



CPWC
COALITION TO PROMOTE WATER CONSERVATION

March 10, 2016

The Honorable Jared Huffman
1630 Longworth House Office Building
Washington, D.C. 20515

The Honorable Dana Rohrabacher
2300 Rayburn House Office Building
Washington, D.C. 20515

Dear Representatives Huffman and Rohrabacher:

The Coalition to Promote Water Conservation (CPWC) is an ad hoc affiliation of water supply entities and organizations throughout the country that seeks to advance widespread water conservation and storm water management practices by water consumers. The CPWC supports H.R. 4615, the Water Conservation Tax Parity Act, which would treat rebates for water conservation programs the same as energy efficiency rebates under the federal tax code. The CPWC sees invaluable benefits from creating parity between water efficiency rebates, which are not addressed in the code, and energy efficiency rebates, which Congress specifically declared nontaxable in 1992. Water conservation rebates should not be treated as income, but instead, as non-taxable investments to defray upfront consumer costs for a public benefit.

The simple but effective change proposed in H.R. 4615 is crucial to ensuring residents continue to participate in water conservation programs, particularly in light of the water crisis facing the western United States. The Joint Committee on Taxation found that exempting these rebates from gross income would have a “negligible” budget impact. Encouraging residents to replace water-thirsty lawns, install “gray water” capture systems or purchase new water-efficient appliances can provide *significant* water savings and improve storm water management.

Public utilities have a history of offering rebate programs to promote water conservation and storm water management, such as turf removal and replacement with water-conscious landscaping or rain water harvesting. This measure clarifies that such rebates provided by water utilities for water conservation and water runoff management improvements are excluded from gross income. These rebates and the actions they promote help stimulate private investment in responsible and reduced water use; however, residential participation is essential to their success. Taxing water rebates acts as a significant disincentive for utilities and the millions of Americans willing to do their part in promoting clean waterways and water conservation.

The Coalition to Promote Water Conservation has actively been seeking Congressional action to support these critical residential water conservation and management measures and

eliminate the potential for taxation of the rebates. The CPWC appreciates your leadership in sponsoring this bipartisan legislation and stands ready to assist you in advancing this critical issue.

Sincerely,

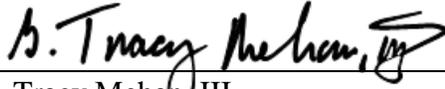
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Alliance For Water Efficiency



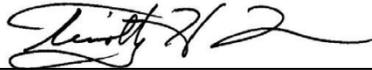
Mary Ann Dickinson
President and CEO

American Water Works Association



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