

AMENDED IN ASSEMBLY JUNE 9, 2026

AMENDED IN SENATE MAY 14, 2026

AMENDED IN SENATE MARCH 25, 2026

SENATE BILL

No. 1125

Introduced by Senator Menjivar
(Coauthors: Senators Durazo and Gonzalez)
(Coauthors: Assembly Members Calderon and Schiavo)

February 17, 2026

An act to add Chapter 6.2 (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 1125, as amended, Menjivar. 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 residential water 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.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Chapter 6.2 (commencing with Section 116930)
2 is added to Part 12 of Division 104 of the Health and Safety Code,
3 to read:

4
5 CHAPTER 6.2. WATER RATE ASSISTANCE PROGRAM
6

7 116930. (a) The Legislature finds and declares all of the
8 following:

9 (1) Existing state law declares that it is the established policy
10 of the state that every human being has the right to safe, clean,
11 affordable, and accessible water adequate for human consumption,
12 cooking, and sanitary purposes.

(2) 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.

(3) 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.

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

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

(6) 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.

(7) 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.

(b) 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.

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 116942.

(c) “Eligible system” means a community water system, or a participating tribal water system.

(d) “Fund” means the Water Rate Assistance Fund created pursuant to Section 116932.

(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

1 water rate assistance programs may be funded through any funding
2 a community water system has available to provide water rate
3 assistance to its ratepayers, provided it does not use any funding
4 derived from a fee or charge levied pursuant to Article XIII D of
5 the California Constitution.

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

11 (g) “Program” means the Water Rate Assistance Program
12 established pursuant to this chapter.

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

17 (i) “Residential ratepayer” means a resident of a single-family
18 or multifamily residence who receives a bill for residential water.

19 (j) “State board” means the State Water Resources Control
20 Board.

21 116932. (a) The Water Rate Assistance Fund is hereby
22 established in the State Treasury to provide water affordability
23 assistance for residential water services to low-income residential
24 ratepayers. Moneys in the fund shall be available upon
25 appropriation by the Legislature to the state board to provide, in
26 consultation with relevant agencies, direct water bill assistance to
27 low-income residential ratepayers served by eligible systems.

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

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

33 (2) Commencing ~~365~~ 450 days after the effective date, funds
34 for the reasonable costs associated with the administration of this
35 chapter shall not exceed 10 percent of the average annual deposits
36 into the fund. “Reasonable costs associated with the administration
37 of this chapter” includes relevant agencies’ administrative costs
38 associated with this chapter. The state board shall pay eligible
39 systems for reasonable costs associated with the administration of
40 this chapter, which shall not count toward the 10-percent limitation.

1 (3) Commencing ~~450~~ 730 days after the effective date, a
2 minimum of 80 percent of total expenditures from the fund shall
3 be directly applied to residential ratepayer accounts.

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

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

8 (A) Federal or state funding.

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

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

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

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

19 116933. The state board shall do all of the following in
20 administering the fund:

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

23 (b) Develop and implement a process for the state board to
24 disburse program funds to eligible systems for direct application
25 to the system's low-income residential ratepayer accounts,
26 including controls to prevent fraud, waste, and abuse.

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

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

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

37 (3) The state board shall identify and contract with one or more
38 third-party providers, *for the purpose of providing assistance to*
39 *eligible systems with customer enrollment and disenrollment*, to
40 the extent authorized by Section 19130 of the Government Code.

1 The scope of work for a third-party provider shall include, but not
2 be limited to, the receipt of California Alternate Rates for Energy
3 (CARE) enrollment data pursuant to the mechanism established
4 pursuant to subdivision (a) of Section 116936, the receipt of
5 information from eligible systems, the creation of eligible customer
6 lists to be provided to eligible systems, call center services,
7 internet-based enrollments, document intake and processing, and
8 provision of notices to eligible customers of enrollment into the
9 program and an opportunity for a customer to opt out of the
10 program.

