



THE UNITED STATES
CONFERENCE OF MAYORS



March 10, 2023

The Honorable Dan Kildee
U.S. House of Representatives
Washington, DC 20515

The Honorable Michael Bennet
United States Senate
Washington, DC 20510

Dear Congressman Kildee and Senator Bennet,

The undersigned organizations represent a diverse coalition of community water systems, municipalities, special districts, and public finance officials. We write to you today in strong support of H.R. 1407 and S. 726, the Financing Lead Out of Water (FLOW) Act of 2023. This legislation will make it easier for water systems across the country to fully remove lead service lines that threaten water quality and public health.

Approximately 10 million lead service lines presently deliver drinking water to American households, and the Biden Administration has set the goal of replacing all of them.¹ The FLOW Act will help communities reach this target.

The task of fully replacing lead service lines is often complicated because ownership of each property'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 issue by amending the tax code to allow utilities to use tax-exempt bonds to pay for private-side lead service line replacements without navigating the IRS red tape. This is intended to ease administrative and cost burdens on utilities and promote public

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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health across the country. The FLOW Act would simply give water systems another tool to carry out these replacement projects more efficiently.

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 leadership on this issue, and are eager to work with you to advance this legislation.

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