

Congress of the United States
Washington, DC 20515

Help Protect Agriculture and Rural Water Users

Become a cosponsor of the *Water and Agriculture Tax Reform (WATER) Act* to assist mutual irrigation, reservoir, and water companies.

Dear Colleague:

Across the United States, our neighbors living in rural communities and the farmers and ranchers who are the backbone of America's agriculture industry face a major burden stemming from the rising cost of water. This is especially true in arid states where the success or failure of agriculture and towns are tied to the availability and cost of water.

The *WATER Act* is a free-market solution that will help reduce the cost of water and increase the economic vitality of rural communities by providing mutual irrigation, reservoir, and water companies with the flexibility they need to improve their water infrastructure without raising rates. More specifically, this legislation will allow these member-owned cooperative corporations to utilize their assets to generate income without losing their tax-exempt status.

Under current law, these cooperative water storage and delivery companies may qualify for tax-exempt status if 85 percent of the entity's income is derived from member shareholders, which include farmers, ranchers, and rural water users. However, these companies are subject to revocation of their tax-exempt status if more than 15 percent of their income originates from non-member sources, such as recreational leases, crossing fees, etc. As a result, this limitation forces rural water users, farmers, and ranchers to bear the burden of operations and maintenance costs in the form of higher water assessments.

The common-sense legislation will address rising costs on rural residents by excluding certain revenue streams, like recreational leases and crossing fees, from the 85 percent test if the revenue is used exclusively for operations and maintenance costs. This solution will support local economies and assist farmers and ranchers by ensuring funds are reinvested in rural water infrastructure development and maintenance.

Please join me in supporting this important legislation that will assist rural towns, provide certainty to farmers and ranchers, and enhance the efficient use of water. If you would like to become an original cosponsor of the *WATER Act*, please contact my Legislative Director, James Hampson at James.Hampson@mail.house.gov. Thank you in advance for your consideration.

Sincerely,



Ken Buck
Member of Congress