagues to bring national civility training and trust building workshops to Maine legislators. She served as a member of the Joint Standing Committee on State and Local Government in the 123rd, 124th, and 126th Legislatures. Prior to her legislative service, Terry served on the school board of Maine School Administrative District #39, representing Buckfield, from 1991 through 2004.

Terry has been a teacher, an adult education administrator, a real estate educator, and a guardian ad litem in custody litigation. She continues to volunteer in her local communities as a moderator for town meetings and helping connect local school children with their state Government. Terry is a Maine native with a B.A. in Government from Bowdoin College (1980) and an M.B.A. from Thomas College (2014). She and her husband Steve Hayes, LCSW, live in Buckfield. They have three adult children, Charlee, Harry, and Danny, all living and working in Maine. Her current term as Treasurer expires in January 2017.

MICHAEL R. GOODWIN, Executive Director

Michael R. Goodwin was appointed the Executive Director of the Bank by the Commissioners and also serves as Secretary and Treasurer of the Bank. He also serves as Executive Director of the Maine Health and Higher Educational Facilities Authority, the Maine Governmental Facilities Authority and the Maine Public Utility Financing Bank. He previously served for twenty-two years as Program Officer of the Maine Health and Higher Educational Facilities Authority. He received his undergraduate degree from Husson University.

James E. Mitchell, Esq., Augusta, Maine, is counsel to the Bank.

THE OFFERED BONDS

Description

The Offered Bonds are dated their date of original issuance and delivery (except as otherwise provided in the Resolutions) and shall mature on the respective dates and in the respective principal amounts, and bear interest at the respective rates per annum, set forth on the inside front cover page of this Official Statement. The Offered Bonds shall bear interest from their date, payable semi-annually on each May 1 and November 1, commencing May 1, 2016. The principal of, redemption premium, if any, and interest on the Offered Bonds shall be payable as set forth below under the caption "Book-Entry Bonds" or as otherwise provided in the Resolutions.

Book-Entry Only System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Offered Bonds. The Offered Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each respective maturity and related interest rate of the 2015 Series C Bonds and the 2015 Series D Refunding Bonds in the aggregate principal amount of such maturity and related interest rate for each such Series, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Offered Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Offered Bonds on DTC's records. The ownership interest of each actual purchaser of each 2015 Series C Bond and each 2015 Series D Refunding Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Offered Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Offered Bonds, except in the event that use of the book-entry system for the Offered Bonds is discontinued.

To facilitate subsequent transfers, all Offered Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Offered Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not

effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Offered Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Offered Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Offered Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Offered Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Resolution. For example, Beneficial Owners of the Offered Bonds may wish to ascertain that the nominee holding such Offered Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2015 Series C Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Series to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Offered Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Bank as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Offered Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of, interest and redemption premium, if any, on the Offered Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Bank or the Trustee, on a payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Bank, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bank or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of the Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Offered Bonds at any time by giving reasonable notice to the Bank or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Offered Bonds certificates are required to be printed and delivered.

The Bank may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates for the Offered Bonds will be printed and delivered to DTC.

The preceding information under this heading "Book-Entry-Only System" has been extracted from a schedule prepared by DTC as sample offering document language describing book-entry-only issuance. No representation is made by the Bank or the Underwriters (as defined under the heading "Underwriting" below) as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date thereof.

Neither the Bank nor the Trustee shall have any responsibility or obligation to any DTC Participant, any Beneficial Owner or other persons claiming a beneficial ownership interest in any of the Offered Bonds under or through DTC or any DTC Participant, with respect to: (i) the accuracy of any records maintained by DTC or any DTC Participant with respect to the beneficial ownership interest in the Offered Bonds; (ii) the payment by DTC or any DTC Participant of any amount in respect of the principal of, premium, if any, or interest on any of the Offered Bonds to any Beneficial Owner or other person for the Offered Bonds; or (iii) the delivery to any Beneficial Owner of any of the Offered Bonds, or any other person, of any notice which is permitted or required to be given to owners under the Resolution. Neither the Bank nor the Trustee shall have any responsibility with respect to obtaining consents from anyone other than the registered owners.

No assurance can be given by the Bank or the Trustee that DTC will distribute to the Participants or the Participants will distribute to the Beneficial Owners: (i) payment of debt service on the Offered Bonds paid to DTC or its nominee, as the registered owner; or (ii) any redemption or other notices, or that DTC or the DTC Participants will serve or act on a timely basis or in a manner described in this Official Statement.

Redemption and Notices

The 2015 Series C Bonds maturing after November 1, 2025 shall be subject to redemption on and after November 1, 2025, at the option of the Bank, in whole or in part on any date, in such order of maturity and related interest rate as the Bank shall determine and by lot within a maturity and related interest rate, upon not less than thirty (30) days nor more than sixty (60) days' notice, at the Redemption Price of one hundred percent (100%) of the principal amount of the 2015 Series C Bonds or portion thereof to be redeemed, plus interest accrued thereon to the redemption date.

The 2015 Series D Refunding Bonds shall not be subject to redemption prior to maturity.

The Trustee shall mail a copy of such notice, postage prepaid, not less than thirty (30) days before the redemption date, to DTC as the registered owner of the 2015 Series C Bonds, all or portions of which are to be redeemed, but such mailing shall not be a condition precedent to such redemption and failure so to mail any such notice (or any failure of DTC to advise any Participant or any Participant to notify the Beneficial Owner, of any such notice or its content or effect), shall not affect the validity of the proceedings for the redemption of such 2015 Series C Bonds.

If less than all of one maturity or related interest rate of the 2015 Series C Bonds shall be called for redemption, the Trustee at the direction of the Bank shall notify DTC not later than the business day prior to thirty (30) days prior to the date fixed for redemption of the particular amount of such maturity or related interest rate of such Series to be redeemed.

Sinking Fund Installments have been established in accordance with the Resolutions for the 2015 Series C Bonds maturing November 1, 2045. Such Sinking Fund Installments shall become due and shall be applied to the redemption at par (100%) or payment at maturity of the 2015 Series C Bonds due November 1, 2045 on November 1 of each of the designated years in the principal amounts shown in the following table:

2015 Series C Bonds Maturing November 1, 2045

Year	Sinking Fund Installment
2036	$215,000
2037	225,000
2038	295,000
2039	185,000
2040	195,000
2041	205,000
2042	215,000
2043	225,000
2044	240,000
2045 (final maturity)	385,000

Notice of any proposed modification or amendment of the Resolution by means of a Supplemental Resolution to be effective with consent of the registered owners of the Bonds will be mailed to DTC, as the registered owner of any Offered Bonds then outstanding.

No assurance can be given by the Bank or the Trustee that DTC will distribute to the Participants or the Participants will distribute to the Beneficial Owners (i) payments of debt service on the Offered Bonds paid to DTC or its nominee, as the registered owner, or (ii) any redemption or other notices, or that DTC or the Participants will serve and act on a timely basis or in a manner described in this Official Statement.

SECURITY FOR THE BONDS

The Bank is obligated to pay the principal or Redemption Price of and the interest on the Bonds only from revenues or funds of the Bank and the State is not obligated to pay the principal or Redemption Price thereof or the interest thereon, and neither the faith and credit nor the taxing power of the State is pledged to the payment of the principal or Redemption Price of, or the interest on, the Bonds. The Bonds are general obligations of the Bank and, under the Resolution, the full faith and credit of the Bank are pledged for the payment of the principal or Redemption Price of and interest on the Bonds. The Resolution creates a continuing pledge and lien to secure the full and final payment of the principal or Redemption Price of and interest on all of the Bonds issued pursuant to the Resolution.

To secure the payment of the principal or Redemption Price of and interest on the Bonds, the Bank pledges, for the benefit of the Holders of the Bonds and coupons, all Municipal Bonds and Municipal Bonds Payments. The Municipal Bonds and the Municipal Bonds Payments, the investments thereof and the proceeds of such investments, if any, and all funds and accounts established by the Resolution are pledged for the payment of the principal or Redemption Price of and interest on the Bonds in accordance with the terms and provisions of the Resolution. Pursuant to the Resolution, the Municipal Bonds and the Municipal Bonds Payments and all other moneys and securities in the funds and accounts established by and so pledged under the Resolution shall be subject to the lien of such pledge.

The Act provides that the Bank shall establish and maintain a reserve fund called the Maine Municipal Bond Bank Reserve Fund (the "Reserve Fund") in which there shall be deposited:

(i) All moneys appropriated by the State for the purpose of the Fund;

(ii) All proceeds of Bonds required to be deposited therein by the terms of any contract between the Bank and its Bondholders or any resolution of the Bank with respect to such proceeds of Bonds; and

(iii) Any other moneys or funds of the Bank which it determines to deposit therein and any other moneys made available to the Bank for the purpose of such Fund from any other source.

Moneys in the Reserve Fund shall be held and applied solely to the payment of the interest on and principal of the Bonds as they become due and payable and for the retirement of Bonds. Money may not be withdrawn if it reduces the amount in the Reserve Fund to an amount less than the Required Debt Service Reserve, except for payment of interest then due and payable on Bonds and the principal of Bonds then maturing and payable and for the retirement of Bonds in accordance with the terms of any contract between the Bank and its Bondholders and for which payments other moneys of the Bank are not then available.

The Act provides that in order to assure the maintenance of the Required Debt Service Reserve in the Reserve Fund, there shall be annually appropriated and paid to the Bank for deposit in said Fund, such sum, if any, as shall be certified by the Chairman of the Bank to the Governor, as necessary to restore said Fund to an amount equal to the Required Debt Service Reserve. The Chairman shall annually, on or before December 1, make and deliver to the Governor his certificate stating the sum, if any, required to restore said Fund to an amount equal to the Required Debt Service Reserve and the sum or sums so certified shall be appropriated and paid to the Bank during the then current State fiscal year.

While the Offered Bonds and the aforesaid provisions of the Act do not constitute a legally enforceable obligation upon the State of Maine nor create a debt on behalf of the State, there is no constitutional bar to future Legislatures to appropriate such sum as shall have been certified by the Chairman of the Bank to the Governor as necessary to restore the Reserve Fund to an amount equal to the Required Debt Service Reserve.

In order to further secure the Bonds, the First Supplemental Resolution established a Supplemental Reserve Fund that is comprised of a General Reserve Account and a Special Reserve Account. The General Reserve Account is to be funded with moneys that become available from time to time to the Bank for any of its lawful purposes pursuant to the Resolution. Earnings on the Supplemental Reserve Fund are returned to the Governmental Units as explained under the caption "Supplemental Reserve Fund."

Both the General Reserve Account and the Special Reserve Account are pledged to the payment of the principal or Redemption Price, if any, and interest on all Bonds heretofore and hereafter issued under the Resolution. This pledge is subject to the terms and provisions of the First Supplemental Resolution permitting the use of moneys in such Accounts for the purposes specified under the caption "Supplemental Reserve Fund."

The First Supplemental Resolution provides that in the event that there shall be, on any interest payment date for the Bonds, a deficiency in the Interest Account, or in the event that there shall be, on any principal payment date for the Bonds, a deficiency in the Principal Account, the Bank may, but is not required to, direct the Trustee to make up such deficiency or any portion thereof by the withdrawal of moneys from the Supplemental Reserve Fund. Such direction may require the sale or redemption of securities held in the Supplemental Reserve Fund to supplement the available cash in such Fund.

The First Supplemental Resolution further provides that prior to the Chairman making and delivering his certificate to the Governor of the State, pursuant to the Resolution, stating the amount required to restore the Reserve Fund to the Required Debt Service Reserve, the Trustee shall transfer moneys or investments in the Supplemental Reserve Fund to the Reserve Fund in the amount, or any portion of such amount, necessary to restore the Reserve Fund to the Required Debt Service Reserve.

LOAN AGREEMENTS AND MUNICIPAL BONDS PAYMENTS

Each Loan Agreement, under which a Loan is to be made to a Governmental Unit, shall comply with certain terms and conditions, including the following:

(a) The Governmental Unit which is a party to such Loan Agreement must be a Governmental Unit as defined by the Act and the Loan Agreement must be executed in accordance with existing laws;

(b) The Governmental Unit, prior to or simultaneously with the issuance of applicable Loan Obligations by the Bank, shall issue Municipal Bonds that are valid obligations of the Governmental Unit;

(c) The Municipal Bonds Interest Payments to be made by the Governmental Unit under such Loan Agreement shall not be less than the amount of interest the Bank is required to pay on the Loan Obligations and shall be scheduled by the Bank in such manner and at such times (notwithstanding the dates of payment as stated in the Municipal Bonds) as to provide funds sufficient to pay interest on the Loan Obligations as the same become due and shall be paid to the Bank at least thirty days prior to the due date, subject, however, to the provisions of paragraph (e) below;

(d) The Municipal Bonds Principal Payments to be made by the Governmental Unit under such Loan Agreement shall be scheduled by the Bank in such manner and at such times (notwithstanding the dates of payment as stated in the Municipal Bonds) as to provide funds sufficient to pay the principal of the Loan Obligations as the same mature and shall be paid to the Bank at least thirty days prior to the due date, subject, however, to the provisions of paragraph (e) below;

(e) The Bank may deliver from time to time to the Trustee a written direction of an Authorized Officer to the effect that the Trustee shall make adjustment in the portion of the Municipal Bonds Payments to be deposited between the Interest Account and Principal Account in the amounts set forth in the schedule referred to below. Such direction of the Bank to the Trustee shall be accompanied by a schedule setting forth the allocations to be made from the Municipal Bonds Payments between the Interest Account and the Principal Account, and a certificate of an Authorized Officer of the Bank to the effect that such schedule will provide amounts sufficient to be deposited into the Interest Account and the Principal Account to pay the Loan Obligations and related interest. Upon any redemption of Bonds or purchase and cancellation of Bonds, the Bank shall deliver to the Trustee a revised schedule and new certificate.

(f) The Governmental Unit shall be obligated to pay Fees and Charges to the Bank at the times and in the amounts which will enable the Bank to pay the "Fees and Charges" specified below;

(g) The Governmental Unit shall be obligated to make the Municipal Bonds Principal Payments scheduled by the Bank on an annual basis and shall be obligated to make the Municipal Bonds Interest Payments scheduled by the Bank and to pay the Fees and Charges imposed by the Bank on a semi-annual basis; and

(h) The Loan Agreement prohibits the sale or redemption of Municipal Bonds except under certain conditions (see "MISCELLANEOUS RESOLUTION AND LOAN AGREEMENT PROVISIONS – Sale of Municipal Bonds by Bank").

FEES AND CHARGES

The Bank is authorized in connection with the making of Loans, to establish, make, maintain and charge such Fees and Charges to each Governmental Unit to which a Loan is made, and shall from time to time revise such Fees and Charges whenever necessary, so that such Fees and Charges actually collected from each such Governmental Unit will at all times produce moneys which, together with such Governmental Unit's Allocable Proportion of other moneys available under the provisions of the Resolution and other moneys available therefor, including any grants made by the United States of America or any agency or instrumentality thereof or by the State or any agency or instrumentality thereof, will be at least sufficient:

(a) To pay, as the same become due, the Governmental Unit's Allocable Proportion of the Administrative Expenses of the Bank; and

(b) To pay, as the same become due, the Governmental Unit's Allocable Proportion of the fees and expenses of the Trustee and Paying Agents for the Bonds of the Bank.

ESTIMATED SOURCES AND USES OF FUNDS

Each Series Resolution authorizing the issuance of a Series of Bonds is required to specify the purposes for which such Series of Bonds are being issued and to provide for the disposition of the proceeds thereof. Purposes for which Bonds may be issued are (i) the making of Loans to Governmental Units, (ii) the making of payments into the Interest Account and the Operating Account or either of such Accounts, (iii) the making of payments into the Reserve Fund of any amounts required to be paid thereto in order to establish the Reserve Fund in an amount at least equal to the Required Debt Service Reserve or such larger amount as the Bank shall determine, (iv) the funding of Notes theretofore issued by the Bank for any purposes for which Bonds may have been issued, and (v) the refunding of Bonds and related purposes.

The table below sets forth estimated sources and uses of funds, exclusive of accrued interest, if any, with respect to the 2015 Series C Bonds.

Sources:		
Principal amount of the 2015 Series C Bonds	$	16,405,000.00
Net Premium		1,100,861.60
Total	$	17,505,861.60
Uses:		
Application of proceeds of the 2015 Series C Bonds for making 12 Loans to 12 Governmental Units and acquiring 12 Municipal Bonds	$	15,663,420.67
Deposit in the Reserve Fund from the proceeds of the 2015 Series C Bonds		1,718,740.31
Underwriters' Discount (see "Underwriting" herein)		114,288.45
Deposit to the Operating Account, to pay certain costs in connection with issuance of the Offered Bonds		9,412.17
Total	$	17,505,861.60

The table below sets forth estimated sources and uses of funds, exclusive of accrued interest, if any, with respect to the 2015 Series D Refunding Bonds.

Sources:		
Principal amount of the 2015 Series D Refunding Bonds	$	53,605,000.00
Net Premium		4,823,497.30
Total	$	58,428,497.30
Uses:		
Deposit of proceeds of the 2015 Series D Refunding Bonds under the Trust Agreement referred to below for refunding of the Bonds to be Refunded, as described under the heading "PLAN OF REFUNDING" below	$	58,145,647.78
Underwriters' Discount (see "Underwriting" herein)		281,268.06
Deposit to the Operating Account, to pay certain costs in connection with issuance of the 2015 Series D Refunding Bonds		1,581.46
Total	$	58,428,497.30

Certain costs of issuing the Offered Bonds may be paid from other available moneys held by the Bank. In accordance with the provisions of the Act and the Resolution, the deposits in the Reserve Fund will, together with the funds on deposit therein, be at least equal to the maximum amount of principal and interest maturing and becoming due in any succeeding calendar year on all Loan Obligations.

A list of those Governmental Units which have executed Loan Agreements and the Municipal Bonds of each sold to the Bank that remain unpaid is included as Appendix B to this Official Statement.

PLAN OF REFUNDING

A portion of the proceeds of the 2015 Series D Refunding Bonds is being applied to refund, on the call dates and at the call prices set forth below, the following amounts of the following Series of the Bank's Bonds, all of which were issued pursuant to the Resolution:

Series of Bonds	Maturity Date	Interest Rate	Amount to be Refunded	Call Date	Call Price
2005 Series A Bonds					
	11/01/2016	3.625%	$ 860,000.00	12/03/2015	100%
	11/01/2016	5.000	13,925,000.00	12/03/2015	100
	11/01/2017	3.700	650,000.00	12/03/2015	100
	11/01/2017	4.250	13,605,000.00	12/03/2015	100
	11/01/2018	4.250	13,385,000.00	12/03/2015	100
	11/01/2019	4.500	8,330,000.00	12/03/2015	100
	11/01/2020	3.850	125,000.00	12/03/2015	100
	11/01/2020	4.500	4,150,000.00	12/03/2015	100
	11/01/2021	4.500	2,885,000.00	12/03/2015	100
TOTAL			$57,915,000.00		

The Bonds to be Refunded are currently outstanding in the aggregate principal amount of $57,915,000.00 and the refunding will achieve debt service savings for the Bank and the Governmental Units. In order to accomplish the refunding of the Bonds to be Refunded, the proceeds of the sale of the 2015 Series D Refunding Bonds will be deposited into a special trust fund created by a trust agreement (the "Trust Agreement") to be entered into between the Bank and U.S. Bank National Association, as Trustee. The moneys so deposited in the special trust fund will be deposited with the Trustee pursuant to the Resolution upon the issuance and delivery of the 2015 Series D Refunding Bonds and will be held in trust uninvested and sufficient for the payment of the principal or Redemption Price of, as the case may be, the Bonds to be Refunded, and the interest due and to become due on the Bonds to be Refunded on and prior to their redemption date.

Arithmetical Computations

The accuracy of the arithmetical computations of the adequacy of the amounts deposited with the Trustee and held uninvested to pay when due the principal and Redemption Price of, as the case may be, and interest on the Bonds to be Refunded will be verified by American Municipal Tax-Exempt Compliance Corp., Avon, Connecticut, a tax compliance specialty firm (the "Verification Agent"). In the opinion of Bond Counsel to the Bank, and in reliance upon such verification of mathematical computations, upon making such deposits with the Trustee pursuant to the Resolution and upon the issuance of certain irrevocable instructions to the Trustee, the Bonds to be Refunded will, under the terms of the Resolution, be deemed to have been paid, and the covenants, agreements and other obligations of the Bank to the holders of the Bonds to be Refunded will be discharged and satisfied.

GOVERNMENTAL UNITS

Most of the Municipal Bonds heretofore purchased and to be purchased by the Bank are payable from ad valorem taxes with the remainder payable from rates, charges and assessments (as shown in Appendix B hereto). Municipal Bonds eligible for purchase by the Bank are described below.

Municipal Bonds Payable from Ad Valorem Taxes

The Bank has received or will receive opinions from bond counsel to certain Governmental Units with respect to the Municipal Bonds of such Governmental Units to the effect that such Municipal Bonds are payable as to both principal and interest from ad valorem taxes which may be levied upon all the property within the territorial limits of each such Governmental Unit and taxable by it, subject to certain statutory exceptions relating to intermunicipal agreements by which a Governmental Unit shares a portion of its assessed valuation with another Governmental Unit, or to the establishment of municipal development districts the tax increment revenues on retained captured assessed value of which may not be available to pay principal or interest on such Municipal Bonds. In addition, any increase from year to year in the rate or amount of such ad valorem taxes is limited unless, in accordance with State law, such increase is approved by a majority of (a) the voters in the case of a municipality in which the voters approve the municipal tax levy, (b) all elected members of a town council or a city council in a town or city in which the town council or the city council approves the municipal tax levy, subject to veto by the voters pursuant to a petition and referendum process, unless such process is prohibited by town or city charter or (c) all members of the county budget committee and the county commissioners, subject to veto by the voters pursuant to a petition and referendum process, unless such process is prohibited by county charter.

Present statutory law in the State, enacted in order to reduce the local burden of educational costs, provides for an allocation of funds from the State's general revenues based on certain enumerated educational expenses including debt service incurred for State approved construction projects. It should be noted that the allocation for such enumerated educational expenses including debt service is computed upon an aggregate statewide basis and not upon a local Governmental Unit basis.

Those Governmental Units that have incurred debt service for such approved school construction projects by the issuance of Municipal Bonds purchased by the Bank and that are currently outstanding are indicated in Appendix B.

Municipal Bonds Payable from Rates, Charges and Assessments

The Bank has received or will receive opinions from bond counsel to certain Governmental Units with respect to the Municipal Bonds of such Governmental Units to the effect that such Municipal Bonds are payable from rates, charges or assessments collected by the Governmental Unit.

Municipal Bonds Eligible for Purchase by the Bank

Pursuant to the Act, the Bank is authorized and empowered to purchase Municipal Bonds of Governmental Units which include any county, city, town, school administrative district, community school district or other quasi-municipal corporation within the State. To be eligible for purchase, such Municipal Bonds must be issued by a Governmental Unit and must be payable either from taxes or from rates, charges or assessments. The Act specifically prohibits the Bank from purchasing bonds or notes issued under the Revenue Producing Municipal Facilities Act or the Municipal Securities Approval Program of the Finance Authority of Maine Act (formerly the Municipal Securities Approval Act and, prior to that, the Municipal Industrial and Recreational Obligations Act).

Although the major portion of Municipal Bond issues purchased by the Bank is payable from ad valorem taxes (see Appendix B), the Maine Legislature did not limit the Bank's portfolio solely to Municipal Bonds so secured. However, it did prohibit the inclusion of bonds issued under the Revenue Producing Municipal Facilities Act or the Municipal Securities Approval Program of the Finance Authority of Maine Act by adopting limited definitions of the terms Governmental Unit and Municipal Bonds.

OUTSTANDING BONDS

As shown below, the Bank has heretofore issued $4,615,040,000.00 aggregate principal amount of its Bonds. The Bank has, through prior refunding issues, refunded $1,375,050,000.00 principal amount of its Bonds which are no longer deemed Outstanding under the Resolution, so that Bonds in the aggregate principal amount of $987,420,000.00 are Outstanding as of the date of this Official Statement.

	Principal Amount of Bonds Issued	Municipal Bond Issues Purchased	Outstanding Principal Amounts As of the Date of this Official Statement
1973 Series A	$ 1,145,000	4	$ 0
1973 Series B	9,160,000	10	0
1974 Series A	11,870,000	10	0
1974 Series B	9,790,000	10	0 *
1975 Series A	1,445,000	6	0
1975 Series B	1,200,000	2	0
1975 Series C	4,610,000	5	0
1975 Series D	6,445,000	2	0 *
1975 Series E	600,000	2	0
1975 Series F	2,830,000	6	0

*Partially or fully refunded Bonds. The payments with respect to the Municipal Bonds refunded continue to secure all Outstanding Bonds.

	Principal Amount of Bonds Issued	Municipal Bond Issues Purchased	Outstanding Principal Amounts As of the Date of this Official Statement
1975 Series G	$ 5,790,000	4	$ 0 *
1975 Series H	28,940,000	11	0 *
1976 Series A	830,000	2	0
1976 Series B	1,320,000	2	0
1976 Series C	1,535,000	1	0 *
1976 Series D	18,435,000	7	0 *
1976 Series E	5,380,000	2	0 *
1977 Series A	505,000	2	0
1977 Series B	1,000,000	1	0
1977 Series C	1,665,000	2	0
1977 Series D	17,330,000	6	0 *
1977 Series E**	77,030,000	0	0 *
1977 Series F	200,000	1	0
1977 Series G	4,675,000	4	0 *
1978 Series A	395,000	1	0
1978 Series B	960,000	1	0
1978 Series C	3,290,000	3	0
1978 Series D	3,990,000	3	0 *
1978 Series E	845,000	4	0
1978 Series F	1,470,000	3	0
1978 Series G	1,515,000	2	0
1978 Series H	9,920,000	5	0 *
1979 Series A	870,000	2	0
1979 Series B	5,665,000	8	0
1979 Series C	3,100,000	5	0
1979 Series D	19,960,000	7	0 *
1980 Series A	300,000	2	0
1980 Series B	500,000	1	0
1980 Series C	4,345,000	4	0 *
1980 Series D	10,105,000	5	0 *
1980 Series E	285,000	1	0
1980 Series F	2,715,000	5	0
1980 Series G	8,105,000	6	0 *
1981 Series A	780,000	5	0
1981 Series B	1,610,000	3	0 *
1981 Series C	13,630,000	9	0 *
1981 Series D	1,185,000	8	0
1981 Series E	13,840,000	7	0 *
1982 Series A	675,000	4	0
1982 Series B	2,105,000	5	0
1982 Series C	2,865,000	3	0 *
1982 Series D	8,770,000	8	0 *
1982 Series E	1,925,000	5	0
1982 Series F	3,265,000	5	0
1982 Series G	1,860,000	3	0 *
1982 Series H	8,410,000	8	0 *
1983 Series A	905,000	2	0
1983 Series B	4,045,000	8	0
1983 Series C	5,585,000	4	0 *
1983 Series D**	31,190,000	0	0 *
1983 Series E	1,835,000	4	0
1983 Series F	2,425,000	11	0
1983 Series G	16,515,000	14	0 *
1984 Series A	15,345,000	16	0 *
1984 Series B	23,610,000	28	0 *
1985 Series A	29,945,000	28	0 *
1985 Series B	20,415,000	24	0 **
1985 Series C**	22,660,000	0	0 *
1986 Series A	48,875,000	37	0 *
1986 Series B**	56,800,000	0	0 *
1986 Series C	54,365,000	46	0 *
1987 Series A	36,440,000	33	0 *
1987 Series B	59,610,000	40	0 *
1987 Series C	1,020,000	2	0 *
1988 Series A	39,775,000	29	0 *
1988 Series B	31,860,000	60	0 *
1988 Series C	43,445,000	32	0 *
1989 Series A	61,880,000	27	0 *

*Partially or fully refunded Bonds. The payments with respect to the Municipal Bonds refunded continue to secure all Outstanding Bonds.

** Refunding Bonds.

	Principal Amount of Bonds Issued	Municipal Bond Issues Purchased	Outstanding Principal Amounts As of the Date of this Official Statement
1989 Series B	$ 14,300,000	16	$ 0 *
1989 Series C	14,410,000	16	0
1989 Series D	43,355,000	16	0 *
1990 Series A	6,055,000	9	0
1990 Series B	41,015,000	17	0 *
1990 Series C	11,315,000	13	0
1990 Series D	69,335,000	18	0 *
1991 Series A	11,335,000	10	0
1991 Series B	14,615,000	6	0 *
1991 Series C	14,640,000	1	0 *
1991 Series D	7,040,000	14	0
1991 Series E	21,150,000	11	0 *
1992 Series A	8,095,000	11	0
1992 Series B	48,170,000	15	0 *
1992 Series C**	31,445,000	0	0 *
1992 Series D	11,680,000	15	0
1992 Series E	32,855,000	9	0 *
1993 Series A**	323,820,000	0	0 *
1993 Series B	14,185,000	10	0 *
1993 Series C	25,885,000	10	0 *
1993 Series D	1,915,000	6	0
1993 Series E	27,085,000	12	0 *
1994 Series A	12,380,000	1	0
1994 Series B	6,265,000	10	0
1994 Series C	18,405,000	10	0 *
1994 Series D	12,365,000	11	0 *
1994 Series E	4,870,000	8	0
1994 Series F	16,975,000	8	0 *
1995 Series A	4,815,000	8	0
1995 Series B	5,310,000	4	0 *
1995 Series C	520,000	1	0
1995 Series D	5,485,000	8	0
1995 Series E	19,875,000	7	0 *
1996 Series A	2,630,000	6	0
1996 Series B	27,340,000	10	0 *
1996 Series C**	25,510,000	0	0
1996 Series D	7,165,000	10	0
1996 Series E	28,060,000	8	0 *
1997 Series A	2,265,000	6	0
1997 Series B	29,605,000	9	0
1997 Series C	5,025,000	8	0
1997 Series D	45,760,000	9	0 *
1998 Series A**	60,950,000	0	0
1998 Series B	9,215,000	11	0
1998 Series C	64,555,000	13	0 †
1998 Series D	7,380,000	8	0
1998 Series E	6,510,000	5	0 *
1999 Series B	3,050,000	4	0
1999 Series C	59,810,000	15	0 *
1999 Series D	6,995,000	6	0
1999 Series E	39,465,000	10	0 *
2000 Series A	7,875,000	10	0
2000 Series B	62,250,000	15	0 *
2000 Series C	11,170,000	10	0
2000 Series D	28,390,000	10	0 *
2001 Series A	8,565,000	12	0
2001 Series B	26,070,000	7	0 *
2001 Series C	11,345,000	11	0
2001 Series D	57,490,000	15	0 *
2002 Series A	36,520,000	4	0 *
2002 Series B	2,435,000	5	0
2002 Series C	75,140,000	12	0
2002 Series D**	49,315,000	0	0
2002 Series E	10,625,000	18	0
2002 Series F	22,095,000	7	0 *
2003 Series A**	186,050,000	0	0

*Partially or fully refunded Bonds. The payments with respect to the Municipal Bonds refunded continue to secure all Outstanding Bonds.
** Refunding Bonds.

	Principal Amount of Bonds Issued	Municipal Bond Issues Purchased	Outstanding Principal Amounts As of the Date of this Official Statement
2003 Series B	$ 3,695,000	7	$ 0
2003 Series C	13,595,000	14	0
2003 Series D	4,715,000	7	0
2003 Series E	13,745,000	17	0
2004 Series A	20,810,000	11	0*
2004 Series B	73,755,000	14	0
2004 Series C**	58,675,000	0	8,245,0000
2004 Series D	15,740,000	21	0
2004 Series E	31,110,000	11	0
2005 Series A**	91,250,000	0	66,225,000
2005 Series B	5,580,000	7	490,000
2005 Series C	16,470,000	9	855,000*
2005 Series D	9,040,000	13	1,115,000
2005 Series E	51,355,000	7	2,680,000*
2006 Series A	14,040,000	14	2,280,000
2006 Series B	9,090,000	11	1,850,000
2006 Series C	14,975,000	12	4,045,000
2007 Series A **	51,335,000	0	48,495,000
2007 Series B	6,320,000	8	1,590,000*
2007 Series C	63,060,000	7	9,545,000*
2007 Series D	6,490,000	9	780,000*
2007 Series E	47,070,000	9	7,750,000*
2008 Series A	5,500,000	4	1,590,000
2008 Series B	43,560,000	11	31,215,000
2008 Series C	100,010,000	18	20,365,000*
2009 Series A	10,060,000	1	5,880,000
2009 Series B	42,845,000	13	31,855,000
2009 Series C	21,620,000	2	16,580,000
2009 Series D	34,930,000	1	26,495,000
2009 Series E **	4,685,000	0	0
2009 Series F **	19,115,000	0	0
2009 Series G	9,590,000	11	7,320,000
2009 Series H	38,710,000	3	30,890,000
2010 Series A	8,320,000	12	4,340,000
2010 Series B Taxable Bonds	11,735,000	9	11,735,000
2010 Series C **	99,425,000	0	86,820,000
2010 Series D	23,480,000	21	9,045,000
2010 Series E Taxable Bonds	41,235,000	11	41,235,000
2010 Series F Taxable Bonds	15,450,000	8	12,605,000
2011 Series A	80,275,000	4	69,095,000
2011 Series C	77,275,000	16	65,900,000
2011 Series E	24,230,000	18	16,780,000
2011 Series F **	26,145,000	0	15,725,000
2012 Series A	5,375,000	9	4,865,000
2012 Series B**	38,940,000	0	38,940,000
2012 Series C Taxable Bonds**	22,120,000	0	15,825,000
2012 Series E	28,590,000	31	25,460,000
2012 Series F**	30,140,000	0	30,140,000
2012 Series G Taxable Bonds**	11,835,000	0	11, 325,000
2013 Series A	15,905,000	17	15,245,000
2013 Series B	13,525,000	12	12,685,000
2014 Series A	19,250,000	17	19,250,000
2014 Series B	17,455,000	11	17,455,000
2014 Series C**	92,295,000	0	92,295,000
2015 Series A	43,325,000	15	43,325,000
2015 Series B**	27,055,000	0	27,055,000
	$4,615,040,000	1,758	$987,420,000

*Partially or fully refunded Bonds. The payments with respect to the Municipal Bonds refunded continue to secure all Outstanding Bonds.
** Refunding Bonds.

FUNDS AND ACCOUNTS

The Resolution establishes the following special Funds and Accounts held by the Trustee:

(1) General Fund--comprised of the:
- (a) General Account
- (b) Operating Account
- (c) Interest Account
- (d) Principal Account
- (e) Redemption Account

(2) Reserve Fund

(3) Supplemental Reserve Fund
- (a) General Reserve Account
- (b) Special Reserve Account

GENERAL FUND

General Account

The Resolution provides for the deposit to the General Account of: (i) unless an Authorized Officer of the Bank shall direct the Trustee to deposit the same into another Account, any income or interest earned by the Reserve Fund due to the investment thereof (provided a transfer will not reduce the amount of the Reserve Fund below the Required Debt Service Reserve); (ii) the balance of moneys remaining in the Redemption Account when the Trustee is able to purchase principal amounts of Bonds at a purchase price less than an amount equal to the proceeds from the sale or redemption of Municipal Bonds; and (iii) the excess of proceeds resulting from a Governmental Unit's redemption of its Municipal Bonds.

The Resolution provides for the following withdrawals to be made from the General Account, for the following purposes:

1. On or before each interest payment date of the Bonds, the Trustee shall withdraw from the General Account and deposit in the Interest Account an amount which, when added to the amount then on deposit in the Interest Account and derived from sources other than Municipal Bonds Interest Payments, will on such interest payment date, be equal to the installment of interest on the Bonds representing the Reserve Fund Obligations then becoming due.

2. After providing for the payment to the Interest Account and on or before each interest payment date, the Trustee shall withdraw from the General Account and deposit in the Operating Account the aggregate of the amounts requisitioned by the Bank as of such interest payment date for the six month period to and including the next succeeding interest payment date, for the purposes of paying the estimated Administrative Expenses of the Bank and the fees and expenses of the Trustee and paying agents due and to become due during such six month period.

3. After providing for the aforementioned withdrawals and as of the last day of each Fiscal Year, the Trustee shall withdraw from the balance of the moneys so remaining in the General Account and deposit to the credit of the Reserve Fund such amount (or the balance of the moneys so remaining in the General Account if less than the required amount) as shall be required to bring the Reserve Fund up to the Required Debt Service Reserve.

4. After providing for all the aforementioned payments required to have been made during each Fiscal Year and as of the last day of each Fiscal Year, the Trustee shall not later than the twentieth day of the succeeding Fiscal Year withdraw from the General Account and pay to the Bank for any of its lawfully authorized purposes the balance of the moneys remaining in the General Account, provided, however, that the Bank, in its absolute discretion may direct the Trustee to deposit any or all of such balance to be withdrawn from the General Account to the credit of the Redemption Account and the payment to the Bank of such balance shall be reduced accordingly.

Operating Account

The Resolution provides that all Fees and Charges received by the Trustee shall be deposited upon receipt in the Operating Account. Such Fees and Charges collected from Governmental Units shall be used, together with the deposits made to the Operating Account from the General Account, as described above, and any other moneys which may be made available to the Bank for the purposes of the Operating Account from any source or sources, including the amount received as a premium over the principal amount of a Series of Bonds, to pay: (i) Administrative Expenses of the Bank and the fees and expenses of the Trustee and paying agents, and (ii) financing costs with respect to a Series of Bonds. Moneys at any time held for the credit of the Operating Account shall be used for and applied solely to such purposes. The Resolution further provides that payments from the Operating Account shall be made (i) by the Trustee upon receipt of a requisition signed by an Authorized Officer, describing each payment and specifying that each item is a proper charge against the moneys in the Operating Account or (ii) by the Bank from a revolving fund established from payments from the Operating Account for the purpose of paying certain expenses.

Interest Account and Principal Account

The Resolution provides that the Trustee shall credit to the Interest Account such portion of the Municipal Bonds Payments as shall represent Municipal Bonds Interest Payments, and to the Principal Account such portion of the Municipal Bonds Payments as shall represent Municipal Bonds Principal Payments; provided, however, the Bank may deliver from time to time to the Trustee a written direction to the effect that the Trustee shall make adjustment in the portion of the Municipal Bonds Payments to be deposited between the Interest Account and Principal Account accompanied by a schedule setting forth the allocations to be made from the Municipal Bonds Payments between the Interest Account and the Principal Account, and a certificate of an Authorized Officer of the Bank to the effect that such schedule will provide amounts sufficient to be deposited into the Interest Account and the Principal Account to pay the Loan Obligations and related interest. In addition, there shall be transferred as above provided from the General Account and deposited to the Interest Account an amount equal to the installment of interest on the Bonds representing the Reserve Fund Obligations falling due on the applicable interest payment date, and as provided hereafter, the Trustee shall transfer from the Reserve Fund to the Principal Account, on or before each principal payment date of the Bonds, an amount equal to the principal amount of the Bonds representing Reserve Fund Obligations

falling due on the applicable principal payment date. In addition to the preceding, accrued interest received from the proceeds of the sale of Bonds shall be deposited to the Interest Account. The moneys in the Interest Account and the Principal Account shall be used solely for the purposes of paying the principal of, Sinking Fund Installments for, and interest on, the Bonds. Any excess amounts remaining in the Interest Account and the Principal Account derived from the investment or reinvestment of Municipal Bonds Payments shall, upon receipt by the Trustee of direction by the Bank, be transferred by the Trustee to the General Account.

The Resolution further provides that in the event there shall be, on any interest payment date, a deficiency in the Interest Account, or in the event there shall be, on any principal payment date, a deficiency in the Principal Account, the Trustee shall make up such deficiencies from the Reserve Fund by the withdrawal of moneys therefrom for that purpose.

Redemption Account

The Resolution provides that the Trustee shall establish in the Redemption Account a separate sub-account for the Bonds of each Series outstanding. Moneys held in each such separate sub-account by the Trustee shall be applied to the purchase or retirement of the Bonds of the Series in respect of which such sub-account was created. Moneys for the redemption of Bonds may be deposited in the Redemption Account from the General Account at the direction of the Bank as provided above in Paragraph 4, under the caption "General Account," and, if at any time upon the payment or retirement of Bonds at maturity or upon the purchase or redemption of Bonds, the moneys and securities in the Reserve Fund are in excess of the Required Debt Service Reserve and the use or transfer of such excess is not otherwise provided for in the Resolution, the Trustee, upon the request of the Bank, shall transfer such excess to the applicable sub-account in the Redemption Account. In the event Municipal Bonds or other obligations securing a Loan shall be sold by the Bank in accordance with the terms of the applicable Loan Agreement, or redeemed by the Governmental Unit, the Bank shall deposit the proceeds from such sale or redemption, except an amount thereof equal to the cost and expenses of the Bank in effectuating the redemption of the Bonds to be redeemed upon such sale by the Bank or redemption by the Governmental Unit, into the applicable sub-account in the Redemption Account (except as provided below under "Miscellaneous Resolution and Loan Agreement Provisions – Sale of Municipal Bonds by Bank"); and the Trustee, upon the written request of the Bank signed by an Authorized Officer, further shall, in connection with each such event, withdraw from the Reserve Fund and deposit in the applicable sub-account in the Redemption Account an amount of moneys, if any, equal to the amount of the reduction of the Required Debt Service Reserve which would result upon the redemption of such Bonds upon the next succeeding redemption date.

If at any time the moneys on deposit to the credit of the Reserve Fund, or the investments thereof, are less than the Required Debt Service Reserve, and there are then moneys on deposit in any sub-account in the Redemption Account resulting from moneys credited thereto from the General Account at the direction of the Bank or from excess moneys which have been previously transferred from the Reserve Fund to the Redemption Account resulting from the retirement of Bonds, there shall be withdrawn from such sub-accounts and deposited to the credit of the Reserve Fund an amount sufficient (or all of the moneys in said sub-accounts if less than the amount sufficient) to make up such deficiency.

RESERVE FUND

The Reserve Fund shall be held by the Trustee. The Bank shall pay into the Reserve Fund: (i) such portion of the moneys appropriated and made available by the State and paid to the Bank for the purposes of the Reserve Fund; (ii) all moneys paid to the Bank pursuant to the Act for the purpose of restoring the Reserve Fund to the amount of the Required Debt Service Reserve; (iii) such portion of the proceeds of the sale of Bonds, if any, as shall be provided by the Series Resolution authorizing the issuance thereof; (iv) such portion of the proceeds of the sale of Notes, if any, as shall be provided by the resolution of the Bank authorizing the issuance thereof; and (v) any other moneys which may be made available to the Bank for the purposes of the Reserve Fund from any other source or sources. The Trustee shall deposit in and credit to the Reserve Fund all moneys transferred from the General Account and all moneys transferred from the Redemption Account as above provided.

Moneys and securities held for the credit of the Reserve Fund shall be transferred by the Trustee to the Interest Account and Principal Account at the times and in the amounts required in the event there shall be, on any interest payment date, a deficiency in the Interest Account, or in the event there shall be, on any principal payment date, a deficiency in the Principal Account.

On or before each principal payment date of the Bonds, the Trustee shall transfer from the Reserve Fund to the Principal Account an amount equal to the principal amount of the Bonds representing Reserve Fund Obligations falling due on such principal payment date. Any income or interest earned by the Reserve Fund due to the investment thereof shall be transferred by the Trustee promptly to the General Account or to such other Account as an Authorized Officer of the Bank shall direct the Trustee in writing, but only to the extent that any such transfer will not reduce the amount of the Reserve Fund below the Required Debt Service Reserve. If, at any time upon the payment or retirement of Bonds at maturity or upon purchase or redemption, the moneys and securities in the Reserve Fund are in excess of the Required Debt Service Reserve, and the use or transfer of such excess is not otherwise provided for in the Resolution, the Trustee, upon the written request of the Bank signed by an Authorized Officer, shall transfer such excess to and deposit the same in the applicable sub-account in the Redemption Account. Whenever the Bank shall sell, or whenever a Governmental Unit shall redeem, Municipal Bonds requiring the purchase or redemption of Bonds which would result in the reduction of the Required Debt Service Reserve upon the purchase or redemption of such Bonds, the Trustee, upon the written request of the Bank signed by an Authorized Officer, shall, in connection with each such event, withdraw from the Reserve Fund and deposit in the applicable sub-account in the Redemption Account an amount of moneys equal to the amount of the reduction of the Required Debt Service Reserve which would result upon the redemption of such Bonds upon the next succeeding redemption date.

SUPPLEMENTAL RESERVE FUND

The Supplemental Reserve Fund was established by the First Supplemental Resolution to be maintained and held by the Trustee pursuant to the provisions of the Resolution. The following two accounts were established within the Supplemental Reserve Fund:

(a) the General Reserve Account into which was deposited on October 5, 1977 $200,000 from available moneys of the Bank and into which shall be deposited such other amounts available pursuant to the Resolution as the Bank in its absolute discretion shall by resolution authorize to be deposited in the General Reserve Account (provided that nothing in the

First Supplemental Resolution shall be interpreted to limit the right of the Bank, to direct the Trustee, in accordance with the Resolution, to deposit any moneys to the credit of the Redemption Account); and

(b) the Special Reserve Account into which $1,970,829.37 was deposited on November 1, 1977 pursuant to a Series Resolution adopted September 20, 1977. Since that date, the Bank has deposited an additional $2,500,000 to the General Reserve Account from available moneys in the General Fund.

The market value of the Supplemental Reserve Fund was $13,282,561 as of July 31, 2015.

Subject to the provisions of the First Supplemental Resolution as to the disposition of moneys in the Supplemental Reserve Fund, the Supplemental Reserve Fund, including the moneys and securities therein, is pledged to the payment of the principal or Redemption Price of and interest on the Bonds in accordance with the terms and provisions of the Resolution.

In the event that there shall be, on any interest payment date for the Bonds, a deficiency in the Interest Account, or on any principal payment date for the Bonds, a deficiency in the Principal Account, the Bank may, but is not required to, direct the Trustee to make up such deficiency or any portion thereof by the withdrawal of moneys from the Supplemental Reserve Fund for that purpose. Such direction may require the sale or redemption of securities held in the Supplemental Reserve Fund.

Prior to the Chairman making and delivering his certificate to the Governor of the State, pursuant to the Resolution, stating the amount required to restore the Reserve Fund to the Required Debt Service Reserve, the Trustee shall transfer moneys or investments in the Supplemental Reserve Fund to the Reserve Fund in the amount, or any portion of such amount, necessary to restore the Reserve Fund to the Required Debt Service Reserve. The Trustee shall first transfer moneys and investments in the General Reserve Account before transferring any moneys or investments in the Special Reserve Account to supplement the available amount in the Reserve Fund.

Subject to the aforementioned provisions of the First Supplemental Resolution, on October 15 of each year, commencing October 15, 1978, each of the Governmental Units specified in a resolution of the Bank shall receive, to the extent moneys are available in the Special Reserve Account, a credit if the Municipal Bonds of such Governmental Units so specified shall be outstanding and not previously called for redemption on such October 15. Such credit shall be equal to a specified percentage of the amount earned from the investment of moneys in the Special Reserve Account received and on hand on such October 15. Such credit shall be applied to the next succeeding November 1 principal payment of such Governmental Unit due on its Municipal Bonds, and the amount of such credit shall be treated and deposited under the Resolution as a "Municipal Bonds Principal Payment," provided, however, that no such credit shall be applied to such principal payments if on such November 1 there exists a deficiency in the Interest Account or in the Principal Account, or, if as the result of a prior valuation, the amount in the Reserve Fund does not at least equal the Required Debt Service Reserve.

INVESTMENT OF FUNDS

The Resolution provides that all moneys held by the Trustee shall be continuously and fully secured, for the benefit of the Bank and the Holders of the Bonds. The Trustee shall invest the Funds and Accounts upon the direction of the Bank as follows:

Moneys in the General Fund and the Supplemental Reserve Fund, and each of the Accounts in each such Fund, and the Reserve Fund shall be invested upon the direction of the Bank in Investment Securities the maturity or redemption date at the option of the holder of which shall coincide as nearly as practicable with the times at which moneys in such Funds will be required for the purposes provided in the Resolution. The Bank may direct the Trustee to pay the income or interest earned on the investment of moneys in the General Reserve Account to the Bank for any of its lawful purposes.

