



# Sustaining Progress for America's Water Infrastructure

As representatives of the nation's water sector, we appreciate the tremendous support Congress and the Administration has given in recent years to communities striving to rehabilitate and upgrade their water infrastructure. That support needs to be sustained to ensure that the goal of achieving modern, equitable, and affordable drinking water, wastewater, water reuse, and stormwater systems continues to advance across America.

The COVID-19 crisis demonstrated that this critical infrastructure is resilient when called upon during a crisis, but it cannot be taken for granted or overlooked – it is essential to healthy communities. A strong, sustained commitment from the federal government is needed to ensure that communities nationwide can address challenges such as climate resilience, equity, affordability, workforce, cybersecurity, and emerging contaminants.

The Infrastructure Investment & Jobs Act (IIJA) sets a course for helping communities address these challenges. The new federal programs and commitment to existing funding programs will give utilities many of the tools they need to move forward. In the Fiscal Year 2023 budget it is vital that Congress provides the maximum authorized funding levels in the IIJA. Without that funding, the commitment Congress demonstrated will stall and leave communities and ratepayers struggling to fund necessary infrastructure investments.

## Important Policy Areas

Public and private municipal water agencies plan, build, and maintain the local water infrastructure that provides service to the vast majority of America. There are several water policy areas in which our sector is engaged with Congress and federal agencies because they will impact how citizens receive and pay for water services.

**PFAS** | Commit to the “polluter pays” approach of holding those that profited and are truly responsible for PFAS pollution liable for their cleanup. If PFAS are designated as hazardous substances under CERCLA, ensure that communities do not pay for pollution they did not create by providing a CERCLA PFAS exemption for public and private drinking water, wastewater, and stormwater utilities. Congress must also provide EPA adequate resources to advance research, risk assessment, and standards development to advance, not circumvent, the PFAS regulatory process.

**Build America, Buy America Requirements** | Recognize near-term challenges, such as inflation, disruptions to supply chains, and lack of domestic capacity or supply when implementing new domestic preference procurement requirements for construction materials and manufactured products. Protecting public health and the environment, while maintaining affordable user rates, requires the flexibility to source the most cost-effective materials and best available technologies.

**Affordability** | Build on the previous two Administrations' efforts to update EPA's Financial Capability Assessment (FCA) Guidance to ensure it adequately accounts for financial impacts on low-income households as communities work to meet additional Clean Water Act requirements.

**Cybersecurity** | The water sector supports expanded federal support for cyber threat information sharing activities that will help water systems prepare for and respond to emerging cyber threats. We further call for flexible and realistic incident reporting mandates, and we are eager to work with policymakers to ensure that sensitive utility information is protected against public disclosure.

**Lead Service Line Replacement** | Rep. Dan Kildee has introduced the FLOW Act (H.R. 6985) to reduce IRS red tape that currently prevents drinking water systems from quickly and efficiently financing full lead service line replacements with the proceeds of tax-exempt bonds. We support this legislation and urge its passage to reduce administrative burdens on drinking water systems that are working to remove their lead pipes.

**Investment Tax Credit for Water** | In the United States, only agribusiness uses more water than the industrial sector. Congress should establish a tax credit to help industrial facilities adopt water recycling technologies and systems – investments that recognize the need for sustainable water consumption and support job creation in the U.S. These tax credits should be structured on a sliding scale, reflecting the size and impact of improvements.

**Wipes** | The flushing of wipes can cause sewer pipe blockages, damage to utility equipment, and create health and safety risks to water professionals who must remove them. Congress should require Do Not Flush labeling on non-flushable wipes packaging (H.R. 4602/S.3946) and give federal agencies the authority to require that wipes marketed as flushable disintegrate like toilet paper when flushed (H.R. 6591)



# FY23 Priorities for the Water Sector —

Congress should fund drinking water, wastewater, stormwater, water reuse, and water research programs at the following levels in the FY23 Budget:

