Water Sector Priorities Before Congress and the Trump Administration for 2018
Agenda

Congressional Update
• FY18 Appropriations
• Tax Reform
• Pending Major Legislation

Regulatory Update
• National Nutrients Study
• CSO Notification Final Rule for the Great Lakes
• Waters of the US Update

2018 Water Week

Water Advocates
CONGRESSIONAL UPDATE
CONGRESS: FY18 Appropriations
## Fiscal Year 2018 Appropriations

<table>
<thead>
<tr>
<th>Program</th>
<th>FY15 Enacted</th>
<th>FY16 Enacted</th>
<th>FY17 Enacted</th>
<th>House FY18</th>
<th>Senate FY18</th>
<th>Pres. FY19</th>
<th>Our Request</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drinking Water SRF</td>
<td>$907M</td>
<td>$863M</td>
<td>$863M</td>
<td>$863M</td>
<td>$864M</td>
<td>$864M</td>
<td>$1.8B</td>
</tr>
<tr>
<td>WIFIA</td>
<td></td>
<td></td>
<td>$28M</td>
<td>$30M</td>
<td>$30M</td>
<td>$20M</td>
<td>$45M</td>
</tr>
</tbody>
</table>
## Fiscal Year 2018 Appropriations

<table>
<thead>
<tr>
<th>Program</th>
<th>FY17 Enacted</th>
<th>FY18 &amp; FY 19 Proposed</th>
<th>FY 18 House</th>
<th>FY18 Senate</th>
<th>Function</th>
</tr>
</thead>
<tbody>
<tr>
<td>USDA’s Water/Wastewater Grant and Loan Program</td>
<td>$392 M</td>
<td>$0</td>
<td>$359 M</td>
<td>$394 M</td>
<td>loans and grants for drinking water and wastewater construction in rural communities</td>
</tr>
<tr>
<td>HUD’s Community Development Block Grant (CDBG) Program</td>
<td>$3 B</td>
<td>$0</td>
<td>$2.9 B</td>
<td>$3 B</td>
<td>grants to communities for infrastructure projects, among other things</td>
</tr>
<tr>
<td>U.S. Economic Development Administration</td>
<td>$221 M</td>
<td>$0</td>
<td>$140 M</td>
<td>$100 M</td>
<td>grants and loans to communities for infrastructure projects to promote economic growth, among other things</td>
</tr>
</tbody>
</table>
CONGRESS: Tax Reform
## Tax Reform and Jobs Act of 2017

<table>
<thead>
<tr>
<th>Current Law</th>
<th>New Law</th>
<th>Impact</th>
</tr>
</thead>
</table>
| **Tax-Exempt Municipal Bonds** | · Interest earned on municipal bonds is tax-exempt  
· The current municipal bond market is $3.1 trillion | · Maintains the tax-exempt status of municipal bonds, including for professional sports stadiums | No Change |
| **Advance Refunding Bonds** | · Governmental bonds – including municipal bonds – are permitted one advance refunding during the lifetime of the bond  
· 8,353 advance refunding bonds were issued from 2012 to 2016, saving taxpayers $12 billion over that time | · Eliminates the tax-exempt status of advance refunding bonds  
· The provision would be effective December 31, 2017 and generates $17.3 billion in new revenue for the federal government over ten years | · Many have impact on availability of funds for local infrastructure investments. Advance refunding bonds allow counties to take advantage of fluctuations in interest rates to realize considerable savings to the local government and taxpayers on municipal debt. |
<table>
<thead>
<tr>
<th></th>
<th><strong>Current Law</strong></th>
<th><strong>New Law</strong></th>
<th><strong>Impact</strong></th>
</tr>
</thead>
</table>
| **State and Local Tax (SALT) Deduction** | · Any individual or family who itemizes their tax returns may deduct either state and local income taxes or state and local sales taxes paid  
· Any taxpayer who itemizes may also deduct property taxes paid  | · Retains a capped $10,000 SALT deduction for a combination of property taxes and either income or sales taxes  
· Generates nearly $1 trillion in new revenue for the federal government | · Eliminating or capping the SALT deduction would shift revenue from state and local governments to the federal government, constraining local policy options |
| **Private Activity Bonds (PABs)**   | · Interest earned on PABs is tax-exempt  
· In 2016, over $72 billion in PABs were issued by nonprofit hospitals and universities, and over $12 billion were issued to support airports, housing and rural public cooperatives | · Maintains the tax-exempt status of PABs                                                                                                           | No Change                                                                                                                                                                                                 |
CONGRESS

