SENATE THIRD READING
SB 1125 (Menjivar)
As Amended August 13, 2026
Majority vote

SUMMARY

Establishes a statewide program (Program) to provide water rate assistance to low-income residential ratepayers; and, requires the State Water Resources Control Board (State Water Board) to implement and administer the Program upon the appropriation of funding by the Legislature.

Major Provisions

1) Makes legislative findings about the human right to safe, clean, affordable, and accessible water and declares that it is the intent of the Legislature that funding for a water affordability program be progressive, not create affordability challenges for ratepayers, and be durable.

2) Creates the Water Rate Assistance Fund (Fund) in the State Treasury to provide water affordability assistance for residential water services to low-income residential ratepayers. Requires that moneys in the Fund be available upon appropriation by the Legislature to the State Water Board to provide, in consultation with relevant agencies, direct water bill assistance to low-income residential ratepayers served by eligible systems.

3) Requires the State Water Board to, upon appropriation by the Legislature of a minimum implementation amount, as defined, expend moneys from the Fund for reasonable costs associated with the administration of the Program.

4) Establishes an implementation process that takes effect if the State Water Board determines that the Fund contains a minimum implementation amount, but does not contain enough moneys for statewide implementation of the Program.

5) Requires the State Water Board to do all of the following in administering the Fund, among other requirements:

    a) Develop and implement a process for the State Water Board to disburse program funds to eligible systems for direct application to the system's low-income residential ratepayer accounts, including controls to prevent fraud, waste, and abuse; and,

    b) Expend, upon appropriation by the Legislature of a minimum implementation amount, moneys in the Fund for grants, contracts, or services to provide benefits to eligible residential ratepayers.

6) Requires the State Water Board to identify and contract with one or more third-party providers for the purpose of providing assistance to eligible systems with customer enrollment and disenrollment, to the extent authorized by government contracting law.

7) Requires the State Water Board to, in consultation with relevant agencies, after a public hearing, and within two years of the effective date, as defined, adopt guidelines, as specified, for implementation of the Program.

8) Provides that this bill 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.

9) Requires all nontribal community water systems to, within two years of public notice, begin providing water rate assistance to residential ratepayers in compliance with the minimum requirements specified in this bill.

10) Authorizes a tribal water system to offer water rate assistance.

11) Requires eligible systems to continue to provide water rate assistance to low-income residential ratepayers as long as there is sufficient state or federal funding.

12) Authorizes the Attorney General, at the request of the State Water Board, to bring an action in state court to restrain, by temporary or permanent injunction, the use of any method, act, or practice declared by this bill to be unlawful, including nonparticipation by a public water system with the Program.

13) Provides that implementation of the provisions of this bill is contingent upon an appropriation by the Legislature for its purposes.

COMMENTS

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 December 2025, "California Safe Drinking Water Plan 2025" (2025 Safe Drinking Water Plan) states that, "Between 2019 and 2022 the average cost of drinking water increased by over 60% across water systems of all sizes."

The State Water Board summarizes, "Water is becoming more expensive. California's growing economy and population create continued demand for water. Meanwhile, drought and water leaks tighten available supplies. In addition, pipes and aging infrastructure result in expensive repairs or replacements. These conditions contribute to higher costs. The result is that more low-income households have unaffordable drinking water."

Low-Income Water Rate Assistance Program report: To better understand and address drinking water affordability, Assembly Bill (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, recommends components of a successful statewide 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.

2025 Safe Drinking Water Plan recommendation: The 2025 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, increased funding availability, and an increase in water partnerships to address these [technical, managerial, and financial capacity] challenges in the short and long term."

Statewide versus local programs: The 2020 Report details why a statewide program, rather than solely individual or local programs, is necessary. According to the 2020 Report:

> "There are financial obstacles to providing a rate assistance program to water users at the system level. Many of the approximately 2,900 individual [community water systems] 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."

This bill: This bill establishes a statewide Program to provide water rate assistance to low-income residential ratepayers, and requires the State Water Board to implement and administer the Program upon the appropriation of a minimum implementation amount of funding by the Legislature. To fund the Program, this bill creates the Fund in the State Treasury and requires that moneys in the Fund be available upon appropriation by the Legislature to the State Water Board to provide, in consultation with relevant agencies, direct water bill assistance to low-income residential ratepayers served by eligible systems.

To implement the Program, this bill requires the State Water Board to, in consultation with relevant agencies, and after a public hearing, adopt detailed guidelines, including, among many other specifications, ratepayer eligibility criteria; minimum requirements for eligible systems; a process for the State Water Board to provide funding to eligible systems for application to eligible low-income residential ratepayer accounts; a process for eligible systems to provide a flat bill credit to low-income residential ratepayers of no less than $20 per month or to instead provide a bill credit to low-income residential ratepayers of 20% of the total water charges, as specified; and, separate implementation procedures if the State Water Board determines that the Legislature only appropriated enough moneys from the Fund for partial implementation of the Program.

