



WATEREUSE®

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February 12, 2020

The Honorable Richard Neal
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Kevin Brady
Ranking Member
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

RE: Statement for the record of the House Ways and Means Committee hearing on “Paving the Way for Funding and Financing Infrastructure Investments.”

Dear Chairman Neal and Ranking Member Brady:

The WateReuse Association appreciates the opportunity to submit this statement for the record regarding funding and financing infrastructure investments. Our organization supports tax reform options that create a financial incentive to invest in water reuse infrastructure. Specifically, WateReuse supports maintaining the tax-exempt status of municipal bonds for water, wastewater and water reuse infrastructure projects. We also support creating 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 for water utilities, businesses, industrial and commercial enterprises, non-profit organizations, and research entities that engage in and on water recycling. WateReuse and its state and regional sections represent more than 200 water utilities serving over 60 million customers, and over 300 businesses and organizations across the country. We strongly support policies and programs that advance water recycling as a tool for enhanced water resources management.

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 can be prohibitively expensive. A narrowly-focused, dollar-for-dollar reduction in federal income taxes to modernize industrial facilities can make these projects more economically feasible.

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 protects our water supply in perpetuity.

Thank you for again for your leadership and for the opportunity to provide a statement for the record. Please contact the WateReuse Association's Policy Director, Greg Fogel, at gfogel@watereuse.org if we can be of any assistance.

Sincerely,



Patricia Sinicropi
Executive Director

