



April 2, 2013

The Honorable David Camp  
Chairman  
Committee on Ways and Means  
United States House of Representatives  
Washington, DC 20515

The Honorable Sander Levin  
Ranking Member  
Committee on Ways and Means  
United States House of Representatives  
Washington, DC 20515

**Re: Written statement submitted for 3/19/13 Committee Hearing on Tax Reform  
and Tax Provisions Affecting State and Local Governments**

Dear Chairman Camp and Ranking Member Levin:

Thank you for the opportunity to submit written comments regarding tax reform and tax provisions affecting state and local governments. On behalf of the Washington Public Utility Districts Association, I would like to express support for preservation of tax-exempt municipal financing to ensure state and local governments, including public utility districts, are able to continue to use this important tool for investments in infrastructure that supports critical services. Our members are community-owned utilities that provide not-for-profit electrical, water and wastewater, and wholesale telecommunications services to residential, business and industrial customers in more than 26 counties across Washington. Public utility districts utilize tax-exempt municipal financing to make necessary investments that help keep the state—and the nation as a whole—economically competitive by ensuring delivery of reliable and affordable services.

Recent proposals calling for elimination or limitation on deductions of interest on tax-exempt municipal financing to reduce federal spending would impact the ability of public utility districts to make infrastructure investments to maintain essential services as well as meet federal mandates for electric reliability, fish and wildlife mitigation, and water quality. At a time when local and state governments face serious budget constraints, any effort by Congress to tax municipal bonds would add further economic hardship to the people who rely on vital local services.

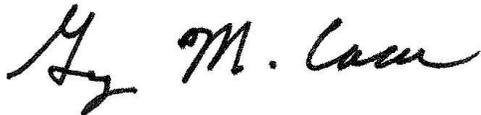
Over the next five years, Washington State PUDs are expected to invest over \$500 million in infrastructure. These investments include equipment upgrades to ensure system reliability, expansion of systems to provide for increased capacity that will

support economic development, and technological improvements that will improve efficiency and performance. Investments such as new substations, water treatment facility improvements, installation of pipelines, and installation of fiber optic cable in rural areas that are currently un-served are not small expenditures, but necessary. The continued availability of tax-exempt municipal bonds plays a critical role in the ability of PUDs to make these investments.

We understand that Congress has difficult choices to make, but believe elimination or limitation on deductions of interest on tax-exempt municipal financing would have far reaching consequences that would outweigh any benefit. As not-for-profit, locally-controlled utilities owned and held accountable by the communities they serve, our member PUDs know the value of investing in systems to ensure safety and reliability. Failure to maintain and improve electrical, water and wastewater, and telecommunications systems in a timely manner can result in service disruptions and risks to public safety. Our member PUDs also know the importance of maintaining affordable service so businesses can thrive and people can maintain comfort in their homes. They know that infrastructure investments support the economy, putting people to work and, they know that tax-exempt municipal financing is critical to achieving these goals by providing a tool that allows investments to be made while minimizing the financial impact on ratepayers.

The Washington PUD Association encourages support of tax-exempt municipal bonds and we appreciate the opportunity to provide comments on this important issue.

Sincerely,

A handwritten signature in black ink that reads "G. M. Caan". The signature is written in a cursive, flowing style.

George Caan, Executive Director  
Washington PUD Association

Cc: Representative Suzan DelBene  
Representative Rick Larson  
Representative Jaime Herrera Beutler  
Representative Doc Hastings  
Representative Cathy McMorris Rodgers  
Representative Derek Kilmer  
Representative Jim McDermott  
Representative Dave Reichert  
Representative Adam Smith  
Representative Denny Heck

**Witness information:**

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Witness represents members of the Washington PUD Association as follows:

Asotin County PUD  
Benton County PUD  
Chelan County PUD  
Clallam County PUD  
Clark Public Utilities  
Cowlitz County PUD  
Douglas County PUD  
Energy Northwest  
Ferry County PUD  
Franklin County PUD  
Grant County PUD  
Grays Harbor County PUD  
Jefferson County PUD  
Kitsap County PUD  
Kittitas County PUD  
Klickitat County PUD  
Lewis County PUD  
Mason County PUD No. 1  
Mason County PUD No. 3  
Okanogan County PUD  
Pacific County PUD  
Pend Oreille County PUD  
Skagit County PUD  
Skamania County PUD  
Stevens County PUD  
Thurston County PUD  
Wahkiakum County PUD  
Whatcom County PUD