



July 17, 2017

The Honorable Orrin Hatch
Chairman
Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Hatch:

The WateReuse Association supports comprehensive tax reform that creates a financial incentive to invest in water reuse infrastructure. Specifically, WateReuse urges you and your colleagues on the Senate Committee on Finance to maintain the tax-exempt status of municipal bonds for water, wastewater and water reuse infrastructure projects, and to create a dollar-for-dollar tax credit to encourage industrial businesses to retrofit facilities to accept recycled water or recycle water onsite.

The WateReuse Association is a not-for-profit, trade association of water utilities, government agencies and industry that advocates for federal and state laws, policies and funding to promote water reuse and recycling. Our utility members represent more than 200 communities around the country, serving more than 60 million Americans and utility customers.

Tax-Exempt Municipal Bonds

Water utilities around the nation depend on tax-exempt municipal bonds to finance water, wastewater and water reuse infrastructure projects. Because the interest earned on municipal bonds is exempt from taxes, these financing tools are an attractive option for institutional investors, including pension funds and diversified retirement portfolios. If the tax benefits are eliminated or reduced, investors would be less likely to buy municipal bonds, which in turn would reduce the availability of low-cost funding for badly needed water infrastructure.

Tax Credit for Retrofitting Industrial Facilities

Approximately 45 percent of municipal drinking water is used for industrial purposes, from cooling power plants to refining oil and gas to manufacturing every-day products. Although water reuse is a viable alternative for many industrial processes, the cost to retrofit existing facilities to use recycled water is prohibitively expensive. A narrowly-focused, dollar-for-dollar reduction in federal income taxes to modernize industrial facilities can make these projects economically feasible. As large industrial businesses switch to recycled water, utilities can focus

on providing drinking water to those whose lives and livelihoods depend on it – working families, senior citizens and small businesses.

Creating tax incentives for private investment in water infrastructure benefits our environment, our economy and our standard of living. Investing in water reuse infrastructure creates jobs in the short-term, spurs economic growth in the long-term, and increases protection for our finite water supply in perpetuity.

Thank you for your leadership in advancing comprehensive tax reform, which is so important to the American people. Please contact us or Ian Wolf at iwolf@watereuse.org if we can be of any assistance.

Sincerely,

Guy Carpenter, Carollo Engineers
President, WateReuse Association

Paul Jones, Eastern Municipal Water District
Chairman, WateReuse National Legislative and Regulatory Committee