

THE WATER PROTECTION AND REINVESTMENT ACT
UPDATED FOR THE 112TH CONGRESS
REP. EARL BLUMENAUER

THE NEED FOR LEGISLATION:

The American Society of Civil Engineers (ASCE) has given our nation's wastewater infrastructure a grade of "D-" in their most recent report card. The Environmental Protection Agency estimates \$187.9 billion in wastewater needs over the next 20 years. Last year alone, American communities suffered more than 240,000 water main breaks and saw billions of gallons of overflowing combined sewer systems, causing contamination, property damage, disruptions in the water supply, and massive traffic jams. According to ASCE, if current trends persist, by 2020, unreliable infrastructure will cost businesses \$147 billion and households \$59 billion.

THE TRUST FUND:

Our nation's water infrastructure needs have grown while federal funding for clean water has declined. While the needs are estimated to be over \$9.3 billion a year, appropriations for clean water infrastructure have averaged just over \$1.25 billion a year since 2000. This pushes more and more costs onto local governments and ratepayers, whose rates have grown at twice the rate of inflation in recent years. New sources of revenue are necessary to meet communities' water infrastructure and environmental restoration needs, which will reduce consumer costs over the long-term. Dedicated funding is available for the nation's transportation systems – it's time to establish a trust fund to finance clean water infrastructure.

A Water Protection and Reinvestment Trust Fund, funded by those who contribute to water quality problems and those who use our water systems, will provide a deficit-neutral, consistent and protected source of revenue to help states replace, repair, and rehabilitate critical wastewater treatment facilities.

THE REVENUE SOURCES:

The Water Protection and Reinvestment Act would assess small fees on a broad base of those who use water and contribute to water pollution. The taxes are designed to be collected at the manufacturer level, so any increased costs to consumers will be minimal. These revenue sources were analyzed in a recent Government Accountability Office report and are expected to raise around \$6.5 billion a year.

- 3 cent per container excise tax on water-based beverages. These products rely on water as their major input and result in both increased flows and increased waste in our waters.
- 3% excise tax on items disposed of in wastewater, such as toothpaste, cosmetics, toilet paper and cooking oil: These products wind up in the water stream and require clean-up by sewage treatment plants.
- 0.5% excise tax on pharmaceutical products. Pharmaceutical residues found in our nation's water bodies are an increasing concern for water utilities. A small fee on the industry will support efforts to prevent pharmaceuticals from entering water systems and research into remediation.

The bill also calls for a Congressional Budget Office study to evaluate additional sources of revenue for a trust fund.

In addition, it creates a voluntary consumer labeling program that would allow manufacturers subject to the taxes in the bill to display a label or emblem on their products highlighting their contribution to the Trust Fund and to America's clean water.

HOW IT WOULD WORK:

Clean Water Act Funding: Most of the funding created by the Water Protection and Reinvestment Act would be distributed as grants and loans through the existing Clean Water State Revolving Loan Fund (CWSRF). These funds are grants used to capitalize state funds, which then provide loans to publicly owned treatment works for wastewater treatment construction to meet Clean Water Act requirements and provide sewage services. The bill would modernize the CWSRF in and provide additional incentives for green infrastructure and water efficiency as well as funding for state efforts to prevent and control pollution. It would require states to provide some of the funding in the form of grants. Additional funding would be made available for technical assistance to small wastewater treatment facilities.

Additional Programs: The remaining funding would support a number of new grant programs, including:

- Clean Water Act Compliance: Funding for existing Clean Water Act programs, including Sec. 106 grants to states and interstate agencies for the prevention, reduction, and elimination of pollution and Sec. 319 grants for nonpoint source management programs.

- **Energy and Water Efficiency:** Grants that support efforts by water systems to increase energy and water efficiency, reduce pollution, and increase resilience to extreme weather events.
- **Sewer Overflow Control:** Funding for an existing program (Sec. 222 of the Clean Water Act) to help states and local communities address sewer overflows. This is a growing problem in which untreated sewage is released into the environment, contaminating our nation's waters, degrading water quality and exposing humans to viruses and other pathogens that can cause serious illness. The EPA estimates that more than 850 billion gallons of untreated wastewater and stormwater are released each year into U.S. waters.
- **Research, Development, and Technology Demonstration:** A new research program within the EPA to develop, demonstrate, and transfer innovative or improved technologies and methods for the treatment, control, transport, and reuse of wastewater. It would also create a new system of regional university research centers, based on the successful transportation research centers, to conduct strategic research, education, and outreach for sustainable management of water resources.
- **Workforce Development:** Funding for existing programs to provide support for operator training, undergraduate and graduate environmental engineering, and natural sciences education, to ensure that a stable labor force exists to operate and manage water and wastewater treatment utilities.
- **Drug Take-Back:** A competitive grant program to support state, local, tribal, and non-profit drug take-back programs to reduce the presence of pharmaceuticals in water.
- **Cost of Service Study:** The National Academy of Sciences would study the means by which public water systems and treatment works meet the costs associated with operations, maintenance, capital replacement, and regulatory requirements. This will help the EPA, Congress, and water facilities determine what new approaches might assist in meeting water needs.

Innovative Financing: 10% of the funds in the Water Protection and Reinvestment Trust Fund will be used to finance an innovative financing program based on the successful Transportation Infrastructure Finance and Innovation Act. This funding could be used to set up a Water Infrastructure Financing Innovations Authority to provide low-cost capital to clean water infrastructure projects.

THE WATER PROTECTION AND REINVESTMENT ACT WILL:

- Protect public health by providing the funding communities need to provide sewer service.
- Restore the environment by providing incentives for green infrastructure that reduces energy and water use.
- Create jobs and improve the economy by investing in projects to repair and replace aging systems. The National Association of Utility Contractors estimates that \$1 billion invested in wastewater infrastructure can create over 26,000 jobs. The Department of Commerce estimates that each job created in the local wastewater industry creates 3.68 jobs in the national economy and each public dollar spent yields \$2.62 dollars in economic output in other industries.
- Reduce pollution by decreasing the number and severity of combined sewer overflows, increasing funds for state environmental restoration efforts and reducing the amount of pharmaceuticals in our water supply.

IN THE 111TH CONGRESS, THE WATER PROTECTION AND REINVESTMENT ACT WAS SUPPORTED BY (PARTIAL LIST):

- | | |
|--|--|
| • National Association of Clean Water Agencies | • Rural Community Assistance Partnership |
| • American Rivers | • Coalition for Alternative Wastewater Treatment |
| • Clean Water Action | • American Public Works Association |
| • Associated General Contractors | • Clean Water Network |
| • American Society of Civil Engineers | • Food and Water Watch |
| • Water & Sewer Distributors of America | • National Utility Contractors Association |

Co-sponsors in the 111th Congress (still serving in Congress): LaTourette (R-OH), Dicks (D-WA), Simpson (R-ID), Petri (R-WI), Schakowsky (D-IL), Napolitano (D-CA), Edwards (D-MD), Farr (D-CA), Hinchey (D-NY), H. Johnson (D-GA), Whitfield (R-KY), Grijalva (D-AZ), Cummings (D-MD), Young (R-AK), Sablan (MP), Holt (D-NJ), Gutierrez (D-IL), George Miller (D-CA), Norton (D-DC), McDermott (D-WA), Tim Bishop (D-NY), Cohen (D-TN), Filner (D-CA), Hirono (D-HI), Moran (D-VA), Pallone (D-NJ), Sarbanes (D-MD), Sires (D-NJ), Tierney (D-MA), Rothman (D-NJ), Baldwin (D-WI)