

Updated: August 24, 2017 / Originally Sent: August 18, 2017

The Honorable Lorena Gonzalez Fletcher
Chair, Assembly Appropriations Committee
California State Assembly
State Capitol, Room 2114
Sacramento, CA 95814

Re: SB 623 (Monning): Safe Drinking Water Funding/TAX ON WATER
Position: OPPOSE UNLESS AMENDED (As Amended August 21, 2017)

Alameda County Water District	Georgetown Divide Public Utility District	Rincon del Diablo Municipal Water District
Amador Water Agency	Helix Water District	Rio Alto Water District
American Water Works Association, California-Nevada Section	Hidden Valley Lake Community Services District	Rio Linda Elverta Community Water District
Anderson-Cottonwood Irrigation District	Humboldt Bay Municipal Water District	Rowland Water District
Antelope Valley – East Kern Water Agency	Humboldt Community Services District	Sacramento Suburban Water District
Association of California Water Agencies	Indian Wells Valley Water District	San Diego County Water Authority
Bella Vista Water District	Indio Water Authority	San Gabriel Valley Municipal Water District
Brooktrails Township Community Services District	Irvine Ranch Water District	San Juan Water District
Browns Valley Irrigation District	Kern County Water Agency	Santa Fe Irrigation District
Calaveras County Water District	Kinneloa Irrigation District	Santa Margarita Water District
CalDesal	Laguna Beach County Water District	Scotts Valley Water District
California Municipal Utilities Association	Lake Hemet Municipal Water District	Shasta Community Services District
Calleguas Municipal Water District	Las Virgenes Municipal Water District	South Coast Water District
Camrosa Water District	Long Beach Water Department	South Tahoe Public Utility District
Carmichael Water District	Malaga County Water District	Southern California Water Committee
Casitas Municipal Water District	Mammoth Community Water District	Stockton East Water District
Citrus Heights Water District	McKinleyville Community Services District	Tahoe City Public Utility District
City of Beverly Hills	Merced Irrigation District	Three Valleys Municipal Water District
City of Fairfield	Mesa Water District	Tulare Irrigation District
City of Garden Grove	Mid-Peninsula Water District	Tuolumne Utilities District
City of Oceanside	Mission Springs Water District	United Water Conservation District
City of Redding	Mojave Water Agency	Upper San Gabriel Valley Municipal Water District
City of Roseville	Monte Vista Water District	Vallecitos Water District
City of San Diego	Municipal Water District of Orange County	Valley Center Municipal Water District
Coachella Valley Water District	Olivenhain Municipal Water District	Valley of the Moon Water District
Crescenta Valley Water District	Orange County Water District	Vista Irrigation District
Cucamonga Valley Water District	Orchard Dale Water District	Walnut Valley Water District
Del Paso Manor Water District	Otay Water District	Westlands Water District
Desert Water Agency	Padre Dam Municipal Water District	Western Canal Water District
Dublin San Ramon Services District	Palm Ranch Irrigation District	Western Municipal Water District
East Orange County Water District	Palmdale Water District	Wheeler Ridge-Maricopa Water Storage District
East Valley Water District	Paradise Irrigation District	Yolo County Flood Control Water Conservation District
Eastern Municipal Water District	Pico Water District	Yorba Linda Water District
El Dorado Irrigation District	Placer County Water Agency	Yuba County Water Agency
El Toro Water District	Quartz Hill Water District	
Elsinore Valley Municipal Water District	Rainbow Municipal Water District	
Fair Oaks Water District	Rancho California Water District	
Fallbrook Public Utility District	Regional Water Authority	
Foothill Municipal Water District	Richvale Irrigation District	

Dear Chair Gonzalez Fletcher:

The above-listed organizations are OPPOSED UNLESS AMENDED to SB 623 (Monning) and **OPPOSE THE TAX ON WATER BEING ADDED TO SB 623.**

This bill would establish a fund to be administered by the State Water Resources Control Board (SWRCB) to assist those who do not have access to safe drinking water. The organizations listed on this letter agree with the intent of the bill. The lack of access to safe drinking water in certain disadvantaged communities is a public health issue and a social issue that the State needs to address.

As the Legislature departed Sacramento for Summer Recess, the intended funding sources for SB 623 had yet to be identified in the bill. The Author is adding the funding sources just prior to the Assembly Appropriations Committee voting on the measure. Senator Monning is adding two types of funding: 1) fees related to fertilizer and dairies to address nitrate contamination; and 2) a state-mandated tax on water that the bill would require local water agencies to assess on their local ratepayers and send to Sacramento. The above-listed organizations oppose the proposal for a tax on water.

