



November 14, 2017

The Honorable Mick Mulvaney  
Director, Office of Management and Budget  
725 17th Street NW  
Washington, DC 20503

Dear Director Mulvaney:

As the leading national association dedicated to advancing water reuse and on behalf of our 475 members including municipalities and water-reuse related business, the WaterReuse Association (WRA) urges you to include robust funding for programs that support water reuse projects in the administration's Fiscal Year 2019 budget. With water reuse capacity projected to grow by 37% over the next decade, federal support for this innovative approach to water resource management is critical.

The Bureau of Reclamation's Title XVI program is the only federal program that provides funding specifically for water reuse projects. Title XVI is a successful federal cost-share program that since 1992 has provided \$639 million for water reuse projects and has leveraged \$2.4 billion in non-federal funding. However, the program is oversubscribed with a huge backlog of authorized projects totaling hundreds of millions of dollars. This need will only increase as communities nationwide increasingly face water management challenges and look to water reuse as a critical component of their water resource management portfolio. Thus, WRA urges you to include robust funding for the Title XVI program for FY19 of at least \$50 million.

The Environmental Protection Agency's Clean Water and Drinking Water State Revolving Funds (SRF) are also critical financing resources for water reuse projects. The SRFs have been bedrock programs for supporting water infrastructure and water reuse projects are eligible for financing under the SRFs. To support much-needed investment in our water infrastructure and water reuse projects, WRA asks that you request \$2.8 billion for the CWSRF and \$1.8 billion for the DWSRF for FY19.

The Water Infrastructure Finance and Innovation Act (WIFIA) established in 2014 is another important federal program that helps support water reuse. WIFIA plays a supplemental role by providing low-cost loans that can attract private investment for water infrastructure including water reuse projects. In the first round of WIFIA financing, WRA was pleased that three water recycling projects were selected for financing under the program. We ask that you include the congressionally authorized amount of \$50 million for FY19.

Furthermore, WRA also would like to emphasize the importance of tax-exempt municipal bonds for financing water infrastructure projects including water reuse. Tax-exempt municipal bonds

are the most widely used tool to finance water infrastructure projects as they provide affordable, low-interest rates. In 2016 alone, communities issued \$38 billion in municipal bonds for investments in water infrastructure. Eliminating the tax-exemption of interest earned on municipal bonds would substantially increase the cost for communities. For example, if interest on municipal bonds were taxed in 2016, debt service costs would have been 25% higher. Therefore, it is very important to maintain the tax-exemption status of municipal bonds and WRA urges you to support tax-exempt municipal bonds.

Water reuse is an important tool in the toolbox for communities that face a myriad of various water resource challenges ranging from drought to nutrient management to aquifer depletion and communities across the country are incorporating it into their overall water management strategy. To support the adoption of reuse technologies by communities that need it, WRA asks that you include robust funding figures for Title XVI, the State Revolving Funds, WIFIA and also support tax-exempt municipal bonds in the administration's FY19 budget.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Pat. Sinicropi', with a long horizontal flourish extending to the right.

Patricia Sinicropi  
Executive Director  
WateReuse Association