

June 24, 2020

Chairman Richard Neal
United State House of Representatives
Ways and Means Committee
1102 Longworth House Office Building
Washington D.C. 20515

Ranking Member Kevin Brady
United State House of Representatives
Ways and Means Committee
1139 Longworth House Office Building
Washington D.C. 20515

We write in support of removing the volume cap on private activity bonds (PABs) contained in H.R. 2, the Moving Forward Act. In addition to federal dollars, PABs are an effective option for the federal government to support long-term, capital-intensive infrastructure projects. These bonds are a form of tax-exempt financing for state and municipal governments that want to collaborate with a private entity to meet a public need. This partnership approach can make infrastructure repair and construction more affordable for municipalities and ultimately for users or customers. This well-established program would provide significant benefit to water sector investments were the state volume cap to be lifted and defeasance penalty eliminated.

Communities nationwide face serious investment gaps to replace critical water, wastewater, and stormwater infrastructure, as aging systems can threaten public health and economic vitality. The Government Accounting Office has forecast a \$500 billion shortfall in investment over the next two decades. Local ratepayers currently provide more than 90% of water and wastewater funding for these projects.

As you are aware, Congress already eliminated the volume cap on PABs issued to build airports, high-speed rail, ports, or solid waste disposal sites. Similarly, water and wastewater projects, like these projects—are complex, multi-year efforts. An annual volume cap hinders the use of PABs for water infrastructure projects because of the long planning cycles. Elimination of the volume cap would unleash an effective tool for state and local governments to increase needed investment in water, wastewater, and stormwater infrastructure.

We stand ready to work with bipartisan supporters of this provision to ensure its inclusion as infrastructure legislation is considered.

Thank you for your leadership on this issue.

Sincerely,

National Association of Water Companies

American Water Works Association

Association of Regional Water Organizations

Water and Wastewater Equipment Manufacturers Association

Water Environment Foundation

WaterReuse Association

McWane, Inc.

Earth and Water Law

CC The Honorable Bill Pascrell
U.S. House of Representatives
Washington, DC 20515