

#### June 3, 2021

#### UPDATE ON FEDERAL INFRASTRUCTURE FUNDING PROPOSALS

Two actions last week seem to indicate the Biden Administration and Congress could be inching closer toward progress on a possible large-scale federal infrastructure investment. While no one is certain how the final program will be delivered, this is the most tangible movement on a mega-infrastructure package so far and that's good news for the industry. Further details are included in the attached report from our eyes and ears in DC, Sante Esposito.

Last Friday, President Biden released a <u>\$6 Trillion budget for fiscal year 2022</u>, which includes new details on his previously proposed American Jobs Plan (AJP).

- Funding for water infrastructure would be increased under the proposal, including:
  - \$1.36 billion for the Drinking Water State Revolving Fund (\$1.13 billion in FY21)
  - \$1.87 billion for the Clean Water State Revolving Fund (\$1.64 billion in FY21)
  - \$72.2 million for the Water Infrastructure Finance and Innovation Act (WIFIA) program (\$59.5 million in FY21)
  - \$81.5 million for Reducing Lead in Drinking Water grants, which help communities and low-income homeowners replace lead service lines (\$21.5 million in FY21)
- For transportation, the budget proposal would maintain existing funding levels for core highway, transit, and airport programs, and calls for a modest increase to transit construction by way of Capital Improvement Grants. It is worth noting that when coupled with the AJP, the proposal does represent a 5-year funding plan; however, it does not contain a full policy proposal for a surface transportation reauthorization bill, nor does it address projected shortfalls in the Highway Trust Fund. Included in the proposed budget:
  - \$47 billion for Federal Highway
  - \$12.5 billion for Public Transportation
  - \$3.3 billion for the Airport Improvement Program

Also last week, Senate Republicans released a second counter proposal to the AJP, this time upping the ante to \$928 billion, which is a significant step forward from their initial \$568 billion offering in late-April. The Republican proposal includes the Surface Transportation Reauthorization Act of 2021, a multi-year funding bill unanimously approved May 26 by the Senate Environment and Public Works Committee that increases highway, road, and bridge funding by 34% over baseline. The shift comes days after Biden offered to cut \$550 billion from his original proposal, moving the two sides closer than they have ever been, and showing genuine negotiations between the two sides. The Senate Republican counter proposal includes:

- \$506 billion for roads, bridges and major projects a \$91 billion increase
- \$65 billion for broadband
- \$48 billion for water infrastructure
- \$25 billion for airports
- \$22 billion for freight and passenger rail

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Although there is still a large gap between them, both proposals bring us closer to some sort of funding package and give hope that the long-promised investment will finally come to fruition. One place where the conversation continues to diverge is in how the plans would be paid for. President Biden has proposed increased taxes on large corporations and high-earning individuals, while the Senate GOP is looking to repurpose existing COVID-19 funds, an approach that White House officials have repeatedly rejected.

The advancement of both proposals is encouraging, although many challenges still remain. No matter what form it takes, an infrastructure investment at the scale of either proposal would be transformative for the nation and a boon for the construction industry. The CWCC will continue to advocate for increased funding for the SRF and other critical programs.

What's next: The President's budget begins the annual appropriations process and serves as an outline for Congress of the Administration's spending priorities for the upcoming fiscal year. The budget is a proposal, and final investment decisions will be negotiated between Republicans and Democrats in the coming months.

President Biden and Senator Shelley Moore Capito (R-W.Va.), the top GOP negotiator, are expected to meet again in early June. The House Transportation & Infrastructure Committee is scheduled to consider infrastructure legislation on June 9, which includes its highway and public transportation reauthorization proposal.

# CWCC SIGNS ON TO SUPPORT H.R. 1915, the "Water Quality and Job Creation Act of 2021"

The CWCC submitted a letter to Chairman DeFazio to support H.R. 1915 (see attached) because its reauthorization and funding levels best meet the CCWC's priorities. The \$40 billion five-year Clean Water SRF reauthorization in H.R. 1915 goes a long way in helping to make up for years of unmet needs and funding shortfalls.

