

Date of Hearing: April 29, 2025

ASSEMBLY COMMITTEE ON ENVIRONMENTAL SAFETY AND TOXIC MATERIALS

Damon Connolly, Chair

AB 532 (Ransom) – As Amended April 22, 2025

SUBJECT: Water rate assistance program

SUMMARY: Requires the Department of Community Services (CSD) to, upon appropriation of funding by the Legislature, establish and administer a statewide Low Income Household Water Assistance Program (CA LIHWAP) to provide water rate assistance to residential ratepayers of specified water systems; and, separately, authorizes urban retail water suppliers to provide water rate assistance to their ratepayers. Specifically, **this bill:**

- 1) Makes legislative findings, including that California should give urban retail water suppliers express authority to establish and fund local water rate assistance programs that are designed to meet each community's specific needs.
- 2) Deletes statute authorizing the Low Income Household Water Assistance Program (LIHWAP), which was a limited-term, federally funded program that provided financial assistance to low-income households to reduce water and wastewater arrearages prior to and during the COVID-19 pandemic.
- 3) Defines "urban retail water supplier" as a water supplier, either publicly or privately owned, that directly provides potable municipal water to more than 3,000 end users or that supplies more than 3,000 acre-feet of potable water annually at retail for municipal purposes.
- 4) Defines "water rate assistance" as any offset of the cost of drinking water service provided through a low-income water rate assistance program, including, but not limited to, a reduction in a water bill, a percentage reduction of a water utility bill, a water account credit, or crisis assistance used to reduce or eliminate a water bill arrearage or potential arrearage.

Statewide Low Income Household Water Assistance Program (CA LIHWAP):

- 1) Defines "covered water systems" as publicly and privately owned water systems that provide retail water service to 3,000 or less end users or that serve 3,000 or less acre-feet of potable water annually.
- 2) Defines "disadvantaged communities" as both of the following:
 - a) Disadvantaged communities, as defined in Section 79505.5 of the Water Code, which are communities with an annual median household income that is less than 80 percent of the statewide annual median household income; and,
 - b) Low-income communities, as defined in Section 39713 of the Health and Safety Code, which are census tracts with median household incomes at or below 80 percent of the statewide median income or with median household incomes at or below the threshold designated as low income by the Department of Housing and Community Development's list of state income limits.
- 3) Defines "local service providers" as private, nonprofit, and public agencies designated in accordance with the federal Omnibus Budget Reconciliation Act of 1981, as amended.

- 4) Provides that it is the intent of the Legislature to establish the CA LIHWAP, which shall be administered by CSD in consultation with the State Water Resources Control Board (State Water Board), to administer water rate assistance.
- 5) Requires CSD to, upon appropriation of funding by the Legislature, establish and administer the CA LIHWAP to provide water rate assistance to residential ratepayers of covered water systems, and urban retail water suppliers with a service area that is made up of at least 50 percent disadvantaged communities, as measured by population.
- 6) Requires CSD to develop a state plan for the CA LIHWAP, including requirements and guidelines for the program. Exempts state plan development from the Administrative Procedures Act.
- 7) Requires CSD to post a draft and final state plan to its internet website and hold a public meeting before the finalization of the state plan to allow for public comment.
- 8) Requires the CA LIHWAP guidelines to include, but not be limited to, the following:
 - a) Household eligibility requirements;
 - b) Prioritization criteria, including whether an urban retail water supplier has established a program pursuant to the second part of this bill;
 - c) Program design and implementation;
 - d) Funding source and allocation;
 - e) Structure of financial water assistance payments;
 - f) State oversight and program integrity;
 - g) Public participation;
 - h) Data collection and reporting;
 - i) Limits on reasonable administrative costs for CSD and local service providers for implementing the program;
 - j) Process for disbursing program funds; and,
 - k) Enrollment process for eligible ratepayers through local service providers.
- 9) Requires CSD to contract with and use local service providers to help administer CA LIHWAP. Requires the contract provisions to include monitoring by CSD; accountability and oversight of the local service providers' role in administering the program; and, confidentiality provisions to protect consumer data.
- 10) Requires CSD to post on its internet website the eligibility requirements of the program, local service provider area, local service provider contact information, and total annual assistance available during the current fiscal year.
- 11) Requires CSD to oversee the local service providers to ensure compliance with the provisions of this bill.
- 12) Requires CSD to, beginning the first fiscal year after the CA LIHWAP has been established, and each year thereafter, provide a report to the Legislature that includes the total amount of assistance provided, total administrative cost of the program, an estimate of the number of households eligible for assistance, a description of methods employed to include public participation and encourage enrollment in the program, an estimate of the funding available