Major Pending Legislation
Trump Infrastructure Package
* all details are subject to change

- New $50 billion program to promote investments in a wide variety of forms of rural infrastructure, including drinking water, wastewater, and stormwater,
- New $20 billion financial assistance program administered by the US Dept. of Commerce for infrastructure related projects that will transform the delivery and performance of infrastructure $20 billion to expanding several existing federal infrastructure financing programs (includes WIFIA)
- Opens the Clean Water SRF to allow for private entities to receive CW SRF loans, similar to how they can through the Drinking Water SRF
- Reduces the level of federal regulatory review for a project when a State or private entity provides the majority of project funding.
- Amends the Clean Water Act so that privately owned treatment works have identical regulatory requirements as publicly owned treatment works.
Major Water Bills – cont.

Drinking Water System Improvement Act of 2017

• $8 billion authorized for DWSRF over 5 yrs.

• $750 million for the Public Water System Supervision grant program.

• Extents “Buy American” for 5 yrs.

• Enforcement reprieve for take over of failing systems.

• 6% set-aside of DWSRF for disadvantaged communities
Integrated Planning & Affordability

**Water Infrastructure Flexibility Act (S. 692)**

The bill, co-sponsored by Sen. Deb Fischer (R-Neb.), focuses on integrated planning, affordability.
- Requires EPA to update 1997 guidance on financial capability
- Directs EPA to promote green infrastructure
- Establishes an Office of Municipal Ombudsman at EPA

**Water Quality Improvement Act (H.R. 465)**

The bill, introduced by rep. Bob Gibbs (R-Ohio), focuses on integrated planning, affordability.
- Requires EPA to update 1997 guidance on financial capability
- Codifies an integrated plan and permit approach into Law
- Stipulates that EPA will implement a 15-community pilot program

**Small and Rural Community Clean Water Technical Assistance Act (S. 518)**

Sen. Roger Wicker (R-Miss.) introduced this legislation to add support for small water systems.
- Provides rural sewer systems with $75 million over five years for technical assistance
WIFIA Update

H.R. 4492 – WIFIA Reauthorization Act of 2017

• Reauthorizes EPA program
• EPA will administer the Corps program
• Doubles funding for both programs to:
  ➢ $90,000,000 for fiscal year 2019
  ➢ $100,000,000 for fiscal year 2020
  ➢ $110,000,000 for fiscal year 2021
  ➢ $120,000,000 for fiscal year 2022
  ➢ $130,000,000 for fiscal year 2023
  ➢ $140,000,000 for fiscal year 2024

In total the bill would authorize spending up to $690 million on WIFIA over six years – a sum that, based on EPA's current leveraging ratio of 92:1, could support more than $63 billion worth of new low-cost water infrastructure investments.
## WIFIA Important Program Features

<table>
<thead>
<tr>
<th>Feature</th>
<th>Details</th>
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<tbody>
<tr>
<td>Minimum project size for large communities.</td>
<td>$20 million</td>
</tr>
<tr>
<td>Minimum project size for small communities (population of 25,000 or less).</td>
<td>$5 million</td>
</tr>
<tr>
<td>Maximum portion of eligible project costs that WIFIA can fund.</td>
<td>49%</td>
</tr>
<tr>
<td>Maximum final maturity date from substantial completion.</td>
<td>35 years</td>
</tr>
<tr>
<td>Maximum time that repayment may be deferred after substantial completion of the project.</td>
<td>5 years</td>
</tr>
<tr>
<td>Interest rate will be equal to or greater than the U.S. Treasury rate of a similar maturity.</td>
<td></td>
</tr>
<tr>
<td>Projects must be creditworthy.</td>
<td></td>
</tr>
<tr>
<td>NEPA, Davis-Bacon, American Iron and Steel, and all federal cross-cutter provisions apply.</td>
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</tr>
</tbody>
</table>
REGULATORY UPDATE
National Study of Nutrient Removal and Secondary Technologies

• The first phase of this study is collecting basic information from all facilities nationwide using an interactive, online screening questionnaire. The screener will collect data on technology in place and typical operations challenges.

