SWEETWATER SPRINGS WATER DISTRICT

TO: Board of Directors **AGENDA NO. VI-E**

FROM: Ed Fortner, General Manager

Meeting Date: April 4, 2019

Subject: GOVERNER-PROPOSED TAX ON WATER BILLS

RECOMMENDED ACTION: Discuss impacts to SSWD of proposed legislation.

FISCAL IMPACT: None

DISCUSSION:

Governor Newsom has proposed legislation to impose a water tax based on meter size ranging from 95 cents to $10 monthly to subsidize well testing, aid public water systems and treat contaminated water. The target goal is $140 million. Fees are also proposed on animal farmers, dairies and fertilizer sales. Governor Brown proposed a very similar piece of legislation last year and it was defeated in large part due to Agriculture pushback. ACWA also opposed Brown's legislation and opposes Newsom's version.

I feel that this effort will be defeated in part because there are billions of dollars in reserves in the general fund of the State and due to opposition as stated above.

We will track the progress of this proposed legislation and keep the board apprised.

SFGATE https://www.sfgate.com/bayarea/article/gavin-newsom-drinking-water-tax-california-drought-13707524.php

Details of Newsom's drinking water tax plan revealed

By Filipa Ioannou Updated 12:53 pm PDT, Friday, March 22, 2019

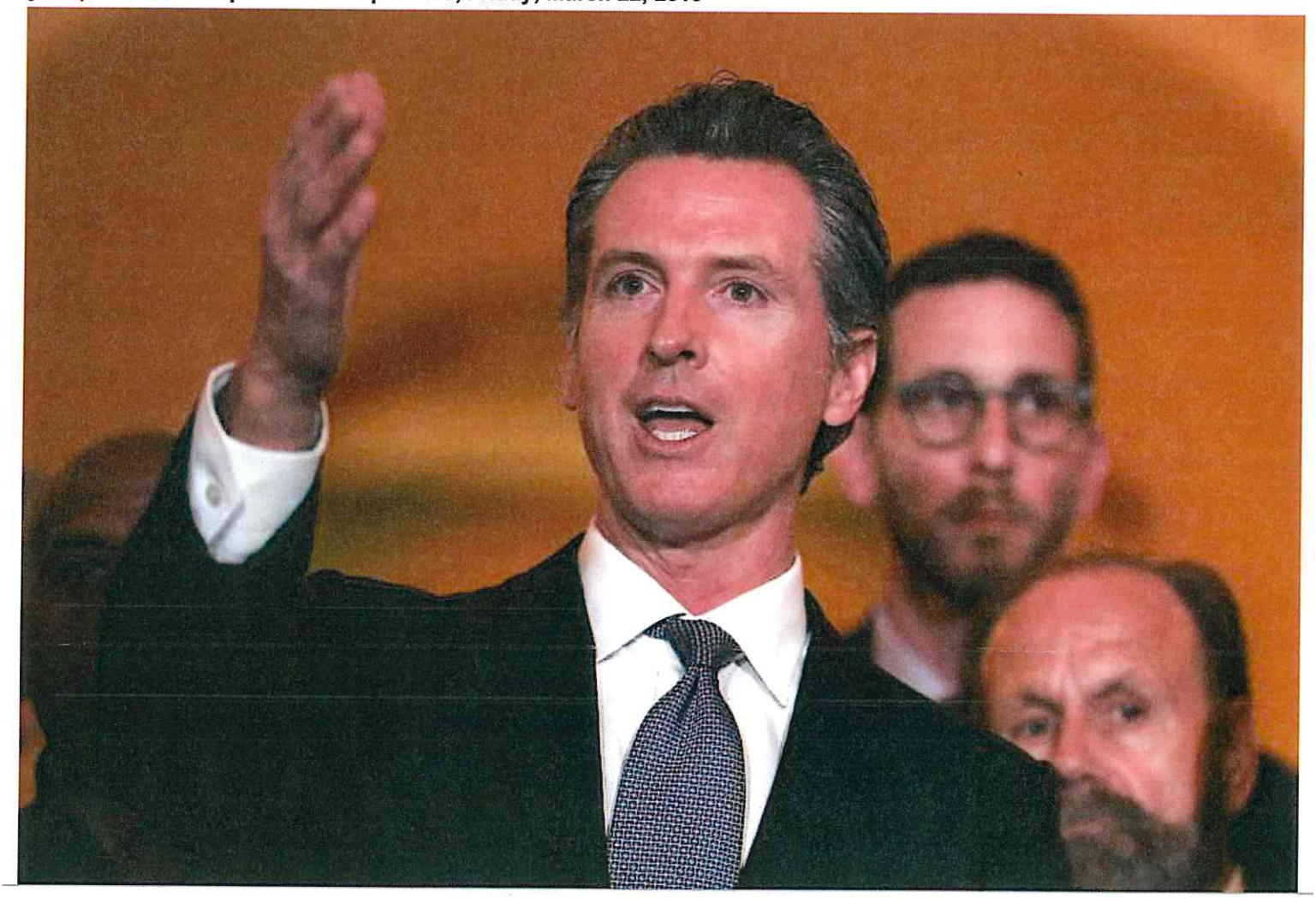


IMAGE 1 OF 15

Gov. Gavin Newsom speaks during a news conference at the California State Capitol on March 13, 2019 in Sacramento, California. Click through the gallery for a look at contaminants in Bay Area water.

