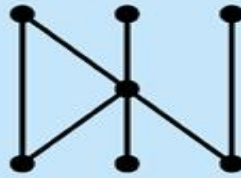


This was
not on
Reid's list
of top bills.

WATER INFRASTRUCTURE NETWORK



Testimony

By

The Water Infrastructure Network - WIN

“The Federal Role in America’s Infrastructure”

Transportation and Infrastructure Committee

United States House of Representatives

February 13, 2013

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*WIN is a broad based coalition of the nation’s leading construction, engineering, labor, conservation and municipal water and wastewater treatment providers. The **WIN Executive Committee** is comprised of the American Council of Engineering Companies (ACEC), the American Public Works Association (APWA), the American Society of Civil Engineers (ASCE), the Associated General Contractors of America (AGC), the International Union of Operating*

Engineers (IUOE), the Laborers International Union of North America (LIUNA), the National Association of Clean Water Agencies (NACWA), the National Rural Water Association (NRWA), and the United Association (UA),

Introduction

Chairman Shuster and Ranking Member Rahall, you are to be commended on the timeliness of today's hearing on "The Federal Role In America's Infrastructure." The Water Infrastructure Network (WIN) believes the forty year partnership between local, state and federal governments in financing our nation's Clean Water Infrastructure is one of the great economic and environmental success stories of our time. However, our nation is facing a water infrastructure funding crisis and without decisive action the tremendous water quality gains of the past four decades could be lost. Recent studies conducted by the U.S. Environmental Agency, the Congressional Budget Office and the Water Infrastructure Network have all placed the shortfall in clean water infrastructure funding at over \$400 B during the next two decades.

Investing in our nation's water infrastructure has historically been a bipartisan priority for the Transportation and Infrastructure Committee and WIN is committed to working with you to continue these critical investments. Today, Clean Water Infrastructure directly supports manufacturing, agriculture tourism and fishing industries that contribute more than \$300 B annually to our domestic economy.

Throughout the 40-year history of the Clean Water Act, Congress has made significant changes to the funding mechanisms for water infrastructure, reflecting the fiscal and infrastructure challenges before our nation. Twenty five years ago, this Committee played a lead role in crafting the State Revolving Fund, a measure that has funded thousands of wastewater treatment projects across the nation. Sadly, federal investment in the Clean Water SRF has shrunk to less than \$1 B a year.

Our nation is again at a crossroads with respect to how state and local governments, in partnership with the federal government, are going to fund our nation's water infrastructure. WIN looks forward to working with the bipartisan Membership of the House Transportation and Infrastructure Committee to address America's water infrastructure funding challenges.

The Water Infrastructure Funding Crisis

The United States is facing a water infrastructure funding crisis. As noted above, the U.S. Environmental Protection Agency, the Congressional Budget Office and the Water Infrastructure

Network have all placed the annual shortfall in clean water infrastructure funding at over \$20 B for the next two decades. Remarkably, most experts believe that this assessment of our nation's pending clean water infrastructure needs is probably low.

Failure to address this infrastructure funding crisis has real and significant implications for public health, the environment and the long-term economic success of our nation. Water and wastewater treatment improvements that begun in the first part of the 20th Century stand today as the greatest public health measures that our nation has implemented. Cholera, dysentery, and hepatitis A and B have been nearly eliminated in our nation. We have only to look abroad to see the importance of our nation's water infrastructure – waterborne pathogens still kill millions of people each year around the globe.

America's success economically has been inextricably tied to our nation's rich endowment of clean water. Clean water-dependent industries such as agriculture, commercial fishing, and tourism contribute hundreds of billions of dollars annually to our economy. We simply cannot afford to postpone critically-needed investments in our nation's water infrastructure.

Strong Bipartisan Support for Water Infrastructure Funding

Funding for our nation's clean water infrastructure has enjoyed broad bipartisan support over the past four decades. A prime example of the bipartisan support clean water infrastructure legislation has enjoyed is the \$18.6 billion Water Quality Investment Act (H.R. 1262), passed by the House of Representatives during the 111th Congress on a vote of 317-101, with all but three Members of the Transportation and Infrastructure Committee supporting its passage. Chairman Shuster and Ranking Member Rahall supported the Water Quality Investment Act both in Committee and on the House Floor.