• EPA expects to distribute the screening questionnaire in early 2018. Following the screening questionnaire, EPA plans to select a sample of facilities for further study, through a detailed questionnaire, or influent/effluent sampling.

• Federal Register Notice – comments were due January 29, 2018 (Docket Number is EPA-HQ-OW-2016-0404).
Final Rule: Public Notification for CSOs to the Great Lakes

• On January 8, 2018, EPA published the final Public Notification Requirements for Combined Sewer Overflows to the Great Lakes. The rule implements Section 425 of the Consolidated Appropriations Act of 2016, which requires EPA to work with the Great Lakes States to establish public notification requirements for combined sewer discharges to the Great Lakes.

• The requirements address signage, initial notification of local public health departments and other potentially affected entities, initial notification of the public, annual notice provisions, and requires the development of a public notification plan.
Waters of the United States Rulemaking Update

• In November of 2017, EPA and the Army proposed to add an applicability date to the 2015 rule defining “waters of the United States.” They proposed that the 2015 rule would not be applicable until two years after the action is finalized and published in the Federal Register.

• This amendment would give EPA and the Army time to reconsider the definition of “waters of the United States”

• Step One: Recodification of the WOTUS Rule

• Step Two: Engagement with stakeholders
Water Week 2018
Washington, DC
April 15 – 21
Collaborating Organizations

Water Week is made possible by the following organizations:

Water Environment Federation (WEF)

American Water Works Assoc. (AWWA)

National Assoc. of Clean Water Agencies (NACWA)

Assoc. of Metropolitan Water Agencies (AMWA)

The Water Research Foundation (WRF)

WateReuse Assoc. (WateReuse)

Water & Wastewater Equipment Manufacturers Assoc. (WWEMA)

U.S. Water Alliance (USWA)
Key Events: April 17 - 18

- **WEF MEETINGS**
  - WEF Government Affairs Committee Meeting
    Tuesday, April 17, 9:30 AM – 11:30 AM
    Washington Court Hotel, Montpelier Room
  - WEF Young Professionals Networking Lunch
    Tuesday, April 17, Noon – 1:30 PM
    Washington Court Hotel, Montpelier Room

- **NATIONAL WATER POLICY FLY-IN**
  - Washington Court Hotel, Grand Ballroom
    April 17th, 2 PM – 5 PM
    April 18th, 8 AM – 7:30 PM

- **JOINT WATER ASSOCIATIONS BRIEFING**
  - Dirksen Senate Office Building
    April 18th, 11 AM – 12:15 PM

- **JOINT WATER ASSOCIATIONS CONGRESSIONAL RECEPTION**
  - Library of Congress, Montpelier Room
    April 18th, 5:30 PM – 7:30 PM
NATIONAL WATER POLICY FLY-IN REGISTRATION:
HTTP://WWW.WATERWEEK.US/NWPF/

HOTEL REGISTRATION:
Washington Court Hotel
525 New Jersey Ave., NW
WASHINGTON, DC 20001
202-628-2100
RESERVATION: www.goo.gl/wskjF8
Group=Water0418
Hand-out from 2017 Fly-In!

www.waterweek.us
ELEVATE WATER as a NATIONAL PRIORITY

AMERICA’S ECONOMIC FUTURE DEPENDS ON SAFE AND CLEAN WATER

America’s future economic strength depends on investments made today in water infrastructure. These investments create jobs and support the economy. Consider these facts: Every $1 invested in water and wastewater infrastructure increases long-term GDP by $6.35; each job created in water and wastewater leads to 3.68 jobs in the national economy; over $86 billion annually is spent on water-related sports activities. It is anticipated that expenditures by thirty of the largest metropolitan water, stormwater and wastewater utilities will contribute $524 billion to the national economy over the next decade and support nearly 300,000 permanent jobs. However, without additional major investment, breakdowns in water supply, treatment and wastewater capacity are projected to cost manufacturers and other businesses over $7.5 trillion in lost sales and $4.1 trillion in lost GDP from 2011 to 2040.

