



Western Municipal Water District Federal Affairs Report – March 2025

GOP FY 2025 Full-Year CR Passes House –Significant Hurdles to Enactment Remain in Senate

House Republicans introduced and passed 217-213 a fiscal year-long continuing resolution (CR) funding bill (through September 30, 2025) that includes significant spending cuts from FY 2024 levels, particularly targeting energy, environmental, and water programs. The bill, which seeks to prevent a government shutdown on March 14, is expected to face strong Democratic opposition in the Senate. It proposes a \$13 billion reduction in discretionary nondefense spending, with major cuts affecting the Department of Energy, EPA, Interior, and other agencies. Programs at risk include clean and drinking water state revolving funds, climate change and renewable energy initiatives, and scientific research.

The bill cuts about \$40 million from the Bureau of Reclamation FY 2024 program funding and also rescinds earmarks for Army Corps of Engineers projects, cutting \$1.4 billion for flood risk management and ecosystem restoration. Additionally, the USDA's Natural Resources Conservation Service (NRCS) would face a \$30 million reduction, and the International Boundary and Water Commission's budget would be cut in half.

While the CR includes some funding for wildfire suppression and firefighter salaries, Democrats argue it underfunds disaster relief and environmental protection. The bill faces significant hurdles in the Senate, where Democratic opposition could force a government shutdown at midnight March 14. As an alternative, Senate Dems are promoting a 4-week CR extension of FY 2024 funds to allow for continued negotiations on the 12 FY 2025 spending bills, but the House is in recess until March 24.

House T&I Subcommittee Holds Hearing on Water Infrastructure Funding

House Transportation and Infrastructure (T&I) Subcommittee on Water Resources and Environment held a hearing to discuss federal funding for water infrastructure, focusing on the EPA's Clean Water State Revolving Fund (SRF) and the Water Infrastructure Finance and Innovation Act (WIFIA). These programs provide grants and low-interest loans to support stormwater management, sewage treatment, and drinking water projects. The hearing comes as EPA Administrator Lee Zeldin announced plans to cut the agency's budget by 65%.

Lawmakers also debated whether private utilities should be allowed to access federal funding. Democrats highlighted the impact of that level of proposed cuts on water infrastructure projects. Witnesses included representatives from the construction industry, infrastructure financing authorities, and a Pacific Northwest tribe.

Acting Interior Assistant Secretary for Policy, Management and Budget Named

Tyler Hassen, a former oil and gas executive linked to the Trump Administration's Department of Government Efficiency (DOGE), has been promoted to acting Assistant Secretary for Policy, Management, and Budget at the Department of the Interior. His appointment, made through a secretarial order by Interior Secretary Doug Burgum, gives him significant authority as the Trump Administration seeks to downsize the federal workforce and roll back Biden-era energy regulations.

Mr. Hassen, who previously worked at Basin Holdings and Morgan Stanley, will oversee key Interior programs, including revenue management from energy development and wildfire response. His promotion reflects a shift toward using official federal roles, rather than DOGE, to implement cost-cutting measures. The Administration's workforce reduction efforts, which included firing thousands of probationary employees, have faced legal and logistical

challenges. The assistant secretary position, which requires Senate confirmation, has been vacant since the first Trump Administration.

Interior Suspends Biden Interior Solicitor's M-Opinions

The Interior Department's acting Solicitor, Gregory Zerzan, has suspended all 20 Solicitor opinions (also known as M-Opinions) issued during the Biden Administration, citing the need for a "thorough review" by the new Administration. This move will allow the Trump Administration to review and challenge key legal and policy decisions to better reflect their policy views, as the suspended opinions covered issues such as migratory bird protections, mineral rights in North Dakota, tribal land claims, and environmental regulations. During the review, agencies cannot rely on these opinions without consulting the Solicitor's office.

Supreme Court Limits EPA's Authority for NPDES Permitting

The U.S. Supreme Court has ruled 5-4 in *City and County of San Francisco v. EPA, et al.* that the EPA lacks authority under the Clean Water Act (CWA) to impose water pollutant discharge permit restrictions based on an "end-result" for receiving waters. Instead, the agency must specify the steps permittees must take to meet water quality standards. Justice Samuel Alito, writing for the majority, argued that such requirements improperly shift regulatory burdens onto permittees rather than setting clear external restrictions. The ruling overturns a Ninth Circuit decision upholding EPA's permit for San Francisco's sewer system, which included language barring discharges that "cause or contribute to" water quality violations.

Justice Amy Coney Barrett dissented, joined by the Court's three liberal justices, arguing that the decision undermines the CWA's purpose by limiting EPA's ability to enforce water quality standards. Legal experts warn the ruling could disrupt longstanding state and federal permitting practices, potentially delaying permit approvals and complicating enforcement. EPA officials are reviewing the decision's implications.

