

107TH CONGRESS  
1ST SESSION

# H. R. 1474

To amend the Federal Water Pollution Control Act relating to wetlands mitigation banking, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 4, 2001

Mr. JONES of North Carolina (for himself, Mr. CLEMENT, Mr. BAKER, Mr. TAYLOR of Mississippi, Mr. BOEHLERT, Mr. SHOWS, Mr. TAUZIN, Mrs. CUBIN, Mr. GUTKNECHT, Mr. BRADY of Texas, Mr. HERGER, Mr. ENGLISH, Mr. OTTER, Mr. HANSEN, Mr. ARMEY, Mr. REHBERG, and Mr. BARCIA) introduced the following bill; which was referred to the Committee on Transportation and Infrastructure

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## A BILL

To amend the Federal Water Pollution Control Act relating to wetlands mitigation banking, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “American Wetland  
5 Restoration Act”.

6 **SEC. 2. DECLARATION OF POLICIES AND GOALS.**

7 Section 101(a) of the Federal Water Pollution Con-  
8 trol Act (33 U.S.C. 1251(a)) is amended—

1           (1) by striking “and” at the end of paragraph  
2           (6);

3           (2) by striking the period at the end of para-  
4           graph (7) and inserting a semicolon; and

5           (3) by adding at the end the following:

6           “(8) it is the national policy to conserve, create,  
7           and restore wetlands so as to increase the quantity  
8           and quality of the wetlands resource base of the con-  
9           tiguous United States and to meet the interim goal  
10          of no overall net loss for the remaining wetlands re-  
11          source base of the contiguous United States while  
12          taking into account the status and trends of the wet-  
13          lands resource base in particular regions and area  
14          and to achieve such goals through regulatory means  
15          that take into account that 75 percent of the wet-  
16          lands in the contiguous United States are privately  
17          owned and that private property rights should not be  
18          unreasonably infringed and through nonregulatory  
19          opportunities involving all levels of government and  
20          supported by private initiatives; and

21          “(9) it is the national policy to foster wetlands  
22          mitigation banking as a means to mitigate the un-  
23          avoidable loss of wetlands and to do so by providing  
24          a regulatory framework for the establishment, oper-  
25          ation, and use of mitigation banks, making appro-

1        appropriate use of existing, successful programs for miti-  
2        gation banking, and taking into account regional  
3        variations in wetlands conditions, functions, and val-  
4        ues.”.

5        **SEC. 3. USE OF MITIGATION BANKS.**

6        Section 404 of the Federal Water Pollution Control  
7        Act (33 U.S.C. 1344) is amended by adding at the end  
8        the following:

9        “(u) USE OF MITIGATION BANKS.—

10        “(1) DEFINITIONS CONTAINED IN FEDERAL  
11        GUIDANCE.—Except as otherwise provided in this  
12        subsection, a term used in this subsection shall have  
13        the meaning given such term in the Federal Guid-  
14        ance.

15        “(2) OTHER DEFINITIONS.—In this subsection,  
16        the following definitions apply:

17        “(A) CHARTER.—The term ‘charter’  
18        means a mitigation banking instrument, as de-  
19        scribed in the Federal Guidance. A charter is  
20        an agreement between an applicant for a char-  
21        ter and the Secretary or a State (in the case of  
22        a State administering a program under sub-  
23        section (h)(2)(A)) that has been developed in  
24        consultation with the mitigation bank review  
25        team.

1           “(B) FEDERAL GUIDANCE.—The term  
2           ‘Federal Guidance’ means the Federal Guidance  
3           for the Establishment, Use and Operation of  
4           Mitigation Banks (60 Fed. Reg. 58695 (No-  
5           vember 28, 1995)).

6           “(C) MAINTENANCE.—With respect to  
7           wetlands, the term ‘maintenance’ means an ac-  
8           tivity undertaken to ensure viability of a wet-  
9           land or to ensure the accomplishment of a  
10          project goal after a wetland restoration, en-  
11          hancement, creation, or preservation project has  
12          been completed, including hydrological manipu-  
13          lation and control of desirable and undesirable  
14          plant species.

