
NACWA Supports Greater Federal Investment in Clean Water Infrastructure

Modernizing and replacing the Nation's aging water infrastructure may be the single largest public works need in the United States. The U.S. Environmental Protection Agency (EPA) estimates that a \$500 billion funding gap exists between current and needed investment to ensure the continued viability of our Nation's water infrastructure. At the same time, local communities are facing increasingly stringent and expensive EPA regulations with decreasing levels of federal support.

NACWA urges the 113th Congress to ensure that federal investment in clean water infrastructure is a top priority. NACWA supports several critical financing programs, including:

Clean Water State Revolving Funds

The Clean Water State Revolving Fund (CWSRF) and the Drinking Water State Revolving Fund (DWSRF) provide low-cost financing for water and wastewater infrastructure projects. The SRF programs provide local communities with critical capital to repair crumbling water and wastewater infrastructure and protect public health and environment.

NACWA urges Congress to maintain robust funding levels that at least meet the fiscal year (FY) 2012 levels of \$1,468,806,000 for the CWSRF and \$919,363,000 for the DWSRF to carry out core clean and safe water projects.

Clean Water Trust Fund

NACWA supports establishment of a Clean Water Trust Fund to ensure that a dedicated, non-discretionary, source of funding exists for the Clean Water State Revolving Fund program. A Clean Water Trust Fund, similar to those that finance highways and airports, would establish a reliable revenue stream to supplement existing local and state investments to address the backlog of clean water projects.

NACWA supports:

- *The Water Quality Protection and Job Creation Act* to reauthorize the CWSRF program and authorize establishment of a trust fund to ensure that the federal government remains a partner with communities in meeting CWA obligations. Sponsors include Representatives Tim Bishop (D-NY), Nick Rahall (D-WV), and Tom Petri (R-WI).
- *The Water Protection and Reinvestment Act* to establish a trust fund and provide \$9 billion annually for investments in clean water infrastructure, most of which would support the CWSRF program. Sponsors include Representative Earl Blumenauer (D-OR).

Tax-Exempt Municipal Bonds

Local utilities rely on tax-exempt municipal bonds as a main source of financing for water and wastewater projects:

- In the first six months of 2012, tax-exempt municipal bonds financed more than \$23 billion worth of water and wastewater infrastructure projects.
- If the tax-exempt status of municipal bonds were limited or eliminated, it would increase the costs of borrowing by potentially 33 to 50%, or by approximately \$924 million to \$1.4 billion annually based on the 2012 volume of borrowing.
- These costs would either be passed on to ratepayers, or the amount of infrastructure investment would diminish overall by this amount, resulting in diminished economic activity and fewer jobs created.

NACWA urges Congress to retain the current federal tax exemption for municipal bonds.

For more information about the growing water infrastructure needs and the benefits greater investment in water infrastructure can provide for the economy, environment, and public health, see the NACWA Factsheet *Making the Case for Greater Investment in Clean Water Infrastructure*.

For more information, contact:

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