



The slide features a scenic background of a wooden dock extending into a calm lake, surrounded by dense evergreen trees under a cloudy sky. The WEF logo is positioned in the upper left corner. The main title is centered in large green font, with the date and time below it. The names of the speakers are listed at the bottom.

Water Environment Federation
the water quality people®

WEF Government Affairs Update

January 11, 2018
1 – 2:30 PM

Claudio Ternieden, Sr. Dir. For Government Affairs
Steve Dye, Legislative Director



The slide features a background of dynamic blue water splashes against a white background. A dark grey horizontal band is centered across the middle, containing the title in green text. The WEF logo is located in the bottom left corner.

Water Sector Priorities Before Congress and the Trump Administration for 2018

Water Environment Federation
the water quality people®



Webcast 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



Water Environment Federation
The water quality people®



CONGRESSIONAL UPDATE



Water Environment Federation
The water quality people®




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 |


Fiscal Year 2018 Appropriations

| Program | FY17 Enacted | FY18 Proposed | FY 18 House | FY18 Senate | Function |
|--|--------------|---------------|-------------|-------------|--|
| USDA's Water/Wastewater Grant and Loan Program | \$392 M | \$0 | \$359 M | \$394 M | loans and grants for drinking water and wastewater construction in rural communities |
| HUD's Community Development Block Grant (CDBG) Program | \$3 B | \$0 | \$2.9 B | \$3 B | grants to communities for infrastructure projects, among other things |
| U.S. Economic Development Administration | \$221 M | \$0 | \$140 M | \$100 M | grants and loans to communities for infrastructure projects to promote economic growth, among other things |





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 tax-exempt 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 |




Tax Reform and Jobs Act of 2017

| | <u>Current Law</u> | <u>New Law</u> |
|--|---|---|
| Renewable Energy Credits | <ul style="list-style-type: none"> · Wind energy tax credits are extended at current levels through 2020 · Solar energy tax credits are extended at current levels through 2022 | <ul style="list-style-type: none"> · Maintains wind and solar energy credits as established under current law |
| Mortgage Interest Deduction | <ul style="list-style-type: none"> · Individuals may use the mortgage interest deduction up to \$1 million for both their principal residence and one additional home | <ul style="list-style-type: none"> · Reduces the mortgage interest deduction limit to \$750,000; maintains it for primary and secondary homes · Eliminates the interest deduction of home equity debt |
| Deductions for Expenses Attributable to Being an Employee | <ul style="list-style-type: none"> · Taxpayers may claim expenses relating to the trade or business of being an employee if they itemize deductions. · This includes certain allowances for teachers, state and local government staff, and other employees | <ul style="list-style-type: none"> · Eliminates the deduction for certain public-sector employee expenses |



Tax Reform and Jobs Act of 2017

| | <u>Current Law</u> | <u>New Law</u> |
|---|--|---|
| Charitable Giving Deduction | <ul style="list-style-type: none"> · Individuals and families who itemize their tax returns may deduct charitable contributions from their federally taxable income | <ul style="list-style-type: none"> · Maintains deductions for charitable donations · The Joint Committee on Taxation estimates the proposal would reduce itemized charitable donations by \$94.8 billion in 2018 |
| Medical Expense Deduction | <ul style="list-style-type: none"> · Medical expenses that exceed 10 percent of an individual's adjusted gross income (AGI) may be deducted | <ul style="list-style-type: none"> · Maintains the medical expense deduction and lowers the threshold to 7.5 percent of an individual's AGI for 2017 and 2018; reverts to current law in 2019 |
| Affordable Care Act (ACA) Individual Mandate | <ul style="list-style-type: none"> · Individuals or families who are not covered for a specified portion of the taxable year may face a fee; | <ul style="list-style-type: none"> · The individual mandate is repealed · The Congressional Budget Office estimates this generates \$318 billion over 10 years due to reduced subsidy payments from the federal government, and will result in 13 million fewer individuals receiving health insurance coverage |



Tax Reform and Jobs Act of 2017

| | <u>Current Law</u> | <u>New Law</u> |
|------------------------------------|--|--|
| Corporate Tax Rates | · The current corporate tax rate is 35 percent. Pass-through corporations file on the individual side of the tax code and are subject to the individual tax brackets and rates | · Drops the corporate tax rate to 21 percent |
| Child Tax Credit (CTC) | · A parent can claim a \$1,000 tax credit for any child under the age of 17 | · Increases the CTC to \$2,000 and expands the refundable portion of the tax credit · Increases phase-out thresholds to \$200,000 for a single parent and \$400,000 for a couple filing jointly |
| Education Saving Incentives | · Individuals may use tax advantaged plans under Section 529 to save for future college costs | · Allows for up to \$10,000 in annual distributions from 529 plans for public, private or religious elementary or secondary school, or home school expenses |



