

(Date to be added when sent via email)

The Honorable Jason Smith
The Honorable Richard Neal
U.S. House of Representatives

The Honorable Mike Crapo
The Honorable Ron Wyden
U.S. Senate

Dear Chair Smith and Ranking Member Neal of the House Ways and Means Committee and Chair Crapo and Ranking Member Wyden of the Senate Finance Committee,

The undersigned organizations write to express our strong support for the Water Conservation Rebate Tax Parity Act of 2025 ([H.R. 1871/S. 857](#)) and for including it in any larger tax legislation considered in 2025. Enacting these provisions offers an opportunity to reduce unnecessary tax burdens and paperwork for citizens and water utilities while promoting critical water efficiency initiatives that communities and their residents voluntarily undertake.

Under current federal tax law, water efficiency rebates—offered by federal, state, and local governments as well as water utilities—are treated as taxable income to the recipient. The administrative demands for communities and water utilities to process these requirements can be substantial. For consumers, the situation is equally challenging. Many are surprised to receive tax forms for rebates that only partially offset the cost of adopting water-efficient improvements. These programs are designed to encourage public benefits, such as sustainable water use and infrastructure resilience, yet the tax treatment undermines their effectiveness and discourages participation.

By aligning the tax treatment of water efficiency rebates with that of energy efficiency rebates, which are already excluded from income, this legislation will eliminate an unnecessary obstacle to achieving greater water conservation. Importantly, the Congressional Budget Office has estimated that making water efficiency rebates tax-free would reduce federal tax collections by less than \$10 million annually—a negligible cost compared to the benefits of increased participation in water-saving programs, reduced administrative work, and enhanced public trust.

We urge you to prioritize the Water Conservation Rebate Tax Parity Act in upcoming tax policy discussions. Simplifying tax compliance and reducing unnecessary burdens for consumers and utilities will promote water efficiency and enhance conservation programs nationwide. For further information, please email contact@a4we.org or reach out any of our organizations directly.

Sincerely,

Alliance for Water Efficiency

Association of Metropolitan Water Agencies

Fortune Brands Innovations/Moen

Green Builder® Coalition

International Association of Plumbing and Mechanical Officials

International Code Council

National Audubon Society

National League of Cities

Pacific Institute

Plumbing-Heating-Cooling Contractors, National Association

Plumbing Manufacturers International

WaterNow Alliance

Arizona Municipal Water Users Association (AMWUA)

Association of Water Board Directors-Texas

Bay Area Water Supply and Conservation Agency

Calleguas Municipal Water District

California Water Association

California Water Efficiency Partnership

Cavanaugh

Central Utah Water Conservancy District

City of Durham, NC

City of Flagstaff, AZ

City of Hays, KS

City of Mesa, AZ

City of Napa, CA

City of Round Rock, TX

City of Santa Barbara, CA

City of St. George, UT

City of Surprise, AZ

City of Tucson, AZ

Colorado Springs Utilities

Eastern Municipal Water District

Foothill Municipal Water District

Ipswich River Watershed Association

Jordan Valley Water Conservancy District

Long Beach Utilities

Lower Colorado River Authority

Maureen Erbeznik & Associates

Mesa Water District

Municipal Water District of Orange County

Olivenhain Municipal Water District

Park West Companies

Pluvial Solutions

Rancho California Water District

Regional Water Providers Consortium

Resource Central

RightThere LLC

Sacramento Suburban Water District

San Juan Water District

Santa Clara Valley Water District

Santa Clarita Valley Water Agency (SCV Water)

Soquel Creek Water District

Sonoma County Water Agency

South Tahoe Public Utility District

Suburban Water Systems

Three Valleys Municipal Water District

Turfgrass Water Conservation Alliance

Upper San Gabriel Valley Municipal Water District

Utah Division of Water Resources

Walnut Valley Water District

Washington County Water Conservancy District

Zone 7 Water Agency