

NO Water Tax

No on
SB 623

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Facts on Proposed Statewide Tax on Drinking Water

ACWA strongly opposes a 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, a continuing effort in the Legislature to impose for the first time a statewide tax on drinking water – as originally proposed in SB 623 (Monning, D-Carmel) – is **NOT** the right funding solution.

Background on Drinking Water Tax

SB 623 became a two-year bill last September. The proposal for the drinking water tax did not go into print until the last few weeks of the first year of the legislative session. The bill proposes what would be California's first-ever statewide tax on residential and business water bills as one of the bill's funding mechanisms. ACWA strongly opposes the proposed new tax and has an oppose-unless-amended position.

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' drinking water is not the solution. While ACWA supports the intent of the bill, this proposal 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 tax collectors for the State of California – with all of the tax money being sent to Sacramento.
- Imposing a regressive tax has a bigger impact on families just above low-income thresholds.
- If passed, the bill would open the door to future state taxes on water customers.

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 funds from the Safe Drinking Water State Revolving Fund (SRF), general obligation bonds, and an assessment proposed in SB 623 by agriculture and environmental justice organizations related to nitrates in groundwater is the right funding approach.

Most Californians do have access to safe drinking water. Making sure that all Californians have safe drinking water is critical, and it is a social issue for the state. 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). The General Fund is an appropriate funding source, when packaged with SRF, bond and nitrate funding, for funding this important 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.