Letterhead/Logo

Physical Address

City, State Zip

The Honorable Lorena Gonzalez Fletcher

Chair

Assembly Appropriations Committee

State Capitol, Room 2114

Sacramento, California 95814

Via Email: [Luke.Reibach@asm.ca.gov](mailto:Luke.Reibach@asm.ca.gov)

Subject: **Support for AB3057 (Quirk-Silva) – As Amended**

**California Water Not-For-Profit Tax Rules for Mutual Water Companies**

Dear Chairperson Gonzalez:

This letter on behalf of (Name of Organization) is to express support for AB3057 (Quirk-Silva) as amended. As amended, AB3057 would resolve a narrow tax issue that is hurting efforts to conserve water and distribute grants statewide to small water systems known as mutual water companies.

To qualify for tax-exemption at the federal level under Internal Revenue Code Section 501(c)(12), mutual water companies must derive 85% or more of their revenue from serving their communities, and are limited to charging only for the cost of service. Mutual water companies in California are currently able to obtain tax-exemption at the federal level under Section 501(c)(12), but no similar statutory authority is now available under California law.

AB3057 would amend the California Revenue and Taxation Code to conform to federal income tax law (i.e., Section 501(c)(12) of the Internal Revenue Code) by exempting not-for-profit mutual water, mutual ditch, or irrigation corporations from California income taxes and franchise fees beginning on or after January 1, 2018.

AB3057 will help the state expedite grants to help small water systems with infrastructure improvements and/or consolidations, as well as remove current disincentives to water-efficiency measures. We thank you for recognizing this need and appreciate the step you have taken to help improve safe drinking water for California residents that are served by mutual water companies.

Sincerely yours,

(Name)

(Organization)

cc: The Honorable Sharon Quirk-Silva

c/o Victoria Harris

[victoria.harris@asm.ca.gov](mailto:victoria.harris@asm.ca.gov)

65th Assembly District

Room 6012

Sacramento, CA 95814

Denise Peralta Gailey, CalMutuals

Assembly District Representative, to locate name and address click [here](http://findyourrep.legislature.ca.gov/).

Senate District Representative, to locate name and address click [here](http://findyourrep.legislature.ca.gov/).