Tax Reform and Jobs Act of 2017

| Individual Taxpayers | |
|-------------------------------|---|
| If Taxable Income Is Between: | The Tax Due Is: |
| 0 - \$9,525 | 10% of taxable income |
| \$9,526 - \$38,700 | \$952.50 + 12% of the amount over \$9,525 |
| \$38,701 - \$82,500 | \$4,453.50 + 22% of the amount over \$38,700 |
| \$82,501 - \$157,500 | \$14,089.50 + 24% of the amount over \$82,500 |
| \$157,501 - \$200,000 | \$32,089.50 + 32% of the amount over \$157,500 |
| \$200,001 - \$500,000 | \$45,689.50 + 35% of the amount over \$200,000 |
| \$500,001 + | \$150,689.50 + 37% of the amount over \$500,000 |

| Married Individuals Filing Joint Returns and Surviving Spouses | |
|--|--|
| If Taxable Income Is Between: | The Tax Due Is: |
| 0 - \$19,050 | 10% of taxable income |
| \$19,051 - \$77,400 | \$1,905 + 12% of the amount over \$19,050 |
| \$77,401 - \$165,000 | \$8,907 + 22% of the amount over \$77,400 |
| \$165,001 - \$315,000 | \$28,179 + 24% of the amount over \$165,000 |
| \$315,001 - \$400,000 | \$64,179 + 32% of the amount over \$315,000 |
| \$400,001 - \$600,000 | \$91,379 + 35% of the amount over \$400,000 |
| \$600,001 + | \$161,379 + 37% of the amount over \$600,000 |

Source:
www.forbes.com



Tax Reform and Jobs Act of 2017

| Filing Status | Standard Deduction Amount |
|---|---------------------------|
| Single | \$12,000 |
| Married Filing Jointly & Surviving Spouse | \$24,000 |
| Married Filing Separately | \$12,000 |
| Head of Household | \$18,000 |

Source:
www.forbes.com

| Alternative Minimum Tax (AMT) Exemptions | |
|--|-------------------|
| Filing Status | Exemption Amount: |
| Individual | \$70,300 |
| Married Filing Jointly & Surviving Spouses | \$109,400 |
| Married Filing Separately | \$54,700 |



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

Trump Infrastructure Package*

* all details are subject to change

Criteria:

- Projects that have self funding or outside capital investments mechanisms will score better
- Projects with more state and local funding will score better
- Focus on “large-scale, transformative projects.”

Trump Infrastructure Package*

* all details are subject to change

Additional Items in Package:

- Money set aside for rural communities, particularly broadband. Possibly in the form of grants.
- Permit approval process streamlining across federal agencies.

