

November 29, 2011 – VOLUME 8, ISSUE 11

ACPPA Urges Congress to Adopt Buried Metallic Water Pipe Provision in Senate Energy & Water Appropriation Report

In a Nov. 10 [letter](#) to the chairs and ranking members of the House and Senate Appropriations Committees and Energy & Water Development Subcommittees, ACPPA President Rick Lawhun urged Congress to adopt the metallic water pipe language in the [Senate's Energy & Water Development appropriations report](#) as opposed to the [House's language](#).

ACPPA is concerned that the House provision could lead the Bureau of Reclamation to disregard long-term cost savings when specifying pipe projects in highly-corrosive soil by prohibiting the bureau from considering the longevity of pipe materials. This would give ductile pipe manufacturers an unfair advantage in the bidding process. Currently, ductile iron pipe manufacturers must bring their products up to a similar corrosion prevention standard as competing pipe in order to bid on products. Without this requirement, the federal government would be disregarding the notion that long-term project costs outweigh small upfront savings.

Due to the potential for the misallocation and waste of scarce water infrastructure investment resources, ACPPA strongly urged the adoption of the Senate's language that would maintain the current cost protections.

While the House has approved their Energy & Water Development appropriations bill, the Senate has not completed its work on the legislation. However, Senate Majority Leader Harry Reid (D-NV) has indicated that the Senate will vote on a package of the nine unfinished appropriations bills (including Energy & Water) in the coming weeks. The specifics of the package have not yet been released. Stay tuned as further details emerge.

ACPPA Calls on Congressional Leaders to Create Jobs through the Sustainable Water Infrastructure Act

In an Oct. 24 [letter](#) to House and Senate leadership, ACPPA's Board of Directors reminded Congress of the many benefits of the Sustainable Water Infrastructure Investment Act ([H.R. 1802/S.939](#)) and encouraged lawmakers to include the important legislation as a critical provision in any jobs or tax passage.

The bipartisan measure would lift the state volume cap on exempt facility bonds (or private activity bonds) for water infrastructure projects. The bill is estimated to generate \$50 billion in private capital investment while costing the federal government only \$354 million in lost tax revenue over ten years. Such an investment carries an important jobs impact. According to a recent study by the Clean Water Council, as

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many as 26,669 jobs can result from an investment of \$1 billion. These opportunities are spread across the economy with nearly half the jobs in industries other than water and wastewater construction, demonstrating the broad reach of water infrastructure investment.

While reminding Congress that the legislation is not a substitute for adequately funded Clean Water and Drinking Water State Revolving Fund Programs, the additional revenue would help to support important capital investments during these tough budget times.

Ensuring that this legislation is brought before the House and Senate floor requires that lawmakers hear about the nation's immediate need for water infrastructure investment. Urge your representatives and senators to co-sponsor the Sustainable Water Infrastructure Investment act today by visiting www.ACPPA-action.org.

ACPPA Scores Victory as Congress Repeals Contractor Withholding Tax

ACPPA scored another major legislative victory as both houses of Congress passed a bill ([H.R. 674](#)) to repeal the three percent government contractor withholding tax. President Obama signed the legislation into law on Nov. 21.

Repealing the three percent withholding tax law has been a top ACPPA priority for years. Created by Sec. 511 of the 2006 Tax Increase Prevention Reconciliation Act, this onerous tax required federal, state and local government entities whose annual expenditures exceed \$100 million to withhold three percent of all payments made to any individual or company that provides goods or services to the government. The law effectively forced contractors to make interest-free loans to the federal government. In some cases, the amount will exceed a business' profit margin. The tax was set to go into effect at the end of 2013.

As an active member of the [Government Withholding Relief Coalition](#), ACPPA has been working with more than 100 other organizations to encourage the law's repeal. A massive grassroots push over the summer built tremendous support for repeal in both chambers, with more than half of the House and a third of the Senate co-sponsoring repeal legislation.

Thanks to all ACPPA members who helped show lawmakers the folly of this ill-conceived law using [ACPPA-Action.org](#).

ACPPA Invited to Serve on SWIC Steering Committee

In recognition of the strong leadership role ACPPA has played in advocating for increased federal investments in water infrastructure on Capitol Hill, the association was recently invited to serve on the steering committee of the Sustainable Water Infrastructure Coalition (SWIC).

Due to ACPPA's high visibility on Capitol Hill, knowledge of the issues, and familiarity with the inner workings of Washington, the alliance invited ACPPA to assist in providing guidance and leadership to the coalition and its activities. SWIC's top priority for the current Congress is to enact the Sustainable Water Infrastructure Investment Act (see above).