In the letter we highlighted that the membership of the Coalition includes the Southern California Contractors Association, the Arizona Utility Contractors Association, the Associated General Contractors of Texas, and the New Mexico Utility Contractors Association. Not only do these entities benefit from the Clean Water SRF but also from the Alternative Water Source Program (AWSP) because of their interest and involvement in recycled water, water storage and desalination. The inclusion of \$1 billion for the AWSP coupled with expanded project eligibility are welcomed additions to the Program.

#### STAY TUNED - CWCC BUSINESS MEETING IN SEPTEMBER

Plans are underway, and will be shared shortly, to hold a CWCC Business Meeting concurrent with the Utility Expo on or around **September 28-29, 2021 in Louisville, Kentucky.** This event is operated in partnership with and held concurrently with the Association of Equipment Manufacturers' national event, The Utility Expo (formally known as ICUEE): <a href="https://www.theutilityexpo.com/">https://www.theutilityexpo.com/</a>

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Partnering with Planet Underground, the CWCC and its members have been presented with an opportunity to coordinate with them to have a CWCC Business meeting and potential to generate revenue for the Coalition and its members. The potential revenue would consist of a 20% commission for the acquisition of sponsorships for the event specifically targeting utility contractors, with a majority of the commission going to your association.

#### **Event Description**

The Planet Underground aspects of the Expo branded "The Jobsite" represents the first-ever opportunity for service-based companies to directly participate in The Utility Expo. Consisting of 80,000 square feet of outdoor space dedicated to creating an actual construction site, this event is used for promotion of safe work and damage prevention practices through peer-to-peer education. It is a networking event where food and refreshments can be enjoyed in a casual, nontraditional setting.

Due to their agreement with the Association of Equipment Manufacturers, sponsorship is limited to service provider organizations, such as utility contractors. Sponsorship acquisition efforts would be directed at Clean Water Construction Coalition member organizations.

The Jobsite is a construction site. Sponsoring firms must have operating personnel in attendance. In most cases, the equipment and supplies will be provided by companies exhibiting at The Utility Expo. *The Jobsite* is the only location within the 30-acre indoor and outdoor event site to have complete integration of sponsor activities. With its own food and refreshment centers, *The Jobsite* is a unique event allowing sponsoring organizations to network with their customers, potential customers, and suppliers in relaxed environment.

#### KEY ADVOCATES REPORT

Included with this notice is Key Advocates recent report which is current to the end of May.



May 20, 2021

The Honorable Peter A. DeFazio, Chairman Committee on Transportation and Infrastructure U.S. House of Representatives 2165 Rayburn House office Building Washington, D.C. 20515-6256

Dear Chairman DeFazio,

On behalf of the Clean Water Construction Coalition (CWCC), a nationwide organization formed in 2005 and comprised of infrastructure construction associations representing 27 states and approximately 11,000 member firms nationwide that have come together to improve water and wastewater infrastructure by supporting Federal legislation and initiatives, I am pleased to support H.R. 1915, the "Water Quality Protection and Job Creation Act of 2021."

The Clean Water SRF, and specifically its reauthorization and funding levels, are one of CCWC's top priorities. All citizens deserve clean water and local communities depend on the support of our Federal government to provide it. The CWSRF is also of critical importance because it offers Federal funding opportunities that provide low interest loans, often at half the market rate or less, as well as valuable financing benefits, and overall terms that are better than any other financing opportunities. The \$40 billion, five-year Clean Water SRF reauthorization in H.R. 1915 goes a long way in helping to make up for years of unmet needs and funding shortfalls. To say that it is long overdue would be an understatement.

The membership of CWCC includes the Southern California Contractors Association, the Arizona Utility Contractors Association, the Associated general Contractors of Texas, and the New Mexico Utility Contractors Association. These associations represent states that not only benefit from the Clean Water SRF but also from the Alternative Water Source Program (AWSP) because of their interest and involvement in recycled water, water storage and desalination. The inclusion of \$1 billion for the AWSP coupled with expanded project eligibility are welcome additions to the Program.

Mr. Chairman, your work over the years to help communities update their water infrastructure and mitigate costs is greatly appreciated. CWCC applauds the introduction of H.R. 1915, and looks forward to supporting the measure as it advances. Thank you for your continued support of our communities and their critical infrastructure.

