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October 10, 2013

Representative Erik Paulsen
Washington, DC
127 Cannon House Office Building
Washington, D.C. 20515

**RE: Lift the Volume Cap for Tax-Exempt Bonds for Water
Infrastructure**

Dear Representative Paulsen,

As a member of the House Ways and Means Committee, I am writing to you today to urge support for amending the Internal Revenue Code (26 USC 146) to remove the volume cap applicable to private activity bonds (PAB) for public-purpose water and wastewater projects.

As you may be aware, our aging water and wastewater systems threaten economic vitality and public health. An incentive, such as tax exempt private activity bonds, encourage private capital investment, creates jobs and provides affordable financing for water and wastewater facilities, many of which were constructed 50 to 100 years ago.

This modification would allow local communities to leverage private capital markets in combination with other finance mechanisms and provide an influx of low cost private capital to finance water infrastructure projects. The local users in turn repay the bond issuances over time. Exceptions from the volume cap are currently provided for other governmentally owned facilities such as airports, ports, high-speed intercity rail, and solid waste disposal sites.

Please consider removing water and wastewater projects from the federally imposed state PAB volume caps to encourage private capital investment (see last year's House bill 1802) and include the tax provision in any tax reform bill.

Sincerely,

Stephanie Menning, CAE, IOM
Executive Director
Minnesota Utility Contractors Association

Our Mission: To promote the underground utility industry by providing safety training, continuing education, scholarships and legislative relations.