

## SECTION 1. SHORT TITLE.

This Act may be cited as the [“\_\_\_\_\_ Act of 2026”].

## SEC. 2. WATER AFFORDABILITY PROGRAM.

(a) In General.—Part E of the Safe Drinking Water Act (42 U.S.C. 300j et seq.) is amended by adding at the end the following:

### “SEC. 1459H. WATER AFFORDABILITY PROGRAM.

“(a) Definitions. – In this section:

“(1) COVERED ASSISTANCE.—The term ‘covered assistance’ means each of the following:

“(A) Direct financial assistance.

“(B) A lifeline rate.

“(C) Bill discounting.

“(D) Special hardship provisions.

“(E) A percentage-of-income payment plan.

“(F) A payment made directly to a customer account of arrearages or fees from nonpayment for services provided by a community water system.

“(G) Any other form of assistance identified by the Administrator.

“(2) ELIGIBLE ENTITY.—The term ‘eligible entity’ means—

“(A) a state, municipality, Tribal government, or other entity that—

“(i) owns or operates a community water system, treatment works, or separate storm sewer system; or

“(ii) as determined by the Administrator [of the Environmental Protection Agency], has taken on an unsustainable level of debt due to customer nonpayment for the services provided by a community water system, treatment works, or municipal separate storm sewer system; and

“(B) a State exercising primary enforcement responsibility over a rural water service provider under the Safe Drinking Water Act (42 U.S.C. 300f et seq.) or the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.), as applicable.

“(3) ELIGIBLE HOUSEHOLD.—The term ‘eligible household’ means a household—

“(A) that includes an individual who is—

“(i) the holder of an account for drinking water service that is provided to that household by a community water system; or

“(ii) separately billed by a landlord that holds an account with a community water system for the cost of drinking water service provided to that household; and

“(B)(i) that has an income that, as determined by the State in which the household is located, does not exceed the greater of—

“(I) an amount equal to 150 percent of the poverty level; and

“(II) an amount equal to 60 percent of the State median income for that State;

or

“(ii) in which 1 or more individuals are receiving—

“(I) assistance under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.);

“(II) supplemental security income payments under title XVI of the Social Security Act (42 U.S.C. 1381 et seq.);

“(III) assistance under the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.);

“(IV) supplemental nutrition assistance program benefits under the Food and Nutrition Act of 2008 (7 U.S.C. 2011 et seq.); or

“(V) payments under—

“(aa) section 1315, 1521, 1541, or 1542 of title 38, United States Code; or

“(bb) section 306 of the Veterans’ and Survivors’ Pension Improvement Act of 1978 (38 U.S.C. 1521 note; Public Law 95–588).

“(4) HOUSEHOLD.—The term ‘household’ means any individual or group of individuals who are living together as 1 economic unit.

“(5) INDIAN TRIBE.—Section 1401(14) of the Safe Drinking Water Act (42 U.S.C. 300f(14)) is amended by striking “and 1459B” and inserting “1459B, and 1459H”.

“(6) POVERTY LEVEL.—The term ‘poverty level’ means, with respect to a household in a State, the income described in the poverty guidelines issued by the Secretary of Health and Human Services pursuant to section 673 of the Community Services Block Grant Act (42 U.S.C. 9902), as applicable to the household.

“(7) SMALL SYSTEM OR RURAL WATER SERVICE PROVIDER.—The term ‘small system or rural water service provider’ means a community water system, treatment works, or municipal separate storm sewer system that serves fewer than 10,000 people.

“(8) STATE.—The term “State” means—

“(A) any of the fifty states in the United States;

“(B) the District of Columbia; and

“(C) American Samoa, the Commonwealth of the Northern Mariana Islands, the Commonwealth of Puerto Rico, Guam, the United States Virgin Islands; and any other territory or possession of the United States

“(9) STATE MEDIAN INCOME.—The term ‘State median income’ has the meaning given that term in section 2603 of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8622).