Sincerely,

Dan Kennedy

Chairman

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# June 2021 Insights

**Infrastructure: Status** 

Negotiations/discussions are ongoing between The White House and Congress, especially with Senate Republicans, on the substance and process of an infrastructure bill, with the goal a bipartisan agreement. On substance, there are three major differences: cost, with the Senate Republicans at \$568B and the President now coming down from \$2.25T to \$1.7 trillion (having jettisoned the highway bill as a separate vehicle and reducing it by \$39B, matching the Senate spending for broadband at \$65B, and dropping spending on manufacturing, research and development and supply chain, although there are recent reports about a possible \$1T deal and a Senator Romney et al new proposal); scope, with the Republicans defining infrastructure in the traditional sense such as roads, bridges, seaports airports and broadband and the Administration including social programs such as child care, elderly and disabled care, dislocated workers, etc. that have never been considered part of core infrastructure; and, pay-fors with the Republicans opposed to tax increases and not wanting to undo the tax cuts from the last Congress, believing that some of the funds can be obtained from unspent COVID relief funds and new user fees on electric vehicles for example while the President proposes to raise corporate taxes from 21% back to 28%, and increase taxes for individuals earning over \$400K.

On process, there is still the question of whether this would be one big bill or broken up into multiple bills. The President is still saying that he wants a bill this summer and as of this writing set a deadline of Memorial Day to strike a deal with Republicans.

#### **Infrastructure Proposal: Senate Republicans**

On April 22, a group of Senate Republicans outlined their infrastructure plan, a much narrower vision both in terms of cost and scope than the approach proposed by President Biden:

- \$299 billion for roads and bridges
- \$65 billion for broadband
- \$61 billion for public transit
- \$44 billion for airports
- \$35 billion for drinking water and waste water systems
- \$20 billion for railways
- \$17 billion for ports and inland waterways
- \$14 billion for water storage
- \$13 billion for safety measures

#### Infrastructure Proposal: Biden

The original proposal at \$2.25T includes the following: \$621B for highways (\$115B to modernize 20,000 miles of highways, roads, and main streets) and bridges (to fix the most economically significant large bridges and repair the worst 10,000 smaller bridges), highway safety (\$20B), transit (\$85B for

modernization and system expansion), rail (including \$80B for Amtrak's repair backlog and to modernize the Northeast Corridor), ports and inland waterways and ferries (\$17B), airports (\$25B); electric vehicles (\$174B to accelerate the shift to electric vehicles, consumer rebates and tax incentives to buy American-made electric vehicles, a new grant and incentive program to build a national network of 500,000 charging stations by 2030, replace 50,000 diesel transit vehicles, and electrify at least 20% of yellow school buses); \$300B for housing; \$300B to booster U.S. manufacturing including \$50B for semiconductor manufacturing and \$30B for medical manufacturing; \$400B for elderly and disabled care; expand access to long-term Medicaid care services; give caregiving workers the opportunity to join a union; \$213B for housing including building and rehabilitating more than 50,000 homes for low and middle income homebuyers; \$180B for research in critical technologies; \$111B for water infrastructure to replace all lead pipes and service lines and to upgrade clean water, drinking water, wastewater and storm water systems; \$100B to build new schools and upgrade existing buildings, \$12B for community colleges infrastructure needs; \$25B to upgrade child care facilities; \$100B for broadband; \$100B for workforce development including \$40B to retain dislocated workers; and, \$18B to modernize Veterans Affairs' hospitals and \$10B to modernize federal buildings.

#### H.R.1015, the "Water Recycling Investment and Improvement Act"

On February 11, Congresswoman Napolitano introduced H.R.1015 with 13 cosponsors - it is the same bill she introduced last Congress as H.R.1162. It increases the WIIN Act authorization for water recycling grants to \$500M, strikes certain requirements, and increases the Federal share from \$20 to \$30 M. Spoke with Napolitano's staffer who said that the goal is for a hearing in the near future but there was no word beyond that regarding a markup. Said they are watching the developments on infrastructure. Last year, the bill was incorporated in the House Democratic infrastructure bill (H.R. 2).