15          “(D) MITIGATION BANK.—The term ‘miti-  
16          gation bank’ means a specified wetland resource  
17          restoration, creation, or enhancement project or  
18          projects (which may include the preservation of  
19          appurtenant wetlands, uplands, or open water  
20          resources to the extent that the wetlands, up-  
21          lands, or open water resources increase the eco-  
22          logical functioning of the mitigation bank) or,  
23          in exceptional circumstances, a project or  
24          projects consisting solely of preservation of wet-  
25          lands that has been chartered by the Secretary

1 under this subsection for the purpose of pro-  
2 viding mitigation credits to offset wetland losses  
3 authorized by the terms of permits allowing ac-  
4 tivities in the waters of the United States.

5 “(E) SERVICE AREA.—The term ‘service  
6 area’ means the designated area, as described  
7 in the Federal Guidance, in which a mitigation  
8 bank may provide compensatory mitigation for  
9 impacts to wetlands resources.

10 “(F) WETLAND FUNCTION.—The term  
11 ‘wetland function’ means an environmental,  
12 hydrological, or other role that the wetland  
13 serves, including flood water storage, flood  
14 water conveyance, ground water discharge or  
15 recharge, erosion control, wave attenuation,  
16 water quality protection, scenic and aesthetic  
17 use, food chain support, fisheries, wetland plant  
18 habitat, aquatic habitat, and habitat for wet-  
19 land-dependent wildlife.

20 “(3) CHARTER OF MITIGATION BANKS.—

21 “(A) ISSUANCE.—The Secretary, in con-  
22 sultation with the mitigation bank review team,  
23 may issue a mitigation bank charter to a person  
24 who, with respect to the project or projects that

1 are to be included in the scope of the mitigation  
2 banking charter, meets the following criteria:

3 “(i) Provides reasonable assurances of  
4 success of the proposed restoration, en-  
5 hancement, creation, or preservation  
6 project.

7 “(ii) Demonstrates an adequate  
8 source of water to support the wetland.

9 “(iii) Demonstrates adequate legal  
10 control, such as title, license, contract, or  
11 option (contingent upon approval of the  
12 charter), over the real property (including  
13 necessary uplands, as appropriate) in the  
14 proposed project to carry out the proposed  
15 project.

16 “(iv) Demonstrates adequate financial  
17 assurances to carry out the proposed  
18 project, including the design, operations,  
19 and maintenance plan and remedial meas-  
20 ures. Such financial assurances may be in  
21 the form of performance bonds, irrevocable  
22 trusts, escrow accounts, casualty insur-  
23 ance, letters of credit, legislatively-enacted  
24 dedicated funds for government operated  
25 banks, or other approved instruments.

1           Such financial assurances shall entitle the  
2           Secretary to draw upon the assurances in  
3           the event of a substantial failure to per-  
4           form the work provided in the mitigation  
5           bank charter, or a substantial failure of  
6           the mitigation bank to perform as expected  
7           in the application, in any case in which  
8           mitigation credits based on such work have  
9           already been used or sold. Such financial  
10          assurances shall be in place prior to the  
11          withdrawal of credits.

12                 “(v) Demonstrates an adequate de-  
13                 sign, operations, and maintenance plan to  
14                 ensure continued viability of the proposed  
15                 project after completion of construction of  
16                 the project.

17                 “(vi) Demonstrates adequate legal  
18                 protection, such as easements, covenants  
19                 running with the land, or other appro-  
20                 priate, legally binding undertakings, to en-  
21                 sure permanent protection of the wetlands  
22                 in the mitigation bank that are used as the  
23                 basis for selling credits. Such legal protec-  
24                 tions shall be in place at the time that the  
25                 credits are withdrawn.

