

Senate Bill 34

SB 34, authored by Senator Simitian, would establish an assessment on all retail water sales to urban water users of an unspecified amount per acre-foot sold annually for nonagricultural uses. It would establish an annual assessment on agricultural water use of an unspecified amount, based on the irrigated acreage of land, and a lesser amount if that land is irrigated with best management practices. In the March 23 version of the bill, those amounts were set at \$110 per acre-foot, \$20 per acre and \$10 per acre. The April 13 version deletes the specific amounts.

The funds would be collected by the Board of Equalization and deposited in an account which would be managed, upon appropriation by the Legislature, by the Department of Water Resources. Half of the funds would be used to pay for the BOE and DWR administrative costs, the costs of the Delta Stewardship Council and the costs of public benefits of water-related projects that either 1) are of statewide significance, 2) reduce the impacts of mercury contamination of the Sacramento-San Joaquin Delta and its watersheds, and remediation and elimination of continuing sources of mercury contamination, 3) are scientific studies and assessments that support projects authorized under the bill, or 4) are debt service on general obligation bonds for projects and programs that provide statewide and interregional public benefits.

The other half of the funds would be deposited in an unspecified number of regional accounts, in proportion to the amount of funds collected from each region (the March 23 version specified 11 regions). These funds would be available to any applicant who proposed a project to fund public benefits associated with water-related projects and programs that is consistent with an IRWMP, a stormwater resource plan, a groundwater management plan or a water quality control plan. In the March 23 version of the bill, the types of projects that are eligible for such funding are defined more specifically, and include water storage, water conservation, desalination, recycling, floodplain management, fisheries restoration and other similar projects.

“Public benefits” is not defined, but references to the term in the bill include such things as state water agency expenses, research and development of new technologies, enhancement of the public trust beyond a regulatory baseline, and protection of public health and safety. Also referenced are mitigation of legacy pollution problems where no responsible party is identified, projects that provide statewide or regional benefits and debt service on such projects.

SB 34 creates a broad tax on water use in the state, to be collected and paid by retail water agencies, to fund projects and programs that are not defined with much specificity. Half of the funds would be returned to particular regions for use at that level, but there is no guarantee that any retail water supplier would be able to use any of these funds for projects they need to conduct. This bill will take resources away from retail water suppliers that could otherwise be used to fund critical water supply, water conservation, flood mitigation and ecosystem enhancement projects.