California Gov. Gavin Newsom revealed new details of his plans to charge water customers in the state a new tax to fund safe drinking water for disadvantaged communities.

He announced Wednesday his plans to charge water customers an extra amount ranging from 95 cents to $10 a month — money that, combined with fees on animal farmers, dairies and fertilizer sellers, he projects would raise $140 million a year that could be put toward testing wells,

aiding public water systems and treating contaminated water. The amount paid would depend on the size of one's water meter.

Newsom called the drinking water situation faced by some of the state's low-income communities "a moral disgrace and a medical emergency."

ALSO: Newsom calls SF-to-LA high speed rail unrealistic

But some observers say that with limited appetite for more taxes, the plan faces an uphill battle in the state Legislature, where tax and fee increases must be approved by two-thirds of lawmakers, some of whom are wary after a vote to approve the gas tax led to the recall of a Democratic senator last year.

Democrats from agricultural districts may be hesitant to support the tax. One such senator, Anna Caballero, has introduced a competing proposal that would create a trust fund for water improvements using money from the state's existing surplus.

RECOMMENDED VIDEO

On social media, some were incensed at Newsom's proposal.

"We are being taxed to death," wrote Twitter user @dcibbott.

"This $120 water tax on top of the highest gas tax, vehicle registration fees, and one of the highest state income taxes. No! Work with what you have already," wrote Pamela Adger on Twitter. "Then start undoing all those tax breaks for corporations. Maybe Nestle can pay for the cleanup."

Newsom first floated the idea of the water tax back in January when he introduced his 2019-20 budget.

He called for establishing a "safe and affordable drinking water fund" to "enable the State Water Resources Control Board to assist communities, particularly disadvantaged communities, in paying for the short-term and long-term costs of obtaining access to safe and affordable drinking water."

Six million Californians rely on water providers that have violated state standards at some point in the past six years, a McClatchy investigation found in 2018. According to the report, the majority of Californians that lack safe drinking water live in the southern San Joaquin Valley and the Mojave Desert.

MORE: **Newsom shares his side of his phone call with President Trump**

Former Gov. Jerry Brown attempted a similar proposal last year, but it **died in the Legislature.** Under Brown's plan, residents would have been taxed a more modest sum than under the Newsom plan — 95 cents a month.

Earlier this year, Newsom took his Cabinet on a trip to the Central Valley to hear from residents who lack clean drinking water.

"We met with residents who cannot drink or bathe with the water in their homes, while paying more for it than those in Beverly Hills," Newsom tweeted.

Central Valley residents who support the tax echoed those themes at Wednesday's press conference.

"We are the poorest families," said Lucy Hernandez, a resident of Tulare County, "and we are willing to pay the tax because we spend a lot more money than the tax buying water bottles for our families."

The AP and SFGATE staff writer Eric Ting contributed to this report.

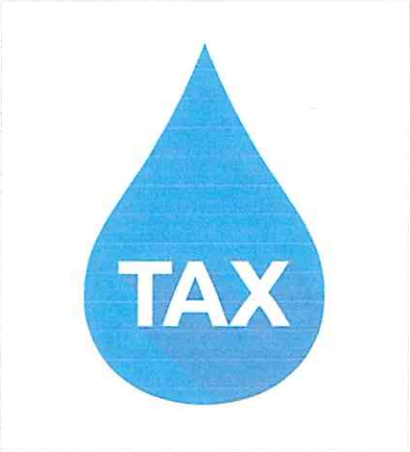
© 2019 Hearst Communications, Inc.

HEARST

Gov Newsom's Proposed Water Tax Meets with Criticism, Praise and Concern

By California Water News Daily on January 12, 2019

SHARE TWEET SHARE SHARE 0 COMMENTS



In spite of last year's failed "Safe and Affordable Drinking Water Act," proposed by former California Gov. Jerry Brown, the state's new Democratic Gov. Gavin Newsom unveiled his proposed 2019-20 budget on Thursday with a tax on drinking water targeted to helping disadvantaged communities in their efforts to clean up contaminated water systems. The plan promises to be controversial and difficult to obtain.

