AMERICAN Concrete Pressure Pipe ASSOCIATION

Actionline

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Can private investments save water infrastructure from sequestration's blow?

The possibility of forced budgetary sequestration, which would slash up to 8.5 percent from federal programs, could hit water infrastructure particularly hard.

> **Mark your calendar!**
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> ACPPA's 2012 Annual Meeting will take place at Westin Savannah on Nov. 12 & 13. Look for more information about the meeting in the coming weeks. In the meantime, if there are issues you'd like to see on the agenda, please send a note to ACPPA President Rick Lawhun (rlawhun@acppa.org).

Funding for drinking and wastewater investments comes from general line items in the federal budget and is not exempt from the budget ax in a sequestration scenario. This puts water investments in a more uncertain position than other infrastructure programs such as highways, transit, and airports, which have trusts exempting them from mandatory cuts (*see related story*).

The nation's water infrastructure needs are dire. The Environmental Protection Agency (EPA) has pegged the funding gap between drinking and wastewater needs and investments at $500 billion dollars. In the face of limited budgets and growing debt concerns, lawmakers are increasingly considering private funding and public/private partnerships to repair and modernize our nation's aging water infrastructure.

The use of private funding could generate significant revenue streams to invest in our nation's crumbling water infrastructure. The 112th Congress has considered several measures that would allow private investments to address our national water needs. These include:

- Sustainable Water Infrastructure Investment Act of 2011 (H.R. 1802/S. 939): Introduced by in both chambers by a bipartisan group of lawmakers, this legislation would lift the volume cap on private activity bonds to generate approximately $5 billion in private investment for water infrastructure investments.

- Expanding the Industrial Energy Efficiency Incentives Act of 2012 (S. 3352): This bipartisan bill, currently under consideration in the Senate, would provide tax incentives for industries that invest in water reuse and recycling and would reduce the stress on wastewater infrastructure by encouraging private sector investment in water efficiency.

- The Water Protection & Reinvestment Act of 2012 (H.R. 6249): In addition to raising new revenues for water infrastructure, this legislation would also establish a program to attract private investment modeled after the popular Transportation Infrastructure Financing & Innovation Act (TIFIA).

Investment shortfalls in our nation's water infrastructure are daunting. A failure to invest now will only mean even more investment later. Private funding initiatives like these would bypass budget constraints and reinvigorate our nation's water supply network.

With research from the Clean Water Council showing every $1 billion invested in water infrastructure creates more than 20,000 jobs, it is more important than ever to find new revenue streams for our nation's water management systems.

Visit ACPPA-Action.org to urge your lawmakers to make water infrastructure investment a top priority.

Senate hearing affirms WRDA support

On Sept. 20, the Senate Environment & Public Works Committee held a hearing on the urgent need to complete work on legislation to update the Water Resources Development Act (WRDA) of 2007 (P.L. 110-114), which addresses flood control, navigation, and environmental projects by the United States Army Corps of Engineers.

Hearing testimony focused broadly on infrastructure investment needs and job creation opportunities; little was said about what the bill would actually look like or strategies to complete the legislation in the limited time remaining in the 112th Congress. Committee members pledged support for reauthorization even though the current earmark ban complicates the need for investing in specific projects, as WRDA bills tend to be filled with earmarks.

Committee Chairwoman Barbara Boxer (D-Calif.) plans to circulate a draft for comment in the coming weeks, and hopes to bring the bill to the Senate floor during the lame-duck session following the 2012 elections, an ambitious goal.

For more information, including hearing testimony remarks, click here.

CBO warns of recession if "fiscal cliff" not averted

On Aug. 22, the Congressional Budget Office (CBO) warned that the U.S. economy will enter another recession if Congress fails to avert the "fiscal cliff" of tax increases and spending reductions set for the end of 2012.

At the end of the year, the Bush-era tax cuts, the payroll tax reduction, and the alternative minimum tax cut patch are set to expire. Additionally, sharp reductions in Medicare's payment rates for physicians' services are scheduled to take effect and the estate tax is set to revert to pre-2001 levels (55 percent rate, $1 million exemption). These expiring provisions are on top of the $1.2 trillion in automatic spending cuts set to go into effect in early 2013 from the sequestration process.

The CBO cautions that the US economy will contract by 0.5 percent and unemployment will rise to 9.1 percent, shedding more than 2 million jobs in 2013 if Congress doesn't:

- extend all expiring tax provisions indefinitely (except the payroll tax reduction in effect in calendar years 2011 and 2012);
- index the Alternative Minimum Tax for inflation after 2011;
- maintain current Medicare payment rates for physicians' services; and,
- prevent the automatic spending reductions.

