



LEGISLATION TRACKING

Letters of Support/Opposition

ITEM NO.
5.1

REVISED 3/17/22

Date	Bill/Initiative	Title	Stand	Notes	Leg. Policy*	Status
2/19/2021	House-version of the \$1.9 trillion COVID-19 Relief Package	State and local government emergency assistance provisions	Support	Sent our own letter to Congressman Mike Garcia	12.0	Letter sent 2/19/21
3/4/2021	SB 45 (Portantino)	Wildfire Prevention, Safe Drinking Water, Drought Preparation and Flood Protection Bond Act of 2022	Support If Amended	Signed on to coalition letter from The State Water Contractors (SWC) Date of Hearing: Mar 16, 21 Senate Natural Resources & Water Committee	7.0	Letter sent 3/5/21. 6/1/21 - Ordered to inactive file.
3/4/2021	SB 369 (Pan)	Yolo Bypass Cache Slough Partnership Multibenefit Program	Support	Signed on to coalition letter from The State Water Contractors (SWC)	2.0	9/23/21 Chaptered
3/22/2021	SB 323 (Caballero)	Water and Sewer Service: Legal Actions	Support	Sent our own letter Senate Committee on Governance and Finance Chair, Mike McGuire	9.0	9/22/21 Chaptered
3/24/2021	AB 1500 (E. Garcia and Mullin)	Wildfire Prevention, Safe Drinking Water, Drought Preparation and Flood Protection Bond Act of 2022	Support If Amended	Signed on to coalition letter from The State Water Contractors (SWC)	7.0	Letter sent. 5/20/21: Referred to Committee on Rules
3/24/2021	SB 45 (Portantino)	Wildfire Prevention, Safe Drinking Water, Drought Preparation and Flood Protection Bond Act of 2022	Support If Amended	Signed on to coalition letter from The State Water Contractors (SWC) Date of Hearing: Apr 8, 21 Senate Natural Resources & Water Committee	7.0	Letter sent 3/24/21. 6/1/21 - ordered to Inactive File
3/24/2021	SB 559 (Hurtado)	State Water Resiliency Act of 2021 (including repairs to SWP due to subsidence)	Support	Signed on to coalition letter from The State Water Contractors (SWC)	2.0	Updated letter sent 5/26/21. 9/8/21 - now a two year bill. Moved to Assembly Inactive File.
3/24/2021	AB 1161 (E. Garcia)	Eligible Renewable Energy and Zero-Carbon Resources	Oppose	Signed on to coalition letter from The State Water Contractors (SWC)	3.0	Letter sent 3/30/21
3/30/2021	SB 626 (Dodd)	Construction Manager/General Contractor Procurement Method - would allow Design Build and Construction Manager/General Contractor processes which could accelerate project delivery (i.e., SWP facilities)	Support	Signed on to coalition letter from The State Water Contractors (SWC)	9.0	9/23/21 Chaptered
4/12/2021	Valley Industry Association (VIA) SCV Helping Hand	Establish funding opportunities for local small businesses to provide financial aid for debt payments	Support	Sent our own letter to Congressman Mike Garcia	9.0	Letter sent 4/13/21
4/22/2021	AB 979 (Frazier)	Sacramento-San Joaquin Delta: Sea Level Rise Analysis Report	Oppose	Signed on to coalition letter from The State Water Contractors (SWC)	10.0	Letter sent 4/22/21. 5/20/21
5/12/2021	Forest Health Program Grant Application FY 2020-21/2021-22 Funding Opportunity	Santa Clara River Water Arundo Removal and Fire Resilience Program	Support	Sent our own letter to Ca. Department of Forestry and Fire Protection (CALFIRE)	10.0	Letter sent 5/13/21
5/26/2021	Drought Relief and Water Infrastructure Investments for Inclusion in State Budget	Support for critical funding for drought relief and water infrastructure projects	Support	Signed on to coalition letter from The State Water Contractors (SWC)	9.0	Letter sent 5/26/21

