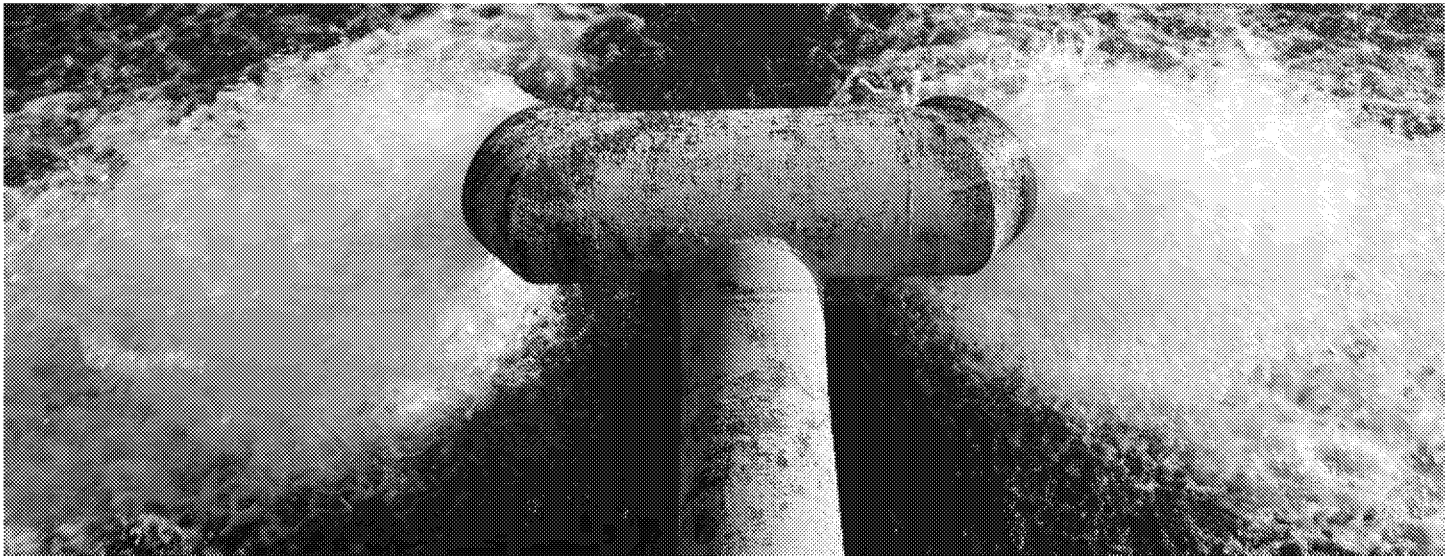


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Water from an emergency reserve, for use during drought conditions.

Photographer: David McNew/Getty Images

News

Senate Water Bill Would Blow Hole in Deficit, Budget Agency Says

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By David Schultz

- Analysis finds Senate water bill to boost deficit more than \$3 billion
- Republicans say provisions will be fixed before bill lands on floor

A landmark water resources bill in the Senate would blow a hole in the federal deficit, Congress' nonpartisan economic analysts said June 29.

However, the bill is still primed for an easy passage through the chamber because its budget-busting sections will be rewritten before the legislation reaches the Senate floor, Republican staffers told Bloomberg Environment.

The water resources legislation, S. 2800, won approval from the Senate Environment and Public Works committee last month on a unanimous 21-0 vote. If the committee-approved legislation is enacted, it would boost the deficit by more than \$3 billion over the next decade, according to an analysis by the nonpartisan Congressional Budget Office.

The lion's share of this \$3 billion would come from a section of the bill that would dramatically expand a new program at the Environmental Protection Agency that provides low-cost loans for water infrastructure projects.

The CBO found that expanding this program would lead cities and towns to issue many more tax-exempt bonds than they otherwise would have, which would deprive federal coffers of more than \$2.6 billion in revenues over the next decade.

About \$378 million of the deficit spending would come from mandatory reimbursements that the Army Corps of Engineers would have to pay to states, municipalities, and other third parties who work on federal water infrastructure projects.

Rewrites Coming

Environment and Public Works aides told Bloomberg Environment this water loan section of the bill would be rewritten before the bill is taken up on the Senate floor to make the legislation deficit-neutral. The staffers also said the bill is still on track to retain the bipartisan support it enjoyed in the committee and that it will likely make it to the floor before Labor Day.

Congress typically passes a water resources bill every other year. These bills contain lists of which mega-projects the Army Corps of Engineers can proceed on, and also often include significant changes to water policies. Before 2014, Congress passed only one water resources bill in 14 years. Lawmakers on the committees that handle infrastructure in both the House and the Senate have frequently expressed a desire to get the water resources process back on track.

The House cleared its own version of the water resources bill earlier this month on a 408-2 vote. The CBO's estimate of that bill, H.R. 8, found that it would generate only \$5 million in deficit spending over the next decade.

The White House has said it would sign the House bill into law, but has not commented on the Senate's version.

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