



## Infrastructure Investment & Jobs Act Implementation

### WATER / WASTEWATER INFRASTRUCTURE REQUIREMENTS UNTIL 2040

**\$271 billion** will be needed to maintain and **replace wastewater and stormwater treatment systems.**



**\$625 billion** will be needed to **improve America's drinking water** infrastructure. (EPA 7th DWINSA estimates, 32% increase over the last DWINSA)

### BILLIONS IN NEW RESOURCES FOR BETTER DRINKING WATER SYSTEMS



IIJA will direct **\$55 billion** towards water infrastructure projects through FY2026.

Source: White House

### EXEMPT FACILITY BONDS (EFBS)

**Trillions of dollars** in private investment capital could be made available for municipal construction uses by lifting the EFB state volume cap.



### Issue background:

The historic Infrastructure Investment and Jobs Act (IIJA, H.R. 3684) was signed into law on November 15, 2021. The bipartisan IIJA marks the nation's largest investment in infrastructure since the Eisenhower Administration. Once fully implemented over the next four years, this \$1.2 trillion legislation will deliver a tremendous amount of additional resources to the American utility construction industry.

The IIJA is the largest-ever federal investment in key NUCA business markets, with a potential \$550 billion in new spending. \$55 billion will be directed towards water infrastructure projects (\$23 billion for SRFs, \$15 billion for lead drinking water pipes, and \$10 billion for PFAS contamination). \$40 billion will be used for broadband construction. \$110 billion is going to surface transportation projects where NUCA members build important sections of these works.

1.6 million miles of underground pipe infrastructure exists today in the United States, with much of it due for replacement over the next 20 years. In addition to health benefits, an estimated 28,000 jobs can come with \$1 billion investment in water and wastewater infrastructure. These opportunities are spread across the economy with more than one-half of the jobs in industries other than water system construction.

## What is NUCA's position?

Well-functioning water infrastructure systems are indispensable to maintaining the health of our nation's citizens. As water and wastewater systems continue to age and the costs of compliance with environmental requirements mount, communities face increasing difficulties in paying for needed infrastructure improvements.

The 20-year national drinking water infrastructure need for the United States as estimated by EPA's recent "7th Drinking Water States Needs Assessment (DWINSA) is \$625 billion. This is a 32% increase over the 6th DWINSA (\$472.6 billion).

Specifically for the utility construction industry, the 2021 Infrastructure Investment and Jobs Act (IIJA) allocated \$23 billion over the next four years to both the Drinking Water State Resource Fund (SRF) and Clean Water SRF, both administered by the Environmental Protection Agency. This works out to about \$1 billion more per year for each fund than what Congress has allocated in past fiscal year appropriations.

Nearly all of the FY22 Clean Water SRF grants have been issued to states, and EPA is announcing the expected level of grants for FY23. However, in FY22 and FY23 Congress has not appropriated funds at the levels authorized in IIJA (only 59.6% in FY23) and is reducing the positive impact sought by Congress with the 2021 law.

Federal agencies have been working on issuing guidance for funding and program implementation, completing most of their work in 2022. IIJA gave agencies and states significant flexibility in dispensing funds, but the law also gave federal agencies the power to prioritize Biden Administration goals (climate change, disadvantaged communities, etc.).

NUCA's members are also facing severe supply chain challenges. Ongoing supply chain challenges and the expanded and still changing "Build America, Buy America Act" (BABAA) requirements will no doubt result in a high volume of necessary waiver applications by federal agencies. Numerous requests have already been granted by various agencies, but the process has varied greatly from agency-to-agency, and associated guidance is unclear and in places contradictory. Manufacturers and distributors also need clarity and time to ensure their processes are compliant and can meet expected demand – and continued federal investment beyond the next four years is needed to justify the time and expense.

NUCA looks forward to working with Congress over the coming years to further our nation's commitment to clean water and economic growth.

## What can Congress do to help?

NUCA strongly supported the **Infrastructure Investment and Jobs Act of 2021 (H.R. 3684, 117th Congress)**.

**IIJA Oversight.** Congress should conduct robust oversight on the resources allocated in IIJA to insure it is reaching the right state authorities for the projects demanded by the law's passage.

NUCA is insisting Congress conduct continuing oversight on where these funds are being directed, whether the relevant appropriations are being allocated through IIJA levels, and if the parameters established by the 2021 law are being followed by the Administration and states, especially when it comes to broadband resources and distributions.

**Ensure Regulations Are Efficiently Applied.** The IIJA included expanded "Build America, Buy America" Act (BABAA) affecting the industry.

NUCA is a strong supporter of domestic manufacturing and supports policy which develops the domestic manufacturing base of our industry's essential products. However, a significant percentage of products and materials essential to utility construction are not currently made in America, or are not manufactured in sufficient quantities and/or in compliance with changing BABAA standards. Creating adequate domestic manufacturing capacity for those products will take significant time and resources to build in the future.

Congress should ensure federal agencies have sufficient resources and staff to process waivers for domestic production requirements, especially when existing manufacturing capacity is insufficient for project needs. Congress should also examine why this manufacturing capacity is being restrained and write legislation that will open up opportunities for domestic U.S. companies to meet this need.

**Anticipate Future Infrastructure Needs.** The IIJA law expires in 2026, but the nation's infrastructure requires more resources for repairing or replacing obsolete water and wastewater systems, some of which are now over 100 years old. Planning for these additional needs should begin today, along with the resource demands of the late 2020s and beyond. Private funding must be explored, such as private activity bonds, to meet these needs and reduce the burden on taxpayers.

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