Date	Bill/Initiative	Title	Stand	Notes	Leg. Policy*	Status
6/30/2021	SB 222 (Dodd)	Water Rate Assistance Program	Oppose Unless Amended	Sent our own letter to Assembly Member Chris Holden	9.0	Letter sent 6/30/21. 9/3/21 - moved to ASM inactive file.
7/14/2021	AB 148 (Committee on Budget, Chair Ting)	Public Resources	On Watch	California Water and Wastewater Arrearage Payment Program (CWWAPP) at the State Water Resources Control Board (SWRCB)	9.0	Summary from Ca. Municipal Utilities Association
8/19/2021	Coalition PFAS Funding	Public Resources	On Watch	Support the inclusion of at least \$250 million for PFAS treatment in the drought and water resilience package in the state budget	9.0	Letter sent 8/20/21
12/9/2021	Water Conservation Rebate Tax Parity Act (S.2430)	Support of making water-saving rebates tax deductible and not subject to a Form 1066	Support	Signed on to coalition letter from Alliance for Water Efficiency (AWE)	12.0	Letter sent 12/9/21
2/10/2022	Assembly Member Suzette Martinez Valladares	Support letter for SCV Water DWR Grant Applications	Support	Letter submitted to DWR supporting SCV Water's "2021 Urban and Multibenefit Drought Relief Funding" grant applications	4.0	Letter sent 2/10/22
2/11/2022	Senator Scott Wilk	Support letter for SCV Water DWR Grant Applications	Support	Letter submitted to DWR supporting SCV Water's "2021 Urban and Multibenefit Drought Relief Funding" grant applications	4.0	Letter sent 2/11/22
2/28/2022	Drought Relief and Water Infrastructure Investments for Inclusion in State Budget 2022-2023	Support for critical funding for drought relief and water infrastructure projects	Support	Signed on to coalition letter from The State Water Contractors (SWC)	9.0	Letter sent 2/28/22 (ATTACHED)
3/3/2022	SB 520 (Wilk)	Support relating to permitting processes of the State Water Resources Control Board	Support	Sent our own letter to Assembly Water Parks and Wildlife Committee	12.0	Letter sent 3/3/22 (ATTACHED)
3/14/2022	AB 2142 (Gabriel)	Support income taxes: exclusion: turf replacement water conservation program	Support	Signed on to coalition letter from ACWA	9.0	Letter sent 3/14/22 (ATTACHED)
3/15/2022	STREAM Act (Feinstein)	Support to Rehydrate the Environment, Agriculture & Municipalities	Support	Sent our own letter to Senator Feinstein	9.0	Letter sent 3/15/22 (ATTACHED)

* Reference to applicable section of Legislative Policy Guidelines

Updated: Mar 17, 22

Represents changes since last distribution.

DEFINITIONS:

enrolled: Whenever a bill passes both houses of the Legislature, it is ordered enrolled. In enrollment, the bill is again proofread for accuracy and then delivered to the

The portion of the Daily File containing legislation that is ready for floor consideration, but, for a variety of reasons, is dead or dormant. An author may

inactive file: move a bill to the inactive file and subsequently move it off the inactive file at a later date.

Presentation of a bill before the House by reading its title. The Constitution requires a bill's title to be read three times in each House prior to its passage. A

reading: bill is either on First, Second, or Third Reading until it is passed by both Houses.

chaptered: A bill is "chaptered" by the Secretary of State once it passes both houses and has been signed by the Governor or becomes law without the Governor's signature



February 28, 2022

Honorable Gavin Newsom
Governor, State of California
1021 O Street, Suite 9000
Sacramento, CA 95814

Honorable Toni Atkins
President pro Tempore
California State Senate
1021 O St., Suite 8518
Sacramento, CA 95814

Honorable Anthony Rendon
Speaker
California State Assembly
1021 O St., Suite 8330
Sacramento, CA 95814

Dear Governor Newsom, Senate President pro Tempore Atkins, and Assembly Speaker Rendon:

On behalf of the undersigned organizations, thank you for your leadership in advancing substantial funding through the 2021-22 State Budget to address climate resilience and the impacts of climate change on California's water supply system. The investments you committed to in the 2021-22 budget process are important to addressing near-term drought relief and response, improving groundwater management, addressing drinking water quality challenges within disadvantaged communities, and supporting water use efficiency in urban and agricultural sectors. As you consider new investment opportunities associated with the substantial budget surplus projected within the proposed 2022-23 State Budget, we encourage your consideration and support for substantial additional funding from surplus funds for drought preparedness and water resiliency infrastructure investments that will help insulate communities and the economy from the effects of future drought conditions as outlined below.