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

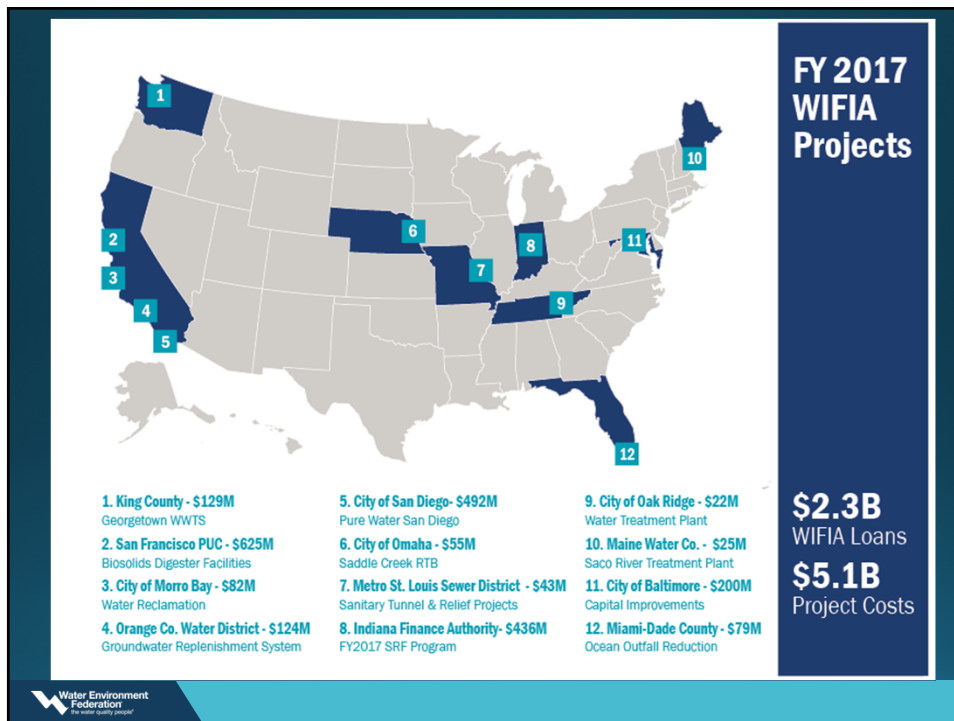



WIFIA Update





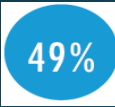



H.R. 4492 – WIFIA Reauthorization Act of 2017


- 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.



 **WIFIA Important Program Features**

| | | | |
|--|--|---|--|
|  <p>\$20 MIL</p> | Minimum project size for large communities. |  <p>5 YEARS</p> | Maximum time that repayment may be deferred after substantial completion of the project. |
|  <p>\$5 MIL</p> | Minimum project size for small communities (population of 25,000 or less). |  <p>%</p> | Interest rate will be equal to or greater than the U.S. Treasury rate of a similar maturity. |
|  <p>49%</p> | Maximum portion of eligible project costs that WIFIA can fund. |  <p>Bar chart</p> | Projects must be creditworthy. |
|  <p>35 YEARS</p> | Maximum final maturity date from substantial completion. |  <p>Clipboard</p> | NEPA, Davis-Bacon, American Iron and Steel, and all federal cross-cutter provisions apply. |

 **Water Environment Federation**
The water quality people

25



REGULATORY UPDATE

 **Water Environment Federation**
The water quality people

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 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)
 WaterReuse Assoc. (WaterReuse)
 Water & Wastewater Equipment Manufactures 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 Professional 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, 7 AM – 7:30 PM

- **JOINT WATER ASSOCIATIONS BRIEFING**

Capitol Visitors Center Auditorium
 April 18th, 9:30 – 11:30 AM

- **JOINT WATER ASSOCIATIONS CONGRESSIONAL RECEPTION**

Library of Congress, Montpelier Room
 April 18th, 5:30 PM – 7:30 PM



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

LET'S WORK TOGETHER TO ELEVATE WATER!



85% of U.S. residents get their water from public water facilities

Clean water means that our children and families have access to safe water for bathing and drinking.

1 job invested in water + wastewater adds 3.68 jobs to the national economy

Every \$1 invested in water and wastewater infrastructure increases long-term GDP by \$6.35

Tax-exempt municipal bonds financed nearly \$38 billion in water + wastewater infrastructure in 2016

Over \$86 billion annually is spent on water-related sports activities

Clean water means farmers can safely irrigate their crops

Clean water means our nations industries can produce refined products with water free of contaminants.




For more information & to get involved, visit www.waterweek.us



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 \$66 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:

- 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:

- ◆ **\$2.8 BILLION** for Clean Water State Revolving Fund for FY2018
- ◆ **\$5 MILLION** for National Priorities Research Funding
- ◆ **\$1.8 BILLION** for Drinking Water State Revolving Fund for FY2018
- ◆ **FULL TAX-EXEMPT STATUS** for interest earned on municipal bonds
- ◆ **\$15 MILLION** for Water Infrastructure Finance and Innovation Act for FY2018
- ◆ **REMOVAL OF THE CAP** on tax-exempt private activity bonds for water and wastewater infrastructure
- ◆ **\$50 MILLION** for the Bureau of Reclamation's water reuse and recycling program

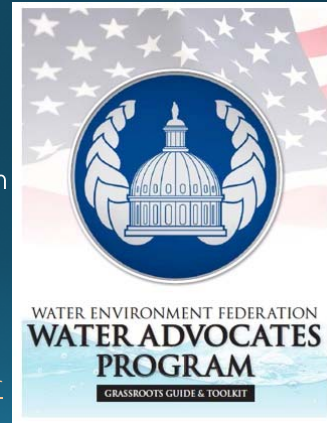


CALL TO ACTION



Water Advocates Program

- **New Website:**
 - <http://wef.org/advocacy/water-advocates2/>
- **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://wef.org/advocacy/water-advocates2/>
 - <http://cqrcengage.com/wef/wateradvocates>



Available Resources:

- [WEF.org](http://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 Ternieden**
Sr. Dir. of Government Affairs
cternieden@wef.org
- **Steve Dye**
Legislative Director
sdye@wef.org
- **Amy Kathman**
Government Affairs Specialist
akathman@wef.org

