THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

BOARD ACTION

- Board of Directors
  Communications and Legislation Committee

4/8/2014 Board Meeting

8-4

Subject

Adopt recommended positions on water use efficiency legislation: AB 1636 (Brown, D-San Bernardino and Hernandez, D-West Covina) – Water conservation: support if amended; AB 2100 (Campos, D-San Jose) – Common interest developments: support; SB 992 (Nielsen, R-Gerber) – Common interest developments: property use and maintenance: support if amended; SB 1144 (Galgiani, D-Stockton) – