



April 26, 2019

The Honorable Lorena Gonzalez
California State Assembly
State Capitol, Room 2114
Sacramento, CA 95814

Dear Assembly Member Gonzalez:

On behalf of the signatories noted below, we wish to express strong support for AB 533 by Assembly Member Chris Holden which would exclude from gross income amounts received as a rebate, voucher, or other financial incentive issued by a water service provider for participation in a turf removal program. We urge you and members of the Assembly Appropriations Committee to look favorably upon the bill.

In May 2018, then-Governor Edmund G. Brown, Jr. signed SB 606 (Hertzberg) and AB 1668 (Friedman) into law as part of his initiative to make “Water Conservation a California Way of Life” in response to California’s longest drought in history. We witnessed firsthand that utility-sponsored financial incentives, including consumer rebates, are among the most important and cost-effective tools available to local water providers to achieve water use efficiency objectives, particularly for turf replacement, water efficient toilets, and water and energy efficient clothes washing machines. However, over a certain amount, the rebate funds that individuals and businesses receive in connection with turf replacement programs are now taxable under state law. Water efficient toilets and clothes washer rebates benefit from a permanent tax exemption. The consistent experience of California’s water utilities shows that fewer individuals and corporations will avail themselves of financial incentives if they are deemed to be taxable income.

It is well documented that rebates substantially increase adoption of water use efficiency strategies. Rebates provide a much-needed financial incentive to implement these measures year-round. AB 533 is a necessary step to incentivize homeowners and businesses to make important investments in turf removal projects to protect our critical water resources.

For all of the above reasons, we support AB 533 and ask that the bill receive your favorable consideration. Thank you for your consideration.

Sincerely,

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cc: Assembly Member Chris Holden
Members of the Assembly Appropriations Committee
Luke Reidenbach, Principal Consultant, Assembly Appropriations Committee
Ellen Cesaretti, Fiscal Consultant, Assembly Republican Caucus