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Hearing before the U.S. House Committee on Energy and Commerce, Subcommittee on Environment on "Reliable Water in the Digital Age: Examining Legislation to Strengthen Drinking Water Systems and Protect Ratepayers"

Chairmen Guthrie and Palmer, Ranking Members Pallone and Tonko, and members of the Subcommittee:

Thank you for the opportunity to testify on behalf of the U.S. Chamber of Commerce at today's hearing on strengthening drinking water systems and protecting ratepayers.

The U.S. Chamber of Commerce has called on policymakers to prioritize policies that can help our nation achieve sustained 3%+ annual real economic growth. This focus reflects a simple truth: growth is not abstract. At 3% real growth, an economy doubles in size in roughly 23 years – that means more jobs, higher wages, stronger communities, and more opportunities for families and businesses in every region of the country to succeed.

Reliable water is essential to economic growth. It supports public health, powers communities, enables manufacturing, sustains energy production, underpins

agriculture and health care, and increasingly supports the digital infrastructure that modern businesses and consumers depend on every day.

Today's hearing is timely because the nation is at an important inflection point. Demand for digital services, cloud computing, artificial intelligence, enhanced cybersecurity, advanced manufacturing, and data-intensive technologies is growing rapidly. Data centers are the backbone of that economy. They enable the tools that help small businesses reach customers, hospitals manage patient care, manufacturers optimize production, energy companies operate more efficiently, and consumers access services that are now part of daily life.

The question before policymakers is not whether America will need more digital infrastructure. We will. The question is whether that infrastructure will be sited, permitted, built, and operated here in the United States in a way that strengthens communities, protects ratepayers, addresses local concerns, and advances American economic and technology leadership.

The Chamber believes that answer can and must be yes.

Data Centers Are Critical Infrastructure for the Modern Economy

Every sector of the economy is becoming more digital. Businesses of all sizes are using cloud services, artificial intelligence, cybersecurity tools, digital payments, logistics platforms, and data analytics to compete and grow. Those capabilities do not

exist in the abstract. They require physical infrastructure: land, power, fiber, skilled workers, and water.

Data centers are therefore both technology infrastructure and economic infrastructure. They support the digital services Americans rely on, and they can bring meaningful local benefits, including skilled jobs, local tax revenue, long-term infrastructure investment, and opportunities for small businesses that support construction, operations, maintenance, security, food service, transportation, and other local needs.

At the same time, responsible development requires recognizing that data centers are major infrastructure projects. Communities are right to ask questions about water consumption, electricity demand, land use, local services, and impacts on household costs. Those questions deserve clear answers, transparent engagement, and practical solutions.

The Chamber's view is straightforward: data center growth and community protection are not competing goals. With the right policies, planning, and partnerships, the United States can build the digital infrastructure it needs while protecting local water systems, supporting affordability, and strengthening resilience.

Local Concerns Must Be Addressed Early, Directly and Transparently

Communities that host large infrastructure projects should have confidence that their concerns will be heard and addressed. For data centers, that begins with

early engagement among project developers, local governments, utility providers, economic development officials, state regulators, and residents.

Responsible siting should include careful assessment of local water availability, system capacity, alternative water sources, potential reuse opportunities, drought risk, and affordability concerns. It should also include transparency about expected water needs and the steps developers will take to reduce freshwater demand, improve efficiency, and avoid shifting costs onto households and small businesses.

Policymakers can help by ensuring that communities have the tools, data, financing options, and technical assistance necessary to evaluate projects and negotiate outcomes that protect residents while allowing responsible investment to proceed.

We support the Safe Drinking Water Infrastructure Improvement Act

We commend the Subcommittee's bipartisan work on the Safe Drinking Water Infrastructure Improvement Act of 2026. It modernizes and reauthorizes the Drinking Water State Revolving Fund, supports small and rural communities, and appropriately elevates water as a national priority.

The bill gives Congress a serious vehicle to improve drinking water programs while keeping attention on affordability, reliability, public health, and implementation.

