

SUPPORT SB 669 (CABALLERO) THE SAFE DRINKING WATER TRUST



March 21, 2019

Facts on ACWA and CMUA Proposal for The Safe Drinking Water Trust

A statewide water tax is not the right approach

ACWA and the California Municipal Utilities Association (CMUA) are sponsoring SB 669 (Caballero) to create The Safe Drinking Water Trust that will help community water systems in disadvantaged communities provide safe drinking water. The Trust would be funded with General Fund dollars during a state budget surplus year with the net income from the Trust creating a durable funding source.

This solution is a better alternative to the proposed statewide water tax, which would be highly problematic.

Why is there a need for safe drinking water funding in California?

- Most Californians have access to safe drinking water, but some disadvantaged communities do not
- Lack of access to safe drinking water is a public health issue the state must address
- A funding gap exists for operations & maintenance (O&M) costs for community water systems that treat water
- In general, O&M costs cannot be financed using existing state and federal drinking water funding sources
- In some situations, consolidation of a community water system may be the most effective solution
- A financial solution is needed for O&M and consolidation costs that can complement existing federal and state funding sources for capital costs

How would the ACWA/CMUA proposal for a Trust work?

- The Trust's principal would be initially financed with a one-time infusion of General Fund dollars during a budget surplus year
- There is a record budget surplus for the 2019-2020 Fiscal Year, which makes it the perfect time to create and fund the Trust
- Funding the Trust via the General Fund serves as a progressive source of revenue, as taxpayers with higher income would contribute more, while lower income taxpayers would contribute less

Why is a statewide water tax not the right approach?

- It isn't sound policy to tax a resource that is essential to life
- A regressive statewide tax on local water bills is in conflict with keeping water affordable for all Californians
- It would be highly inefficient to require more than 3,000 local water agencies to serve as tax collectors for the state
- The combined local administrative costs would exceed the combined statewide water tax revenue collected with local water bills

To learn more about the Safe Drinking Water Trust proposal or the statewide water tax, please visit www.acwa.com/trust or www.watertaxfacts.org. You may also contact ACWA Deputy Executive Director for Government Relations [Cindy Tuck](#) at [\(916\) 441-4545](tel:9164414545).