The economy would also lose more than two million jobs without congressional action.

Due to partisan gridlock, many fear lawmakers will be unable to forge a consensus that avoids such a nightmare. For months, ACPPA has been warning members about the impending economic damage that will result without swift action. The association urges Congress to temporarily extend the Bush-era tax cuts and find an alternative to the automatic spending cuts.

Where did your lawmakers stand in the 112th?

Knowing exactly where your lawmakers stand on the issues that matter to you and your business is the most important step in being an informed and active participant in the political process.

To help ACPPA members know where their lawmakers stand on the issues that matter most to the construction and concrete pressure pipe industries, the association updated its congressional directory to include a guide to lawmaker's votes on key issues during the 112th Congress. The guide is available on ACCPA's grassroots action website, www.ACPPA-Action.org.

With Election Day approaching, a steady diet of uninspiring campaign rhetoric, hyperbolic accusations, and political mudslinging will feed the airwaves over the next several weeks. Add to the mix the hundreds of millions of dollars spent by outside groups and Super PACs and it can be all too easy to forget the most important question to ask on Nov. 6, "Do I approve of the way my lawmakers are voting?" ACPPA carefully selected the ten House and Senate votes most important to the concrete pressure pipe industry to help you answer that critical question.

Most of the key votes selected revolve around surface transportation reauthorization and water infrastructure investment. The association also worked to improve the cost of doing business, joining efforts to alleviate the regulatory burden, overturn the Affordable Care Act (President Obama's signature healthcare bill), and position Congress to begin a serious debate regarding comprehensive tax overhaul.

For better or worse, lawmakers bear a multitude of distinctive considerations when considering how to cast their vote. Perhaps your representative voted "aye " on a bill despite an unfavorable environmental provision, or voted "nay" on largely beneficial legislation because it would set-back a particular industry important to their district. Collectively, however your lawmakers' voting records paint a portrait of where they stand on each issue and how they can be expected to vote in the 113th Congress and beyond.

To view the directory and vote chart of lawmakers in ACPPA member districts, click here. To view the voting record of other members of Congress, click here.

Got what it takes to be ACPPA's 2012 Pundit of the Year?

With Election Day just weeks away, everyone is prognosticating the outcome of November 6. So how do you stack up against them and others in the concrete pressure pipe industry? Answer this short survey by November 5 to find out – the winner will win the distinctive honor of being "ACPPA's 2012 Pundit of the Year."

To provide a little expert guidance, ACPPA's friends at the government affairs firm, Obadal, Filler, MacLeod & Klein (OFMK) have offered their own predictions. Political analysis comes from Managing Member Christian Klein, Senior Legislative Associate Daniel Fisher, Communications Director Jason Langford, Communications Coordinator Josh Pudnos, and Communications Intern Matt McKinney.

The following predictions are based on the political landscape as of Sept. 25, and should not be construed as an endorsement for one candidate over another.

Race	Candidates	Predicted Winner (OFMK Vote)
Florida Senate	Sen. Bill Nelson (D) v. Rep. Connie Mack (R)	Nelson (5-0)
Ohio Senate	Sen. Sherrod Brown (D) v. Josh Mandel (R)	Brown (4-1)
Massachusetts Senate	Sen. Scott Brown (R) v. Elizabeth Warren (D)	Warren (3-2)
Missouri Senate	Sen. Claire McCaskill (D) v. Rep. Todd Akin (R)	McCaskill (5-0)
Montana Senate	Sen. John Tester (D) v. Rep. Denny Rehberg (R)	Rehberg (3-2)
Nevada Senate	Sen. Dean Heller (R) v. Rep. Shelley Berkley (D)	Heller (3-2)
Virginia Senate	Tim Kaine (D) v. George Allen (R)	Kaine (5-0)
Balance in Senate	GOP v. Democratic Party	50-50
Pres. Electoral Votes	Pres. Barack Obama v. Gov. Mitt Romney	Obama: 332 / Romney: 206

Sequestration would spare some infrastructure investments

On Sept. 14, the White House released a report detailing the consequences of automatic spending cuts to the federal budget scheduled to go into effect on Jan. 2. The cuts are required by the Budget Control Act (BCA) of 2011, the deal to raise the national debt ceiling following the failure of the so-called congressional "super committee" to reach a bipartisan agreement to curb spending.

