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SB-350 Water Rate Assistance Program. (2025-2026)

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CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

SENATE BILL

NO. 350

Introduced by Senator Durazo

(Coauthors: Senators [Becker](#), [Gonzalez](#), Grayson, Laird, McNerney, and Weber Pierson)

(Coauthor: Assembly Member Arambula)

February 12, 2025

An act to add Chapter ~~6-5~~ [6.4](#) (commencing with Section 116930) to Part 12 of Division 104 of the Health and Safety Code, relating to drinking water.

LEGISLATIVE COUNSEL'S DIGEST

SB 350, as amended, Durazo. Water Rate Assistance Program.

Existing law requires the State Water Resources Control Board to develop a plan for the funding and implementation of the Low-Income Water Rate Assistance Program. Existing law requires the plan to include, among other things, a description of the method for collecting moneys to support and implement the program and a description of the method for determining the amount of moneys that may need to be collected from water ratepayers to fund the program.

This bill would establish the Water Rate Assistance Program. As part of the program, the bill would establish the Water Rate Assistance Fund in the State Treasury, available upon appropriation by the Legislature, to provide water affordability assistance, for both residential water and wastewater services, to low-income residential ratepayers, as specified. The bill would require the state board to take various actions in administering the fund, including, among other things, tracking and managing revenue in the fund separately from all other revenue. The bill would require the state board, in consultation with relevant agencies and after a public hearing, to adopt guidelines for implementation of the program and to adopt an annual report to be posted on the state board's internet website identifying how the fund has performed, as specified. The bill would require the guidelines to include minimum requirements for eligible systems, including the ability to confirm eligibility for enrollment through a request for self-certification of eligibility under penalty of perjury. By expanding the crime of perjury, the bill would impose a state-mandated local

program. The bill would require the state board to take various actions in administering the program, including, but not limited to, providing guidance, oversight, and funding for low-income rate assistance for residential ratepayers of eligible systems. The bill would authorize the Attorney General, at the request of the state board, to bring an action in state court to restrain the use of any method, act, or practice in violation of these provisions, except as provided. The bill would make the implementation of all of these provisions contingent upon an appropriation by the Legislature.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: yes

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Chapter ~~6-5~~ 6.4 (commencing with Section 116930) is added to Part 12 of Division 104 of the Health and Safety Code, to read:

CHAPTER 6.4. Water Rate Assistance Program

116930. The Legislature finds and declares all of the following:

(a) Existing state law declares that it is the 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.

(b) In 2015, the Legislature passed Assembly Bill 401 (Chapter 662 of the Statutes of 2015) that required the State Water Resources Control Board to develop a plan, informed by the public and the State Board of Equalization, for a statewide low-income rate assistance for water.

(c) In 2020, the state board released a report pursuant to Assembly Bill 401 (Chapter 662 of the Statutes of 2015), which is entitled "Recommendations for Implementation of a Statewide Low-Income Water Rate Assistance Program," that found that it would take over one hundred forty million dollars (\$140,000,000) annually to create a low-income water rate assistance program.

(d) The cost of water has continued to rise, outpacing the rate of inflation and putting too many California families at risk of water shutoffs.

(e) Climate change adds additional cost pressure to water and sewer systems, which increasingly must invest in climate resilience.

(f) While many public water systems offer some form of bill assistance to a limited number of customers, Proposition 218, as approved by the voters at the November 5, 1996, statewide general election, limits their ability to fully fund those programs.

(g) California must continue to lead the nation by establishing statewide low-income rate assistance for water and sewer and, by doing so, help to ensure universal access to essential services.

116931. For purposes of this chapter, the following definitions apply:

(a) "Community water system" has the same meaning as defined in Section 116275.

(b) "Effective date" means the effective date of the appropriation described in Section 116941.

(c) "Eligible system" means a community water system, wastewater system, or a participating tribal water or wastewater system.

