

REGIONAL WATER AUTHORITY  
POLICY PRINCIPLES ON PUBLIC GOODS CHARGES  
Adopted by the RWA Board on November 12, 2015

A California public goods charge on water would be a fee applied to water bills to fund public interest programs related to water supply and resources. Based on current amendments to Senate Bill (SB) 20, there is a proposal to create the California Water Resiliency Investment Fund. This bill signals the likely intent of some in the Legislature to put into place a water public goods charge (water tax) on local water utility bills.

While there is a clear need for sensible, long-term funding solutions to assist disadvantaged communities that do not have safe drinking water, a tax on Californians' water bills is not the solution and will further hamper local efforts to maintain safe and reliable water infrastructure at a reasonable price for all customers, including those low-income customers within our own water service areas.

The Regional Water Authority, which represents 22 municipal and industrial water suppliers in the Sacramento region serving approximately two million people, opposes a water public goods charge as supported by the following principles.

**A State Public Goods Charge on Water is Contrary to Local Control and Accountability**

- Due to rising costs and declining revenue, many water utilities face ratepayer fatigue. An additional cost in the form of a State Public Goods Charge makes raising rates to meet local needs and assure a safe and reliable water supply increasingly difficult.
- Water agencies face a litany of business case challenges including: declining revenues due to decreasing demands; increased costs associated with mandated conservation and aging infrastructure; a highly regulated rate setting process that offers limited options and requires expensive outreach campaigns; and politically charged debates that often result in compromises that push needed investments into the future. A State Public Goods Charge added into the mix will further limit water agencies' ability to responsibly and efficiently operate and maintain safe and reliable water systems.
- A State Public Goods Charge runs counter to the notion that water managers and their locally elected boards and councils know their community's needs best. They, not the State, should determine how to spend locally generated revenues to benefit the communities within their service areas.
- A State Public Goods Charge runs counter to the State's California Water Action Plan that calls for, "integrated water management" that envisions supporting local water infrastructure investments based on inter-agency/stakeholder cooperation with state agencies that achieve regional and statewide benefits to water resources and protection.
- A State Public Goods Charge will erode local decision-making and will redistribute valuable local resources to satisfy water quality and supply issues that are in some cases not of statewide concern.

**A State Public Goods Charge on Water is an Inappropriate and Inefficient Method of Funding Solutions**

- A State Public Goods Charge on water bills is not the appropriate mechanism to fund water solutions or address the water quality and water supply problems faced by some disadvantaged communities.
- Many of the water ratepayers that would pay a State Public Goods Charge are low-income themselves or are on fixed incomes. A State Public Goods Charge would effectively constitute a regressive tax on those that may not be in a disadvantaged community, as defined, but are in challenging economic circumstances nonetheless.
- Layering a State Public Goods Charge on water bills will create a large state bureaucracy and will not be an efficient solution or sound policy.

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- Using local resources to fund new state programs will equate to less resources going to fix local water reliability and water quality issues.
- More appropriate funding sources should be pursued to address a problem that is in the general public's interest to solve.