Water Reuse, Efficiency, and Innovation Are Central to Responsible Development

Thanks to technological innovations, large scale water users from agricultural enterprises to data centers have, in recent years, been able to greatly improve their water efficiency. Continued innovation and deployment of new technologies can continue this trend.

Industrial water reuse is one of the most promising tools available. Reuse can lower operating risk for businesses, reduce pressure on drinking water supplies, and help communities stretch existing resources further. Federal policy should support wider deployment of reuse technologies, including through incentives that encourage businesses to invest in sustainable water practices.

Congress should also support technology innovation in the water sector, including programs that advance digital tools, enhance monitoring, improve system management, and expand artificial intelligence applications that can help utilities detect leaks, manage contaminants, improve compliance, and plan investments more effectively. These efforts can help communities manage growing demand while improving water quality, strengthening reliability, and reducing long-term costs.

Protecting Ratepayers Requires Better Planning and Smarter Financing

Protecting ratepayers must be a core principle of water infrastructure policy. Household and small-business customers should not bear unfair costs from economic

development projects. This is true whether the project happens to be a data center, a manufacturing facility, a golf course, or an agricultural enterprise.

At the same time, policymakers should recognize that large economic development projects can bring investments at such a scale that they improve the operations and financial viability of local utilities. Blocking or delaying needed infrastructure can also raise costs by discouraging investment, constraining supply, and leaving communities dependent on outdated systems.

A better approach is to align development with infrastructure planning and financing tools that protect existing customers. That means ensuring water utilities and local governments can evaluate system needs, assign costs appropriately, and secure financing for upgrades that benefit the broader community.

Federal tools such as the Clean Water and Drinking Water State Revolving Funds and the Water Infrastructure Finance and Innovation Act remain critical to helping communities modernize water systems, plan projects, and deliver upgrades efficiently. Congress should sustain and strengthen these tools, preserve financing flexibility, and ensure communities can access support for planning and preconstruction activities.

Maintaining the tax-exempt status of municipal bonds, expanding tools such as private activity bonds, and supporting public-private partnerships can also help

communities attract capital and spread costs responsibly. The goal should be to make needed infrastructure more affordable, not more difficult to build.

Modern Permitting Is Essential to Building Responsibly

Our country cannot meet its water, energy, manufacturing, and technology goals with outdated permitting systems. Too often, projects face duplicative reviews, unclear timelines, and unnecessary delays that raise costs and create uncertainty for communities and investors.

Permitting reform is not about cutting corners. It is about improving efficiency, transparency, and predictability while maintaining responsible environmental stewardship. Communities benefit when project sponsors know the rules, agencies coordinate effectively, deadlines are meaningful, and permitting reviews are focused on real impacts.

For water infrastructure, Congress should continue efforts to modernize permitting under the Clean Water Act including modernizing Waters of the U.S. policy, Nationwide Permits, and related programs. These reforms along with updates to the National Environmental Policy Act are especially important for projects that improve water supply, expand reuse, strengthen resilience, upgrade treatment capacity, deploy digital technologies, or support other responsible economic development opportunities.

A modern permitting system should help good projects move forward faster, with better information and stronger accountability.

Water Security, Digital Tools, and Cybersecurity Are Increasingly Connected

As water systems become more digital, they also become more connected to cybersecurity and resilience challenges. Digital tools can improve system performance, but they also require safeguards that protect public health and continuity of service.

Congress should continue supporting water and wastewater system cybersecurity, resilience planning, and technical assistance, especially for smaller utilities that may lack dedicated cybersecurity staff or resources.

Reliable water in the digital age means not only sufficient supply, but also secure operations, modern monitoring, and the capacity to recover quickly from disruptions.

Cyber resilience is essential, especially as water systems increasingly depend on digital tools. Recent attacks underscore this significant vulnerability. The drinking water infrastructure resilience and sustainability provisions in the bill, however, should also include artificial intelligence and other digital solutions (e.g., remote sensing, real-time compliance monitoring, predictive maintenance, leak detection, advanced treatment, PFAS and contaminant monitoring) to help systems operate more efficiently and reliably.