1           “(B) APPLICATION AND PROCEDURE.—An  
2 applicant for a mitigation bank charter shall  
3 submit to the Secretary an application and sup-  
4 porting materials signed by a responsible offi-  
5 cial acting on behalf of the applicant certifying  
6 the accuracy of the information contained in  
7 the application and materials. The application  
8 shall include, at a minimum, information on the  
9 criteria contained in subparagraph (A). The  
10 Secretary shall advise the applicant, not later  
11 than 30 days after the date of filing, of whether  
12 the application is complete and advise the appli-  
13 cant, in writing at that time, of any additional  
14 materials that must be submitted in order to  
15 complete the application. The Secretary shall  
16 also transmit a copy of the complete charter ap-  
17 plication to the affected State, and to the heads  
18 of appropriate Federal agencies, each of which  
19 shall have 60 days, to run concurrently, to file  
20 written comments, which shall be part of the  
21 record. If no comments are filed before the last  
22 day of such 60-day period, the Secretary may  
23 presume that the entities do not object to the  
24 charter.

1           “(C) MITIGATION BANK REVIEW TEAM.—  
2           The mitigation bank review team, as defined in  
3           the Federal Guidance, shall be responsible for  
4           reviewing charter applications, reaching con-  
5           sensus on the terms of the charter, and coordi-  
6           nating, as necessary, to ensure effective imple-  
7           mentation of the terms of the charter. The Sec-  
8           retary or the State (in the case of a State ad-  
9           ministering a program under subsection  
10          (h)(2)(A)) shall be the chair of the mitigation  
11          bank review team and have the responsibility  
12          for making final decisions regarding the terms  
13          of the charter if consensus cannot be reached  
14          within the timeframes provided by this sub-  
15          section.

16           “(D) COORDINATION.—To the extent pos-  
17          sible, the Secretary shall coordinate the proc-  
18          essing of a mitigation bank charter application  
19          under this subsection with the processing of ap-  
20          plications by such applicant for other permits  
21          required under this section, in order that deter-  
22          minations with respect to such permits may be  
23          made concurrently with the final decision on the  
24          bank charter.

25           “(E) NOTICE.—

1           “(i) PUBLICATION.—The Secretary  
2 shall publish notice of the charter applica-  
3 tion in the Federal Register and in a news-  
4 paper of general circulation in the pro-  
5 posed service area in which the mitigation  
6 bank is to operate (including the county in  
7 which the project is to be located), and  
8 shall make copies of the charter application  
9 and supporting materials available for pub-  
10 lic review at appropriate convenient loca-  
11 tions in the service area.

12           “(ii) CONTENTS.—The notice shall de-  
13 scribe the project or projects provided in  
14 the charter application, explain where sup-  
15 porting materials may be reviewed, and  
16 provide 30 days for the submission of com-  
17 ments on the compliance of the proposed  
18 application in accordance with this sub-  
19 section. Upon request, the time for com-  
20 ment may be extended once for 30 days.

21           “(iii) PERMIT REQUIREMENTS.—In  
22 any case in which a permit is required  
23 under this section to construct a mitigation  
24 bank, the notice and opportunity for public  
25 comment provided in accordance with the

1 application for the permit may satisfy the  
2 requirements of this paragraph for public  
3 notice and comment.

4 “(F) DECISION DEADLINE.—The Sec-  
5 retary, in consultation with the mitigation bank  
6 review team, shall decide whether to issue a  
7 mitigation banking charter not later than 90  
8 days after the date of filing of a completed  
9 charter application.

10 “(G) EXTENSION OF DEADLINE.—If addi-  
11 tional time is needed to file comments, to pro-  
12 vide for a hearing, to provide for further review  
13 of comments, or to provide for a reply to ad-  
14 verse comments, the Secretary may extend the  
15 time for review once for 90 days.

16 “(H) DETERMINATION.—After a review of  
17 public comments and any reply by the appli-  
18 cant, the Secretary may, in accordance with  
19 subparagraph (A) and after appropriate coordi-  
20 nation and consultation, issue the charter, deny  
21 the charter, or issue the charter with modifica-  
22 tions. The Secretary’s decision shall be based  
23 on the entire public record.

24 “(I) AMENDMENTS.—Additional projects  
25 may be added to a mitigation bank charter by

1 amendment. Amendment applications shall be  
2 processed in the same manner as charter appli-  
3 cations, but the Secretary may treat the facts  
4 established in support of the charter and con-  
5 firmed by the most recent report required under  
6 subparagraph (J) as established for the purpose  
7 of the amendment application process.