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

15 116934. (a) Within ~~270~~ 365 days of the effective date, the
16 state board, in consultation with relevant agencies and after a public
17 hearing, shall adopt guidelines for implementation of the program.

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

20 (1) (A) Direction to eligible systems to automatically enroll
21 households in the program if the residential ratepayer's household
22 is a utility customer enrolled in the California Alternate Rates for
23 Energy (CARE) program established pursuant to Section 739.1 of
24 the Public Utilities Code.

25 (B) A process to enroll other households if available information
26 shows that any member of the residential ratepayer's household
27 is a current enrollee in, or recipient of, CalWORKs, CalFresh,
28 general assistance, Medi-Cal, Supplemental Security Income or
29 the State Supplementary Payment Program, or the California
30 Special Supplemental Nutrition Program for Women, Infants, and
31 Children.

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

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

37 (A) Participation in the statewide program.

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

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

3 (D) A process for eligible systems, at their sole discretion, to
4 elect whether and the extent to which they will rely on third-party
5 providers for the services within the scope of work set forth in
6 paragraph (3) of subdivision (d) of Section 116933, or instead elect
7 to perform one or more of these services itself.

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

12 (4) A process for the state board to provide funding to eligible
13 systems for application to eligible low-income residential ratepayer
14 accounts. Funding shall be provided to eligible systems on, at
15 minimum, an annual basis.

16 (5) Consistent with Article XIII D of the California Constitution,
17 guidance to eligible systems regarding payment of reasonable costs
18 for administration of the program. Reasonable costs for
19 administration shall include, but are not limited to, the following:

20 (A) Staff costs to implement the program.

21 (B) Changes to billing systems needed to provide bill credits.

22 (C) Communication materials to customers about the program.

23 (6) (A) A process for eligible systems to provide a flat bill
24 credit to low-income residential ratepayers of no less than twenty
25 dollars (\$20) per month. The state board shall update the flat bill
26 credit annually to reflect changes in the Consumer Price Index.

27 (B) A process for eligible systems to opt to instead provide a
28 bill credit to low-income residential ratepayers of 20 percent of
29 the total water charges for a volume of water similar to that
30 identified in Section 10609.4 of the Water Code, if this bill credit
31 would be higher than the flat bill credit developed by the state
32 board pursuant to subparagraph (A).

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

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

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

1 any residential ratepayers of the eligible system have become
2 eligible for assistance.

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

5 (11) (A) In the event that full funding is not immediately
6 available, a process for determining how *funding and*
7 implementation will be prioritized among eligible systems.

8 (B) If an eligible system does not receive funding as part of the
9 prioritization process, the eligible system shall not be required to
10 comply with this chapter. The state board shall provide notice to
11 eligible systems if they are not required to comply with this chapter.

12 (12) A requirement that the state board provide an eligible
13 system with no fewer than 180 days' notice before the first day
14 that the system will be required to provide water rate assistance
15 pursuant to this chapter.

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

19 116935. (a) The state board shall, in consultation with relevant
20 agencies and after a public hearing, adopt an annual report to be
21 posted on the state board's internet website identifying how the
22 fund has performed.

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

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

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

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

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

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

37 (c) The state board shall, to the extent feasible, rely on existing
38 data collected pursuant to Section 116530.

39 116936. (a) Within ~~365~~ 450 days of the effective date, the
40 Public Utilities Commission shall establish a mechanism for

1 electrical corporations and gas corporations to regularly share data
2 that includes customer names and account addresses with the
3 third-party providers regarding the utility customers enrolled in,
4 or eligible to be enrolled in, the California Alternate Rates for
5 Energy (CARE) program established pursuant to Section 739.1 of
6 the Public Utilities Code. Electrical corporations and gas
7 corporations shall regularly share that data with third-party
8 providers through the mechanism.

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

17 (2) The agreements may authorize third-party providers to
18 provide data pursuant to this subdivision to eligible systems for
19 the sole purpose of assisting with the administration of the program.