for the next fiscal year, and total number of households served by the program during the previous fiscal year.

- 13) Provides that this bill does not prohibit an eligible system from offering assistance to ratepayers that is in addition to, or on top of, the assistance provided through CA LIHWAP.

Authority for urban retail water suppliers to provide water rate assistance:

- 1) Authorizes an urban retail water supplier to provide water rate assistance to its ratepayers in any manner it determines will best sustainably meet its community's needs while permitting the efficient administration and distribution of any assistance provided. Authorizes a supplier to have the option of using third parties to administer or provide that assistance.
- 2) Authorizes an urban retail water supplier to, in providing the assistance authorized by this bill, provide water rate assistance to its residential ratepayers with an annual household income at or below 200 percent of the federal poverty guideline level, residential ratepayers with an arrearage or those likely to have an arrearage without assistance, or to other ratepayers if a supplier determines that offering assistance would allow it to better meet its community's needs, better administer or provide for a more sustainable program, or better balance competing policy objectives, such as water quality, water efficiency, and water affordability.
- 3) Authorizes an urban retail water supplier to, at its sole discretion, use any funding it has available to provide water rate assistance to its ratepayers provided it does not use any funding derived from a fee or charge levied pursuant to Proposition 218, the "Right to Vote on Taxes Act," approved by voters in November 1996.
- 4) Authorizes an urban retail water supplier to, at its sole discretion, seek and use voluntary contributions of funds from its ratepayers and others to support a water rate assistance program for ratepayers. Authorizes voluntary contributions to be sought on a water bill or through any other legal means. Provides that any voluntary contributions of funds a supplier receives shall not be considered public funds.
- 5) Requires an urban retail water supplier to, in order to establish a water rate assistance program pursuant to this bill, hold a public meeting consistent with the Brown Act.
- 6) Requires, beginning January 1, 2028, and annually thereafter, an urban retail water supplier to include in the technical report required by the State Water Board the following information regarding voluntary contributions and water rate assistance:
 - a) Whether the supplier provides water rate assistance to its customers;
 - b) The amount of funding used to provide any water rate assistance during the previous reporting period;
 - c) If the supplier did not provide water rate assistance during the reporting period, an explanation as to any progress made towards implementation of a water rate assistance program, or information about the barriers encountered that prevented providing water rate assistance;
 - d) Whether the supplier has sought any voluntary contributions to fund its water rate assistance program and, if so, the total amount of voluntary contributions collected to fund its water rate assistance program; and,

- e) The total number of eligible households that were provided with water rate assistance.
- 7) Requires the State Water Board to, by July 1, 2026, conduct a voluntary survey of urban retail water suppliers to determine whether the supplier provides water rate assistance to its customers.

EXISTING LAW:

- 1) Declares as established policy of the state that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes. (Water Code (WC) § 106.3)
- 2) Requires the State Water Board, by January 1, 2018, to develop a plan for the funding and implementation of a Low-Income Water Rate Assistance Program, as specified. (WC § 189.5(b))
- 3) Requires the State Water Board, by February 1, 2018, to report to the Legislature on its findings regarding the feasibility, financial stability, and desired structure of a Low-Income Water Rate Assistance Program, including recommendations for needed legislative action. (WC § 189.5 (e))
- 4) Establishes the California Safe Drinking Water Act to provide for the operation of public water systems and imposes on the State Water Board various responsibilities and duties relating to the regulation of drinking water to protect public health. (Health & Safety Code (HSC) §§ 116270 – 116755)
- 5) Requires a public water system to submit a technical report to the State Water Board as part of the permit application or when otherwise required by the State Water Board. Provides that this report may include, but not be limited to, detailed plans and specifications, water quality information, physical descriptions of the existing or proposed system, information related to technical, managerial, and financial capacity and sustainability, and information related to achieving the goals of the human right to water, including affordability and accessibility. (HSC § 116530)
- 6) Declares that access to an adequate supply of healthful water is a basic necessity of human life, and that it shall be made available to all residents of California at an affordable cost. (Public Utilities Code § 739.8 (a))
- 7) Requires the CPUC to consider, and authorizes it to implement, programs to provide rate relief for low-income ratepayers. (Public Utilities Code § 739.8 (b))

Under the Low Income Household Water Assistance Program (LIHWAP) statutes:

- 1) States that it is the intent of the Legislature that one-time funding appropriated for the LIHWAP shall be used to prioritize and expedite services that reduce arrearages for low-income households. (Government Code (GC) § 12087.2 (a))

- 2) Requires CSD to administer the LIHWAP in California, and requires CSD to receive and expend moneys appropriated and allocated to the state for purposes of that program, pursuant to the federal Consolidated Appropriations Act of 2021. (GC § 12087.2 (b))
- 3) Authorizes CSD, without taking any further regulatory action, to develop and implement a state plan, requirements, guidelines, and subgrantee contract provisions for the LIHWAP. (GC § 12087.2 (c))
- 4) Requires the LIHWAP State Plan to include all of the following details regarding program implementation: household eligibility; prioritization; program design and implementation; funding allocation; financial water assistance payments; state oversight and program integrity; public participation; and, data collection and reporting. (GC § 12087.2 (d))
- 5) Requires that all expenditures of LIHWAP funding be prioritized for services that reduce the arrearages of eligible households that have past due balances. (GC § 12087.2 (e))
- 6) Requires CSD to, upon the execution of contracts for LIHWAP funding with local service providers, report to the Legislature and post to its website the following information by local service provider area: total allocation and allocation by service category. (GC § 12087.2 (f))
- 7) Requires CSD to, beginning six months after the execution of contracts for LIHWAP funding with local service providers, and every six months thereafter until funding is exhausted, provide a report to the Legislature that includes the following information by local service provider area: total allocation; allocation by service category; total expenditures; expenditures by service category; households served; and, households served by service category. (GC § 12087.2 (g))
- 8) Requires CSD to post a draft state plan to CSD's website and hold a public meeting prior to submission of the state plan to allow for public comment. Requires the final plan to be posted to CSD's website. (GC § 12087.2 (h))
- 9) Exempts from Public Contract Code all actions to implement the funding for LIHWAP, including entering into contracts for services or equipment. Authorizes CSD to award contracts for LIHWAP on a noncompetitive bid basis as necessary to implement the purposes of the LIHWAP grant funds. (GC § 12087.2 (h))

FISCAL EFFECT: Unknown.

COMMENTS:

Need for the bill: According to the author, "California families are struggling with the affordability of water, despite the right to safe, clean, and affordable water for basic needs. A 2020 report from the State Water Resources Control Board found that 34% of households earning less than 200% of the federal poverty level needed water rate assistance, and 21% of the state's water systems had unaffordable rates. The pandemic further highlighted this issue, with the federal Low-Income Household Water Assistance Program helping over 85,000 households in California, but the program ended in 2024 with no state program to replace it. AB 532 aims to address water affordability by creating a statewide Low-Income Household Rate Assistance Program, providing legal certainty for local water agencies to run their own assistance programs,

and establishing reporting requirements. This legislation affords an opportunity for Californians, especially those in disadvantaged communities, to have access to affordable water."