# S. 941, "Drinking Water and Wastewater Infrastructure Act of 2021"

On April 28, the Senate passed the bill by a vote of 89-2. Passage of this bill is a very positive step for a number of reasons – it is the first time in a long time that the Senate has passed a CW/SDW SRF reauthorization bill; this will put the issue in conference with the DeFazio water bill probably in the context of a mega infrastructure bill; and, the outcome of the conference could see a significant increase in the SRF's (for the CWSRF and SDWSRF, \$14.65B for each in the Senate bill versus \$40B for the CWSRF in the DeFazio bill and \$26B for the SDWSRF in the Energy and Commerce Committee bill).

#### H.R. 1915, "Water Quality Protection and Job Creation Act of 2021"

On March 17, Chairman DeFazio (with Subcommittee Chair Napolitano) introduced the above bill-\$40B over five fiscal years for the Clean Water SRF and \$1B for the Alternative Water Source Program. The Coalition is listed as one of the supporting entities. A Coalition support letter was provided. Markup is expected in in the near future.

#### STREAM Act: "Support to Rehydrate the Environment, Agriculture, and Municipalities Act"

A draft by Senator Feinstein for which letters of support/comments were requested by April 15. The Coalition sent a support letter noting the reauthorization of the Title XVI competitive grant program of \$250 million over 5 fiscal years, the increase in the per project maximum Federal funding contribution to \$30 million, and the elimination of the requirement that Congress must approve funding awards for specific projects through designating them by name in an enacted appropriations bill, the newly proposed Reclamation Infrastructure Finance Program and increased funding for, and expedited congressional approval for water shortage projects of \$750 million, and \$100 million for desalination projects, both over 5 fiscal years. This draft is viewed as the "son of S. 1932" which stalemated last

Congress. The goal of this legislation is with Senate passage to conference with H.R.1015, the Napolitano bill noted above, with the outcome hopefully closer to the higher Napolitano funding bevels.

#### Congressman Huffman's Omnibus Water Bill

The plan is to introduce a Huffman omnibus water bill with modifications from the draft he had last Congress and which was included in H.R. 2. That draft included the Napolitano bill and a proposed \$300M water trust fund, with \$100M earmarked for recycled water projects. Per the Natural Resources Committee, they said they are waiting on the infrastructure effort to see if any of the Huffman proposals are included. That outcome will define the fate of a separate bill

#### **Senator Hirono Water Bill**

Senator Hirono staff has said that the Senator will be introducing a water bill. This goes back to last year. Have an email into her staffer. Unless we hear something more concrete, we will remove it from our tracking list until something comes out of her office.

#### **Senate Highway Bill**

Yesterday, May 26, the Senate Environment and Public Works Committee marked up its portion of the FAST Act reauthorization. It is substantially similar to the bill, S. 3202, that EPW approved on a bipartisan basis and unanimously nearly two years ago. That bill authorized \$287B in highway spending, 90- percent of which would be distributed to the states by formula. The bill featured a title on climate change that authorized \$10.8B for various programs addressing resiliency and \$1B (note the new bill increases that to \$2.5B) for electric, hydrogen, and natural gas vehicle charging and fueling stations. It provided billions for curbing emissions, reducing congestion and truck idling. It also streamlined infrastructure permitting and set a two-year target for environmental reviews. Lastly, the bill authorized \$12.5M per year to fund state and reginal pilot testing of user-based alternative revenue mechanisms to the gas tax. Action by other Senate committees of jurisdiction – primarily Banking, Finance and Commerce – is pending.

#### **House Highway Bill**

Chairman DeFazio says that he will have a bill soon. To review last Congress, no House action on a multiyear bill; one-year extension enacted. The multiyear bill provided \$494B in total funding from FY21 to FY25, as follows: \$319B for the highways; \$105B for transit; \$4.6B for safety; \$5.3B for motor carrier safety; and, \$60B for passenger rail.

### **Biden FY22 Water Budget**

Water: \$56 billion for upgrading drinking water, wastewater and storm water systems. \$3.6 billion for water infrastructure, an increase of \$625 million over the 2021 enacted level, to advance water infrastructure improvement efforts for community water systems, schools, and households, such as repairing up to 180,000 septic systems, as well as broader efforts to improve drinking water and waste water infrastructure while creating good-paying construction jobs across the Nation and in tribal communities.

