

EPA Environmental Finance Advisory Board

Investment Tax Incentive for Water Reuse Infrastructure:

Listening Session Agenda, Framing Document and Questions

May 21, 2024

AGENDA:

Welcome	Tara Johnson, EPA Office of Wastewater Management
Reuse Infrastructure Charge	Justin Mattingly, EPA Water Reuse Program
Listening Session questions	Angela Bricmont, EFAB Workgroup Chair and Denver Water CFO
Wrap up of Listening Session	Tara Johnson, EPA Office of Wastewater Management

FRAMING DOCUMENT:

In 2023, the Water Reuse Interagency Working Group requested EPA Environmental Finance Advisory Board (EFAB) provide recommendations on the benefits of an investment tax incentive for industrial water reuse and recycling as follows: 1) evaluate the “public benefit” of a potential investment tax credit for privately owned industrial facilities; and 2) evaluate the optimal investment tax incentive to encourage innovation. The EFAB provides ideas and advice to EPA’s Administrator and program offices on ways to lower the costs of and increase investments in environmental and public health protection and supports providing recommendations on this investment tax credit for water reuse “Charge.”

The Charge is focused on the question of incentivizing privately owned industrial facilities to enable the use of municipally provided recycled water and/or enable onsite treatment and reuse of different sources of water. While EPA’s Charge focus is on industrial, EFAB is interested in hearing whether an incentive should be considered for larger commercial users, such as stadiums or high-rise office buildings.

Water reuse can be implemented in many different ways, and its application is dependent on both water quality and quantity. To facilitate the listening session, it may be helpful to be specific about the type of reuse to which you are providing comment. Below are definitions specific to the context of this Charge that may be helpful:

Onsite Water Reuse:

- Industrial process water: The onsite capture, treatment, and use of water generated through industrial processes such as boiler water, cooling water, and manufacturing water for additional industrial processes.
- Other water sources: The onsite capture, treatment, and use of water generated through greywater, blackwater, air conditioning condensate, stormwater, and foundation water at commercial buildings. Includes the required treatment and distribution infrastructure at a facility.

Centralized Water Reuse: The use of recycled municipal wastewater provided by a centralized utility for different industrial processes. Includes any privately-owned infrastructure for any needed treatment and distribution at an industrial or private facility.

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QUESTIONS:

Question 1: Should an investment tax credit be developed to support private investment in industrial water reuse and recycling infrastructure, and why or why not?

Question 2: How can an industrial investment tax credit be structured to maximize public benefit and encourage private investments in reuse and recycling infrastructure without providing a subsidy that is too generous? Should only the entity owning the equipment be eligible for the tax credits or should it be available to others in the treatment process? Should the tax credits be transferable?

Question 3: Would a tax credit for industrial reuse and recycled water infrastructure investment look different by industrial sector or type of use, and should there be a minimum volume of recycled use to qualify?

Question 4: Should water reuse tax credits also be considered for large commercial or agricultural uses, and if so, how would you define?

Question 5: Are there any unintended consequences to public utilities, and if so, how could they be mitigated?

Question 6: Are there any other considerations that should be taken into account?