

For Immediate Release  
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## State Utility Regulators Urge Passage of Bipartisan Water Infrastructure Bill

**WASHINGTON** (June 10, 2021) — In a show of support for legislation aimed at restoring tax credits for regulated water and wastewater utilities, the National Association of Regulatory Utility Commissioners today sent a letter to members of Congress to outline the benefits for consumers and communities.

Introduced by Jeanne Shaheen (D-NH) and Lisa Murkowski (R-AK), [the bill](#) amends the Internal Revenue Code to restore the exemption of Contributions in Aid of Construction received by regulated water and wastewater utilities. The CIAC exemption prevents taxation of contributions that are used by providers to construct or improve water infrastructure. An example of this type of contribution is when real estate developers contribute funds or property to cover the costs of pipe or other upgrades needed to connect a new development to an existing water system.

In-kind and financial CIACs protect existing customers from subsidizing the cost of expanding water systems to new areas. Historically, NARUC has been an ardent supporter of CIAC exemptions, expressed in past letters and resolutions.

“Senators Shaheen and Murkowski should be commended for pushing this legislation forward,” said NARUC and Idaho Public Utilities Commission President Paul Kjellander. “By reinstating the exemption for contributions in aid of construction, the bill shifts the economic incentives for new developments to contribute their infrastructure to established water companies, which have both more experience and economies of scope and scale.”

“This legislation makes it far more likely that new customers moving to areas not previously connected with an existing service provider will have access to safe, reliable drinking water and wastewater services at affordable prices,” said NARUC Water Committee Chair Maria S. Bocanegra of the Illinois Commerce Commission. “It also ensures that any expansion of service to the new customers or new locations does not unfairly burden a utility’s existing customers.”

NARUC’s letter also points out several unintended consequences associated with taxing CIACs, such as incenting further fragmentation of the water industry and discouraging developers and others from joining established and well-capitalized private utility systems that have both the experience and resources to comply with federal Safe Drinking Water requirements.

The letter, sent to the Committee on Finance and the Committee on Ways and Means, can be read at [bit.ly/CIACNARUC](http://bit.ly/CIACNARUC).

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Full URL: <https://pubs.naruc.org/pub/6A278D77-1866-DAAC-99FB-7B8016CC21C7>

Legislation URL: <https://www.shaheen.senate.gov/imo/media/doc/ciac%20tax%20bill.pdf>

### About NARUC

*NARUC is a non-profit organization founded in 1889 whose members include the governmental agencies that are engaged in the regulation of utilities and carriers in the fifty states, the District of Columbia, Puerto Rico and the Virgin Islands. NARUC's member agencies regulate telecommunications, energy, and water utilities. NARUC represents the interests of state public utility commissions before the three branches of the federal government.*