"Investment Securities" shall mean any of the following obligations: (a) direct obligations of the United States of America or direct obligations of the State or obligations the principal and interest of which are guaranteed by the United States of America, (b) any bond, debenture, note, participation or other similar obligation issued by any of the following Federal agencies: Government National Mortgage Association, Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Tennessee Valley Authority, Farmers' Home Administration and Export-Import Bank, (c) any bond, debenture, note, participation or other similar obligation issued by the Federal National Mortgage Association to the extent such obligations are guaranteed by the Government National Mortgage Association, (d) any other obligation of the United States of America or any Federal agencies which may then be purchased with funds belonging to the State or held in the State Treasury, (e) (i) repurchase agreements with respect to obligations listed in paragraphs (a), (b), (c) or (d) above if entered into with a bank, including the Trustee, trust company or a broker or dealer (as defined by the Securities Exchange Act of 1934, as amended) which is a dealer in government bonds which reports to, trades with, and is recognized as a primary dealer by a Federal Reserve Bank, and which is a member of the Securities Investors Protection Corporation if (A) such obligations that are the subject of such repurchase agreement are delivered to the Trustee or are supported by a safekeeping receipt issued by a depository satisfactory to the Trustee, provided that such repurchase agreement must provide that the value of the underlying obligations shall be maintained at a current market value, calculated no less frequently than monthly, of not less than the repurchase price, (B) a prior perfected security interest in the obligations which are the subject of such repurchase agreement has been granted to the Trustee, (C) such obligations are free and clear of any adverse third party claims, and (D) such repurchase agreement is a "repurchase agreement" as defined in the Bankruptcy Amendments and Federal Judgeship Act of 1984, as amended, as follows: repurchase agreements providing for the transfer of certificates of deposit, eligible bankers' acceptances or securities that are direct obligations of, or that are fully guaranteed as to principal and interest by, the United States or any agency of the United States against transfer of funds by the transferee of such certificates of deposit, eligible bankers' acceptances or securities with a simultaneous agreement by such transferee to transfer to the transferor thereof certificates of deposit, eligible bankers' acceptances or securities as described above, at a date certain not later than one year after such transfers or on demand, against the transfer of funds; or (ii) investment agreements continuously secured by the obligations listed in paragraphs (a), (b), (c), (d) or (f) hereof, with any bank, trust company, insurance company or broker or dealer (as defined by the Securities Exchange Act of 1934, as amended) which is a dealer in government bonds, which reports to, trades with and is recognized as a primary dealer

by, a Federal Reserve Bank, and is a member of the Securities Investors Protection Corporation if (A) such obligations are delivered to the Trustee or are supported by a safekeeping receipt issued by a depository satisfactory to the Trustee, provided that such investment agreements must provide that the value of the underlying obligations shall be maintained at a current market value, calculated no less frequently than monthly, of not less than the amount deposited thereunder, (B) a prior perfected security interest in the obligations which are securing such agreement has been granted to the Trustee, and (C) such obligations are free and clear of any adverse third party claims, (f) obligations the interest on which is excludable from gross income for Federal income tax purposes, that are fully and irrevocably secured as to principal and interest by United States government securities held in trust for the payment thereof, and which have been rated by Moody's Investors Service (if Bonds are then rated by such rating agency) and Standard & Poor's Corporation (if Bonds are then rated by such rating agency) in their respective highest rating category and which municipal securities are serial bonds or term bonds non-callable prior to maturity except at the option of the holder thereof, (g) debt obligations of the Resolution Funding Corporation, and (h) obligations of the State or any municipality or quasi-municipal corporation of the State, provided that such obligations have been rated by Moody's Investors Service (if Bonds are then rated by such rating agency) and Standard & Poor's Corporation (if Bonds are then rated by such rating agency) in either of their two highest rating categories. The maturity or redemption date at the option of the holder of any such investment shall coincide as nearly as practicable with the times at which monies in the General Fund (and each of the Accounts therein) and the Reserve Fund will be required for the purposes in the Resolution provided. Notwithstanding the foregoing, investment of monies in the General Fund (and each of the Accounts therein) and the Reserve Fund shall only be invested in the manner as permitted for investment of funds belonging to the State or held in the State treasury unless otherwise permitted by law. For purposes of defeasance, Investment Securities shall mean only obligations described under (a), (b) and (c) above.

In lieu of the investments of moneys in Investment Securities, the Trustee shall upon direction of the Bank deposit moneys from any fund or account held by the Trustee under the terms of the Resolution in, to the extent permitted by law, interest-bearing time deposits, or shall make other similar banking arrangements, with itself or a member bank or banks of the Federal Reserve System or banks the deposits of which are insured by the Federal Deposit Insurance Corporation; provided, that all moneys in each such interest-bearing time deposit or other similar banking arrangement shall be continuously and fully secured by Investment Securities or by direct obligations of the State or obligations the principal and interest of which are guaranteed by the State, of a market value equal at all times, to the amount of the deposit or of the other similar banking arrangement.

ISSUANCE OF ADDITIONAL BONDS

The Resolution provides that the Bank shall not hereafter create or permit the creation of or issue any obligations or create any additional indebtedness which will be secured by a charge and lien on the Municipal Bonds and the Municipal Bonds Payments or which will be payable from the General Fund or Reserve Fund, except that additional Series of Bonds may be issued from time to time pursuant to a Series Resolution subsequent to the issuance of the initial Series of Bonds under the Resolution on a parity with the Bonds of such initial Series of Bonds and secured by an equal charge and lien on the Municipal Bonds and the Municipal Bonds Payments, and payable equally and ratably from the General Fund and Reserve Fund, for the purposes of (i) making Loans to Governmental Units, (ii) making payments into the Interest Account, the

Operating Account or the Reserve Fund, (iii) the funding of Notes theretofore issued by the Bank to provide funds to make Loans, and (iv) subject to the provisions and limitations on the issuance of Refunding Bonds, the refunding of any Bonds then Outstanding, under the conditions and subject to the limitations stated below.

No additional Series of Bonds shall be issued subsequent to the issuance of the initial Series of Bonds under the Resolution unless:

(a) the principal amount of the additional Bonds then to be issued, together with the principal amount of the Bonds and Notes of the Bank theretofore issued, will not exceed in aggregate principal amount any limitation thereon imposed by law;

(b) there is at the time of the issuance of such additional Bonds no deficiency in the amounts required by the Resolution or any Series Resolution to be paid into the General Fund and into the Reserve Fund;

(c) the amount of the Reserve Fund, upon the issuance and delivery of such additional Bonds and the deposit in the Reserve Fund of any amount provided therefor in the Series Resolution authorizing the issuance of such additional Bonds, shall not be less than the Required Debt Service Reserve;

(d) the provisions of Section 6006 of the Act providing for the maintenance of the Reserve Fund in an amount equal to the Required Debt Service Reserve by the appropriation and payment of moneys by the State for such purpose shall not have been repealed or amended to the detriment of Bondholders; and

(e) the maturities of the additional Bonds then being issued representing Loan Obligations, unless such additional Bonds are being issued to refund Outstanding Bonds or are otherwise being issued in accordance with that provision of the Resolution allowing the Bank to direct the Trustee to make adjustments in the portion of the Municipal Bonds Payments to be deposited between the Interest Account and the Principal Account, shall be proportionate to the scheduled Municipal Bonds Principal Payments to be made in respect of the Loans with respect to which such additional Bonds are to be issued.

The Bank expressly reserves the right to adopt one or more other general bond resolutions and reserves the right to issue Notes and any other obligations so long as the same are not a charge or lien on the Municipal Bonds, the Municipal Bonds Payments and the Fees and Charges, or payable from the General Fund or Reserve Fund created pursuant to the Resolution.

ISSUANCE OF REFUNDING BONDS

The Resolution provides that: (1) All or any part of one or more Series of Refunding Bonds may be authenticated and delivered upon original issuance to refund all Bonds Outstanding or any part of one or more Series of Outstanding Bonds. Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make such deposits required by the provisions of the Act, the Resolution and of the Series Resolution authorizing said Series of Refunding Bonds.

(2) A Series of Refunding Bonds may be authenticated and delivered only upon receipt by the Trustee (in addition to the receipt by it of the documents required by the Resolution for the delivery of any Series of Bonds) of:

(a) A certificate of an Authorized Officer setting forth (1) the Aggregate Debt Service for the then current and each future calendar year (i) with respect to all Series of Bonds Outstanding immediately prior to such authentication and delivery and (ii) with respect to all Series of Bonds to be Outstanding immediately thereafter (excluding any Series of Bonds issued simultaneously with the issuance of a Series of Refunding Bonds), and (2) that the Aggregate Debt Service for each such year set forth pursuant to (1) (ii) of this paragraph (a) is no greater than the Aggregate Debt Service set forth pursuant to (1)(i) of this paragraph (a);

(b) Irrevocable instructions to the Trustee, satisfactory to it, to give due notice of redemption of all the Bonds to be refunded on the redemption date specified in such instructions;

(c) Irrevocable instructions to the Trustee, satisfactory to it, to make the required publication of notice to the Holders of the Bonds and coupons being refunded;

(d) Either (i) moneys in an amount sufficient to effect payment at the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the redemption date, which moneys shall be held by the Trustee or any one or more of the Paying Agents in a separate account irrevocably in trust for and assigned to the respective Holders of the Bonds to be refunded, or (ii) direct obligations of the United States of America in such principal amounts, of such maturities, bearing such interest, and otherwise having such terms and qualifications, as shall be necessary to comply with the provisions of the Resolution relative to defeasance of Bonds and any moneys required pursuant thereto, which direct obligations of the United States of America or other securities and moneys shall be held in trust and used only as provided by such provisions; and

(e) A certificate of an Authorized Officer containing such additional statements as may be reasonably necessary to show compliance with the requirements of the Resolution which provide for Refunding Bonds.

(3) If the principal amount of the Refunding Bonds of a Series shall exceed the principal amount of the Outstanding Bonds refunded thereby, from and after the delivery of such Series of Refunding Bonds, the Trustee shall make appropriate adjustment between the Interest Account and Principal Account when disbursing and applying Municipal Bonds Payments deposited in the General Fund pursuant to the provisions of the Resolution to the end that such portion of the Municipal Bonds Payments as shall represent Municipal Bonds Interest Payments not required for deposit in the Interest Account for the purpose of paying interest accruing upon the Bonds shall be deposited in the Principal Account. Any surplus which might result upon and after such deposit shall be disposed of in the manner specified in the Series Resolution authorizing such Series of Refunding Bonds.

MISCELLANEOUS RESOLUTION AND LOAN AGREEMENT PROVISIONS

Modification of Loan Agreement Terms

The Bank shall not consent to the modification of, or modify, the rate or rates of interest of, or the amount or time of payment of any installment of principal or interest of any Municipal Bonds evidencing a Loan, or the amount or time of payment of any Fees and Charges payable with respect to such Loan, or the security for or any terms or provisions of such Loan or the Municipal Bonds evidencing the same, in a manner which materially adversely affects or materially diminishes the rights of the Bondholders; provided, however, that, in the event the Loan Obligations are being or have been refunded and the Refunding Bonds therefor are in a principal amount in excess of or less than the principal amount of the Bonds refunded, the Bank may consent to the modification of and modify the Loan Agreement relating to such Loan and the Municipal Bonds evidencing the same, and the Municipal Bonds Payments to be made thereunder so long as such Municipal Bonds Payments are sufficient in amount and payable at the times required for the payment of the principal of and interest on such Refunding Bonds and further provided, however, that, in the event the Loan Obligation has been refunded and the interest the Bank is required to pay on the Refunding Bonds is less than the interest the Bank was required to pay on such original Bonds refunded by the Bank, the Municipal Bonds Interest Payments to be made by the Governmental Unit in respect of such Loan shall be reduced so that the amounts required to be paid shall be sufficient to pay interest on such Refunding Bonds Outstanding.

Sale of Municipal Bonds by Bank

The Bank shall not sell (except as provided below) any Municipal Bonds prior to the date on which all Outstanding Bonds issued with respect to the applicable Loan are redeemable (except as provided below), and shall not after such date sell any such Municipal Bonds unless the sales price thereof received by the Bank shall not be less than the aggregate of: (i) the principal amount of the Loan Obligation so to be redeemed, (ii) the interest to accrue on the Loan Obligation so to be redeemed to the next redemption date thereof not previously paid, (iii) the applicable premium, if any, payable on the Loan Obligation so to be redeemed, (iv) the costs and expenses of the Bank in effecting the redemption of the Loan Obligation so to be redeemed, if any, and (v) at the direction of the Bank, an amount equal to the proportionate amount of Reserve Fund Obligations so to be redeemed, if any, which were issued by the Bank with respect to such Loan Obligation, less the amount of moneys or investments available for withdrawal from the Reserve Fund and for application to the redemption of such Bonds in accordance with the terms and provisions of the Resolution, as determined by the Bank; provided, however, that, (y) in the event the Loan Obligation has been refunded and the Refunding Bonds therefor were issued in a principal amount in excess of or less than the Loan Obligation remaining unpaid at the date of issuance of such Refunding Bonds, the required amount to be included in such sales price under item (i) above shall be the principal amount of such Refunding Bonds Outstanding; and (z) in the event the Bank shall determine to sell prior to maturity any Municipal Bonds with respect to which a Loan is made prior to the date (the "Call Date") on which all Outstanding Bonds issued with respect to such Loan are redeemable, any such sale shall be for an amount to be held by the Trustee in a separate sub-account of the General Fund which, (1) when invested in the types of securities described below in "DEFEASANCE" and as set forth in a certificate of an Authorized Officer of the Bank delivered to the Trustee, shall be equal to the aggregate of clauses (i) through (v) above, and (2) may be held in such sub-account until the final maturity date of the Outstanding Bonds issued with respect to such Loan. In the event the Loan

Obligation has been refunded and the interest the Bank is required to pay on the Refunding Bonds thereafter is less than the interest the Bank was required to pay on the Loan Obligation, the required amount to be included in such sales price in item (ii) above shall be the amount of interest to accrue on such Refunding Bonds Outstanding.

Enforcement of Municipal Bonds

The Bank shall diligently enforce, and take all reasonable steps, actions and proceedings necessary for the enforcement of, all terms, covenants and conditions of all Loan Agreements and the Municipal Bonds evidencing Loans made by the Bank, including the prompt collection of, and the giving of notice to the Treasurer of State of any failure or default of any Governmental Unit in the payment of, its Municipal Bonds or of its Fees and Charges.

The Act provides that to the extent that the Treasurer of State shall be the custodian at any time of any funds or moneys due or payable to a Governmental Unit at any time subsequent to written notice to the Treasurer of State from the Bank to the effect that such Governmental Unit has not paid or is in default as to the payment of principal of or interest on any Municipal Bonds of such Governmental Unit then held or owned by the Bank, the Treasurer of State shall withhold the payment of such funds or moneys from such Governmental Unit until the amount of such principal or interest then due and unpaid has been paid to the Bank, or the Treasurer of State has been advised that arrangements, satisfactory to the Bank, have been made for the payment of such principal and interest.

Pledge of Municipal Bonds and Municipal Bonds Payments

To secure the payment of the principal or Redemption Price of and interest on, and Sinking Fund Installments for, the Bonds, the Bank pledges, *inter alia*, the Municipal Bonds and Municipal Bonds Payments. The pledge of such Municipal Bonds and Municipal Bonds Payments shall be valid and binding from and after the date of adoption of the Resolution, and such Municipal Bonds and Municipal Bonds Payments shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Bank, irrespective of whether such parties have notice thereof.

Responsibilities of Trustee and Paying Agents

The Resolution provides that neither the Trustee nor any Paying Agent shall (1) be deemed to make any representations as to the validity or sufficiency of the Resolution or of any Bonds or coupons issued thereunder or in respect of the security afforded by the Resolution, or incur any responsibility in respect thereof; (2) be under any responsibility or duty with respect to the issuance of the Bonds for value or the application of the proceeds thereof or the application of any moneys paid to the Bank; (3) be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit or to advance any of its own moneys, unless properly indemnified; (4) be liable in connection with the performance of its duties under the Resolution except for its own negligence or default; or (5) be under any responsibility or duty with respect to the application of any moneys paid to any one of the others. The Resolution also provides that the Trustee and any Paying Agent may consult with counsel, who may or may not be of counsel to the Bank, and the opinion or advice of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Resolution in good faith and in accordance therewith.

CERTAIN OTHER COVENANTS

Among other covenants made by the Bank in the Resolution are those related to the following matters:

Accounts and Reports

(1) The Bank shall keep, or cause to be kept, proper books of record and account in which complete and correct entries shall be made of its transactions relating to all Municipal Bonds Payments, Municipal Bonds, the Fees and Charges and all funds and accounts established by the Resolution, which shall at all reasonable times be subject to the inspection of the Trustee and the Holders of an aggregate of not less than five per centum (5%) in principal amount of Bonds then Outstanding or their representatives duly authorized in writing.

(2) The Bank shall annually, on or before the last day of December in each year, file with the Trustee a copy of an annual report for the preceding Fiscal Year, accompanied by an Accountant's Certificate, setting forth in complete and reasonable detail: (a) its operations and accomplishments; (b) its receipts and expenditures during such Fiscal Year in accordance with the categories or classifications established by the Bank for its operating and capital outlay purposes; (c) its assets and liabilities at the end of such Fiscal Year, including a schedule of its Municipal Bonds Payments, Municipal Bonds, Fees and Charges and the status of reserve, special or other funds and the funds and accounts established by the Resolution; and (d) a schedule of its Outstanding Bonds and other obligations outstanding at the end of such Fiscal Year, together with a statement of the amounts paid, redeemed and issued during such Fiscal Year. A copy of each such annual report and Accountant's Certificate shall be mailed promptly thereafter by the Bank to each Bondholder who shall have filed his name and address with the Bank for such purpose.

Budgets

(1) The Bank shall, at least sixty (60) days prior to the beginning of each Fiscal Year, prepare and file in the office of the Trustee a preliminary budget covering its fiscal operations for the succeeding Fiscal Year that shall be open to inspection by any Bondholder. The Bank shall also prepare a summary of such preliminary budget and on or before forty-five (45) days prior to the beginning of each Fiscal Year mail a copy thereof to any Bondholder who shall have filed his name and address with the Bank for such purpose.

(2) The Bank shall adopt an annual budget covering its fiscal operations for the succeeding Fiscal Year not later than June 1 of each year and file the same with the Trustee and with such officials of the State as required by the Act, as then amended, which budget shall be open to inspection by any Bondholder. In the event the Bank shall not adopt an annual budget for the succeeding Fiscal Year on or before June 1, the budget for the preceding Fiscal Year shall be deemed to have been adopted and be in effect for such Fiscal Year until the annual budget for such Fiscal Year shall have been adopted as above provided. The Bank may at any time adopt an amended annual budget in the manner provided in the Act as then amended.

Personnel and Servicing of Programs

(1) The Bank shall at all times appoint, retain and employ competent personnel for the purpose of carrying out its respective programs and shall establish and enforce reasonable rules, regulations, tests and standards governing the employment of such personnel at reasonable compensation, salaries, fees and charges and all persons employed by the Bank shall be qualified for their respective positions.

(2) The Bank may pay to the respective State agency, municipality or political subdivision of the State from the Operating Account such amounts as are necessary to reimburse the respective State agency, municipality or political subdivision of the State for the reasonable costs of any services performed for the Bank.

Waiver of Laws

The Bank shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of any stay or extension law now or at any time hereafter in force which may affect the covenants and agreements contained in the Resolution or in any Series Resolution or in the Bonds, and all benefit or advantage of any such law or laws has been expressly waived by the Bank.

SECONDARY MARKET DISCLOSURE

The Bank has authorized a separate Continuing Disclosure Agreement with respect to each of the 2015 Series C Bonds and the 2015 Series D Refunding Bonds (the "Continuing Disclosure Agreements") in order to assist the Underwriters in complying with the Securities and Exchange Commission Rule 15c2-12 (the "Rule"). The Continuing Disclosure Agreements will be for the benefit of the respective holders of the Offered Bonds and beneficial owners will be third-party beneficiaries thereof. In the Continuing Disclosure Agreements, the respective forms of which are attached hereto as Appendix E, the Bank agrees, for the benefit of the holders and beneficial owners of the applicable Offered Bonds to provide, among other information, certain financial information relating to the Bank (the "Annual Financial Information") by not later than nine months following the end of the Bank's fiscal year, commencing with the fiscal year ended June 30, 2015, and to provide such Annual Financial Information and provide notices of certain enumerated events. The Bank will cause the Annual Financial Information and such notices to be provided to, and in the manner prescribed by, the Municipal Securities Rulemaking Board. The information to be contained in the Annual Financial Information and the events requiring notice are set forth in APPENDIX E — "PROPOSED FORMS OF CONTINUING DISCLOSURE AGREEMENTS" attached hereto. Except as described below, in the previous five years the Bank has not failed to comply in all material respects with any previous undertaking in a written contract or agreement specified in paragraph (b)(5)(i) of the Rule.

The Bank has issued its Grant Anticipation Bonds (Maine Department of Transportation) (the "GARVEE Bonds") Series 2004A, Series 2008A, Series 2010A, Series 2010B and Series 2014A and, in connection with the GARVEE Bonds, has entered into substantially similar continuing disclosure agreements with the trustee for the GARVEE Bonds and the State, acting by and through the Treasurer of State of the State and the Maine Department of Transportation. On November 14, 2012, Moody's downgraded the GARVEE Bonds and on November 15, 2012 the Bank filed with the Municipal Securities Rulemaking Board's Electronic Municipal Market

Access website ("EMMA") notice of such downgrade but did not associate such filing with all of the CUSIP numbers to which such continuing disclosure agreements apply. On August 13, 2013, the Bank made a supplemental filing on EMMA to associate the November 15, 2012 notice with all of the CUSIP numbers to which such continuing disclosure agreements apply.

DEFAULTS AND REMEDIES

Defaults

The Trustee shall be, and by the Resolution is, vested with all of the rights, powers and duties of a trustee appointed by Bondholders pursuant to Section 6023 of the Act, and the right of Bondholders to appoint a trustee pursuant to Section 6023 of the Act is abrogated in accordance with the provisions of Section 6004 of the Act.

The Resolution declares each of the following events an "event of default":

(a) if the Bank shall default in the payment of the principal or Redemption Price of, or Sinking Fund Installment for, or interest on, any Bond when and as the same shall become due, whether at maturity or upon such call for redemption, and such default shall continue for a period of thirty (30) days; or

(b) if the Bank shall fail or refuse to comply with the provisions of Section 6006 of the Act relating to the Reserve Fund, or such amounts as shall be certified by the Chairman of the Bank to the Governor pursuant to such provisions of the Act shall not be appropriated and paid to the Bank prior to the termination of the then current State fiscal year; or

(c) if the Bank shall fail or refuse to comply with the provisions of the Act, other than as provided in (b) above, or shall default in the performance or observance of any other of the covenants, agreements or conditions on its part in the Resolution, any Series Resolution, any Supplemental Resolution, or in the Bonds contained, and such failure, refusal or default shall continue for a period of forty-five (45) days after written notice thereof by the Trustee or the Holders of not less than five per centum (5%) in principal amount of the Outstanding Bonds; provided, however, that an event of default shall not be deemed to exist under the provisions of clause (c) above upon the failure of the Bank to make and collect Fees and Charges required to be made and collected by the provisions of the Resolution or upon the failure of the Bank to enforce any obligation undertaken by a Governmental Unit pursuant to a Loan Agreement including the making of the stipulated Municipal Bonds Payments so long as the Bank may be otherwise directed by law and so long as the Bank shall be provided with moneys from the State or otherwise, other than withdrawals from or reimbursements of the Reserve Fund, sufficient in amount to pay the principal of and interest on all Bonds as the same shall become due during the period for which the Bank shall be directed by law to abstain from making and collecting such Fees and Charges and from enforcing the obligations of a Governmental Unit under the applicable Loan Agreement.

Remedies

(1) Upon the happening and continuance of any event of default specified in paragraph (a) above, the Trustee shall proceed, or upon the happening and continuance of any event of default specified in paragraphs (b) and (c) above, the Trustee may proceed, and upon the written request of the Holders of not less than twenty-five per centum (25%) in principal amount

of the Outstanding Bonds shall proceed, in its own name, to protect and enforce its rights and the rights of the Bondholders by such of the following remedies, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights:

(a) by mandamus or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders, including the right to require the Bank to make and collect Fees and Charges and Municipal Bonds Payments adequate to carry out the covenants and agreements as to, and pledge of, such Fees and Charges and Municipal Bonds Payments, and other properties and to require the Bank to carry out any other covenant or agreement with Bondholders and to perform its duties under the Act;

(b) by bringing suit upon the Bonds;

(c) by action or suit in equity, to require the Bank to account as if it were the trustee of an express trust for the Holders of the Bonds;

(d) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of the Bonds; and

(e) in accordance with the provisions of the Act, declare, upon the occurrence of an event of default under paragraph (a) above, all Bonds due and payable, and if all defaults shall be made good, then, with the written consent of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds, to annul such declaration and its consequences.

(2) In the enforcement of any remedy under the Resolution, the Trustee shall be entitled to sue for, enforce payment on and receive any and all amounts then or during any default becoming, and any time remaining, due from the Bank for principal, Redemption Price, interest or otherwise, under any provision of the Resolution or a Series Resolution or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings thereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce a judgment or decree against the Bank for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect from any moneys available for such purpose in any manner provided by law, the moneys adjudged or decreed to be payable.

Priority of Payments After Default

In the event that the funds held by the Trustee and Paying Agents shall be insufficient for the payment of interest and principal or Redemption Price then due on the Bonds, such funds (other than funds held for the payment or redemption of particular Bonds or coupons which have theretofore become due at maturity or by call for redemption) and any other moneys received or collected by the Trustee acting pursuant to the Act, after making provision for the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Holders of the Bonds, and for the payment of the charges and expenses and liabilities incurred and advances made by the Trustee or any Paying Agent in the performance of their respective duties under the Resolution, shall be applied as follows:

(a) Unless the principal of all of the Bonds shall have become or have been declared due and payable,

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

(b) If the principal of all the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds and coupons.

These provisions are in all respects subject to provisions in the Resolution as to the extension of payment of principal and interest on the Bonds.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional money becoming available for such application in the future; the deposit of such moneys with the Paying Agents, or otherwise setting aside such moneys in trust for the proper purpose, shall constitute proper application by the Trustee; and the Trustee shall incur no liability whatsoever to the Bank, to any Bondholder or to any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with such provisions of the Resolution as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such moneys, it shall fix the date (which shall be an interest payment date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give notice as it may deem appropriate for the fixing of any such date. The Trustee shall not be required to make payment to the Holder of any unpaid coupon or any Bond unless such coupon or such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Termination of Proceedings

In case any proceeding taken by the Trustee on account of any event of default shall have been discontinued or abandoned for any reason, then in every such case the Bank, the Trustee and the Bondholders shall be restored to their former positions and rights under the Resolution, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

Limitation on Rights of Bondholders

No Holder of any Bond shall have any right to institute any suit, actions, mandamus or other proceeding in equity or at law under the Resolution, or for the protection or enforcement of any right under the Resolution or any right under law unless such Holder shall have given to the Trustee written notice of the event of default or breach of duty on account of which such suit, action or proceeding is to be taken, and unless the Holders of not less than twenty-five per centum (25%) in principal amount of the Bonds then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have occurred, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted in the Resolution or granted under the law or to institute such action, suit or proceeding in its name and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers under the Resolution or for any other remedy thereunder or under law. It is understood and intended that no one or more Holders of the Bonds thereby secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Resolution, or to enforce any right thereunder or under law with respect to the Bonds or the Resolution, except in the manner therein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner therein provided and for the benefit of all Holders of the Outstanding Bonds and coupons. Notwithstanding the foregoing provisions, the obligation of the Bank shall be absolute and unconditional to pay the principal and Redemption Price of and interest on the Bonds to the respective Holders thereof and the coupons appertaining thereto at the respective due dates thereof, and nothing therein shall affect or impair the right of action, which is absolute and unconditional, of such Holders to enforce such payment.

Anything to the contrary notwithstanding, each Holder of any Bond by his acceptance thereof shall be deemed to have agreed that any court in its discretion may require, in any suit for the enforcement of any right or remedy under the Resolution or any Series Resolution, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the reasonable costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in any suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but such provisions shall not apply to any suit instituted by the Trustee, to any suit instituted by any Bondholder, or group of Bondholders, holding at least twenty-five per centum (25%) in principal amount of the Bonds Outstanding, or to any suit instituted by any Bondholder for the enforcement of the payment of the principal or Redemption Price of or interest on any Bond on or after the respective due date thereof expressed in such Bond.

Remedies Not Exclusive

No remedy conferred upon or received to the Trustee or to the Holders of the Bonds under the Resolution is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given thereunder or now or hereafter existing at law or by statute.

No Waiver of Default

No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy given by the Resolution to the Trustee and the Holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

Notice of Event of Default

The Trustee shall give to the Bondholders notice of each event of default under the Resolution known to the Trustee within ninety (90) days after knowledge of the occurrence thereof, unless such event of default shall have been remedied or cured before the giving of such notice; provided that, except in the case of default in the payment of the principal or Redemption Price of or interest on any of the Bonds, or in the making of any payment required to be made into the General Fund or the Reserve Fund, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors or responsible officers of the Trustee in good faith determines that the withholding of such notice is in the interests of the Bondholders. Each such notice of event of default shall be given by the Trustee by mailing written notice thereof: (1) to all registered Holders of Bonds, as the names and addresses of such Holders appear upon the books for registration and transfer of Bonds as kept by the Trustee; (2) to such Bondholders as have filed their names and addresses with the Trustee for that purpose; and (3) to such other persons as is required by law.

MODIFICATIONS OF RESOLUTIONS AND OUTSTANDING BONDS

The Resolution provides procedures whereby the Bank may amend the Resolution or a Series Resolution by adoption of a supplemental resolution. Amendments that may be made without the consent of Bondholders must be for purposes of:

(1) providing for the issuance of a Series of Bonds pursuant to the provisions of the Resolution;

(2) adding additional covenants and agreements of the Bank for the purpose of further securing the payment of the Bonds, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Bank contained in the Resolution;

(3) prescribing further limitations and restrictions upon the issuance of Bonds and the incurring of indebtedness by the Bank which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect;

(4) surrendering any right, power or privilege reserved to or conferred upon the Bank by the terms of the Resolution, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Bank contained in the Resolution;

(5) confirming as further assurance any pledge under and the subjection to any lien, claim or pledge created or to be created by the provisions of the Resolution of the Municipal Bonds and Municipal Bonds Payments or of any other monies, securities or funds;

(6) modifying any of the provisions of the Resolution or any previously adopted Series Resolution in any other respects, provided that such modifications shall not be effective until after all Bonds of any Series of Bonds Outstanding as of the date of adoption of such Series Resolution or Supplemental Resolution shall cease to be Outstanding, and all Bonds issued under such resolutions shall contain a specific reference to the modifications contained in such subsequent resolutions; or

(7) with the consent of the Trustee, curing any ambiguity or defect or inconsistent provision in the Resolution or inserting such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable and not materially adverse to the interests of the Bondholders.

Amendments of the respective rights and obligations of the Bank and the Bondholders may be made with the written consent of the Holders of not less than sixty-six and two-thirds per centum (66-2/3%) in principal amount of the Outstanding Bonds to which the amendment applies; but no such amendment shall permit a change in the terms of redemption or maturity of the principal of any Bond or of any installment of interest thereon or Sinking Fund Installment therefor, or a reduction in the principal amount or Redemption Price thereof, or the rate of interest thereon or reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect such amendment.

Amendments may be made in any respect with the written consent of the Holders of all of the Bonds then Outstanding.

DEFEASANCE

1. If the Bank shall pay or cause to be paid to the Holders of all Bonds and coupons then Outstanding the principal or Redemption Price, if any, and interest to become due thereon, at the times and in the manner stipulated therein and in the Resolution, then, at the option of the Bank, expressed in an instrument in writing signed by an Authorized Officer and delivered to the Trustee, the covenants, agreements and other obligations of the Bank to the Bondholders shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Bank, execute and deliver to the Bank all such instruments as may be desirable to evidence such discharge and satisfaction and the Fiduciaries shall pay over or deliver to the Bank all money, securities and funds held by them pursuant to the Resolution which are not required for the payment or redemption of Bonds or coupons not theretofore surrendered for such payment or redemption.

2. Bonds or coupons or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Fiduciaries (through deposit by the Bank of funds for such payment or redemption or otherwise) at the maturity or redemption

date thereof shall be deemed to have been paid within the meaning and with the effect expressed in paragraph 1 above. All outstanding Bonds of any Series and all coupons appertaining to such Bonds shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in paragraph 1 above if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Bank shall have given to the Trustee in form satisfactory to it, irrevocable instructions to publish as provided in the Resolution notice of redemption on said date of such Bonds, (b) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or those securities in clauses (a) through (d), inclusive, of Investment Securities, as defined hereinbefore under the caption "Investment of Funds", the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Bank shall have given the Trustee in form satisfactory to it irrevocable instructions to publish, as soon as practicable, at least twice, at an interval of not less than seven days between publications, in an Authorized Newspaper a notice to the Holders of such Bonds and coupons that the deposit required by (b) above has been made with the Trustee and that said Bonds and coupons are deemed to have been paid as provided herein and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, on said Bonds. Neither direct obligations of the United States of America or moneys deposited with the Trustee pursuant to the provision in the Resolution providing for defeasance nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on said Bonds; provided, however, that any cash received from such principal or interest payments on such direct obligations of the United States of America deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in direct obligations of the United States of America maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestment shall be paid over to the Bank, as received by the Trustee, free and clear of any trust, lien or pledge.

3. Anything in the Resolution to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds or coupons which remain unclaimed for six years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date, or for six years after the date of deposit of such moneys if deposited with the Fiduciary after the said date when such Bonds became due and payable, shall, at the written request of the Bank, be repaid by the Fiduciary to the Bank, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the Bank for the payment of such Bonds and coupons; provided, however, that before being required to make any such payment to the Bank, the Fiduciary shall, at the expense of the Bank, cause to be published at least twice, at an interval of not less than seven days between publications, in an Authorized Newspaper, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than thirty (30) days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the Bank.

BONDS AS LEGAL INVESTMENTS

Under the provisions of Section 6011 of the Act, the Bonds, in the State of Maine, are made securities in which the State and all public officers, governmental units and agencies thereof, all national banking associations, state banks, trust companies, savings banks and institutions, building and loan associations, savings and loan associations, investment companies, and other persons carrying on a banking business, all insurance companies, insurance associations and other persons carrying on an insurance business, and all executors, administrators, guardians, trustees and other fiduciaries, may legally invest any sinking funds, moneys or other funds belonging to them or within their control.

SECURITY FOR PUBLIC DEPOSITS

Bonds or notes of the Bank are authorized security for any and all public deposits in the State of Maine.

TAX MATTERS

Opinion of Bond Counsel to the Bank

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Bank, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Offered Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) interest on the Offered Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations. In rendering its opinion, Bond Counsel to the Bank has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Bank and each Governmental Unit in connection with the Offered Bonds, and Bond Counsel to the Bank has assumed compliance by the Bank and each Governmental Unit with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Offered Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the Bank, under existing statutes, interest on the Offered Bonds is exempt from the State of Maine income tax imposed on individuals.

Bond Counsel to the Bank expresses no opinion regarding any other Federal, state or local tax consequences with respect to the Offered Bonds. Bond Counsel to the Bank renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to its attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. Bond Counsel to the Bank also expresses no opinion as to the effect of any action hereafter taken or not taken in reliance upon an opinion of counsel other than Hawkins Delafield & Wood LLP ("HD&W") (if such opinion of other counsel shall have been given without consultation with HD&W, or after consultation with HD&W and to which HD&W shall not concur) on the exclusion from gross

income for Federal income tax purposes of interest on the Offered Bonds or on the exemption of interest on the Offered Bonds under the State of Maine income tax imposed on individuals.

Certain Ongoing Federal Tax Requirements and Covenants with Respect to the Offered Bonds

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Offered Bonds in order that interest on the Offered Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Offered Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal government. Noncompliance with such requirements may cause interest on the Offered Bonds to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Bank, each Governmental Unit whose Municipal Bonds are being purchased from the proceeds of the 2015 Series C Bonds, and each Governmental Unit whose Municipal Bonds were purchased from the proceeds of the Bonds to be Refunded, have covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the 2015 Series C Bonds and on the 2015 Series D Refunding Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences with Respect to the Offered Bonds

The following is a brief discussion of certain collateral Federal income tax matters with respect to the Offered Bonds. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a 2015 Series C Bond or a 2015 Series D Refunding Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the Offered Bonds.

Prospective owners of the Offered Bonds should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes. Interest on the 2015 Series C Bonds and on the 2015 Series D Refunding Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount with Respect to the Offered Bonds

"Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of a 2015 Series C Bond or of a 2015 Series D Refunding Bond (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity means the first price at which a substantial amount of a 2015 Series C Bond or of a 2015 Series D Refunding Bond of that maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers). In general, the

issue price for each maturity of the 2015 Series C Bonds or of the 2015 Series D Refunding Bonds is expected to be the initial public offering price for each maturity of such Series set forth on the inside front cover page of this Official Statement. Bond Counsel to the Bank further is of the opinion that, for any 2015 Series C Bond or 2015 Series D Refunding Bond having OID (a "Discount Bond"), OID that has accrued and is properly allocable to the owners of the Discount Bond under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the 2015 Series C Bonds or on the 2015 Series D Refunding Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner's adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Discount Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for Federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium with Respect to the Offered Bonds

In general, if an owner acquires a 2015 Series C Bond or a 2015 Series D Refunding Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the 2015 Series C Bond or the 2015 Series D Refunding Bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that 2015 Series C Bond or that 2015 Series D Refunding Bond (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding with Respect to the Offered Bonds

Information reporting requirements will apply to interest paid on tax-exempt obligations, including the Offered Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a 2015 Series C Bond or a 2015 Series D Refunding Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the 2015 Series C Bonds or the 2015 Series D Refunding Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Offered Bonds under Federal or state law or otherwise prevent beneficial owners of the 2015 Series C Bonds or the 2015 Series D Refunding Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the 2015 Series C Bonds or the 2015 Series D Refunding Bonds. For example, the Fiscal Year 2016 Budget proposed by the Obama Administration recommends a 28% limitation on "all itemized deductions, as well as other tax benefits" including "tax-exempt interest." The net effect of such a proposal, if enacted into law, would be that an owner of a tax-exempt bond with a marginal tax rate in excess of 28% would pay some amount of federal income tax with respect to the interest on such tax-exempt bond, regardless of issue date.

Prospective purchasers of the 2015 Series C Bonds or of the 2015 Series D Refunding Bonds should consult their own tax advisors regarding the foregoing matters.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The accuracy of (a) the mathematical computations of the adequacy of the amounts deposited with the Trustee to pay (uninvested) when due all principal or Redemption Price of, as the case may be, and interest on the Bonds to be Refunded, and (b) the mathematical computations supporting the conclusion that the 2015 Series D Refunding Bonds are not "arbitrage bonds" under the Code, will be verified by the Verification Agent.

RATINGS

Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and Moody's Investors Services have assigned their municipal bond ratings of "AA+" (stable outlook) and "Aa2" (stable outlook), respectively, to the Offered Bonds. The Bank has furnished such rating agencies with certain information and materials concerning the Offered Bonds and the Bank, some of which information and materials are not included in this Official Statement. Generally, each such rating agency bases its ratings on such information and materials and also on such investigations, studies and assumptions as each may undertake or establish independently. An explanation of the significance of any rating may be obtained only from the rating agency furnishing the same.

The ratings are not a recommendation to buy, sell or hold the Offered Bonds, and each such rating should be evaluated independently. Each such rating is subject to change or withdrawal at any time and any such change or withdrawal may affect the market price or marketability of the Offered Bonds. Neither the Bank nor the Underwriters have undertaken any responsibility either to bring to the attention of the owners of the Offered Bonds any proposed change in or withdrawal of any rating of the Offered Bonds or to oppose any such change or withdrawal.

UNDERWRITING

The Offered Bonds are being purchased by Merrill Lynch, Pierce Fenner and Smith Incorporated ("MLPFSI") and Wells Fargo Bank, National Association ("WFBNA" and, collectively with MLPFSI, the "Underwriters") for whom MLPFSI is acting as representative. The Underwriters have agreed to purchase the 2015 Series C Bonds and the 2015 Series D Refunding Bonds pursuant to separate purchase contracts at a price (i) in the case of the 2015 Series C Bonds, of $17,391,573.15, plus accrued interest, if any, that reflects an aggregate net premium of $1,100,861.60 and an aggregate Underwriters' discount from the public offering price thereof in the amount of $114,288.45, and (ii) in the case of the 2015 Series D Refunding Bonds, of $58,147,229.24, plus accrued interest, if any, that reflects an aggregate net premium of $4,823,497.30 and an aggregate Underwriters' discount from the public offering price thereof in the amount of $281,268.06. The purchase contract between the Bank and the Underwriters relating to the 2015 Series C Bonds provides that the Underwriters will purchase all of the 2015 Series C Bonds, if any of the 2015 Series C Bonds are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such purchase contract, subject to the approval of certain legal matters by Preti, Flaherty, Beliveau & Pachios, LLP, Augusta, Maine, counsel to the Underwriters. The purchase contract between the Bank and the Underwriters relating to the 2015 Series D Refunding Bonds provides that the Underwriters will purchase all of the 2015 Series D Refunding Bonds, if any of the 2015 Series D Refunding Bonds are purchased, the obligation to make such purchase being subject to the terms and conditions set forth in such purchase contract, subject to the approval of Preti Flaherty Beliveau & Pachios, LLP, Augusta, Maine, counsel to the Underwriters. The initial public offering prices of the Offered Bonds may be changed, from time to time, by the Underwriters. The Bank has been advised by the Underwriters that (i) they presently intend to make a market in the Offered Bonds, (ii) they are not, however, obligated to do so, (iii) any market making may be discontinued at any time, and (iv) there can be no assurance that an active public market for the Offered Bonds will develop. The Underwriters may offer and sell the Offered Bonds to certain dealers (including dealers depositing the Offered Bonds into investment trusts, certain of which

may be sponsored or managed by one or more of the Underwriters) and others at prices lower than the respective public offering prices stated on the inside front cover page hereof.

WFBNA, an underwriter of the Offered Bonds, has entered into an agreement (the "Distribution Agreement") with its affiliate, Wells Fargo Advisors, LLC ("WFA"), for the distribution of certain municipal securities offerings, including the Offered Bonds. Pursuant to the Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Offered Bonds with WFA. WFBNA also utilizes the distribution capabilities of its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Offered Bonds. In connection with utilizing the distribution capabilities of WFSLLC, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company. Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. Under certain circumstances, the Underwriters and their affiliates may have certain creditor and/or other rights against the Bank and its affiliates in connection with such activities.

The Underwriters have provided the following three sentences for inclusion in this Official Statement. The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Bank (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Bank. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

LITIGATION

There is no controversy or litigation of any nature now pending, or to the knowledge of the Bank, threatened, restraining or enjoining the issuance, sale, execution or delivery of the Offered Bonds, or in any way contesting or affecting the validity of the Offered Bonds or any proceedings of the Bank taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for the payment of the Offered Bonds, or the existence or powers of the Bank, or prohibiting the Bank from refunding the Bonds to be Refunded or from making the Loans with the proceeds of the 2015 Series C Bonds.

APPROVAL OF LEGALITY

Legal matters incident to the authorization, issuance and sale of the Offered Bonds are subject to the respective approving opinions of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Bank, in substantially the respective forms set forth in Appendix D attached hereto. Copies of the applicable opinion will be available at the time of delivery of the 2015 Series C Bonds and at the time of delivery of the 2015 Series D Refunding Bonds. Certain legal matters will be passed upon for the Underwriters by their counsel, Preti, Flaherty, Beliveau & Pachios, LLP, Augusta, Maine.

FINANCIAL STATEMENTS

Included herein as Appendix C are the audited financial statements of the Bank as of, and for the year ended, June 30, 2015, together with the report thereon dated September 15, 2015 of Baker Newman & Noyes Limited Liability Company, independent certified public accountants. The financial statements as of June 30, 2015 and for the year then ended, included in Appendix C, have been audited by Baker Newman & Noyes Limited Liability Company, independent auditors, as stated in their report appearing herein. Baker Newman & Noyes Limited Liability Company, the Bank's independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Baker Newman & Noyes Limited Liability Company also has not performed any procedures relating to this Official Statement.

MISCELLANEOUS

All quotations from, and summaries and explanations of, the Act, the Trust Agreement, the Resolutions, the Continuing Disclosure Agreement and the Loan Agreements contained herein do not purport to be complete and reference is made to said Act, Resolutions, Continuing Disclosure Agreement, Trust Agreement and Loan Agreements for full and complete statements of their provisions. The Appendices attached hereto are a part of this Official Statement. Copies, in reasonable quantity, of the Act and the Resolutions may be obtained upon request directed to the Bank.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Bank and the purchasers or holders of any of the Offered Bonds.

The distribution of this Official Statement and its execution have been duly authorized by the Bank.

MAINE MUNICIPAL BOND BANK

By: /s/ Stephen R. Crockett
Stephen R. Crockett
Chairman

September 30, 2015

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APPENDIX A

DEFINITIONS

The following are definitions of certain of the terms that are used in either the Act and/or the Resolution and used in this Official Statement (but not otherwise defined herein) and have the following meanings unless the context shall clearly indicate some other meaning. In all instances, reference is made to the original documents, and the definitions and usage contained therein.

"Accountant's Certificate" shall mean a certificate signed by a certified public accountant or a firm of certified public accountants of recognized standing selected by the Bank and satisfactory to the Trustee.

"Administrative Expenses" shall mean the Bank's expenses of carrying out and administering its powers, duties and functions, as authorized by the Act, and shall include, without limiting the generality of the foregoing: administrative and operating expenses, legal, accounting and consultant's services and expenses, payments to pension, retirement, health and hospitalization funds, and any other expenses required or permitted to be paid by the Bank under the provisions of the Act or the Resolution or otherwise.

"Aggregate Debt Service" for any period shall mean, as of any date of calculation and with respect to all Bonds, the sum of the amounts of Debt Service for such period.

"Bondholders" or **"Holder of Bonds"** or **"Holder"** (when used with reference to Bonds) or any similar term, shall mean any person or party who shall be the bearer of any Outstanding Bond or Bonds registered to bearer or not registered or the registered owner of any Outstanding Bond or Bonds which shall at the time be registered other than to bearer and "Holder" (when used with reference to coupons) shall mean any person who shall be the bearer of such coupons.

"Debt Service" for any period shall mean, as of any date of calculation and with respect to any Series, an amount equal to the sum of (i) interest accruing during such period on Bonds of such Series, and (ii) that portion of Principal Installment for such Series which would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date for such Series (or, if there shall be no such preceding Principal Installment due date, from a date one year preceding the due date of such Principal Installment or from the date of delivery of such Series of Bonds if such date occurred less than one year prior to the date of such Principal Installment). Such interest and Principal Installments for such Series shall be calculated on the assumption that no Bonds of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof.

"Fees and Charges" shall mean all fees and charges authorized to be charged by the Bank pursuant to subsection (H) of section 5954 of the Act and charged by the Bank to Governmental Units pursuant to the terms and provisions of Loan Agreements.

"Fiduciary" or **"Fiduciaries"** shall mean the Trustee, any Paying Agent, or any or all of them, as may be appropriate.

"Fiscal Year" shall mean any twelve (12) consecutive calendar months commencing with the first day of July and ending on the last day of the following June.

"Governmental Unit" shall mean any county, city, town, school administrative district, community school district or other quasi-municipal corporation within the State.

"Governmental Unit's Allocable Proportion" shall mean the proportionate amount of the total requirement in respect of which the term is used determined by the ratio that the Loan then outstanding bears to the total of all Loans then outstanding, including any corporation owned entirely by a municipality and providing water, sewer or electric service or performing other essential government functions.

"Loan" shall mean a loan heretofore or hereafter made by the Bank to a Governmental Unit pursuant to the Act.

"Loan Agreement" shall mean an agreement heretofore or hereafter entered into between the Bank and a Governmental Unit setting forth the terms and conditions of a Loan.

"Loan Obligation" shall mean that amount of Bonds issued by the Bank which shall be equal to the principal amount of Municipal Bonds outstanding of a Governmental Unit, as certified to the Trustee by the Bank.

"Municipal Bonds" shall mean the bonds or other evidence of debt issued by a Governmental Unit and (i) payable from taxes or from rates, charges or assessments, but shall not include any bond or other evidence of debt issued under chapter 213 of Title 30-A of the Maine Revised Statutes (Revenue Producing Municipal Facilities Act) or subchapter IV of chapter 110 of Title 10 of the Maine Revised Statutes (Municipal Securities Approval Program of the Finance Authority of Maine Act); and (ii) authorized pursuant to the Act and other laws of the State and which have heretofore or will hereafter be acquired by the Bank as evidence of indebtedness of a Loan to the Governmental Unit.

"Municipal Bonds Interest Payment" shall mean that portion of a Municipal Bonds Payment made or required to be made by a Governmental Unit to the Bank which represents the interest due or to become due on the Governmental Unit's Municipal Bonds.

"Municipal Bonds Principal Payment" shall mean that portion of a Municipal Bonds Payment made or required to be made by a Governmental Unit to the Bank which represents the principal due or to become due on the Governmental Unit's Municipal Bonds.

"Outstanding" shall mean Bonds theretofore or then being delivered under the provisions of the Resolution, except: (i) any Bonds canceled by the Trustee or any Paying Agent at or prior to such date, (ii) any Bonds for the payment or redemption of which moneys equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held by the Trustee or the Paying Agents in trust (whether at or prior to the maturity or redemption date), provided that if such Bonds are to be redeemed, notice of such redemption shall have been given as provided in the Resolution, (iii) any Bonds in lieu of or in substitution for which other Bonds shall have been delivered and (iv) Bonds deemed to have been paid as provided in subsection 2 of Section 1401 of the Resolution.

"Principal Installment" shall mean, as of the date of calculation and with respect to any Series so long as any Bonds thereof are Outstanding, (i) the principal amount of Bonds of such Series due on a future date for which no Sinking Fund Installments have been established, or (ii) the Sinking Fund Installment due on a future date for Bonds of such Series, or (iii) if such future dates coincide, the sum of such principal amount of Bonds and of such Sinking Fund Installment due on such future date, as provided in the Series Resolution authorizing such Series of Bonds.

