

Fiscal Year 2018 Appropriations

Program	FY15 Enacted	FY16 Enacted	FY17 Enacted	House FY18	Senate FY18	Our Request
Clean Water SRF	\$1.45B	\$1.35B	\$1.394B	\$1.144B	\$1.394B	\$2.8B
Drinking Water SRF	\$907M	\$863M	\$863M	\$863M	\$864M	\$1.8B
WIFIA			\$28M	\$30M	\$30M	\$45M
Total Combined	\$2.36B	\$2.213B	\$2.285B	\$2.037B	\$2.288B	\$4.645B

Tax Reform and Jobs Act of 2017

	<u>Current Law</u>	<u>New Law</u>	<u>Impact</u>
Tax-Exempt Municipal Bonds	<ul style="list-style-type: none"> · Interest earned on municipal bonds is taxexempt · The current municipal bond market is \$3.1 trillion 	<ul style="list-style-type: none"> · Maintains the tax-exempt status of municipal bonds, including for professional sports stadiums 	No Change
Advance Refunding Bonds	<ul style="list-style-type: none"> · 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 	<ul style="list-style-type: none"> · 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 	<ul style="list-style-type: none"> · 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.

Tax Reform and Jobs Act of 2017

	<u>Current Law</u>	<u>New Law</u>	<u>Impact</u>
State and Local Tax (SALT) Deduction	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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)	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Maintains the tax-exempt status of PABs 	No Change

Trump Infrastructure Package*

* all details are subject to change

- Expected Release Date: ~~Prior to State of the Union~~
- \$200B / 10 yrs in new federal funding
- Federal funding will be used to leverage \$1T in state, local and private funding.
- There will be allocations to infrastructure sectors.
- Individual agencies will submit to Treasury projects for funding

Major Water Bills

S. 1137 – Clean, Safe, Reliable Water Infrastructure Act of 2017

- Sense of Congress for robust funding for SRFs
- Reauthorizes EPA's WaterSense program
- Reauthorizes Sect. 221 for CSO, SSO and SW grants at \$1.8B over 5 years

H.R. 2510 – Water Quality Protection & Job Creation Act of 2017

- Reauthorizes the Clean Water SRF at \$20B over the next 5 years
- \$2.5B over 5 years for CSO, SSO and SW grants
- \$1.5B over 5 years for State water pollution control programs
- \$600M over 5 years for wet weather and stormwater projects and innovative management approaches

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.
- Extends “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.

FY 2017 WIFIA Projects



1. King County - \$129M

Georgetown WWTS

2. San Francisco PUC - \$625M

Biosolids Digester Facilities

3. City of Morro Bay - \$82M

Water Reclamation

4. Orange Co. Water District - \$124M

Groundwater Replenishment System

5. City of San Diego- \$492M

Pure Water San Diego

6. City of Omaha - \$55M

Saddle Creek RTB

7. Metro St. Louis Sewer District - \$43M

Sanitary Tunnel & Relief Projects

8. Indiana Finance Authority- \$436M

FY2017 SRF Program

9. City of Oak Ridge - \$22M

Water Treatment Plant

10. Maine Water Co. - \$25M

Saco River Treatment Plant

11. City of Baltimore - \$200M

Capital Improvements

12. Miami-Dade County - \$79M

Ocean Outfall Reduction

\$2.3B
WIFIA Loans

\$5.1B
Project Costs