## Drinking Water Programs

- \$2.75 billion for Drinking Water State Revolving Fund (IIJA Sect. 50102)
- \$50 million for Midsize and Large Drinking Water System Infrastructure Resilience and Sustainability grants (IIJA section 50107)
- \$25 million for Drinking Water Infrastructure Resilience and Sustainability grants (SDWA section 1459A(I), reauthorized in IIJA section 50104)
- \$100 million for Reducing Lead in Drinking Water grants (SDWA section 1459B, reauthorized in IIJA section 50105)
- \$35 million for technical assistance and grants for emergencies affecting public water systems (IIJA Sect. 50101)
- \$10 million for Lead Inventorying Utilization Grant Pilot Program (IIJA section 50105)
- \$35 million for technical assistance and grants for emergencies affecting public water systems (IIJA Sect. 50101)
- \$50 million for Operational Sustainability of Small Public Water Systems (IIJA Sect. 50106)
- \$35 million for Lead Contamination in School Drinking Water (IIJA Sect. 50110)

## Wastewater Programs

- \$2.75 billion for Clean Water State Revolving Fund (IIJA Sect. 50210)
- \$280 million for Sewer Overflow and Stormwater Reuse Municipal Grants (OSG) program (IIJA Sect. 50204)
- \$25 million for Clean Water Infrastructure Resiliency and Sustainability Grants (IIJA Sect. 50205)
- \$20 million for Wastewater Energy Efficiency Grant Pilot Program (IIJA Sect. 50202)
- Funding to establish the Small Publicly Owned Treatment Works Efficiency Grant Program (IIJA Sect. 50207)
- \$40 million for the Connection to Publicly Owned Treatment Works Grant Program (IIJA Sect. 50209)
- \$5 million to complete the Clean Watersheds Needs Survey (IIJA Sect. 50220)
- \$18 million for the EPA Small POTW Technical Assistance Program, which is level with FY22 funding
- \$50 million in Grants for Construction and Refurbishing of Individual Household Decentralized Wastewater Systems for Individuals with Low- or Moderate-Income (IIJA Sect. 50208)

## Stormwater Programs

- \$5 million for the establishment of 5 Centers of Excellence for Stormwater Control Infrastructure Technologies (CESCITs) (IIJA Sect. 50217)
- \$100 million for the Healthy Streets program, which includes a focus on high albedo road surfaces and porous pavements (IIJA Sect. 11406)
- \$10 million for community planning and implementation grants for stormwater or watershed-based planning investments (IIJA Sect. 50217)

## Water Reuse Programs

- \$25 million for the Alternative Water Source Grants Pilot program (IIJA Sect. 50203)
- \$20 million for the Title XVI-WIIN Water Reuse Grants Program

## Programs That Benefit All Water Infrastructure and Ratepayers

- Minimum of \$50 million for Water Infrastructure Finance & Innovation Act (WIFIA) (IIJA Sect. 50215)
- Funding to establish the EPA Rural and Low-Income Water Assistance Pilot Program (IIJA Sect. 50109)
- \$5 million for Water Infrastructure and Workforce Investment Grant Program (IIJA Sect. 50211)
- \$1.6 billion for direct loans under USDA Rural Utilities Service Rural Water and Waste Disposal Program Account (Consolidated Farm and Rural Development Act Sects. 306 & 381E(d)(2))
- \$670 million for grants under USDA Rural Utilities Service Rural Water and Waste Disposal Program Account (Consolidated Farm and Rural Development Act Sects. 306, 306A, 306C, 306D, 306E, 310B, 306C(a)(2), 306D, 306E, and 381E(d)(2))
- Dedicate \$20 million in the National Priorities Water Research Grant Program through EPA's Science and Technology Account for extramural water research grants to non-profit organizations
- \$10 million for the Innovative Water Technologies Grant Program through EPA's Science and Technology Account, as authorized by Section 2007 of Public Law 115-270
- \$100 million to fund ongoing activities related to the energy-water nexus within the Office of Energy Efficiency and Renewable Energy at the Department of Energy

