

### ***Resolution Seeking Tax Incentives to Encourage Infrastructure Investment***

**WHEREAS**, Water and wastewater utilities routinely face difficulty securing financing at reasonable rates for large, multi-year, capital intensive infrastructure projects; *and*

**WHEREAS**, The current financial crisis is making access to funding for vital water system upgrades and repairs even more difficult; *and*

**WHEREAS**, The U.S. Environmental Protection Agency (EPA) estimates the costs to replace aging water and wastewater infrastructure and comply with water quality requirements could approach \$1 trillion over the next 20 years; *and*

**WHEREAS**, Investment in water infrastructure means jobs while also assuring that Americans have access to safe, reliable, and clean water; *and*

**WHEREAS**, History provides several proven and easy-to-implement ideas that have been effectively utilized to stimulate investment in water infrastructure. Among these ideas are those recommended in a white paper issued by the National Association of Water Companies (NAWC) which NARUC cited in recent policy positions issued to President Obama's Transition Team, key Members of Congress and the EPA Administrator regarding the economic stimulus package; *and*

**WHEREAS**, The policy positions set forth in the white paper by NAWC include:

- **Investment Tax Credits:** *A 10% investment tax credit on all investments in water and wastewater infrastructure for the next three years;*
- **Public Utility Dividend Reinvestment:** *A five year deferral of tax on dividends for all public utility dividends that are reinvested in infrastructure replacement;*
- **Tax Exempt Financing:** *Lifting the cap on Private Activity Bonds for all water and wastewater investments;*
- **Accelerated Depreciation/Extend Elective Expensing:** *A 50% increase, or more, in depreciation rates for infrastructure replaced over the next three years; and*
- **State Revolving Loan Funding:** *An increased funding of these programs and access to all providers of water and wastewater services, regardless of ownership; and*

**WHEREAS**, Individually, any of these proposals will infuse needed capital into water and wastewater systems; *and*

**WHEREAS**, Taken together, they would be a large step towards meeting the trillion-dollar investment needed over the next twenty years to assure build-out and maintenance of critical water infrastructures; *and*

**WHEREAS**, NARUC had taken a formal position that the Administration should propose, and Congress should incorporate, all five mechanisms into any economic stimulus package to assure Americans continue to receive high quality water and wastewater services; *and*

**WHEREAS,** It is imperative that the benefits of clean water be available to all consumers regardless of whether supplied by government or private-sector providers and that investor-owned utilities not be discriminated against; *now, therefore be it*

**RESOLVED,** That the Board of Directors of the National Association of Regulatory Utility Commissioners, convened at its 2009 Summer Committee Meetings in Seattle, Washington, instructs its General Counsel to continue to advocate for implementation of these policies by the Administration and Congress.

---

*Sponsored by the Committee on Water*

*Adopted by the NARUC Board of Directors July 22, 2009*