Human right to water: By enacting Assembly Bill (AB) 685 (Eng, Chapter 524, Statutes of 2012), California became the first state with a Human Right to Water law. AB 685 establishes state policy that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitation. It also requires all relevant state agencies to consider this state policy when revising, adopting, or establishing policies, regulations, and grant criteria. To date, water supply issues; contaminants; costs of treatment and distribution systems; climate change; the number and nature of small public water systems, especially in disadvantaged communities; and, many other factors continue to challenge the State's progress in implementing the Human Right to Water.

Increasing water affordability challenge: Drinking water is a basic human need; however, according to the State Water Board's February 2020 report, "Recommendations for Implementation of a Statewide Low-Income Water Rate Assistance Program" (2020 report), California households find it increasingly difficult to fulfill this need because the retail cost of water has risen substantially over the last decade and is expected to continue to escalate. The 2020 report notes that, adjusting for inflation, the average California household paid around 45% more per month for drinking water service in 2015 than in 2007. Additional data presented in the State Water Board's September 2021, "Safe Drinking Water Plan for California" (2021 Safe Drinking Water Plan), shows that water costs have, on average over a five-year period from 2012 to 2017, increased about 35% within all size groups of water systems (ranging from 23% to 40 %). The 2021 Safe Drinking Water Plan states that on average, customers of small water systems (public water systems serving fewer than 200 service connections) pay approximately 21% more for water than customers served by larger systems. Many economically disadvantaged communities are served by small water systems, making water affordability a significant issue among residents in these communities.

The 2020 report explains that the high and rising costs of other basic needs for California residents, including housing, food, and other utility services, means that cost increases for any single need, such as water, can force families to make difficult and risky tradeoffs that could harm their health and welfare. When families are unable to pay their bills, these trade-offs include skipping meals and going hungry, delaying or avoiding medical treatment, risking eviction, or facing potential disconnection for electric, gas, or water services. Unfortunately, expenditures to meet basic water needs are expected to continue to rise rapidly due to the need for water systems to replace aging infrastructure, meet treatment standards, diversify supplies, and maintain a well-trained workforce. Given the staggering rise of costs across sectors since the referenced reports were produced, it can be assumed that water affordability has worsened since then.

The 2021 Safe Drinking Water Plan summarizes the concerns about, and recommendation to remedy, issues surrounding the cost of water in California as, "Over the past decades, the cost of drinking water, adjusted for inflation, has been on the rise and this trend is expected to continue. To address the issue of affordability, there is a need for a statewide rate assistance program."

Low-Income Water Rate Assistance Program report: To better understand and address drinking water affordability, AB 401 (Dodd, Chapter 662, Statutes of 2015) required the State Water Board, in collaboration with the State Board of Equalization and relevant stakeholders, to

develop a plan for funding and implementing a Low-Income Water Rate Assistance Program. AB 401 also required the State Water Board to submit a report to the Legislature by February 1, 2018, with its findings regarding the feasibility, financial stability, and desired structure of the program, including any recommendations for legislative action that may need to be taken. In response, the State Water Board published the 2020 Report, mentioned previously, but no statewide Low-Income Water Rate Assistance Program has been adopted to date.

The State Water Board, in the 2020 Report, further argues for the need for a statewide water low income rate assistance program as follows,

"...Providing all low-income households with financial assistance to help pay their water bills is a small, but important, way the state can support the provision of basic necessities for all Californians. There are at least four additional rationales for supporting the development of a Water Rate Assistance Program in California:

- 1) The devastating health and livelihood impacts people experience when water is unaffordable,
- 2) The rapidly rising retail cost of drinking water,
- 3) The general absence of robust low-income rate assistance or affordability programs for water, despite the availability of comparable programs for other utility needs, and
- 4) The inability of many individual water systems to self-fund a rate assistance program."

The State Water Board, in the 2020 Report, recommends components of a successful program to help low-income households afford drinking water, including identifying potential program recipients, mechanisms for delivering assistance to low-income households, and possible funding sources to implement a low income rate assistance program. The recommendations outlined in the report reflect discussions with public interest groups and stakeholders. For qualifying customers, the program recommended by the State Water Board will support bill discounts, crisis assistance, and a tax credit for renters who pay for their water indirectly through rent.

