



WATER TAX FACTS

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

ACWA and the California Municipal Utilities Association (CMUA) are sponsoring state legislation to create a 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.

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
- The Trust's principal would be invested, and the net income would be transferred to a Safe Drinking Water Fund, which the State Water Resources Control Board would administer
- 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

The governor and some legislators are proposing a statewide tax on drinking water. How would that work?

- The state would levy a monthly tax on the water bills of more than 10 million homes and businesses in California
- More than 3,000 local water agencies would serve as tax collectors for the state in collecting the tax on drinking water bills
- Local agencies would incur significant administrative and technology expenses associated with implementing new systems used for collecting water tax revenues from local water bills
- Revenues generated from the tax would be funneled through the State Water Board, which would allocate funding to safe drinking water projects in the state

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