



SOLVE IT WITHOUT INCREASING WATER BILLS



August 2018

Facts 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 for the state a voluntary remittance with an opt-out feature. This new item would go on the local water bills of California families and businesses. Customers would be allowed to pay the remittance, pay a different amount or elect to opt out of payment.

As with earlier proposals, this effort would raise funds for assisting some rural, low-income communities without access to safe drinking water. ACWA strongly supports helping these communities and ensuring safe drinking water for all Californians, but neither a statewide tax nor this latest twist are reasonable solutions.

The Legislature has already acted in 2018 on this issue. In June, a legislative conference committee rejected inclusion of the statewide water tax in 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 approve Proposition 3 with another \$500 million allocated for safe drinking water for disadvantaged communities.

Background on Drinking Water Tax Proposals

SB 845 was gutted and amended Aug. 16. It has had no policy committee review or input from the local water systems that would be required to implement it, let alone their customers. This new proposal is a twist on SB 623 from 2017 and a Brown Administration budget trailer bill from earlier in 2018.



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Why ACWA and its Coalition is Opposed to this Proposal

Local public water agencies are committed to providing safe and reliable water. They strongly agree that all Californians should have safe drinking water, but ACWA and a coalition of more than 200 businesses, cities, water agencies and associations 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.

Alternative Approach

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.

More Information

Additional information about the proposed drinking water tax and ACWA's advocacy efforts has been posted on ACWA's website at www.acwa.com/no-water-tax. Information is also available at www.watertaxfacts.org.