“(b) Establishment.

“(1) IN GENERAL. The Administrator shall establish a program to award grants to States and Indian Tribes for distribution to eligible entities for the purpose of assisting qualifying households with need in maintaining access to drinking water and wastewater treatment; and

“(2) REQUIREMENT. – In establishing the program, the Administrator shall ensure that data from the water services needs assessment (42 U.S.C. 300j-19a) directly contributes to the structure of the program by informing the types of assistance and criteria used for priority consideration with the demonstrated need from the study conducted under section 50108(b)(1) and the water services needs assessment.

“(3) ALLOTMENTS TO STATES AND INDIAN TRIBES. –

(A) RESERVED FUNDS FOR INDIAN TRIBES COLLECTIVELY. -- The Administrator shall reserve 3 percent of the funding appropriated pursuant to this section for grants to Indian Tribes.

(B) ALLOTMENTS TO INDIVIDUAL STATES AND INDIAN TRIBES. -- The Administrator shall allot funds appropriated pursuant to this section to individual States or Indian Tribes based on the number of eligible households within the State or under the jurisdiction of the Indian Tribe.

“(4) STATES OR INDIAN TRIBES THAT DECLINE TO PARTICIPATE. – If any States or Indian Tribes decline to participate in the program, the Administrator shall use the funds that would have been allotted to such State or Indian Tribe pursuant to paragraph (3) to award grants to eligible entities for the purpose of assisting qualifying households with needs in maintaining access to drinking water and wastewater treatment."

“(c) Grants.

“(1) APPLICATIONS.—Each fiscal year an eligible entity may apply for a grant under subsection (b)(1) by submitting to the State or Indian Tribe with jurisdiction over the eligible entity an application, which shall be in such form as the State or Indian Tribe shall require and shall contain assurances that the eligible entity will establish a program that meets the requirements of subsection (d)(1).

“(2) FORMULA.—The State or Indian Tribe shall determine the amount of a grant provided under paragraph (1) based on the number of eligible households within the eligible entity.

“(d) Limitations.—A grant awarded under this subsection—

“(1) shall not be used to replace funds for any existing similar program; but

“(2) may be used to supplement or enhance an existing program, including a program that receives assistance from other Federal grants.

“(e) Type of Assistance.—

“(1) IN GENERAL.—An eligible entity that receives a grant under subsection (c)(1) shall use such grant to assist eligible households in improving or maintaining access to affordable drinking water. Each eligible entity—

“(A) shall provide covered assistance to eligible households to be used to improve or maintain access by such households to affordable drinking water services;

“(B) subject to the requirement of paragraph (8), shall ensure that such covered assistance is distributed in a manner that ensures geographic distribution of such assistance in proportion to the geographic distribution of eligible households within the State or under the jurisdiction of the Indian Tribe;

“(C) shall utilize efficient methods for determining eligibility of households, including—

“(i) to the maximum extent feasible, sharing of data from other income-qualified assistance programs carried out by the State (including any local government of the State), the Indian Tribe, or the Federal Government to facilitate automatic enrollment; and

“(ii) allowance for self-attestation of income qualification;

“(D) shall carry out outreach and provide education to eligible households to ensure that eligible households are made aware of the covered assistance provided under the drinking water access program;

“(E) shall use effective methods to promote access to covered assistance provided under the drinking water access program—

“(i) including by allowing utilities to receive funds for debt reduction and directly apply them to customer accounts, and by allowing for electronic signature; and

“(ii) which may not include requiring in-person enrollment appointments or asset tests;

“(F) shall coordinate activities carried out under the drinking water access program with activities carried out under similar programs administered by the Federal Government, States, and Indian Tribes, including programs related to low-income energy assistance; and

“(G) may use the grants received under subsection (c)(1) to support efforts to improve water conservation and reduce water usage in residences occupied by eligible households, including through installation of water efficient fixtures and leak repairs.