Small, rural, and disadvantaged systems often lack the in-house capacity to deploy these tools. Federal programs should help close that gap. Congress should also consider whether digital monitoring approaches can be treated as equivalent to existing laboratory-based monitoring methods where they provide appropriate data and meet rigorous performance criteria. The goal should be better information, faster response, and stronger compliance—not outdated rules that prevent useful technology from being deployed. The Committee should also consider other practical tools to help small and rural communities and households access technical assistance, data, and water quality technologies.

Equitable Economic Growth and U.S. Technology Leadership Depend on the Ability to Build

It is important to consider what will occur if, as a nation, we fail to build the infrastructure necessary for the digital economy of the future.

A lack of data centers will not reduce the demand for artificial intelligence, cloud storage, or streaming services. It will only mean that demand will exceed supply. Economics 101 teaches us that when that occurs, prices rise. Small businesses and working families could in the very near future find that tools they need to become more efficient and grow their business or to prepare for the jobs of the future are simply unaffordable.

Policymakers have spent years working to close the digital divide. We should not create a new one by making it impossible to responsibly build the digital infrastructure of the future.

Further, America's competitors are not standing still. The countries that lead in artificial intelligence, cloud computing, quantum technologies, advanced manufacturing, and cybersecurity will shape the rules, standards, and economic opportunities of the future.

For the United States to lead, we must be able to build. That includes data centers, energy infrastructure, transmission, broadband, water reuse systems, treatment facilities, and the supporting infrastructure that allows innovation to scale.

If America makes it too difficult to site and build digital infrastructure, investment will move elsewhere. That would weaken U.S. competitiveness, reduce opportunities for American workers, and make the country more dependent on infrastructure built under different legal, environmental, and security standards.

The better path is to build here, build responsibly, and build in partnership with communities.

Recommendations for Congress

The Chamber respectfully encourages the Subcommittee to consider the following recommendations:

1. **Support responsible data center siting and community engagement.**

   Encourage early coordination among developers, utilities, local governments, and residents to address community interests and concerns, including water supply, energy use, infrastructure capacity, and resilience.

2. **Strengthen water infrastructure financing.**

   Sustain and strengthen the Clean Water and Drinking Water State Revolving Funds, WIFIA, and other tools that help communities modernize systems and manage costs.

3. **Advance water reuse and industrial efficiency.**

   Support policies that encourage industrial water reuse, recycling, conservation, and deployment of technologies that reduce pressure on freshwater supplies.

4. **Modernize permitting.**

   Improve efficiency, transparency, and predictability in permitting so communities and businesses can move needed projects from concept to completion.

5. **Expand technical assistance for small and disadvantaged communities.**

   Provide tools that help communities assess projects, access funding, strengthen workforce capacity, and protect affordability.

6. **Support digital and cybersecurity solutions for water systems.**

   Encourage investment in modern monitoring, compliance tools, resilience

planning, and cybersecurity protections for drinking water and wastewater systems.

7. **Provide safe harbor liability protection for public and private water operators that step in to help distressed systems.**

   Smart liability protections can build on EPA's proposed water system restructuring assessment rule to encourage investment, consolidation, and operational improvement without excusing future noncompliance.

8. **Promote American water technology exports.**

   Support U.S. companies developing water technologies, products, and services that can meet domestic needs and compete globally.

Conclusion

Reliable water is foundational to public health, economic growth, and American competitiveness. In the digital age, it is also foundational to U.S. technology leadership.

The United States has an opportunity to show that economic growth and responsible stewardship can reinforce one another. We can build the data centers and digital infrastructure needed to lead in artificial intelligence and the next generation of technology. We can do so while protecting ratepayers, addressing local concerns, reducing freshwater demand through reuse and efficiency, and strengthening the water systems that communities depend on.

That outcome will require practical legislation, modern permitting, sustained infrastructure investment, and strong public-private partnership. The Chamber stands ready to work with this Subcommittee, Congress, Federal agencies, states, local governments, utilities, and the private sector to advance solutions that deliver reliable water, responsible growth, and American leadership.

Thank you for the opportunity to testify.