



Support Increased Investment in Water Infrastructure

Our nation's water and wastewater infrastructure is in dire need of repair. Each day millions of gallons of precious drinking water are lost through antiquated distribution systems that were installed generations ago. Metal castings have reliably formed the backbone of our infrastructure for as long as 175 years, a performance history that is unsurpassed. However, thousands of older installations are now nearing the end of their useful life.

Recent reports published by the American Water Works Association and American Society of Civil Engineers have shown that repairing and expanding existing drinking water infrastructure alone will cost more than \$1 trillion over the next 25 years. High quality drinking water and wastewater systems are essential to public health, manufacturing, and quality of life in the United States.

Capital investment for such projects will be difficult as many states and local governments face mounting budget deficits and revenue shortfalls. Already, local governments and rate payers assume approximately 98% of the cost of water infrastructure investment. The single-most effective tool for financing long-term, capital-intensive infrastructure projects is the private activity bond (PAB) or exempt facility bond, a form of tax-exempt financing that encourages state and municipal governments to collaborate with sources of private capital. The partnership approach makes infrastructure repair and construction more affordable for municipalities and ultimately for users. Unfortunately, an annual volume cap hinders the use of PABs for water and wastewater infrastructure.

The U.S. metalcasting industry stands ready to supply a wide variety of reliable, durable, and long lasting American-made castings for water infrastructure projects, including pipes, fittings, valves, water meters, manhole covers, fire hydrants and grates. America urgently needs to reinvest in our nation's water infrastructure needs. Deferring needed investments today will only result in greater expenses tomorrow.

Message to Congress

The American Foundry Society (AFS) urges Congress to support smart financing approaches to address America's water infrastructure challenges.

- **Lift the Volume Cap on Private Activity Bonds (PABs) for Water Infrastructure**
Amend the Internal Revenue Code (26 USC 146) to remove the volume cap applicable to PABs for public-purpose water and wastewater projects. This modification would allow local communities to leverage private capital markets and provide an influx of low cost capital to finance water infrastructure projects. This policy change would infuse \$50 billion in private capital investment at a cost of only \$354 million in lost tax revenue over ten years.
 - **Support the Sustainable Water Infrastructure Investment Act** – This legislation is expected to be introduced in the House and Senate shortly. This bipartisan, bicameral bill would open the door for up to \$5 billion annually in private investment in water infrastructure projects by lifting these projects from under the state volume cap on PABs.
- **Support the Water Resources Development Act [S. 601 Sens. Boxer (D-CA)/Vitter (R-LA)]**
S. 601 is a bipartisan bill which creates a Water Infrastructure Finance and Innovation Authority (WIFIA) to provide direct loans, loan guarantees and lines of credit for large water infrastructure projects, with a minimum loan size of \$20 million. The House Transportation Committee is expected to consider a similar provision in their version of the Water Resources Development Act.

For additional information, contact the American Foundry Society-Washington Office

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