



May 31, 2013

The Honorable Tom Reed  
1504 Longworth House Office Building  
United States House of Representatives  
Washington, D.C. 20515

Dear Congressman Reed,

The Distribution Contractors Association (DCA) represents contractors, suppliers and manufacturers who provide construction services including installation, replacement and rehabilitation of water and wastewater infrastructure, natural gas pipelines as well as fiber optic, cable and duct systems in communities across the country.

According to the U.S. Environmental Protection Agency (EPA), America faces more than \$500 billion in unmet water and wastewater infrastructure financing needs at a time when public-sector dollars are scarce. Representing one of dozens of national organizations with a stake in rebuilding America's dilapidated water and wastewater infrastructure, DCA strongly encourages you to introduce the Sustainable Water Infrastructure Financing Act, which would significantly increase private capital investment in water and wastewater projects by eliminating the state volume cap on private activity bonds (PABs).

PABs are an effective tool to leverage private capital in order to finance long-term, capital-intensive infrastructure projects. Unfortunately, use of PABs for water and wastewater infrastructure is extremely limited because of a federally imposed annual state volume cap that essentially limits water project funding to 1% of total bond issuance.

In 2001, EPA's Environmental Financial Advisory Board recommended that private activity bonds for water and wastewater facilities be exempt from the state volume cap after recognizing that "state volume caps were constraining tax-exempt financing in a way that was limiting the supply and/or increasing the cost of investment funds."

It is estimated that \$1 billion invested in water and wastewater infrastructure creates up to 28,000 new jobs with average annual earnings of more than \$50,000, increases demand for products and services in other industries by more than \$3 billion, and generates more than \$82 million in state and local tax revenue at a time when states and communities need it most. Because of the ripple effect that construction employment offers, investment in water infrastructure generates measureable employment in hundreds of standard industry classifications recognized by the US Census Bureau.

PAB legislation will help America repair and replace aging infrastructure by providing much needed access to capital while containing costs. DCA strongly encourages you to introduce and advance PAB legislation as soon as possible, and we thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "RD", is written over a thin horizontal line.

Robert Darden  
Executive Vice President