



May 23, 2019

The Honorable Jared Huffman
1527 Longworth House Office Building
Washington, DC 20515

RE: SUPPORT FOR HR 2313

Dear Congressman Huffman:

The Alliance for Water Efficiency strongly supports H.R. 2313, the Water Conservation Tax Parity Act, and we applaud your leadership in sponsoring this important legislation.

Your bill would make clear that rebates provided by water utilities for water conservation and water runoff management improvements are not subject to federal income taxation. As the bill's title implies, it would create parity between water conservation rebates, which can be taxed, and energy conservation rebates, which Congress declared nontaxable in 1992.

Water utilities are offering rebates to incentivize the reduction of water use and to ease the strain on public infrastructure. These programs can provide significant water savings, which is a societal benefit, not a personal benefit to the consumer.

As these rebate programs have grown, however, so have the size of rebates and the number of homeowners receiving an Internal Revenue Service (IRS) Form 1099 reporting "income" of \$600 or more. The Treasury Department and the IRS have so far taken the position that these rebates are taxable as income to the recipient. At the same time, the Treasury Department has urged Congress in the past to amend the Internal Revenue Code to make water conservation rebates tax-exempt, just as energy efficiency rebates are.

Your bill would make that change and eliminate a major disincentive for millions of Americans willing to do their part in promoting water conservation efforts.

The Alliance for Water Efficiency is a stakeholder-based non-profit organization dedicated to the efficient and sustainable use of water. Our members and supporters include regional, state and local water utilities, plumbing, appliance and irrigation manufacturers, governmental planning agencies, environmental and energy advocacy organizations, wateruse experts, corporations and individuals—all of whom share a great interest in promoting the efficient and sustainable use of water in the United States and Canada.

We stand ready to assist you in the passage of this bill.

Sincerely yours,

A handwritten signature in blue ink that reads "Mary Ann Dickinson".

Mary Ann Dickinson
President and CEO

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