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Other associations taking a leadership role in the coalition include NUCA, the Associate General Contractors, the American Council of Engineering Companies, and the National Association of Water Companies.

Super Committee Failure Could Mean Steep Cuts to Water Funding

The failure of the bipartisan congressional "super committee" to produce a plan for solving the nation's fiscal and budgetary crisis will trigger \$1.2 trillion across-the-board defense and non-defense discretionary spending cuts.

The spending roll back is set to begin in 2013 through a process known as sequestration. Though the exact impact of the process is unknown at this time; its effect will be far reaching.

Federal infrastructure programs, such as the Clean Water and Drinking Water State Revolving Fund programs will likely see reductions. Combined with recent drops in investment levels, the new cuts will be particularly damaging. The exact impact on federal programs with dedicated revenue streams, such as the highway program (Highway Trust Fund), is still unknown.

The sequestration process creates a set of discretionary spending caps and triggers mandatory spending cuts spread over a nine-year period. In 2013, cuts will be made from all congressionally approved discretionary and mandatory spending. Beginning in 2014, discretionary caps will be lowered and spending will be cut from all categories not exempted by law (i.e., Social Security, Medicaid, veterans programs, refundable income tax credits, and programs with dedicated revenue streams such as the Highway Trust Fund).

The automatic cuts are required by the [Budget Control Act \(BCA\) of 2011](#), the deal reached earlier this year to raise the national debt ceiling. Under the law, House and Senate leadership appointed members to the super committee who were tasked with coming up with a plan containing at least \$1.2 trillion in cuts to the federal budget. The final compromise was to be voted on by both chambers. As an incentive for lawmakers to reach a deal, any failure to make the required cuts would result in the automatic reductions necessary to reach the goal.

While the super committee's failure has triggered sequestration, it is unclear what, if any, impact the process will have. Many members of Congress have indicated their desire to avoid the cuts by creating new laws to reduce or eliminate the impact of the BCA's requirements.

ACPPA will continue to remind Congress of the important difference between wasteful government spending and critical investments in national infrastructure. The threat of the cuts highlights the need for sustainable and dedicated funding for infrastructure investments and for new and innovative approaches to financing that capitalize on private-public partnerships.

Stay tuned for further developments on the sequestration process and the impact it will have on federal infrastructure programs.

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Obama punts on Keystone XL

On Nov. 10, the U.S. Department of State [announced](#) that it will delay, by more than a year, a final decision on the [Keystone XL Pipeline](#).

A decision on the pipeline, set to bring oil from the tar sands of Alberta, Canada to the Gulf of Mexico off Texas, was expected by the end of 2011. The department's announcement postpones a decision until at least first quarter 2013.

The project has proved a political challenge for the Obama administration, with two of its key constituencies, labor unions and environmental groups, taking opposing sides. Labor unions and the construction industry, including ACPPA, have been advocating for the 100,000 jobs and 1.2 million barrels of oil per day the project is expected to create. Environmental groups have raised concern over potential negative environmental consequences, despite the State Department's [final environmental impact statement](#) showing no detrimental effects.

Recent criticism of the project's proposed path through Nebraska has highlighted concerns about potential negative impacts on wetlands in the state's Sand Hills area. Echoing these concerns, Nebraska's GOP Gov. Dave Heineman, called a special session of the Nebraska legislature to address the matter and asked Obama to deny the pipeline permit. In delaying a final determination, the State Department announced that these concerns have made it necessary to reevaluate alternative routes for the pipeline.

ACPPA is disappointed by the State Department's decision. There's a strong economic and national security case for the project. The pipeline will ensure a stable supply of oil from our closest ally and trading partner. In addition to reducing energy costs and lessening our dependence on natural resources from politically unstable or hostile countries, the project will also generate considerable economic activity and create jobs along its route and in the manufacturing sector.

The association will continue to monitor the project as it advances and advocate for its approval.

Senate Bill Revives Battle for Highway Funding

After years of inaction, there's finally some progress on the highway front. On Nov. 9, the Senate Environment & Public Works (EPW) Committee unanimously approved a bipartisan two-year surface transportation bill.

The bill, Moving Ahead for Progress in the 21st Century (MAP-21) ([S. 1813](#)), is a two-year, \$109 billion dollar proposal that continues highway funding at current levels plus an inflation adjustment. The legislation would consolidate the number of federal transportation programs by about two-thirds while seeking to expedite project delivery and eliminate duplicative programs to stretch federal dollars further. It also sets specific performance goals and eliminates earmarks for transportation projects.

