



Protecting Water for Western Irrigated Agriculture

P.O. Box 216 Klamath Falls, OR 97601
(541)-892-6244 www.familyfarmalliance.org

June 19, 2017

The Honorable Jeff Denham
United States House of Representatives
1730 Longworth House Office Building
Washington, DC 20515

Dear Congressman Denham:

On behalf of the Family Farm Alliance (Alliance), I am writing to express our strong support for your bill, H.R. 434, the New Water Act. As you know, following years of drought and water shortages, most of the West is now experiencing record precipitation, which highlights the urgent need to build additional water infrastructure to capture more water when it is available in the system.

The Alliance is a grassroots organization of family farmers, ranchers, irrigation districts and allied industries in 16 Western states. We are focused on one mission: To ensure the availability of reliable, affordable irrigation water supplies to Western farmers and ranchers. We are also committed to the fundamental proposition that Western irrigated agriculture must be preserved and protected for a host of economic, sociological, environmental and national security reasons – many of which are often overlooked in the context of other national policy decisions. The Alliance believes we must continue to invest in the planning, design and construction of new water supply and management infrastructure in the Western U.S. to help meet the growing demands for water for farms, cities and the environment, and as such, access to more innovative financing tools will be crucial to this investment.

The New Water Act would authorize the Bureau of Reclamation to provide non-Federal entities with a new low-cost, long-term financing tool for these much needed water infrastructure investments, including surface water and groundwater storage projects as well as other water management improvement projects. If the New Water Act were in place today, the program would provide water project sponsors with access to federally-backed loans that could finance up to 49 percent of total project costs, with a repayment period of up to 35 years at a rate of approximately 2.79 percent. As an example, on a typical water storage project in a Western state, the New Water Act could drive down the cost of this “new water” by as much as 20 to 25 percent.

The New Water Act provides this critically important assistance at little to no cost to the Treasury. Your bill, authorizing \$175 million in budget authority for the new loan program, would support over \$11.4 billion in low-cost, long-term loans with actual out of pocket costs to the Treasury of less than \$10 million.

The bill also has other important benefits including the following:

- No requirement to borrow for a debt service reserve fund
 - *Approximately a \$6 million savings on every \$100 million in municipal financing needed for water infrastructure improvements.*
- Ability to defer initiation of repayment
 - *Repayment could be deferred for up to five years following substantial completion of the project.*
- Amortized over 35-years rather than 30-year maximum for municipal bonds
 - *Significant annual debt service savings and even greater real dollar savings when the net present value of money used to repay the debt is considered.*
- Ability to refinance existing water infrastructure debt
 - *The New Water Act allows borrowers to refinance existing debt, if doing so will enable greater water infrastructure improvements.*

Again, we strongly support H.R. 434 and urge quick action on this important legislation. We believe the financing tools authorized in H.R. 434 represent an important step forward in efforts to help make the West as a whole much more drought resilient.

Sincerely,



Dan Keppen
Executive Director

cc: Members – House Natural Resources Committee
The Honorable Paul Ryan, Speaker of the House
The Honorable Nancy Pelosi, House Minority Leader