

Securing Required Funding for Water Infrastructure Now Act (SRF WIN Act)

Why is the SRF WIN Act Necessary?

- The SRF WIN Act will provide a direct and politically viable path to providing dramatic increases in funding for our nation's State Revolving Fund (SRF) programs that will help address the backlog of long-awaited local infrastructure projects.
- This legislation would allow thousands of vetted water and wastewater projects to receive funding without EPA having to process thousands of additional applications.
- This approach will complement the already successful Water Infrastructure Financing and Innovation Act (WIFIA) program.
- WIFIA has a proven leveraging capacity – the FY17 appropriation of \$25M leveraged \$1.5B in direct loans for water infrastructure – one state (IN) received roughly ¼ of all 2017 WIFIA funding.
- WIFIA has only received a fraction of its authorized funding (\$25 million in FY17)
- WIFIA funding for individual infrastructure projects will continue to remain in place.
- The SRF WIN Act will allow State Infrastructure Authorities to utilize the financing available through WIFIA and the SRF to fund multiple local infrastructure projects at once, compete against other projects for a larger pot of funding, and not be limited by high application fees.
- EPA will be processing fewer applications, but funding more projects in a given year compared to the current WIFIA program.
- There is strong, longstanding, bipartisan, support for the SRF in Congress.
- EPA Budget was cut by 31% by the Administration, however the SRF Programs were fully funded.
- SRF grant funding must be preserved – No funding for this provision will be available in years where Congress fails to fully appropriate SRF grant dollars at FY2018 levels or higher

LEGISLATIVE COMPONENTS

The objective of this legislation is to build upon the success of the existing Clean Water Act (CWA) and Safe Drinking Water Act (SDWA) in State Revolving Funds in delivering water infrastructure funding to communities of all sizes, through the utilization of the WIFIA financing.

Legislative components of the Securing Required Funding for Water Infrastructure Now Act (SRF WIN Act) include:

- The SRF WIN Act builds on the leveraging concepts in WIFIA to provide a minimum of \$50B in new funds for the existing State Revolving Funds.
- The SRF WIN Act would be a five-year bill that authorizes \$200M each year for a total of \$1B over five years.
- Availability of SRF WIN Act funding is contingent upon an annual appropriation equal to FY18 SRF and WIFIA funding levels, helping guarantee SRF and WIFIA funding.
- Interest rates for SRF WIN Act funds must be attractive to the states – Legislation provides certain states for loans below the Treasury Rate – at a 20% discount (if undersubscribed, EPA has the flexibility to give up to a 50% discount)
- High Fees for State Finance Authorities seeking funds are waived.
- All activities included on CWA and SDWA Intended Use Plan are eligible for funding.
- State Infrastructure Authorities receive an expedited review process of 180 days.
- State Finance Authorities will be able to apply for 100% funding, not the traditional 49/51 split in WIFIA.
- The SRF WIN Act removes “Pilot Designation” from WIFIA.
- Participation in the SRF WIN Act by states will be voluntary.
- The SRF WIN Act will be subject to all existing WIFIA requirements.
- The SRF WIN Act provides for equal consideration of water and wastewater projects.
- Repayment of SRF WIN Act funding would be from the States Finance Authorities and would be governed by the same timeframes and limitations in WIFIA.
- This means no massive rate spikes for rural communities.
- With 35 years to pay the loan back, communities can plan ahead to invest in their infrastructure without citizens seeing their water utility bills skyrocket.

TALKING POINTS

1. Provide leveraged funding, \$50 billion over 5 years in secured loans directly to the 50 State Infrastructure Financing Authorities (existing Clean Water Act (CWA) and Safe Drinking Water Act (SDWA) State Revolving Funds (SRF))

Benefits:

- \$1B in budget authority will result in \$50B of water infrastructure construction - loaned money paid back to Treasury with extremely low risk of default.
- All 50 financing authorities enjoy AAA Bond Rating.
- Federal Government only needs to assess 50 loan applications to provide \$50B.
- State Infrastructure Financing Authorities have the experience and expertise to efficiently distribute funding to thousands of water infrastructure projects.
- States would not need to come up with a match to access leveraged funding that is available. They will be able to apply for 100% funding.
- Program is completely voluntary - State Infrastructure Financing Authorities seek loans at their discretion.

2. State Infrastructure Financing Authorities can use the secured loan for all eligible SRF uses, including additional leveraging

Benefits:

- States effectively manage SRF loans - less than 1/2 of 1 percent of all SRF loans are not fully repaid.
- State Infrastructure Financing Authorities (AAA Bond Rating) have an extremely low risk of default on a loan from Treasury.
- State Infrastructure Financing Authorities and the SRFs enjoy strong support among the ultimate consumers of water infrastructure funding, both rural communities and cities.
- State Infrastructure Financing Authorities have thousands of water projects awaiting SRF funding.

3. State Infrastructure Financing Authorities will repay the loan to Treasury over 35 years (same timeline for loan repayment already established under WIFIA)

Benefits:

- Loans to states allow the Federal Government to support the construction of significantly more water infrastructure than grants to states.
- Increased water infrastructure construction will generate millions of new jobs (23,000 jobs per billion invested) and billions of new tax revenues for Federal and State Governments.

4. Ensure continued Federal funding of the SRF Capitalization Grants at current levels

Benefits:

- Current SRF Loans are extremely effective - local and state governments do not want to see existing SRF funding drained to support new WIFIA-like proposals.
- Ensures that revolving dollars will continue to be available once loans to State Infrastructure Financing Authorities are repaid.

5. Provide expedited disaster relief

- State Infrastructure Authorities receive an expedited review process of 180 days.
- States in which the President has declared a major disaster, in accordance with section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, will be eligible for a discount of 20% off the treasury rate.