

SENATE THIRD READING
SB 222 (Dodd)
As Amended August 24, 2022
Majority vote

SUMMARY

Requires the State Water Resources Control Board (State Water Board) to develop and administer a statewide Water Rate Assistance Program (Program) to provide rate assistance to low-income residential ratepayers of a community water system or wastewater system.

Major Provisions

- 1) Requires the State Water Board to develop and administer the Program and to expend money appropriated by the Legislature for purposes of the Program.
- 2) Establishes the Water Rate Assistance Fund (Fund) in the State Treasury to provide financial assistance, for both drinking water and wastewater services, to low-income residential ratepayers. Provides that money from the Fund shall be available, upon appropriation by the Legislature, to the State Water Board, for direct water bill assistance for residential water or wastewater services. Requires 80% of the funds to be directly applied to customer assistance.
- 3) Requires the State Water Board, within 270 days of the effective date of the bill, to adopt guidelines for the implementation of the Program.
- 4) Requires the State Water Board to provide an annual report on expenditures and to post this report on its internet website.
- 5) Defines the effective date of the bill as the date the Program receives funding through the annual Budget Act or another statute.
- 6) Requires eligible community water systems and wastewater systems to participate in the Program.
- 7) Authorizes the Attorney General to enforce the provisions of this bill against community water systems or wastewater systems that are not complying with the provisions of the Program.
- 8) Provides that the Program established by this bill is contingent upon an appropriation in the annual Budget Act or another statute.
- 9) Requires that the Program be entirely funded by the Fund or other available state or federal funding.

COMMENTS

Human right to water: In 2012, California became the first state to enact a Human Right to Water law, AB 685 (Eng), Chapter 524, Statutes of 2012. Public policy continues to be focused on the right of every human being to have safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitation. Many factors will continue to challenge

progress in addressing the Human Right to Water, including water supply; contaminants; costs of treatment and distribution systems; and, the number and nature of small public water systems, especially in disadvantaged communities.

Recommendations for implementation of a statewide low-income water rate assistance program:

In February 2020, the State Water Board released a report, required by AB 401 (Dodd), Chapter 662, Statutes of 2015, to develop a plan for funding and implementing a low-income water rate assistance program (W-LIRA). In the report, the State Water Board recommends components for developing a successful program to help low-income households afford their drinking water. Specifically, this report identifies potential program recipients, different mechanisms for delivering assistance to low-income households, and possible funding sources to implement such a W-LIRA program. The recommendations outlined within the report reflect discussions with public interest groups and stakeholders.

State Water Board survey of COVID-19 impacts on water systems: In January 2021, the State Water Board released a survey of water systems detailing impacts from the COVID-19 pandemic. The survey found, "Public water systems throughout California are facing heightened financial challenges during the COVID-19 pandemic, as about 1.6 million residential water customers, or 12% of all households, have been unable to pay their bills. Many low-income Californians face high levels of water bill debt, with over 155,000 households owing over \$1,000. The survey data indicate that total household debt statewide is currently \$1 billion. Since some water systems also collect payment for wastewater, stormwater and energy on their water bills, the State Water Board estimates \$600 million of that debt is specifically for drinking water."

This bill: This bill proposes a statewide program to provide water affordability assistance for low-income residential ratepayers for both drinking water and wastewater. There does not seem to be any debate over the need for such a program, although concerns remain about how it would be funded and how to ensure that it is implemented in an efficient and cost-effective manner and helps those most in need. As far as the funding goes, the bill is leaving that debate for a future budget action. The funding for the Program will come from either a future proposal by the Administration or a proposal by the Legislature via the budget process.