AMERICA’S QUALITY OF LIFE DEPENDS ON SAFE AND CLEAN WATER

Well-functioning water and wastewater systems, and the research efforts to support them, are critically important to America’s quality of life. Past investments in drinking water, wastewater, and stormwater infrastructure have left America with some of the best drinking water in the world, while providing our children with safe water for swimming and bathing, and our cities and towns with opportunities to revitalize waterfronts to support new businesses, residences, and recreational activities. However, investment in water, wastewater and stormwater infrastructure and research has failed to keep pace with maintenance demands and emerging hydrological threats, putting our quality of life gains at risk.

FEDERAL INVESTMENT ENSURES SAFE AND CLEAN WATER

Since enactment of the Clean Water Act in 1972 and the Safe Drinking Water Act in 1974, Congress has supported a strong federal funding partnership with States and local ratepayers, to pay for this critical infrastructure through the following:

- Investments in the Drinking and Clean Water State Revolving Funds, which return over $93 to the Federal Treasury for every $1 invested;
- Tax-exempt municipal bonds, which financed nearly $38 billion in water and wastewater infrastructure in 2016; and,
- WIFIA, the Water Infrastructure Finance and Innovation Act, which has the potential to leverage over $60 for every $1 invested in major water and wastewater projects.

Yet EPA estimates that America’s water and wastewater infrastructure requires more than $650 billion worth of investment over the next 20 years just to maintain current levels of service, and independent estimates place this figure over $1 trillion. While local ratepayers will shoulder much of this burden, all levels of government must be part of the solution.

IT IS TIME TO RENEW THE LOCAL-STATE-FEDERAL SAFE AND CLEAN WATER FUNDING PARTNERSHIP

WE CALL ON CONGRESS TO ENSURE:

- $2.9 BILLION for Clean Water State Revolving Fund for FY2018
- $1.8 BILLION for Drinking Water State Revolving Fund for FY2018
- $45 MILLION for Water Infrastructure Finance and Innovation Act for FY2018
- $50 MILLION for the Bureau of Reclamation’s water reuse and recycling program

- $5 MILLION for National Priorities Research Funding
- FULL TAX-EXEMPT STATUS for interest earned on municipal bonds
- REMOVAL OF THE GAP on tax-exempt private activity bonds for water and wastewater infrastructure

Hand-out from 2017 Fly-In!

www.waterweek.us
CALL TO ACTION
Water Advocates Program

• **New Website:**

• **New Toolkit** *(posted on new website)*
  - Tips and Guidance on how to be an effective advocate

• **Joining the Program is easy:**
  - wateradvocates@wef.org
  - [http://cqrcengage.com/wef/wateradvocates](http://cqrcengage.com/wef/wateradvocates)
Current Calls-to-Action:

- Support Full Federal Funding for Water Science and Technology Research
- Support Funding for Water Infrastructure in FY18 Appropriations Bill. *(FY 19 not posted yet because Congress is still working on FY18!)*
- Include Funding for Clean Water, Drinking Water, and Stormwater Infrastructure in any major Infrastructure Legislation.
- WIFIA Reauthorization
Available Resources:

- WEF.org
- Weekly Newsletter: *This Week in Washington* – to sign up, email akathman@wef.org
- Water Advocates website: http://cqrcengage.com/wef/home
- Stormwater Institute: http://wefstormwaterinstitute.org
- Water Week 2018 Website: http://www.waterweek.us
Questions or Additional Info:

**WEF**

- **Claudio Temieden**  
  Sr. Dir. of Government Affairs  
  ctemieden@wef.org

- **Steve Dye**  
  Legislative Director  
  sdye@wef.org

- **Amy Kathman**  
  Government Affairs Specialist  
  akathman@wef.org