"Redemption Price" shall mean, with respect to any Bond, the principal amount thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to the Resolution and the Series Resolution pursuant to which the same was issued.

"Refunding Bonds" shall mean all Bonds constituting the whole or a part of a Series of Bonds delivered on original issuance pursuant to the Resolution.

"Required Debt Service Reserve" shall mean, as of any date of calculation, the amount required to be on deposit in the Reserve Fund which amount shall be equal to the maximum amount of Principal Installments and interest maturing and becoming due in any succeeding calendar year on all Loan Obligations then Outstanding as of such date of calculation.

"Reserve Fund Obligations" shall mean the proportionate amount of Bonds issued by the Bank to obtain funds with which to establish and maintain the Reserve Fund.

APPENDIX B

GOVERNMENTAL UNITS AND THEIR MUNICIPAL BONDS

The Governmental Units named in Tables I through L below have previously sold their Municipal Bonds to the Bank, which Municipal Bonds are presently outstanding. Loan Agreements pertaining to the Municipal Bonds named in Table LI have been executed by the Governmental Units and the Bank. Each Loan Agreement provides that simultaneously with the delivery of the Governmental Unit's Bond or Bonds to the Bank, the Governmental Unit furnish to the Bank an opinion of bond counsel satisfactory to the Bank which shall set forth among other things the unqualified approval of said Governmental Unit's Bond or Bonds then being delivered to the Bank and that said Governmental Unit's Bond or Bonds will constitute valid obligations of the Governmental Unit. The source of payment for the Municipal Bonds is shown as follows: "A indicates Municipal Bonds payable as to both principal and interest from ad valorem taxes which may be levied without limit as to rate or amount upon all the property within the territorial limits of such Governmental Unit; "S" indicates Municipal Bonds issued for State approved school construction projects, the approval by the State for any such school construction projects, however, does not insure that State aid for such project will be forthcoming; and "R" indicates Municipal Bonds payable from rates, charges and assessments collected by the Governmental Unit.

I. MUNICIPAL BONDS Issued July 7, 1988

Governmental Unit	Balance Outstanding	Serial Bonds Due November 1 (Years Inclusive)	Source of Payment*
Fort Fairfield Utilities District	$ 9,683.83	2015	R
North Jay Water District	2,198.16	2015	R
Lincoln Water District	72,899.71	2015 - 2016	R
Town of North Haven	26,991.48	2015 - 2016	A
Bingham Water District	5,354.16	2015 - 2016	R
Anson-Madison Water District	14,838.09	2015 - 2017	R
Sabattus Sanitary District	12,669.34	2015 - 2017	R
Scarborough Sanitary District	1,480,940.02	2015 - 2018	R
York Water District	455,498.06	2015 - 2018	R
Kennebunk, Kennebunkport & Wells Water District	343,874.76	2015 - 2018	R
South Berwick Water District	193,106.90	2015 - 2018	R
Belfast Water District	187,988.28	2015 - 2018	R
Searsport Water District	169,402.03	2015 - 2018	R
Greater Augusta Utility District	167,492.48	2015 - 2018	R
Newport Sanitary District	147,116.44	2015 - 2018	R
Limestone Water & Sewer District	120,412.50	2015 - 2018	R
Milo Water District	110,176.87	2015 - 2018	R
Strong Water District	94,407.57	2015 - 2018	R
Eagle Lake Water & Sewer District	84,368.01	2015 - 2018	R
Vinalhaven Water District	83,582.49	2015 - 2018	R
Winterport Water District	79,401.05	2015 - 2018	R
Lubec Water District	78,057.20	2015 - 2018	R
Richmond Utilities District	73,484.03	2015 - 2018	R
Bridgton Water District	67,524.34	2015 - 2018	R
Limerick Sewer District	61,641.99	2015 - 2018	R
Clinton Water District	60,685.19	2015 - 2018	R
Monmouth Sanitary District	51,998.42	2015 - 2018	R
Winter Harbor Utilities District	45,998.16	2015 - 2018	R
Jackman Utility District	41,406.64	2015 - 2018	R
Danforth Water District	29,710.16	2015 - 2018	R
Winterport Water District	8,324.76	2015 - 2018	R
Town of Brownville	6,510.13	2015 - 2018	R
SUBTOTAL	$4,387,743.25		

*See headings of Appendix B for the information indicated by the letters A, S and R.

II. MUNICIPAL BONDS Issued May 4, 1989	Balance Outstanding	Serial Bonds Due November I (Years Inclusive)	Source of Payment*
Governmental Unit			
Town of Greenville	$ 35,696.69	2015	A
Town of Farmingdale	58,393.10	2015 - 2016	A
Topsham Sewer District	21,210.21	2015 - 2016	R
Dover-Foxcroft Water District	525,932.30	2015 - 2019	R
Gardiner Water District	487,811.72	2015 - 2019	R
Belfast Water District	332,939.29	2015 - 2019	R
Guilford-Sangerville Water District	149,875.18	2015 - 2019	R
Jackman Utility District	146,709.41	2015 - 2019	R
South Berwick Water District	116,715.11	2015 - 2019	R
Milbridge Water District	76,941.27	2015 - 2019	R
SUBTOTAL	$1,952,224.28		

III. MUNICIPAL BONDS Issued May 24, 1990	Balance Outstanding	Serial Bonds Due November 1 (Years Inclusive)	Source of Payment*
Governmental Unit			
Greater Augusta Utility District	$1,200,000.00	2015 - 2020	R
SUBTOTAL	$1,200,000.00		

IV. MUNICIPAL BONDS Issued May 25, 1995	Balance Outstanding	Serial Bonds Due November 1 (Years Inclusive)	Source of Payment*
Governmental Unit			
Town of South Berwick	$ 70,000.00	2015	A
City of Gardiner	34,500.00	2015	A
SUBTOTAL	$104,500.00		

V. MUNICIPAL BONDS Issued October 26, 1995	Balance Outstanding	Serial Bonds Due November 1 (Years Inclusive)	Source of Payment*
Governmental Unit			
Maine School Administrative District #17	$250,000.00	2015	A,S
Vocational Region #11	200,000.00	2015	A,S
Maine School Administrative District #11	193,500.00	2015	A,S
City of Lewiston	32,500.00	2015	A
SUBTOTAL	$676,000.00		

VI. MUNICIPAL BONDS Issued May 23, 1996	Balance Outstanding	Serial Bonds Due November 1 (Years Inclusive)	Source of Payment*
Governmental Unit			
Maine School Administrative District #17	$ 600,000.00	2015 - 2016	A,S
Maine School Administrative District #23	481,850.00	2015 - 2016	A,S
Vocational Region #11	400,000.00	2015 - 2016	A,S
Maine School Administrative District #58	299,312.30	2015 - 2016	A,S
Kennebec Water District	92,200.00	2015 - 2016	R
Portland Water District	90,000.00	2015 - 2016	R
Bangor Water District	69,435.00	2015 - 2016	R
Gardiner Water District	35,000.00	2015 - 2016	R
SUBTOTAL	$2,067,797.30		

*See headings of Appendix B for the information indicated by the letters A, S and R.

VII. MUNICIPAL BONDS Issued October 30, 1996	Balance Outstanding	Serial Bonds Due November 1 (Years Inclusive)	Source of Payment*
Governmental Unit			
City of Auburn	$ 840,000.00	2015 - 2016	A,S
Town of Litchfield	590,931.14	2015 - 2016	A,S
Maine School Administrative District #11	385,000.00	2015 - 2016	A,S
York Sewer District	72,000.00	2015 - 2016	R
SUBTOTAL	$1,887,931.14		

VIII. MUNICIPAL BONDS Issued May 29, 1997	Balance Outstanding	Serial Bonds Due November 1 (Years Inclusive)	Source of Payment*
Governmental Unit			
Town of Jay	$1,260,000.00	2015 - 2017	A,S
Maine School Administrative District #17	737,250.00	2015 - 2017	A,S
Vocational Region #11	531,374.40	2015 - 2017	A,S
Maine School Administrative District #22	432,450.00	2015 - 2017	A,S
Maine School Administrative District #50	414,000.00	2015 - 2017	A,S
Town of Orono	198,750.00	2015 - 2017	A
Town of Fort Kent	63,750.00	2015 - 2017	A
SUBTOTAL	$3,637,574.40		

IX. MUNICIPAL BONDS Issued October 30, 1997	Balance Outstanding	Serial Bonds Due November 1 (Years Inclusive)	Source of Payment*
Governmental Unit			
Maine School Administrative District #35	$3,419,095.50	2015 - 2017	A,S
Town of Veazie	807,450.00	2015 - 2017	A,S
Maine School Administrative District #21	644,400.00	2015 - 2017	A,S
Maine School Administrative District #20	482,250.00	2015 - 2017	A,S
Mount Desert Water District	477,204.00	2015 - 2017	R
City of Brewer	195,000.00	2015 - 2017	A
City of Brewer	165,000.00	2015 - 2017	A
Portland Water District	165,000.00	2015 - 2017	R
Baileyville Utilities District	75,000.00	2015 - 2017	R
SUBTOTAL	$6,430,399.50		

X. MUNICIPAL BONDS Issued May 28, 1998	Balance Outstanding	Serial Bonds Due November 1 (Years Inclusive)	Source of Payment*
Governmental Unit			
Maine School Administrative District #52	$ 3,518,800.00	2015 - 2018	A,S
Town of Poland	3,452,715.60	2015 - 2018	A,S
Town of Millinocket	1,305,650.00	2015 - 2018	A
Maine School Administrative District #05	960,000.00	2015 - 2018	A
Maine School Administrative District #15	615,000.00	2015 - 2018	A,S
Great Salt Bay C.S.D.	600,000.00	2015 - 2018	A
City of Brewer	343,000.00	2015 - 2018	R
Maine School Administrative District #17	301,504.00	2015 - 2018	A,S
Town of Cumberland	286,327.00	2015 - 2018	A
SUBTOTAL	$11,382,996.60		

*See headings of Appendix B for the information indicated by the letters A, S and R.

XI. MUNICIPAL BONDS Issued October 29, 1998 Governmental Unit	Balance Outstanding	Serial Bonds Due November 1 (Years Inclusive)	Source of Payment*
Maine School Administrative District #34	$400,000.00	2015 - 2018	A
Town of Hermon	359,600.00	2015 - 2018	A
Sanford Water District	133,000.00	2015 - 2018	R
SUBTOTAL	$892,600.00		

XII. MUNICIPAL BONDS Issued May 27, 1999 Governmental Unit	Balance Outstanding	Serial Bonds Due November 1 (Years Inclusive)	Source of Payment*
Town of Washburn	$ 127,675.00	2015 - 2017	A
Town of Liberty	12,632.00	2015 - 2018	A
Maine School Administrative District #60	8,419,540.00	2015 - 2019	A,S
Town of Raymond	1,948,790.00	2015 - 2019	A,S
City of Gardiner	524,123.00	2015 - 2019	A
Kittery Water District	344,274.00	2015 - 2019	R
Town of Cherryfield	50,000.00	2015 - 2019	A
Town of Cherryfield	50,000.00	2015 - 2019	A
Topsham Sewer District	21,000.00	2015 - 2019	R
Town of Holden	723,797.00	2015 - 2028	A
SUBTOTAL	$12,221,831.00		

XIII. MUNICIPAL BONDS Issued October 28, 1999 Governmental Unit	Balance Outstanding	Serial Bonds Due November 1 (Years Inclusive)	Source of Payment*
Town of Orrington	$ 1,553,535.00	2015 - 2019	A,S
Maine School Administrative District #61	988,750.00	2015 - 2019	A
Maine School Administrative District #36	937,500.00	2015 - 2019	A
Town of Cumberland	170,997.00	2015 - 2019	A
Presque Isle Utilities District	160,792.00	2015 - 2019	R
Five Town C.S.D.	6,590,087.00	2015 - 2021	A,S
SUBTOTAL	$10,401,661.00		

*See headings of Appendix B for the information indicated by the letters A, S and R.

XIV. MUNICIPAL BONDS
Issued May 25, 2000

Governmental Unit	Balance Outstanding	Serial Bonds Due November 1 (Years Inclusive)	Source of Payment*
Bethel Water District	$ 16,583.00	2015	R
Bowdoinham Water District	9,476.00	2015	R
City of Augusta	2,425,000.00	2015 - 2019	A
Mount Desert Water District	414,742.00	2015 - 2019	R
Gardiner Water District	183,622.00	2015 - 2019	R
Bowdoinham Water District	91,703.00	2015 - 2019	R
Maine School Administrative District #75	4,831,500.00	2015 - 2020	A,S
Mount Desert C.S.D.	2,280,600.00	2015 - 2020	A
Maine School Administrative District #61	2,195,136.00	2015 - 2020	A,S
Maine School Administrative District #40	1,860,000.00	2015 - 2020	A,S
Town of Southwest Harbor	1,566,300.00	2015 - 2020	A
Town of Poland	220,928.00	2015 - 2020	A,S
Town of Bradley	138,247.00	2015 - 2020	A
Town of Carrabassett Valley	129,000.00	2015 - 2020	A
Town of Bradley	53,171.00	2015 - 2020	A
SUBTOTAL	$16,416,008.00		

XV. MUNICIPAL BONDS
Issued October 26, 2000

Governmental Unit	Balance Outstanding	Serial Bonds Due November 1 (Years Inclusive)	Source of Payment*
Maranacook C.S.D.	$2,550,000.00	2015 - 2020	A,S
Town of Hampden	540,000.00	2015 - 2020	A
Town of East Millinocket	278,646.00	2015 - 2020	A
Town of Mechanic Falls	240,000.00	2015 - 2020	A
Town of Rockport	210,000.00	2015 - 2020	A
Town of Carrabassett Valley	165,914.00	2015 - 2020	A
Maranacook C.S.D.	52,500.00	2015 - 2020	A
Deer Isle-Stonington C.S.D.	2,344,573.00	2015 - 2021	A,S
Maine School Administrative District #59	1,872,500.00	2015 - 2021	A,S
SUBTOTAL	$8,254,133.00		

XVI. MUNICIPAL BONDS
Issued May 24, 2001

Governmental Unit	Balance Outstanding	Serial Bonds Due November 1 (Years Inclusive)	Source of Payment*
Town of Monmouth	$ 38,070.00	2015	A
Maine School Administrative District #35	266,668.00	2015 - 2016	A
Town of Winthrop	26,658.00	2015 - 2016	A
City of Augusta	1,357,905.00	2015 - 2020	A
Maine School Administrative District #71	5,461,171.80	2015 - 2021	A,S
City of Brewer	315,000.00	2015 - 2021	A
Town of Carrabassett Valley	184,754.00	2015 - 2021	A
SUBTOTAL	$7,650,226.80		

*See headings of Appendix B for the information indicated by the letters A, S and R.

XVII. MUNICIPAL BONDS Issued October 25, 2001	Balance Outstanding	Serial Bonds Due November 1 (Years Inclusive)	Source of Payment*
Governmental Unit			
Town of Dover-Foxcroft	$ 86,866.00	2015 - 2016	A
Town of Eliot	66,668.00	2015 - 2016	A
Town of Winthrop	40,000.00	2015 - 2016	A
Caribou Utilities District	715,200.20	2015 - 2019	R
Maine School Administrative District #48	4,702,250.00	2015 - 2021	A,S
Maine School Administrative District #54	3,185,735.00	2015 - 2021	A,S
Maine School Administrative District #75	2,001,753.00	2015 - 2021	A,S
Town of Edgecomb	1,639,856.75	2015 - 2021	A,S
Maine School Administrative District #17	1,601,866.00	2015 - 2021	A,S
City of Presque Isle	910,000.00	2015 - 2021	A
Town of Hampden	590,100.00	2015 - 2021	A
Town of Fort Kent	378,533.00	2015 - 2021	A
Caribou Utilities District	210,000.00	2015 - 2021	R
Town of Industry	67,919.00	2015 - 2021	A
Hospital Administrative District #4	2,400,000.00	2015 - 2022	R(1)
SUBTOTAL	$18,596,746.95		

XVIII. MUNICIPAL BONDS Issued March 27, 2002	Balance Outstanding	Serial Bonds Due November 1 (Years Inclusive)	Source of Payment*
Governmental Unit			
Maine School Administrative District #47	$ 4,509,400.00	2015 - 2021	A,S
Maine School Administrative District #08	4,109,930.00	2015 - 2021	A,S
Maine School Administrative District #09	2,293,298.00	2015 - 2021	A
Maine School Administrative District #50	778,750.00	2015 - 2021	A
SUBTOTAL	$11,691,378.00		

XIX. MUNICIPAL BONDS Issued May 23, 2002	Balance Outstanding	Serial Bonds Due November 1 (Years Inclusive)	Source of Payment*
Governmental Unit			
Town of Norway	$ 297,368.00	2015 - 2018	A
Auburn Water District	777,763.00	2015 - 2021	R
Wells-Ogunquit C.S.D.	5,600,000.00	2015 - 2022	A
Town of Winthrop	4,582,312.00	2015 - 2022	A,S
City of Old Town	4,526,480.00	2015 - 2022	A,S
Town of Bucksport	3,290,696.00	2015 - 2022	A,S
City of Auburn	2,400,000.00	2015 - 2022	A
Town of Mount Desert	2,380,000.00	2015 - 2022	A
City of Old Town	1,000,000.00	2015 - 2022	A
Maranacook C.S.D. #10	810,464.00	2015 - 2022	A
Maine School Administrative District #56	2,278,760.00	2015 - 2024	A,S
South Freeport Water District	140,016.00	2015 - 2032	R
SUBTOTAL	$28,083,859.00		

*See headings of Appendix B for the information indicated by the letters A, S and R.

(1) The Municipal Bonds of the Hospital Administrative District No. 4, unless paid from other sources, are payable from ad valorem taxes which may be levied without limit as to rate or amount upon all the taxable property within the territory of each town and plantation which is a member of the District.

XX. MUNICIPAL BONDS Issued October 30, 2002	Balance Outstanding	Serial Bonds Due November 1 (Years Inclusive)	Source of Payment*
Governmental Unit			
Town of Greene	$ 380,001.00	2015 - 2017	A
Town of Raymond	319,068.00	2015 - 2017	A
Town of Raymond	177,091.00	2015 - 2017	A
Town of Raymond	121,200.00	2015 - 2017	A
City of Auburn	3,280,000.00	2015 - 2022	A
Hospital Administrative District #4	600,000.00	2015 - 2022	R
Gray Water District	268,148.00	2015 - 2022	R[(1)]
SUBTOTAL	$5,145,508.00		

XXI. MUNICIPAL BONDS Issued May 22, 2003	Balance Outstanding	Serial Bonds Due November 1 (Years Inclusive)	Source of Payment*
Governmental Unit			
Town of Monmouth	$ 108,571.00	2015 - 2017	A
Town of Otisfield	320,000.00	2015 - 2018	A
Maine School Administrative District #44	200,692.00	2015 - 2018	A
Town of Durham	160,000.00	2015 - 2018	A
Town of Hope	133,336.00	2015 - 2018	A
Town of Wilton	565,328.00	2015 - 2020	A
Town of Poland	56,263.53	2015 - 2020	A
Town of Poland	602,264.47	2015 - 2022	A
Sanford Water District	320,000.00	2015 - 2022	R
Town of Cranberry Isles	957,520.00	2015 - 2023	A
Gray Water District	888,698.00	2015 - 2023	R
Town of Camden	449,640.00	2015 - 2023	A
Town of Cranberry Isles	335,133.00	2015 - 2023	A
Town of Mechanic Falls	288,639.00	2015 - 2023	A
Town of Richmond	146,250.00	2015 - 2023	A
SUBTOTAL	$5,532,335.00		

XXII. MUNICIPAL BONDS 2003DE - Issued October 23, 2003	Balance Outstanding	Serial Bonds Due November 1 (Years Inclusive)	Source of Payment*
Governmental Unit			
Kennebunk, Kennebunkport & Wells Water District	$ 333,334.00	2015 - 2018	R
Town of Weld	124,563.00	2015 - 2018	A
City of Belfast	101,336.00	2015 - 2018	A
Town of Camden	93,336.00	2015 - 2018	A
Town of Patten	45,842.00	2015 - 2018	A
Town of Norway	31,839.00	2015 - 2018	A
Town of Patten	125,649.00	2015 - 2020	A
Mars Hill Utility District	279,173.00	2015 - 2021	R
City of Belfast	1,013,821.00	2015 - 2022	A
Town of Fort Kent	207,160.00	2015 - 2022	A
Town of Beaver Cove	105,264.00	2015 - 2022	A
York Water District	1,292,861.00	2015 - 2023	R
Town of Poland	940,500.00	2015 - 2023	A
Town of Waldoboro	461,282.00	2015 - 2023	A
Town of Milford	162,806.00	2015 - 2023	A
Mars Hill Utility District	164,848.00	2015 - 2027	R
Town of Cornish	457,724.00	2015 - 2033	A
SUBTOTAL	$5,941,338.00		

*See headings of Appendix B for the information indicated by the letters A, S and R.

(1) The Municipal Bonds of the Hospital Administrative District No. 4, unless paid from other sources, are payable from ad valorem taxes which may be levied without limit as to rate or amount upon all the taxable property within the territory of each town and plantation which is a member of the District.

XXIII. MUNICIPAL BONDS Issued May 27, 2004	Balance Outstanding	Serial Bonds Due November 1 (Years Inclusive)	Source of Payment*
Governmental Unit			
Town of Winthrop	$ 258,335.00	2015 - 2019	A
City of Belfast	73,335.00	2015 - 2019	A
Maine School Administrative District #71	8,026,364.00	2015 - 2024	A,S
Town of Lisbon	6,449,860.00	2015 - 2024	A,S
Maine School Administrative District #34	4,907,532.00	2015 - 2024	A,S
Town of Sabattus	4,274,000.00	2015 - 2024	A,S
Town of Windsor	3,925,260.00	2015 - 2024	A,S
Calais School District	3,883,500.00	2015 - 2024	A,S
Maine School Administrative District #74	3,634,300.00	2015 - 2024	A,S
Maine School Administrative District #52	2,670,000.00	2015 - 2024	A
Town of Bethel	890,973.00	2015 - 2024	A
Town of Bar Harbor	494,644.00	2015 - 2024	A
Maine School Administrative District #44	493,200.00	2015 - 2024	A
Town of Carrabassett Valley	488,389.00	2015 - 2024	A
Houlton Water Company	215,000.00	2015 - 2024	R
Town of Ogunquit	165,000.00	2015 - 2024	A
Mars Hill Utility District	76,309.00	2015 - 2024	R
North Jay Water District	61,049.00	2015 - 2024	R
SUBTOTAL	$40,987,050.00		

XXIV. MUNICIPAL BONDS Issued October 28, 2004	Balance Outstanding	Serial Bonds Due November 1 (Years Inclusive)	Source of Payment*
Governmental Unit			
Town of Harpswell	$ 116,668.00	2015 - 2016	A
City of Gardiner	258,335.00	2015 - 2019	A
City of Biddeford	11,391,500.00	2015 - 2024	A,S
Maine School Administrative District #01	2,150,000.00	2015 - 2024	A
City of Brewer	629,000.00	2015 - 2024	A
Town of Rangeley	425,000.00	2015 - 2024	A
Town of Ogunquit	247,500.00	2015 - 2024	A
Hampden Water District	194,537.00	2015 - 2024	R
City of Brewer	181,500.00	2015 - 2024	A
Town of Bowerbank	144,732.00	2015 - 2024	A
Town of Bethel	129,053.00	2015 - 2024	A
Town of Eagle Lake	1,107,697.00	2015 - 2034	A
SUBTOTAL	$16,975,522.00		

XXV. MUNICIPAL BONDS Issued May 26, 2005	Balance Outstanding	Serial Bonds Due November 1 (Years Inclusive)	Source of Payment*
Governmental Unit			
Maine School Administrative District #54	$ 150,000.00	2015	A
Town of Newry	55,000.00	2015	A
Maine School Administrative District #53	50,273.00	2015	A
Vocational Region #07	50,000.00	2015	A
Town of Appleton	27,100.00	2015	A
Maine School Administrative District #06	500,003.00	2015 - 2020	A
Town of Carrabassett Valley	331,989.00	2015 - 2020	A
Town of Lisbon	176,628.00	2015 - 2020	A
Town of Carrabassett Valley	57,378.00	2015 - 2020	A
Town of Lincolnville	3,648,794.00	2015 - 2025	A,S
Maine School Administrative District #34	2,722,500.00	2015 - 2025	A
City of Brewer	398,750.00	2015 - 2025	A
City of Brewer	352,000.00	2015 - 2025	A
Town of Ogunquit	220,000.00	2015 - 2025	A
Town of Mars Hill	192,500.00	2015 - 2025	A
Town of Southwest Harbor	704,000.00	2015 - 2030	A
SUBTOTAL	$9,636,915.00		

*See headings of Appendix B for the information indicated by the letters A, S and R.

XXVI. MUNICIPAL BONDS

2005DE - Issued October 27, 2005

Governmental Unit	Balance Outstanding	Serial Bonds Due November 1 (Years Inclusive)	Source of Payment*
Town of Winthrop	$ 127,000.00	2015	A
Maine School Administrative District #58	95,000.00	2015	A
Town of Kennebunkport	93,611.00	2015	A
Town of Standish	81,962.00	2015	A
City of Brewer	49,296.00	2015	A
Town of Dover-Foxcroft	40,000.00	2015	A
Kennebunk, Kennebunkport & Wells Water District	400,002.00	2015 - 2020	R
Maine School Administrative District #57	11,665,739.00	2015 - 2025	A,S
Maine School Administrative District #17	6,344,764.00	2015 - 2025	A,S
Maine School Administrative District #16	5,756,271.00	2015 - 2025	A,S
Portland Water District	495,000.00	2015 - 2025	R
Hospital Administrative District #4	330,000.00	2015 - 2025	R
Town of Lisbon	216,150.00	2015 - 2025	A
Town of Carrabassett Valley	109,154.00	2015 - 2025	A
Bath Water District	3,374,260.00	2015 - 2033	R
SUBTOTAL	$29,178,209.00		

XXVII. MUNICIPAL BONDS

Issued May 25, 2006

Governmental Unit	Balance Outstanding	Serial Bonds Due November 1 (Years Inclusive)	Source of Payment*
Maine School Administrative District #22	$ 198,600.00	2015 - 2016	A
Town of Rockport	75,000.00	2015 - 2016	A
City of Rockland	280,000.00	2015 - 2021	A
City of Biddeford	2,400,000.00	2015 - 2026	A
Bangor Water District	1,173,414.00	2015 - 2026	R
Town of Cape Elizabeth	1,134,000.00	2015 - 2026	A
City of Brewer	432,000.00	2015 - 2026	A
Town of Dover-Foxcroft	255,000.00	2015 - 2026	A
Town of Dover-Foxcroft	180,000.00	2015 - 2026	A
Town of Saint Agatha	78,000.00	2015 - 2026	A
Town of West Gardiner	513,336.00	2015 - 2036	A
SUBTOTAL	$6,719,350.00		

XXVIII. MUNICIPAL BONDS

Issued October 26, 2006

Governmental Unit	Balance Outstanding	Serial Bonds Due November 1 (Years Inclusive)	Source of Payment*
Town of Hampden	$ 83,334.00	2015	A
Town of Mount Desert	250,000.00	2015 - 2016	A
Town of Fort Kent	240,000.00	2015 - 2016	A [(1)]
Town of Sanford	220,000.00	2015 - 2016	A
Town of Poland	184,600.00	2015 - 2016	A
Town of Fryeburg	123,800.00	2015 - 2016	A
Town of Standish	93,734.00	2015 - 2016	A
Town of Farmington	92,300.00	2015 - 2016	A
Town of North Haven	816,669.00	2015 - 2021	A
Town of Poland	746,669.00	2015 - 2021	A
Town of Millinocket	560,000.00	2015 - 2021	A [(2)]
Kennebunk, Kennebunkport & Wells Water District	466,669.00	2015 - 2021	R
Town of Lisbon	252,000.00	2015 - 2021	A
Town of Hampden	868,424.00	2015 - 2025	A
Town of Ogunquit	1,440,000.00	2015 - 2026	A
Portland Water District	900,000.00	2015 - 2026	R
City of Brewer	664,669.00	2015 - 2026	A
Belfast Water District	373,567.00	2015 - 2026	R
North Jay Water District	33,961.00	2015 - 2026	R
SUBTOTAL	$8,410,396.00		

*See headings of Appendix B for the information indicated by the letters A, S and R.

(1) Matures on October 26, 2016.

(2) Matures on October 26, 2021.

XXIX. MUNICIPAL BONDS Issued May 24, 2007

Governmental Unit	Balance Outstanding	Serial Bonds Due November 1 (Years Inclusive)	Source of Payment*
City of Augusta	$ 100,000.00	2015 - 2016	A
Deer Isle-Stonington C.S.D.	50,000.00	2015 - 2016	A
City of Old Town	300,000.00	2015 - 2017	A
Town of Peru	120,000.00	2015 - 2017	A
Town of Glenburn	30,000.00	2015 - 2017	A
City of Rockland	1,463,667.00	2015 - 2026	A
Town of Fort Fairfield	600,000.00	2015 - 2026	A
Maine School Administrative District #55	10,127,665.00	2015 - 2027	A,S
Maine School Administrative District #21	8,865,375.00	2015 - 2027	A,S
Maine School Administrative District #40	8,477,846.00	2015 - 2027	A,S
Maine School Administrative District #68	7,018,375.00	2015 - 2027	A,S
Maine School Administrative District #15	4,021,745.00	2015 - 2027	A
Hallowell Water District	343,854.00	2015 - 2028	R
SUBTOTAL	$41,518,527.00		

XXX. MUNICIPAL BONDS Issued October 25, 2007

Governmental Unit	Balance Outstanding	Serial Bonds Due November 1 (Years Inclusive)	Source of Payment*
Kennebec Sanitary District	$ 207,245.00	2015 - 2017	R
Town of Standish	172,275.00	2015 - 2017	A
Town of Pownal	90,000.00	2015 - 2017	A
Town of Livermore Falls	133,336.00	2015 - 2022	A
City of Presque Isle	799,631.00	2015 - 2025	A
Maine School Administrative District #03	25,688,738.00	2015 - 2027	A,S
Town of Buxton	1,170,000.00	2015 - 2027	A
Sanford Water District	1,105,000.00	2015 - 2027	R
Town of Carrabassett Valley	983,107.00	2015 - 2027	A
Town of Castine	408,451.00	2015 - 2027	A
Presque Isle Utilities District	334,189.00	2015 - 2027	R
City of Gardiner	207,805.00	2015 - 2027	A
Town of Frenchville	113,750.00	2015 - 2027	A
Town of Pownal	906,588.00	2015 - 2037	A
SUBTOTAL	$32,320,115.00		

XXXI. MUNICIPAL BONDS Issued May 15, 2008

Governmental Unit	Balance Outstanding	Serial Bonds Due November 1 (Years Inclusive)	Source of Payment*
City of Lewiston	$ 300,000.00	2015 - 2017	A
Town of Yarmouth	1,300,000.00	2015 - 2019	A
Town of Lincolnville	510,003.00	2015 - 2023	A
Town of Chebeague Island	2,152,339.00	2015 - 2027	A
Town of Cumberland	1,795,802.00	2015 - 2027	A
City of Brewer	332,250.00	2015 - 2027	A
Maine School Administrative District #54	10,437,968.00	2015 - 2028	A,S
Town of Ogunquit	1,473,994.00	2015 - 2028	A
Maine School Administrative District #07	1,330,000.00	2015 - 2028	A
Portland Water District	168,000.00	2015 - 2028	R
Northport Village Corp	77,462.00	2015 - 2028	R
Maine School Administrative District #28	10,933,071.00	2015 - 2031	A
Rumford Water District	704,106.00	2015 - 2038	R
SUBTOTAL	$31,514,995.00		

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*See headings of Appendix B for the information indicated by the letters A, S and R.

XXXII. MUNICIPAL BONDS Issued October 30, 2008	Balance Outstanding	Serial Bonds Due November 1 (Years Inclusive)	Source of Payment*
Governmental Unit			
Town of Corinna	$ 800,000.00	2015 - 2018	A
Town of Standish	484,300.00	2015 - 2018	A
Town of Harpswell	200,000.00	2015 - 2018	A
Town of Smithfield	80,000.00	2015 - 2018	A
Town of Farmingdale	20,000.00	2015 - 2018	A
Town of Sanford	1,710,000.00	2015 - 2023	A
Town of Dayton	245,132.00	2015 - 2024	A
Town of South Berwick	410,527.00	2015 - 2027	A
Maine School Administrative District #46	19,753,358.00	2015 - 2028	A,S
Maine School Administrative District #06	19,137,046.00	2015 - 2028	A,S
Peninsula C.S.D.	8,407,000.00	2015 - 2028	A,S
Town of Old Orchard Beach	2,760,000.00	2015 - 2028	A
Maine School Administrative District #29	1,750,000.00	2015 - 2028	A
Portland Water District	1,050,000.00	2015 - 2028	R
Town of Baileyville	420,000.00	2015 - 2028	A
Town of Orono	350,000.00	2015 - 2028	A
Portland Water District	66,500.00	2015 - 2028	R
Portland Water District	2,175,000.00	2015 - 2029	R
SUBTOTAL	$59,818,863.00		

XXXIII. MUNICIPAL BONDS Issued March 17, 2009	Balance Outstanding	Serial Bonds Due November 1 (Years Inclusive)	Source of Payment*
Governmental Unit			
Kennebec Water District	$5,130,000.00	2015 - 2020	R
SUBTOTAL	$5,130,000.00		

XXXIV. MUNICIPAL BONDS Issued May 28, 2009	Balance Outstanding	Serial Bonds Due November 1 (Years Inclusive)	Source of Payment*
Governmental Unit			
Town of Freeport	$ 120,000.00	2015 - 2018	A
Town of Lisbon	655,430.00	2015 - 2019	A
Town of Levant	428,817.00	2015 - 2019	A
Town of Harpswell	325,000.00	2015 - 2019	A
Northport Village Corporation	291,246.00	2015 - 2024	A
Maine School Administrative District #32	16,453,449.00	2015 - 2029	A,S
Portland Water District	3,525,000.00	2015 - 2029	R
Town of Cumberland	3,272,403.00	2015 - 2029	A
City of Brewer	857,250.00	2015 - 2029	A
Town of Houlton	750,000.00	2015 - 2029	A
Portland Water District	322,500.00	2015 - 2029	R
Town of Islesboro	3,200,000.00	2015 - 2034	A
SUBTOTAL	$30,201,095.00		

*See headings of Appendix B for the information indicated by the letters A, S and R.

XXXV.	MUNICIPAL BONDS Issued August 27, 2009	Balance Outstanding	Serial Bonds Due November 1 (Years Inclusive)	Source of Payment*
Governmental Unit				
Regional School Unit No. 05[1]		$13,297,005.00	2015 - 2029	A,S
Town of Durham[2]		1,632,525.00	2015 - 2029	A,S
SUBTOTAL		$14,929,530.00		

XXXVI.	MUNICIPAL BONDS Issued August 27, 2009	Balance Outstanding	Serial Bonds Due November 1 (Years Inclusive)	Source of Payment*
Governmental Unit				
City of Brewer		$25,052,490.00	2015 - 2029	A,S
SUBTOTAL		$25,052,490.00		

XXXVII.	MUNICIPAL BONDS Issued October 29, 2009	Balance Outstanding	Serial Bonds Due November I (Years Inclusive)	Source of Payment*
Governmental Unit				
Town of Frenchville		$ 42,850.00	2015 - 2016	A
Town of Frenchville		152,000.00	2015 - 2018	A
Town of Yarmouth		440,000.00	2015 - 2019	A
Town of Sanford		2,623,111.00	2015 - 2029	A
Kittery Water District		980,099.00	2015 - 2029	R
Kennebunk, Kennebunkport & Wells Water District		937,500.00	2015 - 2029	R
Town of Carrabassett Valley		551,306.00	2015 - 2029	A
North Berwick Water District		264,865.00	2015 - 2029	R
Town of Dresden		906,643.00	2015 - 2039	A[3]
Rumford Water District		293,072.00	2015 - 2039	R
SUBTOTAL		$7,191,446.00		

XXXVIII.	MUNICIPAL BONDS Issued January 14, 2010	Balance Outstanding	Serial Bonds Due November 1 (Years Inclusive)	Source of Payment*
Governmental Unit				
City of Ellsworth		$27,596,939.20	2015 - 2029	A,S[4]
Regional School Unit #24		1,079,782.12	2015 - 2029	A,S[5]
Houlton Water Company		1,300,124.00	2015 - 2030	R
SUBTOTAL		$29,976,845.32		

*See headings of Appendix B for the information indicated by the letters A, S and R.

[1] Pursuant to Maine statute, the Regional School Unit No. 5 Municipal Bond will be an obligation issued in the name of the Town of Durham by Regional School Unit No. 5 and assumed by Regional School Unit No. 5. The credit and security for the Regional School Unit No. 5 Municipal Bond will be that of regional School Unit No. 5.

[2] Pursuant to Maine statute, the Town of Durham Municipal Bond is an obligation issued in the name of the Town of Durham by Regional School Unit No. 5 as signatory and not assumed by Regional School Unit No. 5. The only credit and security for the Town of Durham Bond will be that of the Town of Durham.

[3] Matures on October 28, 2039.

[4] This Municipal Bond was issued in the name of the City of Ellsworth by Regional School Unit #24 as the City's statutory agent and is a full full faith and credit obligation of the City, payable from ad valorem taxes levied by the City.

[5] This Municipal Bond was issued in the name of the City of Ellsworth by Regional School Unit #24 as the City's statutory agent but is a full faith and credit obligation of Regional School Unit #24, and not of the City of Ellsowrth, payable from ad valorem taxes levied by Regional School Unit #24.

XXXIX. MUNICIPAL BONDS
Issued May 27, 2010

Governmental Unit	Balance Outstanding	Serial Bonds Due November 1 (Years Inclusive)	Source of Payment*
Town of Mexico	$ 100,000.00	2015	A
Town of Sanford	392,575.00	2015 - 2017	A
Town of Old Orchard Beach	375,000.00	2015 - 2017	A
Town of Mexico	90,000.00	2015 - 2017	A
Hallowell Water District	34,500.00	2015 - 2017	R
Town of Mexico(1)	90,000.00	2018 - 2020	A
City of Gardiner	1,491,435.40	2015 - 2024	A
Town of Cumberland(2)	3,266,605.00	2015 - 2029	A
Town of Naples(2)	597,550.00	2015 - 2029	A
Town of Sanford(1)	2,137,737.00	2018 - 2030	A
Town of Lisbon(2)	1,632,000.00	2015 - 2030	A
Town of Old Orchard Beach(1)	1,625,000.00	2018 - 2030	A
Portland Water District(2)	400,000.00	2015 - 2030	A
Hallowell Water District(1)	149,500.00	2018 - 2030	A
City of Gardiner(2)	1,762,239.00	2024 - 2034	A
Old Town Water District	977,307.70	2015 - 2035	R
Waterboro Water District	257,627.00	2015 - 2040	R
SUBTOTAL	$15,379,076.10		

* See headings of Appendix B for the information indicated by the letters A, S and R.

(1) Designated as "Build America Bond".

(2) Designated as "Recovery Zone Economic Development Bond".

XL. MUNICIPAL BONDS
Issued October 28, 2010

Governmental Unit	Balance Outstanding	Serial Bonds Due November 1 (Years Inclusive)	Source of Payment*
Town of Norway	$ 210,536.00	2015	A
Town of Greenwood	105,267.00	2015	A
Town of North Haven	38,950.00	2015	A
Town of Etna	100,695.00	2015 - 2016	A
Town of Etna	105,000.00	2015 - 2017	A
Kennebec Regional Development Authority	1,452,254.00	2015 - 2020	R
Town of Standish	726,000.00	2015 - 2020	A
Brunswick & Topsham Water District	588,900.00	2015 - 2020	R
Town of Harpswell	360,000.00	2015 - 2020	A
Town of Mexico	1,540,000.00	2015 - 2025	A
Auburn Water District	999,183.91	2015 - 2025	R
City of Gardiner	562,466.63	2015 - 2025	A
Town of Southwest Harbor	743,398.00	2015 - 2027	A
Town of Brunswick	17,169,800.00	2015 - 2030	A,S
Regional School Unit No. 9	11,407,024.80	2015 - 2030	A,S
Town of Poland	3,717,028.00	2015 - 2030	A
Auburn Water District	2,338,992.00	2015 - 2030	R
Town of Ogunquit	1,781,600.00	2015 - 2030	A
Town of Hampden	1,460,000.00	2015 - 2030	A
Town of Southwest Harbor	1,386,593.00	2015 - 2030	A
Hampden Water District	1,044,193.00	2015 - 2030	R
Town of Castine	784,000.00	2015 - 2030	A
Town of South Berwick	585,000.00	2015 - 2030	A
Maine School Administrative District #61	560,000.00	2015 - 2030	A
Town of Edgecomb	475,144.00	2015 - 2030	A
Town of Southwest Harbor	992,600.00	2015 - 2033	A
Hampden Water District	1,545,712.00	2015 - 2040	R
Gray Water District	1,451,964.00	2015 - 2040	R
Town of Whitefield	475,058.22	2015 - 2040	A
SUBTOTAL	$54,707,359.56		

XLI. MUNICIPAL BONDS
Issued January 27, 2011

Governmental Unit	Balance Outstanding	Serial Bonds Due November 1 (Years Inclusive)	Source of Payment*
Town of Jay	$ 564,663.00	2015 - 2025	A
Maine School Administrative District #22	39,875,745.70	2015 - 2031	A,S
Sheepscot Valley Regional School Unit #12	12,296,989.95	2015 - 2031	A,S
Town of Jefferson	11,825,435.45	2015 - 2031	A,S
SUBTOTAL	$64,562,834.10		

*See headings of Appendix B for the information indicated by the letters A, S and R.

XLII. MUNICIPAL BONDS Issued May 26, 2011	Balance Outstanding	Serial Bonds Due November 1 (Years Inclusive)	Source of Payment*
Governmental Unit			
City of Brewer	$ 1,225,000.00	2015 - 2021	A
Town of Harpswell	560,000.00	2015 - 2021	A
South Berwick Water District	220,337.00	2015 - 2021	R
Town of Lincoln	752,000.02	2015 - 2026	A
Town of Van Buren	234,462.00	2015 - 2026	A
Town of Pittsfield	524,107.18	2015 - 2027	A
Regional School Unit No. 09	47,490,550.00	2015 - 2031	A,S
Maine School Administrative District #61	3,337,950.00	2015 - 2031	A
Brunswick & Topsham Water District	1,795,819.00	2015 - 2031	R
City of Brewer	1,746,875.00	2015 - 2031	A
City of Augusta	980,000.00	2015 - 2031	A
Greater Augusta Utility District	595,000.00	2015 - 2031	R
City of Gardiner	232,142.87	2015 - 2039	A
Town of Pownal	1,188,827.58	2015 - 2040	A
Houlton Water Company	1,335,856.00	2015 - 2041	R
Passamaquoddy Water District	869,486.92	2015 - 2041	R
SUBTOTAL	$63,088,413.57		

XLIII. MUNICIPAL BONDS Issued October 27, 2011	Balance Outstanding	Serial Bonds Due November 1 (Years Inclusive)	Source of Payment*
Governmental Unit			
Town of Sanford	$ 260,000.00	2015 - 2016	A
Town of Phippsburg	300,000.00	2015 - 2018	A
Town of Old Orchard Beach	247,880.00	2015 - 2018	A
Town of Gorham	365,625.00	2015 - 2019	A
County of York	2,400,000.00	2015 - 2020	A
County of York	2,100,000.00	2015 - 2021	A
City of Brewer	1,920,000.00	2015 - 2021	A
Town of Standish	981,922.20	2015 - 2021	A
Town of Topsham	452,671.00	2015 - 2021	A
Town of Bowdoinham	450,800.00	2015 - 2021	A
Town of Norway	213,500.00	2015 - 2021	A
Town of Lisbon	189,000.00	2015 - 2021	A
Town of Bowdoinham	204,799.00	2015 - 2026	A
Regional School Unit No. 18	150,400.01	2015 - 2026	A
Rumford Water District	2,442,438.68	2015 - 2028	R
Portland Water District	1,955,000.00	2015 - 2031	R
Kennebec Water District	1,170,721.00	2015 - 2031	R
Portland Water District	340,000.00	2015 - 2031	R
SUBTOTAL	$16,144,756.89		

*See headings of Appendix B for the information indicated by the letters A, S and R.

XLIV. MUNICIPAL BONDS Issued May 24, 2012	Balance Outstanding	Serial Bonds Due November 1 (Years Inclusive)	Source of Payment*
Governmental Unit			
Town of Fort Fairfield	$ 400,000.00	2015 - 2022	A
Town of Farmington	400,000.00	2015 - 2022	A
Town of Thomaston	220,479.00	2015 - 2027	A
Town of Waldoboro	966,492.77	2015 - 2028	A
Hallowell Water District	450,000.00	2015 - 2032	R
Presque Isle Utilities District	252,715.00	2015 - 2032	R
Town of Carrabassett Valley	220,542.00	2015 - 2032	A
Milbridge Water District	288,894.22	2015 - 2034	R
Belfast Water District	1,299,730.12	2015 - 2038	R
SUBTOTAL	$4,498,853.11		

XLV. MUNICIPAL BONDS Issued October 25, 2012	Balance Outstanding	Serial Bonds Due November 1 (Years Inclusive)	Source of Payment*
Governmental Unit			
Town of Roxbury	$ 480,000.00	2015 - 2017	A
Anson-Madison Sanitary District	225,000.00	2015 - 2017	R
Town of Thomaston	159,411.15	2015 - 2017	A
Town of Standish	26,400.00	2015 - 2017	A
Town of Smithfield	375,000.00	2015 - 2020	A
Town of North Berwick	1,084,400.00	2015 - 2022	A(1)
Brunswick Sewer District	408,349.11	2015 - 2022	R
Town of Berwick	240,000.00	2015 - 2022	A
Town of Wilton	150,792.77	2015 - 2026	A
Town of Oxford	1,438,666.71	2015 - 2027	A
South Berwick Water District	675,410.88	2015 - 2027	R
Mexico Water District	394,239.71	2015 - 2030	R
Anson-Madison Water District	3,163,189.50	2015 - 2032	R
Town of Poland	2,115,634.86	2015 - 2032	A
Bangor Water District	2,025,343.80	2015 - 2032	R
Portland Water District	1,800,000.00	2015 - 2032	R
North Berwick Water District	1,395,550.12	2015 - 2032	R
Town of Carrabassett Valley	1,067,025.97	2015 - 2032	A
Town of Ogunquit	1,065,000.00	2015 - 2032	A
City of Belfast	720,000.00	2015 - 2032	A
Town of Houlton	595,367.24	2015 - 2032	A
Town of Unity	548,696.10	2015 - 2032	A
Town of Farmingdale	450,000.00	2015 - 2032	A
Town of Otisfield	400,500.00	2015 - 2032	A
Town of Castine	382,500.00	2015 - 2032	A
Harrison Water District	203,670.00	2015 - 2032	R
Portland Water District	144,000.00	2015 - 2032	R
Milo Water District	965,627.94	2015 - 2036	R(2)
Milo Water District	380,653.87	2015 - 2036	R
Limestone Water & Sewer District	743,103.15	2015 - 2042	R
Milo Water District	372,544.03	2015 - 2042	R
SUBTOTAL	$24,196,076.91		

*See headings of Appendix B for the information indicated by the letters A, S and R.

(1) Matures on October 24, 2022.

(2) Matures on October 24, 2036.

