

***WC-1 Resolution Recommending Lifting the Private Activity Bonds' Volume Cap for Water and Wastewater Projects***

*Whereas* National Association of Regulatory Utility Commissioner (“NARUC”) members realize that communities nationwide face serious investment gaps to replace critical water, wastewater and storm-water infrastructure as aging systems can threaten public health and economic vitality;

*Whereas* private activity bonds (“PABs”) are an effective option for the federal government to support long-term, capital-intensive infrastructure projects;

*Whereas* PABs are a form of tax-exempt financing for state and municipal governments that want to collaborate in financing a project with a private entity to meet a public need;

*Whereas* Congress has already eliminated the volume cap on PABs issued to build airports, high-speed rail, ports, or solid-waste disposal sites;

*Whereas* NARUC recognizes that water and wastewater projects are similarly multi-year efforts;

*Whereas* NARUC recognizes that a PAB partnership approach can make infrastructure repair and construction more affordable for municipalities and ultimately for users or customers, and would provide significant benefit to water sector investments were the state volume cap to be lifted and the defeasance penalty eliminated; *and*

*Whereas* NARUC understands the Government Accounting Office has forecast a \$500 billion shortfall in investment over the next forty years, and that local ratepayers currently provide more than 90% of water and wastewater funding for these projects; *now therefore be it*

*Resolved* that the Board of Directors of the National Association of Regulatory Utility Commissioners, convened at its 2020 Summer Policy Summit conducted virtually, joins the National Association of Water Companies; the American Water Works Association; the Association of Regional Water Organizations; the Water and Wastewater Equipment Manufacturers' Association; the Water Environment Foundation; the Water Reuse Association; McWane, Inc.; and Earth and Water Law, in supporting the elimination of the volume cap on PABs for their use on water infrastructure projects, unleashing an effective tool for state and local governments to increase needed investment in water, wastewater and storm-water infrastructure.

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*Sponsored by the Committee on Water*

*Adopted by the NARUC Board of Directors on July 22, 2020*