

City of Palo Alto
Office of the Mayor and City Council

March 18, 2019

The Honorable Chris Holden
State Capitol
Sacramento, CA 95814

Re: Support for AB 533 (Holden): Income Tax Exemption for Water Rebates

Dear Assembly Member Holden:

On behalf of the City of Palo Alto, I write in support of AB 533. As you know, this bill would exclude from gross income any amount received as a rebate, voucher, or other financial incentive issued by a water agency for participation in water efficiency or stormwater improvement programs. As a City that has offered a Stormwater Rebate Program for over 10 years, that partners with our Water District to offer commercial water efficiency rebates, and that offers multiple residential water conservation programs and rebates, we believe this is an important bill.

Financial incentives such as consumer rebates are important and cost-effective tools available to local water agencies to incentivize conservation and efficiency programs. However, this financial motivation is tempered by the taxable nature of rebates over \$600. Additionally, tracking each individual rebate, generating tax forms, and sending each form to the program participant creates an administrative burden on our City staff, one that AB 533 removes.

Consumer rebates increase adoption of water use efficiency and storm water management strategies while creating a financial incentive to implement these strategies year-round. This bill will motivate homeowners and businesses to make important investments in water conservation and storm water capture projects, and we thank you for your leadership in crafting AB 533.

Sincerely,



Eric Filseth
Mayor
City of Palo Alto

cc:
Members of the Assembly Revenue and Taxation Committee
M. David Ruff, Consultant, Assembly Revenue and Taxation Committee
Julia King, Policy Consultant, Assembly Republican Caucus
Palo Alto City Council
Ed Shikada, Palo Alto City Manager
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