PROBLEMS WITH A TAX ON WATER: Following are examples of problems with a tax on water:

- 1) **Requiring local water agencies and cities across the state to impose a tax on water for the State of California is highly problematic and is not the appropriate response to the problem;**
- 2) State law sets forth a policy of a human right to water for human consumption that is safe, clean, **affordable** and accessible. **It is not sound policy to tax something that is a human right;**
- 3) **Adding a tax on water works against keeping water affordable for all Californians; and**
- 4) **It is inefficient for local water agencies across the state to collect the tax and send it to Sacramento.**

Instead of turning local water agencies into taxation agencies for the state, the above-listed organizations suggest the following funding solution:

FUNDING SOLUTION:

- 1) **Safe Drinking Water State Revolving Fund (SRF)** – this federal funding can be used to fund capital costs;
- 2) **General Obligation (G.O.) Bonds** – SB 5 (de León) proposes \$175 million for safe drinking water and two new bond initiatives have been filed with the Attorney General which both propose \$500 million for safe drinking water. All of these bonds propose to prioritize the drinking water funding to disadvantaged communities (DACs);
- 3) **Ag Funding** – the nitrate-related fee(s) that is expected to be added to the bill can be used for replacement water, including point-of-use and point-of-entry treatment, for nitrate contamination; and
- 4) **General Fund** – General Fund funding can fund the non-nitrate operation and maintenance (O&M) costs needs at public water systems in certain DACs.

Everyone in California should have access to safe drinking water. The fact that a small percentage of Californians do not makes this issue a public health and social issue for which the General Fund is an appropriate source of funding as part of the above-suggested funding package.

AMENDMENTS: In addition to including the General Fund as a funding source instead of a tax on water, the organizations listed above are suggesting the amendments shown on the attachment to address various concerns regarding this funding measure.

The above-listed organizations urge your “No” vote on SB 623 unless the bill does not include a tax on water and these concerns are addressed.

If you have questions, please contact Cindy Tuck, Deputy Executive Director for Government Relations, Association of California Water Agencies at (916) 441-4545 or at cindy@acwa.com.

cc: The Honorable William W. Monning
Honorable Members, Assembly Appropriations Committee
Ms. Kathy Smith, Senior Legislative Consultant, Office of Senator William W. Monning
Ms. Jennifer Galehouse, Deputy Chief Consultant, Assembly Appropriations Committee
Mr. Jared Yoshiki, Consultant, Assembly Republican Caucus

Attachment

SB 623 (MONNING) AMENDMENTS SUGGESTED BY WATER AGENCIES AND WATER ORGANIZATIONS LISTED ON THIS LETTER

1) Do NOT include a tax on water (i.e., the proposed drinking water “fee.”) Instead, the bill should propose General Fund funding as the non-nitrate funding source in the bill.

2) Exclude capital costs as an eligible funding category and focus on funding operation and maintenance (O&M) costs, which are difficult to fund through G.O. bonds and cannot be funded with Safe Drinking Water State Revolving Fund (SRF) dollars. (G.O. bonds and the SRF are effective in funding capital costs.)

3) Limit the funding to disadvantaged communities (DACs) and low income individual domestic well users that do not have access to safe drinking water, consistent with 4) below.

4) Exclude individual domestic wells and “state small water systems” (with 5 to 14 connections) as eligible funding categories (with one exception for nitrate). Data is lacking to support a credible needs assessment. For example, the state does not require owners of private wells to sample their wells, and consequently a comprehensive database for these groundwater sources does not exist. **The bill should explicitly exclude these two categories from funding with the exception that funding could be made available for replacement water** for individual domestic wells or state small water systems in rural areas of the state for which the local health officer has certified that data documents that the wells for which funding is being sought in that area are contaminated with **nitrate**. The proposed definition of “replacement water” should be narrowed to make this exception workable. (Bottled water, point-of-use treatment and point-of-entry treatment are reasonable parts of this proposed definition.)

5) Make sure the funding goes to address situations where the water is not safe. The proposed language in Section 116769 references: A) “systems and populations potentially in need of assistance”; and B) systems that “may be at risk of failing.” Funding for safe drinking water should go to where there are real problems as opposed to going to where there is a chance of a problem.

6) Focus on safe drinking water and recognize that affordability issues are being discussed in the SWRCB’s AB 401 implementation process. The language should be deleted from Section 116769 which would include in the needs assessment all community water systems in DACs that charge fees that exceed the affordability threshold in the Clean Water State Revolving Fund Intended Use Plan (i.e., fees that equal or exceed 1.5 percent of the median household income). The SWRCB is currently developing a plan for a low-income water rate assistance program pursuant to AB 401 (Dodd, 2015), and there many questions being raised about how affordability thresholds should be determined.

7) Clarify what is intended by the proposed authority for the SWRCB to take incidental action as may be appropriate for adequate administration and operation of the fund. Instead of simply including this rather vague provision, the bill should be specific as to what this proposed authority is intended to cover.