8 “(J) PERIODIC REPORTS.—Persons hold-  
9 ing a mitigation bank charter shall report to  
10 the Secretary in accordance with the charter  
11 and on a periodic basis, as determined by the  
12 Secretary. The report shall include—

13 “(i) information demonstrating the  
14 success of the proposed restoration, en-  
15 hancement, creation, or preservation  
16 project;

17 “(ii) a demonstration of a continued  
18 compliance with financial assurance re-  
19 quirements;

20 “(iii) a demonstration of a continued,  
21 adequate, long-term source of water to  
22 support the wetland;

23 “(iv) a progress report in accom-  
24 plishing the construction and design, oper-

1           ations, and maintenance plan provided in  
2           the charter;

3           “(v) a reconciliation of the number of  
4           credits sold during the previous years, the  
5           number of credits remaining, and any  
6           change in the number of credits made in  
7           accordance with the requirements of this  
8           subsection; and

9           “(vi) any other reporting requirement  
10          defined in the charter.

11          “(K) RESPONSIBILITY FOR BANK SUC-  
12          CESS.—Subject to the terms of the charter, a  
13          person holding the charter shall be responsible  
14          for ensuring the success of the restoration, cre-  
15          ation, enhancement, and preservation activities.

16          “(L) REVOCATION.—A mitigation banking  
17          charter—

18                 “(i) shall be revoked by the  
19                 Secretary—

20                         “(I) for a criminal conviction for  
21                         making material false statements in  
22                         the charter application or annual re-  
23                         port; and

24                         “(II) for substantial violations of  
25                         law (other than violations described in

1 clause (I)) that demonstrate the  
2 unfitness of the holder of the charter  
3 to operate the mitigation bank; and

4 “(ii) may be revoked by the  
5 Secretary—

6 “(I) for a substantial failure of  
7 the bank to perform as expected in  
8 the charter; and

9 “(II) for a substantial failure to  
10 comply with the terms of the charter,  
11 including financial assurances or crit-  
12 ical operating requirements.

13 The charter may be revoked only after an op-  
14 portunity for a public hearing.

15 “(M) STANDARDS AND CRITERIA FOR SUC-  
16 CESS.—The Secretary, in consultation with the  
17 Administrator, shall establish standards and  
18 criteria for the success of mitigation banks  
19 under this subsection.

20 “(4) CREDITS AND DEBITS.—

21 “(A) NUMBER OF CREDITS.—The number  
22 of credits to which a chartered mitigation bank  
23 is entitled for wetlands restoration, enhance-  
24 ment, and creation shall be based on the meth-  
25 odology contained in the charter, consistent

1 with the approach identified in the Federal  
2 Guidance. Limited credits may be granted, con-  
3 sistent with the Federal Guidance, for the in-  
4 clusion of uplands, open water, and preserved  
5 wetlands areas within a bank if the uplands,  
6 open water, and preserved wetlands areas with-  
7 in the bank increase the overall ecological func-  
8 tioning of the bank.

9 “(B) CREDITS BASED SOLELY ON PRESER-  
10 VATION.—The number of credits that are based  
11 solely on preservation should be based on the  
12 functions that would otherwise be lost or de-  
13 graded if the wetlands were not preserved, and  
14 the timing of such loss or degradation, pursu-  
15 ant to the Federal Guidance. In any case in  
16 which the Secretary determines that preserva-  
17 tion of wetlands is appropriate as the sole basis  
18 for providing mitigation credits, the Secretary  
19 shall make a determination that the wetlands—

20 “(i) perform physical or biological  
21 functions, the preservation of which is im-  
22 portant to the region in which the wetlands  
23 are located; and

24 “(ii) are under a demonstrable threat  
25 of loss or substantial degradation due to

1 activities that might not otherwise be ex-  
2 pected to be restricted and that are not the  
3 consequence of actions under the control of  
4 the bank sponsor.

