

**American Concrete Pressure Pipe Association
American Council of Engineering Companies
Associated Equipment Distributors
Associated General Contractors of America
Association of Equipment Manufacturers
Canadian Manufacturers & Exporters
Council of Infrastructure Financing Agencies
Emergency Committee for American Trade
National Association of Water Companies
National Foreign Trade Council
National Utility Contractors Association
Organization for International Investment
U.S. Chamber of Commerce
United States Council for International Business
Water and Wastewater Equipment Manufacturers Association**

June 19, 2012

The Honorable Mike Simpson
Chairman
Subcommittee on Interior, Environment
and Related Agencies
Committee on Appropriations
U.S. House of Representatives
Washington, D.C. 20515

The Honorable James Moran
Ranking Member
Subcommittee on Interior, Environment
and Related Agencies
Committee on Appropriations
U.S. House of Representatives
Washington, D.C. 20515

Re: Preserve State Revolving Fund; Reject Procurement Restrictions

Dear Chairman Simpson and Ranking Member Moran:

We understand that a proposal will be offered this week by Congressman Aderholt during markup of the Interior, Environment, and Related Agencies Fiscal Year 2013 Appropriations bill to make Buy American restrictions a permanent requirement for projects receiving financial assistance through the Clean Water and Drinking Water State Revolving Fund (SRF) programs.

While we all support efforts to boost the U.S. economy and support its manufacturing base, proposals to do so by imposing restrictive procurement requirements on the SRF programs and our municipalities will have the opposite effect, as they had when similar provisions were imposed through the 2009 stimulus bill:

- SRF projects will be halted until additional guidelines are issued by EPA and implemented by the states, putting U.S. workers that would have been otherwise employed out of work.
- SRF projects scheduled to receive assistance will have to be redesigned to come into compliance with these new requirements, further delaying construction and job growth.

- Municipalities will incur increased costs associated with access to these funds due to administrative red tape, reduced competition, and increased engineering design work. These costs are likely to be particularly severe if the project is to refurbish existing systems designed and established when such requirements were not in place. For small municipalities, the imposition of these new restrictions and costs very well could mean that water and wastewater treatment systems are not improved, replaced or established, to the detriment of the local community.
- Communities will turn away from the SRF programs and seek where possible other forms of financial assistance and credit to avoid dealing with onerous federal red tape, placing the overall viability of these programs in serious jeopardy.
- Engineers, contractors and equipment suppliers alike will be hesitant to compete on SRF-funded projects due to their increased risk and uncertainty.
- U.S. manufacturers utilizing global supply chains will be restricted from selling domestically unless they can meet the complicated, subjective, time-consuming and potentially costly sourcing tests, especially given that many key systems combine domestic and foreign components.
- U.S. manufacturers of all products will risk being locked out of export markets from the likely retaliation that our nation's trading partners will adopt.

Inclusion of language that the application of such Buy American restrictions must honor existing trade agreements will have no impact whatsoever on the damaging application of these onerous, new restrictions, as there are essentially no international obligations at the municipal level where these procurements occur.

These critically important SRF programs have served our nation well by bringing affordable financial assistance to communities of all sizes in helping meet their water and wastewater infrastructure needs. In short, adoption of such a Buy American amendment will very likely undermine, if not result in the demise of, the SRF programs. We strongly urge the Subcommittee to reject the Buy American proposal.