To provide incentives for the purchase of water-efficient products, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. Cartwright introduced the following bill; which was referred to the Committee on

A BILL

To provide incentives for the purchase of water-efficient products, and for other purposes.

1 Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

3 SECTION 1. SHORT TITLE.

4 This Act may be cited as the “Water Advanced Technologies for Efficient Resource Use Act of 2020”.

6 SEC. 2. DEFINITIONS.

7 In this Act:
(1) **ADMINISTRATOR.**—The term “Administrator” means the Administrator of the Environmental Protection Agency.

(2) **AGENCY.**—The term “agency” has the meaning given such term in section 7902(a) of title 5, United States Code.

(3) **COVERED CONSUMER.**—The term “covered consumer” means an individual served by an eligible entity.

(4) **ELIGIBLE ENTITY.**—The term “eligible entity” means—

(A) a State, local, or Tribal government;

(B) a drinking water utility or wastewater utility;

(C) a municipal water authority or a regional water authority; or

(D) a nonprofit organization.

(5) **INCENTIVE.**—The term “incentive” includes—

(A) rebates, vouchers, and other financial incentives; and

(B) the direct installation of a WaterSense product.
(6) NONPROFIT ORGANIZATION.—The term “nonprofit organization” means an organization that—

(A) is described in section 501(c)(3) of the Internal Revenue Code of 1986 (26 U.S.C. 501(c)(3)); and

(B) is exempt from taxation under section 501(a) of such Code.

(7) PRODUCT.—The term “product” means a product, building, landscape, facility, process, or service.

(8) STATE.—The term “State” means each of the several States of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.

(9) WATERSENSE PRODUCT.—The term “WaterSense product” means a product that is certified to display the WaterSense label under the WaterSense program established under section 324B of the Energy Policy and Conservation Act (42 U.S.C. 6294b).

SEC. 3. FEDERAL PROCUREMENT OF WATERSENSE PRODUCTS.

(a) PROCUREMENT.—
(1) **IN GENERAL.**—Except as provided in paragraph (2), in procuring any water-consuming product, the head of an agency shall procure a WaterSense product.

(2) **EXCEPTIONS.**—Paragraph (1) does not apply if—

(A) with respect to the type of water-consuming product being procured, the head of an agency finds, in writing, that—

(i) no WaterSense product is cost-effective over the life of such type of product, taking current and future water and wastewater cost savings into account; or

(ii) no WaterSense product of such type is reasonably available to meet the functional requirements of the agency; or

(B) the water-consuming product being procured is designed for use in combat or combat-related missions.

(b) **INSTALLATION AND MAINTENANCE.**—As applicable, the head of an agency that procures a WaterSense product under subsection (a)(1) shall use a certified professional (including a licensed plumber or a licensed mechanical contractor, as appropriate) to install and maintain such product.
(c) Measures to Reduce Water Consumption.—
The head of each agency shall consider adopting measures
to reduce agency water consumption, including such meas-
ures as the use of—

(1) water reuse, reclamation, or recycling tech-
nology;

(2) water leak detection technology; and

(3) products that—

(A) do not consume water; and

(B) perform similar functions as com-
parable water-consuming products.

(d) Listing of WaterSense Products.—The Ad-
ministrator of General Services shall clearly identify and
prominently display, in a listing of water-consuming prod-
ucts, WaterSense products.

(e) Regulations.—Not later than 180 days after
the date of enactment of this section, the Administrator
of the Environmental Protection Agency and the Director
of the Office of Management and Budget shall issue regu-
lations to carry out this section.

SEC. 4. INCENTIVES FOR THE PURCHASE OF WATERSENSE
PRODUCTS.

(a) Establishment.—The Administrator of the En-
vironmental Protection Agency shall establish a program
to provide grants to eligible entities to provide incentives
to covered consumers for the purchase of a WaterSense product.

(b) ELIGIBILITY.—To be eligible to receive a grant under this section, an eligible entity shall—

(1) submit an application to the Administrator at such time, in such form, and containing such information as the Administrator may require; and

(2) provide assurances, which the Administrator determines are satisfactory, that the eligible entity will use such grant to supplement, but not supplant, other incentives that are available to a covered consumer for the purchase of a WaterSense product.

(c) EVALUATION CRITERIA FOR APPLICATIONS.—In evaluating an application submitted under subsection (b)(1), the Administrator shall consider—

(1) the population served by the eligible entity in the most recent calendar year for which data are available;

(2) the estimated effect of providing incentives to such population;

(3) if the eligible entity previously received a grant under this section—

(A) the degree to which the use of such grant encouraged the purchase of WaterSense products; and
(B) whether there are amounts of such
grant that remain unused; and

(4) whether the eligible entity promotes or im-
plements a program to recycle or manage the dis-
posal of any products that are replaced as a result
of the provision of incentives under this section.

(d) USE OF GRANT.—

(1) IN GENERAL.—An eligible entity that re-
ceives a grant under this section shall—

(A) use such grant to provide incentives to
covered consumers that purchase a WaterSense
product; or

(B) with approval from the Administrator,
provide some, or all, of such grant to another
eligible entity for use in accordance with sub-
paragraph (A).

(2) ADMINISTRATIVE COSTS.—Not more than
50 percent of each grant provided under this section
may be used to pay for the administrative cost of
providing incentives in accordance with paragraph
(1).