XLVI. MUNICIPAL BONDS Issued May 23, 2013

Governmental Unit	Balance Outstanding	Serial Bonds Due November 1 (Years Inclusive)	Source of Payment*
Town of Harpswell	$ 900,000.00	2015 - 2023	A
Regional School Unit No. 13	450,000.00	2015 - 2023	A
Canton Water District	27,145.14	2015 - 2023	R
Searsport Water District	2,252,436.20	2015 - 2033	R
Brunswick & Topsham Water District	1,916,226.26	2015 - 2033	R
Newport Water District	1,505,524.16	2015 - 2033	R
Portland Water District	1,356,600.00	2015 - 2033	R
City of Brewer	1,108,325.00	2015 - 2033	A
Freeport Sewer District	917,872.38	2015 - 2033	R
Town of Howland	173,024.07	2015 - 2033	A
Mars Hill Utility District	758,412.79	2015 - 2034	R
Town of Howland	765,308.06	2015 - 2035	A
Danforth Water District	230,159.66	2015 - 2035	R
Guilford-Sangerville Water District	488,748.37	2015 - 2037	R
Dover-Foxcroft Water District	1,092,478.97	2015 - 2038	R
Bowdoinham Water District	576,344.06	2015 - 2043	R
Port Clyde Water District	145,413.50	2015 - 2043	R
SUBTOTAL	$14,664,018.62		

XLVII. MUNICIPAL BONDS Issued October 24, 2013

Governmental Unit	Balance Outstanding	Serial Bonds Due November 1 (Years Inclusive)	Source of Payment*
Northern Aroostook Regional Airport Authority	$ 94,284.00	2015 - 2020	R
Town of Chelsea	875,000.00	2015 - 2021	A
Maine School Administrative District #01	2,070,000.00	2015 - 2023	A
Town of Standish	927,491.40	2015 - 2023	A
Town of Edgecomb	2,234,827.28	2015 - 2028	A
Regional School Unit No. 73	984,444.53	2015 - 2028	A
Maine School Administrative District #04	256,666.62	2015 - 2028	A
Dexter Utility District	894,721.45	2015 - 2033	R
Northport Village Corp	780,746.26	2015 - 2033	A
Town of Southwest Harbor	741,000.00	2015 - 2033	A
Town of Ogunquit	403,200.00	2015 - 2033	A
Houlton Water Company	1,450,000.00	2015 - 2043	R
SUBTOTAL	$11,712,381.54		

XLVIII. MUNICIPAL BONDS Issued May 22, 2014

Governmental Unit	Balance Outstanding	Serial Bonds Due November 1 (Years Inclusive)	Source of Payment*
Town of Starks	$ 150,000.00	2015 - 2019	A
Town of Roxbury	800,000.00	2015 - 2021	A
Maine School Administrative District #55	443,363.00	2015 - 2024	A
Town of Frye Island	150,000.00	2015 - 2024	A
Town of Glenburn	3,000,000.00	2015 - 2029	A
Maine School Administrative District #27	842,746.00	2015 - 2029	A
Town of Dixfield	1,000,000.00	2015 - 2034	A
Auburn Water District	1,000,000.00	2015 - 2034	R
City of Brewer	990,000.00	2015 - 2034	A
Regional School Unit No. 25	905,165.00	2015 - 2034	A
Town of Hampden	902,050.00	2015 - 2034	A
Brunswick & Topsham Water District	500,000.00	2015 - 2034	R
Belfast Water District	320,000.00	2015 - 2034	R
Town of Kittery	150,000.00	2015 - 2034	A
Town of Long Island	150,000.00	2015 - 2034	A
Livermore Falls Water District	2,073,076.80	2015 - 2039	R
Boothbay Region Water District	5,542,198.69	2015 - 2043	R
SUBTOTAL	$18,918,599.49		

*See headings of Appendix B for the information indicated by the letters A, S and R.

XLIX. MUNICIPAL BONDS
Issued October 23, 2014

Governmental Unit	Balance Outstanding	Serial Bonds Due November 1 (Years Inclusive)	Source of Payment*
Town of Sanford	$ 1,500,000.00	2015 - 2024	A
Town of Lisbon	500,000.00	2015 - 2024	A
Town of Ogunquit	439,000.00	2015 - 2029	A
Town of Whitefield	269,000.00	2015 - 2029	A
Town of Lisbon	5,695,714.00	2015 - 2034	A
York Water District	4,000,000.00	2015 - 2034	R
Greater Augusta Utility District	2,400,000.00	2015 - 2034	R
Greater Augusta Utility District	1,100,000.00	2015 - 2034	R
Town of Lisbon	650,000.00	2015 - 2034	A
Town of Castine	500,000.00	2015 - 2034	A
Town of Long Island	275,000.00	2015 - 2034	A
SUBTOTAL	$17,328,714.00		

L. MUNICIPAL BONDS
Issued May 28, 2015

Governmental Unit	Balance Outstanding	Serial Bonds Due November 1 (Years Inclusive)	Source of Payment*
Town of Norway	$ 1,200,000.00	2016 - 2020	A
Town of Sumner	200,000.00	2016 - 2025	A
Town of Topsham	745,500.00	2016 - 2025	A
Town of Standish	1,088,719.00	2016 - 2025	A
Town of Mexico	800,000.00	2016 - 2030	A
Regional School Unit No. 2	1,520,480.00	2016 - 2030	A
Town of Norway	515,405.94	2016 - 2033	A
Portland Water District	240,000.00	2016 - 2035	R
Brunswick Topsham Water District	1,000,000.00	2016 - 2035	R
City of Brewer	1,615,000.00	2016 - 2035	A
Town of Castine	6,245,000.00	2016 - 2035	A
Regional School Unit No. 64	25,931,796.00	2016 - 2035	A,S
Clinton Water District	466,973.37	2016 - 2036	R
Town of Blue Hill	853,512.52	2016 - 2031	A
Town of Livermore Falls	924,563.80	2016 - 2040	A
SUBTOTAL	$43,346,950.63		

*See headings of Appendix B for the information indicated by the letters A, S and R.

L1. MUNICIPAL BONDS
Contracted to be purchased from the Proceeds of the 2015 Series C Bonds †

Governmental Unit	Balance Outstanding	Serial Bonds Due November 1 (Years Inclusive)	Source of Payment*
Town of Newburgh	$ 2,000,000.00	2016 - 2030	A
Town of Newport	4,569,995.00	2016 - 2045	A
Town of Chelsea	277,560.00	2016 - 2023	A
Town of Hermon	1,840,000.00	2016 - 2019	A
Town of Lincoln	1,200,000.00	2016 - 2035	A
Town of Long Island	225,000.00	2016 - 2035	A
Town of North Berwick	225,000.00	2016 - 2025	A
Town of Fairfield	900,000.00	2016 - 2027	A
Town of Fayette	1,164,000.00	2016 - 2021	A
Great Salt Bay Sanitary District	917,572.30	2016 - 2038	R
Kingfield Water District	882,547.37	2016 - 2034	R
Town of Standish	1,461,746.00	2016 - 2025	A
SUBTOTAL	$15,663,420.67		
TOTAL (All Municipal Bonds)	$918,327,594.73		

*See headings of Appendix B for the information indicated by the letters A, S and R.
† Anticipated date of issuance of the 2015 Series C Bonds is October 22, 2015.

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APPENDIX C

Financial Statements of the
Maine Municipal Bond Bank

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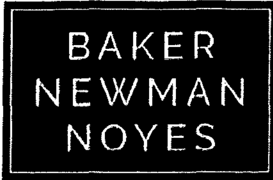

Baker Newman & Noyes, LLC
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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Maine Municipal Bond Bank

We have audited the accompanying financial statements, consisting of the General Operating Account, General Tax-Exempt Fund Group, Grant Anticipation Fund Group, Transportation Infrastructure Fund Group, Qualified School Construction Fund Group, Liquor Operation Revenue Fund Group, Clean Water and Drinking Water Revolving Loan Fund Groups and Operating Fund Group and the School Facilities Fund Group of Maine Municipal Bond Bank (the Bond Bank), which comprise the statements of net position as of June 30, 2015, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements. The Bond Bank is a component unit of the State of Maine.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Commissioners
Maine Municipal Bond Bank

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bond Bank, as well as the individual fund groups referred to above, as of June 30, 2015, and the respective changes in net position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in notes 2 and 10, the Bond Bank adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, amended by Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, as of July 1, 2014. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Baker Newman & Noyes
Limited Liability Company

Portland, Maine
September 15, 2015

MAINE MUNICIPAL BOND BANK

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015

As financial management of the Maine Municipal Bond Bank (the Bond Bank), we offer readers of these financial statements this narrative, overview and analysis of the financial activities of the Bond Bank for the fiscal year ended June 30, 2015. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities of the Bond Bank and to identify any significant changes in financial position. Readers should consider the information presented here only in conjunction with the basic financial statements as a whole.

Financial Highlights

- Revenues for the Bond Bank's General Operating Account were $765,826 for fiscal year 2015, an increase of $38,003 or 5.2% from fiscal year 2014. This was primarily attributed to an increase in net investment income of approximately $50,000.

- Net position in the Bond Bank's General Operating Account increased $716,367 in fiscal year 2015. This increase is the net result of Operating Revenues totaling $765,826, Operating Transfers totaling $1,244,238 and Operating Expenses totaling $1,293,697. Operating Transfers from the General Tax-Exempt Fund Group are mandated by the Bond Bank's annual operating budget. At June 30, 2015, the Bond Bank's General Operating Account had a net position of $28,416,521.

- The Bond Bank's gross principal amount of bonds outstanding at June 30, 2015 of $1,542,681,713 represents a net decrease of $40,100,406 over the balance at June 30, 2014. This decrease was the net result of the General Tax Exempt Resolution issuing Series 2014BC and 2015AB bonds, totaling $180,130,000, and the Grant Anticipation Fund Group issuing 2014A bonds totaling $44,810,000, less the scheduled debt service principal payments of $142,485,406 and insubstance defeased bonds totaling $122,555,000. Refer to note 4 to the financial statements for a detail of bonds payable activity in 2015.

- The Bond Bank committed loans to local governmental units during fiscal year 2015 totaling $104,145,465, which was a 43.3% increase from the loans committed in fiscal year 2014. The Bond Bank also provided borrowers participating in the Drinking Water Revolving Loan Fund Program, the Clean Water Revolving Loan Fund Program, and the School Facilities Revolving Loan Fund Program $3,189,174 in potential loan forgiveness in fiscal year 2015, which was a 46.8% decrease from fiscal year 2014.

- The provisions of Governmental Accounting Standards Board Statement No. 68, as amended by Governmental Accounting Standards Board Statement No. 71, were adopted as of July 1, 2014. This resulted in a decrease of $489,597 to the net position of the General Operating Account as of July 1, 2014. Refer to note 10 of the accompanying financial statements.

Overview of the Bond Bank

The Bond Bank was created in 1972 by an Act of the Maine Legislature, as a public body corporate and politic and is constituted as an instrumentality, exercising public and essential governmental functions of the State. The Bond Bank was established to issue bonds for the purpose, among other things, of providing funds to enable it to lend money to counties, cities, towns, school administrative districts, community school districts or other quasi-municipal corporations (the governmental units) within the State of Maine. The provision of funds is accomplished by the direct purchase from such governmental units of their bonds, notes or evidence of debt payable from taxes, charges for services or assessments.

For financial statement reporting purposes, the Bond Bank is considered a component unit of the State of Maine. However, the Bond Bank does not receive any State appropriations for its operations. The Bond Bank does receive grant monies from the State to fund the revolving loan funds for clean water, drinking water and school resolutions. The Bond Bank may also administer pass-through grants from time-to-time for various state agencies within its General Operating Account. The Bond Bank periodically receives allocations of the State's tax-exempt bond cap and is a member of the State's Tax Cap Allocation Committee.

The Bond Bank administers the Grant Anticipation Fund Group under which the Bond Bank issues bonds or notes for the purpose of making advances to finance qualified transportation projects approved by the State of Maine Department of Transportation. These bonds or notes are repaid from future federal highway grant monies received by the State of Maine.

The Bond Bank administers the Transportation Infrastructure Fund Group under which the Bond Bank issues bonds or notes for the purpose of making advances to finance qualified transportation projects approved by the State of Maine Department of Transportation. These bonds or notes are repaid from a portion of allocated fees and taxes (i.e., motor fuel taxes, title fees, registration fees, excise fuel taxes, vanity license plate fees, etc.) collected by the State of Maine, and paid to the Bond Bank monthly or quarterly.

The Bond Bank administers the Qualified School Construction Fund Group Resolution under which the Bond Bank issues bonds which are exempt from State of Maine income taxes (but not federal income taxes) and makes loans to qualified governmental units for the construction, rehabilitation, or repair of a public school facility, or for the acquisition of land on which such a facility is to be constructed. The bonds issued in this fund group are tax credit bonds in that they receive a federal interest subsidy payment on each debt service payment date. Payments are made to the Bond Bank annually and deposited in a principal sinking fund. The sinking funds will be used to pay-off the bonds on the final maturity date.

The Bond Bank administers the Liquor Operation Revenue Fund Group under which the Bond Bank issues bonds which are exempt from State of Maine income taxes (but not federal income taxes) for the purpose of making advances to the State of Maine to make payments to health care providers for services provided prior to December 1, 2012 under the MaineCare program. The bonds are repaid from a portion of future liquor revenues collected by the State Bureau of Alcoholic Beverages and Lottery Operations, and paid to the Bond Bank monthly.

The Bond Bank administers the Federal Clean Water Act and Drinking Water Act Revolving Loan Funds. Each of the Revolving Loan Funds periodically receives capitalization grants from the Environmental Protection Agency and matching funds from the State of Maine. Additionally, both of the revolving loan funds received *American Recovery and Reinvestment Act of 2009* (ARRA) grant awards in 2009. The State of Maine Department of Environmental Protection approves low interest revolving loans to eligible borrowers, under the Clean Water Act Fund, that may be comprised of bond proceeds and federal and state equity monies or solely equity monies. The Drinking Water Revolving Loan Fund operates similar to the Clean Water Revolving Loan Fund whereby the Maine Department of Human Services (Office of Drinking Water) approves low interest revolving loans, under the *Drinking Water Act*, to eligible borrowers that may be comprised of bond proceeds and federal and state equity monies or solely equity monies. Under the base Clean Water and Drinking Water Revolving Loan Program, a portion of each federal capitalization grant may be provided to borrowers as loan forgiveness. Beginning with fiscal year 2010 federal grants, the programs have provided a minimum of 30% of the federal grants awarded as additional subsidies, which includes loan forgiveness, to eligible borrowers.

The Bond Bank administers the School Facilities Revolving Loan Fund, which is capitalized by monies received from the State of Maine. The Department of Education approves qualified projects that are eligible for interest-free revolving loans, subject to the Bond Bank's approval, to school administrative units for renovation and maintenance of school facilities. Borrowers are eligible to receive a minimum of 30% and a maximum of 70% loan forgiveness.

As the result of the Bond Bank issuing tax-exempt debt, it is required to prepare arbitrage rebate calculations for each series of tax-exempt bonds outstanding and remit payment to the Internal Revenue Service every five years. The Bond Bank contracts with an arbitrage consultant to maintain and prepare all rebate calculations that will be filed with the Internal Revenue Service.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Bond Bank's financial statements, which is comprised of the basic financial statements, notes to the financial statements and required supplementary information. Since the Bond Bank operates under seven separate resolutions, the financial statements reflect individual fund activity.

Basic Financial Statements

The basic financial statements are designed to provide readers with a broad overview of the Bond Bank's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Bond Bank's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Bond Bank is improving or deteriorating. Net position increases when revenues exceed expenses.

The statement of revenues, expenses and changes in net position presents information showing how the Bond Bank's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Supplementary Information

In addition to the financial statements and the accompanying notes, this report also presents certain required supplementary information, as listed in the table of contents, to provide readers with a broader insight into the financial standing of the Bond Bank.

Financial Analysis

Net position may serve, over time, as a useful indicator of a government's financial position. In the case of the Bond Bank, net position totaled $668,370,545 at June 30, 2015. This represents an increase of $20,718,795 or 3.2% over the previous fiscal year (as restated). Most of this increase is due to revenues exceeding expenses in the Sewer and Water Fund Groups as federal and state matching grants are received to fund revolving loans to eligible borrowers. Restricted net position totals $596,164,810, unrestricted net position totals $71,723,102 and net investment in capital assets totals $482,633 at June 30, 2015. The largest portion of the Bond Bank's net position is its investment in loans to governmental units and investments held by trustee included in the Sewer and Water and School Facilities Fund Groups (provided by grants).

The Bond Bank's financial position and operations for the past two years are summarized below based on information included in the basic financial statements.

MAINE MUNICIPAL BOND BANK
Statements of Net Position
June 30, 2015 and 2014

	2015	2014 (As restated)	Percentage Change
Current assets:			
Cash	$ 566,598	$ 246,263	130.1%
Investments held by trustee	230,889,421	208,768,222	10.6
Operating investments	22,029,627	21,249,199	3.7
Loans receivable from governmental units	124,316,258	126,907,926	(2.0)
Advances to State of Maine	49,369,113	45,334,223	8.9
Accrued investment income receivable	1,245,597	1,020,426	22.1
Accrued interest and fees receivable on loans to governmental units and advances to State of Maine	9,063,969	8,721,709	3.9
Undisbursed federal letter of credit payments	44,980,783	40,319,894	11.6
Due from other funds	5,574,824	5,695,394	(2.1)
Other assets	180,246	191,469	(5.9)
Total current assets	488,216,436	458,454,725	6.5
Noncurrent assets:			
Investments held by trustee	168,531,518	167,073,967	0.9
Loans receivable from governmental units	1,279,452,776	1,308,308,974	(2.2)
Advances to State of Maine	427,819,319	427,642,929	0.0
Land and building, net of depreciation	482,633	548,395	(12.0)
Total noncurrent assets	1,876,286,246	1,903,574,265	(1.4)
Total assets	2,364,502,682	2,362,028,990	0.1
Deferred outflows of resources:			
Unamortized refunding benefits rebated to governmental units	629,229	996,543	(36.9)
Unamortized deferred loss on refundings	30,375,604	21,558,857	40.9
Pension contributions	164,078	68,861	138.3
Total deferred outflows of resources	$ 31,168,911	$ 22,624,261	37.8%

MAINE MUNICIPAL BOND BANK

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

June 30, 2015

	2015	2014 (As restated)	Percentage Change
Current liabilities:			
Accounts payable and accrued liabilities	$ 291,517	$ 393,269	(25.9)%
Due to other funds	5,574,824	5,695,394	(2.1)
Accrued interest payable	12,380,928	12,385,211	0.0
Unearned grant revenue	3,929,127	272,727	1,340.7
Undisbursed loans	33,205,031	34,212,981	(2.9)
Accrued interest rebate payable to U.S. Government	474,604	723,879	(34.4)
Due to State of Maine	52,576,660	44,457,062	18.3
Bonds payable, net	150,800,559	151,070,374	(0.2)
Total current liabilities	259,233,250	249,210,897	4.0
Noncurrent liabilities:			
Accrued interest rebate payable to U.S. Government	461,456	1,004,730	(54.1)
Bonds payable, net	1,466,609,738	1,485,889,971	(1.3)
Accrued pension and other post-employment benefit liabilities	671,965	895,903	(25.0)
Total noncurrent liabilities	1,467,743,159	1,487,790,604	(1.3)
Total liabilities	1,726,976,409	1,737,001,501	(0.6)
Deferred inflows of resources:			
Pension adjustments	324,639	–	0.0
Total deferred inflows of resources	324,639	–	0.0
Net position:			
Net investment in capital assets	482,633	548,395	(12.0)
Restricted	596,164,810	577,446,830	3.2
Unrestricted	71,723,102	69,656,525	3.0
Total net position	$ 668,370,545	$ 647,651,750	3.2%

Total short and long-term investments held by trustee at June 30, 2015 increased $23,578,750 or 6.3% from June 30, 2014. The increase was primarily the net result of additional funds being held in the Transportation Infrastructure Fund Group of approximately $10,971,600, and approximately $5,300,000 received from the State of Maine on June 30, 2015 to meet current and future federal grant match requirements for the Clean Water and Drinking Water Revolving Loan Fund Groups. Additionally, investments had a net decrease in fair value of $1,373,938 in 2015, as compared to a net decrease of $772,045 on 2014. The Bond Bank's investment portfolio is comprised of cash and cash equivalents, U.S. Government obligations (including treasury bills, notes, and bonds), U.S. Government-sponsored enterprises securities (i.e. FNMA, FMLMC), U.S. Treasury and U.S. Government-sponsored enterprise strips, guaranteed investment contracts and certificates of deposit. The Bond Bank's investments are carried at fair value. Unrealized gains and losses (primarily due to fluctuations in market interest rates) are recognized in the statement of revenues, expenses and changes in net position. The Bond Bank's investments are scheduled to mature to meet operating or debt service requirements and are normally held until maturity.

The Bond Bank's net loans (bond and equity) to governmental units decreased $31,447,866 in fiscal year 2015. The Bond Bank's total new loan commitment in 2015 of $104,145,465 was a 43.3% increase over the 2014 commitments of $72,688,342. Net bonds payable decreased $19,550,048 primarily as a result of scheduled debt service principal payments in excess of new bond issuances (net of bonds refunded).

Unearned grant revenue at June 30, 2015 increased $3,656,400 or 1340.7% over the balance at June 30, 2014. The increase is primarily attributed to timing of receipt of State of Maine matching funds. In fiscal 2015, the Bond Bank received approximately $5,300,000 in State of Maine matching funds at the end of the fiscal year, of which approximately $3,778,000 represents advance deposit of matching funds related to future federal awards.

Unamortized refunding benefits rebated to governmental units decreased $367,314 or 36.9% from 2014. The decrease is due to current year amortization. Unamortized deferred loss on refundings increased $8,816,747 or 40.9% from 2014. The net increase is due to the Bond Bank issuing $119,350,000 (par) of refunding bonds in 2015, which resulted in recognition of a deferred accounting loss of approximately $13.7 million, and current year amortization.

Undisbursed loans at June 30, 2015 decreased $1,007,950 or 2.9% from fiscal 2014. This decrease is primarily a timing issue between when grants are awarded, loans are committed and related funds are disbursed.

Accrued interest rebate payable to the U.S. Government decreased $792,549 from fiscal 2014 primarily as a result of rebate payments made to the IRS during the year.

Accrued pension and other post-employment benefit liabilities decreased $223,938 or 25% in fiscal year 2015. A majority of the net decrease is related to a decrease of $252,790 in the pension liability between fiscal year 2014 and 2015.

The Bond Bank's financial position improved as net assets increased 3.2% in fiscal year 2015. The Bond Bank continued to maintain a positive spread of income from investments, interest on loans to governmental units, fee revenue from State of Maine and grants over bond interest and operating expenses.

MAINE MUNICIPAL BOND BANK
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2015 and 2014

	2015	2014 (as restated)	Percentage Change
Interest on loans receivable from governmental units	$ 42,309,609	$ 45,124,051	(6.2)%
Program revenue from State of Maine	17,800,033	15,394,217	15.6
Interest income from investments	7,727,565	8,392,575	(7.9)
Net decrease in the fair value of investments	(1,373,938)	(772,045)	(78.0)
Grant revenue from Environmental Protection Agency	19,698,000	18,756,000	5.0
Grant revenue from State of Maine	3,939,600	3,770,024	4.5
Other income	1,776,173	2,735,143	(35.1)
Total operating revenues	91,877,042	93,399,965	(1.6)
Interest expense	58,019,337	59,673,387	(2.8)
Operating expenses (direct and shared)	5,916,326	5,184,908	14.1
Cost of issuance expenses	1,480,608	1,608,904	(8.0)
Loan forgiveness	5,374,662	4,522,523	18.8
Amortization of refunding benefits rebated to governmental units	367,314	501,975	(26.8)
Total operating expenses	71,158,247	71,491,697	(0.5)
Operating income	20,718,795	21,908,268	(5.4)
Net position, beginning of year, as previously reported	648,141,347	626,301,940	3.5
Effect of change in accounting principle on beginning of year net position	(489,597)	(558,458)	12.3
Net position, beginning of year, as restated	647,651,750	625,743,482	3.5
Net position, end of year	$ 668,370,545	$ 647,651,750	3.2%

The General Tax-Exempt Fund Group reimburses the Operating Fund for the annual budget approved by the Board of Commissioners.

Program revenue from the State of Maine increased $2,405,816 in fiscal year 2015 over fiscal year 2014 or 15.6% as a result of an increase of fees and taxes collected by the State and recorded as revenue for the Transportation Infrastructure Fund Group and Liquor Operation Revenue Fund Group to meet increased debt service requirements on the related bonds outstanding.

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Grant revenues from the Environmental Protection Agency and the State of Maine are contingent on continued funding by the U.S. Congress and the State of Maine Legislature. The Bond Bank recorded grant revenues from the Environmental Protection Agency totaling $19,698,000 in fiscal year 2015, which was a 5.0% increase from 2014. The Bond Bank recorded grant revenue from the State of Maine totaling $3,939,600 in 2015, which increased $169,576 or 4.5% from 2014 grants.

Other income decreased $958,970 in fiscal year 2015 or 35.1% from fiscal year 2014. In 2014, the Bond Bank recorded $1,416,281 of revenues from the 2013 Series A Liquor Operation Revenue Bond issue to pay for costs of issuance related to the bond issue.

Cost of issuance expenses decreased in fiscal year 2015 over 2014 by $128,296 or 8.0% as a result of less Bond issuances (par value) in fiscal year 2015.

Portions of the loans made to eligible borrowers under the Drinking Water and Clean Water Revolving Loan Fund Programs may be forgiven if certain continuing criteria are met as the borrowers repay the loans. The total amount forgiven under these programs in 2015 was $1,736,978 and $1,776,538 within the Drinking Water and Clean Water Revolving Loan Fund Program, respectively. Also, portions of the loans made to school administrative units under the School Facilities Fund Group are forgiven at the time the loans are disbursed to the units. The amount forgiven within the School Facilities Fund Group in 2015 was $1,861,146. Forgiveness expense will vary from year to year depending upon repayment and drawdown activity within the respective programs.

Requests for Information

This financial report is designed to provide a general overview of the Bond Bank's financial statements for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Executive Director, Maine Municipal Bond Bank, P.O. Box 2268, Augusta, Maine 04338-2268.

MAINE MUNICIPAL BOND BANK

STATEMENTS OF NET POSITION

June 30, 2015

	General Operating Account	General Tax-Exempt Fund Group	Transportation Fund Groups: Grant Anticipation Fund Group	Transportation Fund Groups: Transportation Infrastructure Fund Group
ASSETS				
Current assets:				
Cash	$ 566,598	$ –	$ –	$ –
Investments held by trustee (notes 3 and 5)	–	40,713,840	–	52,859,999
Operating investments (note 3)	22,029,627	–	–	–
Loans receivable from governmental units (note 4)	353,742	84,479,543	–	–
Advances to State of Maine (note 4)	–	–	16,603,201	12,895,912
Accrued investment income receivable	93,263	322,689	–	208,447
Accrued interest and fees receivable on loans to governmental units and advances to State of Maine	8,223	5,973,075	1,716,677	–
Undisbursed federal letter of credit payments	–	–	–	–
Due from other funds	5,078,146	–	–	–
Other assets	174,654	–	–	–
Total current assets	28,304,253	131,489,147	18,319,878	65,964,358
Noncurrent assets:				
Investments held by trustee (notes 3 and 5)	–	120,662,608	–	10,553,273
Loans receivable from governmental units (note 4)	729,790	818,184,631	–	–
Advances to State of Maine (note 4)	–	–	103,052,888	170,479,946
Land and building, net of depreciation of $1,422,987	482,633	–	–	–
Total noncurrent assets	1,212,423	938,847,239	103,052,888	181,033,219
Total assets	29,516,676	1,070,336,386	121,372,766	246,997,577
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized refunding benefits rebated to governmental units	–	398,576	–	–
Unamortized deferred loss on refundings	–	29,665,711	–	–
Pension contributions (notes 8 and 10)	164,078	–	–	–
Total deferred outflows of resources	164,078	30,064,287	–	–

Qualified School Construction Fund Group	Liquor Operation Revenue Fund Group	Sewer and Water Fund Groups			School Facilities Fund Group	Total
		Revolving Loan Fund Groups		Operating Fund Group		
		Clean Water	Drinking Water			
$ –	$ –	$ –	$ –	$ –	$ –	$ 566,598
–	1,368,940	89,257,099	21,468,283	6,970,208	18,251,052	230,889,421
–	–	–	–	–	–	22,029,627
1,938,675	–	27,019,883	7,474,975	–	3,049,440	124,316,258
–	19,870,000	–	–	–	–	49,369,113
99,868	174,740	290,923	25,478	227	29,962	1,245,597
300,897	–	870,274	194,823	–	–	9,063,969
–	–	32,084,561	12,896,222	–	–	44,980,783
–	–	476,716	–	19,962	–	5,574,824
–	–	4,351	1,241	–	–	180,246
2,339,440	21,413,680	150,003,807	42,061,022	6,990,397	21,330,454	488,216,436
6,255,499	27,556,752	2,818,198	685,188	–	–	168,531,518
24,553,173	–	289,352,561	138,796,372	–	7,836,249	1,279,452,776
–	154,286,485	–	–	–	–	427,819,319
–	–	–	–	–	–	482,633
30,808,672	181,843,237	292,170,759	139,481,560	–	7,836,249	1,876,286,246
33,148,112	203,256,917	442,174,566	181,542,582	6,990,397	29,166,703	2,364,502,682
–	–	194,957	35,696	–	–	629,229
–	–	707,961	1,932	–	–	30,375,604
–	–	–	–	–	–	164,078
–	–	902,918	37,628	–	–	31,168,911

MAINE MUNICIPAL BOND BANK

STATEMENTS OF NET POSITION (CONTINUED)

June 30, 2015

	General Operating Account	General Tax-Exempt Fund Group	Transportation Fund Groups: Grant Anticipation Fund Group	Transportation Fund Groups: Transportation Infrastructure Fund Group
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	$ 267,629	$ –	$ –	$ 66
Due to other funds	–	4,426,283	–	43,610
Accrued interest payable	–	6,787,858	1,716,677	2,862,473
Unearned grant revenue	–	–	–	–
Undisbursed loans	–	–	–	–
Accrued interest rebate payable to U.S. Government	–	474,604	–	–
Due to State of Maine	–	–	–	50,913,670
Bonds payable, net (note 4)	–	97,637,948	16,603,201	12,895,912
Total current liabilities	267,629	109,326,693	18,319,878	66,715,731
Noncurrent liabilities:				
Accrued interest rebate payable to U.S. Government	–	416,888	–	–
Bonds payable, net (note 4)	–	950,862,034	103,052,888	180,281,846
Accrued pension and other post-employment benefit liabilities (notes 8 and 10)	671,965	–	–	–
Total noncurrent liabilities	671,965	951,278,922	103,052,888	180,281,846
Total liabilities	939,594	1,060,605,615	121,372,766	246,997,577
DEFERRED INFLOWS OF RESOURCES				
Pension adjustments (notes 8 and 10)	324,639	–	–	–
Total deferred inflows of resources	324,639	–	–	–
NET POSITION				
Net investment in capital assets	482,633	–	–	–
Restricted (notes 5, 6 and 7)	–	4,670,829	–	–
Unrestricted (notes 6 and 7)	27,933,888	35,124,229	–	–
Total net position	$28,416,521	$ 39,795,058	$ –	$ –

See accompanying notes to the financial statements.

Qualified School Construction Fund Group	Liquor Operation Revenue Fund Group	Sewer and Water Fund Groups: Revolving Loan Fund Groups: Clean Water	Drinking Water	Operating Fund Group	School Facilities Fund Group	Total
$ –	$ 56	$ 20,140	$ 3,587	$ –	$ 39	$ 291,517
–	12,983	312,324	741,081	–	38,543	5,574,824
301,732	580,888	109,914	21,386	–	–	12,380,928
–	–	1,982,497	1,946,630	–	–	3,929,127
–	–	26,071,502	4,680,046	–	2,453,483	33,205,031
–	–	–	–	–	–	474,604
–	1,662,990	–	–	–	–	52,576,660
–	19,870,000	3,346,977	446,521	–	–	150,800,559
301,732	22,126,917	31,843,354	7,839,251	–	2,492,065	259,233,250
–	–	44,568	–	–	–	461,456
32,846,380	181,130,000	15,530,415	2,906,175	–	–	1,466,609,738
–	–	–	–	–	–	671,965
32,846,380	181,130,000	15,574,983	2,906,175	–	–	1,467,743,159
33,148,112	203,256,917	47,418,337	10,745,426	–	2,492,065	1,726,976,409
–	–	–	–	–	–	324,639
–	–	–	–	–	–	324,639
–	–	–	–	–	–	482,633
–	–	395,659,147	170,402,319	–	25,432,515	596,164,810
–	–	–	432,465	6,990,397	1,242,123	71,723,102
$ –	$ –	$ 395,659,147	$ 170,834,784	$ 6,990,397	$ 26,674,638	$ 668,370,545

MAINE MUNICIPAL BOND BANK

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended June 30, 2015

	General Operating Account	General Tax-Exempt Fund Group	Transportation Fund Groups: Grant Anticipation Fund Group	Transportation Fund Groups: Transportation Infrastructure Fund Group
Operating revenues:				
Interest on loans receivable from governmental units	$ 48,212	$36,285,916	$ –	$ –
Program revenue from State of Maine	–	–	3,879,275	7,191,478
Interest income from investments	373,249	5,036,126	–	588,793
Net decrease in the fair value of investments	(259,768)	(383,991)	–	(45,789)
Grant revenue from Environmental Protection Agency (note 6)	–	–	–	–
Grant revenue from State of Maine (notes 6 and 7)	–	–	–	–
Other income	604,133	–	472,897	–
Total operating revenues	765,826	40,938,051	4,352,172	7,734,482
Operating expenses:				
Interest expense	–	37,054,025	3,708,475	7,604,983
Operating expenses (direct and shared) (note 8)	1,293,697	52,671	170,800	129,499
Cost of issuance expenses	–	1,007,711	472,897	–
Loan forgiveness (notes 6 and 7)	–	–	–	–
Amortization of refunding benefits rebated to governmental units	–	223,415	–	–
Total operating expenses	1,293,697	38,337,822	4,352,172	7,734,482
Operating (loss) income before operating transfers	(527,871)	2,600,229	–	–
Operating transfers	1,244,238	(1,188,837)	–	–
Operating income (loss)	716,367	1,411,392	–	–
Net position, beginning of year, as previously reported	28,189,751	38,383,666	–	–
Effect of change in accounting principle on beginning of year net position (note 10)	(489,597)	–	–	–
Net position, beginning of year, as restated	27,700,154	38,383,666	–	–
Net position, end of year	$28,416,521	$39,795,058	$ –	$ –

See accompanying notes to the financial statements.

		Sewer and Water Fund Groups				
		Revolving Loan Fund Groups				
Qualified School Construction Fund Group	Liquor Operation Revenue Fund Group	Clean Water	Drinking Water	Operating Fund Group	School Facilities Fund Group	Total
$ 1,586,142	$ –	$ 3,502,727	$ 886,612	$ –	$ –	$ 42,309,609
–	6,729,280	–	–	–	–	17,800,033
244,242	720,111	625,932	32,210	4,802	102,100	7,727,565
(19,992)	(216,588)	(320,703)	(23,069)	(5,176)	(98,862)	(1,373,938)
–	–	10,853,000	8,845,000	–	–	19,698,000
–	–	2,170,600	1,769,000	–	–	3,939,600
–	–	–	–	699,143	–	1,776,173
1,810,392	7,232,803	16,831,556	11,509,753	698,769	3,238	91,877,042
1,810,392	7,163,124	553,106	125,232	–	–	58,019,337
–	69,679	975,189	2,489,325	236,607	498,859	5,916,326
–	–	–	–	–	–	1,480,608
–	–	1,776,538	1,736,978	–	1,861,146	5,374,662
–	–	119,240	24,659	–	–	367,314
1,810,392	7,232,803	3,424,073	4,376,194	236,607	2,360,005	71,158,247
–	–	13,407,483	7,133,559	462,162	(2,356,767)	20,718,795
–	–	66,131	108,327	(229,859)	–	–
–	–	13,473,614	7,241,886	232,303	(2,356,767)	20,718,795
–	–	382,185,533	163,592,898	6,758,094	29,031,405	648,141,347
–	–	–	–	–	–	(489,597)
–	–	382,185,533	163,592,898	6,758,094	29,031,405	647,651,750
$ –	$ –	$ 395,659,147	$ 170,834,784	$ 6,990,397	$ 26,674,638	$ 668,370,545

MAINE MUNICIPAL BOND BANK

STATEMENTS OF CASH FLOWS

For the Year Ended June 30, 2015

	General Operating Account	General Tax-Exempt Fund Group	Transportation Fund Groups Grant Anticipation Fund Group	Transportation Fund Groups Transportation Infrastructure Fund Group
OPERATING ACTIVITIES:				
Cash received from governmental units and State of Maine	$ 397,265	$ 123,523,030	$ 16,970,182	$ 38,426,820
Cash payments to governmental units	–	(60,825,665)	(50,004,855)	–
Cash payments to State of Maine	–	–	–	(7,486,419)
Cash received from other income	604,133	–	472,897	–
Cash payments for operating expenses	(1,302,566)	(52,671)	(170,800)	(129,433)
Cash paid for bond issuance costs	–	(1,007,711)	(472,897)	–
Cash received from (paid to) other funds	1,339,717	(1,178,041)	–	19,650
Cash received (paid) for other assets and liabilities	10,146	–	–	–
Net cash provided (used) by operating activities	1,048,695	60,458,942	(33,205,473)	30,830,618
NONCAPITAL FINANCING ACTIVITIES:				
Proceeds from bonds payable	–	207,911,670	50,004,855	–
Principal paid on bonds payable	–	(94,595,406)	(12,930,000)	(11,490,000)
Interest paid on bonds payable	–	(38,798,222)	(3,869,382)	(8,782,580)
Grant receipts from Environmental Protection Agency and State of Maine	–	–	–	–
Amount deposited to refunding escrow (note 9)	–	(140,531,511)	–	–
Net cash (used) provided by noncapital financing activities	–	(66,013,469)	33,205,473	(20,272,580)
INVESTING ACTIVITIES:				
Purchase of investment securities	(28,239,077)	(199,218,005)	–	(132,465,204)
Proceeds from sale and maturities of investment securities	27,198,881	199,529,394	–	121,447,813
Income received from investments	335,574	6,347,881	–	459,353
Interest rebate paid to U.S. Government	–	(1,104,743)	–	–
Additions to land and building	(23,738)	–	–	–
Net cash (used) provided by investing activities	(728,360)	5,554,527	–	(10,558,038)
Increase in cash	320,335	–	–	–
Cash, beginning of year	246,263	–	–	–
Cash, end of year	$ 566,598	$ –	$ –	$ –

Qualified School Construction Fund Group	Liquor Operation Revenue Fund Group	Sewer and Water Fund Groups: Revolving Loan Fund Groups: Clean Water	Sewer and Water Fund Groups: Revolving Loan Fund Groups: Drinking Water	Sewer and Water Fund Groups: Operating Fund Group	School Facilities Fund Group	Total
$ 3,750,782	$ 38,912,248	$ 29,836,587	$ 7,908,306	$ –	$ 3,626,471	$ 263,351,691
–	–	(23,788,503)	(13,058,724)	–	(3,831,767)	(151,509,514)
–	(15,614,804)	–	–	–	–	(23,101,223)
–	–	–	–	699,143	–	1,776,173
–	(69,623)	(972,549)	(2,486,194)	(236,607)	(502,651)	(5,923,094)
–	–	–	–	–	–	(1,480,608)
–	12,983	(86,190)	97,578	(204,768)	(929)	–
–	–	1,202	(125)	–	–	11,223
3,750,782	23,240,804	4,990,547	(7,539,159)	257,768	(708,876)	83,124,648
–	–	–	–	–	–	257,916,525
–	(19,660,000)	(3,380,000)	(430,000)	–	–	(142,485,406)
(1,810,392)	(7,180,621)	(713,467)	(135,360)	–	–	(61,290,024)
–	–	9,046,678	13,586,433	–	–	22,633,111
–	–	–	–	–	–	(140,531,511)
(1,810,392)	(26,840,621)	4,953,211	13,021,073	–	–	(63,757,305)
(6,504,968)	(138,314,803)	(250,421,706)	(65,847,653)	(10,856,077)	(28,693,679)	(860,561,172)
4,355,763	141,193,868	239,915,133	60,349,135	10,591,598	29,274,656	833,856,241
208,815	720,752	581,031	16,604	6,711	127,899	8,804,620
–	–	(18,216)	–	–	–	(1,122,959)
–	–	–	–	–	–	(23,738)
(1,940,390)	3,599,817	(9,943,758)	(5,481,914)	(257,768)	708,876	(19,047,008)
–	–	–	–	–	–	320,335
–	–	–	–	–	–	246,263
$ –	$ –	$ –	$ –	$ –	$ –	$ 566,598

MAINE MUNICIPAL BOND BANK

STATEMENTS OF CASH FLOWS (CONTINUED)

For the Year Ended June 30, 2015

	General Operating Account	General Tax-Exempt Fund Group	Transportation Fund Groups: Grant Anticipation Fund Group	Transportation Fund Groups: Transportation Infrastructure Fund Group
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ 716,367	$ 1,411,392	$ –	$ –
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Interest income from investments	(373,249)	(5,036,126)	–	(588,793)
Net decrease in the fair value of investments	259,768	383,991	–	45,789
Loan forgiveness	–	–	–	–
Depreciation	89,500	–	–	–
Amortization of refunding benefits rebated to governmental units	–	223,415	–	–
Interest expense on bonds payable	–	37,054,025	3,708,475	7,604,983
Federal and State grants	–	–	–	–
Change in assets and liabilities:				
Loans receivable from governmental units and advances to to State of Maine	346,995	26,312,848	(36,408,769)	12,537,489
Accrued interest and fees receivable on loans to governmental units and advances to State of Maine	2,058	98,601	(505,179)	–
Due to/from other funds	95,479	10,796	–	19,650
Other assets	10,146	–	–	–
Accrued pension and other post-employment benefit liabilities	5,484	–	–	–
Accounts payable and accrued liabilities	(103,853)	–	–	66
Due to State of Maine	–	–	–	11,211,434
Net cash provided (used) by operating activities	$ 1,048,695	$ 60,458,942	$(33,205,473)	$ 30,830,618

See accompanying notes to the financial statements.

Qualified School Construction Fund Group	Liquor Operation Revenue Fund Group	Sewer and Water Fund Groups			School Facilities Fund Group	Total
		Revolving Loan Fund Groups		Operating Fund Group		
		Clean Water	Drinking Water			
$ –	$ –	$ 13,473,614	$ 7,241,886	$ 232,303	$ (2,356,767)	$ 20,718,795
(244,242)	(720,111)	(625,932)	(32,210)	(4,802)	(102,100)	(7,727,565)
19,992	216,588	320,703	23,069	5,176	98,862	1,373,938
–	–	1,776,538	1,736,978	–	1,861,146	5,374,662
–	–	–	–	–	–	89,500
–	–	119,240	24,659	–	–	367,314
1,810,392	7,163,124	553,106	125,232	–	–	58,019,337
–	–	(13,023,600)	(10,614,000)	–	–	(23,637,600)
2,163,805	19,660,000	2,486,814	(6,039,912)	–	(205,296)	20,853,974
835	–	58,543	2,882	–	–	(342,260)
–	12,983	(152,321)	(10,749)	25,091	(929)	–
–	–	1,202	(125)	–	–	11,223
–	–	–	–	–	–	5,484
–	56	2,640	3,131	–	(3,792)	(101,752)
–	(3,091,836)	–	–	–	–	8,119,598
$ 3,750,782	$ 23,240,804	$ 4,990,547	$ (7,539,159)	$ 257,768	$ (708,876)	$ 83,124,648

1. Organization

The Maine Municipal Bond Bank (the Bond Bank) is constituted as an instrumentality and a component unit of the State of Maine, organized and existing under and pursuant to M.R.S.A., Article 30-A, Title 5901 (the Act), as amended.

Under the Act, the Bond Bank is authorized to issue bonds for the purpose, among other things, of providing funds to enable it to lend money to counties, cities, towns, school administrative districts, community school districts, other quasi-municipal corporations or other eligible borrowers as designated by the Legislature (the governmental units) within the State of Maine. The provision of funds is accomplished by the direct purchase from such governmental units of their bonds, notes or evidence of debt payable from taxes, charges for services, grants or assessments. The Bond Bank is also authorized by the Legislature to issue bonds on behalf of the State of Maine to finance qualified transportation projects and payments to healthcare providers, to be repaid by taxes, fees and grant and liquor revenues.

The Bond Bank has an arrangement with related parties, Maine Health and Higher Educational Facilities Authority and Maine Governmental Facilities Authority, whereby the Bond Bank allocates payroll and general overhead expenses from its operations to each Authority. The arrangement is approved annually by the Board of Commissioners through the budgetary approval process. At June 30, 2015, the General Operating Account has approximately $50,000 of amounts due from these related parties, which is included in other assets in the accompanying statements of net position.

The General Operating Account consists of the operating revenues and expenses incurred by the Bond Bank in administering the seven resolutions under which it is operating. The funds and accounts of these resolutions have been grouped within each of the resolutions and fund groups as described below.

The General Operating Account also administers various loan and grant programs in conjunction with the State of Maine. Additionally, the General Operating Account from time-to-time will provide loans to municipalities (governmental units) experiencing financial difficulties. During 2010, the General Operating Account provided a loan of approximately $1.2 million to a municipality, which is to be repaid in quarterly installments of $39,740, including interest at 5.5%, through October 2019. The balance outstanding on this loan as of June 30, 2015 is $629,855. During 2012, the General Operating Account provided a loan of approximately $1.1 million to a municipality, which is to be repaid in quarterly installments ranging from $66,943 to $56,975, including interest at 1.875%, through April 2017. The balance outstanding on this loan as of June 30, 2015 is $453,677.

General Tax-Exempt Fund Group: This fund group consists of funds and accounts established under the Bond Bank's General Bond Resolution adopted July 11, 1973, as amended and supplemented by the First Supplemental Resolution adopted September 20, 1977, the Second Supplemental Resolution adopted July 18, 1984, the Third Supplemental Resolution adopted May 7, 1993, the Fourth Supplemental Resolution adopted June 25, 1993 and the Fifth Supplemental Resolution adopted September 18, 2003. Under these resolutions, the Bond Bank issues bonds on which the interest is exempt from State of Maine income taxes and either exempt or non-exempt from federal income taxes. The proceeds on the bonds are used to make loans to local governmental units. In addition, the Bond Bank issues taxable bonds that receive a federal interest subsidy payment on each debt service payment date. The total federal interest subsidy received in 2015 was approximately $963,300, and is included in interest on loans receivable from governmental units in the statement of revenues, expenses and changes in net position.

1. Organization (Continued)

Transportation Fund Groups: These fund groups consist of funds and accounts established under the Bond Bank's Grant Anticipation General Bond Resolution adopted December 10, 2004 and the Bond Bank's Transportation Infrastructure General Bond Resolution adopted September 24, 2008. Under these resolutions, the Bond Bank issues bonds or notes exempt from Federal and State of Maine income taxes for the purpose of making advances to the State of Maine Department of Transportation to finance qualified transportation projects. The Grant Anticipation bonds or notes are to be repaid from future federal highway grant monies received by the State of Maine and the Transportation Infrastructure bonds or notes are to be repaid from a portion of future fees and taxes collected by the State of Maine, which are paid to the Bond Bank monthly or quarterly. In addition, the Bond Bank issues taxable bonds that receive a federal interest subsidy payment on each debt service payment date. The total federal interest subsidy received in 2015 was approximately $383,600 and is included in program revenue from State of Maine in the statement of revenues, expenses and changes in net position.

Qualified School Construction Fund Group: This fund group consists of funds and accounts established under the Bond Bank's General Bond Resolution adopted November 18, 2010. Under this resolution, the Bond Bank issues bonds which are exempt from State of Maine income taxes (but not federal income taxes) and makes loans to qualified governmental units. The bonds issued in this fund group receive a federal interest subsidy payment on each debt service payment date. The total federal interest subsidy received in 2015 was approximately $1,546,300 and is included in interest on loans receivable from governmental units in the statement of revenues, expenses and changes in net position.

Liquor Operation Revenue Fund Group: This fund group consists of funds and accounts established under the Bond Bank's State Liquor Operation Revenue Bonds Resolution adopted August 21, 2013. Under this resolution, the Bond Bank issues bonds which are exempt from State of Maine income taxes (but not federal income taxes) for the purpose of making advances to the State of Maine to make payments to health care providers for services provided prior to December 1, 2012 under the MaineCare program. The bonds are to be repaid from a portion of future liquor revenues collected by the State Bureau of Alcoholic Beverages and Lottery Operations and transferred to the Bond Bank monthly.

Sewer and Water Fund Groups: These fund groups consist of funds and accounts established under the Bond Bank's Sewer and Water General Bond Resolution adopted February 7, 1990, as amended and supplemented by the First Supplemental Resolution adopted March 6, 1991, by the Second Supplemental Resolution adopted August 21, 1998, and by the Third Supplemental Resolution adopted March 14, 2003. Under this resolution, the Bond Bank issues bonds exempt from federal and State of Maine income taxes for the purpose of making revolving loans to governmental units to finance wastewater collection, treatment system or water supply system projects. Under the Drinking Water Fund Group, eligible borrowers consist of public water systems, which include municipalities, districts, private for-profit and non-profit water systems. Some of these projects may be partially financed by grants from the Environmental Protection Agency and the State of Maine under the State Revolving Fund Program and the Drinking Water State Revolving Loan Fund Program. The Operating Fund Group collects fees paid by eligible borrowers of the Sewer and Water Fund Groups and pays administrative expenses to the Bond Bank and other expenses permitted within the resolution that are not covered under the Sewer and Water Revolving Fund Groups. The fees earned are recorded in other income on the statement of revenues, expenses and changes in net position.

1. Organization (Continued)

School Facilities Fund Group: This fund group consists of funds and accounts established under the Maine School Facilities Finance Program. Under this program, the Bond Bank receives appropriations from the State for the purpose of making loans to school administrative units for school repair and renovation. This fund group is not a part of any bond resolution.

2. Significant Accounting Policies

Proprietary Fund Accounting: As the Bond Bank's operations are financed and operated in a manner similar to private business enterprise, where the intent of the governing body is that the costs of providing goods or services is financed through user charges, it meets the criteria for an enterprise fund and, therefore, is accounted for under the accrual basis of accounting.

As discussed below, the Bond Bank complies with Governmental Accounting Standards Board (GASB) statements codified under GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidelines Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (GASB 62).

The financial statements are prepared in accordance with GASB No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus – an amendment of GASB Statement No. 21 and No. 34,* and No. 38, *Certain Financial Statement Note Disclosures* (the Statements).

