



Date, 2026

The Honorable Jodey Arrington
The Honorable Nathaniel Moran
The Honorable Beth Van Duyne
U.S. House of Representatives

The Honorable John Cornyn
U.S. Senate

Re: Water Conservation Rebate Tax Parity Act ([H.R. 1871](#) / [S. 857](#)) - Support

Dear Senator Cornyn and Representatives Arrington, Moran, and Van Duyne:

On behalf of the Alliance for Water Efficiency (AWE) and the undersigned Texas-based partner organizations, we respectfully urge you to support and co-sponsor the bipartisan *Water Conservation Rebate Tax Parity Act* (H.R. 1871 / S. 857). This legislation is being led by Representatives Huffman (D-CA) and Moore (R-UT) in the House and Senators Curtis (R-UT) and Padilla (D-CA) in the Senate, and it will likely go through the Senate Finance and House Ways and Means Committees upon which you serve.

This legislation would eliminate federal taxation on rebates for water-efficient products and services—removing a key barrier that discourages participation in conservation programs. While Congress exempted energy efficiency rebates from taxation in 1992, water conservation rebates remain fully taxable, creating an inconsistent and counterproductive policy framework.

Taxing these rebates imposes unnecessary administrative burdens on local governments and creates confusion and frustration for residents who are often surprised and disappointed to learn they are taxed for taking actions that reduce water use and lower utility bills. Although recent changes have eased 1099 reporting requirements, water efficiency and conservation rebate revenues remain 100 percent federally taxed.

Importantly, the fiscal impact of this legislation would be minimal. The Congressional Budget Office has previously estimated that exempting water efficiency rebates from taxation would reduce federal revenues by less than \$10 million annually.

AWE is a national nonprofit organization dedicated to advancing water efficiency through research, technical resources, and policy advocacy. Our network includes more than 500-member organizations, including water utilities, government agencies, manufacturers and businesses, universities, and nonprofits.

On behalf of our members and the Texas signatories below, we strongly encourage you to co-sponsor the Water Conservation Rebate Tax Parity Act.

Thank you for your leadership and consideration.

A handwritten signature in blue ink that reads "Ron Burke". The signature is fluid and cursive, with the first name "Ron" and last name "Burke" clearly legible.

Ron Burke
President and CEO
Alliance for Water Efficiency