



THE UNITED STATES
CONFERENCE OF MAYORS



June 6, 2025

The Honorable Michael Bennet
U.S. Senate
261 Russell Senate Office Building
Washington, DC 20510

The Honorable Jim Justice
U.S. Senate
G12 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Claudia Tenney
U.S. House of Representatives
2230 Rayburn House Office Building
Washington, DC 20515

The Honorable Gwen Moore
U.S. House of Representatives
2252 Rayburn House Office Building
Washington, DC 20515

Dear Senator Bennet, Senator Justice, Congresswoman Tenney, and Congresswoman Moore:

Thank you for your leadership in reintroducing the Financing Lead Out of Water (FLOW) Act of 2025. The undersigned organizations represent a diverse coalition of community water systems, municipalities, special districts, and public finance officials. We write to you today in strong support of the FLOW Act. This legislation will make it easier for water systems across the country to fully remove lead service lines that threaten water quality and public health.

According to the U.S. Environmental Protection Agency, an estimated 9.2 million lead service lines deliver drinking water to American households. Replacing all these lines is expected to cost up to \$90 billion, and much of this cost will be financed at the local level through bond sales. Under the 10-year deadline to comply with the EPA's Lead and Copper Rule Improvements, water utilities are urgently engaged in efforts to replace all lead service lines across the country. The FLOW Act will help eliminate the red tape that presently complicates these efforts.

The task of fully replacing lead service lines is often complicated because ownership of each property's service line is split between the water utility—which generally owns the portion from the water main to the property line—and the private homeowner—who typically owns the portion from the property line to the building inlet. If a water system attempts to pay for the replacement of the private portion of a lead service line with tax-exempt bonds, it must first obtain a private letter ruling from the IRS. While intended to satisfy the "business-use test," which is a limit on the percentage of tax-exempt bond proceeds allowed to benefit private business, this process hinders communities from quickly and efficiently financing lead service line replacements.

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Unfortunately, this IRS red tape adds months of work and expense to lead service line replacement efforts, as utilities must document the status of each property with a private lead service line to be replaced. This extends the amount of time that homeowners must live with lead service lines and slows progress toward the elimination of lead service lines.

The FLOW Act would address this issue by amending the tax code to exempt public water systems from the business-use test when carrying out qualified private-side lead service line replacement projects. This will ease administrative and cost burdens on utilities so that they can more easily access funds and complete projects efficiently for the benefit of communities across the country. Especially given the tight budgetary environment, the FLOW Act will give water systems another tool to pay for these important replacement projects in the most cost-effective manner.

We strongly support the FLOW Act to help the nation's water systems replace lead service lines and protect public health. Again, we greatly appreciate your leadership on this issue and are eager to work with you to advance this legislation.

Sincerely,

America Water Works Association
Association of Metropolitan Water Agencies
Government Finance Officers Association
National Association of Counties
National League of Cities
U.S. Conference of Mayors
U.S. Water Alliance