



Infrastructure Investment and Jobs Act (H.R. 3684)

Sections of the [Infrastructure Investment and Jobs Act \(H.R. 3684\)](#) that impact the Clean Water and Drinking Water SRFs:

I. **Funding**

The bill appropriates \$43.426 billion for the Clean Water and Drinking Water State Revolving Funds (SRFs) over five years. (See Division J – Appropriations, Title VI Department of Interior, Environment and Related Agencies, State and Tribal Assistance Grants: Starts on page 2,565 of the bill.)

II. **Reauthorization & Policy**

The bill includes [The Drinking Water and Wastewater Infrastructure Act \(S. 914\)](#) which reauthorizes funding levels for the SRFs and amends SRF provisions in the Clean Water Act and the Safe Drinking Water Act. (See Division E – Drinking Water and Wastewater Infrastructure: Starts with Section 50001 on page 1,887 of the bill.)

III. **Build America, Buy American**

The bill expands domestic preference procurement provisions for programs across government, including the SRFs. (See Division G – Other Authorizations, Title IX Build America, Buy America: Starts with 70901 on page 2,303 of the bill.)

I. **Funding**

The bill provides three pots of funding for SRFs over the next five years:

| Categories | Clean Water SRF | Drinking Water SRF | Total |
|-------------------------------|-------------------------|------------------------|-------------------------|
| Supplemental (Base Program) | \$11,713,000,000 | \$11,713,000,000 | \$23,426,000,000 |
| Emerging Contaminants | \$1,000,000,000 | \$4,000,000,000 | \$5,000,000,000 |
| Lead Service Line Replacement | | \$15,000,000,000 | \$15,000,000,000 |
| Total | \$12,713,000,000 | \$30,73,000,000 | \$43,426,000,000 |

- Supplemental (Base Program): All eligible projects
- Emerging Contaminants: Projects that remediate emerging contaminants with a focus on perfluoroalkyl and polyfluoroalkyl (PFAS/PFOA)
- Lead Service Line Replacement: Projects to replace service lines, including planning, identification and design (inventories)

| Annual Funding | | | | |
|-----------------------|---|--------------------|---------------------------|------------------------------|
| Year | Clean Water SRF Supplemental | State Match | Additional Subsidy | Green Project Reserve |
| 2022 | \$1,902,000,000 | 10% | 49% | 10% |
| 2023 | \$2,202,000,000 | 10% | 49% | 10% |
| 2024 | \$2,403,000,000 | 20% | 49% | 10% |
| 2025 | \$2,603,000,000 | 20% | 49% | 10% |
| 2026 | \$2,603,000,000 | 20% | 49% | 10% |
| Total | \$11,713,000,000 | | | |
| Year | Drinking Water SRF Supplemental | State Match | Additional Subsidy | Green Project Reserve |
| 2022 | \$1,902,000,000 | 10% | 49% | NA |
| 2023 | \$2,202,000,000 | 10% | 49% | NA |
| 2024 | \$2,403,000,000 | 20% | 49% | NA |
| 2025 | \$2,603,000,000 | 20% | 49% | NA |
| 2026 | \$2,603,000,000 | 20% | 49% | NA |
| Total | \$11,713,000,000 | | | |
| Year | Clean Water SRF Emerging Contaminants | State Match | Additional Subsidy | Green Project Reserve |
| 2022 | \$100,000,000 | 0% | 100% | 10% |
| 2023 | \$225,000,000 | 0% | 100% | 10% |
| 2024 | \$225,000,000 | 0% | 100% | 10% |
| 2025 | \$225,000,000 | 0% | 100% | 10% |
| 2026 | \$225,000,000 | 0% | 100% | 10% |
| Total | \$1,000,000,000 | | | |
| Year | Drinking Water SRF Emerging Contaminants | State Match | Additional Subsidy | Green Project Reserve |
| 2022 | \$800,000,000 | 0% | 100% | NA |
| 2023 | \$800,000,000 | 0% | 100% | NA |
| 2024 | \$800,000,000 | 0% | 100% | NA |
| 2025 | \$800,000,000 | 0% | 100% | NA |
| 2026 | \$800,000,000 | 0% | 100% | NA |
| Total | \$4,000,000,000 | | | |
| Year | Drinking Water SRF Lead Service Line Replacement | State Match | Additional Subsidy | Green Project Reserve |
| 2022 | \$3,000,000,000 | 0% | 49% | NA |
| 2023 | \$3,000,000,000 | 0% | 49% | NA |
| 2024 | \$3,000,000,000 | 0% | 49% | NA |
| 2025 | \$3,000,000,000 | 0% | 49% | NA |
| 2026 | \$3,000,000,000 | 0% | 49% | NA |
| Total | \$15,000,000,000 | | | |

