



THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

Office of the General Manager

February 12, 2024

The Honorable Laphonza Butler  
United States Senate  
112 Hart Senate Office Building  
Washington, D.C. 20510

The Honorable Alex Padilla  
United States Senate  
331 Hart Senate Office Building  
Washington, D.C. 20510

RE: Water Conservation Rebate Tax Parity Act – Support

Dear Senators Butler and Padilla:

The Metropolitan Water District of Southern California (Metropolitan) supports the “Water Conservation Rebate Tax Parity Act” and appreciates your leadership on this issue. Metropolitan is a regional water wholesaler and the largest distributor of treated drinking water in the world. Our 26 member agencies, either directly or through their sub-agencies, provide water to the nearly 19 million people living in Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura counties.

Since 1990, Metropolitan has invested \$910 million to help transform Southern California’s landscape away from water thirsty grass and into more climate appropriate California friendly landscaping and improve water use efficiency in homes. Last year alone, our turf replacement program provided rebates for residential, commercial, industrial, and institutional sites to remove about 10.5 million square-feet of lawn, resulting in an estimated annual water savings of around 1,200 acre-feet. Additionally, our rebate programs for water-efficient products, such as high-efficiency clothes washers, smart irrigation controllers, rain barrels and cisterns, resulted in an annual water savings of about 2,600 acre-feet.

With climate change stressing water availability, we need to ensure the transition to more efficient water use is rewarded not penalized. Energy conservation incentives are currently tax exempt, but water conservation incentives are not. Rebates offered by water agencies for turf removal, low flow toilets, and other water efficient products are considered taxable income. Water agencies provide 1099s at the end of the year to customers that have received \$600 or more in water rebates. Your bill would fix this problem and help make it easier for water conservation to become a way of life for all Californians.

Metropolitan looks forward to working with you to advance the “Water Conservation Tax Parity Rebate Act” and appreciates your leadership on this issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Adel Hagekhalil", written over a white background.

Adel Hagekhalil  
General Manager and Chief Executive Officer