According to the report,

"Only about half of California's population is served by a community water system (CWS) offering some form of rate assistance program, and most of these existing programs have low levels of enrollment and limited financial resources. As a result, less than 20% of the state's low income population served by CWSs currently receives benefits from a low-income rate assistance program.

There are financial obstacles to providing a rate assistance program to water users at the system level. Many of the approximately 2,900 individual CWS cannot operate standalone rate assistance programs because they lack an adequate rate base to support benefit expenditures... Using 200% of the federal poverty level (FPL) as the baseline eligibility criteria for [low income water rate assistance] programs would mean that—for many large systems—more than 50% of their customers would be eligible for assistance. The problem is even more extreme for many smaller systems. To operate individual low-income rate assistance programs, these systems would likely have to impose outsized burdens on higher-income households. Even then, publicly-owned systems would be legally prevented from imposing water rates on non-eligible customers that exceed the cost of serving those customers.

Due to the impracticality of a comprehensive low-income rate assistance program at the system level, the [State Water] Board envisions a statewide program with benefits distributed through water bills, crisis assistance for water ratepayers, and a renter's water credit for residents who pay for their water indirectly through rent.

The [State Water] Board recommends the use of progressive revenue sources (i.e., taxes) for most of the program cost to avoid burdening the very state residents the program seeks to serve. For example, taxes on personal and business income would provide progressive revenues. To balance potential volatility of these sources, the [State Water] Board also recommends taxes on bottled water, which should generate more stable revenue and have a direct nexus to water use.

Eligibility criteria and benefit levels would influence the total program costs. AB 401 defined "low-income" as 200% of the [federal poverty level]; however, the [State Water] Board evaluated alternate eligibility criteria that could feasibly be implemented across the state... Benefit levels could be tied to the cost of water, other assistance programs, or certain affordability criteria."

CSD programs for low-income energy needs assistance: CSD's mission is to, "Improve the economic security of vulnerable Californians through programs and partnerships that support the state's diverse communities." To that end, CSD, among other responsibilities, administers several low-income energy needs assistance programs, including the federally funded Low-Income Home Energy Assistance Program (LIHEAP), which provides assistance to eligible low-income households with the goal of managing and meeting their immediate home heating and/or cooling needs; the Low-Income Weatherization Program (LIWP), which reduces household energy costs and greenhouse gas emissions by funding energy efficiency upgrades and rooftop solar photovoltaic (PV) systems at no cost to low-income households; and, the United States (US) Department of Energy's Weatherization Assistance Program (DOE WAP), which helps reduce energy usage and costs by providing services intended to improve energy efficiency in the homes of eligible low-income households.

Low Income Household Water Assistance Program (LIHWAP): In addition to energy needs assistance programs, from December 2020 to March 2024, CSD administered the Low Income Household Water Assistance Program (LIHWAP), which was a limited-term, federally funded program that provided financial assistance to low-income households to reduce water and wastewater arrearages prior to and during the COVID-19 pandemic. On December 27, 2020, Congress passed and the President signed the Consolidated Appropriations Act, which authorized LIHWAP and appropriated \$638 million in emergency spending to the program. Additionally, on March 11, 2021, the American Rescue Plan Act appropriated \$500 million in emergency funds to LIHWAP. The US Department of Health and Human Services (HHS) administered LIHWAP at the federal level, and Governor Gavin Newsom named CSD as the designated agency to administer LIHWAP for the State of California. HHS approved California's LIHWAP State Plan on November 8, 2021. In May 2024, after the program sunsetted, CSD distributed remaining LIHWAP water assistance funds to provide a "supplemental benefit" to eligible, previously-served LIHWAP beneficiaries.

