

## **NUCA Washington Summit**

**May 9-12, 2011**

### **Legislative Report**

NUCA of NM Representatives in attendance: Jane Jernigan, NUCA of NM; Matt Lehman, TLC Plumbing & Utility & NUCA of NM Chapter President; Jamie Lehman; Kari Biernacki, AUI Inc. & NUCA Board Member; Buzz Biernacki; Dan East, Reynolds Southwest, NUCA Immediate Past Chair.

We had appointments and met with staff at Senator Udall, Senator Bingaman, Congressman Heinrich, Congressman Lujan, and Congressman Pearce on 5/11/11.

### **Issues discussed and feedback from NM's Delegation**

#### **Sustainable Water Infrastructure Investment Act – Requested Action: SUPPORT**

- The Sustainable Water Infrastructure Investment Act would allow for significant increases in opportunities for private investment in America's underground environmental infrastructure market by removing water and wastewater projects from under the state volume cap for tax exempt facility bonds (EFBs) or otherwise known as private activity bonds.
- Current law caps the amount of EFBs each state can issue, water infrastructure projects are commonly overshadowed by more attractive infrastructure projects. It is estimated that lifting the cap on these exempt facility bonds would cost the government a modest \$354 million over 10 years; it would result in as much as \$5 billion annually in incremental private capital for water and wastewater infrastructure projects.
- This bill does not change the public/private relationship and does not privatize the industry, but transfers the risk to private investors while the municipality maintains ownership.
- For every \$1 billion spent on water infrastructure, \$82 million flows through the state.
- In 1986 the caps were lifted from the solid waste activity bonds and the funding has steadily provided for the industry's needs since.

The bill numbers (dropped on May 10, 2011) are HB 1802 & SB 939. Udall, Pearce, Heinrich, & Lujan indicated support for this bill. Bingaman's aid wanted to know who would invest and how much.

#### **Government Withholding Repeal –Request SUPPORT TO APPEAL**

- The 3% withholding requirement which was to take effect on January 1, 2012 has been pushed back to take effect on January 1, 2013. It is expected that this will be continuously pushed back but we would like to see it fully repealed.
- The withholding is a flat percentage of revenues from government payments & bears no relationship to companies' taxable incomes and will restrict cash flow needed for day-to-day operations and investments.

- In construction, payments received are commonly turned around to pay for materials, supplies, and services of subcontractors. Compromising profit margins by 3%, in addition to existing retainage commonly subject to construction companies.

The House Resolution number is HR 674 which has 98 co-sponsors. The Senate Bill 589 has 16 co-sponsors. Udall, Pearce, Heinrich, & Lujan indicated support for this bill. A follow-up letter will also ask the entire NM Delegation to co-sponsor the bill. Bingaman's office stated that the income from the 3% withholding would have to be replaced with some other funding before it can be repealed.

### **2012 SRF Appropriations – Request RESTORE FUNDING TO 2010 LEVELS**

- The restoration of 2010 funding levels would include \$3.5 billion for the EPA State Revolving Fund (SRF) programs in FY 2012. 2.1 billion For the Clean Water SRF and \$1.4 billion for the Drinking Water SRF.
- Although Congress has vowed to cut spending, our members pointed out the importance of infrastructure funding since the construction unemployment rate is over 20%. According to the Clean Water Council Study, for every billion invested in water and wastewater infrastructure it creates: up to 27,000 new jobs; increases national output up to \$3.46 billion; generates more than \$1 billion in personal spending; and generates approximately \$82.4 million in state and local tax revenue.
- The SRF has been praised as one of the most fiscally efficient government financing programs, and cuts to infrastructure may incur dire circumstances for the general public.

This funding item is handled in appropriations. Udall, Pearce, Heinrich, & Lujan indicated support and understood the importance of this funding. A follow-up letter will also ask the entire NM Delegation to support the funding for the SRF programs. Bingaman's aid indicated that although they support this funding to its fullest, the Senate's hands are tied because the house will not authorize spending.

### **Surface Transportation – Request – OPPOSE cuts to the transportation investment, and reauthorize for 6 years.**

- The Transportation Investment has been extended 7 times since 2009 and we ask that our representatives reauthorize the fund at \$551 billion for six years, so that municipalities can plan beyond a few months for infrastructure projects.
- Transportation investment impacts utility construction and excavation in a big way. In fact, the Federal Highway Administration estimates that up to 17% of obligated highway funding goes toward excavation, grading, draining and site preparation.
- Also, the FY 2012 budget shows a 30% cut in transportation investment which would cripple an already struggling construction industry. According to the Committee of Transportation and Infrastructure & Federal Highway Administration, this cut would mean \$123,486,275.00 cut just for NM alone from 2011 estimated levels of funding resulting in an additional 4300 jobs lost.

Udall, Pearce, Heinrich, & Lujan indicated support and understood the importance of this funding and supported a six year reauthorization. Again, Bingaman's aid indicated that although they support this funding to its fullest, the Senate's hands are tied because the house will not authorize spending. All of the NM delegation opposes a 30% cut to the funding for the FY2012. Udall's aid stated that there will be cuts to the

funding but it will be a lot lower than 30%. She indicated that this was a 'starting number' thrown out to start a discussion.

Follow-up letters will be sent to all of our representatives so that we can receive a written response to our requests. Over all, the feedback was very positive and there was little to no struggle in gaining support for our issues. The real test will be when (and if) the bills come up for a vote. We'll be watching!

If you would like more information on any of the issues, please don't hesitate to call the Association office at 505 888 0752 and talk to Jane Jernigan.