Accounting Method: As stated above, the Bond Bank uses the accrual basis of accounting and, accordingly, recognizes revenues as earned and expenses as incurred.

Federal Income Taxes: It is the opinion of management that the Bond Bank is exempt from federal income taxes under Internal Revenue Code (IRC) Section 115, and that the Bond Bank has maintained its tax-exempt status and has no uncertain tax positions that require adjustment or disclosure in these financial statements. However, because the Bond Bank issues tax-exempt bonds, it is subject to the arbitrage rebate requirements of Section 148 of the IRC. Section 148 requires that any arbitrage profit earned on the proceeds of tax-exempt bonds issued after 1985 must be rebated to the federal government at least once every five years, with the balance rebated no later than 60 days after the retirement of the bonds.

Arbitrage rebate expense, which is presented as a reduction in the amount of interest income from investments, for the year ended June 30, 2015 was approximately $300,700 in the General Tax-Exempt Fund Group. Arbitrage rebate expense in the Clean Water Revolving Fund Group for the year ended June 30, 2015 was not significant.

Cash and Cash Equivalents: The Bond Bank considers all checking and savings deposits and highly liquid investments with maturities of three months or less to be cash equivalents.

Cash includes funds held in interest bearing demand deposit and savings accounts, which, at times, may exceed amounts guaranteed by the Federal Deposit Insurance Corporation. The Bond Bank has not experienced any losses in such accounts and management believes the Bond Bank is not exposed to any significant risk of loss on cash.

2. Significant Accounting Policies (Continued)

Investments: Investments are carried at fair value. Changes in fair value are recorded as net increase or decrease in the fair value of investments on the statements of revenues, expenses and changes in net position. Interest earnings on long-term principal-only strips within the general tax-exempt fund group, transportation infrastructure fund group, clean water fund group, drinking water fund group and liquor operation revenue fund group of approximately $3,564,000, $217,000, $51,000, $21,000 and $39,000, respectively, have been recorded as interest income from investments in 2015. Reserve fund investments that are not expected to be utilized to fund bond principal and interest payments until after June 30, 2016 have been classified as long-term.

Undisbursed Federal Letter of Credit Payment: The Bond Bank has received federal capitalization grants under the Sewer and Water Bond Resolution's State Revolving Fund Program. The grants have been made available in the form of letters of credit which can only be drawn upon when needed for administrative and actual construction related costs.

Building: The building is recorded at cost less accumulated depreciation. The provision for depreciation has been computed using the straight-line method.

Bond Discounts, Premiums and Issuance Costs: Costs associated with issuing debt, which are generally paid by means of fees collected from governmental units, are expensed in the year incurred. Original issue discounts or premiums associated with bond issues are deferred and are being amortized to interest expense over the life of the bond using the bonds outstanding method. For each issue, bond discounts (premiums) are presented as a reduction of (increase to) the face amount of bonds payable (note 4).

Pension Plan: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources, and pension expense, information about the fiduciary net position of the Participating Local District (PLD) Defined Benefit Plan and additions to/deductions from PLD's fiduciary net position have been determined on the same basis as they are reported by PLD. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Advanced Refundings: All advanced refundings completed within the Bond Bank's General Bond Resolution and Sewer and Water Fund Groups are accounted for in accordance with the provisions of GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*. Under GASB Statement No. 23, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense over the remaining life of the old debt, or the life of the new debt, whichever is shorter, using the bonds outstanding method. The unamortized portion of the deferred amount is reported as a deferred outflow of resources. Amortization for the year ended June 30, 2015 was approximately $4,748,100, $192,600 and $1,000 for the General Bond Resolution, Clean Water and Drinking Water Revolving Loan Fund Groups, respectively.

The Board of Commissioners determines what percentage, if any, of the gains, losses and economic benefits of advanced refundings gets passed on to the respective governmental units. Refunding benefits for governmental units are distributed to the governmental units as a one-time, upfront, rebate or as reduced debt service payments generally allocated over the remaining life of the refunded bonds. If the refunding benefits are distributed as a one-time, upfront, rebate, the refunding benefits are deferred and amortized over the life of the refunded bonds (which is equivalent to the life of the loans receivable) using a method which approximates the effective interest method.

2. Significant Accounting Policies (Continued)

Construction Funds: The Sewer and Water General Bond Resolution requires bond proceeds to be deposited into construction funds. Upon deposit into the construction funds, a loan receivable from the governmental unit is recorded and the construction funds are excluded from Sewer and Water Fund Groups. The Bond Bank maintains control over disbursement of these funds until the project is complete. There are no bond proceeds held in Clean Water or Drinking Water Construction funds as of June 30, 2015.

Grant Revenue: Grant revenue is recognized when the qualifying commitments have been made and all other grant requirements have been met.

Interfund Transactions: Quasi-external transactions are accounted for as revenues or expenses. Transactions that constitute reimbursements to a fund for expenses initially made from it that are properly applicable to another fund are recorded as expenses in the reimbursing fund and as reductions of expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Management Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires the Bond Bank to make estimates and assumptions that affect the amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Total Columns: The "total" columns contain the totals of the similar accounts of the various funds. Since the assets of the funds are restricted, the combination of the accounts, including assets therein, is for convenience only and does not indicate that the combined assets are available in any manner other than that provided for in the separate funds.

Recently Issued Accounting Pronouncements: In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, which was amended by Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date.* These statements establish standards for reporting a pension asset or liability on the statement of net position for a defined benefit plan that is based on the fiduciary plan net position, rather than plan funding. The employer's annual pension expense is no longer connected to the funding of the plan. This results in pension expense being different from the actuarially determined annual required contributions. The Bond Bank adopted these two statements in the fiscal year ended June 30, 2015. The impact of adoption of these statements is described in note 10.

2. Significant Accounting Policies (Continued)

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application.* This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015. Management is currently evaluating the impact this statement will have on the Bond Bank's financial statements.

3. Investments Held By Trustee and Operating Investments

The Bond Bank is authorized, under Maine statutes, to invest in obligations of the U.S. Treasury, certain U.S. Government-sponsored enterprises, state and local government agencies, guaranteed investment contracts, certificates of deposit and collateralized repurchase agreements. At June 30, 2015, investments are categorized as follows:

	Fair Value
General Operating Account	
Operating investments:	
U.S. Government-sponsored enterprises	$ 20,043,361
Cash and cash equivalents	1,986,266
	$ 22,029,627
General Tax-Exempt Fund Group	
Investments held by trustee:	
Guaranteed investment contracts	$ 8,572,352
U.S. Government obligations	20,654,799
U.S. Government-sponsored enterprises	20,314,363
U.S. Treasury strips	36,769,941
U.S. Government-sponsored enterprise strips	54,976,594
Cash and cash equivalents	20,088,399
	$ 161,376,448
Transportation Infrastructure Fund Group	
Investments held by trustee:	
U.S. Government-sponsored enterprises	$ 27,469,085
U.S. Treasury strips	9,567,291
Cash and cash equivalents	26,376,896
	$ 63,413,272

3. Investments Held By Trustee and Operating Investments (Continued)

	Fair Value
Qualified School Construction Fund Group	
Investments held by trustee:	
U.S. Government obligations	$ 6,027,120
Cash and cash equivalents	228,379
	$ 6,255,499
Liquor Operation Revenue Fund Group	
Investments held by trustee:	
U.S. Government-sponsored enterprises	$ 26,332,166
U.S. Treasury strips	1,224,586
Cash and cash equivalents	1,368,940
	$ 28,925,692
Sewer and Water Fund Groups	
Investments held by trustee:	
Revolving Loan Fund Group – Clean Water:	
Guaranteed investment contracts	$ 1,531,666
U.S. Government obligations	178,067
U.S. Government-sponsored enterprises	67,113,960
U.S. Government-sponsored enterprise strips	1,467,291
Certificates of deposit	7,828,713
Cash and cash equivalents	13,955,600
	$ 92,075,297
Revolving Loan Fund Group – Drinking Water:	
U.S. Government-sponsored enterprises	$ 16,193,586
U.S. Government-sponsored enterprise strips	105,735
Cash and cash equivalents	5,854,150
	$ 22,153,471
Operating Fund Group:	
U.S. Government-sponsored enterprises	$ 2,297,845
Cash and cash equivalents	4,672,363
	$ 6,970,208
School Facilities Fund Group	
Investments held by trustee:	
U.S. Government-sponsored enterprises	$ 15,149,555
Cash and cash equivalents	3,101,497
	$ 18,251,052

3. Investments Held By Trustee and Operating Investments (Continued)

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Bond Bank's investment policy provides that investment maturities be closely matched with future bond principal and interest requirements, which are the primary use of invested assets. Further, guaranteed investment contracts, which maturities are also closely matched with future bond principal and interest requirements, contain provisions that allow the Bond Bank to terminate individual contracts at par. The Bond Bank's general practice has been to hold most debt securities to their maturity, at which point the funds are needed to make required bond principal and interest payments for the respective resolutions. The following table provides information on future maturities of the Bond Bank's investments in guaranteed investment contracts, U.S. Government obligations, U.S. Government-sponsored enterprises, U.S. Treasury Strips, U.S. Government-sponsored enterprise strips and certificates of deposit as of June 30, 2015:

	Fair Value	Less than One Year	One to Five Years	Six to Ten Years	More than Ten Years
General Operating Account					
U.S. Government-sponsored enterprises	$ 20,043,361	$ 8,947,136	$11,096,225	$ –	$ –
General Tax Exempt Fund Group					
Guaranteed investment contracts	$ 8,572,352	$ –	$ –	$ –	$ 8,572,352
U.S. Government obligations	20,654,799	13,358,809	1,673,504	5,392,531	229,955
U.S. Government-sponsored enterprises	20,314,363	1,681,595	7,776,537	2,282,283	8,573,948
U.S. Treasury strips	36,769,941	3,858,971	17,008,493	15,239,484	662,993
U.S. Government-sponsored enterprise strips	54,976,594	1,726,066	9,735,726	18,776,128	24,738,674
	$ 141,288,049	$20,625,441	$36,194,260	$41,690,426	$42,777,922
Transportation Infrastructure Fund Group					
U.S. Government-sponsored enterprises	$ 27,469,085	$27,469,085	$ –	$ –	$ –
U.S. Treasury strips	9,567,291	–	–	8,243,433	1,323,858
	$ 37,036,376	$27,469,085	$ –	$ 8,243,433	$ 1,323,858
Qualified School Construction Fund Group					
U.S. Government obligations	$ 6,027,120	$ –	$ –	$ 485,669	$ 5,541,451

3. Investments Held By Trustee and Operating Investments (Continued)

	Fair Value	Less than One Year	One to Five Years	Six to Ten Years	More than Ten Years
Liquor Operation Revenue Fund Group					
U.S. Government obligations	$ –	$ –	$ –	$ –	$ –
U.S. Government-sponsored enterprises	26,332,166	–	–	26,332,166	–
U.S. Treasury strips	1,224,586	–	–	1,224,586	–
	$ 27,556,752	$ –	$ –	$27,556,752	$ –
Revolving Loan Fund Group – Clean Water					
Guaranteed investment contracts	$ 1,531,666	$ 167,000	$ –	$ 1,364,666	$ –
U.S. Government obligations	178,067	178,067	–	–	–
U.S. Government-sponsored enterprises	67,113,960	38,995,817	28,118,143	–	–
U.S. Government-sponsored enterprise strips	1,467,291	34,915	1,432,376	–	–
Certificates of deposit	7,828,713	457,725	7,370,988	–	–
	$ 78,119,697	$39,833,524	$36,921,507	$ 1,364,666	$ –
Revolving Loan Fund Group–Drinking Water					
U.S. Government-sponsored enterprises	$ 16,193,586	$11,535,785	$ 4,496,175	$ –	$ 161,626
U.S. Government-sponsored enterprise strips	105,735	–	105,735	–	–
	$ 16,299,321	$11,535,785	$ 4,601,910	$ –	$ 161,626
Sewer and Water Fund Groups – Operating Fund Group					
U.S. Government-sponsored enterprises	$ 2,297,845	$ 499,375	$ 1,798,470	$ –	$ –
School Facilities Fund Group					
U.S. Government-sponsored enterprises	$ 15,149,555	$10,346,255	$ 4,803,300	$ –	$ –

3. **Investments Held By Trustee and Operating Investments (Continued)**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Bond Bank will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Bond Bank's investments are primarily held by U.S. Bank and Bangor Savings Bank. Management of the Bond Bank is not aware of any issues with respect to custodial credit risk at either bank at June 30, 2015.

For an investment, credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the Bond Bank. Credit risk is measured by the credit quality ratings of issuers as described by nationally recognized rating organizations. The Bond Bank's investment policy limits its investments to those with high credit quality, such as U.S. Treasury Obligations and U.S. Government-sponsored enterprises securities, as rated by rating agencies such as Moody's Investor Service or Standard and Poor's, or guaranteed investment contracts backed by high credit quality banks and insurance companies. The Bond Bank requires providers of guaranteed investment contracts to have and maintain a long-term unsecured debt obligation rating or claims paying ability equal to or greater than "AA" or "Aa". If the long-term rating falls below these thresholds, the provider must either (i) pledge additional collateral to restore the rating or (ii) permit the Bond Bank to withdraw the funds at par and without penalty.

At June 30, 2015, the rating for investments in U.S. Treasury Obligations and U.S. Government-sponsored enterprise securities (includes FHLMC, FHLB, FFCB, FNMA) was AA+. At June 30, 2015, the Bond Bank's guaranteed investment contracts within the General Tax Exempt Fund Group and Revolving Loan Fund Groups are primarily with three institutions, all of which are AA rated or better.

The Bond Bank has invested some of its long-term funds in U.S. Treasury and U.S. Government-sponsored enterprise principal-only strips in order to maximize yields coincident with cash needs for operations, debt service, and arbitrage. These securities are similar to zero coupon bonds which are purchased deeply discounted, with the Bond Bank receiving its only repayment stream at maturity; therefore, they are sensitive to interest rate changes. These securities are reported at fair value in the statements of net position. The fair value of these investments is approximately $104,111,400 at June 30, 2015.

Trustee held cash and cash equivalents at June 30, 2015 consist primarily of money market funds secured by short-term U.S. Treasury obligations.

The cash and cash equivalents of the Bond Bank's General Operating Account at June 30, 2015 consist entirely of money market funds secured by short-term U.S. Treasury obligations.

4. Bonds Payable

Total General Tax-Exempt Fund Group Bonds payable, with original interest rates, consist of the following at June 30, 2015:

	Original Maturity	Original Amount Issued	Amount Outstanding June 30, 2015
Series 2004 C, 2.00% – 5.00%, dated September 23, 2004	2004 – 2020	$ 58,675,000	$ 8,245,000
Series 2005 A, 3.00% – 5.00%, dated March 8, 2005	2005 – 2021	91,250,000	65,925,333
Series 2005 B and C, 3.00% – 5.00%, dated May 26, 2005	2006 – 2031	22,050,000	1,345,000
Series 2005 D and E, 3.00% – 5.00%, dated October 27, 2005	2006 – 2034	60,395,000	3,795,000
Series 2006 A, 3.48% – 4.77%, dated May 25, 2006	2006 – 2036	14,040,000	1,575,000
Series 2006 B and C, 3.55% – 5.00%, dated October 26, 2006	2007 – 2027	24,065,000	3,750,000
Series 2007 A, 3.75% – 5.00%, dated April 5, 2007	2007 – 2022	51,335,000	48,495,000
Series 2007 B and C, 4.00% – 5.00%, dated May 24, 2007	2007 – 2029	69,380,000	10,450,000
Series 2007 D and E, 4.00% – 5.00%, dated October 25, 2007	2008 – 2037	53,560,000	7,655,000
Series 2008 A and B, 3.00% – 5.00%, dated May 15, 2008	2008 – 2038	49,060,000	9,625,000
Series 2008 C, 4.00% – 5.50%, dated October 30, 2008	2009 – 2038	100,010,000	20,095,000
Series 2009 A, 2.00% – 5.00%, dated March 17, 2009	2009 – 2020	10,060,000	5,880,000
Series 2009 B, 3.00% – 5.00%, dated May 28, 2009	2009 – 2034	42,845,000	31,855,000
Series 2009 C, 1.10% – 4.25%, dated August 27, 2009	2010 – 2029	21,620,000	16,580,000
Series 2009 D, 3.00% – 5.00%, dated August 27, 2009	2010 – 2029	34,930,000	26,495,000
Series 2009 G, 3.00% – 5.00%, dated October 29, 2009	2010 – 2039	9,590,000	7,320,000
Series 2009 H, 3.00% – 5.00%, dated January 14, 2010	2010 – 2030	38,710,000	30,890,000
Series 2010 A, 2.00% – 4.25%, dated May 27, 2010	2010 – 2040	8,320,000	4,340,000
Series 2010 B, 3.28% – 5.67%, dated May 27, 2010	2010 – 2034	11,735,000	11,735,000
Series 2010 C, 2.00% – 5.00%, dated October 7, 2010	2012 – 2034	99,425,000	86,820,000

4. Bonds Payable (Continued)

	Original Maturity	Original Amount Issued	Amount Outstanding June 30, 2015
Series 2010 DEF, 0.71% – 5.12%, dated October 28, 2010	2011 – 2040	$ 80,165,000	$ 62,885,000
Series 2011 A, 2.37% – 5.00%, dated January 27, 2011	2011 – 2031	80,275,000	69,095,000
Series 2011 C, 2.00% – 5.00%, dated May 26, 2011	2012 – 2041	77,275,000	65,900,000
Series 2011 EF, 2.00% – 5.00%, dated October 27, 2011	2012 – 2033	50,375,000	32,505,000
Series 2012 ABC, 0.67% – 5.00%, dated May 24, 2012	2013 – 2038	66,435,000	59,630,000
Series 2012 E, 1.50% – 4.00%, dated October 25, 2012	2013 – 2042	28,590,000	25,460,000
Series 2012 FG, 0.50% – 5.00%, dated December 11, 2012	2013 – 2034	41,975,000	41,465,000
Series 2013 A, 2.00% – 5.00%, dated May 23, 2013	2014 – 2043	15,905,000	15,245,000
Series 2013 B, 2.00% – 4.50%, dated October 24, 2013	2014 – 2043	13,525,000	12,685,000
Series 2014 A, 2.00% – 5.00%, dated May 22, 2014	2015 – 2044	19,250,000	19,250,000
Series 2014 BC, 2.00% – 5.00%, dated October 23, 2014	2015 – 2034	109,750,000	109,750,000
Series 2015 AB, 2.00% – 5.00%, dated May 28, 2015	2016 – 2040	70,380,000	70,380,000
		$ 1,524,955,000	$ 987,120,333

Total General Tax-Exempt Fund Group Bonds payable is presented on the statement of net position at June 30, 2015 as follows:

Total principal outstanding	$ 987,120,333
Unamortized original issue premium	61,379,649
Total General Tax-Exempt Fund Group Bonds payable	1,048,499,982
Current portion	97,637,948
Noncurrent portion	$ 950,862,034

4. Bonds Payable (Continued)

The outstanding General Tax-Exempt Fund Group Bonds payable will mature in each of the following years with interest payable semiannually:

Due Bond Year Ending November 1	Principal	Interest	Total Debt Service
2015	$ 88,672,358	$ 20,352,412	$ 109,024,770
2016	89,363,516	37,971,997	127,335,513
2017	84,969,459	34,733,672	119,703,131
2018	83,005,000	31,650,569	114,655,569
2019	74,425,000	28,461,558	102,886,558
2020 – 2024	299,030,000	98,199,458	397,229,458
2025 – 2029	190,205,000	41,431,513	231,636,513
2030 – 2034	65,300,000	8,644,108	73,944,108
2035 – 2039	9,100,000	1,476,575	10,576,575
2040 – 2044	3,050,000	335,435	3,385,435
	$ 987,120,333	$ 303,257,297	$ 1,290,377,630

Repayment of the debt and interest thereon is to be funded by:

Municipal loan obligations – principal and interest	$ 1,131,342,557 [1]
Reserve Funds – principal and interest	159,035,073
	$ 1,290,377,630

[1] Includes approximately $10,140,300 of interest to be funded through federal interest subsidy payments.

Total Grant Anticipation Fund Group Bonds payable, with original interest rates, consist of the following at June 30, 2015:

	Original Maturity	Original Amount Issued	Amount Outstanding June 30, 2015
Series 2004 A, 2.50% – 5.00%, dated December 16, 2004	2005 – 2015	$ 48,395,000	$ 5,325,000
Series 2008 A, 3.25% – 4.00%, dated September 10, 2008	2009 – 2020	50,000,000	27,645,000
Series 2010 A, 2.00% – 5.00%, dated December 2, 2010	2011 – 2017	25,915,000	12,375,000
Series 2010 B, 4.52% – 5.32%, dated December 2, 2010	2018 – 2022	24,085,000	24,085,000
Series 2014 A, 2.00% – 5.00%, dated December 3, 2014	2015 – 2026	44,810,000	44,810,000
		$ 193,205,000	$ 114,240,000

4. Bonds Payable (Continued)

Total Grant Anticipation Fund Group Bonds payable is presented on the statement of net position at June 30, 2015 as follows:

Total principal outstanding	$ 114,240,000
Unamortized original issue premium	5,416,089
Total Grant Anticipation Fund Group Bonds payable	119,656,089
Less current portion	16,603,201
Noncurrent portion	$ 103,052,888

The outstanding Grant Anticipation Fund Group Bonds payable will mature in each of the following years with interest payable semiannually:

Due Bond Year Ending September 1	Principal	Interest	Total Debt Service
2015	$ 15,680,000	$ 2,575,015	$ 18,255,015
2016	11,465,000	4,542,905	16,007,905
2017	11,965,000	4,043,205	16,008,205
2018	12,520,000	3,490,005	16,010,005
2019	13,010,000	2,932,418	15,942,418
2020 – 2024	40,075,000	6,764,992	46,839,992
2025 – 2026	9,525,000	525,050	10,050,050
	$ 114,240,000	$24,873,590	$ 139,113,590

Repayment of the debt and interest thereon is to be funded by:

Repayment of advances to State of Maine – principal and interest	$ 139,113,590 [1]

[1] Includes approximately $2,332,900 of interest to be funded through federal interest subsidy payments.

Total Transportation Infrastructure Fund Group Bonds payable, with original interest rates, consist of the following at June 30, 2015:

	Original Maturity	Original Amount Issued	Amount Outstanding June 30, 2015
Series 2008 A, 3.00% – 5.50%, dated November 20, 2008	2009 – 2023	$ 50,000,000	$ 34,240,000
Series 2009 A, 2.50% – 5.00%, dated July 22, 2009	2010 – 2023	105,000,000	74,240,000
Series 2009 B, 2.00% – 5.00%, dated September 10, 2009	2010 – 2024	30,000,000	25,755,000
Series 2011A, 2.00% – 5.00%, dated December 14, 2011	2012 – 2026	55,000,000	52,135,000
		$ 240,000,000	$ 186,370,000

MAINE MUNICIPAL BOND BANK

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

4. Bonds Payable (Continued)

Total Transportation Infrastructure Fund Group Bonds payable is presented on the statement of net position at June 30, 2015 as follows:

Total principal outstanding	$ 186,370,000
Unamortized original issue premium	6,807,758
Total Transportation Infrastructure Fund Group Bonds payable	193,177,758
Less current portion	12,895,912
Noncurrent portion	$ 180,281,846

The outstanding Transportation Infrastructure Fund Group Bonds payable will mature in each of the following years with interest payable semiannually:

Due Bond Year Ending September 1	Principal	Interest	Total Debt Service
2015	$ 11,910,000	$ 4,293,709	$ 16,203,709
2016	12,410,000	8,130,288	20,540,288
2017	12,945,000	7,586,300	20,531,300
2018	13,535,000	7,062,775	20,597,775
2019	14,180,000	6,411,675	20,591,675
2020 – 2024	82,375,000	21,036,030	103,411,030
2025 – 2026	39,015,000	2,349,150	41,364,150
	$ 186,370,000	$56,869,927	$ 243,239,927

Repayment of the debt and interest thereon is to be funded by:

Repayment of advances to State of Maine – principal and interest	$ 233,438,028
Reserve fund – principal and interest	9,801,899
	$ 243,239,927

4. Bonds Payable (Continued)

Total Qualified School Construction Fund Group Bonds payable, with original interest rates, consist of the following at June 30, 2015:

	Original Maturity	Original Amount Issued	Amount Outstanding June 30, 2015
Series 2011 B, 6.12%, dated January 27, 2011	2026	$ 9,210,000	$ 9,210,000
Series 2011 D, 5.69%, dated May 26, 2011	2025	12,650,000	12,650,000
Series 2011 G, 4.45% – 4.95%, dated October 27, 2011	2025 – 2028	8,515,000	8,515,000
Series 2012 D, 5.14%, dated May 24, 2012	2027	1,321,142	1,321,142
Series 2013 C, 5.20%, dated October 24, 2013	2028	1,150,238	1,150,238
		$32,846,380	$32,846,380

Total Qualified School Construction Fund Group Bonds payable is presented on the statement of net position at June 30, 2015 as follows:

Total Qualified School Construction Fund Group Bonds payable	$32,846,380
Less current portion	–
Noncurrent portion	$32,846,380

The outstanding Qualified School Construction Fund Group Bonds payable will mature in each of the following years with interest payable semiannually:

Due Bond Year Ending November 1	Principal	Interest	Total Debt Service
2015	$ –	$ 905,196	$ 905,196
2016	–	1,810,392	1,810,392
2017	–	1,810,392	1,810,392
2018	–	1,810,392	1,810,392
2019	–	1,810,392	1,810,392
2020 – 2024	–	9,051,962	9,051,962
2025 – 2028	32,846,380	3,290,536	36,136,916
	$32,846,380	$20,489,262	$53,335,642

4. Bonds Payable (Continued)

Repayment of the debt and interest thereon is to be funded by:

Government unit loan obligations – principal and interest	$ 47,262,911 [1]
Sinking fund – principal and interest	6,072,731
	$ 53,335,642

[1] Includes approximately $18,878,000 of interest to be funded through federal interest subsidy payments.

Liquor Operation Revenue Fund Group Bonds payable, with original interest rates, consist of the following at June 30, 2015:

	Original Maturity	Original Amount Issued	Outstanding June 30, 2015
Series 2013, 1.07% – 4.35%, dated September 5, 2013	2015 – 2024	$ 220,660,000	$ 201,000,000

The Liquor Operation Revenue Bonds payable are presented on the statement of net position at June 30, 2015 as follows:

Total Liquor Operation Revenue Bonds payable	$ 201,000,000
Less current portion	19,870,000
Noncurrent portion	$ 181,130,000

The outstanding Liquor Operation Revenue Fund Group Bonds payable will mature in each of the following years with interest payable semiannually:

Due Bond Year Ending June 1	Principal	Interest	Total Debt Service
2015	$ –	$ 3,485,326	$ 3,485,326
2016	19,870,000	6,800,963	26,670,963
2017	20,210,000	6,388,349	26,598,349
2018	20,695,000	5,844,933	26,539,933
2019	21,295,000	5,185,834	26,480,834
2020 – 2024	118,930,000	12,861,868	131,791,868
	$ 201,000,000	$40,567,273	$ 241,567,273

Repayment of the debt and interest thereon is to be funded by:

Governmental unit loan obligations – principal and interest	$ 207,950,287
Reserve fund – principal and interest	33,608,230
Capitalized interest fund – interest	8,756
	$ 241,567,273

4. Bonds Payable (Continued)

Sewer and Water Fund Group Clean Water Bonds payable, with original interest rates, consist of the following at June 30, 2015:

	Original Maturity	Original Amount Issued	Outstanding June 30, 2015
Series 2003 A and B, 1.05% – 5.00%, dated March 1, 2003	2003 – 2023	$32,165,000	$ 135,000
Series 2003 C, 1.00% – 4.9%, dated November 13, 2003	2004 – 2024	16,065,000	280,000
Series 2009 A, 3.00% – 5.00%, dated November 3, 2009	2010 – 2018	14,520,000	3,880,000
Series 2009 B, 2.50 – 3.625%, dated November 3, 2009	2010 – 2018	2,660,000	1,230,000
Series 2012 A, 2.00% – 5.00% dated March 22, 2012	2012 – 2024	17,375,000	12,240,000
		$82,785,000	$17,765,000

The Sewer and Water Fund Group Clean Water Bonds payable are presented on the statement of net position at June 30, 2015 as follows:

Total principal outstanding	$17,765,000
Unamortized original issue premium	1,112,392
Total Sewer and Water Fund Group Waste Water Bonds payable	18,877,392
Less current portion	3,346,977
Noncurrent portion	$15,530,415

The outstanding Sewer and Water Fund Group Clean Water Bonds payable will mature in each of the following years with interest payable semiannually:

Due Bond Year Ending November 1	Principal	Interest	Total Debt Service
2015	$ 3,065,000	$ 329,743	$ 3,394,743
2016	2,910,000	546,724	3,456,724
2017	3,015,000	442,499	3,457,499
2018	2,765,000	317,899	3,082,899
2019	1,380,000	216,605	1,596,605
2020 – 2024	4,630,000	523,215	5,153,215
	$17,765,000	$2,376,685	$20,141,685

4. Bonds Payable (Continued)

Repayment of the debt and interest thereon is to be funded by:

Governmental unit loan obligations – principal and interest	$18,942,125
Reserve fund – principal and interest	1,199,560
	$20,141,685

Sewer and Water Fund Group Drinking Water Bonds payable, with original interest rates, consist of the following at June 30, 2015:

	Original Maturity	Original Amount Issued	Amount Outstanding June 30, 2015
Series 2005 A, 2.25% – 4.45%, dated March 24, 2005	2005 – 2025	$3,770,000	$2,280,000
Series 2009 C, 3.00% dated November 3, 2009	2010 – 2018	2,380,000	1,060,000
		$6,150,000	$3,340,000

The Sewer and Water Fund Group Drinking Water Bonds payable are presented on the statement of net position at June 30, 2015 as follows:

Total principal outstanding	$3,340,000
Unamortized original issue premium	12,696
Total Sewer and Water Fund Group Drinking Water Bonds payable	3,352,696
Less current portion	446,521
Noncurrent portion	$2,906,175

The outstanding Sewer and Water Fund Group Drinking Water Bonds payable will mature in each of the following years with interest payable semiannually:

Due Bond Year Ending November 1	Principal	Interest	Total Debt Service
2015	$ 440,000	$ 64,158	$ 504,158
2016	450,000	113,675	563,675
2017	455,000	98,418	553,418
2018	470,000	82,773	552,773
2019	200,000	66,373	266,373
2020 – 2024	1,175,000	193,778	1,368,778
2025	150,000	6,675	156,675
	$3,340,000	$625,850	$3,965,850

4. Bonds Payable (Continued)

Repayment of the debt and interest thereon is to be funded by:

Governmental unit loan obligations – principal and interest	$3,965,850

The following summarizes bond payable activity for the Bond Bank for the year ended June 30, 2015:

	General Tax Exempt Fund Group	Grant Anticipation Fund Group	Trans-portation Infra-structure Fund Group	Qualified School Construc-tion Fund Group	Liquor Operation Revenue Fund Group	Clean Water Fund Group	Drinking Water Fund Group
Balance, beginning of year	$ 1,068,107,603	$ 83,247,320	$205,715,247	$ 32,846,380	$220,660,000	$ 22,592,327	$ 3,791,468
Issuances – face value	180,130,000	44,810,000	–	–	–	–	–
Redemptions	(94,595,406)	(12,930,000)	(11,490,000)	–	(19,660,000)	(3,380,000)	(430,000)
Refunded bonds	(122,555,000)	–	–	–	–	–	–
Capitalized premiums, net	25,999,835	5,194,855	–	–	–	–	–
Amortization of premiums	(8,587,050)	(666,086)	(1,047,489)	–	–	(334,935)	(8,772)
Balance, end of year	$1,048,499,982	$119,656,089	$193,177,758	$ 32,846,380	$201,000,000	$ 18,877,392	$ 3,352,696

Some bonds contain provisions for prepayment at the Bond Bank's option. All bonds within the General Tax-Exempt Fund Group, Qualified School Construction Fund Group, and Sewer and Water Fund Groups are secured by the payment stream of loans receivable from governmental units.

Reserve funds are generally funded by selling additional bonds. The monies in the reserve funds shall be held and applied solely to the payment of the interest and principal of the reserve fund bonds as they become due and payable, ultimately resulting in the retirement of the reserve fund bonds. In the event of a deficiency in an interest and/or principal payment from the governmental units, transfers can be made from the general reserve funds, until they are depleted. In addition, the General Tax-Exempt Fund Group also has a supplemental reserve fund to cover shortfalls in excess of the available general reserve funds within the Fund Group. If this creates a deficiency in the required amount of the reserve funds, the State can annually appropriate and replenish the reserve funds. This feature is referred to as "Moral Obligation" and is only available to debt issued by the General Tax-Exempt Fund Group, Liquor Operation Revenue Fund Group, and Sewer and Water Fund Groups. Except for deficiencies between the Clean Water and Drinking Water Revolving Loan Fund Groups, reserve funds of one fund group cannot be used to cover deficiencies of another fund group. In order to recover any shortfall covered by the reserve, the Bond Bank has the ability to attach certain State funds due to the governmental units. Additionally, the Bond Bank has the option to utilize funds available within the general operating accounts as necessary.

5. Reserve Funds

Each of the following resolutions requires the Bond Bank to set up reserve funds as follows:

General Tax-Exempt Fund Group: The Bond Bank is required to maintain a debt service reserve which is equal to the maximum amount of principal installments and interest maturing and becoming due in any succeeding calendar year on all governmental unit loan obligations then outstanding as of such date of calculation. At June 30, 2015, the required debt service reserve was approximately $117,020,000.

5. Reserve Funds (Continued)

In addition, the Bond Bank maintains the Special Reserve Account balance of $1,971,000 and the Supplemental Reserve Fund General Reserve Account principal balance of $2,700,000. These reserves represent segregated net position and are pledged to the payment of the principal or interest on the outstanding bonds of the General Tax-Exempt Fund Group if a deficiency occurs. At June 30, 2015, the fair value of the reserve fund assets totaled approximately $144,131,000, which exceeded the required reserves by approximately $22,440,000.

Transportation Infrastructure Fund Group: The Bond Bank is required to maintain a capital reserve which is equal to 50% of the maximum amount of principal installments and interest maturing and becoming due in any succeeding fiscal year on all bonds payable within the fund group as of such date of calculation. At June 30, 2015, the required capital reserve was approximately $10,136,000 and the fair value of the capital reserve assets totaled approximately $10,553,000 which exceeded the required reserves by approximately $417,000.

Sewer and Water Fund Groups: The Bond Bank is required to maintain a capital reserve which is equal to the maximum amount of principal installments and interest maturing and becoming due in any succeeding calendar year on all government unit loan obligations within the fund groups as of such date of calculation. At June 30, 2015, the required capital reserve was approximately $4,380,000 and the fair value of the capital reserve assets totaled approximately $4,393,000, which exceeded the required reserves by approximately $13,000.

Liquor Operation Revenue Fund Group: The Bond Bank is required to maintain a capital reserve which is equal to the maximum amount of principal installments and interest maturing and becoming due in any succeeding fiscal year on all outstanding bonds within the fund group as of the date of calculation. At June 30, 2015, the required capital reserve was approximately $26,844,000 and the fair value of the capital reserve assets totaled approximately $27,557,000, which exceeded the required reserves by approximately $713,000.

6. Sewer and Water Revolving Fund Group

Pursuant to the Sewer and Water General Bond Resolution adopted February 7, 1990, the Bond Bank receives capitalization grants from the Environmental Protection Agency which it is required to match with twenty percent matching funds, which primarily come from State of Maine grants. The funds are designated to be used for revolving loans to governmental units to finance wastewater collection, treatment systems, or water supply system projects. Federal law permits the state to match the federal grants with any combination of funding from state bonds, state appropriations, revenue bonds issued under the program, or from other state sources. State issued bonds and state general fund appropriations have been used to provide the majority of state matching funds for both the Clean Water and Drinking Water programs since inception. In addition to those funds, the Drinking Water program has utilized interest earnings on previously issued state matches (which qualifies as other state funding) in 2001, 2004 and 2012 to provide additional matching for the program. The total of all interest earnings on matches that have been deposited into the Drinking Water program since inception is $563,010.

6. Sewer and Water Revolving Fund Group (Continued)

In 2009, the Bond Bank was awarded *American Recovery and Reinvestment Act* (ARRA) grants for use in its Sewer and Water Revolving Fund Group. ARRA grants are for purposes consistent with the intent of the Sewer and Water Revolving Fund Group, including construction of wastewater treatment facilities, drinking water facilities and associated infrastructure, green infrastructure, nonpoint source projects, estuary projects and program administration. The grants did not contain any State of Maine matching provisions.

Net position consists of the following at June 30, 2015:

	Clean Water	Drinking Water
Reserved for revolving loans:		
Grants received from Environmental Protection Agency under existing capitalization grant program	$ 270,405,659	$ 157,411,900
Grants received from Environmental Protection Agency under ARRA	30,336,800	19,500,000
Other administrative grants received from Environmental Protection Agency	1,347,010	129,710
Hardship grants received from Environmental Protection Agency	643,800	–
Grants received from State of Maine	54,135,162	30,919,370
Other amounts reserved (utilized) for program loans and costs	38,790,716	(37,558,661)
	395,659,147	170,402,319
Unreserved amounts available	–	432,465
Net position at June 30, 2015	$ 395,659,147	$ 170,834,784

Under the provisions of the grants from the Environmental Protection Agency (including ARRA grants), the Bond Bank is allowed administrative costs of up to 4% of the total grants awarded. In addition, the Bond Bank receives other grants from the Environmental Protection Agency that are used solely for administrative purposes. The total administrative costs allowed at June 30, 2015 are $13,376,708 (clean water) and $6,943,042 (drinking water), with $13,376,708 and $6,510,577, respectively, expended to date. The remaining amount of $0 in the Clean Water Revolving Loan Fund Group and $432,465 in the Drinking Water Revolving Loan Fund Group can be used for future administrative costs. The Bond Bank also charges annual administrative fees to borrowers that are used to administer the programs.

Portions of the loans made to eligible borrowers under the Drinking Water Revolving Loan Fund Program may be forgiven if certain continuing criteria are met, including that the borrower continues to make debt service payments, continues to operate the project in compliance with laws and regulations, and does not dispose of or discontinue the project. The Bond Bank has loaned approximately $36,189,000 at June 30, 2015, that, upon fulfillment of these requirements by the borrowing unit, could be forgiven at some future point. For purposes of the basic financial statements, the Bond Bank recognizes forgiveness expense within these funds as the related loans are repaid. The total amount forgiven under these programs in 2015 was $1,736,978.

6. Sewer and Water Revolving Fund Group (Continued)

During fiscal 2009, the Bond Bank and the State of Maine Department of Environmental Protection implemented a joint rule change in the Clean Water Revolving Loan Fund program which allows the Bond Bank, after consultation with the State of Maine Department of Environmental Protection, to set interest rates at any level, including 0%. It also allows portions of loans made to eligible borrowers under the Clean Water Revolving Loan Fund Program to be forgiven if certain continuing criteria are met (similar to criteria in the Drinking Water Revolving Loan Fund Program). The Bond Bank has loaned approximately $14,360,000 at June 30, 2015 under the Clean Water Revolving Loan Fund Program that, upon fulfillment of these requirements by the borrowing unit, could be forgiven at some future point. For purposes of the basic financial statements, the Bond Bank recognizes forgiveness expense within these funds as the related loans are repaid. The total amount forgiven under these programs in 2015 was $1,776,538.

Within the Clean Water Revolving Loan Fund Group, the Bond Bank is participating in a linked deposit loan program with local banks to encourage environmentally sound logging practices. Under the program, the Bond Bank is subsidizing loans to loggers by investing in certificates of deposit at the respective banks at rates 2% below normal which is passed on as a subsidy to the borrower. At June 30, 2015, the Bond Bank has $7,828,713 of certificates of deposits outstanding at various banks of which $7,328,713 is in excess of the limits insured by the Federal Deposit Insurance Corporation.

7. School Facilities Fund Group

Pursuant to State law, the Bond Bank receives grants from the State of Maine which are designated to be used for interest-free revolving loans to school administrative units for the renovation and maintenance of school facilities. Net position consists of the following:

Reserved for revolving loans:	
Grants received from State of Maine	$ 100,413,577
Loans forgiven	(82,951,728)
Other amounts reserved for program loans and costs	7,970,666
	25,432,515
Unreserved amounts available	1,242,123
Net position at June 30, 2015	$ 26,674,638

Under the provisions of the grants, the Bond Bank is allowed administrative costs up to 0.5% of the highest fund balance in any fiscal year. The total administrative costs allowed through June 30, 2015 are $3,636,845, with $2,394,722 expended to date. The remaining amount of $1,242,123 can be used for future administrative costs.

Portions of the loans made to school administrative units from the School Facilities Fund Group are forgiven. For purposes of the general purpose financial statements, the Bond Bank recognizes forgiveness expense within this fund at the time the loans are disbursed to the school administrative unit. This accounting treatment differs from the treatment within the Drinking Water and Clean Water Revolving Loan Funds due to the fact that there are no relevant continuing criteria that would require recognition of the forgiven amount as the related loans are repaid. The total amounts forgiven under this program in 2015 was $1,861,146.

8. Cost Sharing Multiple-Employer Defined Benefit Pension Plan and Other Post-Employment Benefits

Defined Benefit Pension Plan

General Information about the Pension Plan

Plan description – The Bond Bank participates in the Participating Local District Defined Benefit Plan (the PLD Plan), a multiple-employer cost sharing plan administered by the Maine Public Employees Retirement System (MEPERS). All full-time employees are eligible to participate in the PLD Plan.

The MEPERS is established and administered under the Maine State Retirement System Laws, Title 5 M.R.S.A., C. 421, 423 and 425. The MEPERS issues a publicly available financial report that includes financial statements and required supplementary information for the PLD Plan. That report may be obtained by writing to the Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046

Benefits provided – Benefit terms are established in Maine statute; in the case of the PLD Plan, an advisory group, also established by statute, reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Plan provides defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting occurs upon the earning of five years of service credit. Members who retire at or after age 60 (normal retirement age) are entitled to an annual retirement benefit in an amount equal to 2% of the average of their highest three year earnings for each year of credited service. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below his/her normal retirement age at retirement.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by MEPERS' Board of Trustees and is currently 5.0%.

Contributions – Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost and by earnings on investments. In accordance with State statute, members are required to contribute 7.0% of their annual covered salary to the Plan. The Bond Bank's payroll for the year ended June 30, 2015 for employees covered by the Plan was approximately $1,094,000, which was 100% of payroll. The Bond Bank is required to contribute at an actuarially determined rate that, when combined with the contributions of other reporting entities, will be adequate to fund the Plan.

The contribution rate is determined using an entry age normal actuarial funding method for retirement benefits and a term cost method for ancillary benefits. The Bond Bank may be required to make contributions to fund the Plan's pooled unfunded actuarial liability, if any. The contribution requirements of the PLD Plan members and the Bond Bank are established by and may be amended by the State legislature. The contributions made for the years ended June 30, 2015, 2014 and 2013 were $85,296, $68,861 and $53,387 (employer) and $77,396, $68,861 and $65,475 (employee), respectively.

8. Cost Sharing Multiple-Employer Defined Benefit Pension Plan and Other Post-Employment Benefits (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to the Pension Plan

At June 30, 2015, the Bond Bank reported a liability of $305,668 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Bond Bank's proportionate share of the net position liability was based on a projection of the Bond Bank's long-term share of contributions to the pension plan relative to the projected contributions of all participating local districts, actuarially determined. At June 30, 2014, the Bond Bank's proportion was 0.20%, which was an increase of .02 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Bond Bank recognized pension expense of approximately $62,000 within the General Operating Account. At June 30, 2015, the Bond Bank reported deferred outflows of resources and deferred inflows of resources related to the pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 38,383	$ –
Net difference between projected and actual earnings on pension plan investments	–	324,639
Changes in proportion and differences between Bond Bank contributions and proportionate share of contributions	40,399	–
Bond Bank contributions subsequent to the measurement date	85,296	–
Total	$164,078	$324,639

The above total of $85,296 reported as deferred outflows of resources related to the pension plan resulting from Bond Bank contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension plan will be recognized as a (reduction) increase in pension expense as follows:

Year Ended June 30	
2016	$ (54,900)
2017	(54,900)
2018	(54,897)
2019	(81,160)

8. Cost Sharing Multiple-Employer Defined Benefit Pension Plan and Other Post-Employment Benefits (Continued)

Actuarial Methods and Assumptions

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following methods and assumptions, applied to all periods included in the measurement:

Actuarial Cost Method – The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements, the normal cost rate and the unfunded actuarial liability (UAL) rate.

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each member. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits, and dividing it by the value, also as of the member's entry age, of his/her expected future salary. The normal cost for each member is the product of his/her pay and his/her normal cost rate. The normal cost for the group is the sum of the normal costs for all members. Experience gains and losses, i.e., decreases or increases in liabilities and/or in assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

Asset Valuation Method – The actuarial valuation employs a technique for determining the actuarial value of assets which dampens the swing in the market value. The specific technique adopted in this valuation recognizes in a given year one-third of the investment return that is different from the actuarial assumption for investment return.

Amortization – The net pension liability is amortized on an open basis over a period of fifteen years.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2014 and June 30, 2013 are as follows:

Investment Rate of Return – 7.25% per annum, compounded annually

Salary Increases, Merit and Inflation – 3.5% to 9.5% per year

Mortality Rates – For active members and non-disabled retirees, the RP2000 Tables projected forward to 2015 using Scale AA are used

Cost of Living Benefit Increases – 3.12% per annum

8. Cost Sharing Multiple-Employer Defined Benefit Pension Plan and Other Post-Employment Benefits (Continued)

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 are summarized in the following table.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equities	20%	5.2%
Non-U.S. equities	20	5.5
Private equity	10	7.6
Real assets:		
Real estate	10	3.7
Infrastructure	10	4.0
Hard assets	5	4.8
Fixed income	25	0.0

Discount Rate - The discount rate used to measure the collective total pension liability was 7.25% for 2014 and 2013. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the Bond Bank's proportionate share of the net pension liability/(asset) as of June 30, 2014 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 7.25%.

	1% Decrease	Current Discount Rate	1% Increase
Bond Bank's proportionate share of the net pension liability	$953,594	$305,668	$(253,918)

Changes in net pension liability are recognized in pension expense for the year ended June 30, 2015 with the following exceptions.

8. Cost Sharing Multiple-Employer Defined Benefit Pension Plan and Other Post-Employment Benefits (Continued)

Differences between expected and actual experience – The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members. For the 2014 actuarial valuation, this was 4 years.

Differences between Projected and Actual Investment Earnings – Differences between projected and actual investment earnings were recognized in pension expense using a straight-line amortization method over a closed five-year period.

Changes in Assumptions – There were no changes in assumptions for the PLD Plan.

Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions – Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability. This is not applicable to the Bond Bank.

Other Post-Employment Benefits (OPEB)

Plan Description: The Bond Bank sponsors a post-retirement health care benefit plan (the Plan). The Plan provides supplemental health care benefits to any full-time employee with ten or more years of employment who retires from the Bond Bank and has reached the age of 65 (Medicare eligible retirement age). The Bond Bank is a member of the Maine Municipal Association and participates in an agent multiple-employer postemployment healthcare plan administered by the Maine Municipal Employees Health Trust. The Bond Bank may terminate the Plan at its option.

Funding Policy: The post-employment healthcare benefits are currently being funded on a pay-as-you-go basis (the Bond Bank paid approximately $11,000 in 2015). No assets have been segregated and restricted to provide post-employment benefits.

8. Cost Sharing Multiple-Employer Defined Benefit Pension Plan and Other Post-Employment Benefits (Continued)

Annual OPEB Cost: For 2015, the Bond Bank's annual OPEB cost (expense) of $39,852 for the Plan approximated the Annual Required Contribution (ARC). The Bond Bank's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015, 2014 and 2013 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/15	$39,852	0%	$366,297
6/30/14	40,871	0	337,445
6/30/13	46,308	0	296,574

Funded Status and Funding Progress:

For the year-end June 30, 2015, the Bond Bank's OPEB funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded ALL (UAAL)	Funded Ratio	Covered Payroll	UALL as a Percentage of Covered Payroll
[(1)]1/1/2014	$ –	$516,237	$516,237	0%	$1,094,000	47.2%

[(1)] GASB 45 requires triennial actuarial valuations for employers with fewer than 200 employees. The Bond Bank will obtain an updated valuation January 1, 2017.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2014 actuarial valuation, the projected unit credit (PUC) cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return and an annual healthcare cost trend rate of 8.9 percent initially, reduced by decrements to an ultimate rate of 4.6 percent after twenty years. Both rates include a 3.0 percent inflation assumption. The Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open or rolling amortization period.

9. Refunding Issues

In periods of declining interest rates, the Bond Bank has refunded certain of its bond obligations, reducing aggregate debt service. Where allowed, the Bond Bank retires outstanding bonds prior to their contractual maturity. In other cases, the proceeds of the refunding bonds are principally used to purchase U.S. Treasury obligations, the principal and interest on which will be sufficient to pay the principal and interest, when due, of the in-substance defeased bonds. The U.S. Treasury obligations are deposited with the trustees of the in-substance defeased bonds. The Bond Bank accounts for these transactions by removing the U.S. Treasury obligations and liabilities for the in-substance defeased bonds from its records, and records a deferred amount on refunding.