This bill: This bill has two parts. The first part targets small water systems and larger water systems serving disadvantaged communities. This part of the bill requires CSD to, upon appropriation of funding by the Legislature, establish and administer the statewide CA LIHWAP

to provide water rate assistance to residential ratepayers of covered water systems, which it defines as publicly and privately owned water systems that provide retail water service to 3,000 or less end users or that serve 3,000 or less acre-feet of potable water annually, and urban retail water suppliers with a service area that is made up of at least 50 percent disadvantaged communities, as measured by population and as defined by this bill. To establish the CA LIHWAP, the bill requires CSD to develop a state plan, including requirements and guidelines for the program; to post the draft and final state plan to its internet website; and, to hold a public meeting before the finalization of the state plan to allow for public comment. The bill also requires CSD to contract with and use local service providers to help administer CA LIHWAP, and requires the contract provisions to include monitoring by CSD, accountability and oversight of the local service providers' role in administering the program, and confidentiality provisions to protect consumer data. The bill additionally requires CSD to annually provide a report to the Legislature on the CA LIHWAP that includes the total amount of assistance provided, total administrative cost of the program, an estimate of the number of households eligible for assistance, a description of methods employed to include public participation and encourage enrollment in the program, an estimate of the funding available for the next fiscal year, and total number of households served by the program during the previous fiscal year.

The second part of the bill, which is separate from the CA LIHWAP, targets larger water systems. This part of the bill provides broad authority to urban retail water suppliers to provide water rate assistance to their ratepayers in any manner they determine will best sustainably meet their communities' needs. The bill authorizes an urban retail water supplier to, at its sole discretion, use any funding it has available to provide water rate assistance to its ratepayers, and authorizes an urban retail water supplier to, at its sole discretion, seek and use voluntary contributions of funds from its ratepayers and others to support a water rate assistance program for ratepayers. The bill requires, beginning January 1, 2028, and annually thereafter, an urban retail water supplier to include in the technical report required by the State Water Board specified information, such as whether the water supplier provided water rate assistance and the number of households that were provided with water rate assistance. Besides the limited information required in the technical report, there is no state entity overseeing the water rate assistance programs established by urban retail water suppliers that are not participating in CA LIHWAP, and no report the legislature, audit, or other means of accountability.

According to California Municipal Utilities Association (CMUA), the sponsor of this bill, the bill creates two separate approaches to water rate assistance because, "The California LIHWAP has a narrowed scope to reduce the state's overall expense and target the areas that would benefit most from state assistance. Areas with a population of 50% or more disadvantaged communities would be hard-pressed to offer local assistance and might not have the revenue streams to offer support. The intention is to start a state program in this targeted fashion, and with additional state funding, it can be expanded to include more of the state's population."

How does CA LIHWAP in this bill align with the federally-funded LIHWAP and the 2020 Report recommendations? According to CMUA, "AB 532 takes the framework from the [LIHWAP] and seeks to transform it from a crisis assistance program to an ongoing monthly direct benefit program. The crisis assistance format of the prior program aligned with the recommendations from the [2020] report. To provide ongoing monthly direct benefits, the guidelines that CSD will develop can be gleaned from the information in the [2020] report. The report can provide an excellent resource for how to continue providing benefits. The specifics will be developed in the guideline public process."

California Public Utilities Commission (CPUC)-regulated water utilities low-income assistance programs: Low-income water rate assistance programs are already operating throughout the state. According to the California Water Association, which represents regulated water utilities, in December 2005, the CPUC adopted a Water Action Plan setting forth its policy objectives to assist low-income ratepayers struggling with payments for basic monthly water service. Currently, there are nine Class A water utilities under the CPUC's jurisdiction, each of which has an individualized low-income rate assistance program. These programs were established on a case-by-case basis, without standardization, as part of the utility's General Rate Case. Each program differs in its availability of monthly discounts and recovery of costs. Customers are made aware of the low-income programs through various means, including bill inserts, public participation hearings, and company websites. The majority of low-income customers have been automatically enrolled into these existing low-income rate assistance programs through the CPUC-authorized quarterly customer data exchange between water and energy utilities. Customers who receive automatic enrollment are sent notices by the utilities of their enrollment with an option to opt out of the low-income program. Permanent low-income rate assistance allows investments in infrastructure to occur, alleviating pressure on rates.