This bill explicitly 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, and requires that an eligible system that offers a local water rate assistance program that is in addition to the assistance provided through the Program still receives funds from the Program for the eligible portion of the assistance.

Funding for this bill: Regarding programmatic funding, the sponsors of this bill argue, "While prior iterations of this bill failed, this bill is unique for two reasons: it has broad support in the water community, and public water systems have proposed a funding source. This provides a path to implementation. Even if funding isn't approved, having the program framework in statute means that the Legislature is committed to utility affordability and will work with us to fully fund the program."

According to the Author
"Affordability is top of mind for everyone and people are struggling to make ends meet and pay for their day to day expenses. Approximately 1.6 million households or 1 in 8 Californians have household water debt. Unlike in the energy space, there is no statewide assistance for families who are falling behind on their water bills. SB 1125 will establish, upon appropriation, the foundation for the first-ever statewide low-income water rate assistance program that will provide direct bill credits on water bills to put money directly back into Californian's pockets and honor their human right to affordable water."

Arguments in Support
Several dozen environmental justice, environmental, and public health organizations; water agencies and associations; California cities; and, others write in support of the bill:

> "The Human Right to Water, enacted in California in 2012, calls for water to be safe, clean, affordable, and accessible. Yet water rate increases regularly outpace inflation; drinking water services increased by 45% between 2007 and 2015, and a 2025 trade article found that water and sewer bills for a typical U.S. household have increased 24% over the past 5 years. Meanwhile, public water systems are hindered in their attempt to assist their low-income ratepayers by the limitations of Proposition 218. For example, in 2024 courts overturned a low-income rate assistance program enacted by the Los Angeles Department of Water and Power.
>
> At the individual system level, most public water systems face legal and financial barriers to establishing robust affordability programs. Only about half of California households are served by a public water system that offers low-income rate assistance, and those programs that do exist suffer from limited funding and low enrollment. These programs tend to be offered by the largest and most affluent of California's public water systems. Further, large systems, like the Los Angeles Department of Water and Power, have faced significant legal challenges jeopardizing the very existence of their local affordability program, and hundreds of small water systems that serve California households lack the resources and capacity to even consider implementing an affordability program. The problem is particularly acute

where the majority of households in a community are low-income. Without outside resources, these systems have no options for helping their customers. We need to address this severe gap in our social safety net.

We believe that SB 1125 is a vital step toward lowering utility costs, promoting water equity and ensuring that all Californians, regardless of income, have access to affordable water services."

Arguments in Opposition
None on file.

FISCAL COMMENTS

According to the Assembly Appropriations Committee analysis, enactment of this bill could result in very significant ongoing cost pressures, potentially in the hundreds of millions of dollars annually to provide funding for water rate assistance; ongoing costs of up to $17 million annually and one-time costs of at least $1 million for the State Water Board to develop, implement, administer, and oversee the Program; ongoing General Fund costs of an unknown but potentially significant amount for enforcement-related workload for the Department of Justice; potential cost pressures of an unknown amount to the state-funded trial courts due to additional workload; and, minor and absorbable costs to the California Public Utilities Commission.

VOTES

SENATE FLOOR: 30-9-1
YES: Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Cortese, Durazo, Gonzalez, Grayson, Hurtado, Laird, Limón, McGuire, McNerney, Menjivar, Padilla, Pérez, Reyes, Richardson, Rubio, Smallwood-Cuevas, Stern, Umberg, Wahab, Weber Pierson, Wiener
NO: Alvarado-Gil, Choi, Grove, Jones, Niello, Ochoa Bogh, Seyarto, Strickland, Valladares
ABS, ABST OR NV: Dahle

ASM ENVIRONMENTAL SAFETY AND TOXIC MATERIALS: 5-1-1
YES: Connolly, Bauer-Kahan, Lee, McKinnor, Papan
NO: Ellis
ABS, ABST OR NV: Castillo

ASM UTILITIES AND ENERGY: 13-1-4
YES: Petrie-Norris, Boerner, Calderon, Davies, Mark González, Harabedian, Hart, Irwin, Kalra, Papan, Rogers, Schiavo, Schultz
NO: Ta
ABS, ABST OR NV: Patterson, Chen, Wallis, Zbur

ASM APPROPRIATIONS: 11-1-3
YES: Wicks, Arambula, Calderon, Caloza, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache
NO: Tangipa
ABS, ABST OR NV: Hoover, Dixon, Ta

UPDATED

VERSION: August 13, 2026

CONSULTANT: Shannon McKinney / E.S. & T.M. / (916) 319-3965 FN: 0003646