Western Water: The Bureau of Reclamation supports the development, conservation, management, and restoration of water and related natural resources in the 17 western States and on tribal lands, while balancing competing uses of water. The discretionary request provides funding for programs, such as WaterSMART grants, to improve water conservation and energy efficiency. Reclamation investments address challenges resulting from climate change and shifting demographics to support: reliable water

and hydropower deliveries; to help maintain healthy ecosystems; to protect federally-listed species; and to manage risks from droughts, floods, and fires.

# **Biden FY22 Transportation Budget**

DOT's discretionary resources are only a fraction of the Department's total budgetary resources. The majority of DOT's financial assistance to States, localities, and transportation authorities is provided through mandatory funding derived from the Highway Trust Fund, as part of multiyear surface transportation authorizations. The current authorization, the Fixing America's Surface Transportation Act, expires at the end of 2021.

- Rail: \$625 million for a new passenger rail competitive grant program and \$375 million for Consolidated Rail Infrastructure and Safety Improvement grants to improve rail safety.
- Amtrak: \$2.7 billion for improvements and expansion on the Northeast Corridor and throughout the Nation's passenger rail network.
- Transit: \$2.5 billion for the Capital Investment Grant program to improve accessibility to high-quality transit.
- Buses: \$250 million for grants for transit agencies to purchase low-no-emission buses.
- Communities Initiative Pilot: \$110 million for grants and technical assistance to communities to improve access to destinations and foster community vibrancy.
- Competitive Infrastructure Grant Programs: \$1 billion for the Better Utilizing Investments to Leverage Development (BUILD) grant program for innovative surface transportation infrastructure projects.
- Air Traffic Safety and Efficiency: For managing the national airspace system and to improve aviation safety.
- Merchant Mariners: Funds to purchase the fifth and final State maritime academy training vessel within the Maritime Administration.
- Civil Rights Enforcement: Increases funding for the Office of Civil Rights to further the President's equity agenda.

# Consolidated Appropriations Act, 2021 and the Coronavirus Response and Relief Supplemental Appropriations Act, 2021

To review, on December 27, the President signed into law, as one vehicle, the Consolidated Appropriations Act, 2021, which funds the government at \$1.4T through next September and the Coronavirus Response and Relief Supplemental Appropriations Act, 2021.

"Water" highlights from the Appropriations portion are \$63.665M for Title XVI, of which \$20M is for WIIN Act projects, and \$55M for Water SMART grants. Also, funding for the CWSRF and the SDWSRF are the same as FY20 - \$1.6B and \$1.1B respectfully.

# **Bill Tracking**

Summaries and updates included as available.

<u>H.R.1660</u> — 117th Congress (2021-2022)

To make certain municipalities eligible for grants under the Federal Water Pollution Control Act, and for other purposes.

Sponsor: Rep. Trahan, Lori [D-MA-3] (Introduced 03/08/2021) Cosponsors: (4)

Committees: House - Transportation and Infrastructure

Latest Action: House - 03/09/2021 Referred to the Subcommittee on Water Resources and Environment

<u>H.R.1563</u> — 117th Congress (2021-2022)

To extend the authorities under the Water Infrastructure Improvements for the Nation Act of 2016 providing operational flexibility, drought relief, and other benefits to the State of California.

Sponsor: Rep. Garcia, Mike [R-CA-25] (Introduced 03/03/2021) Cosponsors: (10)

Committees: House - Natural Resources; Science, Space, and Technology

Latest Action: House - 03/03/2021 Referred to the Committee on Natural Resources, and in addition to the Committee on Science, Space, and Technology, for a period to be subsequently determined by the Speaker.

<u>H.R.1881</u> — 117th Congress (2021-2022)

To amend the Federal Water Pollution Control Act with respect to permitting terms, and for other purposes.

Sponsor: Rep. Garamendi, John [D-CA-3] (Introduced 03/12/2021) Cosponsors: ()

Committees: House - Transportation and Infrastructure

Latest Action: House - 03/15/2021 Referred to the Subcommittee on Water Resources and

Environment.

