

December 9, 2021

The Honorable Ron Wyden
Chairman
Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510-6200

Dear Chairman Wyden:

The undersigned organizations write to express our strong support for Section 136305 of the *Build Back Better Act*. This provision is based on the Water Conservation Rebate Tax Parity Act (S.2430), and it would end federal taxes on utility rebates provided to homeowners and other property owners who conserve water or improve stormwater or wastewater management. The bill would result in the federal government treating water conservation rebates the same as energy conservation rebates, which were exempted from federal taxes in 1992.

With the current drought already impacting over 90 million people in the U.S., and with water scarcity likely to get worse because of population growth and climate change, there is an urgent need to encourage water efficiency. This threat goes well beyond the arid west. More than thirty states are currently grappling with drought conditions, including states located in the Great Plains, Midwest, Southeast and Mid-Atlantic regions. And scientists warn that most of the country is on pace to experience water shortages if we don't manage water better.

Unfortunately, homeowners are currently taxed on rebates for making water-saving investments, which increases their costs and discourages these improvements. Section 136305 clarifies that these rebates are not taxable income but rather an effort to defray up-front consumer costs for a public benefit.

Thank you again for your leadership on this important issue, and we look forward to working with you to ensure that this provision remains in the final Build Back Better Act text that the President signs into law.

Sincerely,

Alliance for Water Efficiency
AIQUEOUS
Alameda County Water District, CA
Amy Vickers and Associates
Aquos Pools
Aurora Water, CO
Bay Area Water Supply & Conservation Agency, CA
Bottom Line Utility Solutions, Inc.
California Water Efficiency Partnership
California Water Service Company
Carpinteria Valley Water District, CA
Citizens Water Advocacy Group
City of Avondale, AZ
City of Bend, OR

City of Flagstaff, AZ
City of Hays, KS
City of Hillsboro, OR
City of Las Cruces Utilities Water Conservation Program, NM
City of Mesa, AZ
City of Sacramento, CA
City of Santa Barbara, CA
City of Santa Rosa, CA
Connecticut Water
Contra Costa Water District, CA
Dickinson and Associates
East Bay Municipal Utility District, CA
EcoSystems, LLC
Flume
Foothill Municipal Water District, CA
Gary Klein and Associates, Inc.
International Association of Plumbing and Mechanical Officials
International Code Council
Irrigation Association
Irrigation Analysis
Metropolitan Water District of Southern California
Monte Vista Water District, CA
Monterey Peninsula Water Management District, CA
Moulton Niguel Water District, CA
Municipal Water District of Orange County, CA
Plumbing-Heating-Cooling-Contractors National Association
Plumbing Manufacturers International
Portland Water Bureau, OR
Rancho California Water District
Regional Water Providers Consortium, OR
Santa Margarita Water District, CA
Sacramento Suburban Water District, CA
SCV Water, CA
SJWTX, TX
Sonoma County Water Agency, CA
Tacoma Water, WA
Tampa Bay Water, FL
Three Valleys MWD, CA
Tualatin Valley Water District, OR
Turfgrass Water Conservation Alliance
Upper San Gabriel Valley Municipal Water District, CA
Upper Trinity Regional Water District, TX
Waterless, Co.
Walnut Valley Water District, CA
WaterNow Alliance