CMUA notes that, separate from the CPUC-regulated water utilities, well over a dozen urban retail water suppliers also currently have a water rate assistance program. Despite this fact, CMUA states, "There is currently legal uncertainty as to the statutory authority that urban retail water suppliers have to develop local water rate assistance programs. AB 532 fills the gap to provide that statutory authority. Existing programs are susceptible to legal challenges without express statutory authority, and there have been legal challenges to programs in the past. There is similar express authority in the Municipal Utilities District Act (Public Utilities Code Section 12811.2). AB 532 provides parity for other special districts, cities, and local governments to provide relief programs."

SB 222 veto: SB 222 (Dodd, 2021) would have required the State Water Board to develop and administer a statewide program to provide rate assistance to low-income residential ratepayers of a community water system or wastewater system. SB 222 did not have an identified funding source. Governor Gavin Newsom vetoed SB 222 on September 28, 2022, and submitted the following veto message:

"This bill establishes a Water Rate Assistance Program and Water Rate Assistance Fund to provide water affordability assistance for drinking and wastewater services to low-income ratepayers. The State Water Resources Control Board would be required to administer the program, and community water systems and wastewater systems would be subsequently required to provide rate assistance to residential ratepayers. This is a permanent program that would not be implemented or initiated until funding is provided. At this time, there is no sustainable, ongoing funding identified.

Lowering costs and making sure that Californians have access to safe and affordable drinking water is a top priority of this administration. The last two budgets have provided billions in rebates, debt relief, assistance grants, and free support services. For water costs alone, the 2021-22 Budget provided \$1 billion to the State Water Board for the California Water and Wastewater Arrearage Payment Program, which cleared unpaid water and wastewater debts resulting from the pandemic. This year, our 2022-23 budget added an additional \$200 million to the Low-Income Household Water Assistance Program at the Department of

Community Services and Development. These are programs that were both approved and funded by the Legislature.

I commend the author and stakeholders for their work during this Legislative session to craft a vision for such a program. However, this bill does not have any funding identified, and because it is an ongoing program that would require all community water systems and wastewater systems to participate, signing this policy would result in significant General Fund pressures in the billions of dollars to continuously provide such assistance."

This bill: This bill has no identified funding source to support the CA LIHWAP program established by the bill.

Is CSD the appropriate agency to administer the CA LIHWAP in this bill? The State Water Board regulates over 7,000 drinking water systems, and therefore has relationships with, and information on, these systems through their regulatory, financial assistance, permitting, and partnerships programs. Similar bills, such as SB 222 (Dodd, 2021) and SB 350 (Durazo) of this legislative session, designate the State Water Board as the administering agency over a rate assistance program. CSD administered the short term LIHWAP to reduce water and wastewater arrearages prior to and during the COVID-19 pandemic, but it is unclear whether CSD had or maintained connections with the vast number of water systems in the state. Earlier versions of SB 222 included CSD as the administering agency. This bill requires CSD to establish and administer the statewide CA LIHWAP. As this bill moves through the process, the author and stakeholders may wish to further discuss the best state entity to oversee the CA LIHWAP.

Arguments in support: A coalition of supporters, consisting of water districts and associations, writes in support of the bill, "Recognizing the needs of low-income Californians, many public and private water agencies have created their own programs to offset financial hardship for their customers. This statutory clarification is necessary for many public water agencies that are ready to offer such programs or are looking for ways to provide support for their low-income customers. Many more agencies are looking at those options and need the certainty that AB 532 provides. Local programs tend to be efficient and effective because they take the diverse needs of the community they serve into account. Within the existing confines of Proposition 218, the authority to offer low-income programs is the first step in providing water rate assistance.... This bill also recognizes that a local solution may not be appropriate for smaller agencies. The proposed Low-Income Household Water Rate Assistance Program would target systems serving under 3,000 connections where financial hardships are more heavily realized. State assistance for those entities is an appropriate first step in addressing affordability concerns."