5 “(C) OFFERING CREDITS FOR SALE.—  
6 Upon receipt of its charter, a mitigation bank  
7 may offer mitigation credits for sale in accord-  
8 ance with the charter. The number of credits  
9 that a mitigation bank may offer for sale shall  
10 not exceed the number to which the bank is en-  
11 titled under the charter. As specifically ap-  
12 proved under the charter, and consistent with  
13 the Federal Guidance, limited credits may be  
14 sold before restoration, enhancement, or cre-  
15 ation activities have begun if adequate financial  
16 and legal assurances described in paragraph  
17 (3)(A) are in place to carry out the proposed  
18 project, the likelihood of success of the bank is  
19 high, and a construction schedule has been ap-  
20 proved.

21 “(D) DEBITS.—To the maximum extent  
22 practicable, the Secretary shall use the same  
23 methodology to quantify debits as is used to  
24 quantify credits at a mitigation bank.

1           “(E) NO REGULATION OF CREDIT  
2 PRICE.—The Secretary may not regulate the  
3 price charged for the sale of mitigation credits.

4           “(5) SERVICE AREAS.—

5           “(A) ADDITIONAL GUIDANCE.—The Sec-  
6 retary may provide additional guidance, con-  
7 sistent with the Federal Guidance, on the size  
8 and use of the service area, including policies  
9 regarding linear utility facilities.

10           “(B) INTERSTATE AGREEMENTS.—If the  
11 proposed service area or mitigation bank is lo-  
12 cated in more than 1 State, the Secretary is au-  
13 thorized to resolve any interstate disagreement.

14           “(6) MITIGATION.—

15           “(A) IN GENERAL.—A mitigation bank ap-  
16 proved under this subsection may, in accord-  
17 ance with this section, provide compensatory  
18 mitigation for activities requiring authorization  
19 under this section or provide required injunctive  
20 relief in an enforcement action by the Secretary  
21 or the Administrator.

22           “(B) IN-KIND AND OUT-OF-KIND.—Con-  
23 sistent with the Federal Guidance, in-kind com-  
24 pensation of wetlands impacts should generally  
25 be required. Out-of-kind compensation may be

1 acceptable if it is determined to be practicable  
2 and environmentally desirable on a case-by-case  
3 basis.

4 “(C) EQUIVALENT STANDARDS AND CRI-  
5 TERIA.—Not later than 1 year after the date of  
6 enactment of this subsection, the Secretary and  
7 the Administrator, in consultation with the  
8 heads of appropriate Federal agencies, shall  
9 issue regulations establishing standards and cri-  
10 teria applicable to the use of on-site mitigation,  
11 in lieu fees, and other off-site mitigation as  
12 compensatory mitigation that are similar to the  
13 standards and criteria applicable to a mitiga-  
14 tion bank under this subsection. Such standards  
15 and criteria shall include, consistent with this  
16 subsection, a definition of in lieu fees and spe-  
17 cific measures addressing selection of wetland  
18 mitigation projects, timing for initiation and  
19 completion of wetland mitigation projects, and  
20 other terms to ensure that such fees are used  
21 only under appropriate circumstances with ade-  
22 quate controls.

23 “(7) REPORT TO CONGRESS.—Not later than 2  
24 years after the date of enactment of this subsection,  
25 the Secretary shall transmit to Congress a written

1 report on the effectiveness of wetlands mitigation  
2 banking and other forms of compensatory mitigation  
3 in meeting the policy and goals identified in section  
4 101(a)(8). The report shall first be issued in draft  
5 form and, in a 60-day period, the Secretary shall re-  
6 ceive comments from the public about the accuracy  
7 of the information contained in the draft report. The  
8 final report shall be revised after consideration of  
9 the public comments and submitted to Congress not  
10 later than 90 days after the last day of the comment  
11 period.

12 “(8) EXISTING BANKS.—Nothing in this sub-  
13 section may be construed to require a person oper-  
14 ating a mitigation bank in existence on the date of  
15 enactment of this subsection to submit an applica-  
16 tion for a charter under this subsection to the Sec-  
17 retary for approval.

18 “(9) MITIGATION BANKING APPROVED UNDER  
19 STATE PROGRAMS.—A State that operates a pro-  
20 gram under subsection (h)(2)(A) may administer a  
21 wetland mitigation banking program in accordance  
22 with procedures established by State law or regula-  
23 tion if the banking program is approved by the Ad-

1        administrator as a part of the State's approved pro-  
2        gram under such subsection.”.

○