

Clean Water/Drinking Water State Revolving Funds: Report Addresses Potential Economic Benefits of Increased Federal Funding



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The Water Environment Federation and WaterReuse Association (collectively “Associations”) issued an April 2016 report that includes an analysis of the economic impact of proposed increased federal drinking water (“DW”) and clean water (“CW”) state revolving funds (“SRF”) appropriation levels (including taxes returned to the federal government, and employment/economic effects that the spending generates).

The report is titled *The Economic, Job Creation, and Federal Tax Revenue Benefits of Increased Funding for the State Revolving Fund Programs (“Report”)*.

The increased funding levels modeled in the *Report* are stated to reflect proposals in Congress to increase the SRF appropriation levels for fiscal years 2017 – 2020.

The CW and DW SRF programs fund related infrastructure construction and are administered by the federal government.

Both programs have provided more than \$135 billion in low-interest loans for over 47,000 projects at a cost of approximately \$55 billion to the federal government according to the Associations. Such investments in drinking water and wastewater infrastructures are cited as critical for the public health of communities and the quality of the environment.

The Associations state that the *Report* was prepared to help Congress “better understand the potential impacts of increasing the appropriation levels for the SRF programs”

The Associations cite a United States Environmental Protection Agency’s need survey estimating the United States will need \$271 billion over the next 20 years for wastewater and stormwater infrastructure. The *Report* also notes an Environmental Protection Agency drinking water analysis estimating the country will need \$384 billion over the next 20 years.

The *Report* concludes that for every dollar of federal SRF spending, 21.4% are returned to the federal government in the form of taxes. It also states:

The study also shows that the federal SRF allocations account for approximately 23% of the total SRF spending, which also includes state matching funds and funds from state program loan repayments. Thus, the proposed \$34.7 billion federal allocation will leverage on an additional \$116.2 billion in state spending (\$151 billion total). Therefore, together, the proposed federal allocations in state SRF program

funds will result in \$32.3 billion in federal tax revenue. Thus, when leveraged state program funds are taken into account, every dollar of federal SRF spending results in 0.93 in federal tax revenue.

Increased employment and labor income as well as increases in total economic input as a result of such appropriation increases are also cited.

Click here to download a copy of the [Report](#).