§ 1383. Water pollution control revolving loan funds

(a) Requirements for obligation of grant funds

Before a State may receive a capitalization grant with funds made available under this subchapter and section 1285 (m) of this title, the State shall first establish a water pollution control revolving fund which complies with the requirements of this section.

(b) Administration

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 chapter.

(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 1292 of this title),
2. for the implementation of a management program established under section 1329 of this title, and
3. for development and implementation of a conservation and management plan under section 1330 of this title. The fund shall be established, maintained, and credited with repayments, and the fund balance shall be available in perpetuity for providing such financial assistance.

(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 subchapter, except that such amounts shall not exceed 4 percent of all grant awards to such fund under this subchapter.

(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 1281 (g) of this title for construction of such treatment works and an allowance under section 1281 (l)(1) of this title for non-Federal funds expended for such planning and preparation, such recipient will promptly repay such loan to the extent of such allowance.

(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 1285 (j), 1288, 1313 (e), 1329, and 1330 of this title.

(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) of this section if such project is on the State’s priority list under section 1296 of this title. 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.

(June 30, 1948, ch. 758, title VI, § 603, as added Pub. L. 100–4, title II, § 212(a), Feb. 4, 1987, 101 Stat. 23.)