



Regulatory Reform: Focusing on Water Infrastructure

Key Facts:

- Federal regulatory requirements impact all infrastructure projects, including those funded by the Environmental Protection Agency's (EPA) State Revolving Loan Fund (SRF) programs. The water projects the SRF's help fund have steadily increased – driving up costs and demand for funding.¹
- Despite entering into effect in 2022, Build America, Buy America Act domestic procurement regulations often still lack clarity and remain opaque and confusing – slowing supply chains and complicating essential projects.
- After recent reforms under the Fiscal Responsibility Act of 2023, the average time to complete an environmental impact statement (EIS) required under the National Environmental Policy Act is 2.2 years. 61% of EIS completed since the FRA went into effect have failed to meet the statutory two-year deadline.²

Issue Background:

The Infrastructure Investment and Jobs Act (IIJA) of 2021 represented the largest federal investment in American water infrastructure in decades and an essential first step toward addressing long-standing system needs. However, the pace of implementation has fallen short of expectations. While funding levels were historic, IIJA was not paired with comprehensive permitting reform, leaving many projects subject to lengthy and uncertain approval timelines before construction can begin.

This challenge has been compounded by ongoing regulatory uncertainty. Evolving federal definitions, particularly surrounding the scope of Waters of the United States (WOTUS) and subsequent litigation, have created a shifting compliance landscape for project sponsors. As many water infrastructure projects are planned and executed over multiple phases and years, this lack of clarity introduces risk, delays, and inefficiencies that can stall progress and increase costs.

At the same time, recent Executive Branch actions have sought to modernize and accelerate National Environmental Policy Act (NEPA) reviews. While these efforts signal meaningful progress, lasting reform will require Congressional action to codify clear timelines, reduce duplicative reviews, and provide greater certainty for project sponsors.

Beyond permitting timelines, broader regulatory and policy requirements have also contributed to delays. In some cases, implementation of IIJA funding has been shaped by

¹ <https://www.cifanet.org/streamlining>

² https://ceq.doe.gov/docs/nepa-practice/CEQ_EIS_Timeline_Report_2025-1-13.pdf

additional policy objectives, adding layers of complexity that can slow project delivery. This dynamic is not new. Over the past two decades, increasing federal mandates tied to EPA SRF programs, combined with rising compliance costs, have expanded administrative burdens and constrained timely access to critical infrastructure funding.

These challenges are especially acute for small and rural communities, which often lack the technical and administrative capacity to navigate complex federal requirements. One-size-fits-all mandates have, in many cases, undermined the flexibility that has historically made SRFs effective at addressing diverse local needs. Reviewing and, where appropriate, streamlining or eliminating certain federal requirements, while restoring core program flexibility, would reduce administrative burden, accelerate project timelines, and better align investments with community-specific priorities.

Finally, certain IJJA-related requirements continue to create friction within project delivery. Build America, Buy America Act (BABAA) domestic preference rules, while well-intentioned, can be difficult to interpret and implement in practice. Limited availability of compliant materials and inconsistent guidance have complicated procurement and disrupted supply chains. To address these challenges, federal agencies should play a more active role in maintaining clear, accessible lists of compliant products, providing consistent guidance, and streamlining the process for targeted, time-limited waivers when necessary to prevent unnecessary project delays.

Taken together, these issues underscore a central reality: historic funding alone is not sufficient to deliver infrastructure at the speed and scale required. Without durable permitting reform, regulatory clarity, and more flexible program implementation, many communities will continue to face avoidable delays in accessing critical water infrastructure improvements.

What can Congress do to help?

- **WASDA Request:** In any State Revolving Fund reauthorization, Congress should direct EPA to review and eliminate SRF administrative and project requirements that lack a clear statutory basis and reaffirm State flexibility in program implementation, allowing SRF programs to focus resources on efficient project delivery and meeting the specific infrastructure needs of their communities.
- **WASDA Request:** In any State Revolving Fund reauthorization, Congress should direct EPA to establish and maintain a publicly accessible list of Build America, Buy America (BABAA)-compliant products, developed in coordination with States, utilities, manufacturers, distributors, and other industry stakeholders, and including expedited processes for issuing targeted, time-limited waivers.
- **WASDA Request:** Prioritize comprehensive, durable permitting reform legislation that provides regulatory certainty, critical definitions (WOTUS), and streamlined processes and timelines for both NEPA and NPDES.



800 Roosevelt Road, Suite C-312 • Glen Ellyn, IL
60137 P 630.672.3670 • F 630.790.3095
www.wasdacom