

# United States Senate

WASHINGTON, DC 20510

May 26, 2016

The Honorable Secretary Jacob J. Lew  
Department of Treasury  
1500 Pennsylvania Avenue NW  
Washington, D.C. 20220

Dear Secretary Lew:

We write to request that the Department of the Treasury impose a moratorium against taxing water conservation and storm water management rebates for 2015 and 2016 in order to provide relief to residents participating in water-saving measures, especially those in states affected by drought conditions. We also request that the Department explore options under current law to make these rebates permanently exempt.

Many residents have done their part to contribute to community water conservation by participating in local water utility programs that provide rebates for water conservation efforts. Participants in these programs now find their rebates subject to federal income tax, despite the fact that comparable rebates for energy conservation are tax exempt.

We are concerned that this treatment of water conservation and storm water management rebates undermines water conservation efforts and may exacerbate water shortages. At a time when the nation's water resources face significant threats from drought, water supply variability, and extreme weather events, the federal government should do all it can to encourage residents to conserve water and to reduce the impact of runoff on water quality.

The water conservation and storm water management measures that utilities have promoted in 2015 have already shown positive results and have the potential to continue in 2016 and beyond. Taxing these rebates discourages efforts to reduce water consumption and penalizes rebate recipients for their constructive actions.

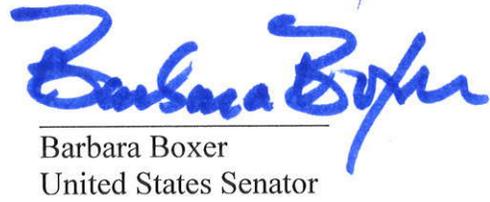
There are many challenges impacting our nation's water quantity and quality, and it is imperative that we take action now to avoid penalizing residents who provide a public service by participating in these programs. The efficient use and management of water also results in energy savings and community and environmental benefits. There is no reason to treat energy conservation and water conservation incentives differently.

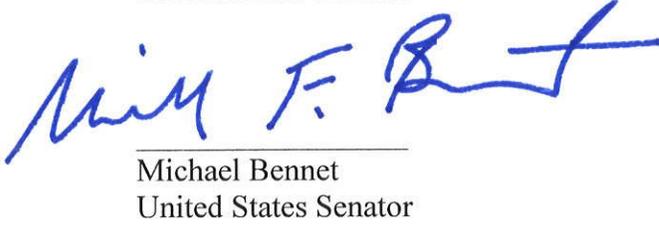
We would appreciate your prompt reply to this time-sensitive request given that the 2015 tax filing deadline was on April 18, 2016, and this temporary moratorium should be applied to programs in both 2015 and 2016.

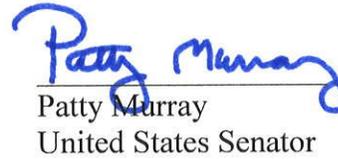
We look forward to working with you to protect the nation's supply of water and to ensure the success of water conservation and water quality efforts in our states.

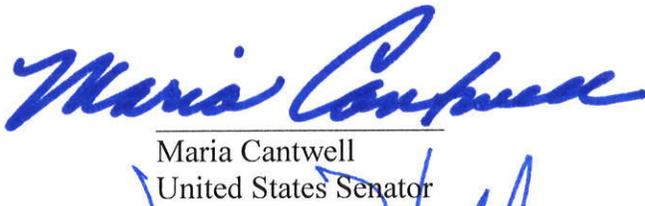
Sincerely,

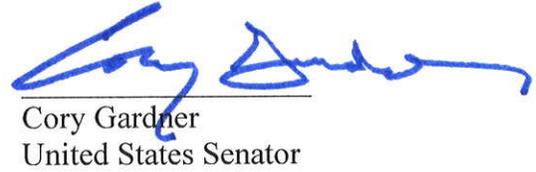
  
Dianne Feinstein  
United States Senator

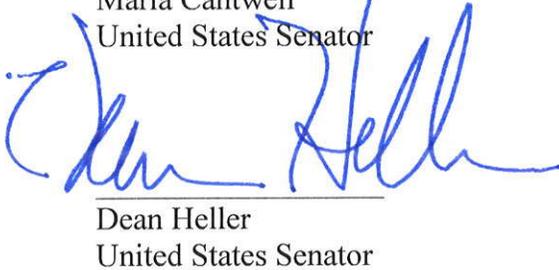
  
Barbara Boxer  
United States Senator

  
Michael Bennet  
United States Senator

  
Patty Murray  
United States Senator

  
Maria Cantwell  
United States Senator

  
Cory Gardner  
United States Senator

  
Dean Heller  
United States Senator

CC: The Honorable Ernest Moniz, Department of Energy  
The Honorable Sally Jewell, Department of the Interior  
The Honorable Gina McCarthy, Environmental Protection Agency