According to the Author

"Water is the most basic form of PPE, yet millions of Californians face a looming threat of water shutoffs because of water unaffordability and the pandemic-induced economic recession. Currently, Californians are carrying \$1 billion in water debt affecting 1.6 million Californian households and 5 million Californians. Moreover, California has effective affordability programs in place for nearly all other basic utilities, including electricity, heat/gas, and even cell phones – but not for water. Recognizing this gap, in 2015, the California Legislature passed AB 401 (Dodd), which required the State Water Board to create a plan for a statewide water affordability program. That plan was released in early 2020 and helped inform this legislation. SB 222 would establish a long-needed framework for a statewide water affordability assistance program. The pandemic has dramatically increased attention to this lack of a statewide water affordability program and the real urgency to address it. Access to affordable water is a racial justice and equity issue, and we must ensure equitable access for all Californians to realize the Human Right to Water AB 685 (Eng), Chapter 524, Statutes of 2012. The need for water affordability assistance will not magically disappear – it has been a major challenge and gap in

our utility safety net for decades, and water affordability challenges will only continue to increase due to the rising cost of water."

Arguments in Support

According to a number of organizations, including Clean Water Action, the Community Water Center, the Dolores Huerta Foundation for Community Organizing, and the Western Center on Law and Poverty, "SB 222 would establish a long-needed framework for a statewide water affordability assistance program. No one should ever have their water shut off due to inability to pay, but Californians struggled with water affordability issues and experienced high numbers of water shutoffs even before the pandemic. The water sector has long lacked a universal affordability state program and adequate shutoff and bill repayment protections for low-income households. No less importantly, the need for water affordability assistance is not going away — it has been a major challenge and gap in our utility safety net for decades and water affordability challenges will only continue to increase due to the rising cost of water. The pandemic has dramatically increased attention to the lack of a statewide water affordability program and there is real urgency to address it. Access to affordable water is a racial justice and equity issue -- and without action, our water debt and water shutoffs crisis will prevent California from achieving an equitable COVID-19 pandemic recovery."

Arguments in Opposition

According to the Association of California Water Agencies (ACWA), writing on a previous version of this bill, "ACWA has an oppose-unless-amended position on SB 222, a bill that would create a water rate assistance program. SB 222 does not propose a funding source for a program that is estimated to cost over \$600 million per year; the implementing agency - the Department of Community Services and Development (Department) – should be charged with approving the funding plan – as opposed to having two State agencies approve it; instead of creating a needs analysis and having three state agencies develop affordability challenge metrics, ACWA suggests that the part of the funding that would have gone to that work go to assisting to low-income households; and, SB 222 proposes a cap on state administration costs but does not propose a cap on state implementation costs."

FISCAL COMMENTS

According to the Assembly Appropriations Committee, enactment of this bill could cause significant ongoing cost pressure of at least \$100 million annually on the Water Rate Assistance Fund.

VOTES

SENATE FLOOR: 31-7-2

YES: Allen, Archuleta, Atkins, Becker, Bradford, Caballero, Cortese, Dodd, Durazo, Eggman, Glazer, Gonzalez, Grove, Hertzberg, Hueso, Hurtado, Kamlager, Laird, Leyva, Limón, McGuire, Newman, Pan, Portantino, Roth, Rubio, Skinner, Stern, Umberg, Wieckowski, Wiener

NO: Bates, Dahle, Jones, Melendez, Nielsen, Ochoa Bogh, Wilk

ABS, ABST OR NV: Borgeas, Min

ASM ENVIRONMENTAL SAFETY AND TOXIC MATERIALS: 7-2-0

YES: Quirk, Arambula, Bauer-Kahan, Cristina Garcia, Holden, Mathis, Muratsuchi

NO: Smith, Megan Dahle

ASM UTILITIES AND ENERGY: 12-0-3

YES: Holden, Bauer-Kahan, Burke, Carrillo, Cristina Garcia, Eduardo Garcia, Mayes, Muratsuchi, Quirk, Reyes, Bennett, Ting

ABS, ABST OR NV: Patterson, Chen, Cunningham

ASM APPROPRIATIONS: 13-3-0

YES: Lorena Gonzalez, Bryan, Calderon, Carrillo, Chau, Fong, Gabriel, Eduardo Garcia, Levine, Quirk, Robert Rivas, Akilah Weber, Kalra

NO: Bigelow, Megan Dahle, Davies

UPDATED

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