

Lawmakers introduce AMWA-backed legislation to ease lead service line replacement financing

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Bipartisan legislation reintroduced in the House and Senate last week would reduce administrative burdens faced by drinking water systems that seek to finance full lead service line replacement projects with tax-exempt debt. AMWA has been at the forefront of the development of the proposal since a member utility brought the issue to the association's attention as it was undertaking a comprehensive lead service line replacement program.

Sponsored by Rep. Dan Kildee (D-Mich.) and Sen. Michael Bennet (D-Colo.), the Financing Lead Out of Water (FLOW) Act ([H.R. 1407](https://www.congress.gov/bill/118th-congress/house-bill/1407?q=%7B%22search%22%3A%5B%22H.R.%201407%22%5D%7D&s=1&r=2) (<https://www.congress.gov/bill/118th-congress/house-bill/1407?q=%7B%22search%22%3A%5B%22H.R.%201407%22%5D%7D&s=1&r=2>)/S. 726 (<https://www.congress.gov/bill/118th-congress/senate-bill/726>)) would allow public water systems to issue tax-exempt bonds for lead service line removal

projects without going through the IRS "private business use test." The test requires communities to determine which homes are rental properties or the location of home-based businesses before tax-exempt bond proceeds may be used to pay for the replacement of a privately-owned lead service line. This adds months of work and expense to the process.

"My new bipartisan legislation cuts through federal red tape to make it easier for communities to support water infrastructure projects, remove lead pipes and ensure their residents have access to clean drinking water," Rep. Kildee said in a [statement](#)

(<https://dankildee.house.gov/media/press-releases/kildee-introduces-bipartisan-bill-help-communities-replace-lead-pipes>) announcing the bill

The bill was originally [introduced](#)

(<https://www.amwa.net/article/new-legislation-would-ease-lead-service-line-replacement-financing>) last year. Following its reintroduction last week for the 118th Congress, AMWA led a coalition of eight water sector and municipal organizations [writing](https://www.amwa.net/letter/letter-support-flow-act-2023) (<https://www.amwa.net/letter/letter-support-flow-act-2023>) to Rep. Kildee and Sen. Bennet in support of the legislation. AMWA also cited the legislation in its package of [policy priorities](#) (<https://www.amwa.net/publication/leading-future-drinking-water-agenda-2023>) circulated on Capitol Hill this month.

In the coming weeks and months, AMWA will work to build additional support for the FLOW Act on Capitol Hill, including by encouraging member utilities to write to lawmakers in support of the bill. Congressional staff have said the measure could be a candidate to be attached to a larger tax policy bill later in the 118th Congress.

[Back to March 13, 2023](#)

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