
SENATE COMMITTEE ON APPROPRIATIONS

Senator Sabrina Cervantes, Chair

2025 - 2026 Regular Session

SB 1125 (Menjivar) - Water Rate Assistance Program

Version: March 25, 2026

Urgency: No

Hearing Date: May 14, 2026

Policy Vote: E.Q. 5 - 1, E., U. & C. 14 - 1

Mandate: Yes

Consultant: Ashley Ames

Bill Summary: This bill would establish, upon an appropriation by the Legislature, a water rate assistance program to provide rate assistance to low-income residents.

***** **ANALYSIS ADDENDUM – SUSPENSE FILE** *****

The following information is revised to reflect amendments
adopted by the committee on May 14, 2026

Fiscal Impact:

- Very significant ongoing cost pressures, potentially in the hundreds of millions of dollars annually (Water Rate Assistance Fund) to provide funding for ratepayer assistance. Of that amount, up to 10% could be used by the State Water Board to administer the Low-Income Water Rate Assistance Program.
- Ongoing costs of up to \$17 million annually and one-time costs of at least \$1 million (Water Rate Assistance Fund or other fund) for the State Water Board to develop, implement, administer, and oversee the water rate assistance program. Staff notes that, as currently written, this bill would require State Water Board costs to be capped at no more than ten percent of the average annual deposits into the Water Rate Assistance Fund for program administration.
- To the extent that the Attorney General, at the request of the State Water Board, brings an action in to restrain a practice declared in this bill to be unlawful—including nonparticipation by a public water system—unknown, potentially significant cost pressures to the state-funded trial courts due to additional workload (Trial Court Trust Fund, General Fund).

Author Amendments: Author amendments would remove the pilot program provisions, add a requirement for 180-day notice by State Water Board to eligible water systems before start of program, and clarify Section 116937 related to State Water Board's advanced payment option to eligible water systems.

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