DATE: August 23, 2018

TO: Honorable Members of the California Legislature

Opposition to Proposed New Statewide “Opt-Out” Water Mandate
Senate Bill 845 (Monning)
New Twist on Statewide Water Tax Proposal
August 22, 2018 Version

The associations listed above are part of a broader coalition of over 217 public water agencies, cities, business organizations, and associations that urges the Legislature to REJECT SB 845 – the proposed new statewide “opt-out” water mandate - for the following reasons:

1) The proposal would impose a costly and complicated structure by requiring over 3,000 community water systems of all sizes to first solicit and then collect donations on customers’ local water bills and send the donations to Sacramento;

2) The combined administrative costs for the over 3,000 community water systems and their customers would greatly exceed the combined amount collected because thousands of local water systems would need to change their billing systems (e.g., $100,000 for one system) and hire staff to implement the program. The proposed 4 percent or 2 percent cost retention amount would not come even close to covering the administrative costs for the thousands of systems;

3) Adding this donation to water bills with an opt-out option may inadvertently exacerbate the issue of water affordability for some customers;

4) The proposal could be simplified by instead adding 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);

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We urge your NO vote on SB 845
5) **SB 845 is unnecessary:**
   A) The Budget Conference Committee already acted on June 8, 2018 to reject the prior version of the budget trailer bill and instead set aside $23.5 million General Fund dollars for safe drinking water to be allocated in August;
   B) California voters just approved Proposition 68 in June with $250 million for safe drinking water that is prioritized for disadvantaged communities; and

6) It is an 11th-hour proposal: This new proposal did not go into print until the night of August 16, and **no policy committee has taken public testimony on this new proposal.** The proponents developed the proposed collection mechanism without the input of the thousands of community water systems that would be charged with implementing it.

**We urge your NO vote on SB 845**