



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 29, 2020
(House)

STATEMENT OF ADMINISTRATION POLICY

H.R. 7575 – Water Resources Development Act of 2020

(Rep. DeFazio, D-OR, and 3 cosponsors)

The Administration appreciates the work of the House Transportation and Infrastructure Committee on H.R. 7575, the Water Resources Development Act of 2020. H.R. 7575 would advance some of the Administration's policies and principles, including building a foundation for long-term economic growth, addressing significant risks to public safety, and protecting our environment. The bill, however, could be improved. The Administration looks forward to working with Congress to modify or remove certain provisions and to include others so that this important legislation can achieve its full potential.

H.R. 7575 would authorize 38 new construction projects, at a total cost of more than \$10 billion, and 41 new studies. Given the large number of previously authorized projects that have not been started or completed, the priority for new project and study authorizations should go to those that would most likely produce high economic or environmental returns to the Nation and to those most likely to address significant risks to public safety within one of the three main mission areas of the Army Corps of Engineers (Corps): flood and storm damage reduction, commercial navigation, and aquatic ecosystem restoration.

The Administration appreciates the inclusion of section 137, which would extend section 1043 (b) of the Water Resources Reform and Development Act of 2014, as amended, to September 30, 2026. This authority, which allows the Corps to transfer Federal appropriations to a non-Federal sponsor for construction of projects, is an important tool for improving how the Nation invests in and manages our water resources. It helps accelerate the construction of infrastructure projects, generate cost efficiencies, and empower States and local communities to achieve their priorities.

The Administration also supports the goal of section 301, which would establish a process to identify for deauthorization projects that no longer meet the Nation's needs. The Administration, however, has concerns that similar provisions in previous legislation have not resulted in substantial deauthorizations and believes the bill should be strengthened to ensure projects are actually deauthorized.

The Administration objects to section 108, which would reduce the users' share of the cost of capital projects on the inland waterways from 50 percent to 35 percent. The Administration believes the users' share of these investments should continue to be 50 percent. The Corps has previously estimated that the annual receipts from the existing diesel fuel tax cover less than 10 percent of the total cost that the Corps incurs to support commercial navigation on these waterways, after accounting for infrastructure operation and maintenance costs, which are currently borne by taxpayers. Reducing the users' share of the cost of capital projects would

result in the taxpayer paying for nearly all of the cost that the Corps incurs to support commercial navigation on the inland waterways. The Administration believes beneficiaries should pay their fair share.

The Administration encourages Congress to enact additional reforms that would improve the Nation's management of water resources. These include, for example, an annual per-vessel fee that would increase the amount paid by commercial navigation users of the inland waterways. This fee would support economic growth, help cover the expected future construction and operating requirements of the inland waterways, and more accurately reflect actual costs incurred by the Corps on behalf of commercial users. The current excise tax on diesel fuel used in commerce in inland waterways will not produce the revenue needed to cover these costs.

The Administration also objects to section 134 of the bill. This provision would require the Secretary of the Army to identify levee deficiencies, recommend repairs, and develop cost estimates for those repairs for up to roughly 9,000 levee systems without specifying the appropriate cost share for all of this work. This work is now mostly the responsibility of levee owners. If the bill were to require the work to be undertaken by the Federal Government, it would undermine efforts to build up the capability of States to develop and run their own levee programs. In many cases, it also could result in slower repair times, which would increase flood risks.

The Administration is concerned that sections 140 and 330 of the bill could result in the forgiveness of debt owed to the Federal Government for the non-Federal cost share of the construction of certain projects. While restructuring debt may be appropriate in some circumstances, the administration is concerned that these provisions, as written, are overly broad and could result in significant losses of funds owed to the Treasury.

The Administration supports the goal of section 142, but has some concerns with the provision as drafted. The Administration has worked hard to ensure critical components of infrastructure projects comply with "Buy American" provisions that already exist in current law. Further, through Executive Order 13881, the Administration has tightened the domestic content standards required under the Buy American Act for a company to receive a preference in a Federal procurement, including a requirement that iron or steel must have 95% domestic content to be considered American-made. The Administration believes Buy American provisions are in the best interests of Americans and American companies and would like to work with Congress to strengthen the statutory Buy American policy, while avoiding schedule delays and unreasonable increases in construction costs.

Finally, the Administration encourages Congress to authorize the Corps to divest of the Washington Aqueduct, which is the only local water supply system in the Nation owned and operated by the Corps. The Administration believes that water supplies should be owned by State or local governments, or private sector entities, which are disciplined by appropriate regulatory and market incentives.

The Administration remains committed to working with the Congress to improve this legislation and address the Nation's water resources challenges.