



**American Water Works  
Association**

## Utility Member Benefit

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The Authoritative Resource on Safe Water®

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## Legislative Alert

**TO: AWWA Leadership  
All Utilities**

**FROM: AWWA**

**DATE: July 22, 2009**

<b>Who:</b>	<b>AWWA Utility Members</b>
<b>What:</b>	<b>Water trust fund bill</b>
<b>When:</b>	<b>Introduced July 14</b>

On July 14, U.S. Rep. Earl Blumenauer, D-Ore., introduced a bill that would create a \$10 billion annual federal trust fund aimed at addressing water and wastewater infrastructure needs. AWWA strongly agrees that the federal government has an important role in addressing infrastructure concerns. However, AWWA does not support the trust fund bill at this time for the following reasons:

- Federal trust funds are often inefficient. They generally collect more revenue than they are allowed to spend by congressional appropriation. Funds not spent for the dedicated purpose are then “lent” to other government programs. These funds can only be recovered with great difficulty, if at all.
- AWWA believes the public is best served by water and wastewater systems that are self-supporting through rates and other local charges. The best way to achieve these rates is to openly communicate both the true value of water and the full cost of water service.
- Utilities waiting for assistance from a federal trust fund may be less likely to do the work necessary to achieve rate structures that reflect the full cost of service. Communities that have done this work will find that they are subsidizing those that have not.
- AWWA opposes a federal water tax. While the current bill would tax only particular industries, proposed financing mechanisms could change as Congress debates and adjusts the bill.

### What AWWA supports

As reported in a July 14 [press release](#), AWWA supports the establishment of a federal water

infrastructure bank to help communities address infrastructure concerns. The federal water would be authorized to borrow money through the federal treasury system at very low rates, just as commercial banks do. In turn, the water infrastructure bank would:

- Make low-interest loans for larger water projects (those that are too big to access the State Revolving Fund).
- Help those states that want to leverage their SRF capitalization grants, making even more capital available for low interest SRF loans.

A federal water infrastructure bank would require no new federal taxes, striking the right balance between federal assistance and local responsibility. In addition, no community would have to subsidize others, since support is based on low interest loans.

In the coming days, AWWA will be providing more information to utility members to help you promote the federal water infrastructure bank concept to your elected leaders.

More information on AWWA's recent testimony on the trust fund bill and the water infrastructure bank concept before the U.S. House Subcommittee on Water Resources and Environment is available at [www.awwa.org/InfrastructureBank](http://www.awwa.org/InfrastructureBank).

Questions can be directed to Tommy Holmes, AWWA legislative director, at 202-628-8303, [tholmes@awwa.org](mailto:tholmes@awwa.org), or Greg Kail, AWWA director of public affairs, 303-734-3410, [gkail@awwa.org](mailto:gkail@awwa.org).

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