

NO Water Tax

No on
SB 623

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Facts on Proposed Statewide Tax on Water SB 623 (Monning)

ACWA strongly opposes a recently released proposal to tax Californian's drinking water. This first-ever statewide water tax is proposed as a way to address a lack of access to safe drinking water for some people who live in rural, disadvantaged communities.

ACWA is committed to developing effective solutions and advancing appropriate funding strategies to address this important public health and social issue. However, an eleventh-hour effort in the Legislature to impose a regressive statewide tax on water – as proposed in SB 623 (Monning, D-Carmel) – is **NOT** the right funding solution.

Background on SB 623

Just as the Legislature returned from summer recess Aug. 21, Sen. Bill Monning (D-Carmel) inserted language into SB 623 proposing to establish California's first-ever statewide tax on residential and business water bills as one of the bill's funding mechanisms. Monning is calling the tax the "Safe and Affordable Drinking Water Fee." ACWA strongly opposes this provision in the bill.

A Tax on Water is NOT the Solution

Local, public water agencies are committed to providing safe and reliable water and support the intent of the bill. They understand the severity of the problem and the need for solutions. However, taxing Californians' water is not the solution. While ACWA supports the intent of the bill, SB 623 has fundamental flaws, such as:

- Taxing Californians for something that is essential to life does not make sense.
- Adding a tax on water would further erode the affordability of water for local water users.
- Imposing a statewide tax on Californians' water would turn hundreds of local water agencies into taxation entities that send money to Sacramento.
- Imposing a regressive tax has a bigger impact on families just above low-income thresholds.

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- If passed, the bill would open the door to future taxes on water customers.

An Eleventh-Hour Play is Not Good Policy

The insertion of the tax language in the bill at the last-minute, after keeping it under wraps for months, is no way to make public policy. Such issues should be debated openly and fully. The tax provisions have not been heard by any policy committees.

A Better Approach

ACWA believes that this important public health and social issue requires focused state leadership. Therefore, dollars from the state's General Fund, packaged with ongoing funds from the Safe Drinking Water State Revolving Fund (SRF), general obligation bonds, and an assessment proposed by agriculture and environmental justice organizations related to nitrates in groundwater is the right funding approach.

The state appropriately uses its General Fund to pay for other important programs and initiatives that have been identified as statewide priorities – including public health, education, housing, disability services, and other programs that serve and protect residents and communities in need. The General Fund is primarily sourced from income tax, which is a progressive tax, (i.e. people with higher incomes pay higher tax). This is appropriate for funding a state social issue

More Information

Additional information about SB 623 and ACWA's advocacy efforts has been posted on ACWA's website at www.acwa.com/no-water-tax.

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ACWA is a statewide association of public agencies whose more than 440 members are responsible for about 90% of the water delivered in California. For more information, visit www.acwa.com.