



SOLVE IT WITHOUT INCREASING WATER BILLS



August 2018

FAQs on Proposed, State-Mandated Extra Charge on Water Bills

There is a new twist on the proposed water tax issue. As part of a last-minute effort before the California Legislative Session ends on Aug. 31, a new proposal, SB 845 (Monning), would require more than 3,000 community water systems to add a state-mandated voluntary remittance with an opt-out feature to their water bills. This new item would go on the local water bills of California families and businesses.

Here are some frequently asked questions on the issue:

Q: What does the new bill propose?

A: SB 845, which was modeled after SB 623 and the 2018 budget trailer bill proposal, seeks to require local water agencies to place a voluntary remittance with an “opt-out” feature on drinking water bills paid by California families and businesses.

Residential water bills would have the option of paying \$0.95/month tax, and business water bills would see up to a \$10/month option. More than 3,000 local water agencies would be required to change their billing systems and manage the opt-out program, collect the funding and send all of the funds to Sacramento for distribution to communities in certain areas of California that have the problem.

Q: Why is ACWA and its coalition of businesses, cities water agencies and associations opposed to this proposal?

A: Local public water agencies are committed to providing safe and reliable water. They strongly agree that all Californians should have safe drinking water, but oppose mandates for locally implemented voluntary remittance payments with an opt-out feature on water bills for several reasons, including:

- This new proposal would require thousands of local water agencies and cities to manage the voluntary remittance payment collection with the opt-out feature and forward the funds to Sacramento. While well-intentioned, the administrative costs for thousands of water systems would make water less affordable.
- Effective funding solutions already exist for achieving this goal. In June, the legislative budget conference committee rejected the statewide water tax out of the state budget, instead setting aside \$23.5 million in General Fund revenue to safe drinking water. Also in June, California voters approved Proposition 68 with \$250 million for safe drinking water that is prioritized for disadvantaged communities. In November, California voters will be able to support Proposition 3 with another \$500 million allocated for safe drinking water for disadvantaged communities.



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Q: How will the money that's collected be used?

A: The money would be collected statewide to help the disadvantaged communities in California without access to safe drinking water. ACWA strongly supports this worthwhile cause, but the legislature and voters already acted with better funding solutions.

Q: What other funding alternatives exist?

A: In June, the Budget Conference Committee allocated \$23.5 million from the state's General Fund for safe drinking water. Also in June, California voters approved Proposition 68 with \$250 million for safe drinking water that is prioritized for disadvantaged communities. In November, California voters will be able to support Proposition 3 with another \$750 million allocated for safe drinking water and wastewater for disadvantaged communities.

Q: Will the money I pay help my community?

A: It's possible, however, it is unlikely because the vast majority of Californians have access to safe drinking water. These communities would not receive any benefit. The money raised would go to Sacramento and the State Water Resources Control Board would distribute it to communities that do have the problem.

Q: What other solutions are being proposed?

A: ACWA and a [large coalition](#) of businesses, cities, water agencies and associations are advancing an idea that would not increase the cost of water.

The Legislature could more simply add a new voluntary contribution fund check off to the California Form 540 and have it efficiently collected at a much lower cost by one state agency (the Franchise Tax Board) instead of requiring more than 3,000 community water systems to develop new billing systems and hire new employees to bill and collect the funds and send them to Sacramento.

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