(d) "Fund" means the Water Rate Assistance Fund created pursuant to Section ~~116932~~ 116942.

(e) "Local water rate assistance program" means a drinking water low-income rate assistance program that is established, funded, and administered by a community water system to provide water rate assistance to its eligible low-income ratepayers. Local water rate assistance programs may be funded through any funding a community water system 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 Article XIII D of the California Constitution.

~~(e)~~

(f) "Low-income" means an annual household income that is no greater than 200 percent of the federal poverty guideline level and consistent with the guidelines established for the California Alternative Rates for Energy (CARE) program pursuant to subdivision (a) of Section 739.1 of the Public Utilities Code.

~~(f)~~

(g) "Program" means the Water Rate Assistance Program established pursuant to this chapter.

~~(g)~~

(h) "Relevant agencies" means those agencies that have a role, through data collection, regulation, or enforcement, in providing services, oversight, and assistance to public water systems and low-income ratepayers.

~~(h)~~

(i) "Residential ratepayer" means a resident of a single-family or multifamily residence who receives a bill for residential water or wastewater.

~~(i)~~

(j) "State board" means the State Water Resources Control Board.

~~(j)~~

(k) "Wastewater system" means a city, county, special district, joint powers authority, or tribal or investor-owned utility that provides wastewater collection, treatment, or disposal service.

116932. (a) The Water Rate Assistance Fund is hereby established in the State Treasury to provide water affordability assistance, for both residential water and wastewater services, to low-income residential ratepayers. Moneys in the fund shall be available upon appropriation by the Legislature to the state board to provide, in consultation with relevant agencies, direct water bill assistance to low-income residential ratepayers served by eligible systems.

(b) The program shall be entirely funded by the fund or other available state or federal funding.

(c) (1) The state board shall, upon appropriation by the Legislature, expend moneys from the fund for reasonable costs associated with the administration of this chapter.

(2) Commencing 365 days after the effective date, funds for the reasonable costs associated with the administration of this chapter shall not exceed 10 percent of the average annual deposits into the fund. "Reasonable costs associated with the administration of this chapter" includes relevant agencies' administrative costs associated with this chapter. The state board shall reimburse eligible systems for reasonable costs associated with the administration of this chapter, which shall not count toward the 10-percent limitation.

(3) Commencing 450 days after the effective date, a minimum of 80 percent of total expenditures from the fund shall be directly applied to residential ratepayer accounts.

(d) The state board may undertake any of the following actions to implement this chapter:

(1) Provide for the deposit of any of the following moneys into the fund:

(A) Federal or state funding.

(B) Voluntary contributions, including, but not limited to, gifts, grants, or bequests.

(C) Any previously distributed funds returned to the fund pursuant to a process developed pursuant to paragraph ~~(9)~~ (10) of subdivision (b) of Section 116934.

(2) Enter into funding agreements with the federal government, local or state agencies, private entities, or nonprofit organizations.

(3) Take additional action as necessary and appropriate for adequate administration and operation of the fund and provision of direct residential water and wastewater bill assistance.

116933. The state board shall do all of the following in administering the fund:

(a) Track and manage revenue in the fund separately from all other revenue.

(b) Develop and implement a process for the state ~~board, or a third-party provider contracted by the state board,~~ board to disburse program funds to eligible ~~systems, contract operators, or third-party providers~~ systems for direct application to the system's low-income residential ratepayer accounts, including controls to prevent fraud, waste, and abuse.

(c) Manage and maintain fund balances in conjunction with the Controller, the Treasurer, the California State Auditor's Office, and the Department of Finance, as appropriate.

(d) (1) Expend, upon appropriation by the Legislature, moneys in the fund for grants, contracts, or services to provide benefits to eligible residential ratepayers.

(2) Services may include technical assistance to eligible systems serving fewer than 3,300 connections to administer the application of funds to low-income residential ratepayer accounts, including initial startup costs.