On October 23, 2014, the Bond Bank issued $92,295,000 in General Tax-Exempt Series 2014 C bonds with an average interest rate of 4.93% to in-substance defease $94,965,000 of various outstanding maturities of the 2004 A, 2005 C, 2007 B, 2007 C, 2007 D, 2007 E and 2008 C bonds with an average interest rate of 5.11%. The net proceeds of approximately $109,708,000, including a bond premium of approximately $17,958,000 and after payment of approximately $545,000 in underwriting fees, insurance and other costs, were used to purchase U.S. Government securities which will provide for all future debt service payments on the refunded bonds. Although the in-substance defeasance resulted in the recognition of a deferred accounting loss of approximately $11.1 million in the year ending June 30, 2015, the Bond Bank in effect reduced its aggregate debt service payments by approximately $8.0 million over the next twenty-four years and obtained an economic gain (difference between the present values of the old and new debt service payments) of approximately $6.9 million. As a result of the in-substance defeasance, the Bond Bank will reduce future debt service requirements of borrowers by approximately $7.0 million over a period of fifteen years.

On May 28, 2015, the Bond Bank issued $27,055,000 in General Tax-Exempt Series 2015 B bonds with an average interest rate of 4.31% to in-substance defease $27,590,000 of various outstanding maturities of the 2006 A, 2006 C, 2007 B, 2007 E and 2008 B bonds with an average interest rate of 4.67%. The net proceeds of approximately $30,824,000, including a bond premium of approximately $3,959,000 and after payment of approximately $190,000 in underwriting fees, insurance and other costs, were used to purchase U.S. Government securities which will provide for all future debt service payments on the refunded bonds. Although the in-substance defeasance resulted in the recognition of a deferred accounting loss of approximately $2.6 million in the year ending June 30, 2015, the Bond Bank in effect reduced its aggregate debt service payments by approximately $2.0 million over the next twenty-four years and obtained an economic gain (difference between the present values of the old and new debt service payments) of approximately $1.5 million. As a result of the in-substance defeasance, the Bond Bank will reduce future debt service requirements of borrowers by approximately $1.5 million over a period of twenty-four years.

At June 30, 2015, the remaining balances of the General Tax-Exempt Fund Group in-substance defeased bonds total approximately $174,330,000.

10. Adoption of New Accounting Pronouncement

As discussed in note 2, the Bond Bank adopted the provisions of GASB 68, *Accounting and Financial Reporting for Pensions*, amended by Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, as of July 1, 2014. Among other provisions, GASB 68 requires that pension assets or obligations be retroactively reported on the fiduciary plan net position, rather than plan funding on the statement of net position for a defined benefit plan. See also note 8.

The net position of the Bond Bank's General Operating Account as of July 1, 2014 was restated to adopt the provisions of GASB 68. The following table summarizes the changes in the affected statement of position line items (total column amounts) as of the adoption of GASB 68 on July 1, 2014:

	(Debit) Credit		
	As Previously Reported	Accounting Change	As Restated
Deferred outflows – pension contributions	$ –	$ (68,861)	$ (68,861)
Accrued pension liability	–	558,458	558,458
Total net position – July 1, 2014	28,189,751	(489,597)	27,700,154

MAINE MUNICIPAL BOND BANK

SCHEDULE OF THE BOND BANK'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Participating Local District Plan

Last 2 Fiscal Years*

	2015	2014
Bond Bank's proportion of the net pension liability (asset)	0.20%	0.18%
Bond Bank's proportionate share of the net pension liability (asset)	$ 305,668	$ 558,458
Bond Bank's covered-employee payroll	1,094,000	1,059,000
Bond Bank's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	27.9%	52.7%
Plan fiduciary net position as a percentage of the total pension liability	94.1	87.5

* The amounts presented for each fiscal year were determined as of the beginning of the fiscal year. Data has been provided for fiscal years in which the data is available

MAINE MUNICIPAL BOND BANK

SCHEDULE OF THE BOND BANK'S PENSION CONTRIBUTIONS

Participating Local District Plan

Last 10 Fiscal Years

2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
$ 85,296	$ 68,861	$ 53,387	$ 46,976	$ 35,864	$ 27,676	$ 27,269	$ 26,728	$ 25,692	$ 23,162
(85,296)	(68,861)	(53,387)	(46,976)	(35,864)	(27,676)	(27,269)	(26,728)	(25,692)	(23,162)
$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
$1,094,000	$1,059,000	$1,007,000	$1,068,000	$1,025,000	$988,000	$974,000	$955,000	$918,000	$895,000
7.72%	6.50%	5.30%	4.40%	3.50%	2.80%	2.80%	2.80%	2.80%	2.59%

APPENDIX D - 1

Upon the delivery of the 2015 Series C Bonds, Bond Counsel to the Bank proposes to issue its approving opinion in substantially the following form:

Hawkins Delafield & Wood LLP

28 LIBERTY STREET
NEW YORK, NY 10005
WWW.HAWKINS.COM

October __, 2015

Maine Municipal Bond Bank
Augusta, Maine

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of $16,405,000 2015 Series C Bonds (the "2015 Series C Bonds") of the Maine Municipal Bond Bank (herein called the "Bank"), a public body corporate and politic, constituted as an instrumentality of the State of Maine (the "State"), organized and existing under and pursuant to the Maine Municipal Bond Bank Act, being Chapter 225 of Title 30-A of the Maine Revised Statutes, as amended (the "Act").

The 2015 Series C Bonds are issued under and pursuant to the Act and under and pursuant to the General Bond Resolution of the Bank entitled: "A Resolution Creating and Establishing an Issue of Bonds of the Maine Municipal Bond Bank; Providing for the Issuance from Time to Time of Said Bonds; Providing for the Payment of Principal and Interest of Said Bonds; and Providing for the Rights of the Holders Thereof," adopted July 11, 1973, as supplemented by a resolution entitled: "First Supplemental Resolution," adopted September 20, 1977, a resolution entitled: "Second Supplemental Resolution," adopted July 18, 1984, a resolution entitled: "Third Supplemental Resolution," adopted May 7, 1993, a resolution entitled: "Fourth Supplemental Resolution," adopted June 25, 1993, and a resolution entitled: "Fifth Supplemental Resolution," adopted September 18, 2003 (the "General Bond Resolution"), and the Series Resolution of the Bank adopted September 30, 2015 and entitled: "A Series Resolution Authorizing the Issuance of $16,405,000 2015 Series C Bonds of the Maine Municipal Bond Bank" (the "2015 Series C Bonds Series Resolution"). The General Bond Resolution and the 2015 Series C Bonds Series Resolution are herein sometimes collectively referred to as the "Resolutions."

The 2015 Series C Bonds are dated, mature on the respective dates and in the respective principal amounts, bear interest and are payable, and the 2015 Series C Bonds are subject to redemption, all as provided in the Resolutions.

The 2015 Series C Bonds are issuable in fully registered form without coupons in the denomination of $5,000 each or any integral whole multiple thereof. The 2015 Series C Bonds are lettered CR and each shall be numbered separately from one (1) upwards.

Pursuant to the Resolutions, the Bank is authorized to issue additional series of bonds from time to time upon the terms and conditions therein set forth and any such bonds will be on a parity with the 2015 Series C Bonds and all other bonds issued pursuant to the Resolutions.

We have also examined certain opinions of bond counsel to the Governmental Units (as defined in the Resolutions) relative to the validity of the Municipal Bonds (as defined in the Resolutions) securing the Loans (as defined in the Resolutions) financed by the Bank from the proceeds of the 2015 Series C Bonds and the validity of the respective Loan Agreements (as defined in the Resolutions) entered into by each such Governmental Unit.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the 2015 Series C Bonds in order that interest on the 2015 Series C Bonds be and remain excluded from gross income under Section 103 of the Code. Noncompliance with such requirements may cause interest on the 2015 Series C Bonds to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Bank and each Governmental Unit whose Municipal Bond is being purchased from the proceeds of the 2015 Series C Bonds have covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the 2015 Series C Bonds from gross income under Section 103 of the Code.

In rendering the opinions set forth in paragraph 8 hereof, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Bank and each such Governmental Unit in connection with the 2015 Series C Bonds, and we have assumed compliance by the Bank and each such Governmental Unit with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2015 Series C Bonds from gross income under Section 103 of the Code.

We are of the opinion that:

1. The Bank has been duly created and validly exists as a public body corporate and politic, constituted as an instrumentality of the State, under and pursuant to the laws of the State (including the Act as amended to the date hereof), with good right and power to adopt the Resolutions which have been duly and lawfully adopted by the Bank, are in full force and effect and are valid and binding upon the Bank and enforceable in accordance with their terms and no other authorization for the Resolutions is required.

2. The Bank is duly authorized to issue the 2015 Series C Bonds which have been duly and validly authorized and issued in accordance with law, including the Act as amended to the date hereof, and in accordance with the Resolutions, and constitute valid, binding general obligations of the Bank as provided in the Resolutions, payable and enforceable in accordance

with their terms and the terms of the Resolutions and entitled to the benefits of the Resolutions and of the Act and for the payment of the principal and redemption price of and interest on which, pursuant to the Resolutions, the full faith and credit of the Bank are pledged.

3. The 2015 Series C Bonds are secured by pledge in the manner and to the extent set forth in the Resolutions. The Resolutions create the valid pledge which they purport to create of the Municipal Bonds and Municipal Bonds Payments (as defined in the Resolutions), Funds and Accounts established and defined in the Resolutions and other moneys and securities held or set aside thereunder, subject to the application thereof to the purposes and on the conditions permitted by the Resolutions.

4. The foregoing opinion is qualified only to the extent that the enforceability of the 2015 Series C Bonds and the Resolutions may be limited by bankruptcy, moratorium or insolvency or other laws affecting creditors' rights generally and is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

5. The 2015 Series C Bonds are not a debt or liability nor do they constitute a pledge of the faith and credit of the State, nor shall the 2015 Series C Bonds be payable out of any revenues or funds other than those of the Bank.

6. The Bank is authorized and under the General Bond Resolution has covenanted and is obligated to cause to be made by its Chairman and delivered to the Governor of the State annually, on or before December 1, his certificate as provided for by the Act, stating the amount, if any, required to restore the Reserve Fund to the amount of the Required Debt Service Reserve established under the Act and the Resolutions.

7. Section 6006 of the Act (i) does not bind or obligate the State to appropriate and pay to the Bank in any future year the amount duly certified to the Governor by the Chairman of the Bank as necessary to restore the Reserve Fund to the Required Debt Service Reserve, the language of such Section being permissive only, but there is no constitutional bar to future Legislatures making such appropriations for such purposes if they elect to do so, and (ii) does not constitute a loan of credit of the State or create an indebtedness on the part of the State, in violation of the provisions of Article IX, Section 14, of the Constitution of the State.

8. Under existing statutes and court decisions, (i) interest on the 2015 Series C Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code, and (ii) interest on the 2015 Series C Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations. Under existing statutes, interest on the 2015 Series C Bonds is exempt from the State of Maine income tax imposed on individuals.

Except as stated in paragraph 8 above, we express no opinion as to any Federal, state or local tax consequences arising with respect to the 2015 Series C Bonds or the ownership or disposition thereof. Furthermore, we express no opinion as to the effect of any action hereafter taken or not taken in reliance upon an opinion of counsel other than ourselves (if such opinion of other counsel shall have been given without consultation with us or after consultation with us

and to which we shall not concur) on the exclusion from gross income for Federal income tax purposes of interest on the 2015 Series C Bonds, or the exclusion of interest on the 2015 Series C Bonds under the State of Maine tax imposed on individuals.

We are rendering this opinion under existing statutes and court decisions as of the date hereof. We assume no obligation to update our opinion after the date hereof to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise.

We have examined an executed 2015 Series C Bond numbered CR-1 and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,

APPENDIX D - 2

Upon the delivery of the 2015 Series D Refunding Bonds, Bond Counsel to the Bank proposes to issue its approving opinion in substantially the following form:

Hawkins Delafield & Wood LLP

28 LIBERTY STREET
NEW YORK, NY 10005
WWW.HAWKINS.COM

November __, 2015

Maine Municipal Bond Bank
Augusta, Maine

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of $53,605,000 2015 Series D Refunding Bonds (the "2015 Series D Refunding Bonds") of the Maine Municipal Bond Bank (herein called the "Bank"), a public body corporate and politic, constituted as an instrumentality of the State of Maine (the "State"), organized and existing under and pursuant to the Maine Municipal Bond Bank Act, being Chapter 225 of Title 30-A of the Maine Revised Statutes, as amended (the "Act"). We have also examined certificates, opinions and other documents relative to the Bonds to be Refunded (as defined in the Trust Agreement hereinafter referred to) of the Bank, including a certain Trust Agreement (2015 Series D) dated as of November 1, 2015 (the "Trust Agreement") between the Bank and U.S. Bank National Association as Trustee (the "Trustee").

The 2015 Series D Refunding Bonds are issued under and pursuant to the Act and under and pursuant to the General Bond Resolution of the Bank entitled: "A Resolution Creating and Establishing an Issue of Bonds of the Maine Municipal Bond Bank; Providing for the Issuance from Time to Time of Said Bonds; Providing for the Payment of Principal and Interest of Said Bonds; and Providing for the Rights of the Holders Thereof," adopted July 11, 1973, as supplemented by a resolution entitled: "First Supplemental Resolution," adopted September 20, 1977, a resolution entitled: "Second Supplemental Resolution," adopted July 18, 1984, a resolution entitled: "Third Supplemental Resolution," adopted May 7, 1993, a resolution entitled: "Fourth Supplemental Resolution," adopted June 25, 1993, and a resolution entitled: "Fifth Supplemental Resolution," adopted September 18, 2003 (the "General Bond Resolution"), and the Series Resolution of the Bank adopted September 30, 2015 and entitled: "A Series Resolution Authorizing the Issuance of $53,605,000 2015 Series D Refunding Bonds of the

Maine Municipal Bond Bank" (the "2015 Series D Refunding Bonds Series Resolution"). The General Bond Resolution and the 2015 Series D Refunding Bonds Series Resolution are herein sometimes collectively referred to as the "Resolutions."

The 2015 Series D Refunding Bonds are dated, mature on the respective dates and in the respective principal amounts, bear interest and are payable, all as provided in the Resolutions.

The 2015 Series D Refunding Bonds are issuable in fully registered form without coupons in the denomination of $5,000 each or any integral whole multiple thereof. The 2015 Series D Refunding Bonds are lettered DR and each shall be numbered separately from one (1) upwards.

Pursuant to the Resolutions, the Bank is authorized to issue additional series of bonds from time to time upon the terms and conditions therein set forth and any such bonds will be on a parity with the 2015 Series D Refunding Bonds and all other bonds issued pursuant to the Resolutions.

We have also examined certain opinions of bond counsel to the Governmental Units (as defined in the Resolutions) relative to the validity of the Municipal Bonds (as defined in the Resolutions) securing the Loans (as defined in the Resolutions) financed directly or indirectly by the Bank from the proceeds of the Bonds to be Refunded and the validity of the respective Loan Agreements (as defined in the Resolutions) entered into by each such Governmental Unit.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the 2015 Series D Refunding Bonds in order that interest on the 2015 Series D Refunding Bonds be and remain excluded from gross income under Section 103 of the Code. Noncompliance with such requirements may cause interest on the 2015 Series D Refunding Bonds to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Bank and each Governmental Unit whose Municipal Bond was purchased from the Bonds to be Refunded have covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the 2015 Series D Refunding Bonds from gross income under Section 103 of the Code.

In rendering the opinions set forth in paragraphs 9 and 10 hereof, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Bank and each such Governmental Unit in connection with the 2015 Series D Refunding Bonds and the Bonds to be Refunded, and we have assumed compliance by the Bank and each such Governmental Unit with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2015 Series D Refunding Bonds from gross income under Section 103 of the Code.

We are of the opinion that:

1. The Bank has been duly created and validly exists as a public body corporate and politic, constituted as an instrumentality of the State, under and pursuant to the laws of the State (including the Act as amended to the date hereof), with good right and power to adopt the Resolutions which have been duly and lawfully adopted by the Bank, are in full force and effect

and are valid and binding upon the Bank and enforceable in accordance with their terms and no other authorization for the Resolutions is required.

2. The Bank is duly authorized to issue the 2015 Series D Refunding Bonds which have been duly and validly authorized and issued in accordance with law, including the Act as amended to the date hereof, and in accordance with the Resolutions, and constitute valid, binding general obligations of the Bank as provided in the Resolutions, payable and enforceable in accordance with their terms and the terms of the Resolutions and entitled to the benefits of the Resolutions and of the Act and for the payment of the principal and redemption price of and interest on which, pursuant to the Resolutions, the full faith and credit of the Bank are pledged.

3. The 2015 Series D Refunding Bonds are secured by pledge in the manner and to the extent set forth in the Resolutions. The Resolutions create the valid pledge which they purport to create of the Municipal Bonds and Municipal Bonds Payments (as defined in the Resolutions), Funds and Accounts established and defined in the Resolutions and other moneys and securities held or set aside thereunder, subject to the application thereof to the purposes and on the conditions permitted by the Resolutions.

4. The Bank has duly authorized, executed and delivered the Trust Agreement and, assuming due authorization, execution and delivery of the Trust Agreement by the Trustee, the Trust Agreement constitutes the valid and binding agreement of the Bank enforceable against the Bank in accordance with its terms.

5. The foregoing opinion is qualified only to the extent that the enforceability of the 2015 Series D Refunding Bonds, the Trust Agreement and the Resolutions may be limited by bankruptcy, moratorium or insolvency or other laws affecting creditors' rights generally and is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

6. The 2015 Series D Refunding Bonds are not a debt or liability nor do they constitute a pledge of the faith and credit of the State, nor shall the 2015 Series D Refunding Bonds be payable out of any revenues or funds other than those of the Bank.

7. The Bank is authorized and under the General Bond Resolution has covenanted and is obligated to cause to be made by its Chairman and delivered to the Governor of the State annually, on or before December 1, his certificate as provided for by the Act, stating the amount, if any, required to restore the Reserve Fund to the amount of the Required Debt Service Reserve established under the Act and the Resolutions.

8. Section 6006 of the Act (i) does not bind or obligate the State to appropriate and pay to the Bank in any future year the amount duly certified to the Governor by the Chairman of the Bank as necessary to restore the Reserve Fund to the Required Debt Service Reserve, the language of such Section being permissive only, but there is no constitutional bar to future Legislatures making such appropriations for such purposes if they elect to do so, and (ii) does not constitute a loan of credit of the State or create an indebtedness on the part of the State, in violation of the provisions of Article IX, Section 14, of the Constitution of the State.

9. Under existing statutes and court decisions, (i) interest on the 2015 Series D Refunding Bonds is excluded from gross income for Federal income tax purposes pursuant to

Section 103 of the Code, and (ii) interest on the 2015 Series D Refunding Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations. Under existing statutes, interest on the 2015 Series D Refunding Bonds is exempt from the State of Maine income tax imposed on individuals.

10. The Bonds to be Refunded have been paid within the meaning and with the effect expressed in the Resolutions, and the covenants, agreements and other obligations of the Bank to the holders of the Bonds to be Refunded have been discharged and satisfied. In rendering the opinion set forth in this paragraph 10, we have relied upon the opinion of American Municipal Tax-Exempt Compliance Corp., Avon, Connecticut, a tax specialty compliance firm, relating to the accuracy of the mathematical computations as to the adequacy of the moneys on deposit to provide for the payment when due of the principal or redemption price of and interest due and to become due on the Bonds to be Refunded to the first optional redemption date thereof.

Except as stated in paragraphs 9 and 10 above, we express no opinion as to any Federal, state or local tax consequences arising with respect to the 2015 Series D Refunding Bonds or the ownership or disposition thereof. Furthermore, we express no opinion as to the effect of any action hereafter taken or not taken in reliance upon an opinion of counsel other than ourselves (if such opinion of other counsel shall have been given without consultation with us or after consultation with us and to which we shall not concur) on the exclusion from gross income for Federal income tax purposes of interest on the 2015 Series D Refunding Bonds, or the exclusion of interest on the 2015 Series D Refunding Bonds under the State of Maine tax imposed on individuals.

We are rendering this opinion under existing statutes and court decisions as of the date hereof. We assume no obligation to update our opinion after the date hereof to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise.

We have examined an executed 2015 Series D Refunding Bond numbered DR-1 and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,

APPENDIX E - 1

FORM OF CONTINUING DISCLOSURE AGREEMENT
(2015 Series C Bonds)

CONTINUING DISCLOSURE AGREEMENT (the "Agreement") is made and entered into as of October __, 2015, between U.S. Bank National Association, as disclosure agent (the "Disclosure Agent") and the Maine Municipal Bond Bank (the "Bank").

RECITALS

WHEREAS, the Bank has issued its $16,405,000 2015 Series C Bonds (the "Bonds") pursuant to a General Bond Resolution adopted by the Bank on July 11, 1973, as supplemented by the First Supplemental Resolution adopted on September 20, 1977, the Second Supplemental Resolution adopted on July 18, 1984, the Third Supplemental Resolution adopted on May 7, 1993, the Fourth Supplemental Resolution adopted on June 25, 1993 and the Fifth Supplemental Resolution adopted on September 18, 2003 (hereinafter collectively referred to as the "General Resolution") and a Series Resolution adopted by the Bank on September 30, 2015 (the "Series Resolution" and, collectively with the General Resolution and the Series Resolution, the "Resolutions"); and

WHEREAS, the Disclosure Agent and the Bank wish to provide for the disclosure of certain information concerning the Bonds and other matters on an on-going basis as set forth herein for the benefit of the Bondholders (as hereinafter defined) in accordance with the provisions of the Rule (defined below);

NOW, THEREFORE, in consideration of the mutual promises and agreements made herein and in the Rule, the receipt and sufficiency of which consideration is hereby mutually acknowledged, the parties hereto agree as follows:

SECTION 1. Definitions; Scope of this Agreement.

(A) All terms capitalized but not otherwise defined herein shall have the meanings assigned to those terms in the Rule, as amended and supplemented from time to time. Notwithstanding the foregoing, the term "Disclosure Agent" shall originally mean U.S. Bank National Association; any such successor disclosure agent shall automatically succeed to the rights and duties of the Disclosure Agent hereunder, without any amendment hereto. The following capitalized terms shall have the following meanings:

(1) "Annual Financial Information" shall mean, collectively:

(i) for the Bank, material information concerning the Reserve Fund and the Supplemental Reserve Fund, including the market value (if applicable) of investments and cash held directly in the Reserve Fund and the Supplemental Reserve Fund, the types of investments held in the Reserve Fund and the Supplemental Reserve Fund, the occurrence of any material investment losses in the Reserve Fund and the Supplemental Reserve Fund, and the identity of any counterparty to any repurchase agreement or guaranteed investment contract; and

(ii) for any other Material Obligated Person, its financial statements (which may be contained in a current official statement, prospectus or offering statement that is made available to the public on the MSRB's website or is filed with the Securities Exchange Commission of such other Material Obligated Person).

(2) "Audited Financial Statements" shall mean the annual financial statements, if any, of the Bank and of each other Material Obligated Person, audited by such auditor as shall then be required or permitted by State law. Audited Financial Statements shall be prepared in accordance with GAAP; provided, however, that pursuant to Sections 4(A) and (E) hereof, the Bank or any other Material Obligated Person may from time to time, if required by Federal or State legal requirements, modify the accounting principles to be followed in preparing its financial statements. The notice of any such modification required by Section 4(E) hereof shall include a reference to the specific Federal or State law or regulation describing such accounting principles, or other description thereof. If Audited Financial Statements are not available, then "Audited Financial Statements" means Unaudited Financial Statements.

(3) "Beneficial Owner" shall mean any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

(4) "Bondholders" shall mean any holder of the Bonds and any Beneficial Owner thereof.

(5) "Counsel" shall mean Hawkins Delafield & Wood LLP or other nationally recognized bond counsel or counsel expert in federal securities laws.

(6) "GAAP" shall mean generally accepted accounting principles as prescribed from time to time by the Governmental Accounting Standards Board, the Financial Accounting Standards Board, or any successor to the duties or responsibilities of either of them.

(7) "Material Obligated Person" shall mean the Bank, and shall mean any other entity constituting an "obligated person" (as such term is used in the Rule) and, in the determination of the Bank, the Bank shall use the following objective criteria in selecting which entities that constitute obligated persons are to be considered Material Obligated Persons for purposes of this Agreement:

(i) an entity shall be considered a Material Obligated Person if the aggregate outstanding principal amount of its loans from the Bank under the Resolution is in excess of twenty percent (20%) of the aggregate principal amount of all loans outstanding made by the Bank to all Governmental Units from proceeds of bonds of the Bank issued under the Resolution, including the Bonds; and

(ii) in addition to any Material Obligated Persons described in paragraph (i) above, the Bank may at any time, by written notice to the Disclosure Agent, (a) designate additional Material Obligated Persons and (b) withdraw any such designation of Material Obligated Persons.

(8) "MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Agreement.

(9) "Notice Event" shall mean any of the following events with respect to the Bonds, whether relating to the Bank or any other Material Obligated Person or otherwise:

(i) principal and interest payment delinquencies;

(ii) non payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(vii) modifications to rights of Bondholders, if material;

(viii) Bond calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution, or sale of property securing repayment of the Bonds, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the Bank or any other Material Obligated Person;

Note to clause (xii): For the purposes of the event identified in clause (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Bank or any other

Material Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Bank or any other Material Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Bank or any other Material Obligated Person;

(xiii) the consummation of a merger, consolidation, or acquisition involving the Bank or any other Material Obligated Person or the sale of all or substantially all of the assets of the Bank or any other Material Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(10) "Official Statement" shall mean the Official Statement dated September 30, 2015 of the Bank relating to the Bonds and the Bank's $53,605,000 2015 Series D Refunding Bonds.

(11) "Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

(12) "Rule" shall mean Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as amended, as in effect on the date of this Agreement, including any official interpretations thereof issued either before or after the effective date of this Agreement which are applicable to this Agreement.

(13) "SEC" shall mean the United States Securities and Exchange Commission.

(14) "State" shall mean the State of Maine.

(15) "Unaudited Financial Statements" shall mean the same as Audited Financial Statements, except that they shall not have been audited.

(16) "Turn Around Period" shall mean (i) five (5) business days, with respect to Annual Financial Information and Audited Financial Statements delivered by the Bank to the Disclosure Agent; (ii) two (2) business days with respect to Notice Events disclosed by the Bank to the Disclosure Agent or such lesser period as necessary in order for such Notice Event to be disclosed to the public no more than ten (10) business days after the occurrence thereof; (iii) two (2) business days with respect to the failure, on the part of the Bank, to deliver Annual Financial Information and Audited Financial

Statements to the Disclosure Agent which period commences upon notification by the Bank of such failure, or upon the Disclosure Agent's actual knowledge of such failure; or (iv) five (5) business days with respect to a change in the fiscal year of the Bank or other Material Obligated Person.

(B) This Agreement applies to the Bonds.

(C) The Disclosure Agent shall have no obligation to make disclosure about the Bonds except as expressly provided herein. The fact that the Disclosure Agent or any affiliate thereof may have any fiduciary or banking relationship with the Bank, apart from the relationship created by the Rule, shall not be construed to mean that the Disclosure Agent has actual knowledge of any event or condition except as may be provided by written notice from the Bank.

SECTION 2. Disclosure of Information.

(A) General Provisions. This Agreement governs the Bank's direction to the Disclosure Agent, with respect to information to be made public. In its actions under this Agreement, the Disclosure Agent is acting as the Bank's agent.

(B) Information Provided to the Public. Except to the extent this Agreement is modified or otherwise altered in accordance with Section 3 hereof, the Bank shall make or cause to be made public the information set forth in subsections (1), (2), (3) and (4) below:

(1) Annual Financial Information. The Bank shall provide Annual Financial Information of the Bank and of each other Material Obligated Person with respect to each fiscal year of the Bank and of any other Material Obligated Person, commencing with the fiscal year ending June 30, 2015, within nine months after the end of the respective fiscal year, to the Disclosure Agent. The Disclosure Agent shall provide notice in writing to the Bank that such Annual Financial Information is required to be provided by such date, at least five (5) business days but not more than ten (10) business days in advance of such date.

(2) Audited Financial Statements. The Bank shall provide Audited Financial Statements of the Bank and of each other Materially Obligated Person with respect to each fiscal year of the Bank and of each other Material Obligated Person, commencing with the fiscal year ending June 30, 2015, within one year after the end of the respective fiscal year, or if not then available, when and if available, to the Disclosure Agent.

(3) Notice Events. If a Notice Event occurs, the Bank shall provide, in a timely manner not in excess of nine (9) business days after the occurrence of such Notice Event, notice of such Notice Event to the Disclosure Agent. Any notice of a defeasance of Bonds shall state whether the Bonds have been escrowed to maturity or to an earlier redemption date and the timing of such maturity or redemption.

(4) Failure to Provide Annual Financial Information or Audited Financial Statements. Notice of the failure of Bank to provide the Annual Financial Information or Audited Financial Statements by the date required herein.

(5) Reference to Other Filed Documents. It shall be sufficient for purposes of Section 2(B) hereof if the Bank and each other Material Obligated Person provides Annual Financial Information by specific reference to documents either (i) available to the public on the MSRB Internet Web site (currently, www.emma.msrb.org) or (ii) filed with the SEC. The provisions of this Section 2(B)(5) shall not apply to notices of Notice Events pursuant to Section 2(B)(3) hereof.

(6) Submission of Information. Annual Financial Information may be set forth or provided in one document or a set of documents, and at one time or in part from time to time.

(7) Dissemination Agents. The Disclosure Agent, with the prior written consent of the Bank in each instance, may from time to time designate an agent to act on its behalf in providing or filing notices, documents and information as required of the Bank under this Agreement, and revoke or modify any such designation.

(8) Fiscal Year. The current fiscal year of the Bank and of each other Material Obligated Person is July 1 – June 30, and the Bank shall promptly notify the Disclosure Agent in writing of each change in any such fiscal year. Annual Financial Information shall be provided at least annually notwithstanding any fiscal year longer than 12 calendar months.

(C) Additional Disclosure Obligations. The Bank acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b 5 promulgated under the Securities Exchange Act of 1934, may apply to the Bank and that, under some circumstances, compliance with this Agreement without additional disclosures or other action may not fully discharge all duties and obligations of the Bank under such laws.

(D) Information Provided by Disclosure Agent to Public.

(1) The Bank directs the Disclosure Agent on its behalf to make public in accordance with subsection (E) of this Section 2 and within the time frame set forth in clause (3) below, and the Disclosure Agent agrees to act as the Bank's agent in so making public, the following:

(a) the Annual Financial Information and Audited Financial Statements;

(b) Notice Event occurrences;

(c) the notices of failure to provide information which the Bank has agreed to make public pursuant to subsection (B)(4) of this Section 2; and

(d) such other information as the Bank shall determine to make public through the Disclosure Agent and shall provide to the Disclosure Agent in the form required by subsection (D)(2) of this Section 2.

If the Bank chooses to include any information in any Annual Financial Information or Audited Financial Statements or in any notice of occurrence of a Notice Event or otherwise, in addition to that which is specifically required by this Agreement, the Bank shall have no obligation under this Agreement to update such information or include it in any future Annual Financial Information or Audited Financial Statements or notice of occurrence of a Notice Event; and

(2) The information which the Bank has agreed to make public shall be in the following form:

(a) as to all notices, reports, financial information and financial statements to be provided to the Disclosure Agent by the Bank, in the form required by this Agreement, the Rule or other applicable document or agreement; and

(b) as to all other notices or reports, in such form as the Disclosure Agent shall reasonably deem suitable for the purpose of which such notice or report is given.

(3) The Disclosure Agent shall make public the Annual Financial Information and Audited Financial Statements, the Notice Event occurrences and the notice of failure to provide the Annual Financial Information and Audited Financial Statements (such notice to be provided to the Disclosure Agent by the Bank) within the applicable Turn Around Period, with a copy of each thereof to be simultaneously delivered by the Disclosure Agent to the Bank. If by any such required date, information required to be provided by the Bank to the Disclosure Agent has not been provided on a timely basis, the Disclosure Agent shall make such information public as soon thereafter as it is provided to the Disclosure Agent.

(E) Means of Making Information Public.

(1) Information shall be deemed to be made public by the Bank or the Disclosure Agent under this Agreement if it is transmitted as provided in subsection (E)(2) of this Section 2 by the following means:

(a) to the Bondholders of outstanding Bonds, by the method prescribed by the Rule;

(b) to the MSRB, in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB (a description of such format and information as presently prescribed by the MSRB is included in Exhibit A hereto); and/or;

(c) to the SEC, by (i) electronic facsimile transmissions confirmed by first class mail, postage prepaid, or (ii) first class mail, postage prepaid; provided that the Bank or the Disclosure Agent is authorized to transmit information to the SEC by whatever means are mutually acceptable to the Disclosure Agent or the Bank, as applicable, and the SEC.

(2) Information shall be transmitted to the following:

(a) information to be provided to the public in accordance with subsection (B) of this Section 2 shall be transmitted to the MSRB;

(b) all information described in clause (a) shall be made available to any Bondholder upon request, but need not be transmitted to the Bondholders who do not so request; and

(c) to the extent the Bank is obligated to file any Annual Financial Information or Audited Financial Statements with the MSRB pursuant to this Agreement, such Annual Financial Information or Audited Financial Statements may be set forth in the document or set of documents transmitted to the MSRB, or may be included by specific reference to documents available to the public on the MSRB's Internet Website or filed with the SEC.

With respect to requests for periodic or occurrence information from Bondholders, the Disclosure Agent may require payment by requesting of holders a reasonable charge for duplication and transmission of the information and for the Disclosure Agent's administrative expenses incurred in providing the information.

Nothing in this Agreement shall be construed to require the Disclosure Agent to interpret or provide an opinion concerning the information made public. If the Disclosure Agent receives a request for an interpretation or opinion, the Disclosure Agent may refer such request to the Bank for response.

(F) Disclosure Agent Compensation. The Bank shall pay or reimburse the Disclosure Agent for its fees and expenses for the Disclosure Agent's services rendered in accordance with this Agreement, but only in accordance with the existing fee, expense and service arrangements between the Bank and U.S. Bank National Association under the General Resolution.

(G) Indemnification of Disclosure Agent. In addition to any and all rights of the Disclosure Agent to reimbursement, indemnification and other rights pursuant to the Rule or under law or equity, the Bank shall indemnify and hold harmless the Disclosure Agent and its respective officers, directors, employees and agents from and against any and all claims, damages, losses, liabilities, reasonable costs and expenses whatsoever (including attorney fees) which such indemnified party may incur by reason of or in connection with the Disclosure Agent's performance under this Agreement; provided that the Bank shall not be required to indemnify the Disclosure Agent for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the willful misconduct, default or negligence of the Disclosure Agent in such disclosure of information hereunder. The obligations of the Bank under this Section shall survive resignation or removal of the Disclosure Agent and payment of the Bonds. The Disclosure Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the Borrower, the Bank, the Bondholder or any other party.

SECTION 3. Effective Date; Termination.

(A) This Agreement shall be effective upon the issuance of the Bonds.

(B) The Bank's and the Disclosure Agent's obligations under this Agreement shall terminate upon a legal defeasance, prior redemption or payment in full of all of the Bonds.

(C) This Agreement, or any provision hereof, shall be null and void in the event that (1) the Bank delivers to the Disclosure Agent an opinion of Counsel, addressed to the Bank and the Disclosure Agent, to the effect that those portions of the Rule which require this Agreement, or such provision, as the case may be, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) the Disclosure Agent delivers copies of such opinion to the MSRB. The Disclosure Agent shall so deliver to MSRB such opinion within one (1) business day after receipt by the Disclosure Agent.

(D) This Agreement may be terminated by any party to this Agreement upon thirty days' written notice of termination delivered to the other party or parties to this Agreement; provided the termination of this Agreement is not effective until (i) the Bank, or its successor, enters into a new continuing disclosure agreement with a disclosure agent who agrees to continue to provide, to the MSRB and the Bondholders of the Bonds, all information required to be communicated pursuant to the rules promulgated by the SEC or the MSRB, (ii) Counsel provides an opinion that the new continuing disclosure agreement is in compliance with all State and Federal Securities laws and (iii) notice of the termination of this Agreement is provided to the MSRB.

SECTION 4. Amendments or Waivers.

(A) This Agreement may be amended or waived, by written agreement of the parties, without the consent of the holders of the Bonds (except to the extent required under clause (4)(ii) below), if all of the following conditions are satisfied: (1) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Bank or the type of business conducted thereby, (2) this Agreement as so amended would have complied with the requirements of the Rule as of the date of this Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the Bank shall have delivered to the Disclosure Agent an opinion of Counsel, addressed to the Bank and the Disclosure Agent, to the same effect as set forth in clause (2) above, (4) either (i) the Bank shall have delivered to the Disclosure Agent an opinion of Counsel or a determination by an entity, in each case unaffiliated with the Bank (such as bond counsel to the Bank or the Disclosure Agent), addressed to the Bank and the Disclosure Agent, to the effect that the amendment or waiver does not materially impair the interests of the holders of the Bonds or (ii) the holders of the Bonds consent to the amendment or waiver to this Agreement pursuant to the same procedures as are required for amendments to the General Resolution with consent of holders of Bonds pursuant to the General Resolution as in effect at the time of the amendment or waiver, and (5) the Disclosure Agent shall have delivered copies of such opinion(s) and amendment or waiver to

(i) the MSRB and (ii) the Bank. The Disclosure Agent shall so deliver such opinion(s) and amendment or waiver within one (1) business day after receipt by the Disclosure Agent.

(B) In addition to subsection (A) above, this Agreement may be amended or waived by written agreement of the parties, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Agreement which is applicable to this Agreement, (2) the Bank shall have delivered to the Disclosure Agent an opinion of Counsel, addressed to the Bank and the Disclosure Agent, to the effect that performance by the Bank and the Disclosure Agent under this Agreement as so amended or waived will not result in a violation of the Rule and (3) the Disclosure Agent shall have delivered copies of such opinion and amendment or waiver to (i) the MSRB and (ii) the Bank. The Disclosure Agent shall so deliver such opinion and amendment or waiver within one (1) business day after receipt by the Disclosure Agent.

(C) This Agreement may be amended or waived by written agreement of the parties, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (1) the Bank shall have delivered to the Disclosure Agent an opinion of Counsel, addressed to the Bank and the Disclosure Agent, to the effect that the amendment or waiver is permitted by rule, order or other official pronouncement, or is consistent with any interpretive advice or no-action positions of Staff, of the SEC, and (2) the Disclosure Agent shall have delivered copies of such opinion and amendment or waiver to (i) the MSRB and (ii) the Bank. The Disclosure Agent shall so deliver such opinion and amendment or waiver within one (1) business day after receipt by the Disclosure Agent.

(D) To the extent any amendment or waiver to this Agreement results in a change in the type of financial information or operating data provided pursuant to this Agreement, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided.

(E) If an amendment or waiver is made pursuant to Section 8(A) hereof to the accounting principles to be followed by the Bank in preparing its financial statements, the Annual Financial Information for the fiscal year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

SECTION 5. Miscellaneous.

(A) Representations. Each of the parties hereto represents and warrants to each other party that it has (i) duly authorized the execution and delivery of this Agreement by the officer of such party whose signature appears on the execution pages hereto, (ii) that it has all requisite power and authority to execute, deliver, and perform this Agreement under its organizational documents and any corporate resolutions now in effect, (iii) that the execution and delivery of

this Agreement, and performance of the terms hereof, does not and will not violate any law, regulation, ruling, decision, order, indenture, decree, agreement or instrument by which such party is bound, and (iv) such party is not aware of any litigation or proceeding pending, or, to the best of such party's knowledge, threatened, contesting or questioning its existence, or its power and authority to enter into this Agreement, or its due authorization, execution and delivery of this Agreement, or otherwise contesting or questioning the issuance of the Bonds.

(B) Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State; provided that, to the extent that the SEC, the MSRB or any other federal or state agency or regulatory body with jurisdiction over the Bonds shall have promulgated any rule or regulation governing the subject matter hereof, this Agreement shall be interpreted and construed in a manner consistent therewith.

(C) Severability. If any provision hereof shall be held invalid or unenforceable by a court of competent jurisdiction, the remaining provisions hereof shall survive and continue in full force and effect.

(D) Counterparts. This Agreement may be executed in one or more counterparts, each and all of which shall constitute one and the same instrument.

(E) Default. In the event of failure of the Bank to comply with any provision of this Agreement, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Bank to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an Event of Default under the General Resolution or a default with respect to the Bonds, and the sole remedy under this Agreement in the event of any failure of the Bank to comply with this Agreement shall be an action to compel performance. The Bank shall be entitled to enforce the obligations of the Disclosure Agent under this Agreement, or to perform in lieu of the Disclosure Agent, to the extent the Disclosure Agent shall fail or refuse or shall be unable to take any action required hereunder.

(F) Beneficiaries. This Agreement is entered into by the parties hereto and shall inure solely to the benefit of the Bank, the Disclosure Agent, the Participating Underwriters, the Beneficial Owners and the Bondholders, and shall create no rights in any other person or entity.

SECTION 6. Notices.

Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the Bank: Maine Municipal Bond Bank
127 Community Drive
Augusta, Maine 04338-2268
Telephone: (207) 622-9386
Fax: (207) 623-5359
Attention: Executive Director

To the Disclosure Agent: U.S. Bank National Association
Corporate Trust Services
One Federal Street
Boston, Massachusetts 02110
Telephone: (617) 603-6588
Fax: (617) 603-6670
Attention: Jesse Yuen

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

IN WITNESS WHEREOF, the Disclosure Agent and the Bank have each caused their duly authorized officers to execute this Agreement, as of the day and year first above written.

MAINE MUNICIPAL BOND BANK

By:______________________________
Michael R. Goodwin
Executive Director

U.S. BANK NATIONAL ASSOCIATION,
as Disclosure Agent

By:______________________________
Andrew Sinasky
Vice President

EXHIBIT A

MSRB Procedures for Submission of Continuing Disclosure Documents
and Related Information

Securities and Exchange Commission Release No. 34-59061 (the "Release") approves an MSRB rule change establishing a continuing disclosure service of the MSRB's Electronic Municipal Market Access system ("EMMA"). The rule change establishes, as a component of EMMA, the continuing disclosure service for the receipt of, and for making available to the public, continuing disclosure documents and related information to be submitted by issuers, obligated persons and their agents pursuant to continuing disclosure undertakings entered into consistent with Rule 15c2-12 ("Rule 15c2-12") under the Securities Exchange Act of 1934. The following discussion summarizes procedures for filing continuing disclosure documents and related information with the MSRB as described in the Release.

All continuing disclosure documents and related information is to be submitted to the MSRB, free of charge, through an Internet-based electronic submitter interface or electronic computer-to-computer data connection, at the election of the submitter. The submitter is to provide, at the time of submission, information necessary to accurately identify: (i) the category of information being provided; (ii) the period covered by any annual financial information, financial statements or other financial information or operating data; (iii) the issues or specific securities to which such document is related or otherwise material (including CUSIP number, issuer name, state, issue description/securities name, dated date, maturity date, and/or coupon rate); (iv) the name of any obligated person other than the issuer; (v) the name and date of the document; and (vi) contact information for the submitter.

Submissions to the MSRB are to be made as portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. If the submitted file is a reproduction of the original document, the submitted file must maintain the graphical and textual integrity of the original document. In addition, such PDF files must be word-searchable (that is, allowing the user to search for specific terms used within the document through a search or find function), provided that diagrams, images and other non-textual elements will not be required to be word-searchable.

All submissions to the MSRB's continuing disclosure service are to be made through password protected accounts on EMMA by (i) issuers, which may submit any documents with respect to their municipal securities; (ii) obligated persons, which may submit any documents with respect to any municipal securities for which they are obligated; and (iii) agents, designated by issuers and obligated persons to submit documents and information on their behalf. Such designated agents are required to register to obtain password-protected accounts on EMMA in order to make submissions on behalf of the designating issuers or obligated persons. Any party identified in a continuing disclosure undertaking as a dissemination agent or other party responsible for disseminating continuing disclosure documents on behalf of an issuer or obligated person will be permitted to act as a designated agent for such issuer or obligated person, without a designation being made by the issuer or obligated person as described above, if such party certifies through the EMMA on-line account management utility that it is authorized to disseminate continuing disclosure documents on behalf of the issuer or obligated person under

the continuing disclosure undertaking. The issuer or obligated person, through the EMMA on-line account management utility, is able to revoke the authority of such party to act as a designated agent.

The MSRB's Internet-based electronic submitter interface (EMMA Dataport) is at www.emma.msrb.org.

APPENDIX E - 2

FORM OF CONTINUING DISCLOSURE AGREEMENT
(2015 Series D Refunding Bonds)

CONTINUING DISCLOSURE AGREEMENT (the "Agreement") is made and entered into as of November __, 2015, between U.S. Bank National Association, as disclosure agent (the "Disclosure Agent") and the Maine Municipal Bond Bank (the "Bank").

RECITALS

WHEREAS, the Bank has issued its $53,605,000 2015 Series D Refunding Bonds (the "Bonds") pursuant to a General Bond Resolution adopted by the Bank on July 11, 1973, as supplemented by the First Supplemental Resolution adopted on September 20, 1977, the Second Supplemental Resolution adopted on July 18, 1984, the Third Supplemental Resolution adopted on May 7, 1993, the Fourth Supplemental Resolution adopted on June 25, 1993 and the Fifth Supplemental Resolution adopted on September 18, 2003 (hereinafter collectively referred to as the "General Resolution") and a Series Resolution adopted by the Bank on September 30, 2015 (the "Series Resolution" and, collectively with the General Resolution and the Series Resolution, the "Resolutions"); and

WHEREAS, the Disclosure Agent and the Bank wish to provide for the disclosure of certain information concerning the Bonds and other matters on an on-going basis as set forth herein for the benefit of the Bondholders (as hereinafter defined) in accordance with the provisions of the Rule (defined below);

NOW, THEREFORE, in consideration of the mutual promises and agreements made herein and in the Rule, the receipt and sufficiency of which consideration is hereby mutually acknowledged, the parties hereto agree as follows:

SECTION 7. Definitions; Scope of this Agreement.

(A) All terms capitalized but not otherwise defined herein shall have the meanings assigned to those terms in the Rule, as amended and supplemented from time to time. Notwithstanding the foregoing, the term "Disclosure Agent" shall originally mean U.S. Bank National Association; any such successor disclosure agent shall automatically succeed to the rights and duties of the Disclosure Agent hereunder, without any amendment hereto. The following capitalized terms shall have the following meanings:

(1) "Annual Financial Information" shall mean, collectively:

(i) for the Bank, material information concerning the Reserve Fund and the Supplemental Reserve Fund, including the market value (if applicable) of investments and cash held directly in the Reserve Fund and the Supplemental Reserve Fund, the types of investments held in the Reserve Fund and the Supplemental Reserve Fund, the occurrence of any material investment losses in the Reserve Fund and the Supplemental Reserve Fund, and the identity of any counterparty to any repurchase agreement or guaranteed investment contract; and

(ii) for any other Material Obligated Person, its financial statements (which may be contained in a current official statement, prospectus or offering statement that is made available to the public on the MSRB's website or is filed with the Securities Exchange Commission of such other Material Obligated Person).

(2) "Audited Financial Statements" shall mean the annual financial statements, if any, of the Bank and of each other Material Obligated Person, audited by such auditor as shall then be required or permitted by State law. Audited Financial Statements shall be prepared in accordance with GAAP; provided, however, that pursuant to Sections 4(A) and (E) hereof, the Bank or any other Material Obligated Person may from time to time, if required by Federal or State legal requirements, modify the accounting principles to be followed in preparing its financial statements. The notice of any such modification required by Section 4(E) hereof shall include a reference to the specific Federal or State law or regulation describing such accounting principles, or other description thereof. If Audited Financial Statements are not available, then "Audited Financial Statements" means Unaudited Financial Statements.

(3) "Beneficial Owner" shall mean any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

(4) "Bondholders" shall mean any holder of the Bonds and any Beneficial Owner thereof.

(5) "Counsel" shall mean Hawkins Delafield & Wood LLP or other nationally recognized bond counsel or counsel expert in federal securities laws.

(6) "GAAP" shall mean generally accepted accounting principles as prescribed from time to time by the Governmental Accounting Standards Board, the Financial Accounting Standards Board, or any successor to the duties or responsibilities of either of them.

(7) "Material Obligated Person" shall mean the Bank, and shall mean any other entity constituting an "obligated person" (as such term is used in the Rule) and, in the determination of the Bank, the Bank shall use the following objective criteria in selecting which entities that constitute obligated persons are to be considered Material Obligated Persons for purposes of this Agreement:

(i) an entity shall be considered a Material Obligated Person if the aggregate outstanding principal amount of its loans from the Bank under the Resolution is in excess of twenty percent (20%) of the aggregate principal amount of all loans outstanding made by the Bank to all Governmental Units from proceeds of bonds of the Bank issued under the Resolution, including the Bonds; and

(ii) in addition to any Material Obligated Persons described in paragraph (i) above, the Bank may at any time, by written notice to the Disclosure Agent, (a) designate additional Material Obligated Persons and (b) withdraw any such designation of Material Obligated Persons.

