



March 10, 2015

The Honorable Mike Enzi
Chairman
Committee on the Budget
U.S. Senate
Washington, D.C. 20510

The Honorable Bernie Sanders
Ranking Member
Committee on the Budget
U.S. Senate
Washington, D.C. 20510

The Honorable Tom Price
Chairman
Committee on the Budget
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Chris Van Hollen
Ranking Member
Committee on the Budget
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Enzi, Chairman Price, Senator Sanders and Congressman Van Hollen:

As Congress prepares the Fiscal Year (FY) 2016 Budget Resolution, we urge you to ensure that investment in water and wastewater infrastructure remains a top budget priority as each dollar invested in our water and wastewater systems supports the economy, protects public health and maintains a strong quality of life for our citizens. We urge you to support the Administration's request of \$1.186 billion for the Drinking Water State Revolving Fund (DWSRF) program, however, we urge you to reject its request for the Clean Water State Revolving Fund (CWSRF) and maintain funding for the CWSRF at \$1.449 billion. Further, we urge you to reject the Administration's proposed limitation on the ability of taxpayers to claim a full tax credit for investments in municipal bonds. And, finally, we urge you to provide authorized funding levels for the Water Infrastructure Finance and Innovation Act (WIFIA).

The CWSRF and the DWSRF programs are the two key pillars of the Federal government's commitment to help ensure safe and clean water is available to all Americans. These programs provide low-cost financing for critical infrastructure to help communities meet regulatory obligations under the Clean Water Act and Safe Drinking Water Act. We are pleased the

Administration is requesting additional funds for the DWSRF, however attempts to cut funding to the CWSRF, which helps to ensure our waterways remain free of sewage, must be rejected.

For more than a century, tax-exempt municipal bonds have been the most important source of financing for water and wastewater infrastructure projects in the United States. According to a recent survey by the U.S. Conference of Mayors, National Association of Counties and the National League of Cities, municipalities and counties have issued \$258 billion worth of tax-exempt municipal bonds to fund water and wastewater infrastructure – comprising approximately 16 percent of all municipal bond issuances for all infrastructure projects over this period – since 2003. Any policy to alter the tax-exempt status of these bonds will cost municipalities and counties billions of dollars and prevent many projects from going forward, while significantly increasing rates for customers.

The need for continued federal support for this funding is indeed great and continues to increase each day as the condition of our nation's water and wastewater infrastructure reaches a tipping point. A recent report by the American Water Works Association (AWWA) estimates that there are nearly 240,000 drinking water main breaks every year and estimates the cost to replace our nation's crumbling drinking water infrastructure will be more than \$1 trillion over the next 25 years. These alarming numbers led Congress to establish the WIFIA program to help provide financing for projects that the SRFs are unable to finance. Conceived as a supplement and not a replacement to the SRFs and tax-exempt municipal bond financing, funding for WIFIA should not come at the expense of these key programs. However, delivering WIFIA's full authorization of \$25 billion in FY16 will enable communities to begin accessing additional capital as quickly as possible.

Last year, several high profile water-related crises reminded us that we cannot take safe and clean water for granted. Residents of the City of Toledo, Ohio and several West Virginia counties endured several days of no water which brought life to a standstill as businesses, schools and general governmental offices closed due to lack of water. Severe storms caused billions of gallons of sewage overflows in Lake Michigan due to Detroit's aging infrastructure. And, headlines ran across the country of traffic snarls, injuries and other disruptions due to major water and sewer main breaks. The Federal government must maintain a strong commitment to help communities deal with these challenges.

Investments in water and wastewater infrastructure provide significant economic benefits to our communities. The U.S. Department of Commerce estimates that each job created in the local water and wastewater industry creates 3.68 jobs in the national economy and each public dollar spent yields \$2.62 dollars in economic output in other industries. These are highly leveraged Federal investments that result in significant job and economic benefits for every dollar spent.

Considering the importance of water and wastewater infrastructure to the well-being of the American people and to our economy, it is critical that the federal government remains a reliable partner in meeting the nation's clean water and safe drinking water needs. Now more than ever, the federal government has a crucial role to play in supporting our nation's clean water and safe drinking water needs. We therefore urge your continued robust investment in these critical programs.

Sincerely,

Tom Cochran
CEO and Executive Director
U.S. Conference of Mayors

Diane VanDe Hei
Executive Director
Association of Metropolitan Water Agencies

Peter King
Executive Director
American Public Works Association

Tom Curtis
Deputy CEO, Government Affairs
American Water Works Association

Ken Kirk
Executive Director
National Association of Clean Water Agencies

Eileen J. O'Neill
Executive Director
Water Environment Federation

Melissa Meeker
Executive Director
WateReuse Association