(3) INCENTIVE AMOUNTS.—With respect to re-
bates, vouchers, and other such financial incentives,
an eligible entity shall determine the amount to pro-
vide based on the following:
(A) The amount of the grant provided to the eligible entity under this section.

(B) The amount of any other incentives that are available to a covered consumer for the purchase of a WaterSense product.

(C) The estimated amount necessary to encourage a covered consumer to purchase a WaterSense product.

(D) As applicable, the costs to a covered consumer for onsite preparation, assembly, and installation of a WaterSense product.

(e) Authorization of Appropriations.—There are authorized to be appropriated to carry out this section—

(1) $50,000,000 for fiscal year 2021;

(2) $100,000,000 for fiscal year 2022;

(3) $150,000,000 for fiscal year 2023;

(4) $100,000,000 for fiscal year 2024; and

(5) $50,000,000 for fiscal year 2025.

SEC. 5. EXCLUSION FROM GROSS INCOME OF AMOUNTS RECEIVED AS INCENTIVES FOR THE PURCHASE OF WATERSENSE PRODUCTS.

(a) In General.—Part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting before section 140 the following new section:
“SEC. 139I. INCENTIVES FOR THE PURCHASE OF
WATERSENSE PRODUCTS.

“(a) In General.—In the case of an individual, gross income does not include any amount received as an incentive under section 3 of the Water Advanced Technologies for Efficient Resource Use Act of 2020.

“(b) Denial of Double Benefit.—

“(1) Deductions and Credits.—No deduction or credit under this subtitle shall be allowed for any expenditure with respect to which any amount excluded under subsection (a) was provided.

“(2) Basis Adjustment.—The adjusted basis of any property with respect to which an amount excluded under subsection (a) is provided shall be reduced by the amount so excluded.”.

(b) Conforming Amendment.—The table of sections for part III of subchapter B of chapter 1 of such Code is amended by inserting before the item relating to section 140 the following new item:

“Sec. 139I. Incentives for the purchase of WaterSense products.”.

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this section.
SEC. 6. MODIFICATIONS TO INCOME EXCLUSION FOR CONSERVATION SUBSIDIES.

(a) In General.—Subsection (a) of section 136 of the Internal Revenue Code of 1986 is amended—

(1) by striking “any subsidy provided” and inserting “any subsidy—

“(1) provided”,

(2) by striking the period at the end and inserting a comma, and

(3) by adding at the end the following new paragraphs:

“(2) provided (directly or indirectly) by a public utility to a customer, or by a State or local government to a resident of such State or locality, for the purchase or installation of any water conservation or efficiency measure, or

“(3) provided (directly or indirectly) by a storm water management provider to a customer, or by a State or local government to a resident of such State or locality, for the purchase or installation of any storm water management measure.”.

(b) Conforming Amendments.—

(1) Definition of water conservation or efficiency measure and storm water management measure.—Section 136(c) of the Internal Revenue Code of 1986 is amended—
(A) by striking “ENERGY CONSERVATION MEASURE” in the heading thereof and inserting “DEFINITIONS”,

(B) by striking “IN GENERAL” in the heading of paragraph (1) and inserting “ENERGY CONSERVATION MEASURE”, and

(C) by redesignating paragraph (2) as paragraph (4) and by inserting after paragraph (1) the following:

“(2) WATER CONSERVATION OR EFFICIENCY MEASURE.—For purposes of this section, the term ‘water conservation or efficiency measure’ means any evaluation of water use, or any installation or modification of property, the primary purpose of which is to reduce consumption of water or to improve the management of water demand with respect to one or more dwelling units.

“(3) STORM WATER MANAGEMENT MEASURE.—For purposes of this section, the term ‘storm water management measure’ means any installation or modification of property primarily designed to reduce or manage amounts of storm water with respect to one or more dwelling units.”.

(2) DEFINITION OF PUBLIC UTILITY.—Section 136(c)(4) of such Code (as redesignated by para-
graph (1)(C)) is amended by striking subparagraph (B) and inserting the following:

“(B) PUBLIC UTILITY.—The term ‘public utility’ means a person engaged in the sale of electricity, natural gas, or water to residential, commercial, or industrial customers for use by such customers.

“(C) STORM WATER MANAGEMENT PROVIDER.—The term ‘storm water management provider’ means a person engaged in the provision of storm water management measures to the public.

“(D) PERSON.—For purposes of subparagraphs (B) and (C), the term ‘person’ includes the Federal Government, a State or local government or any political subdivision thereof, or any instrumentality of any of the foregoing.”.

(3) CLERICAL AMENDMENTS.—

(A) The heading of section 136 of such Code is amended—

(i) by inserting “AND WATER” after “ENERGY”, and

(ii) by striking “PROVIDED BY PUBLIC UTILITIES”.
(B) The item relating to section 136 in the table of sections of part III of subchapter B of chapter 1 of such Code is amended—

(i) by inserting “and water” after “energy”, and

(ii) by striking “provided by public utilities”.

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after the date of enactment of this section.

(d) No Inference.—Nothing in this section or the amendments made by this section shall be construed to create any inference with respect to the proper tax treatment of any subsidy received directly or indirectly from a public utility, a storm water management provider, or a State or local government for any water conservation measure or storm water management measure before the date of the enactment of this section.