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The Financing Lead Out of Water (FLOW) Act

Senator Bennet's Financing Lead Out of Water (FLOW) Act will reduce Americans' exposure to lead, a heavy metal commonly used in old water pipes servicing cities, by modifying requirements for tax-exempt bonds issued for replacement projects of private homes lead service lines. Lead can be extremely harmful to human health without preventative measures employed by public utilities. Today, 6 million to 10 million homes have lead water pipes, also known as service lines. Although public utilities across the country are replacing their publicly owned lead service lines, replacement projects have lagged for privately owned pipes serving residences due to the costly financial responsibility of replacing these lines.

This bill would reduce administrative hurdles localities face in helping homeowners and residents in replacing private service lines with lead and reduce financial burden on homeowners.

Senator Bennet wrote this proposal based on the experience of Denver Water, a public water utility that is financing the removal of all public and private lead service lines in its service area at no cost to its customers by issuing tax-exempt bonds. However, Denver Water found that issuing tax-exempt bonds for this purpose required a costly and time-consuming analysis of its service area as part of the 'private business use test' administered by the IRS to qualify for the tax exemption, adding months to its effort.

The FLOW Act provides an explicit guarantee in the tax code allowing public water utilities to issue these tax-exempt bonds to help pay for the removal and replacement of both public and private lead pipes. The bill also takes steps to ensure funding for lead pipe replacement in the American Rescue Plan and Bipartisan Infrastructure Law reach more Americans.

Bill Overview:

Specifically, the bill would make bonds issued by public water utilities tax exempt if the utility is replacing private lead service lines to comply with a National Primary Drinking Water Regulation (NPDWR) for lead.

The bill does this by modifying the definition of "private business use" in Section 141 of the Internal Revenue Code to exempt these "qualified lead service line replacement uses" from being considered under the test.

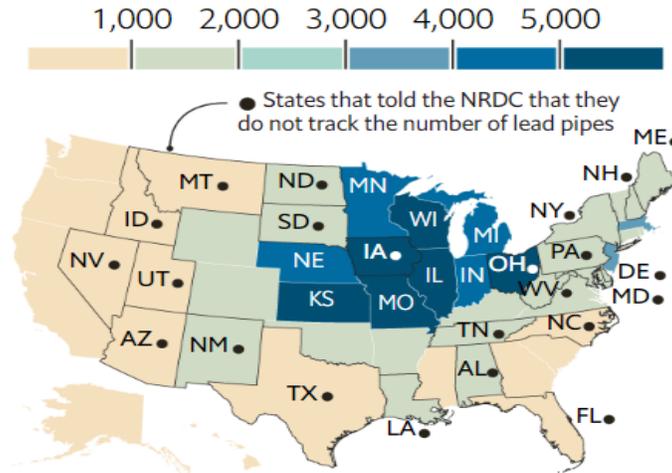
Endorsements:

The Association of Metropolitan Water Agencies, American Water Works Association, National League of Cities, National Special Districts Coalition, Government Finance Officers Association, National Association of Counties, United States Conference of Mayors, and US Water Alliance.

Lead Facts:

6 million to 10 million homes in the U.S. have lead pipes that connect the drinking water main line in the street to our homes (Source: [EPA](#)).

United States, lead pipes per 100,000 people



Sources: Natural Resources Defense Council; American Water Works Association

Source: [The Economist](#)

Sources of Lead in American Households



Source: [EPA](#)

Effects of Lead

- The Center for Disease Control and Prevention (CDC), the World Health Organization, and the Environmental Protection Agency have all found that there is no safe blood lead concentration.
- The CDC estimates 500,000 American children have elevated levels of lead in their blood.
- Children in low-income households are three times more likely to have elevated blood lead levels, and African-American children are twice as likely as their white counterparts. ([CDC](#))
- Even extremely low lead concentrations may be associated with behavioral difficulties and lifelong learning challenges for kids. ([WHO](#))



Source: [CDC](#)