Even as we cope with the challenges of a semi-arid climate and ever-changing hydrological conditions, our vision for a resilient water supply for California remains clear. Enormous challenges lay ahead of us with projected extreme droughts and floods, rising temperatures, depleted groundwater basins, and aging infrastructure. Each of these challenges is consequential on its own. Together, they pose a grave threat that is only intensified by seismic vulnerabilities and sea level rise due to climate change. To address those impacts at a statewide, regional and local level, we must have new state investments available quickly to make critical advancements in water resiliency. In order to be best prepared for a rapidly changing hydrologic future, it is imperative that funds be directed to the local agencies that are ready and able to implement these critical water supply projects quickly. Agencies within our region are well positioned to build generational local infrastructure projects immediately, should funding be available.

Local and Regional Water Resilience Investments - \$2.5 billion

Substantial additional funding is necessary to maximize and expedite development of local and regional water supply development projects and water use efficiency within urban and agricultural sectors. These investments will help advance critical water infrastructure projects without exacerbating water affordability impacts on Californians. Despite the investments within the 2021-22 budget package, there remains a substantial unmet investment needed to prepare for future droughts in out-years. We strongly encourage consideration of major investments in large-scale water reliability, resiliency, and sustainability projects, such as those identified below.

- **Large-scale regional water recycling:** Within the Southern California region, the Metropolitan Water District of Southern California is partnering with the Los Angeles County Sanitation Districts in planning to construct a Regional Recycled Water Program that will purify treated wastewater to replenish groundwater basins, supply businesses, and augment Metropolitan’s treated supply for Southern California. This new project would provide needed water quality and supply benefits for many underserved communities in Southern California and, at full-scale, could produce enough water to serve 500,000 households. **A State investment of \$500 million to support the early design and construction of the project over multiple years would accelerate the program.**
- **Investments in local recycled water projects:** Recycled water is a sustainable, local source of water that is nearly drought proof. The State Water Resources Control Board has a list of recycled water projects statewide totaling more than \$3 billion. A recent WaterReuse California survey indicates that more than \$10 billion in investments is needed for planned reuse projects statewide. **A State investment of \$1 billion would substantially accelerate the construction of much-needed recycled water projects to improve water resilience and drought preparation throughout Southern California.**
- **Investments in additional local and regional water supply development and water use efficiency initiatives:** State support for regional water conservation and efficiency programs, such as turf replacement, are a cost-effective means for achieving greater water use efficiency objectives. Additionally, as water managers begin to implement programs to achieve more stringent indoor water use standards established by the state to advance “Conservation as a Way of Life” objectives, financial assistance will be necessary to meet the standards without disproportionately impacting disadvantaged customers and exacerbating water affordability challenges. Investments in additional local water supply development, including stormwater management and ocean and brackish water desalination will also help advance the “All of the Above” concept of providing necessary tools and mechanisms for water managers to protect their communities and economies from future drought.

Throughout the Southern California region, there are more than \$14 billion in shovel-ready infrastructure projects that have been identified by water suppliers. The projects include a wide range of infrastructure investments, including:

- Surface and groundwater storage
- New regional conveyance facilities
- Dam and reservoir rehabilitation projects
- Water infrastructure rehabilitation (such as water treatment facilities, pump stations, distribution systems, wells, and other rehabilitation projects including recycled water facilities)
- New water recycling and creating additional capacity in existing systems
- Desalination
- Stormwater capture and flood resiliency
- Urban demand management
- Groundwater remediation and treatment
- Sustainability, security, and facility upgrades
- Wastewater and sewer improvements

A State investment of at least \$1 billion in these water resilience initiatives would provide an important down-payment on the opportunity to develop water supply reliability and accelerate water use efficiency through projects that make sense within Southern California communities.

State Water Project Subsidence Repairs - \$585 million

We are appreciative of the preliminary investments made in 2021 (\$100 million) and proposed in the 2022-23 State Budget (\$100 million) towards the State's share for repair of arterial water supply canals that are part of the State Water Project and the federal Central Valley Project.