State Match

- State match isn't required for appropriations dedicated to lead service line replacement and remediation of emerging contaminants.
- State match is required for appropriations for supplemental funding for the base program. However, match for the first two years (2022-2023) is reduced from 20% to 10%.

Additional Subsidy

- Additional subsidy must be provided in the form principal forgiveness or grants.
- 49% of the capitalization grants for any eligible project and lead service line replacement must be used for additional subsidy for disadvantaged communities (Drinking Water SRF) or communities that meet affordability criteria (Clean Water SRF).
- 100% of the capitalization grants for emerging contaminants must be used for additional subsidy. For the Clean Water SRF, any communities is eligible. For the Drinking Water SRF, 25% of the funding provided to disadvantaged communities or public water systems serving fewer than 25,000 people.

II. Reauthorization & Policy

The bill includes [The Drinking Water and Wastewater Infrastructure Act of 2021 \(S. 914\)](#) which passed the U.S. Senate on Thursday, April 29, by a vote of 89 – 2 (9 not voting). The bill contained the following provisions. (Policy provisions apply to annual appropriations, not supplemental appropriations in the bill.)

Funding

- Reauthorizes both the Clean Water and Drinking Water SRFs at the same levels for the next five years:
 - 2022: \$2.4 billion
 - 2023: \$2.75 billion
 - 2024: \$3 billion
 - 2025 and 2026: \$3.25 billion
- Reauthorizes SWIFIA: \$5 million annually for the next five years, 2022 through 2026.

Additional Subsidy

- Defines additional subsidization as “forgiveness of principal, grants, negative interest loans, other loan forgiveness, and through buying, refinancing, or restructuring debt” for both SRFs and excludes loans with 0% or higher interest are not additional from being considered additional subsidy.
- Mandates minimum additional subsidy for both SRFs as long as there are eligible applications:
 - Clean Water SRFs: Requires 10% of the capitalization grant be used for additional subsidy for communities that meet the state affordability criteria.

- Drinking Water SRFs: Increases additional subsidy from 6% to 12% of the capitalization grant for additional subsidy for disadvantaged communities.

Technical Assistance

- Allows States to use 2% of the capitalization grant for the Clean Water SRF for technical assistance provided by nonprofits or state, municipal, regional, interstate or municipal entities. (In the Safe Drinking Water Acts, states already have the ability to use 2% of the capitalization grant to provide technical assistance for small communities. The Drinking Water SRF may also provide 10% of the Public Water Supply Supervision Program and 15% for state and local activities, such as operator certification and source water protection.)

American Iron and Steel

- Requires all projects funded by the Drinking Water SRF to use American iron and steel. (American iron and steel is already required by the Clean Water Act for Clean Water SRF projects.)

III. Build America, Buy American

The legislation also expands domestic preference procurement requirements for SRF projects from American iron and steel to construction materials and manufactured products. The White House Office of Management and Budget issued [Initial Implementation Guidance on Application of Buy America Preference in Federal Financial Assistance Programs for Infrastructure](#) on April 18, 2022. The U.S. Environmental Protection Agency is expected to issue guidance for the SRFs.