

## Water Tax is Back Despite Alternative

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Although falling flat in 2017 and 2018, the drinking water tax lives on with Governor Gavin Newsom's call to create a Safe and Affordable Drinking Water Fund. Governor Newsom endorsed the water tax in his 2019-2020 budget, despite unified opposition by water agencies across the state. The primary funding mechanism for Newsom's fund is a tax, ranging from \$1 to \$10 per month, on every water customer in the state, combined with assessments on fertilizer sales and confined animal operations.

The governor hopes to pay for upgrades to systems that chronically serve around one million Californians with water inadequate for human consumption, cooking, or sanitary purposes. The State has identified more than 300

systems that cannot provide safe, reliable water service due to unsound infrastructure or because they **lack the financial, managerial, and technical resources** to do so. Newsom's Fund alleviates the financial woes of these non-compliant systems, but fails to address the other issues; without a mechanism to correct the lack of managerial and technical resources, it is an incomplete solution. There is an alternative that does not require taxing our most precious natural resource, water.

MWDOC supports access to safe, affordable drinking water for all California residents, however, the water tax fails to address deeper issues. The District, and others who are part of a coalition of California water agencies, are not in favor of Newsom's water tax, but instead support an alternate solution that aims to address specific issues afflicting the systems. The plan, put forth by Senator Anna Caballero, proposes a dual-approach that forms a Safe Drinking Water Trust. The Trust takes a one-time dip into the \$30 billion surplus in the general fund, and creates a mechanism to consolidate non-compliant systems with utilities that are well managed, reducing cost-burden and providing technical expertise and accountability to the public. This legislative solution is preferred because it addresses funding and governance issues, and also provides a pathway to safe, reliable drinking water without levying a statewide tax.

Senator Caballero's two bills are a continuation of her legislative efforts in the Assembly to create the Small System Water Authority Act of 2018. Caballero worked with Eastern Municipal Water District to identify non-compliant systems, finding the majority of these systems served less than 10,000 customers. These small water systems tend to have high overhead and limited revenue, which caused the residents to suffer exponentially high water bills for water unsuitable for use. Caballero's 2018 legislative efforts provided a mechanism to merge the systems with surrounding water agencies to reduce overhead through creating economies of scale. The Legislature approved Caballero's bill but Governor Brown vetoed it, citing the lack of a funding mechanism – which is addressed by the Trust.

Although MWDOC and the coalition of water agencies oppose the water tax and support Caballero's dual-approach, the agencies are powerless because the fate of both solutions lies with the California Legislature who must approve any new tax. It takes everyday citizens talking to their representatives about these issues to bring about change. To contact your legislator, visit: [http://www.legislature.ca.gov/legislators and districts/legislators/your legislator.html](http://www.legislature.ca.gov/legislators_and_districts/legislators/your_legislator.html)