The California Aqueduct is the primary method of transporting State Water Project water from Northern California to Southern California. Significant subsidence along the alignment of the California Aqueduct has impaired State Water Project operations and deliveries, forcing higher operational power costs, increased outages, and major repairs. As California strives to boost the resilience of its water supply in the face of climate change impacts, we must adapt existing infrastructure to capture and convey as much water as possible during less frequent, more intense weather patterns. State funding will help address subsidence impacts that have substantially reduced the carrying capacity of the water delivery system, increase resiliency during droughts, and advance groundwater recharge projects necessary to meet the groundwater sustainability goals established under state law.

A broad coalition of State Water Project contractors support the creation of a 10-year, \$785 million Canal Conveyance Capacity Restoration Fund, to help restore critical conveyance systems, which would be matched by \$785 million from local water agencies and \$785 million of Federal funding. State funding to address subsidence will help keep water affordable, reduce carbon emissions, and create good paying jobs. We support allocation of the remaining \$585 million from the state budget surplus funds to fully fund the state's share of this critical infrastructure project and to leverage the federal government's full share of its \$785 million.

Treatment for Drinking Water Constituents of Emerging Concern - \$500 million

Due to historical use of two PFAS compounds (perfluorooctanoic acid and perfluorooctane sulfonate) in manufacturing, consumer products, military airfields, and airports, these chemicals are now being detected in water sources throughout the state. The current regulatory Notification and Response Levels for these two compounds alone may cause the closing of hundreds of wells statewide, which could require alternative

replacement water and/or expensive treatment systems. State investments are necessary to help water managers treat and monitor drinking water supplies and to treat contaminated wastewater effluent threatened by these compounds.

Poor water quality directly impacts our water supply resilience. Contaminants in our water, such as too much salt, newly detected chemicals and microorganisms, and other pollutants that are not yet known, can reduce the amount of usable water in an area. Water managers will also soon be tasked with treating drinking water supplies to address Chromium-6 and microplastics water quality and public health standards. Funding assistance is essential to ensure that California's drinking water quality remains at the highest levels to protect public health and safety, while continuing to ensure affordability for customers.

Water Storage - \$1 billion

Storage is essential for managing California's water supply and is a critical component to California's water management system and structure to ensure that water stored during wet winter and spring months can provide water supplies for dry summers and frequent droughts. Given California's rapidly and ever-changing hydrology and the effects of climate change on our system's conventional snowpack, it is important that we act now to begin optimizing water storage infrastructure to withstand seismic threats, extreme storm events, and changes to snowmelt patterns brought on by a changing climate.

We strongly encourage your consideration of state investments in the following water storage opportunities:

- **Supplemental funding for Proposition 1 surface and groundwater storage projects.** To ensure full funding of public benefits associated with previously-approved surface and groundwater storage projects, like the proposed Sites Reservoir project in Northern California that would significantly benefit the operations of the State Water Project and help our water system better adapt to climate change impacts, continued investment is necessary for the project sponsors to continue making progress toward bringing new storage projects on-line.
- **Investments in dam safety projects.** Many existing reservoirs throughout the state are challenged with dam safety concerns and hazard classification ratings by the state that may ultimately reduce the storage capacity of those facilities, potentially exacerbating drought impacts of limited water storage. State investments are needed to address dam safety projects at high hazard dams, new spillways and repairs at existing dams, facilitation of Forecast Informed Reservoir Operations implementation, and reservoir seismic retrofit projects.
- **Investments in groundwater storage and related infrastructure.** To fully optimize use of available groundwater storage opportunities and to facilitate the use of those stored resources throughout the Southern California region, state investments are necessary to accelerate the development and improvement of groundwater storage projects, including conveyance infrastructure for groundwater banking and exchange.

The State is in a strong position to help advance large-scale infrastructure investments to improve California's water resilience and response to climate change. The Southern California region looks forward to being a partner with the State to advance opportunities to invest in and build climate resilient water infrastructure so our communities have the water supplies they need in the years to come. We respectfully request your consideration of these significant and vital investments that will help benefit the entire state by shoring up Southern California's water future in these uncertain and changing times.

We greatly appreciate your consideration of this funding request and look forward to ongoing engagement with you and your colleagues as you develop and consider the 2022-23 State Budget. If you have any questions or wish additional information, please do not hesitate to contact me at (949) 632-2074 or by email at cwilson@socalwater.org.

