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ORANGE COUNTY WATER DISTRICT
ORANGE COUNTY'S GROUNDWATER AUTHORITY

March 7, 2018

The Honorable Bob Wieckowski, Chair
Senate Budget Subcommittee No. 2
State Capitol, Room 4085
Sacramento, CA 95814

The Honorable Richard Bloom, Chair
Assembly Budget Subcommittee No. 3
State Capitol, Room 2003
Sacramento, CA 95814

Re: Proposed Drinking Water Tax: Budget Trailer Bill and SB 623 – Oppose

Dear Chair Wieckowski and Chair Bloom,

I am writing to express our strong opposition to a proposed state tax on drinking water before the California Legislature. The proposal is being advanced through SB 623 by Sen. William Monning (D-Carmel), a two-year bill introduced in 2017, and a Brown Administration budget trailer bill that is based on SB 623.

The Orange County Water District (OCWD; the District) is committed to providing local water retailers with a reliable and high-quality water supply at the lowest reasonable cost in an environmentally responsible manner. We wholeheartedly support the goal of ensuring safe drinking water for all Californians, especially those in disadvantaged communities. However, taxing Californians for something that is essential to life does not make sense, especially at a time when some are raising concerns about the cost of living in the state. Our agency has serious concerns with requiring California's local water agencies to collect this tax for the state. Simply put, taxing drinking water – an essential life-sustaining resource – is just not sound policy.

OCWD supports a more appropriate package of funding, which would include existing federal funds from the Safe Drinking Water State Revolving Fund (SRF), voter-approved general obligation bonds, the assessments related to nitrates in groundwater proposed in the budget trailer bill and in SB 623, and a limited amount of general fund dollars.

The District also supports the alternative solution provided in AB 2050 - *The Small System Water Authority Act* of 2018. We also wish to thank you for addressing this complex and critical issue. The Small System Water Authority Act of 2018 offers sustainable governance reforms necessary to address small water systems that chronically fail to provide safe and reliable drinking water. This bill seeks to establish a

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new category of public water agency by way of merging formerly non-compliant drinking water systems in order to sustainably provide technical, managerial and financial capabilities to ensure the delivery of safe, clean, affordable and accessible water.

For these reasons, Orange County Water District opposes the budget trailer bill related to a tax on drinking water and SB 623 and respectfully requests your "NO" vote on these measures. If you or members of your staff have any questions, please do not hesitate to contact Legislative Liaison, Alicia Dunkin, at adunkin@ocwd.com or (714) 378-8232.

Sincerely,



Denis R. Bilodeau, P.E.
Board President

cc: Members, Senate Budget Subcommittee No. 2
Members, Assembly Budget Subcommittee No. 3
The Honorable William W. Monning
Ms. Kim Craig, Deputy Cabinet Secretary, Office of the Governor