The report details the dollar amount each federal agency in all branches of government would have to bear if the sequestration takes force. Most federal programs and agencies will confront an 8.1 percent reduction to their budgets at the beginning of the new year. While the administration didn't break out projected cuts for the Clean and Drinking Water State Revolving Fund, all indications are that these programs will not be saved from the substantial cuts. However, transportation investments, such as the Highway Trust Fund, TIFIA, and Airport Improvement Program, are largely supplied by special trust accounts and would mostly be spared from the budget axe.

The severity of the potential impact of sequestration highlights the need for lawmakers to work together to find a long-term solution to the nation's budgetary and fiscal problems. It is worth remembering that Congress designed the sequestration process to be so dramatic that it would force lawmakers to act.

Finally, not widely reported is the fact that the salaries for representatives and senators are in the category of spending considered "mandatory" and not subject to sequestration. However, congressional staffers would lose more than $100 million in pay should the budget axe fall. It remains to be seen how lawmakers manage the political risk associated with receiving their full salaries while popular programs are cut and their own employees are forced to make due with less.

Business and transportation priorities: What does the election mean for you

By Hon. Mark Kennedy

Former Rep. Mark Kennedy

Editor's Note: ACPPA periodically invites members of Congress and other Washington insiders to write columns for Actionline *on legislative topics to allow our readers to hear directly from people making decisions on Capitol Hill. This month's guest columnist is the Hon. Mark Kennedy. A former Republican representative from Minnesota, Kennedy is the director of the Graduate School of Political Management at The George Washington University. The views expressed by Kennedy do not necessarily reflect those of ACPPA.*

Decision 2012 boils down to a contrast between President Obama and Republication nominee Mitt Romney on strategies surrounding economic improvement. The candidates' focus on how to set our nation's finances aright is foundational to positioning America as a place where businesses can thrive, our children and grandchildren can fulfill their dreams, and our leaders can tackle our most pressing challenges from a position of strength. We all want fiscally responsible legislation that positions America to invest in and grow jobs. Such an environment must include first-class national infrastructure.

Central to the Republican approach to the private sector is nurturing an environment conducive to economic activity, including lowering taxes and restricting regulations to that which is necessary for health, safety, and security. To this end, Romney aims to repeal recent regulations that he feels did not respond to the underlying causes of corporate and financial meltdowns over the past decade and today impose an uncompetitive burden on businesses. He proposes spending cuts in an effort to balance the nation's budget—an action he notes is morally and fiscally imperative. His plan to cap federal spending at 20 percent of the gross domestic product (GDP) by 2016 intends to return government to levels that existed prior to the recent escalation in government spending.

In contrast, the Democratic approach to the private sector has historically been for the government to make investments in education, research, and infrastructure that, if paid for, would require more taxes on business. The recent expansion in regulations would remain in effect and would likely be built upon. Obama aims to grow the economy from the "middle class out"; however, his plans for recovery and rescue require funding that ultimately will need to be collected through taxes.

Both parties have tried to be “good on transportation.” However neither Obama nor Romney has a transportation or infrastructure issue category on campaign websites. Over the years, I have observed two key partisan flash points on transportation: funding sources and the public-private mix. With average mileage increasing and the key funding source for transportation investments being a gas tax per gallon, transportation funding has been constrained. Democrats have expressed more willingness to increase the gas tax and explore usage taxes to provide funding. Amid a nation weakened by the cost of travel, higher taxation could further cripple the ability of businesses to manufacture and transport their goods. In contrast, Republications have been more open to looking for ways to increase private enterprises in transportation funding. A key example of this would be the Freeing Alternatives for Speedy Transportation (FAST) Act that I advanced in Congress. The FAST Act proposed removing a prohibition for the construction of new privately funded FAST lanes, which drivers could voluntarily choose to travel on for a fee collected electronically. The fact that it was the only amendment to the Transportation Bill during my time in Congress to pass over the objection of both the chairman and the ranking member reflects the appeal of market solutions to transportation challenges.

Having served on the Transportation and Infrastructure Committee throughout my three terms in U.S. Congress, the issue of responsible expansion of travel opportunities throughout the country is important to me and indeed all Americans. We need a president who will invest in improvements to our nation’s federal highways infrastructure, preferably without burdening the businesses that use them with uncompetitive taxes. There is a path to expanded transportation funding no matter who is elected, though it will require getting a sufficient number of legislators to agree on the funding source and the role of private industry.