



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

August 25, 2022

The Honorable Gavin Newsom
Governor, State of California
1021 O Street, Suite 9000
Sacramento, CA 95814

RE: AB 2142 (Gabriel): Income taxes: exclusion: turf replacement water conservation program –
REQUEST FOR SIGNATURE

Dear Governor Newsom:

On behalf of the Metropolitan Water District of Southern California, I write to respectfully request your signature for AB 2142, reinstating an important tax exemption for turf replacement rebates.

Since 1990, Metropolitan has invested more than \$840 million in rebates and other conservation incentives, delivering an estimated 3.5 million acre feet of water savings -- enough to provide water for 10 million households. Southern California is bearing the brunt of the current historic drought; today, it is experiencing a range of severe and challenging water supply conditions. To reliably meet the region's water needs now and in the future, Southern California water agencies are working hard to empower customers first to conserve this precious resource -- using less water more responsibly -- then working collaboratively to develop new local resources. This bill, AB 2142, is needed to incentivize homeowners and businesses to make important investments in turf replacement projects, which result in long-term reductions in demand and protect our water supplies during this drought and the increasing aridification as a result of climate change.

Water conservation is California's way of life; this policy was enshrined in law in 2018 in response to California's longest drought. Financial incentives are among the most effective and affordable tools available to achieve water use efficiency goals. Taxing water efficiency rebates is a disincentive to participation in water efficiency programs. Permanent exemptions exist for a range of water efficiency rebates such as water efficient toilets and certain plumbing for recycled water, but the statutory provisions that exempted turf rebates as taxable income were allowed to sunset in December 2019.

For all of the above reasons, your signature on AB 2142 is respectfully requested. Should you have any questions, please contact Metropolitan's Executive Legislative Representative, Kathy Viatella, at kviatella@mwdh2o.com or (916) 650-2614.

Sincerely,

A handwritten signature in black ink, appearing to read "Adel Hagekhalil", is written over a light blue horizontal line.

Adel Hagekhalil
General Manager

cc: Assembly Member Jesse Gabriel