



September 6, 2022

The Honorable Michael Bennet
261 Russell Senate Office Building
Washington, DC 20510

Dear Senator Bennet,

The undersigned organizations represent a diverse coalition of community water systems, municipalities, special infrastructure districts, and public finance officials. We write to you today to express our support for the Financing Lead Out of Water (FLOW) Act, legislation that will make it easier for water systems across the country to fully remove lead service lines that threaten water quality and public health. We greatly appreciate your leadership in working to introduce this bill in the U.S. Senate.

Approximately 10 million lead service lines presently deliver drinking water to American households, and last year the Biden Administration announced its intention to ensure each one of them is replaced.¹ The FLOW Act will help achieve this goal.

The task of fully replacing lead service lines is often complicated because ownership of each household's service line is split between the water utility (which generally owns the portion from the water main to the property line) and the private homeowner (who typically owns the portion from the property line to the building inlet). If a water system attempts to finance the replacement of both the public and private portions of a lead service line with tax-exempt bonds – a common and cost-effective infrastructure financing mechanism – it must first obtain a “private letter ruling” from the IRS certifying that a disproportionate portion of the bond issuance would not benefit private, home-based businesses. This process adds months of work and expense to the process, as utilities must document whether there is a home-based business at each property with a private lead service line to be replaced.

The longer the IRS administrative process, the longer homeowners will have to live with lead service lines. If the complete elimination of lead service lines is the goal, then putting time-consuming administrative obstacles in the path of water systems is not the right approach.

The FLOW Act would address this scenario by amending the tax code to allow utilities to use tax-exempt bonds to pay for private-side lead service line replacement without navigating the IRS red tape. This is intended to ease administrative and cost burdens on utilities and promote public health across the country. Importantly, this bill would not require water systems to cover the cost of replacing privately owned lead service lines, rather it would simply give water systems another tool to carry out these replacement projects more efficiently.

¹ FACT SHEET: The Biden-Harris Lead Pipe and Paint Action Plan, December 16, 2021.
<https://www.whitehouse.gov/briefing-room/statements-releases/2021/12/16/fact-sheet-the-biden-harris-lead-pipe-and-paint-action-plan/>

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We strongly support the FLOW Act to help the nation's water systems replace lead service lines and protect public health. We greatly appreciate your efforts to introduce this proposal in the Senate, and we are eager to work with you to enact this legislation as soon as possible.

Sincerely,

American Water Works Association
Association of Metropolitan Water Agencies
National Association of Counties
National League of Cities
National Special Districts Coalition
Government Finance Officers Association
United States Conference of Mayors
US Water Alliance