Former Trump 45 Deputy Solicitor to Return to Interior

Karen Budd-Falen is reportedly returning to the Interior Department as Associate Deputy Secretary. A Wyoming attorney with a long history in conservative legal advocacy, she previously served in the Reagan and first Trump Administrations, most recently as deputy Interior solicitor overseeing national parks and the Endangered Species Act (ESA). Known for her criticism of the ESA and Bureau of Land Management (BLM) policies, she has pushed for regulatory changes that prioritize economic use of public lands. Environmental groups oppose her appointment, arguing she has consistently worked against land and wildlife protections, but many Western land and water users applaud her return to the government.

Senate EPW Approves Trump EPA Deputy Nominees

The Senate Environment and Public Works (EPW) Committee approved President Trump's nominations of David Fotouhi as EPA deputy administrator and Aaron Szabo as head of the air office, positioning them to lead major environmental regulatory rollbacks commencing soon. If confirmed by the full Senate, they will play key roles in the Administration's efforts to dismantle climate and pollution regulations, including revisiting the 2009 greenhouse gas endangerment finding and removing emissions restrictions on oil, gas, and power production. Democratic concerns continue over the Administration's deregulatory agenda and deep EPA budget cuts.

House Republicans Plan More CRA Votes to Roll Back Biden Rules

Republicans are swiftly using the Congressional Review Act (CRA) to roll back Biden-era environmental and energy regulations. The House is set to vote on multiple resolutions targeting rules on offshore drilling, methane emissions, air pollution, and appliance efficiency.

One resolution would overturn a Department of the Interior, Bureau of Ocean Energy Management (BOEM) rule requiring archaeological studies before drilling, which has already passed the Senate. Another CRA resolution, passed by both House and Senate, would repeal an EPA methane leak fee and is now awaiting President Trump's signature. Additional measures target tire manufacturing pollution standards and DOE appliance efficiency rules.

With limited time, Republicans are strategically selecting regulations to challenge, with California's vehicle emissions standards likely next. The CRA allows Congress to repeal newly finalized rules with a simple majority vote and White House approval.

Lower Colorado River Basin States Call on Interior to Start Over on Post-2026 Guidelines

Officials from California, Arizona, and Nevada are urging Interior Secretary Doug Burgum to withdraw a recent Biden Administration report outlining potential future management plans for the drought-stricken Colorado River. In a February 13 letter, Lower Basin state negotiators criticized the Bureau of Reclamation's January 2025 report for its "technical and legal deficiencies" and requested a fresh evaluation that includes their proposed framework.

The dispute highlights ongoing tensions among the seven Colorado River Basin states over how to distribute water cuts, with the Lower Basin states calling for a broader accounting of available water, including stored flows in Upper Basin reservoirs. The letter also stresses the need for infrastructure upgrades at Glen Canyon Dam to maintain water deliveries if reservoir levels drop critically low. With current agreements expiring in 2026, officials warn that failure to reach consensus could lead to Supreme Court legal battles over water rights.

Arizona Delegation Reintroduces \$5B Colorado River Tribal Water Settlement Bill

A bipartisan group of Arizona lawmakers has reintroduced a \$5.1 billion water rights settlement for three Native American tribes in the Colorado River Basin—the Navajo Nation, Hopi Tribe, and San Juan Southern Paiute Tribe. The *Northeastern Arizona Indian Water Rights Settlement Act*, introduced in the Senate by Democratic Sens. Mark Kelly and Ruben Gallego, aims to secure the tribes' share of Colorado River water and fund infrastructure to deliver it.

A companion bill in the House is sponsored by Arizona GOP Reps. Juan Ciscomani, Greg Stanton, and David Schweikert, along with Democratic Reps. Raúl Grijalva and Yassamin Ansari. The bill, previously stalled in the 118th Congress, faces opposition from some basin states concerned about water leasing provisions. Supporters, including Arizona Gov. Katie Hobbs (D), argue the legislation is essential for ensuring clean, reliable water access and correcting historical injustices.

Trump EPA Announces Deregulatory Review of Environmental Rules and Regs

The Trump Administration, under EPA Administrator Lee Zeldin, announced a broad deregulatory push, including a major review of water regulations. A key focus is reconsidering the Biden Administration's definition of "waters of the United States" (WOTUS), which determines federal jurisdiction over wetlands and waterways under the Clean Water Act (CWA). The EPA aims to scale back federal oversight as directed under the Supreme Court's *Sackett v. EPA* decision, potentially excluding more wetlands from permitting and mitigation requirements.

Additionally, the agency is revisiting Biden-era rules on coal ash pollution, which currently require utilities to clean up toxic waste sites contaminating groundwater, and wastewater discharge standards for coal power plants that regulate pollution flowing into rivers, lakes, and streams. Critics argue these rollbacks will weaken safeguards for drinking water and aquatic ecosystems. The Administration frames the changes as reducing regulatory burdens and promoting state-level control. Environmental groups and Democratic lawmakers have pledged legal challenges to block the weakening of federal clean water protection.

As always, it is a pleasure serving the Western Municipal Water District. If this report brings rise to any questions, please contact Mark Limbaugh at (202) 286-8887 or Christopher Kearney at (202) 549-1583.