To amend the Internal Revenue Code of 1986 to modify the private business use requirements for bonds issued for lead service line replacement projects.

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

SECTION 1. SHORT TITLE.

This Act may be cited as the “Financing Lead Out of Water Act of 2023”.

A BILL

To amend the Internal Revenue Code of 1986 to modify the private business use requirements for bonds issued for lead service line replacement projects.
SEC. 2. MODIFICATION OF PRIVATE BUSINESS USE REQUIREMENTS FOR CERTAIN BONDS.

(a) In General.—Section 141(b)(6) of the Internal Revenue Code of 1986 is amended by adding at the end the following new subparagraph:

“(D) Clarification relating to qualified lead service line replacement use.—

“(i) In general.—For purposes of this subsection, qualified lead service line replacement use shall not constitute private business use.

“(ii) Definitions.—For purposes of this subparagraph—

“(I) Qualified lead service line replacement use.—The term ‘qualified lead service line replacement use’ means, with respect to any public water system, use of the proceeds of an issue to replace any privately-owned portion of a lead service line connected to such system to facilitate, achieve or maintain compliance with a national primary drinking water regulation for lead.
“(II) Lead Service Line.—The term ‘lead service line’ has the meaning given such term in section 1459B(a)(4) of the Safe Drinking Water Act.

“(III) National Primary Drinking Water Regulation for Lead.—The term ‘national primary drinking water regulation for lead’ means a national primary drinking water regulation for lead promulgated under section 1412 of such Act.

“(IV) Public Water System.—The term ‘public water system’ has the meaning given such term in section 1401(4) of such Act.”.

(b) Effective Date.—The amendments made by this section shall apply to obligations issued after December 31, 2023.