Sincerely,



Charles Wilson, Executive Director
Southern California Water Coalition



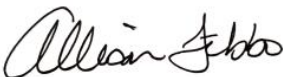
Jon Switalski, Executive Director
Rebuild SoCal Partnership



Adel Hagekhalil, General Manager
Metropolitan Water District of Southern California



Matthew Stone, General Manager
Santa Clarita Valley Water Agency



Allison Febbo, General Manager
Mojave Water Agency



Jack Monger, CEO
Industrial Environmental Association



Heather Dyer, Chief Executive Officer
San Bernardino Valley Municipal Water District



Jennifer Ward
Senior VP, Advocacy and Govt Affairs
Orange County Business Council



Tracy Hernandez, Founding CEO
Los Angeles County BizFed



Mike Roos, President
Southern California Leadership Council

February 28, 2022

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Handwritten signature of Ray Baca in black ink.

Ray Baca, Executive Director
Engineering Contractors' Association

Handwritten signature of Paul Granillo in blue ink.

Paul Granillo, President and CEO
Inland Empire Economic Partnership



March 3, 2022

The Honorable Rebecca Bauer-Kahan, Chair
Assembly Water Parks and Wildlife Committee
Capitol Office, 1021 O Street, Suite 6320
Sacramento, CA 95814

SUBJECT: SB 520 (WILK): SUPPORT

Dear Cahir Bauer-Kahan:

On behalf of the Santa Clarita Valley Water Agency, we are expressing our support for Senate Bill 520, relating to the permitting processes of the State Water Resources Control Board (SWRCB). This legislation is appropriately balanced to ensure there is transparency for the SWRCB decision making process and that the staff and members possess the most current environmental information and public input prior to a final determination on long-standing water appropriation applications.

Water is a scarce resource in California and with environmental stressors increasing, the SWRCB may wish to consider the available and dependable water supply to communities as a result of the multi-year drought. We also need to better manage these resources for key habitat for many species including the endangered unarmored three-spine stickleback found in portions of the river as well as water supplies for a growing population.

Since 1990, when the original permit was provided, significant changes have occurred in the area that necessitate a need for the SWRCB to fully consider present day dynamics and circumstances rather than relying on information that is significantly out-of-date in making decisions with long-term impacts.

We look forward to working with you on this measure that will increase transparency and public engagement on such an important resource. For these reasons we support SB 520 (Wilk) and will continue to work with the Legislature as it moves through the process.

Sincerely,

A handwritten signature in blue ink, appearing to read "S.L. Cole", is positioned above the typed name.

Stephen L. Cole
Assistant General Manager
Santa Clarita Valley Water Agency

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March 14, 2022

The Honorable Jacqui Irwin
 Chair, Assembly Revenue and Taxation Committee
 1020 N Street, Room 167A
 Sacramento, CA 95814

RE: AB 2142 (Gabriel) – Income taxes: exclusion: turf replacement water conservation program – Support

Dear Chair Irwin:

The undersigned organizations are pleased to support AB 2142 (Gabriel). This bill will reinstate an important exemption for turf replacement rebates from gross income in California, aligning it with certain other permanently exempt water efficiency rebates.

The State has permanently exempted some other water efficiency rebates, recognizing their effectiveness in advancing efficiency objectives. Rebates for water efficient toilets and clothes washers, certain plumbing for recycled water, and energy conservation are all permanently exempt from both personal and corporate taxes in California. (Cal. Rev. & Tax Code §§ 17138, 17138.1, 24308.1.) Turf replacement programs, like these other rebates, play an important role in continued water efficiency and conservation efforts.

California is in its second drought within a decade and it is critical for the state to continue to invest in both immediate conservation and ongoing water efficiency as we adapt to climate change. Water efficiency incentive programs are an effective tool in this effort. For example, since 1990, The Metropolitan Water District of Southern California (MET) has invested more than \$840 million in rebates and other conservation incentives, resulting in an estimated water savings of nearly 3.5 million acre feet, enough to provide water for more than 10 million households.

Even when the state is not facing drought conditions, California has made a commitment to “Conservation as a California Way of Life” through the enactment of SB 606 (Hertzberg, 2018) and AB 1668 (Friedman, 2018). As part of that commitment, the Administration is in the process of establishing a water use objective for urban water agencies that will create numeric goals that each agency must meet, and incentive programs will be key to its success.