While the investment levels in MAP 21 are insufficient to address America's well-documented, long-term infrastructure needs, the legislation would avoid the drastic consequences of cutting \$14.1 billion from highway investments as proposed by the House earlier this year. Furthermore, the bipartisan consensus

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surrounding its approval is evidence of the growing awareness on Capitol Hill about the strong correlation between infrastructure investment, jobs, and the nation's long-term economic health.

Despite the unanimous approval by committee, the bill faces significant hurdles before becoming law. To pay for the legislation, senators must find an additional \$12 billion in funding to make up for the gap between revenues generated by the Highway Trust Fund (HTF) and current investment levels. Senate EPW Chair Barbara Boxer (D-CA), had been hoping to secure the additional resources before introducing the legislation, but the Senate Finance Committee has been unable to identify a bipartisan "pay-for" to fully fund the proposal. For any real shot at passage, members of the Finance and EPW Committees must strike a bipartisan deal that covers the HTF shortfall.

To encourage your Senators to move swiftly to approve MAP-21, be sure to visit ACPPA-Action.org.

Senate Rejects Administration's Infrastructure Proposal

Shortly before the introduction of MAP-21, the Senate voted down competing transportation proposals, rejecting both the infrastructure portion of President Obama's jobs proposal and Republican plans for infrastructure spending on Nov. 3.

The Democratic proposal ([S. 1769](#)) would have spent \$50 billion on infrastructure investments and set aside \$10 billion to start a national infrastructure bank. Taken from President's Obama's jobs package, Republicans opposed the measure as it would fund the investments through a surcharge on taxpayers earning more than \$1 million.

The Republican bill ([S. 1786](#)) would have extended current highway funding for another two years. Democrats, however, objected to measures attached to the legislation that would restrict Environmental Protection Agency authority, eliminate spending on transportation enhancements such as pedestrian paths, implement the REINS Act, and prohibit any regulation with an economic impact of more than \$100 million. Neither piece of legislation was expected to win approval. Even among infrastructure supporters, these plans were viewed as overtly political. Infrastructure advocates are wary of Obama's plan, viewing it as a band-aid to a problem that begs a long-term solution. While the Republican plan offered long-term stability, it was loaded with measures that ensured it would garner little of the bipartisan support necessary for success in the Senate.

House Wakes to Importance of Infrastructure Investment

On Nov. 17, House GOP leaders including Speaker John Boehner (R-OH), Transportation & Infrastructure Chair John Mica (R-FL), and Natural Resources Committee Chair Doc Hastings (R-WA), [revealed](#) details about the Republican's highway reauthorization proposal ([American Energy & Infrastructure Jobs Act \(H.R. 7\)](#)).

While the announcement was light on specifics, the Speaker pledged to formally introduce the legislation in the coming weeks. The measure reiterates Boehner's [earlier promise](#) "to combine an expansion of American-made energy production with initiatives to repair and improve infrastructure and reform the way infrastructure money is spent."

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While Boehner's move is a positive development, there are still questions and political challenges surrounding it.

First, the idea of tying infrastructure spending to royalties from expanded energy production could compromise the "user-pays" model that has been the essential component of infrastructure funding since the days of President Eisenhower.

Second, it is unclear exactly how much revenue could be expected under this system, where the money would come from, and what its long-term viability might look like.

Lastly, it is essential that an infrastructure bill be truly bipartisan in nature to have a chance at becoming law. The House GOP's proposal to link infrastructure investments with expanded energy production in the Arctic National Wildlife Refuge threatens the legislation's credibility with their Democratic counterparts in the House and Senate.

Boehner's announcement came just days after a group of 120 House Republicans, led by Reps. Reid Ribble (R-WI) and Tom Reed (R-NY), sent a [letter](#) to the GOP's top leaders in the House decrying the havoc that uncertainty in federal infrastructure programs is having on national economic growth. The letter noted Republican's traditional support for transportation infrastructure and urged immediate action for a "reformed and streamlined multiyear surface transportation bill."

Taken together, the Boehner announcement and Senate EPW Committee action are clear signs that momentum is building to get a surface transportation bill done sooner rather than later. Help us keep up the momentum by weighing in with your elected representatives and telling them to make highways a priority. Visit ACPPA-Action.org to send a message urging action on a new highway bill today.