Honorable Dennis Chavez  
Chairman, Committee on Public Works  
United States Senate  

By dear Senator Chavez:

Reference is made to your letter of January 11, 1950, wherein you request my suggestions concerning S. 2823, "A Bill To liberalize the loan provisions in the Water Pollution Control Act."

The bill is designed to accomplish three purposes, which are as follows:

(1) To eliminate the existing limitation contained in clause (b) of section 5 of the Water Pollution Control Act that no loan for the construction and planning of a treatment works shall be made in an amount exceeding 33-1/3 per cent of the estimated reasonable cost thereof or in an amount exceeding $250,000, whichever amount is the smaller, and to provide, in lieu thereof, that no loan shall be made for any such project in an amount exceeding $5,000,000;

(2) To increase the authorization for annual appropriations for the making of such loans from the limit of $22,500,000 set by section 7 of the Act to $50,000,000; and

(3) To amend the definition of the term "treatment works" contained in subsection (e) of section 10 of the Act by adding thereto the language "or works contributing directly to the abatement of an existing water pollution problem."

The objectives of the bill impress the General Services Administration as desirable and as merit favorable consideration by your Committee.

With respect to the first two purposes of the bill as indicated above, as you are well aware, no appropriations have ever been made by the Congress for the making of loans under the Water Pollution Control Act. I have no hesitation, however, in saying that the limitations presently set on the amount of loans which the Federal Government may make for individual projects and on the overall annual appropriations...
for such loans are inadequate, when viewed in the light of the magnitude and seriousness of the present pollution of the waters of the United States and in the light of the expressed policy of the Congress in passing the Act to provide financial aid to State and interstate agencies and municipalities in the formulation and execution of their stream pollution abatement programs. The problem of water pollution is Nation-wide, yet I understand that one municipality alone, the City of Philadelphia, plans to expend in the neighborhood of $60,000,000 for abatement of water pollution solely in the Delaware River. In 1948 the total reported needs for sewage treatment works called for construction of facilities at an estimated cost of $3,748,000,000. The disparity between such programs and the limitation presently set by clause (b) of section 5 of the Act whereby the Federal Government's loan to aid in the realization of the project can never exceed $250,000 is eloquently manifest. So, too, it is evident that under annual appropriations for the making of such loans limited to $22 million dollars the Federal Government's contribution to the program for water pollution control cannot be extensive. Indeed, in my opinion, the $50,000,000 annual authorization proposed by S. 2823, while representing a laudable step in the right direction, nevertheless falls far short of providing the means to aid in reaching the goal envisaged by the Act. The per capita cost of providing new sewage treatment works, averaged throughout the various communities of the United States requiring them, amounts to $103. From this it can be seen that, without the making of specific allowance for variations in the per capita cost in particular parts of the Nation or for the extent of treatment required in the locality, a loan of $5,000,000 would provide treatment works only for communities having populations of less than 50,000.

The third objective of S. 2823, amendment of the text of subsection (c) of section 10 of the Water Pollution Control Act, would broaden the definition of the treatment works for construction and planning of which loans may be made. Subsection (c) of section 10 of the Act now envisages "treatment works" as meaning primarily the various devices used in the treatment of sewage or industrial waste of a liquid nature. S. 2823 would extend the meaning of the term "treatment works" so as to include "devices or works contributing directly to the abatement of an existing water pollution problem." Thus this amendment would allow the public entities a widened field within which they could secure Federal loans in coping with their water pollution problems. Such proposal seems to be apt.

In summary, then, the General Services Administration recommends enactment of S. 2823.
The Bureau of the Budget advises that there is no objection to the submission of this report to your Committee, but recommends that further consideration of the bill be delayed until after the report of the President's Water Resources Policy Commission has been received.

Sincerely yours,

JESS LARSON
Administrator