Taxing water efficiency rebates is a disincentive for households to participate in these critical programs. Even with incentives, most households will need to invest a significant amount of their own income to replace lawns with drought-tolerant landscaping. And taxing these rebates is an especially significant barrier for low-income households who participate in these programs.

California Law previously exempted turf rebates from taxable income, but those provisions were allowed to sunset in December 2019. Part of the rationale at that time was that California was not in a drought, but the environment is changing rapidly due to the impacts of climate change and it is important that the State’s public policy reflects this changing reality.

For these reasons, the undersigned organizations respectfully request your “Aye” vote when the bill is heard in the Assembly Committee on Revenue and Taxation.

Sincerely,

Jennifer M. Capitolo
Executive Director
California Water Association

Jessica Gauger
Director of Legislative Advocacy & Public Affairs
California Association of Sanitation Agencies

Danielle Blacet
Deputy Executive Director
California Municipal Utilities Association

Rosario Cortes Kapeller
Senior Legislative Representative
California Special Districts Association

Justin Skarb
Director of Community Affairs & Government Relations
California Water Service

Gary Link
Legislative Affairs Director
Northern California Water Association

Derek Dolfie
Legislative Affairs, Lobbyist
League of California Cities

Sean Bothwell
Executive Director
California Coastkeeper Alliance

Garry Brown
Founding Director
Orange County Coastkeeper
Inland Empire Waterkeeper
Coachella Valley Waterkeeper

Charles Wilson
Executive Director
Southern California Water Coalition

Nicole Sasaki
Staff Attorney
San Francisco Baykeeper

Mary Ann Dickinson
CEO
Dickinson Associates

Adel Hagekhalil
General Manager
Metropolitan Water District of Southern
California

Gary Arant
General Manager
Valley Center Municipal Water District

Donald M. Zdeba
General Manager
Indian Wells Valley Water District

Paul Helliker
General Manager
San Juan Water District

Greg Thomas
General Manager
Elsinore Valley Municipal Water District

John Bosler
General Manager/CEO
Cucamonga Valley Water District

John Mura
General Manager/CEO
East Valley Water District

Peter Sanchez
General Manager-Secretary
Fresno Metropolitan Flood Control District

Jessaca Lugo
City Manager
City of Shasta Lake

Chris Rogers
Mayor
City of Santa Rosa

Krista Bernasconi
Mayor
City of Roseville

William Busath
Director
City of Sacramento, Department of Utilities

Robert Grantham
General Manager
Rancho California Water District

Paul A. Cook, P.E.
General Manager
Irvine Ranch Water District

Steven J. Elie
Board President
Inland Empire Utilities Agency

Anthony Goff
General Manager
Calleguas Municipal Water District

Dan Muelrath
General Manager
Diablo Water District

Matthew Litchfield
General Manager
Three Valleys Municipal Water District

Thomas A. Love
General Manager
Upper San Gabriel Valley Municipal Water District

Paul E. Shoenberger, P.E.
General Manager
Mesa Water District

Grant Davis
General Manager
Sonoma County Water Agency

Nina Jazmadarian
General Manager
Foothill Municipal Water District

Erik Hitchman
General Manager
Walnut Valley Water District

Stephen L. Cole
Assistant General Manager
Santa Clarita Valley Water Agency

Ed Stevenson
General Manager
Alameda County Water District

Jim Barrett
General Manager
Coachella Valley Water District

CC: The Honorable Jesse Gabriel
Members, Assembly Revenue and Taxation Committee

AB 2142 (Gabriel)

Water Efficiency Tax Relief Helps California Adapt to Climate Change

California is in the middle of its second drought within a decade, and California water agencies have been tasked with making water conservation a California way of life to help adapt to climate change and mitigate future droughts. It's more important than ever to increase participation in consumer rebate programs that save water year round. **AB 2142 would reinstate an important exemption for turf replacement rebates from gross income in California, aligning it with certain other permanently exempt water efficiency rebates, like efficient toilets and clothes washers.**

BACKGROUND

California has a long history of enacting urban water conservation and efficiency legislation. More recently, in May 2018, SB 606 (Hertzberg) and AB 1668 (Friedman) were enacted as part of then-Governor Brown's initiative to make "Water Conservation a California Way of Life" in response to California's longest drought in history.