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

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

26 116937. (a) Chapter 3.5 (commencing with Section 11340)
27 of Part 1 of Division 3 of Title 2 of the Government Code does
28 not apply to any guidelines developed by the state board pursuant
29 to this chapter.

30 (b) (1) Notwithstanding Section 11019 of the Government
31 Code, the state board shall, to the extent permissible, make advance
32 payments to eligible systems for direct residential water bill
33 assistance, for related administrative costs, and to implement the
34 purposes of this chapter.

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

39 (3) The state board shall have discretion regarding the terms
40 and conditions that apply to advance payment; however, the state

1 board shall not require an eligible system to provide a bill credit
2 in advance of the state board providing the eligible system the
3 funds to cover the portion of the water bill that the credit is
4 designed to cover for the customer. Eligible systems shall not be
5 required by any provision of this chapter to advance funds or
6 extend credit to cover the cost of the direct bill credits.

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

9 (d) An eligible system shall not be required to establish or
10 maintain the administrative infrastructure, including staff, changes
11 to billing systems, or other reasonable actions necessary to comply
12 with this chapter, unless the fund has sufficient funds therein to
13 comply with paragraph (1) of subdivision (b), and a distribution
14 for reasonable administrative costs has been provided to the eligible
15 system.

16 116938. The state board shall do all of the following in
17 administering the program:

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

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

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

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

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

37 116939. (a) This chapter does not prohibit an eligible system
38 from administering a local water rate assistance program that is in
39 addition to, or on top of, or different from, the assistance provided
40 through the program. Local water rate assistance programs are

1 administered independently and separately from the program
2 without oversight from the state board.

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

8 (2) An eligible system with a local water rate assistance program
9 may request that the state board allocate the funds from the
10 program to an existing local water rate assistance program by
11 entering into a memorandum of understanding with the state board
12 that describes the parameters, eligibility criteria, and enrollment
13 of the local water rate assistance program. Notwithstanding
14 paragraphs (2) to (11), inclusive, of subdivision (b) of Section
15 116934, an eligible system may customize its local water rate
16 assistance program through a memorandum of understanding with
17 the state board as long as comparable benefits will be offered to
18 the system's low-income residential ratepayers.

19 116940. (a) Within ~~450~~ 730 days of the effective date, or by
20 any other date set by the state board based on a process for
21 prioritization among eligible systems established pursuant to
22 paragraph (11) of subdivision (b) of Section 116934, all nontribal
23 community water systems shall begin providing water rate
24 assistance to residential ratepayers in compliance with the
25 minimum requirements specified in subdivision (c) of Section
26 116932. A tribal water system may offer water rate assistance.
27 Eligible systems shall continue to provide water rate assistance to
28 low-income residential ratepayers as long as there is sufficient
29 state or federal funding available to provide water rate assistance
30 and fund eligible systems for reasonable costs for administration
31 of the program.

32 (b) If the state board has not met the deadline in subdivision (a)
33 of Section 116934 for the adoption of program implementation
34 guidelines within ~~270~~ 365 days of the effective date, the deadline
35 in subdivision (a) of this section shall be delayed by the total
36 number of additional days the state board takes to adopt program
37 implementation guidelines to the first date that is the beginning of
38 an eligible system's billing cycle.

39 116941. (a) The Attorney General, at the request of the state
40 board, may bring an action in state court to restrain, by temporary

1 or permanent injunction, the use of any method, act, or practice
2 declared in this chapter to be unlawful, including nonparticipation
3 by a public water system within the program.

4 (b) The state board shall not request an action nor shall the
5 Attorney General bring an action against an eligible system for
6 failing to meet the requirements of Sections 116938 and 116940,
7 as long as the eligible system makes a good faith effort to
8 implement this chapter or the eligible system has been notified
9 that they do not need to comply with this chapter pursuant to
10 subparagraph (B) of paragraph (11) of subdivision (b) of Section
11 116934.

12 116942. Implementation of this chapter is contingent upon an
13 appropriation by the Legislature for its purposes.

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

23
24
25 REVISIONS:

26 Heading—Line 3.
27