<u>H.R.2173</u> — 117th Congress (2021-2022)

To amend the Federal Water Pollution Control Act with respect to wastewater infrastructure workforce development, and for other purposes.

Sponsor: Rep. Stanton, Greg [D-AZ-9] (Introduced 03/23/2021) Cosponsors: (0)

**Committees:** House - Transportation and Infrastructure

Latest Action: House - 03/24/2021 Referred to the Subcommittee on Water Resources and

Environment.

<u>H.R.2952</u> — 117th Congress (2021-2022)

To amend the Federal Water Pollution Control Act to require a certain percentage of funds appropriated for revolving fund capitalization grants be used for green projects, and for other purposes.

Sponsor: Rep. Williams, Nikema [D-GA-5] (Introduced 04/30/2021) Cosponsors: (0)

Committees: House - Transportation and Infrastructure

Latest Action: House - 05/03/2021 Referred to the Subcommittee on Water Resources and Environment

H.R.2979 — 117th Congress (2021-2022)To amend the Water Infrastructure Finance and Innovation Act of 2014 with respect to the final maturity date of certain loans, and for other purposes. Sponsor: Rep. Garamendi, John [D-CA-3] (Introduced 05/04/2021) Cosponsors: (2) Sponsors: House - Transportation and Infrastructure; Energy and

Commerce EEE Latest Action: House - 05/05/2021 Referred to the Subcommittee

on Water Resources and Environment. SEP SEP

S.916 — 117th Congress (2021-2022) Water Affordability, Transparency, Equity, and Reliability Act of 2021 Sep. Sponsor: Sen. Sanders, Bernard [I-VT] (Introduced

03/23/2021) Cosponsors: (3) En Committees: Senate - Environment and Public Works Latest Action: Senate - 03/23/2021 Read twice and referred to the Committee on Environment and Public Works

Same summary as the next bill.

H.R.1352 — 117th Congress (2021-2022) Water Affordability, Transparency, Equity, and Reliability Act of 2021; Sponsor: Rep. Lawrence, Brenda L. [D-MI-14] (Introduced 02/25/2021) Cosponsors: (78) Committees: House - Transportation and Infrastructure; Energy and Commerce; Ways and Means; Agriculture Latest Action: House - 04/05/2021 Referred to the

Subcommittee on Conservation and Forestry

This bill increases funding for water infrastructure, including funding for several programs related to controlling water pollution or protecting drinking water.

Specifically, it establishes a Water Affordability, Transparency, Equity, and Reliability Trust Fund. The fund may be used for specified grant programs. The bill increases the corporate income tax rate to 24.5% to provide revenues for the fund. In addition, the bill revises requirements concerning the clean water state revolving fund (SRF) and the drinking water SRF. It also creates or reauthorizes several grant programs for water infrastructure.

# <u>H.R.227</u> — 117th Congress (2021-2022)

To provide dedicated funding for the national infrastructure investment program and the capital investment grant program, and for other purposes.

Sponsor: Rep. Hastings, Alcee L. [D-FL-20] (Introduced 01/06/2021) Cosponsors: (2)

Committees: Transportation and Infrastructure; Ways and Means

Latest Action: 01/06/2021 Referred to the Committee on Transportation and Infrastructure, and in

addition to the Committee on Ways and Means

#### H.R.1812 — 117th Congress (2021-2022)

To amend titles 23 and 49, United States Code, to streamline the environmental review process for major projects, and for other purposes.

Sponsor: Rep. Davis, Rodney [R-IL-13] (Introduced 03/11/2021) Cosponsors: (23)

**Committees:** House - Transportation and Infrastructure

Latest Action: House - 03/11/2021 Referred to the House Committee on Transportation and

Infrastructure.

### H.R.2204 — 117th Congress (2021-2022)

To amend title 23, United States Code, to establish additional requirements for certain transportation projects with estimated costs of \$2,500,000,000 or more, and for other purposes.

Sponsor: Rep. DeSaulnier, Mark [D-CA-11] (Introduced 03/26/2021) Cosponsors: (0)

**Committees:** House - Transportation and Infrastructure

Latest Action: House - 03/29/2021 Referred to the Subcommittee on Highways and Transit.