Water provider financial incentives, including consumer rebates, are among the most important and cost-effective tools available to local water providers to achieve water use efficiency objectives, particularly for turf replacement, and other high cost water-saving options. However, the rebate funds that individuals and businesses receive in connection with these programs are taxable under state law.

Consumer rebate programs not only allow water providers to save money while building resilience, they can also stimulate local economies and have a profound collective impact upon environmental and energy sustainability. When the state is not faced with drought conditions or water use restrictions, it can be difficult to maintain momentum with public participation in water efficiency programs.

Rebate programs across the state provide a much needed incentive to become more efficient regardless of water supply conditions. Taxing rebates reduces financial incentives is a major disincentive for consumer participation and undermines their success.

ECONOMIC IMPACT

There is no doubt that consumer incentives are an effective tool in advancing efficiency objectives statewide. California law permanently exempts rebates for water efficient toilets and clothes washers, certain plumbing for recycled water, and energy conservation from both personal and corporate taxes (Cal. Rev. & Tax Code §§ 17138, 17138.1, 24308.1.).

California law previously exempted turf rebates, but the exemption was allowed to sunset in 2019 because the State was not experiencing drought. By proposing to reinstate this exemption, AB 2142 recognizes that climate change is increasing the frequency and severity of drought and adaptation is a necessary long-term goal.



Consumer rebates are a proven, cost effective tool for increasing participation in water efficiency programs

For example, since 1990, The Metropolitan Water District of Southern California (Metropolitan) has invested more than \$840 million in rebates and other conservation incentives, resulting in an estimated water savings of nearly 3.5 million acre feet, enough to provide water for more than 10 million households.



Taxing water rebates is a disincentive for consumers to participate in these important rebate programs

An exemption from taxable income helps incentivize participation in these proven water-saving programs. Even with incentives, most households will need to invest a significant amount of their own income to replace lawns with drought-tolerant landscaping. And taxing these rebates is an especially significant barrier for low-income households who participate in these programs.



Rebates provide year-round water efficiency benefits

When the state is not faced with drought and water use restrictions, it can be difficult to maintain public participation in efficiency programs. Rebates provide a much needed financial incentive to be more efficient year-round. Reducing that incentive by making rebates taxable income is a major disincentive for households and businesses and will undermine water efficiency goals.

CO-SPONSORS OF AB 2142 (GABRIEL)



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March 15, 2022

The Honorable Dianne Feinstein
U.S. Senator from California
331 Hart Senate Office Building
Washington, D.C. 20515

RE: SCV Water Supports Introduction of Senator Feinstein's STREAM Act

Dear Senator Feinstein:

On behalf of Santa Clarita Valley Water Agency (SCV Water) we write to express our support for the "Support to Rehydrate the Environment, Agriculture, and Municipalities Act" or the STREAM Act. SCV Water is a public utility and water wholesaler and retailer that serves a population of 273,000 and covers 195 square miles in the Santa Clarita Valley. SCV Water's portfolio includes local groundwater, recycled water, imported water, and water from existing groundwater banking programs.

As a strong supporter of the Bureau of Reclamation's Title XVI competitive grant program, SCV Water was pleased to see that the STREAM Act will increase the program's funding and streamline the process for administering awards. Title XVI is the only active federal program with a focus on water recycling and water reuse, and the program has played an integral part in assisting local communities throughout the West in maintaining sustainable water supplies to meet demand. Specific to SCV Water, the agency is in the process of actively pursuing Title XVI competitive grant funding to provide additional water supply in our service area

SCV water is also supportive of several other Western water programs which the STREAM Act authorizes, including those which will help fund:

- Water storage and conveyance projects
- Drinking water infrastructure for disadvantaged communities
- Environmental restoration efforts

Lastly, SCV Water is also pleased to see that the legislation creates a new low interest program for water supply and water conservation projects, which is modeled from the successful EPA WIFIA loan program.

As our region continues to experience record drought conditions and water shortages, this legislation is needed now more than ever. For these reasons, SCV Water supports the STREAM Act.

Thank you for your long-standing efforts and leadership to increase sustainable water supplies throughout the West.

Sincerely,

A handwritten signature in blue ink, appearing to read "S. Cole".

Stephen L. Cole
Assistant General Manager
Santa Clarita Valley Water Agency