(3) The state board shall identify and contract with one or more third-party providers. The scope of work for a third-party provider shall ~~include eligibility determinations, and may include~~ *include, but not be limited to, the receipt of California Alternate Rates for Energy (CARE) enrollment data pursuant to the mechanism established pursuant to subdivision (a) of Section 116936, the receipt of information from eligible systems, the creation of eligible customer lists to be provided to eligible systems,* call center services, internet-based enrollments, document intake and processing, ~~and distribution of funds to eligible systems for application to qualified residential ratepayer accounts, and provision of notices to eligible customers of enrollment into the program and an opportunity for a customer to opt out of the program.~~

~~(4) Provide funds to eligible systems for reasonable costs for administration of the program, not to exceed the greater of 5 percent of the total funds for residential water and wastewater bill assistance or five thousand dollars (\$5,000).~~

~~(5) The state board shall establish a process by which the reimbursement limit established in paragraph (4) may be increased for an eligible system that demonstrates to the state board that it is unable to comply with this chapter without exceeding the limit.~~

~~Establish~~

(e) Establish a process for contracted third-party providers or other entities responsible for enrollment to regularly confirm the eligibility of recipients, based upon income eligibility pursuant to subdivision ~~(e)~~ (f) of Section 116931.

116934. (a) Within 270 days of the effective date, the state board, in consultation with relevant agencies and after a public hearing, shall adopt guidelines for implementation of the program.

(b) The guidelines shall include, at minimum, all of the following:

(1) Direction to eligible systems to automatically enroll households in the program if they satisfy at least one of the following circumstances:

(A) Available information shows that any member of the residential ratepayer's household is a current enrollee in, or recipient of, CalWORKs, CalFresh, general assistance, Medi-Cal, Supplemental Security Income or the State Supplementary Payment Program, or the California Special Supplemental Nutrition Program for Women, Infants, and Children.

(B) The residential ratepayer's household is a utility customer enrolled in the California Alternate Rates for Energy (CARE) program established pursuant to Section 739.1 of the Public Utilities Code.

(2) Eligibility criteria for enrollment into the program for customers not automatically enrolled shall ensure customers satisfy the definition of low-income.

(3) Minimum requirements for eligible systems, including all of the following:

(A) Participation in the statewide program.

(B) A process for enrollment into the program for households that meet the eligibility criteria pursuant to paragraph (2).

(C) The ability to confirm eligibility for enrollment through a request for self-certification of eligibility under penalty of perjury.

(D) A process for eligible systems, at their sole discretion, to elect whether and the extent to which they will rely on third-party providers for the services within the scope of work set forth in paragraph (3) of subdivision (d) of Section 116932, or instead elect to perform one or more of these services itself.

(E) A process for eligible systems to share information with third-party providers, to the extent necessary for third-party providers to provide the services elected by the eligible system pursuant to subparagraph (D).

(4) A process for the state board ~~or third-party providers~~ to provide funding to eligible systems for application to eligible low-income residential ratepayer accounts. Funding shall be provided to eligible systems on, at minimum, an annual basis.

(5) Consistent with Article XIII D of the California Constitution, guidance to eligible systems regarding payment of reasonable costs for administration of the program.

~~(5)~~

(6) A process for eligible systems to provide a bill credit to low-income residential ratepayers of no less than 20 percent of the total water charges, and, if present on the bill, wastewater charges, for a volume of water similar to that identified in Section 10609.4 of the Water ~~Code, or if the residential ratepayer uses less, the actual volume used.~~ *Code.*

~~(6)~~

(7) A provision to audit eligible systems receiving funds under this chapter regarding the receipt and distribution of those funds.

~~(7)~~

(8) Parameters and options for providing funding to eligible systems that bill exclusively or partially on the property tax roll.