Closing the Water Infrastructure Funding Gap

It will take innovation and increased funding at all levels of government to effectively address America's water infrastructure funding needs. The water infrastructure financing challenges we face have been a century in the making and it will take all of the best ideas that have been developed to meet this challenge. WIN believes that legislation considered, and in a number of instances approved by the Transportation and Infrastructure Committee over the past decade, are the basis for a Clean Water Funding Bill that could command broad bipartisan support both on and off the Committee. Components of a 21st Century Clean Water Infrastructure Compact include:

1. Reauthorization of the Clean Water Act State Revolving Fund

WIN strongly supports reauthorizing the State Revolving Funds for wastewater projects with modifications to lending terms and the inclusion of measures to improve efficiency and efficacy

of the Clean Water SRF. These measures have been vetted through exhaustive Congressional Hearings and approved by the full House of Representatives twice in the past decade.

2. Development of a TIFIA Program for Water Infrastructure

WIN believes that the development of a TIFIA-like program for water infrastructure makes sense and we are pleased that water infrastructure funding legislation advanced by Chairman Gibbs and Congressman Bishop in the 112th Congress embraced this financing concept. Many members of WIN, including ACEC, the Associated General Contractors of America and the American Society of Civil Engineers have worked first-hand on the implementation of the TIFIA program in the financing of highway projects and believe that this program is potentially better suited for financing water infrastructure projects. Since FY 2005, TIFIA has leveraged \$122 million in annual funding into \$2.2 billion in annual funding for transportation projects.

Unlike highway construction projects, financing water projects with a TIFIA-like program would not be contingent on establishing a new toll or fee. Water and wastewater treatment and collection systems already impose usage rates and charge fees to their customers. Debt financing for capital replacement, expansions, and repaying loans is based upon and guaranteed by dedicated revenues raised for those purposes. While, according to the U.S. Department of Transportation, less than 7 percent of highway projects have the financing profile (the ability to collect tolls and fees) needed to participate in the TIFIA program, over 90 percent of water projects across the nation have the appropriate financing profile to participate in a Water TIFIA Program. WIN and its members have shared their thoughts on the development of a TIFIA-type program with the Committee and the Administration and are looking forward to working with the Members of the Committee to perfect this approach

3. Expanded Use of Private Activity Bonds

WIN believes that Private Activity Bonds (PABs) have an important role to play in helping to close the water infrastructure funding gap, and should be a tool included in the toolbox. Currently, each state is limited by federal law in the amount of PABs that may be issued for nineteen categories of projects, ranging from housing projects to student loans. This volume cap results in water infrastructure projects having to compete with more visible projects. Because water and sewer projects tend to be “out-of-sight, out-of-mind,” they don’t attract public attention until there are disruptive water main breaks or massive sewer overflows. We would propose lifting the volume cap on PABs for water infrastructure projects, giving communities the option to access private equity partners that seek the advantage of tax-exempt bonds, and providing the infusion of billions of dollars of private capital investment for water and wastewater projects at a nominal cost to the federal government.

4. Laying the Groundwork For A Clean Water Trust Fund

Another water infrastructure financing tool which has received significant attention in recent years is the development of a Clean Water Trust Fund. WIN believes that long-term dedicated funding for water infrastructure is one of the long-term solutions to our nation's water infrastructure funding challenge.

Dedicated trust funds are a time-tested method for financing our nation's critical infrastructure. Though not perfect, dedicated trust funds have financed the majority of our nation's highway and airport infrastructure construction. This Committee, starting with Clean Water Trust Fund legislation developed by Congressman Duncan when he was Chairman of the Water Resources and Environment Subcommittee, has embraced the concept of establishing a Clean Water Trust Fund for our nation's water infrastructure. As general funds become scarcer, we believe that a deficit neutral, long-term, dedicated funding source for water infrastructure construction must be one of the tools in the toolbox.

The Water Infrastructure Network remains committed to working with the Committee to identify viable funding sources for a Clean Water Trust Fund.

Conclusion

The Water Infrastructure Network is extremely encouraged by the Transportation and Infrastructure Committee's efforts to develop the next generation of water infrastructure financing and funding legislation. The Committee has a long history of developing and advancing water infrastructure funding legislation that can earn broad bipartisan support.

Federal investment in water infrastructure continues to make eminent economic and environmental sense. WIN look forward to working with the bipartisan leadership of the Transportation and Infrastructure Committee to perfect the innovative water infrastructure financing tools of the future.