At a budget press conference on Thursday Newsom also indicated that wants to earmark $25 million for safe drinking water, called the current situation "a disgrace," and telling reporters at the press conference that one million Californians are without access to safe drinking water.

The backlash from Newsom's water tax proposal by opponents were swift in coming as were comments from proponents.

Cindy Tuck, deputy executive director for Government Relations with the Association of California Water Agencies (ACWA) was succinct in her comments on Newsom's proposal saying, "The vast majority of the state's residents have access to safe drinking water, but a small percentage of the population does not. This unacceptable reality is a social issue for the State of California. ACWA believes that making access to safe drinking water for all Californians should be a top priority for the State. However, a statewide water tax is highly problematic and is not necessary when alternative funding solutions exist and the state has a huge budget surplus."

Tuck's comments refer to several hard facts. Former California Gov. Jerry Brown's attempt earlier last year to tax residents 95 cents a month for his "Safe and Affordable Drinking Water Act" fell to the wayside in June as part of a compromise for the 2018-19 budget. A voluntary tax on water that was proposed last fall also died in the legislature before it could see the light of day. Meanwhile the state is sitting on a $14.8 billion budget surplus.

Jon Coupal, president of the Howard Jarvis Taxpayers Association, also referred to the state's current surplus funds and the water needs of disadvantaged communities saying, "…while safe drinking water is a critical need, that is exactly why ensuring its availability should have a high priority from existing revenues."

But clean water advocates have rallied behind Gov. Newsom as they did in supporting former Gov. Brown's proposals. Dan Howells, California state director of Clean Water Action, commented on the inauguration of Gov. Newsom that, "… Newsom takes office at a time when California's moral leadership and unparalleled potential are clouded by our failure to deliver the essential human right of safe and affordable drinking water to one million Californians."

LATEST CALIFORNIA DROUGHT NEWS

POPULAR COMMENTS

Strong Winter Storms Prompt State Water Project Allocations Increase To 70 Percent

The 2019 atmospheric storms along with pineapple express rains...

March 25, 2019 0

Ongoing Efforts To Improve And Better Understand Lake Tahoe's Nearshore Accepted By Board

Following a staff presentation on the updated Nearshore Plan...

March 21, 2019 0

CVP Water Allocations Updated By Reclamation; Some South-Of-Delta Contractors Express Dismay

The Bureau of Reclamation (BOR) released updated 2019 allocations...

March 19, 2019 0

Howells continued saying, "The fact that communities of color face the highest risk from unsafe water is a situation Governor Newsom recently and strongly declared is 'unbecoming of who we are and what we stand for.' Representing a broad coalition of community water advocates and economic justice groups, we stand ready and willing with proven solutions. What is needed to implement those solutions – indeed, what is long overdue – is a permanent funding commitment from the state towards providing universal access to safe drinking water.

"Seven years after California declared access to safe and affordable drinking water is a human right, 2019 must be the year we meet this mandate and Governor Newsom's challenge, 'We own this, we've got to fix this.' We look forward to working with the Governor and new Legislature to make the right to safe taps and school drinking fountains a reality."

Likewise, Anja Raudabaugh, CEO of Western United Dairymen, said, "We appreciate Gov. Newsom's commitment to providing long-term solutions to drinking water in our communities, and we're looking forward to providing a solution that includes certainty for our dairy producers."

Although the Democrats now hold a majority in both the Senate and the Assembly – unlike during Gov. Brown's last two years – the success of Gov. Newsom's water tax plan is still uncertain. Californians spoke clearly last November about new taxation for clean water when they defeated Proposition 3, the water bond that earmarked $500 million to clean up the state's drinking water.

featured legislation

RELATED POSTS

2018 California Water News Daily | All Rights Reserved.

ACWA
Association of California Water Agencies

Bringing Water Together

Source: *Association of California Water Agencies*

January 10, 2019 19:49 ET

ACWA Comments on Gov. Gavin Newsom's Proposed Tax on Drinking Water

SACRAMENTO, Calif., Jan. 10, 2019 (GLOBE NEWSWIRE) -- ACWA Deputy Executive Director for Government Relations Cindy Tuck issued the following statement in response to Gov. Gavin Newsom's proposal to tax water, which was part of his proposed 2019-20 state budget released today:

"The vast majority of the state's residents have access to safe drinking water, but a small percentage of the population does not. This unacceptable reality is a social issue for the State of California. ACWA believes that making access to safe drinking water for all Californians should be a top priority for the State. However, a statewide water tax is highly problematic and is not necessary when alternative funding solutions exist and the state has a huge budget surplus.

"ACWA wants to work with Gov. Newsom, his administration, the Legislature and other stakeholders on a funding solution that does not impose a statewide water tax."

Contact: Heather Engel, Director of Communications | (916) 441-4545 | C (760) 217-0627