February 12, 2010

Yesterday, Senator Baucus and Senator Grassley, Chairman and Ranking Member of the Senate Finance Committee released details of their “Hiring Incentives to Restore Employment [HIRE] Act. These are tax provisions affecting a wide-range of economic activity. This morning Senate Majority Leader Harry Reid announced that certain aspects of the HIRE legislation would be taken up by the Senate on February 22\textsuperscript{nd} while other aspects of the legislation would be voted on in a separate package.

The Senate Finance Committee, like its Ways and Means counterpart in the House, has jurisdiction over tax issues so its bill is confined to those issues.

One great disappointment with the Senate legislation is its treatment of Private Activity Bonds. There had been real hope that the volume cap on PAB’s would be lifted for a number of public infrastructure issues. And while there are cap waivers in the Senate bill for transportation energy, and energy conservation there is no provision to lift the volume cap for water and wastewater infrastructure projects.

The US Conference of Mayors has estimated that each $1 billion in water/wastewater infrastructure funding creates 28,000 jobs. Moreover, PAB funding can be made available without all of the red tape associated with Stimulus funding.

The bottom line here is that rather than looking only to the Appropriations cycle, which can address only a tiny percentage of the nation’s infrastructure needs, the water resources community is going to have to focus on innovative new funding mechanisms to get the job done. We have reported on several promising avenues of approach in past reports and we wanted you to be aware of this latest update on the fate of PAB’s and their ability to fund water/wastewater infrastructure.

The water community is going to have to become as used to working with the House Ways and Means/Senate Finance Committees as we are now with Committees like Transportation and Infrastructure and Appropriations. The fact that the PAB funding cap for transportation, energy, and energy efficiency are addressed in the HIRE bill and water/wastewater are not is an indication of the work that lies ahead of us.

More Info

The Senate Finance Committee’s News Release on the HIRE draft bill is attached.

Also, see the following for the actual text of the draft: http://finance.senate.gov/sitepages/leg/LEG%202010/021010%HIREACT20draft.pdf

Contact Fred or Tom

Fred Hicks – 703.626.5384
P.O. Box 2115
Springfield, VA 22152-0115
fbhicks@aol.com

Tom Ray – 254.855.0880
P.O. Box 955
Waco, TX 76703-0955
tom@hicks-ray.com

Hicks-Ray Associates