

To: The Honorable Christine Kehoe, Chairman, Senate Committee on Appropriations

From: Reed Royalty, President, Orange County Taxpayers Association (OCTax)

Date: May 11, 2011

SB 34 (Simitian): Water Resources Investment Act

OCTax Position: OPPOSE

SB 34 would enact a “water resources investment program.” It would impose on every retail water supplier an annual charge based on the volume of water provided for nonagricultural uses, and an annual charge based on each acre that is irrigated for agricultural purposes.

OCTax analysis

We don’t need SB 34. We fund our retail water systems adequately and fairly. We pay to retire the bonds that build water infrastructure, then we pay usage-based fees for the water itself.

SB 34 would impose an indeterminate “tax disguised as a fee” on water to create revenue for which there is no specific need. Bureaucrats could use such a slush fund for pet projects and salaries only tangentially related to water supply. For years, Californians have supported initiatives that promised “safe, clean, reliable drinking water” only to find that some of the money has been spent on uses such as bicycle trails, open space and yacht slips for Lake Tahoe boaters. SB 34 would fool us again.

If the author of SB 34 truly wants to provide more water to the State, he should introduce a water-specific revenue bond instead of a legislative bill. If something produces new water, that water can be sold; therefore it can be financed by a revenue bond at no cost to taxpayers. SB 34 is a legislative evasion of the sensible obligation to obtain voters’ approval of water projects.

Oops, we almost forgot: remember 2010’s \$11.1 billion Proposition 18 water bond? Governor Schwarzenegger postponed it to 2012 because angry voters revealed that it contains at least \$2 billion in earmarks that have nothing to do with water. Let’s not pile SB 34’s largesse on top of next year’s already-overweight bond measure.

cc: Orange County Legislative Delegation