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SERVING CALIFORNIA'S 50TH DISTRICT

“The Drought Relief Obtained Using Government Help Today (DROUGHT) Act”

Background

The Western U.S. is facing a water crisis, stemming from the long-term drought conditions affecting the Colorado River and its reservoirs. The seven states along the Colorado River – Wyoming, Utah, New Mexico, California, Arizona, and Nevada – have worked collaboratively, alongside the federal government, to develop a long-term strategy for the river and its reservoirs.

This strategy includes federal assistance via programs like the Water Infrastructure Finance and Innovation Act (WIFIA) which has provided 149 loans totaling \$23 billion in credit assistance to help finance \$50 billion for water infrastructure projects and create 167,000 jobs.

WIFIA is a federal credit program that allows eligible applicants – including state and tribal entities – to apply for repayable loans to fund eligible water and wastewater infrastructure programs. Eligible projects include water recycling, reuse, desalination, and efficiency improvements, among others, making the program a critical tool in combatting drought and making water infrastructure more resilient and reliable.

The Problem

Unfortunately, to be eligible for WIFIA loans, the total federal assistance for a project – inclusive of any other federal sources outside of the WIFIA program – cannot exceed more than 80% of a project’s eligible costs. This cap makes it more burdensome for state and local governments, especially smaller ones, to complete water infrastructure projects in a timely fashion and restricts financing options for critically necessary projects.

Solution

The Drought Relief Obtained Using Government Help Today (DROUGHT) Act would increase flexibility under WIFIA and help smaller localities invest in water infrastructure by:

- Raising the cap restricting utilization of federal funds from 80 percent to 90 percent, exclusively for projects in areas experiencing extreme drought, projects of regional or national significance as determined by the Secretary of the Army of the Administrator of the EPA, as applicable, or projects in low-income communities; and
- Requiring that projects in those areas are prioritized for financing.

This bill does not affect the obligation of borrowers to repay their loans, the timeline for repayment, nor interest rates of applicable loans.

Contact Information

To learn more about this bill or cosponsor please contact Evan Kern (Evan.Kern@mail.house.gov) or Ziyen Sears (ziyan@mail.house.gov) in Rep. Peters’ office.