(8) "MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Agreement.

(9) "Notice Event" shall mean any of the following events with respect to the Bonds, whether relating to the Bank or any other Material Obligated Person or otherwise:

(i) principal and interest payment delinquencies;

(ii) non payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(vii) modifications to rights of Bondholders, if material;

(viii) Bond calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution, or sale of property securing repayment of the Bonds, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the Bank or any other Material Obligated Person;

Note to clause (xii): For the purposes of the event identified in clause (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Bank or any other

Material Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Bank or any other Material Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Bank or any other Material Obligated Person;

(xiii) the consummation of a merger, consolidation, or acquisition involving the Bank or any other Material Obligated Person or the sale of all or substantially all of the assets of the Bank or any other Material Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(10) "Official Statement" shall mean the Official Statement dated September 30, 2015 of the Bank relating to the Bonds and the Bank's $16,405,000 2015 Series C Bonds.

(11) "Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

(12) "Rule" shall mean Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as amended, as in effect on the date of this Agreement, including any official interpretations thereof issued either before or after the effective date of this Agreement which are applicable to this Agreement.

(13) "SEC" shall mean the United States Securities and Exchange Commission.

(14) "State" shall mean the State of Maine.

(15) "Unaudited Financial Statements" shall mean the same as Audited Financial Statements, except that they shall not have been audited.

(16) "Turn Around Period" shall mean (i) five (5) business days, with respect to Annual Financial Information and Audited Financial Statements delivered by the Bank to the Disclosure Agent; (ii) two (2) business days with respect to Notice Events disclosed by the Bank to the Disclosure Agent or such lesser period as necessary in order for such Notice Event to be disclosed to the public no more than ten (10) business days after the occurrence thereof; (iii) two (2) business days with respect to the failure, on the part of the Bank, to deliver Annual Financial Information and Audited Financial

Statements to the Disclosure Agent which period commences upon notification by the Bank of such failure, or upon the Disclosure Agent's actual knowledge of such failure; or (iv) five (5) business days with respect to a change in the fiscal year of the Bank or other Material Obligated Person.

(B) This Agreement applies to the Bonds.

(C) The Disclosure Agent shall have no obligation to make disclosure about the Bonds except as expressly provided herein. The fact that the Disclosure Agent or any affiliate thereof may have any fiduciary or banking relationship with the Bank, apart from the relationship created by the Rule, shall not be construed to mean that the Disclosure Agent has actual knowledge of any event or condition except as may be provided by written notice from the Bank.

SECTION 8. Disclosure of Information.

(A) General Provisions. This Agreement governs the Bank's direction to the Disclosure Agent, with respect to information to be made public. In its actions under this Agreement, the Disclosure Agent is acting as the Bank's agent.

(B) Information Provided to the Public. Except to the extent this Agreement is modified or otherwise altered in accordance with Section 3 hereof, the Bank shall make or cause to be made public the information set forth in subsections (1), (2), (3) and (4) below:

(1) Annual Financial Information. The Bank shall provide Annual Financial Information of the Bank and of each other Material Obligated Person with respect to each fiscal year of the Bank and of any other Material Obligated Person, commencing with the fiscal year ending June 30, 2015, within nine months after the end of the respective fiscal year, to the Disclosure Agent. The Disclosure Agent shall provide notice in writing to the Bank that such Annual Financial Information is required to be provided by such date, at least five (5) business days but not more than ten (10) business days in advance of such date.

(2) Audited Financial Statements. The Bank shall provide Audited Financial Statements of the Bank and of each other Materially Obligated Person with respect to each fiscal year of the Bank and of each other Material Obligated Person, commencing with the fiscal year ending June 30, 2015, within one year after the end of the respective fiscal year, or if not then available, when and if available, to the Disclosure Agent.

(3) Notice Events. If a Notice Event occurs, the Bank shall provide, in a timely manner not in excess of nine (9) business days after the occurrence of such Notice Event, notice of such Notice Event to the Disclosure Agent. Any notice of a defeasance of Bonds shall state whether the Bonds have been escrowed to maturity or to an earlier redemption date and the timing of such maturity or redemption.

(4) Failure to Provide Annual Financial Information or Audited Financial Statements. Notice of the failure of Bank to provide the Annual Financial Information or Audited Financial Statements by the date required herein.

(5) Reference to Other Filed Documents. It shall be sufficient for purposes of Section 2(B) hereof if the Bank and each other Material Obligated Person provides Annual Financial Information by specific reference to documents either (i) available to the public on the MSRB Internet Web site (currently, www.emma.msrb.org) or (ii) filed with the SEC. The provisions of this Section 2(B)(5) shall not apply to notices of Notice Events pursuant to Section 2(B)(3) hereof.

(6) Submission of Information. Annual Financial Information may be set forth or provided in one document or a set of documents, and at one time or in part from time to time.

(7) Dissemination Agents. The Disclosure Agent, with the prior written consent of the Bank in each instance, may from time to time designate an agent to act on its behalf in providing or filing notices, documents and information as required of the Bank under this Agreement, and revoke or modify any such designation.

(8) Fiscal Year. The current fiscal year of the Bank and of each other Material Obligated Person is July 1 – June 30, and the Bank shall promptly notify the Disclosure Agent in writing of each change in any such fiscal year. Annual Financial Information shall be provided at least annually notwithstanding any fiscal year longer than 12 calendar months.

(C) Additional Disclosure Obligations. The Bank acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b 5 promulgated under the Securities Exchange Act of 1934, may apply to the Bank and that, under some circumstances, compliance with this Agreement without additional disclosures or other action may not fully discharge all duties and obligations of the Bank under such laws.

(D) Information Provided by Disclosure Agent to Public.

(1) The Bank directs the Disclosure Agent on its behalf to make public in accordance with subsection (E) of this Section 2 and within the time frame set forth in clause (3) below, and the Disclosure Agent agrees to act as the Bank's agent in so making public, the following:

(a) the Annual Financial Information and Audited Financial Statements;

(b) Notice Event occurrences;

(c) the notices of failure to provide information which the Bank has agreed to make public pursuant to subsection (B)(4) of this Section 2; and

(d) such other information as the Bank shall determine to make public through the Disclosure Agent and shall provide to the Disclosure Agent in the form required by subsection (D)(2) of this Section 2.

If the Bank chooses to include any information in any Annual Financial Information or Audited Financial Statements or in any notice of occurrence of a Notice Event or otherwise, in addition to that which is specifically required by this Agreement, the Bank shall have no obligation under this Agreement to update such information or include it in any future Annual Financial Information or Audited Financial Statements or notice of occurrence of a Notice Event; and

(2) The information which the Bank has agreed to make public shall be in the following form:

(a) as to all notices, reports, financial information and financial statements to be provided to the Disclosure Agent by the Bank, in the form required by this Agreement, the Rule or other applicable document or agreement; and

(b) as to all other notices or reports, in such form as the Disclosure Agent shall reasonably deem suitable for the purpose of which such notice or report is given.

(3) The Disclosure Agent shall make public the Annual Financial Information and Audited Financial Statements, the Notice Event occurrences and the notice of failure to provide the Annual Financial Information and Audited Financial Statements (such notice to be provided to the Disclosure Agent by the Bank) within the applicable Turn Around Period, with a copy of each thereof to be simultaneously delivered by the Disclosure Agent to the Bank. If by any such required date, information required to be provided by the Bank to the Disclosure Agent has not been provided on a timely basis, the Disclosure Agent shall make such information public as soon thereafter as it is provided to the Disclosure Agent.

(E) Means of Making Information Public.

(1) Information shall be deemed to be made public by the Bank or the Disclosure Agent under this Agreement if it is transmitted as provided in subsection (E)(2) of this Section 2 by the following means:

(a) to the Bondholders of outstanding Bonds, by the method prescribed by the Rule;

(b) to the MSRB, in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB (a description of such format and information as presently prescribed by the MSRB is included in Exhibit A hereto); and/or;

(c) to the SEC, by (i) electronic facsimile transmissions confirmed by first class mail, postage prepaid, or (ii) first class mail, postage prepaid; provided that the Bank or the Disclosure Agent is authorized to transmit information to the SEC by whatever means are mutually acceptable to the Disclosure Agent or the Bank, as applicable, and the SEC.

(2) Information shall be transmitted to the following:

(a) information to be provided to the public in accordance with subsection (B) of this Section 2 shall be transmitted to the MSRB;

(b) all information described in clause (a) shall be made available to any Bondholder upon request, but need not be transmitted to the Bondholders who do not so request; and

(c) to the extent the Bank is obligated to file any Annual Financial Information or Audited Financial Statements with the MSRB pursuant to this Agreement, such Annual Financial Information or Audited Financial Statements may be set forth in the document or set of documents transmitted to the MSRB, or may be included by specific reference to documents available to the public on the MSRB's Internet Website or filed with the SEC.

With respect to requests for periodic or occurrence information from Bondholders, the Disclosure Agent may require payment by requesting of holders a reasonable charge for duplication and transmission of the information and for the Disclosure Agent's administrative expenses incurred in providing the information.

Nothing in this Agreement shall be construed to require the Disclosure Agent to interpret or provide an opinion concerning the information made public. If the Disclosure Agent receives a request for an interpretation or opinion, the Disclosure Agent may refer such request to the Bank for response.

(F) Disclosure Agent Compensation. The Bank shall pay or reimburse the Disclosure Agent for its fees and expenses for the Disclosure Agent's services rendered in accordance with this Agreement, but only in accordance with the existing fee, expense and service arrangements between the Bank and U.S. Bank National Association under the General Resolution.

(G) Indemnification of Disclosure Agent. In addition to any and all rights of the Disclosure Agent to reimbursement, indemnification and other rights pursuant to the Rule or under law or equity, the Bank shall indemnify and hold harmless the Disclosure Agent and its respective officers, directors, employees and agents from and against any and all claims, damages, losses, liabilities, reasonable costs and expenses whatsoever (including attorney fees) which such indemnified party may incur by reason of or in connection with the Disclosure Agent's performance under this Agreement; provided that the Bank shall not be required to indemnify the Disclosure Agent for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the willful misconduct, default or negligence of the Disclosure Agent in such disclosure of information hereunder. The obligations of the Bank under this Section shall survive resignation or removal of the Disclosure Agent and payment of the Bonds. The Disclosure Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the Borrower, the Bank, the Bondholder or any other party.

SECTION 9. Effective Date; Termination.

(A) This Agreement shall be effective upon the issuance of the Bonds.

(B) The Bank's and the Disclosure Agent's obligations under this Agreement shall terminate upon a legal defeasance, prior redemption or payment in full of all of the Bonds.

(C) This Agreement, or any provision hereof, shall be null and void in the event that (1) the Bank delivers to the Disclosure Agent an opinion of Counsel, addressed to the Bank and the Disclosure Agent, to the effect that those portions of the Rule which require this Agreement, or such provision, as the case may be, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) the Disclosure Agent delivers copies of such opinion to the MSRB. The Disclosure Agent shall so deliver to MSRB such opinion within one (1) business day after receipt by the Disclosure Agent.

(D) This Agreement may be terminated by any party to this Agreement upon thirty days' written notice of termination delivered to the other party or parties to this Agreement; provided the termination of this Agreement is not effective until (i) the Bank, or its successor, enters into a new continuing disclosure agreement with a disclosure agent who agrees to continue to provide, to the MSRB and the Bondholders of the Bonds, all information required to be communicated pursuant to the rules promulgated by the SEC or the MSRB, (ii) Counsel provides an opinion that the new continuing disclosure agreement is in compliance with all State and Federal Securities laws and (iii) notice of the termination of this Agreement is provided to the MSRB.

SECTION 10. Amendments or Waivers.

(A) This Agreement may be amended or waived, by written agreement of the parties, without the consent of the holders of the Bonds (except to the extent required under clause (4)(ii) below), if all of the following conditions are satisfied: (1) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Bank or the type of business conducted thereby, (2) this Agreement as so amended would have complied with the requirements of the Rule as of the date of this Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the Bank shall have delivered to the Disclosure Agent an opinion of Counsel, addressed to the Bank and the Disclosure Agent, to the same effect as set forth in clause (2) above, (4) either (i) the Bank shall have delivered to the Disclosure Agent an opinion of Counsel or a determination by an entity, in each case unaffiliated with the Bank (such as bond counsel to the Bank or the Disclosure Agent), addressed to the Bank and the Disclosure Agent, to the effect that the amendment or waiver does not materially impair the interests of the holders of the Bonds or (ii) the holders of the Bonds consent to the amendment or waiver to this Agreement pursuant to the same procedures as are required for amendments to the General Resolution with consent of holders of Bonds pursuant to the General Resolution as in effect at the time of the amendment or waiver, and (5) the Disclosure Agent shall have delivered copies of such opinion(s) and amendment or waiver to

(i) the MSRB and (ii) the Bank. The Disclosure Agent shall so deliver such opinion(s) and amendment or waiver within one (1) business day after receipt by the Disclosure Agent.

(B) In addition to subsection (A) above, this Agreement may be amended or waived by written agreement of the parties, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Agreement which is applicable to this Agreement, (2) the Bank shall have delivered to the Disclosure Agent an opinion of Counsel, addressed to the Bank and the Disclosure Agent, to the effect that performance by the Bank and the Disclosure Agent under this Agreement as so amended or waived will not result in a violation of the Rule and (3) the Disclosure Agent shall have delivered copies of such opinion and amendment or waiver to (i) the MSRB and (ii) the Bank. The Disclosure Agent shall so deliver such opinion and amendment or waiver within one (1) business day after receipt by the Disclosure Agent.

(C) This Agreement may be amended or waived by written agreement of the parties, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (1) the Bank shall have delivered to the Disclosure Agent an opinion of Counsel, addressed to the Bank and the Disclosure Agent, to the effect that the amendment or waiver is permitted by rule, order or other official pronouncement, or is consistent with any interpretive advice or no-action positions of Staff, of the SEC, and (2) the Disclosure Agent shall have delivered copies of such opinion and amendment or waiver to (i) the MSRB and (ii) the Bank. The Disclosure Agent shall so deliver such opinion and amendment or waiver within one (1) business day after receipt by the Disclosure Agent.

(D) To the extent any amendment or waiver to this Agreement results in a change in the type of financial information or operating data provided pursuant to this Agreement, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided.

(E) If an amendment or waiver is made pursuant to Section 8(A) hereof to the accounting principles to be followed by the Bank in preparing its financial statements, the Annual Financial Information for the fiscal year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

SECTION 11. Miscellaneous.

(A) Representations. Each of the parties hereto represents and warrants to each other party that it has (i) duly authorized the execution and delivery of this Agreement by the officer of such party whose signature appears on the execution pages hereto, (ii) that it has all requisite power and authority to execute, deliver, and perform this Agreement under its organizational documents and any corporate resolutions now in effect, (iii) that the execution and delivery of

this Agreement, and performance of the terms hereof, does not and will not violate any law, regulation, ruling, decision, order, indenture, decree, agreement or instrument by which such party is bound, and (iv) such party is not aware of any litigation or proceeding pending, or, to the best of such party's knowledge, threatened, contesting or questioning its existence, or its power and authority to enter into this Agreement, or its due authorization, execution and delivery of this Agreement, or otherwise contesting or questioning the issuance of the Bonds.

(B) Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State; provided that, to the extent that the SEC, the MSRB or any other federal or state agency or regulatory body with jurisdiction over the Bonds shall have promulgated any rule or regulation governing the subject matter hereof, this Agreement shall be interpreted and construed in a manner consistent therewith.

(C) Severability. If any provision hereof shall be held invalid or unenforceable by a court of competent jurisdiction, the remaining provisions hereof shall survive and continue in full force and effect.

(D) Counterparts. This Agreement may be executed in one or more counterparts, each and all of which shall constitute one and the same instrument.

(E) Default. In the event of failure of the Bank to comply with any provision of this Agreement, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Bank to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an Event of Default under the General Resolution or a default with respect to the Bonds, and the sole remedy under this Agreement in the event of any failure of the Bank to comply with this Agreement shall be an action to compel performance. The Bank shall be entitled to enforce the obligations of the Disclosure Agent under this Agreement, or to perform in lieu of the Disclosure Agent, to the extent the Disclosure Agent shall fail or refuse or shall be unable to take any action required hereunder.

(F) Beneficiaries. This Agreement is entered into by the parties hereto and shall inure solely to the benefit of the Bank, the Disclosure Agent, the Participating Underwriters, the Beneficial Owners and the Bondholders, and shall create no rights in any other person or entity.

SECTION 12. Notices.

Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the Bank:

Maine Municipal Bond Bank
127 Community Drive
Augusta, Maine 04338-2268
Telephone: (207) 622-9386
Fax: (207) 623-5359
Attention: Executive Director

To the Disclosure Agent:

U.S. Bank National Association
Corporate Trust Services
One Federal Street
Boston, Massachusetts 02110
Telephone: (617) 603-6588
Fax: (617) 603-6670
Attention: Jesse Yuen

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

IN WITNESS WHEREOF, the Disclosure Agent and the Bank have each caused their duly authorized officers to execute this Agreement, as of the day and year first above written.

MAINE MUNICIPAL BOND BANK

By:______________________________
Michael R. Goodwin
Executive Director

U.S. BANK NATIONAL ASSOCIATION,
as Disclosure Agent

By:______________________________
Andrew Sinasky
Vice President

EXHIBIT A

MSRB Procedures for Submission of Continuing Disclosure Documents
and Related Information

Securities and Exchange Commission Release No. 34-59061 (the "Release") approves an MSRB rule change establishing a continuing disclosure service of the MSRB's Electronic Municipal Market Access system ("EMMA"). The rule change establishes, as a component of EMMA, the continuing disclosure service for the receipt of, and for making available to the public, continuing disclosure documents and related information to be submitted by issuers, obligated persons and their agents pursuant to continuing disclosure undertakings entered into consistent with Rule 15c2-12 ("Rule 15c2-12") under the Securities Exchange Act of 1934. The following discussion summarizes procedures for filing continuing disclosure documents and related information with the MSRB as described in the Release.

All continuing disclosure documents and related information is to be submitted to the MSRB, free of charge, through an Internet-based electronic submitter interface or electronic computer-to-computer data connection, at the election of the submitter. The submitter is to provide, at the time of submission, information necessary to accurately identify: (i) the category of information being provided; (ii) the period covered by any annual financial information, financial statements or other financial information or operating data; (iii) the issues or specific securities to which such document is related or otherwise material (including CUSIP number, issuer name, state, issue description/securities name, dated date, maturity date, and/or coupon rate); (iv) the name of any obligated person other than the issuer; (v) the name and date of the document; and (vi) contact information for the submitter.

Submissions to the MSRB are to be made as portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. If the submitted file is a reproduction of the original document, the submitted file must maintain the graphical and textual integrity of the original document. In addition, such PDF files must be word-searchable (that is, allowing the user to search for specific terms used within the document through a search or find function), provided that diagrams, images and other non-textual elements will not be required to be word-searchable.

All submissions to the MSRB's continuing disclosure service are to be made through password protected accounts on EMMA by (i) issuers, which may submit any documents with respect to their municipal securities; (ii) obligated persons, which may submit any documents with respect to any municipal securities for which they are obligated; and (iii) agents, designated by issuers and obligated persons to submit documents and information on their behalf. Such designated agents are required to register to obtain password-protected accounts on EMMA in order to make submissions on behalf of the designating issuers or obligated persons. Any party identified in a continuing disclosure undertaking as a dissemination agent or other party responsible for disseminating continuing disclosure documents on behalf of an issuer or obligated person will be permitted to act as a designated agent for such issuer or obligated person, without a designation being made by the issuer or obligated person as described above, if such party certifies through the EMMA on-line account management utility that it is authorized to disseminate continuing disclosure documents on behalf of the issuer or obligated person under the continuing disclosure undertaking. The issuer or obligated person, through the EMMA on-line account management utility, is able to revoke the authority of such party to act as a designated agent.

The MSRB's Internet-based electronic submitter interface (EMMA Dataport) is at www.emma.msrb.org.

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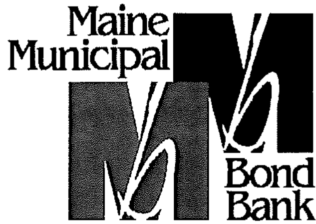


127 Community Drive P.O. Box 2268
Augusta, Maine 04338-2268
http://www.mainebondbank.com

Michael R. Goodwin, Executive Director
Tel 207-622-9386
Fax 207-623-5359

MAINE MUNICIPAL BOND BANK LEASING PROGRAM
PROGRAM SUMMARY

- The Maine Municipal Bond Bank ("The Bank") leasing program was created by The Bank in 1996 to provide a cost-effective, quick and simple program to finance capital equipment acquisition by governmental units in the State of Maine. The Bank brokers the governmental entities' financing request to a group of leasing companies, banks and other qualified financial institutions that are located both in and out of State. By brokering the deal for the participants, the program allows these governmental entities to focus on their other job responsibilities while The Bank competitively bids out the financing for them. In addition to serving as a broker for local governmental lease transactions, The Bank has established and funded a program for leases of such small size that national lease finance firms will not bid on them. This program guarantees all local governmental units in Maine the lowest competitive market interest rate on their leases, regardless of their size.

- The Bank's goal is to provide a financial service that meets the needs of Maine's governmental entities in the most efficient and cost-effective manner possible. In order to assess our performance, The Bank relies on feedback from participants of the program during the lease financing process in order to identify and resolve inefficiencies and issues with the program.

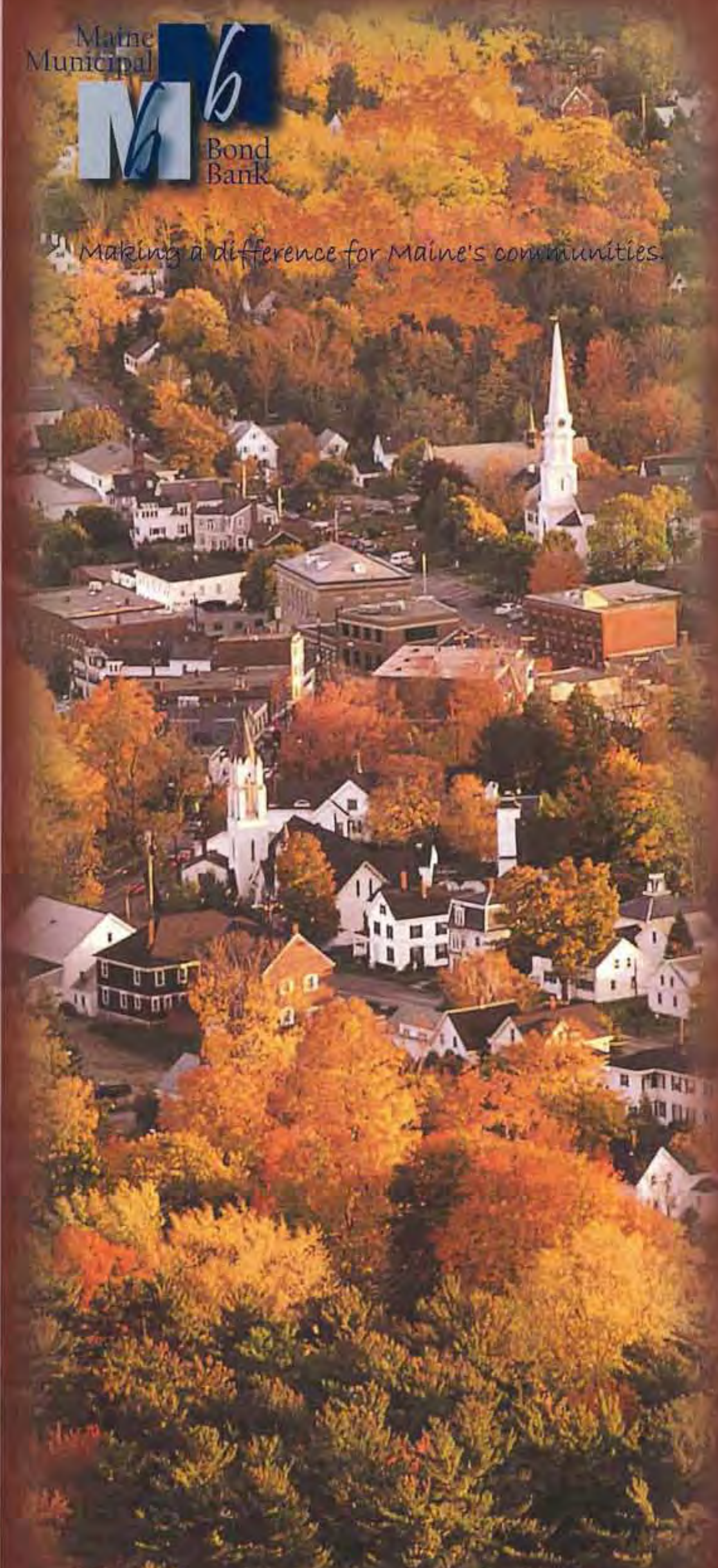
- The Bank not only relies on its internal resources to obtain its goal but also receives quality service from a working group of professionals. The Bank provides low-cost financing with the assistance of its general counsel, bond attorneys and the leasing companies, banks and other financial institutions that bid on the government entities' projects.

- The Bank's leasing program, since its inception, has been involved with $27,428,451 worth of lease financing deals.

- Please refer to the State Statute, brochure, financial reports, organizational chart and other enclosed documentation for further information regarding The Bank and its various programs.

It is the goal of the Maine Municipal Bond Bank to provide a service that meets your financial needs in the most efficient and cost effective manner available. The Maine Municipal Bond Bank staff welcomes the opportunity to discuss any decisions concerning your capital financing needs. For more information on the Maine Municipal Bond Bank's financing programs please contact us or visit our website at www.mmbb.com..

3 University Drive • P.O. Box 2268
Augusta, ME • 04338
(800) 821-1113 • (207) 622-9386
www.mmbb.com



Lease Purchase Financing Program

Created in 1972 by the Maine State Legislature, the Maine Municipal Bond Bank has a thirty year history of providing Maine's cities, towns, school systems, water and sewer districts, and other governmental entities access to low cost capital funds through the sale of its highly rated tax-exempt bonds. Established as an independent agency, the Bond Bank is administered by a board of commissioners, including the Treasurer of State, Superintendent of the Bureau of Financial Institutions and three commissioners appointed by the Governor. The Bond Bank works closely with its municipal clientele to provide unique, cost effective and competitive financing programs.

Lease Purchase Program

Lease Purchase Financing is a cost-effective and tax-exempt alternative for financing capital equipment, technology purchases and portable classrooms. The Bond Bank does not lend money directly, but provides a fast and convenient service to governmental entities by conducting the competitive bid process on their behalf. Using standardized documentation it has created, the Bond Bank forwards the lease information to a list of bidders and then presents the submitted bids to the governmental entity for consideration.

Program Eligibility & Funding

Eligible borrowers include all governmental entities. Examples of eligible projects include but are not limited to:

- Public Safety and Works Vehicles
- Portable Classrooms
- Computer Equipment
- School Buses
- Telecommunications Equipment
- Energy Conservation Equipment and Renovation Projects
- Other Tax-Exempt Purchases

Applications and the corresponding detailed instructions may be obtained by contacting the Bond Bank or downloaded by visiting our website at www.mmbb.com. Once an application is received by the Bond Bank, the proposed lease purchase will be checked for financial eligibility. The Bond Bank requires a legal opinion from local bond counsel, indicating that the municipality entering into the lease agreement is authorized to do so, the project qualifies for tax exempt financing, and other loan approval standards. The average timeframe for processing the application to receipt of funds is roughly thirty days.

Competitive Bidding Process

The Bond Bank does not lend money directly to the borrower, but provides a fast and convenient service to governmental entities by conducting a competitive bid process on their behalf. The Bond Bank forwards details of the lease purchase, such as cost of capital equipment, the debt service specifications and desired price to a pre-determined list of bidders. The Bond Bank then presents the submitted bids to the governmental entitles for consideration. By conducting a bidding process for lease purchases the borrower is securing the best possible interest rate and most attractive term available in the market at that time.

Interest Rates & Issuance Costs

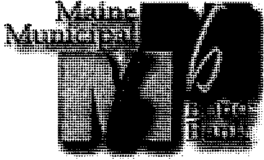
The interest rate depends largely on the financial institutions responding to the bidding process and lease specifications, such as product and term. Due to the tax-exempt nature of the lease purchase, the interest rate will be lower than a standard commercial lease that would carry a taxable interest rate. The borrower will also pay a nominal fee through a slightly higher interest rate (roughly 20 basis points). This fee in reflected in the interest rates presented to the borrower at the end of the competitive bidding process.

Payment Structure

The structure of the lease depends largely on the borrower. The borrower may choose the repayment term and choose between various debt service structuring options that allow for level debt or level principal payments. In all cases, the maximum loan term may not exceed the useful life of the financed asset. Once the loan has closed the funds can be received in various ways and repayment can start at anytime without a prepayment penalty.

Financial Planning Services

Dedicated to serving Maine's municipalities for over thirty years, the Bond Bank works closely with their municipal clientele in selecting the best financing option available. The Bond Bank will manage and maintain all aspects of your loan including the arbitrage tracking, construction draws, audit confirms and any questions you may have during the life of the loan.



LEASE PURCHASE PROGRAM APPLICATION

GENERAL INFORMATION

Name of Applicant: ______________________________

Mailing Address: ______________________________

Physical Address: ______________________________

	Contact Person	Local Counsel Contact Info
Name		
Title		
Telephone		
Fax		
Email		

Purpose of Borrowing: ______________________________

PROJECT INFORMATION

Repayment Term: __________ Date of Authorization : ___/___/___

Form of Authorization ☐ Referendum ☐ Council ☐ Town Meeting ☐ Other __________

Bid Acceptance Date: In order to close the lease, a bid may have to be accepted by the governing body within 30 days of the bidding RFP.

Please provide the meeting date at which the bid will be accepted: ___/___/___

TOTAL AMOUNT OF LEASE FINANCING REQUESTED:	$ -
Equity Contribution	$ -
Other Sources of Funds:	$ -
TOTAL PROJECT COSTS:	$ -

Explain Other Sources of Project Financing: ______________________________

REQUEST INFORMATION

Type of Project	Total Cost	Amount to be Financed with Lease	Reasonable Expected Economic Life	Preferred Life of Loan*
Land	$ -	$ -		
Construction	$ -	$ -		
Renovations	$ -	$ -		
Equipment	$ -	$ -		
Refinancing	$ -	$ -		

**Limited to economic life of asset financed.*

Expected Date of Acquisition: ___/___/___ *(If long term project, please attach a drawdown schedule.)*

Reimbursement For Prior Expenses: $ __________

Will construction be necessary to install equipment? ☐ Yes ☐ No

15-2608PRC 04/15 If yes, Estimated Cost: $ __________ Completion Date: ___/___/___

STATEMENT OF DEFAULT

We hereby certify that (applicant's name) ______________________ has not defaulted on any payment of matured Principal and/or Interest. If default has occurred, please provide details on a separate page.

The applicant must enclose the following documentation with the completed application *Please indicate whether it is enclosed or not applicable.*

Enclosed	N/A	
☐	☐	One copy of each of the last two annual audited financial statements
☐	☐	One copy of the latest Budget
☐	☐	Current fiscal year budget and operations to date versus budget, and projected budgets. *If available.*

Any material facts that amplify the financial effect on the community, not requested in this application, should be noted here:

____

____

____

Certification

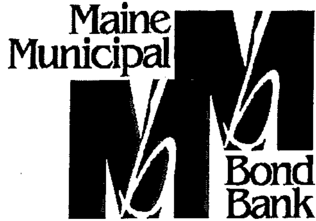
I, the undersigned, request that this application be submitted for review. I hereby certify that the information contained herein and the attachments hereto are to the best of my knowledge and belief accurate and descriptive of the project which is intended as security for the requested financing. I authorize the Maine Municipal Bond Bank to undertake the preparation of tax-exempt lease financing documentation. I certify that, as applicant, the borrower I represent intends, in good faith, to complete the financing and to execute necessary and legally binding documents as they are prepared.

The facts and representations in this application form are from the official records of this unit and are correct in all material respects to the best of our knowledge.

Signature: ____

Title: ____

Date: ______________________



127 Community Drive P.O. Box 2268
Augusta, Maine 04338-2268
http://www.mainebondbank.com

Michael R. Goodwin, Executive Director
Tel 207-622-9386
Fax 207-623-5359

MAINE MUNICIPAL BOND BANK
SCHOOL REVOLVING RENOVATION LOAN FUND PROGRAM SUMMARY

- In 1998, The Maine Municipal Bond Bank ("The Bank") partnered with the State of Maine's Department of Education ("DOE") to provide a program that allows Maine's school systems to finance qualified renovation projects to existing buildings at competitive rates and terms. The program allows for an approved school system to receive a loan to cover anticipated or incurred costs for the eligible project at a 0% interest rate and loan forgiveness based on the school system's debt service subsidy percentage calculated by the DOE. The priority is to fund projects related to alleviating health, safety and compliance issues at various school buildings throughout the State, although other repairs and improvements, not related to health, safety and compliance repairs, can obtain financing through this program.

- This program, since its inception, has funded over $159 million worth of qualified projects. As of August 31st of 2015, The Bank has funded over 361 school revolving renovation fund loans.

- As of August 31st of 2015, the total original dollar capitalization of the School Revolving Renovation Loan Fund has exceeded $100,400,000.00.

- The Bank's goal is to provide a financial service that meets the needs of Maine's governmental entities in the most efficient and cost-effective manner possible. In order to assess our performance, The Bank relies on feedback from participants of the program during the financing process in order to identify and resolve any inefficiencies and issues with the program.

- The Bank not only relies on its internal resources to obtain its goal but also receives quality service from a working group of professionals. The Bank receives exceptional service from these professionals, such as The Bank's general counsel, the borrowers' bond counsel and the DOE, in order to meet the goal of the program.

- Please refer to the State Statute, brochure, financial reports, organizational chart and other enclosed documentation for further information regarding The Bank and its various programs.

Angus S. King, Jr.
Governor

J. Duke Albanese
Commissioner

DEPARTMENT OF EDUCATION

Telephone (207) 287-5800
TDD (207) 287-2550

A Memorandum of Understanding, dated October 15, 1998, is hereby created by and between the Maine Municipal Bond Bank (the "Bank") and the Department of Education (the "Agency") in order to set forth their respective responsibilities in the management and operation of the Maine School Revolving Renovation Fund program (the "Fund") established under Title 30-A M.R.S.A. § 6006(E) & (F). This memorandum shall supersede any other previous School Revolving Renovation Fund Memoranda of Understanding between the Bank and the Agency have existed.

The Bank shall serve as the Financial Administrator of the Fund and shall be responsible for:

- All statutorily created responsibilities applicable to the Maine Municipal Bond Bank;
- The approval of loans from the Fund to applicants;
- The determination of loan repayment schedules as determined by rule;
- Disbursements from and receipts to the Fund(s);
- Investment responsibility;
- Maintenance of proper accounting and financial recordkeeping procedures to comply with the requirements of the School Revolving Renovation Fund;
- Complying with annual audits in a manner consistent with requirements of the School Revolving Renovation Fund;
- Certifying to the Agency that the Bank will cooperate in providing any information necessary to complete any Annual Report or any audits required from time-to-time; and
- Certifying to the Agency that it will use accounting, audit and fiscal procedures conforming to "generally accepted government accounting standards."

The Department of Education, as Agency with primacy for the regulation of the School Revolving Renovation Fund, shall establish assistance priorities and carry out oversight and related activities with respect to assistance provided under the program.

The Agency will have oversight over approved projects submitted to or approved for funding through the School Revolving Renovation Fund and shall serve to:

- Assume oversight responsibility for each project of the School Revolving Renovation Fund Program;
- Be responsible for the Project Priority List;
- Review and approve all construction draws requested by requisition;
- In conjunction with the Bank, establish a forecast of draws of funds annually;
- Act as the public contact for the State of Maine in regard to all related Fund activities;
- Certify to the Bank that an applicant is entitled to financing or assistance and is on the priority list;
- Cooperate with the Bank in providing necessary information to complete annual reports or audits required from time-to-time.

The Administrative Fee of no more than the lessor of 2% of the aggregate of the highest fund balance in any fiscal year and 4% of the combined value of any capitalization grants provided by the United States for deposit in the Fund used for these purposes. The Bank shall maintain the separate accounts and expense withdrawals of each party's Administrative Fee usage. The Bank shall provide to the Agency an amount not less than 75% of the total available for administration for the first year of the Fund, and shall pay to the Agency based upon incurred costs any available amount of administrative funds in excess of 75% as the Bank shall not require. This percentage will be renegotiated after the first year of program operating experience. The Agency and the Bank shall make the determination as to whether to utilize excess administration moneys accumulating in each account for future program administration expenses when the receipt of grant funds ends, or for return to the fund for programmatic use.

The Bank and the Agency agree to cooperate in the development of any requisite rules, regulations, policies, procedures or informational literature which may from time-to-time be necessary for effective management of the Fund.

The Bank and the Agency agree to assist each other in obtaining and sharing any and all information needed from any applicant.

The Bank and the Agency agree to coordinate the use and availability of other programs, funds, and resources under their respective control to assist in assuring the effective and efficient operation of the School Revolving Renovation Fund.

The Bank and the Agency agree to cooperate to correct any deficiency in the operation and management of the School Revolving Renovation Fund which becomes apparent as the result of audits or day-to-day operations. Each party will be responsible for correcting or improving upon errors or shortcomings revealed by audits which pertain to that party's obligation under this Memorandum of Understanding.

In the event of conflict between federal or state statutory provisions relating to the Fund and its related activities, and this memorandum, the statutory language shall control. The failure of any portion of this memorandum shall effect only that section of the memorandum.

In witness whereof the parties to the Agreement have caused this Memorandum of Understanding to be executed by their duly authorized officers.

MAINE MUNICIPAL BOND BANK

Date: 11/30/98

By: ____________________

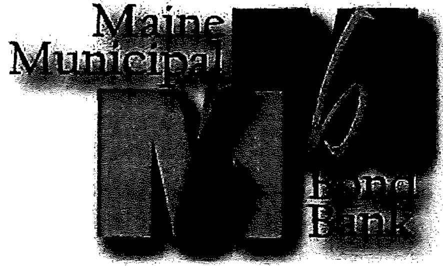
Title: Executive Director

STATE OF MAINE
DEPARTMENT OF EDUCATION

Date: November 19, 1998

By: ____________________

Title: Commissioner

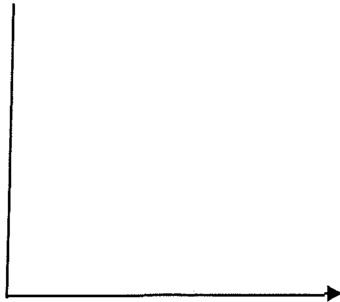


Making a Difference for Maine Communities

FINANCIAL APPLICATION

for School Revolving Renovation Fund Borrowers

Long-term bonds for



Public purpose financing of:

School Renovation Projects

Toni Reed, Program Officer e-mail: tir@mmbb.com

127 Community Drive, P.O. Box 2268, Augusta, Maine 04338-2268
1-800-821-1113 207-622-9386 Fax: 623-5359

14-2606PRC 04/22/13

MAINE MUNICIPAL BOND BANK

SCHOOL REVOLVING RENOVATION FUND PROGRAM APPLICATION

Types of Borrowers: This application is designed for the purpose of obtaining financial information from school administrative units. Municipalities, Regional School Units and School Administrative Districts (SAD) are considered school administrative units.

<u>**MUNICIPALITIES/GOVERNMENTAL UNITS**</u>: The application should be filled out with financial information concerning the municipality. If the municipality has any stand-alone debt, it should be reflected as part of the debt and financial information.

<u>**SCHOOL DISTRICTS**</u>: If the school administrative unit debt is backed by a General Obligation pledge of a municipality, both school administrative district and municipal information will be required. The school administrative district must send Audited Financial Statements for the last three years, their latest Budget, and the Annual Report and the last years years of Audited Financial Statements from each municipality being served by

Department of Education (DOE): The DOE is the School Revolving Renovation Program project administrator. School administrative units must first apply to the DOE to determine project eligibility and priority ranking. DOE will need to issue a Certificate of Eligibility before a borrower can submit their School Revolving Renovation Program Financing Application to the Bond Bank.

Local Authorization: Any borrowing from the SRRF program must be authorized by the local governing authority. If a percentage of the Renovation loan will be forgiven, you may question what amount of debt should be presented to the authorizing entity/voter for approval:
a) the amount of the loan request, before any forgiveness or
b) the net loan amount, after forgiveness

The conservative answer is "a". The authorization for bonding and local bond opinion will reflect the total loan amount for financing eligible improvements, before forgiveness. The loan term will be based on this amount as well. Please consult with your local bond counsel concerning this matter.

Repayment Source: Loan applications and supporting financial information will be reviewed for evidence of a dedicated source of revenue that is sufficient to cover repayment of the proposed loan, plus all existing indebtedness and operating costs of the borrower.

Local Bond Counsel: The Bond Bank requires borrowers to hire local bond counsel to prepare the bond documents and issue a legal opinion confirming that the bonds issued by the applicant meet all requirements for tax-exempt status. It is strongly recommended that an applicant consult local bond counsel before completing the School Revolving Renovation Program Financial Application.

Application Instructions: Line-by-line instructions to help you fill out the SRRF Program application are available. To obtain the most current version of the SRRF's Fillable Application and Instructions, please visit our website: www.mmbb.com. The application and instructions can be downloaded using Adobe Acrobat Reader.

Careful completion of the application will contribute to quick processing of your loan request. Please bring to our attention any additional information that is not disclosed in the Application or the supporting documentation. If you have any questions or need help completing the application form, please call Toni Reed at 1-800-821-1113 or 622-9386 (Augusta).

The undersigned Government Unit (the applicant) hereby requests the Maine Municipal Bond Bank (the Bank) to purchase the following described obligation of the applicant. *This application shall not constitute a contract or commitment to enter into a contract.*

GENERAL INFORMATION

Name of Applicant: ____________________

Mailing Address: ____________________

Physical Address: ____________________

	Chief Administrative Officer	Contact Person (if different)	Billing Contact Person (if different)
Name			
Title			
Telephone			
Fax			
Email			

Purpose of Borrowing: ____________________

(Attach copy of DOE certificate of eligibility)

Source of Funds			Project Cost Breakdown	
Amount Requested from Bond Bank (this application)	$		Land	$
Federal grant or loan-*Specify*	$		Design	$
State grant or loan-*Specify*	$		Contractors	$
Applicant's share	$		Legal	$
Other-*Specify*	$		Contingency	$
Other-*Specify*	$		Other-*Specify*	$
Total Source of Funds	$ -		**Total Project Costs**	$ -

A current listing of approved Bond Counsel can be found on our website at www.mmbb.com.

Bond Counsel: Name: ____________ Firm: ____________

Telephone: ____________ Email: ____________

Mailing Address: ____________________

Form of Authorization: ☐ Referendum ☐ Council ☐ Town Meeting ☐ Other ____________

DOE Approval Date: ____/____/____

Project Bid Date: ____/____/____ Expected Completion Date: ____/____/____

Please note your preference for the first repayment date*: ____/____/____

* *must be within a year of loan closing date.*

FINANCIAL INFORMATION

Summary of Balance Sheet for Last Three Fiscal Years and Two Years Projected ***General Fund Only***

ASSETS (Complete for SAD and each City/Town in the District)

	Enter Year	Enter Year	Enter Year	Enter Year	Enter Year
Cash and Cash Equivalents					
Investments					
Accounts Receivable (Net)					
Allowances for uncollectibles					
Taxes Receivables (Net)					
Allowances for uncollectibles					
Due from other funds					
Due from other governments					

TOTAL ASSETS	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

LIABILITIES

Bonds Payable					
Accounts Payable					
Due to other funds					
Other-*Explain*					
Deferred Revenue					

TOTAL LIABILITIES	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

Designated					
Undesignated					
Reserve					

TOTAL FUND BALANCE	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
TOTAL LIABILITIES AND FUND BALANCE	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

FINANCIAL INFORMATION *(continued)*

Summary Statement of Revenue and Expenditures for General Fund
For Last Three Years and for Two Years Projected ***General Fund Only***

REVENUES (Complete for SAD and each City/Town in the District)

	Enter Year	Enter Year	Enter Year	Enter Year	Enter Year
Local Tax Revenues					
Licenses & Permits					
Intergovernmental Revenue					
State Subsidy for Schools					
Charges for Services					
Other State Subsidies					
Other-*Explain*					
Other-*Explain*					

TOTAL REVENUES	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

EXPENDITURES

All Departments *Operations*					
Debt Service					
Other- *Explain*					

TOTAL EXPENDITURES	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

Excess of Revenues Over/Under Expenditures	$ -	$ -	$ -	$ -	$ -
Other Financing Sources (Uses)					
*Operating Transfer In:					
*Operating Transfer Out:					

BEGINNING FUND BALANCE		**$ -**	**$ -**	**$ -**	**$ -**
***PRIOR PERIOD ADJUSTMENTS**		**$ -**	**$ -**	**$ -**	**$ -**
ENDING FUND BALANCE	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

*Please Explain: __________

BUDGETED EXPENDITURES FOR LAST THREE FISCAL YEARS

	__/__/__	__/__/__	__/__/__
Gross Budgeted Dollars	$	$	$

DEBT INFORMATION

Complete for SAD and each City/Town in the District

Debt Statement - Most current as of: ___/___/___

GENERAL OBLIGATION BONDS		Principal Amount Outstanding
	Issued Through the Bond Bank	
		$ -
		$ -
	Other Issuances, outside the Bond Bank *(list principal/interest info on Pg. 5)*	
		$ -
		$ -
LOAN REQUESTS		Principal Amount Outstanding
	Loan amount being requested through the Bond Bank *(this application)*	
		$ -
		$ -
	Loan amount being requested through other sources *(e.g., USDA)*	
		$ -
		$ -

Total Direct Debt $ -

Overlapping Debt

List all governmental units that have overlapping jurisdiction (county, school district, town, fire district, water, sewer, utility, etc.) with your own unit and the amount of debt owed by each. Please indicate the amount and percent of outstanding debt for which your community is liable.

Name of Governmental Unit	Outstanding Bonded Debt	Your % of Outstanding Debt	Your $ share of Outstanding Debt
	$	%	$
	$	%	$
	$	%	$
	$	%	$
	$	%	$

Total Overlapping Debt $ -

Total Direct Debt and Overlapping Debt $ -

☐ Yes ☐ No Does the school unit belong to the Maine State Retirement System?
If yes, what is the amount of the unfunded liability? $ ______

☐ Yes ☐ No If no, does the school unit provide a retirement system?
If yes, please provide the most current estimate of any unfunded pension liability. $ ______

OUTSTANDING DEBT NOT WITH THE BOND BANK

Combined Debt Service Payment Schedule

List all your current outstanding long-term debt that **is not** with the Maine Municipal Bond Bank. Provide a schedule of all future principal and interest payments, by year, until debt is retired, or attach a copy of the amortization schedule for each loan.

Fiscal Year Ending	Principal	Interest
	$ -	$ -
	$ -	$ -
	$ -	$ -
	$ -	$ -
	$ -	$ -
	$ -	$ -
	$ -	$ -
	$ -	$ -
	$ -	$ -
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	$ -	$ -
	$ -	$ -
	$ -	$ -
	$ -	$ -
Total Payments	$ -	$ -

Total principal payments should equal "Other Issuances, outside the Bond Bank" on the Debt Info Worksheet.

TAX INFORMATION

Tax Rate and Tax Collections *SAD's to complete for each City/Town in the District*

			Collected by End of Fiscal Year		Collected by End of Second Year	
Fiscal Year	**Tax Rate** *(Per $1,000 of Assessed Value)*	**Total Taxes Billed**	**Dollar Amount**	**% of Tax Levy**	**Dollar Amount**	**% of Tax Levy**
			$	%	$	%
			$	%	$	%
			$	%	$	%
			$	%	$	%
			$	%	$	%
			$	%	$	%

Property Valuations *SAD's to complete for each City/Town in the District*

Year Ending *(Most Recent Year)*	Local Assessed Value *(Real Estate + Personal Property)*	State Assessed Value
___/___/___		

Date of Last Re-evaluation: ___/___/___

Composition of Tax Base: Please provide current fiscal year estimates for the following:

% Commercial and Industrial ____% % Residential ____%

Tax Due Dates: ___/___/___ ___/___/___

Penalties and/or interest charged on overdue taxes: ____________

Basis of Accounting (check one): ☐ Cash ☐ Modified Accrual ☐ Full Accrual

ECONOMIC INFORMATION

Ten Largest Taxpayers of Municipality *(SAD's will need to complete for each City/Town)*

Taxpayer	Type of Business	Current Year Assessed Value	% of Total Assessed Value (*taxpayer assessed value divided by town/city's total assessed value)*
			%
			%
			%
			%
			%
			%
			%
			%
			%
			%

☐ Yes ☐ No Are you anticipating any changes in the largest taxpayer?
If yes, why? ______________________

Five Largest Employers in your Community *(SAD's to complete for each City/Town)*

Employer	Type of Business	# of Employees

☐ Yes ☐ No Are any of these employers expected to make major changes in workforce or operations?
If yes, why? ______________________

☐ Yes ☐ No Are there any other factors that have occurred since the date of the last annual report or financial statements that would significantly affect your revenue, expenditures or overall financial condition?
If yes, please list: ______________________

☐ Yes ☐ No There is pending litigation in excess of $10,000. *If yes, we will need a statement from your local legal counsel about any such lawsuit.*

ECONOMIC INFORMATION *(continued)*

☐ Yes ☐ No There is in place in your community or pending before the governing body, a limitation on the ability of governmental unit to raise, through taxes or rates, or expend from revenues, funds necessary to pay the costs incurred if you issue the debt called for in this application. *If yes, please provide a copy of the ordinance or proposed governmental unit action, explaining the possible limitation.*

☐ Yes ☐ No Other-please explain: ______________________

☐ Yes ☐ No Are there any limitations (e.g., local ordinance, statutory, or regulation) governing the amount of bonded or general obligation debt that you may incur?
If yes, please explain: ______________________

STATEMENT OF DEFAULT

We hereby certify that (*applicant's name*) ________________ has not defaulted on any payment of matured Principal and/or Interest. If default has occurred, please provide details on a separate page.