~~(8)~~

(9) A process for exemption of eligible systems from providing low-income rate assistance upon determination by the state board that the system does not have eligible residential ratepayers. Exemptions shall be reviewed periodically to determine whether any residential ratepayers of the eligible system have become eligible for assistance.

~~(9)~~

(10) A process for eligible systems to return funds to the state if needed.

~~(10)~~

(11) In the event that full funding is not immediately available, a process for determining how implementation will be prioritized among eligible systems. The process shall prioritize eligible systems that have historically been overburdened by pollution and industrial development or faced other environmental justice hurdles. Prioritization of eligible systems may be based on a data-driven index that considers these factors, including, but not limited to, vulnerability indices measuring exposure to drinking water contaminants, poverty prevalence, housing burden, or groundwater threats.

(c) The state board shall hold at least three public workshops throughout the state on the draft guidelines, and shall provide at least 45 days for public comment on the draft.

116935. (a) The state board shall, in consultation with relevant agencies and after a public hearing, adopt an annual report to be posted on the state board's internet website identifying how the fund has performed.

(b) The annual report shall contain all of the following:

(1) A report of expenditures from the fund for the prior fiscal year, including how many households were served, and estimated expenditures for the current fiscal year.

(2) An estimate of the number of households eligible for assistance. The estimate shall not be based on a household-by-household evaluation.

(3) An evaluation of available relevant information regarding any household-level water affordability issues that remain after application of bill assistance.

(4) A description of methods to include public participation and efforts to encourage enrollment in the program.

(5) An estimate of the anticipated funding needs for the next fiscal year.

116936. (a) Within 365 days of the effective date, the Public Utilities Commission shall establish a mechanism for electrical corporations and gas corporations to regularly share data *that includes customer names and account addresses* with the ~~state board or relevant~~ third-party providers regarding the utility customers enrolled in, or eligible to be enrolled in, the California Alternate Rates for Energy (CARE) program established pursuant to Section 739.1 of the Public Utilities ~~Code and the Family Electric Rate Assistance program established pursuant to Section 739.12 of the Public Utilities Code.~~ *Code.* Electrical corporations and gas corporations shall regularly share that data with ~~the state board~~ *third-party providers* through the mechanism.

(b) (1) The state board and third-party providers may enter into agreements with local publicly owned electric utilities and local publicly owned gas utilities, including, but not limited to, municipal utility districts and irrigation districts, for the purpose of regularly sharing data *that includes customer names and account addresses* with the ~~state board or~~ third-party provider regarding utility customers enrolled in, or eligible to be enrolled in, affordability programs benefiting low-income residential ratepayers.

(2) The agreements may authorize ~~the state board~~ *third-party providers* to provide data pursuant to this subdivision to ~~third-party providers or~~ eligible systems for the sole purpose of assisting with the administration of the program.

(c) Data shared pursuant to subdivision (a) or (b) is subject to Section 7927.410 of the Government Code and the Information Practices Act of 1977 (Chapter 1 (commencing with Section 1798) of Title 1.8 of Part 4 of Division 3 of the Civil Code).

(d) Data shared pursuant to subdivision (a) or (b) shall not be considered a disclosure under Section 1798.83 of the Civil Code.

116937. (a) Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code does not apply to any guidelines developed by the state board pursuant to this chapter.

(b) (1) Notwithstanding Section 11019 of the Government Code, the state ~~board, or a third-party provider contracted by the state board,~~ *board* shall, to the extent permissible, make advance payments to eligible systems for direct residential water and wastewater bill assistance, for related administrative costs, and to implement the purposes of this chapter.

(2) Before distribution of an advance payment, eligible systems shall provide to the state board an estimate of the number of households enrolled in the program and their expected bill credits.

(3) The state board shall have discretion regarding the terms and conditions that apply to advance payment.

(c) An eligible system shall provide a full accounting of its expenditures on an annual basis and as requested by the state board.