“(2) INCOME VERIFICATION.—In determining the income of a household for purposes of determining whether the household is an eligible household, a State, Indian Tribe, or community water system may use procedures and policies consistent with procedures and policies used by other low-income assistance programs.

“(3) REPORTING REQUIREMENTS.—As a condition of receiving a grant under subsection (b)(1), a State or Indian Tribe shall submit to the Administrator, in a manner determined by the Administrator, information regarding the drinking water access program the State or Indian Tribe carries out under paragraph (1), including—

(A) Key features of the assistance provided by the eligible entity;

(B) Sources of funding used to supplement Federal funds; and

(C) Eligibility criteria.

“(4) NON-DISCRIMINATION.—No person shall on the ground of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any drinking water access program funded in whole or in part with funds made available under this section. Any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 [(42 U.S.C. 6101 et seq.)] or with respect to an otherwise qualified handicapped individual as provided in section 504 of the Rehabilitation Act of 1973 [(29 U.S.C. 794)] also shall apply to any such drinking water access program.

“(5) EXEMPTION FROM INCOME TAX.—For purposes of the Internal Revenue Code of 1986, in the case of any individual who is a member of an eligible household, gross income shall not include assistance provided to such individual pursuant to this section.

“(6) NO EFFECT ON OTHER BENEFITS OR ASSISTANCE.—Assistance provided to an eligible household pursuant to this section shall not be taken into account as income, and shall not be taken into account as resources for the month of receipt and the following 12 months, for purposes of determining the eligibility of such household for benefits or assistance, or the amount or extent of benefits or assistance, under any Federal program or under any State or local program financed in whole or in part with Federal funds.

“(7) SMALL OR RURAL WATER SERVICE PROVIDER SET ASIDE. - The Administrator shall, subject to paragraph (2), require that eligible entities use not less than 20 percent of annual funds to provide assistance to households served by a small or rural water system. If an eligible entity determines that there is insufficient demand among small water system providers to set aside 20 percent of funds for their use under paragraph (7), such eligible entity may use any remaining funds after satisfying all demand among rural water service providers to address need in households served by medium and large water service providers.

“(8) OUTREACH GUIDANCE PLAN. - Each State that receives funds appropriated pursuant to this section shall, following public comment, adopt and submit to the Administrator, within one year of enactment, an outreach guidance plan for outreach to or recruiting of small or rural water service providers to apply to receive benefits under the water affordability plan.

“(f) Technical Assistance.—

“(1) IN GENERAL.—The Administrator shall, subject to the availability of appropriations, provide technical assistance to States, Indian Tribes, and community water systems that entered into a contract or other agreement with a State or Indian Tribe or the Administrator under this section to support the implementation of this section.

“(2) GRANTS.—The Administrator may award grants to nonprofit organizations to provide technical assistance under paragraph (1). Each nonprofit organization receiving a grant under this paragraph shall consult with the State, Indian Tribe, or community water system to which the technical assistance is to be provided before using the grant. The Administrator shall prioritize awarding grants under this paragraph to nonprofit organizations that, as determined by the Administrator, are the most qualified and experienced in providing technical assistance to community water systems.

“(g) Guidance.—The Administrator shall provide guidance to States, Indian Tribes, and

community water systems to carry out an effective drinking water access program in accordance with subsections (c) and (e)(2), as applicable, including effective methods to inform eligible households of the availability of covered assistance under such a program.

“(h) Report.—Not later than 2 years after the date on which grants are first provided to an eligible entity under the program and each year thereafter, the Administrator shall submit to Congress a report on the results of such program.

“(i) Authorization of Appropriations.— There are authorized to be appropriated to the Administrator to carry out this section \$5,000,000,000 for each of fiscal years 2027 through 2036.”

(b) Conforming Amendments.—

(1) RURAL AND LOW-INCOME WATER ASSISTANCE PILOT PROGRAM.—The Infrastructure Investment and Jobs Act (Public Law 117–58[; 135 Stat. 1148]) is amended by striking section 50109.