The applicant must enclose the following documentation with the completed application. *Please indicate whether it is enclosed or not applicable.*

Enclosed	N/A	
☐	☐	District and municipality. If there is no operational history, please submit an analysis demonstrating financial feasibility.
☐	☐	If the latest Audited Financial Statement is more than 12 months old, please submit the most recent unaudited financial statement (*e.g. trial balance, balance sheets, statement of revenue and expenditures* .)
☐	☐	One copy of the latest Budget.
☐	☐	One copy of the last annual report. School Districts should include an annual report for each underlying municipality.
☐	☐	Financial Information on pages 5, 6, 7 and 8 of the Financial Application for each municipality being served by a school district.
☐	☐	Copy of eligibility certificate issued by the Department of Education.

Any material facts that amplify the financial effect on the community, not requested in this application, should be noted here:

____

____

The facts and representations in this application form are from the official records of this unit and are correct in all material aspects to the best of our knowledge.

Chief Administrative Officer: ________________ (*name*) ________________ (*title*)

Signature: ________________________________

Treasurer: ________________________________

Signature: ________________________________

Date: ________________

127 Community Drive, P.O. Box 2268
Augusta, Maine 04338-2268
http://www.mainebondbank.com

Michael R. Goodwin, Executive Director
Tel 207-622-9386
Fax 207-623-5359

MAINE MUNICIPAL BOND BANK
GARVEE SUMMARY

Working in cooperation with the Maine Department of Transportation (MDOT), the Bank issues revenue bonds where the principal and interest of which is repaid with revenues paid to the State by the Federal Highway Administration. Bond proceeds from the sale of GARVEE bonds are used at the direction of MDOT to pay for eligible projects around the State. In Maine GARVEE bonds are sold to fund the replacement and repair of bridges as well as other qualified transportation projects and costs. The Bond Bank has successfully sold four bond issues since 2004 for a total of $193,205,000. The details to those bonds sales are listed below.

The Series 2014 Project

The proceeds of the Series 2014A Bonds were expended to pay a portion of the costs of the replacement of the Sarah Mildred Long Bridge which carries U.S. Route 1 over the Piscataqua River between Portsmouth, New Hampshire and Kittery, Maine, the Penobscot River Bridge which carries State Routes 6, 116 and 155 over the Penobscot River between Howland and Enfield, Maine, and costs of issuance of the Series 2014A Bonds.

The Series 2010AB Project

The proceeds of GARVEE Bonds of the Series 2010AB Bonds were expended to pay a portion of the costs of the construction of a segmental precast/pre-stressed concrete bridge which crosses the Fore River between the City of South Portland and the City of Portland in Cumberland County, Maine, and costs of issuance of the Series 2010AB Bonds.

The Series 2008A Project

The proceeds of the 2008A GARVEE Bonds delivered were expended to pay a portion of the costs of the following fifteen projects and costs of issuance of the Series 2008A Bonds. The fifteen projects were made up of three highway reconstruction projects and twelve (12) bridge projects. The highway reconstruction

127 Community Drive, P.O. Box 2268
Augusta, Maine 04338-2268
http://www.mainebondbank.com

Michael R. Goodwin, Executive Director
Tel 207-622-9386
Fax 207-623-5359

projects included 18.3 miles from Gardiner to Brunswick on I-295, 1.85 miles in Dixfield on Route 2/17 and 0.95 miles in Guilford, Route 6/15/16. The bridge projects included the two bridges in Etna carrying I-95 over Route 69/143, two bridges in Milbridge over the Narraguagus River, the two North Turner Bridges over the Androscoggin River in Leeds and Turner, the Essex Street bridge in Bangor over I-95, the Falmouth Road bridge over the Piscataqua River in Falmouth, the Old Town bridge over Pushaw Stream, the Hammond Street bridge in Bangor over I-95, the Route 159 bridge over Fish Stream in Crystal and the Bailey Island Bridge over Wills Strait in Harpswell.

The Series 2004A Project

The proceeds of the 2004A GARVEE Bonds were expended to pay a portion of the costs of construction of a new cable-stayed, concrete bridge which crosses the Penobscot River from the Town of Prospect in Waldo County, Maine to the Town of Verona in Hancock County, Maine, necessary and related improvements, and costs of issuance of the Series 2004A Bonds. The new bridge opened to traffic in December, 2006.

Memorandum of Agreement
Between
Federal Highway Administration
And Maine Department of Transportation

Management for Debt Service Projects

Background

The Maine Department of Transportation (MaineDOT), through the Maine Municipal Bond Bank, has been authorized by the Maine State Legislature [specifically 2003 P&S Chapter 43], to issue Grant Anticipation Revenue Vehicle (GARVEE Bonds) to finance a portion of the federal share of the Waldo-Hancock Bridge Replacement Project. This is an emergency project and certain early portions of the effort are being financed as regular Federal Highway Administration grant projects.

Proceeds from the sale of the GARVEE Bonds will be used to pay the federal portion of the project costs.

The GARVEE Bonds are expected to be issued in December 2004.

Debt Service Project Agreement and Authorization

MaineDOT will establish Debt Service Projects for this project. The total amount of debt service costs (including principal, interest and issuance cost) attributable to the project will be authorized, budgeted, and obligated as Advanced Construction utilizing MaineDOT's current Federal Aid agreement/authorization process.

Debt Service Payments, Billing FHWA

MaineDOT will track the Debt Service Projects as advanced construction projects within its Project Billing System.

At the beginning of each Federal Fiscal Year, MaineDOT will convert the amount of Advanced Construction Funds necessary to pay total debt service costs for the Debt Service Projects for the current Federal Fiscal Year. The conversion of the Advanced Construction must be the FIRST authorization in that Fiscal Year of funds legally available for that purpose and MaineDOT will not request authorization for any other federal aid projects until this obligation is met. Attachment A displays the projected debt service payments which (Attachment A) is subject to change upon the issuance of the Bonds.

MaineDOT through the normal payment process will pay the debt service cost due the Bond Trustee four business days prior to the scheduled bond payment date.

Project Costs

The construction project will accumulate costs in MaineDOT's financial systems in the normal manner. All project costs will be submitted to the State Controller for authorization through the standard state pre-audit procedures. Upon authorization from the Office of the State Controller, the State Treasury will issue payment. MaineDOT will maintain all documentation for the project in the same manner as any eligible federal aid project, and adhere to all procedures and rules currently in place to ensure that costs are eligible for Federal Aid funding. MaineDOT will issue an annual report of project expenditures as of September 30th of each year.

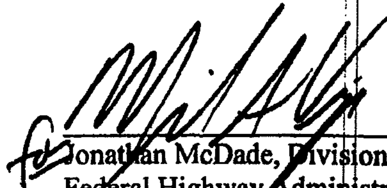
Closure of Project

The closure of the construction project will follow the normal process for project closure. The Debt Service Projects will remain open until the debt service is retired for this bond issue. Normal project closure paperwork will be submitted to FHWA for these Debt Service Projects.

Signatures

David A. Cole, Commissioner
Maine Department of Transportation

Nov. 21, 2004
Date



for Jonathan McDade, Division Administrator
Federal Highway Administration

Nov 19, 2004
Date

Attachment A

Projected GARVEE Debt Service Schedule

($ in thousands)

Federal Fiscal Year	Series 2004A Debt Service
2005	$ 4,475
2006	5,675
2007	5,676
2008	5,677
2009	5,674
2010	5,675
2011	5,674
2012	5,676
2013	5,678
2014	5,677
2015	5,673
Total	$ 61,230

Actual annual debt service will depend on actual bond prices

PROJECT RECORD FOR: STATE: MAINE PROJECT NUMBER: 7965(600) VERSION: CURRENT

PREFIX: BR

STATE PROJECT NUMBER: 7965.60

RELATED PROJECT NUMBER:

DESCRIPTION: Prospect-Verona, Waldo Hancock Br. # 3008, Debt Service Retirement for the 05 GARVEE

STATUS: ACTIVE DUNS NUMBER: 809045966

SOFTMATCH:

TRANSACTION NUMBER: 0087 BUSINESS MONTH/YEAR: 11/2004

GEOGRAPHIC INFORMATION:

DEMO ID:
STANDARD PLACE CODE: NA
INVENTORY ROUTE #:
BEGINNING MILEPOINT:
ENDING MILEPOINT:

OVERSIGHT: A
STIP REFERENCE:

DISASTER FISCAL YEAR:
DISASTER SEQUENCE #:

ENVIR.CLEARANCE: TYPE:
DATE:

PROJECT STATUS DATES

EST. CONST.:
COMPLETED:
FINAL VOUCHER:
LAST ACTION: 11/22/2004
LAST PAYMENT:

AUTHORIZED DATES:

PE:
ROW:
CONST: 11/19/2004
HP & R:
OTHER:
MCSAP:

DIVISION DEFINED FIELDS

:
:

STATE DEFINED FIELDS:

:
:
:

PROJECT FUNDING

EXPENDITURES:
EXPENDITURES 102:
TOTAL OBLIGATED:
LOCAL FUNDS:
NON-MONETARY FUNDS:

TOTAL COST: 62,500,000.00
STATE FUNDS: 12,500,000.00
PRIVATE FUNDS:
ADV. CONST. FUNDS: 50,000,000.00

11/22/2004 FISCAL MANAGEMENT INFORMATION SYSTEM FMISW96A

PROJECT RECORD FOR: STATE: MAINE PROJECT NUMBER: 7965(600) VERSION: CURRENT

PREFIX: BR

STATE PROJECT NUMBER: 7965.60

STATUS: ACTIVE DUNS NUMBER: 809045966

SOFTMATCH:

TRANSACTION NUMBER: 0087 BUSINESS MONTH/YEAR: 11/2004

CHANGED BY AND DATE: DAVID FECTEAU 11/22/2004

STATE SIGNATURES AND DATES:

AVALILABLE FUNDS CERTIFIED:	DAVID FECTEAU	11/22/2004
APPROVAL/RECOMMENDED:	DAVID FECTEAU	11/22/2004
AUTHORIZATION/MODIFICATION:	DAVID FECTEAU	11/22/2004

DIVISION SIGNATURES AND DATES:

PROJECT INFORMATION REVIEWED:	MICHAEL VIGUE	11/22/2004
APPROVAL/RECOMMENDED:	MICHAEL VIGUE	11/22/2004
AUTHORIZATION/MODIFICATION:	MICHAEL VIGUE	11/22/2004

STATE REMARKS:

Revised estimate

DIVISION REMARKS:

11/22/2004 FISCAL MANAGEMENT INFORMATION SYSTEM FMISW98A

PROJECT RECORD FOR: STATE: MAINE PROJECT NUMBER: 7965(600) VERSION: CURRENT

PREFIX: BR

STATE PROJECT NUMBER: 7965.60

STATUS: ACTIVE DUNS NUMBER: 809045966

SOFTMATCH:

TRANSACTION NUMBER: 0087 BUSINESS MONTH/YEAR: 11/2004

PROGRAM CODE:	H100	H220	Total
RECODE:	130	321	
PREFIX:	BR	BR	
LINE NUMBER:	30	30	
COUNTY CODE:	009	009	
URBAN AREA:			
WITHDRAWAL AREA:			
RURAL/URBAN:	R	R	
FUNCTIONAL SYSTEM:	P	P	
FA SYSTEM CODE:	N	N	
TYPE OF IMPROVEMENT:	11	28	
TOLL:	N	N	
SAFETY:	N	N	
TEMPORARY MATCHING:	N	N	
INDIAN RESERVATION:	N	N	
FTA:	N	N	
CONSTRUCTION:	Y	Y	
DATE OF LAST ACTION:	11/22/2004	11/19/2004	
FHWA AREA:			

PROJECT FUNDING			
PERCENT FEDERAL SHARE:	80	80	
TOTAL COST:	52,500,000.00	10,000,000.00	62,500,000.00
FEDERAL FUNDS:			
STATE FUNDS:	10,500,000.00	2,000,000.00	12,500,000.00
LOCAL FUNDS:			
PRIVATE FUNDS:			
NON-MONETARY FUNDS:			
ADV. CONST. FUNDS:	42,000,000.00	8,000,000.00	50,000,000.00
ADV. CONST. CONV.:			
SOFT MATCH:			
OTHER FEDERAL FUNDS:			

STATE DEFINED:

:
:
:
:
:
:

DIVISION DEFINED:

:
:
:
:
:

11/22/2004 FISCAL MANAGEMENT INFORMATION SYSTEM FMISW98A

PROJECT RECORD FOR: STATE: MAINE PROJECT NUMBER: 7965(600) VERSION: CURRENT

STATE PROJECT NUMBER: 7965.60

STATUS: ACTIVE DUNS NUMBER: 809045966

SOFTMATCH:

TRANSACTION NUMBER: 0087 BUSINESS MONTH/YEAR: 11/2004

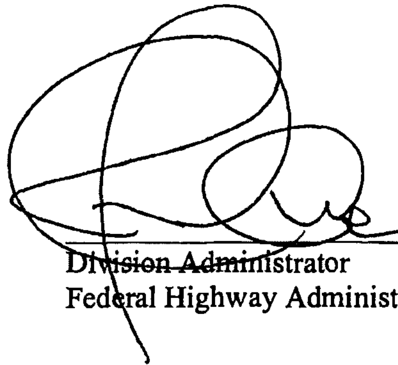
PROGRAM CODE	IMPROVEMENT TYPE	BRIDGE NUMBERS
H100	11: BRIDGE REPLACEMENT-NO ADDED CAPACITY	3008

2010 AMENDMENT TO IDENTIFY ADDITIONAL BONDS AND PROJECTS

Federal Highway Administration ("FHWA") and Maine Department of Transportation ("MaineDOT") hereby enter into this amendment (the "2010 Amendment") to the Amended and Restated Memorandum of Agreement (as the same may have been previously amended to the date hereof, the "Original Agreement") between FHWA and MaineDOT executed by FHWA on August 13, 2008, and by MaineDOT on August 14, 2008. This 2010 Amendment adds a new Attachment C included herewith, to the Original Agreement. This 2010 Amendment and the Attachments included herewith shall be a part of the Original Agreement, as if fully incorporated therein. Except as amended hereby, all of the other terms and conditions of the Original Agreement remain in full force and effect.

Signatures

Commissioner
Maine Department of Transportation



Division Administrator
Federal Highway Administration

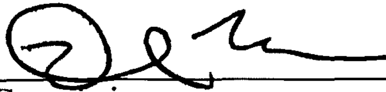
Oct. 26, 2010
Date

Oct. 26, 2010
Date

Memorandum of Agreement
Attachment C
Final GARVEE Debt Service Schedule
December 2, 2010

Federal Fiscal Year	Series 2010A Bonds Debt Service
9/1/2011	$3,386,445.97
9/1/2012	4,529,450.00
9/1/2013	4,529,700.00
9/1/2014	4,531,250.00
9/1/2015	4,529,250.00
9/1/2016	4,531,250.00
9/1/2017	4,530,750.00
Total	$30,568,095.97

Accepted by:



Commissioner
Maine Department of Transportation

Date

Division Administrator
Federal Highway Administration

Date

Memorandum of Agreement
Attachment C
Final GARVEE Debt Service Schedule
December 2, 2010

Federal Fiscal Year	Series 2010A Bonds Debt Service
9/1/2011	$3,386,445.97
9/1/2012	4,529,450.00
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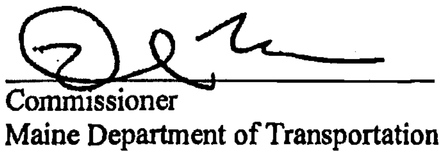
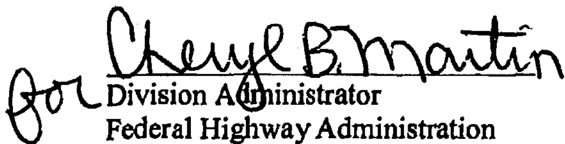
9/1/2015	4,529,250.00
9/1/2016	4,531,250.00
9/1/2017	4,530,750.00
Total	$30,568,095.97

Accepted by:



Commissioner
Maine Department of Transportation

Date



Division Administrator
Federal Highway Administration

Date

Memorandum of Agreement
Attachment C
Final GARVEE Debt Service Schedule

Federal Fiscal Year	A Series 2010B Build America Bonds Total Debt Service (Without 35% Interest Subsidy)	B Series 2010B Build America Bonds Net Debt Service (Net of 35% Interest Subsidy)
9/1/2011	$ 882,921.81	$ 573,899.17
9/1/2012	1,181,605.40	768,043.50
9/1/2013	1,181,605.40	768,043.50
9/1/2014	1,181,605.40	768,043.50
9/1/2015	1,181,605.40	768,043.50
9/1/2016	1,181,605.40	768,043.50
9/1/2017	1,181,605.40	768,043.50
9/1/2018	5,711,605.40	5,298,043.50
9/1/2019	5,641,668.20	5,299,834.32
9/1/2020	5,566,293.60	5,301,590.84
9/1/2021	5,484,259.20	5,300,768.48
9/1/2022	5,392,588.80	5,297,182.72
Total	$35,768,969.41	$31,679,580.03

FHWA will reimburse debt service costs on a cost incurred basis. The Series 2010B Build America Bonds (the "Series 2010B BABs") are issued as Qualified Build America Bonds under the BABs Program. The Bank will receive direct payments from the United States Treasury Department ("U.S. Treasury") to subsidize 35% of the taxable interest on the Series 2010B BABs. Only the interest costs, net of this subsidy (the amount in Column B above), are eligible for reimbursement by FHWA under this MOA. If the U.S. Treasury were to suspend, reduce or discontinue the 35% direct subsidy payments on the Series 2010B BABs, FHWA will reimburse the MaineDOT for the increased interest costs (total interest costs being reflected by the amounts in Column A above), pursuant to this MOA.

Accepted by:

Commissioner
Maine Department of Transportation

____
Date

____
Division Administrator
Federal Highway Administration

____
Date

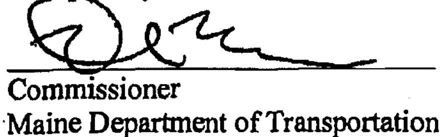
835363.2 034682 AGMT

Memorandum of Agreement
Attachment C
Final GARVEE Debt Service Schedule

Federal Fiscal Year	A Series 2010B Build America Bonds Total Debt Service (Without 35% Interest Subsidy)	B Series 2010B Build America Bonds Net Debt Service (Net of 35% Interest Subsidy)
9/1/2011	$ 882,921.81	$ 573,899.17
9/1/2012	1,181,605.40	768,043.50
9/1/2013	1,181,605.40	768,043.50
9/1/2014	1,181,605.40	768,043.50
9/1/2015	1,181,605.40	768,043.50
9/1/2016	1,181,605.40	768,043.50
9/1/2017	1,181,605.40	768,043.50
9/1/2018	5,711,605.40	5,298,043.50
9/1/2019	5,641,668.20	5,299,834.32
9/1/2020	5,566,293.60	5,301,590.84
9/1/2021	5,484,259.20	5,300,768.48
9/1/2022	5,392,588.80	5,297,182.72
Total	$35,768,969.41	$31,679,580.03

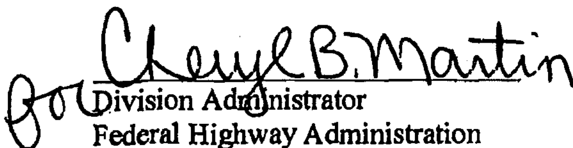
FHWA will reimburse debt service costs on a cost incurred basis. The Series 2010B Build America Bonds (the "Series 2010B BABs") are issued as Qualified Build America Bonds under the BABs Program. The Bank will receive direct payments from the United States Treasury Department ("U.S. Treasury") to subsidize 35% of the taxable interest on the Series 2010B BABs. Only the interest costs, net of this subsidy (the amount in Column B above), are eligible for reimbursement by FHWA under this MOA. If the U.S. Treasury were to suspend, reduce or discontinue the 35% direct subsidy payments on the Series 2010B BABs, FHWA will reimburse the MaineDOT for the increased interest costs (total interest costs being reflected by the amounts in Column A above), pursuant to this MOA.

Accepted by:



Commissioner
Maine Department of Transportation

____
Date



Division Administrator
Federal Highway Administration

____
Date

835363.2 034682 AGMT

The Series 2010 Projects

The proceeds of the Series 2010A Bonds and the Series 2010B BABs, less issuance costs, will be expended to pay a portion of the costs of the construction of a new segmental precast/pre-stressed concrete bridge, which will cross the Fore River from the City of South Portland to the City of Portland in Cumberland County, Maine and (b) costs of issuance of the Series 2010A Bonds and the Series 2010B BABs.

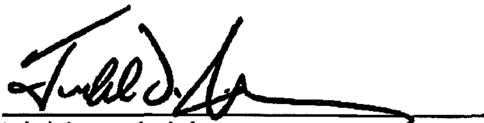
2014 AMENDMENT TO IDENTIFY ADDITIONAL BONDS AND PROJECTS

Federal Highway Administration ("FHWA") and Maine Department of Transportation ("MaineDOT") hereby enter into this amendment (the "2014 Amendment") to the Amended and Restated Memorandum of Agreement (as the same may have been previously amended to the date hereof, the "Original Agreement") between FHWA and MaineDOT executed by FHWA on August 13, 2008, and by MaineDOT on August 14, 2008. This 2014 Amendment adds a new Attachment D included herewith, to the Original Agreement. This 2014 Amendment and the Attachments included herewith shall be a part of the Original Agreement, as if fully incorporated therein. Except as amended hereby, all of the other terms and conditions of the Original Agreement remain in full force and effect.

Signatures

Commissioner
Maine Department of Transportation

October 24, 2014
Date



Division Administrator
Federal Highway Administration

October 24, 2014
Date

Memorandum of Agreement
Attachment D
Projected GARVEE Debt Service Schedule

Federal Fiscal Year	Series 2014A Bonds Debt Service
9/1/2015	$4,266,111
9/1/2016	5,729,750
9/1/2017	5,732,250
9/1/2018	5,731,250
9/1/2019	5,731,500
9/1/2020	5,727,500
9/1/2021	5,729,000
9/1/2022	5,730,250
9/1/2023	5,730,750
9/1/2024	5,730,000
9/1/2025	5,727,500
9/1/2026	5,727,750
Total	$67,293,611

Actual annual debt service will depend on actual bond prices.

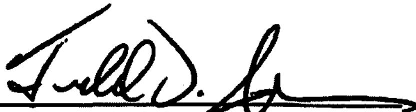
Memorandum of Agreement
Attachment D
Final GARVEE Debt Service Schedule
December 3, 2014

Federal Fiscal Year	Series 2014A Bonds Debt Service
9/1/2015	$3,743,170.56
9/1/2016	5,026,650.00
9/1/2017	5,025,650.00
9/1/2018	5,028,400.00
9/1/2019	5,028,150.00
9/1/220	5,024,650.00
9/1/2021	5,027,650.00
9/1/1022	5,026,400.00
9/1/2023	5,025,650.00
9/1/2024	5,024,900.00
9/1/2025	5,023,650.00
9/1/2026	5,026,400.00
Total	$59,031,320.56

Accepted by:

Commissioner
Maine Department of Transportation

11·21·14
Date



Division Administrator
Federal Highway Administration

11/21/14
Date

The Series 2014A Projects

The proceeds of the Series 2014A Bonds, less issuance costs, will be expended to pay a portion of the (a) costs of construction of the two bridge replacement projects identified below and (b) costs of issuance of the Series 2014A Bonds.

Bridge Replacement Projects:

Sarah Mildred Long Bridge Replacement

Kittery, Maine – Portsmouth, New Hampshire

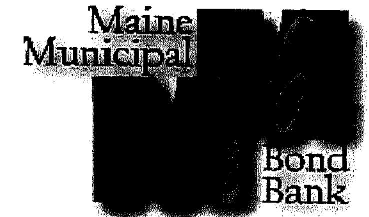
The project is replacing the existing Sarah Mildred Long Bridge over the Piscataqua River located at the Maine and New Hampshire border. The project includes an innovative, hybrid bridge replacement featuring an integrated rail-highway deck for the lift span, wherein the lift span will raise for taller ships and lower for rail use.

Penobscot River Bridge Replacement

Howland - Enfield, Maine

The project is replacing the existing Penobscot River Bridge ("PRB") with a 4-span welded steel girder bridge with spans of 210 feet, 260 feet, 260 feet and 210 feet; for a total length of 940 feet. The PRB carries State Route 6/116/155 over the Penobscot River and provides a vital connection between Howland and Enfield, Maine.

Maine Municipal Bond Bank



Grant Anticipation Bonds, Series 2014A

Rating Agency Presentation

October 24, 2014

Maine Municipal Bond Bank

Maine Municipal Bond Bank

- Mike Goodwin, *Executive Director*
- Toni Reed, *Program Officer*

Maine Department of Transportation

- Karen Doyle, *Director, Finance and Administration*
- Joyce Taylor, *Chief Engineer*

Hawkins, Delafield & Wood (Bond Counsel)

- Ron Grosser

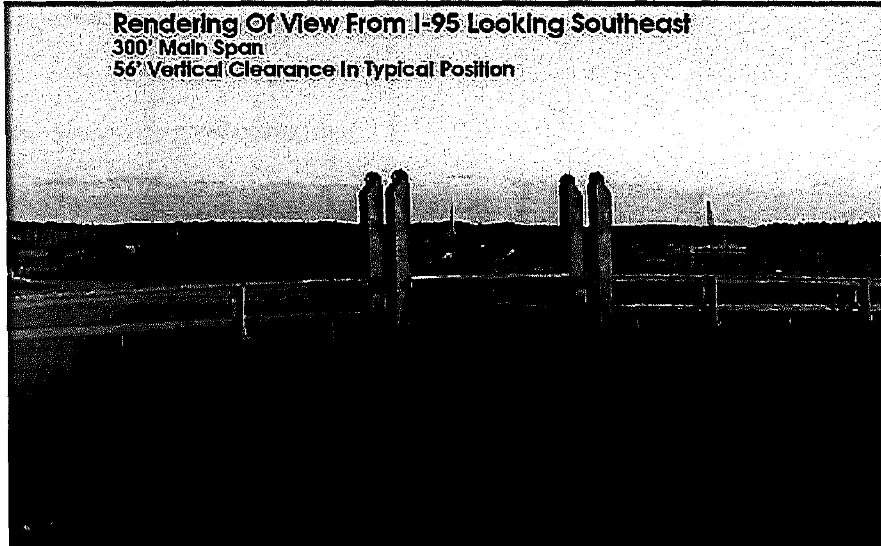
Bank of America Merrill Lynch (Senior Manager)

- Paul Ladd, *Managing Director, Boston*
- Jim Calpin, *Managing Director, New York*

Maine Municipal Bond Bank

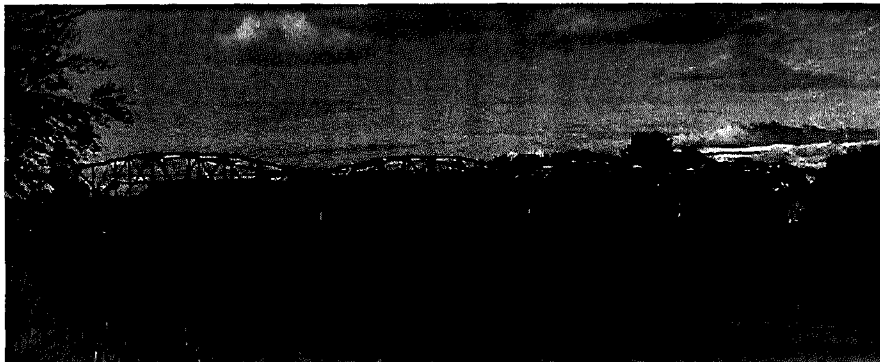
Series 2014A Projects

Sarah Mildred Long Bridge



- Sarah Mildred Long Bridge (SML) services highway, rail and navigation over the Piscataqua River between Kittery, Maine and Portsmouth, New Hampshire
- SML project is part of a bi-state solution (Maine/New Hampshire) to replace this critical interstate facility
- An innovative, hybrid bridge replacement is planned featuring an integrated rail-highway deck wherein the lift span will raise for taller ships and lower for rail use (64% reduction in bridge lifts)
- Wider opening for navigation and a protective fender system reducing navigational hazard and associated marine delay costs
- Total replacement cost is $189.2 million, of which $173.3 million of for construction and construction engineering
- Estimated 2014A proceeds of $43 million

Penobscot River Bridge



- The Penobscot River Bridge (PRB) project would replace the existing bridge, originally constructed in 1896 with repairs / upgrades in 1946. The bridge is currently in disrepair with structural deficiencies and inadequate width.
- The proposed PRB project would replace the existing bridge with a 4-span bridge
- The PRB is located in an economically distressed area. This area is likely to benefit from short and long-term economic activity created by the project
- The total cost of replacement is estimated at $17.5 million; of which $16.4 million is for construction and construction engineering
- Estimated 2014A proceeds of $7 million

Maine Municipal Bond Bank

GARVEEs: Authorization and Legal Framework

- **Enabling Legislation**
  - Under Bond Bank Act, the Program Act, and the 2013 Authorizing Act, the Bond Bank is authorized to issue up to $50 million for the 2014 Projects
  - Pursuant to the Program Act, GARVEE bonds must be secured pursuant to a pledge and certificate issued by MaineDOT, which pledges the receipt of future Federal Transportation Funds to secure the payment of the GARVEE bonds, and approved by the Maine State Budget Officer
  - The bank may issue from time to time GARVEE bonds for qualified transportation projects and qualified transportation project costs in such amounts as are authorized by the Legislature by a 2/3 vote in each House of the Legislature, as long as the rolling, 3-year average ratio of GARVEE bond debt service payments to federal funds does not exceed 15%, less the amount of capacity necessary to issue a $25,000,000 GARVEE bond for extraordinary, unprogrammed needs.
- **Memorandum of Agreement**
  - MaineDOT has entered into certain Federal Aid Agreements with FHWA, including an Amended and Restated MOA
    - Documents the procedures for programming and authorizing projects
    - Outlines distribution, billing and payment of debt service and other Bond related costs
- **Payment Agreement**
  - The State Dept of Admin and Financial Services, Office of State Controller, the Maine DOT and the Bank entered into a Payment Agreement, dated December 1, 2004
    - Documents budgetary procedures for anticipated Federal Transportation Funds to be received by the State for the benefit of the MaineDOT
- **MaineDOT Pledge Agreement**
  - Documents pledge between MaineDOT and Bank and various covenants and procedures

Maine Municipal Bond Bank

GARVEEs: Bond Resolution Highlights

- Special and limited obligation of the Bank payable from and secured solely by all present and future Federal Transportation Funds
- Covenant to obligate for GARVEE debt service first in each federal fiscal year
- Covenant to de-obligate or seek other sources of funds should new Obligation Authority be unavailable
- Pledged funds defined to include all Federal Transportation Funds which:
  - (i) are paid to the Bank or Trustee and available in accordance with Title 23, a Federal Aid Agreement, the Act or any Additional Program Act and
  - (ii) have been allocated by the State for payment of the Bond Payments as a permitted use, together with the right of the Bank to receive such funds
- Additional Bonds Test: must demonstrate Federal Transportation Funds in the current federal fiscal year ("FFY") or either of the prior two FFYs was equal to at least
  - (i) 1.50x of MADS for each FFY in current Federal Aid Authorization; and
  - (ii) 3.00x MADS in each FFY after the expiration of the current Federal Aid Authorization
- ABT Calculation: $210.9 million / $20.8 million = 10.1x coverage
- No Debt Service Reserve Fund

Maine Municipal Bond Bank

GARVEEs: Historical Apportionment, O/A and Receipts

- Obligation Authority is apportioned to states on an annual basis and sets the upper limit on the federal government's commitment to pay, through reimbursements, its share of eligible expenditures on approved projects
- Although not a direct representation of reimbursements to be received, Obligation Authority levels will determine over time the amount of reimbursements to be received

State of Maine
History of Apportionments, Obligation Authority and Receipts
($ millions)

Federal Fiscal Year Ending Sept. 30th	Apportionments	Obligation Authority	Federal Reimbursments Actual Receipts
2004	163,362,759	159,753,186	178,026,054
2005	154,057,393	140,498,973	174,988,696
2006	195,127,211	170,887,526	173,347,546
2007	192,726,337	164,412,220	168,499,410
2008	184,209,842	185,793,681	146,454,018
2009	167,855,384	178,242,925	147,529,905
2010	228,485,362	217,999,749	150,868,354
2011	185,098,394	191,590,899	186,449,740
2012	183,958,134	179,603,858	206,827,702
2013	182,124,362	199,633,280	223,076,007
2014	178,669,606	180,630,284	210,869,519

Maine Municipal Bond Bank

Reauthorization Update

- MAP-21 faced expiration on September 30, 2014, while the Highway Trust Fund was approaching low minimum balances in late summer 2014
- In August 2014, MAP-21's programs and funding levels were extended through May 31, 2015 and there was no disruption in the receipt of Federal Transportation Funds
- Funding for MAP-21's extension in FFY2015 will include $10.8 billion from the federal general fund and LUST Trust Fund
- Lack of long-term funding bill has required thoughtful long-term planning
- Expectation that transportation funding will remain at or near current levels given critical importance
- Past rescissions 2005-2013, which were applied to reduce unobligated balances from prior years, have not affected Obligation Authority to date

Maine Municipal Bond Bank

GARVEEs: Projected Debt Service

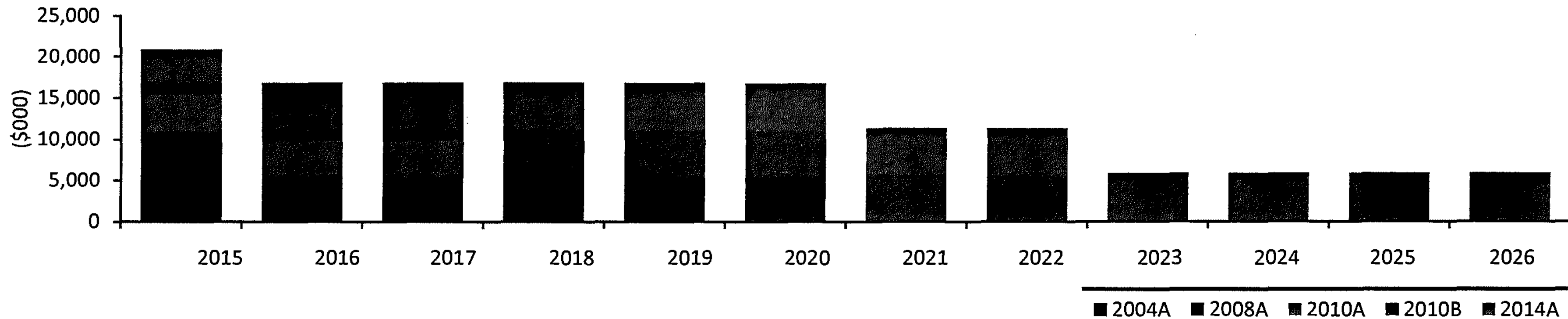
Sources and Uses

Sources	
Par Amount	$50,000,000
Premium	8,430,527
	58,430,527
Uses	
Project Fund	$58,007,970
COI & U/D	422,556
	58,430,527

Debt Service Coverage ($000)

		Coverage Levels at Different Assumed Reimbursement Levels		
Year	Debt Service	@ 210.9mm	@ 180mm	@ 150mm
2015	20,830	10.1x	8.6x	7.2x
2016	16,711	12.6x	10.8x	9.0x
2017	16,715	12.6x	10.8x	9.0x
2018	16,713	12.6x	10.8x	9.0x
2019	16,646	12.7x	10.8x	9.0x
2020	16,561	12.7x	10.9x	9.1x
2021	11,213	18.8x	16.1x	13.4x
2022	11,123	19.0x	16.2x	13.5x
2023	5,731	36.8x	31.4x	26.2x
2024	5,730	36.8x	31.4x	26.2x
2025	5,728	36.8x	31.4x	26.2x
2026	5,728	36.8x	31.4x	26.2x

Projected Debt Service Schedule



Maine Municipal Bond Bank

Summary of GARVEE Credit Strengths

- Aggregate debt service coverage ratios remain healthy
- Current authorizing legislation restricted to $50 million
- Traditional 3.00x ABT intentions despite ability to consider lower coverage of 1.50x in current Authorization Period
- Conservative level debt service solution
- Strong history of using Obligation Authority annually - $11 million redistribution in FFY2014
- Bond Resolution requires annual reserve of first available Obligation Authority for debt service

Maine Municipal Bond Bank

Series 2014A Financing Timeline

Date	Activity
October 31, 2014	Receive Ratings Mail POS
Week of November 3rd	Investor Outreach
November 12, 2014	Retail Order Period
November 13, 2014	Institutional Pricing
December 3, 2014	Closing

MOODY'S
INVESTORS SERVICE

New Issue: Moody's Assigns A2 to Maine's $50M GARVEEs Ser. 2014A; outlook stable

Global Credit Research - 31 Oct 2014

State has $119M parity debt including current offering

MAINE (STATE OF)
State Governments (including Puerto Rico and US Territories)
ME

Moody's Rating

ISSUE	**RATING**
Grant Anticipation Bonds (Maine Department of Transportation) Series 2014A	A2

Sale Amount	$50,000,000
Expected Sale Date	11/12/14
Rating Description	Special Tax: Transportation-Related

Moody's Outlook STA

Opinion

NEW YORK, October 31, 2014 --Moody's Investors Service has assigned an A2 rating with a stable outlook to the Maine Municipal Bond Bank's (MMBB) $50 million Grant Anticipation Bonds (Maine Department of Transportation) Series 2014A. Proceeds of the bonds will be used to replace two bridges. The MMBB expects to issue the Grant Anticipation Bonds on November 12.

RATINGS RATIONALE

The rating reflects a first lien on federal highway aid received by the Maine Department of Transportation (Maine DOT), stable levels of pledged revenues that provide strong debt service coverage, which is offset by federal reauthorization risk, a large and growing structural imbalance in the federal Highway Trust Fund (HTF) and the lack of a debt service reserve fund.

Credit Strengths:

*First lien on all eligible federal highway aid revenues received by the state

*Pledged federal aid revenues provide strong, stable coverage of projected debt service and has been resilient to recession and federal budget pressure

*Additional bonds test in master trust indenture requires 3 times coverage of resulting debt service by pledged revenues, after current federal highway program authorization (MAP-21)

Credit challenges:

*Federal aid highway program must be reauthorized periodically

*Large and growing structural imbalance in the federal Highway Trust Fund requires ongoing federal general fund support

* Increased federal payment disruption risk combined with a lack of structural liquidity protection such as a debt service reserve or advanced set-aside

DETAILED CREDIT DISCUSSION

FEDERAL HIGHWAY AID IS SOLE SOURCE OF SECURITY

Maine's Grant Anticipation Revenue Vehicles (GARVEEs) are secured by a first lien on federal transportation aid received by Maine DOT, subject to allocation by the state legislature. The federal aid highway program is a reimbursement program whereby the federal government agrees to pay the federal share on eligible transportation projects. In the case of Maine's GARVEEs, the Maine DOT and the Federal Highway Administration are party to a Memorandum of Agreement whereby Maine DOT can apply federal transportation funds to the payment of debt service on GARVEEs. The FHWA processes the grants out of revenues from the federal Highway Trust Fund, which is funded by federal fuel taxes and, in recent years, transfers from the federal general fund.

Bond documents require the Maine DOT to seek obligation authority from the FHWA to pay for GARVEE debt service first, before any other uses, as soon as practicable after the beginning of the federal fiscal year on October 1. Maine DOT is also required to request that debt service be included in the biennial budget. Maine DOT has assigned to the MMBB all present and future federal transportation funds. According to the bond documents, fifteen days prior to each bond payment date, Maine DOT will submit a voucher to the Office of the State Controller (OSC) requesting payment of the debt service due. On the fourth business day preceding the bond payment date, OSC will transfer to the bond payment fund the requested amount from federal transportation funds held in the state's highway and bridge improvement account.

Bondholders are protected from excessive leverage by an additional bonds test that requires 3.0 times coverage of maximum annual debt service in the years beyond the federal authorization in effect at the time. Atypical for highway GARVEEs, the additional bonds test allows front loading of debt service within the current authorization, subject to a 1.5 times coverage test. Federal transportation funds received were 10.1 times maximum annual debt service. State statute further limits the three-year average of GARVEE debt service to 15% of federal transportation funds less the amount of capacity needed to issue $25 million of GARVEEs for extraordinary needs. The bonds are structured to amortize rapidly in 12 years, decreasing the exposure to multiple reauthorization cycles. Maine DOT plans to request authorization to issue $50 million in the next biennium, subject to approval by the legislature and governor. Maine's GARVEEs will maintain strong levels of debt service coverage under the current plan of manageable additional issuance.

Typical of GARVEE bonds, there is no debt service reserve fund or advanced set-asides of pledged revenues for debt service. This exposes bondholders to the risk that political brinksmanship at the federal level will interrupt the flow of transportation aid to states. Maine's GARVEEs rely on the timely processing of grants by the FHWA to pay debt service.

The Maine DOT is not obligated to use other state funds in the event that sufficient funds are not on deposit in the bond payment fund prior to the payment date, although the general bond resolution does not prohibit Maine DOT from making payments from other sources to the extent legally available for that purpose. Pursuant to the pledge and security agreement, if new obligation authority is not available during any federal fiscal year, Maine DOT covenants that it will seek other sources of funds that may be available to make debt service payments. These sources could include reallocations of federal funds obligated to other transportation projects.

HISTORICALLY STABLE FEDERAL HIGHWAY AID; STRONG DEBT SERVICE COVERAGE

The federal highway program has a favorable long-term trend of stable funding through economic recession and federal budget pressure that has led to spending cuts elsewhere as a result of the 2007-2009 recession and the subsequent lackluster recovery. Obligation authority received by Maine in federal fiscal year 2014 was $181 million, comparable to its level in 2009. Since 2008, Congress transferred $57 billion to the HTF in order to support federal spending on highways. We believe that the essentiality and economic benefits of transportation infrastructure will lead to stable funding over the near term. The current authorization, Moving Ahead for Progress in the 21st Century or MAP-21 expires on May 31, 2015. In the past, transportation reauthorizations had been for a period of about six years. A growing structural imbalance in the HTF, however, fueled by flat gas tax revenues and increased spending, have led Congress to shorten the authorization period to match available revenues. MAP-21 was initially scheduled to last a little over two years. All GARVEE programs, Maine's included, face reauthorization risk. There is no guarantee from the federal government that it will maintain the federal aid highway program in its current size or form. This risk of a significant reduction, however, is mitigated by the federal government's central role in financing essential infrastructure and the widespread and bi-partisan political support of the program.

Outlook

The rating outlook for the Maine Municipal Bond Bank's grant anticipation bonds is stable, based on our expectation that the federal highway program will remain a national priority and therefore be extended past its May

2015 expiration and ultimately be reauthorized at spending levels that provide strong debt service coverage. Risk of a temporary interruption in grants that does not affect debt service is incorporated into the rating and outlook.

WHAT COULD MAKE THE RATING GO UP

*Enhancement of the bond indenture protections against federal payment disruption risk

*A return to multi-year authorizations or the addition of a sustainable dedicated revenue source for the federal HTF

WHAT COULD MAKE THE RATING GO DOWN

*A change in federal transportation policy that reduces or interrupts highway aid

*Lengthening of maturity that increases exposure to reauthorization risk

The principal methodology used in this rating was US Public Finance Special Tax Methodology published in January 2014. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

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FitchRatings

Fitch Rates Maine Municipal Bond Bank 2014A Grant Anticipation Bonds (MaineDOT) 'A+'; Outlook Stable

Ratings Endorsement Policy
31 Oct 2014 3:38 PM (EDT)

Fitch Ratings-New York-31 October 2014: Fitch Ratings assigns an 'A+' rating to Maine Municipal Bond Bank's (MMBB) $50 million series 2014A grant anticipation bonds (GARVEE). The bonds are issued to fund Maine Department of Transportation's (MaineDOT) replacement of the Sarah Mildred Long Bridge (SML Bridge) and the Penobscot River Bridge (PRB Bridge).

Fitch also affirms the 'A+' rating on $69.3 million of outstanding series 2004A, 2008A and 2010A&B grant anticipation bonds. The Rating Outlook remains Stable.

RATIONALE: The 'A+' rating is driven primarily by the strength of the federal transportation funding program. Although the program has become more dependent on transfers from the general fund and is no longer funded on a multiyear basis, it continues to be essential for the federal government. The 'A+' rating also reflects MaineDOT's pledge of all federal transportation funding which provide healthy debt service coverage ratios to mitigate risk of a potential reduction in federal revenues. Strong additional debt limitations and resources of the department to manage any delays or interruptions in federal funding support the rating.

KEY RATING DRIVERS:

UNCERTAINTY OF THE FEDERAL PROGRAM: In Fitch's view, the federal program, once formula driven and funded on a multiyear basis, has now morphed into a program where future policy is less certain. Funding levels are less predictable, and more frequent action is needed from Congress to extend authorization and on general fund transfers that will likely need to be continued indefinitely barring an increase in the federal gas-tax or a significant reduction in spending.

PROTECTION AGAINST LEVERAGE: The additional bonds test provides adequate legal protection against leverage by limiting maximum annual debt service (MADS) for each federal fiscal year within the current federal authorization period to 1.5x and 3.0x for each federal fiscal year outside of the current authorization period. Additionally, future GARVEE bond issuance requires legislative approval and annual debt service is statutorily limited to 15% of the three-year rolling average of federal transportation funds received less $25 million to be issued for any extraordinary capital needs.

HEALTHY DEBT SERVICE COVERAGE: Federal reimbursement receipts for 2014 totaled $210 million providing debt service coverage of over 13 times (x). Debt service schedule is flat to declining, annual debt service requirement decreases from $20.8 million in 2015 to $5.7 million by 2023. Final maturity will be extended to 2026 from 2022 following the issuance of the series 2014A bonds.

RESOURCES OF THE DEPARTMENT: Similar to other GARVEE programs, there is no debt service reserve fund. However, this is offset by MaineDOT's covenant to obligate each year's federal transportation funds for GARVEE debt service prior to any other purpose. Additionally, resources of MaineDOT could be available to manage any delays or interruptions in federal reimbursements, including the state's highway fund of approximately $25 million.

RATING SENSITIVITIES
Negative or Positive: A material change in Fitch's view of the federal program could change the current rating level.
Negative: Decisions by the state to significantly increase GARVEE leverage beyond current expectations could change the rating.

SECURITY
The bonds are secured by the trust estate, which primarily consists of all federal transportation funds, subject to their receipt and allocation by the state, and available in accordance to Title 23 of the U.S. Code.

TRANSACTION SUMMRY

Bond proceeds will be used to fund a portion of the cost to replace the Sarah Mildred Long Bridge (located between Kittery, Maine and New Portsmouth, Hampshire) and the Penobscot River Bridge. The SML Bridge replacement project is part of a bi-state solution between MaineDOT and New Hampshire Department of Transportation (NHDOT) to replace a critical link between the two states. MaineDOT will use $43 million of bond proceeds to fund the construction of the SML Bridge and $7 million for the PRB Bridge.

HTF's expenditures have been exceeding revenues over the past several years. The longer-term structural imbalance of the HTF was not addressed by the interim measure Congress passed in early August 2014. The recent legislation relies on $10.8 billion of general fund transfers to keep the program afloat through May 2015. While the continued general fund transfers have underscored the relative importance of transportation funding within the federal budget, they do not guarantee future commitments. Future funding levels beyond May 2015 will be hard to predict, but it is Fitch's view that significant changes are needed either on the expenditure side or on the revenue side to put the program on a sustainable trajectory. In addition, the increase in corporate fuel economy standards approved in August 2012 would adversely impact gas tax revenues which support the HTF going forward.

Fitch's sensitivity analysis assumes a 22% reduction in federal reimbursements to match the amount of receipts coming into the HTF. Under this scenario debt service coverage is expected to remain healthy at 7.9x in 2015 and then increase to 9.8x in 2016 and remain above this level as debt service requirements decline.

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Additional information is available at 'www.fitchratings.com'.

Applicable Criteria and Related Research:
--'Rating Criteria for Infrastructure and Project Finance' (July 11, 2012);
--'Leveraging Federal Transportation Grants: Rating Criteria for GARVEE Bonds' (Aug. 15, 2012).

Applicable Criteria and Related Research:
Rating Criteria for Infrastructure and Project Finance
Leveraging Federal Transportation Grants: Rating Criteria for GARVEE Bonds

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