(d) The state board, in consultation with the Public Utilities Commission, may authorize up to 5 percent of program funding to establish pilot projects that include expenditures that improve residential water or wastewater affordability for low-income residential households through installation of water efficiency measures or assistance programs that otherwise improve residential water or wastewater affordability in mobilehome parks, multifamily housing, or other households that do not directly pay a residential water or wastewater bill.

116938. ~~(a)~~ The state board shall do all of the following in administering the program:

~~(1)~~

(a) Provide guidance, oversight, and funding for low-income rate assistance for residential ratepayers of eligible systems.

~~(2)~~

(b) Coordinate with the Public Utilities Commission, to the extent reasonable and consistent with this chapter and related policy goals, to align criteria between all existing water rate assistance programs offered by investor-owned utilities, and to ensure timely processing of payments to investor-owned utilities.

~~(3)~~

(c) For an eligible system that is not regulated by the Public Utilities Commission, consult with relevant agencies on options to provide oversight of the eligible system's application of program funds to the system's low-income residential ratepayer accounts pursuant to this chapter to ensure effectiveness and prevent fraud, waste, and abuse.

~~(4)~~

(d) Coordinate with other relevant state agencies and resolve disputes as necessary.

~~(5)~~

(e) Consider identifying alternative entities to distribute and track benefits if the state board determines that an eligible system is incapable of applying program funds to residential ratepayers of the system pursuant to this chapter.

~~(b) This chapter does not prohibit an eligible system from offering assistance to ratepayers that is in addition to, or on top of, the assistance provided through the program.~~

~~(c) An eligible system that offers assistance that is in addition to the assistance provided through the program to the same~~

~~ratepayers served by the program shall still receive funds from the program for the eligible portion of the assistance.~~

116939. (a) *This chapter does not prohibit an eligible system from administering a local water rate assistance program that is in addition to, or on top of, or different from, the assistance provided through the program. Local water rate assistance programs are administered independently and separately from the program without oversight from the state board.*

(b) (1) *An eligible system that offers assistance through a local water rate assistance program that is in addition to the assistance provided through the program to the qualifying ratepayers served by the program shall still receive funds from the program for the eligible portion of the assistance.*

(2) *An eligible system with a local water rate assistance program may request that the state board allocate the funds from the program to an existing local water rate assistance program by entering into a memorandum of understanding with the state board that describes the parameters, eligibility criteria, and enrollment of the local water rate assistance program.*

~~116939.~~**116940.** (a) Within 450 days of the effective date, or by any other date set by the state board based on a process for prioritization among eligible systems established pursuant to paragraph ~~(10)~~ (11) of subdivision (b) of Section 116934, all nontribal community water systems and wastewater systems shall begin providing water rate assistance to residential ratepayers in compliance with the minimum requirements specified in subdivision (c) of Section 116932. A tribal water or wastewater system may offer water rate assistance. Eligible systems shall continue to provide water rate assistance to low-income residential ratepayers as long as there is sufficient state or federal funding available to provide water rate assistance and fund eligible systems for reasonable costs for administration of the program.

(b) If the state board has not met the deadline in subdivision (a) of Section 116934 for the adoption of program implementation guidelines within 270 days of the effective date, the deadline in subdivision (a) of this section shall be delayed by the total number of additional days the state board takes to adopt program implementation guidelines to the first date that is the beginning of an eligible system's billing cycle.

~~116940.~~**116941.** (a) The Attorney General, at the request of the state board, may bring an action in state court to restrain, by temporary or permanent injunction, the use of any method, act, or practice declared in this chapter to be unlawful, including nonparticipation by a public water system within the program.

(b) The state board shall not request an action nor shall the Attorney General bring an action against an eligible system for failing to meet the requirements of Sections 116938 and ~~116939~~, **116940**, as long as the qualified system makes a good faith effort to implement this chapter.

~~116941.~~**116942.** Implementation of this chapter is contingent upon an appropriation by the Legislature for its purposes.

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.