Arguments in opposition: None on file.

Related legislation:

- 1) SB 350 (Durazo, 2025). Establishes the Water Rate Assistance Program, administered by the State Water Board, to provide rate assistance for drinking water and wastewater services to low-income residential ratepayers. SB 350 passed the Senate Environmental Quality Committee on March 19, 2025, and the Senate Utilities and Commerce Committee on April 21, 2025. SB 350 is pending in the Senate Appropriations Committee.

- 2) SB 1255 (Durazo, 2024). Would have required retail water suppliers that serve over 3,300 residential connections to establish a water rate assistance program to provide assistance to eligible ratepayers for their water and wastewater bills. SB 1255 was held on the suspense file in the Assembly Appropriations Committee.
- 3) SB 222 (Dodd, 2021). Would have required the State Water Board to develop and administer a statewide water rate assistance program to provide rate assistance to low-income residential ratepayers of a community water system or wastewater system. SB 222 was vetoed by Governor Gavin Newsom.
- 4) AB 217 (E. Garcia, 2019). Would have created the Safe Drinking Water for All Act, which would have established the Safe and Affordable Drinking Water Fund to provide a source of funding for safe drinking water for all Californians, and long-term sustainability of drinking water systems. Would have imposed several fees on agricultural activities and a charge on retail water systems that together would provide the source of revenue to the Fund. AB 217 was subsequently amended into another subject.
- 5) SB 669 (Caballero, 2019). Would have established the Safe Drinking Water Fund to assist community water systems in disadvantaged communities that are chronically noncompliant. Would have created Safe Drinking Water Trust Fund to receive funding from the state and provide the fund source to the Safe Drinking Water Fund. SB 669 was held on the suspense file in the Senate Appropriations Committee.
- 6) SB 200 (Monning, Chapter 120, Statutes of 2019). Establishes the Safe and Affordable Drinking Water Fund (Fund) to help water systems provide an adequate and affordable supply of safe drinking water in both the near and the long terms. Transfers to the Fund annually, until June 30, 2030, 5% of the proceeds of the Greenhouse Gas Reduction Fund, up to \$130 million.
- 7) SB 998 (Dodd, Chapter 981, Statutes of 2018). Requires all public water systems with more than 200 connections to have a written policy on discontinuation of residential water service, including provisions for not shutting off water for certain customers that meet specified criteria.
- 8) AB 401 (Dodd, Chapter 662, Statutes of 2015). Requires the State Water Board to develop a plan for funding and implementation of a statewide Low-Income Water Rate Assistance Program.
- 9) AB 685 (Eng, Chapter 524, Statutes of 2012). Establishes as policy of the state that every human being has the right to clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes and requires relevant state agencies to consider this policy when revising, adopting, or establishing policies, regulations, and grant criteria pertinent to the human uses of water.

Double referral: Should this bill pass the Assembly Environmental Safety and Toxic Materials Committee, it will be referred to the Assembly Utilities and Energy Committee.

REGISTERED SUPPORT / OPPOSITION:

Support

Association of California Water Agencies
Burbank Water and Power
CA-NV American Water Works Association
California Council for Environmental & Economic Balance
California Municipal Utilities Association
California Special Districts Association
California Water Association
City of Roseville
City of Sacramento
City of Santa Rosa
City of Thousand Oaks
Contra Costa Water District
Desert Water Agency
East Valley Water District
Eastern Municipal Water District
El Dorado Irrigation District
Elsinore Valley Municipal Water District
Irvine Ranch Water District
Las Virgenes Municipal Water District
Metropolitan Water District of Southern California
Mission Springs Water District
Palmdale Water District
Placer County Water Agency
Rancho California Water District
Regional Water Authority
West Valley Water District
Western Municipal Water District

Opposition

None on file.

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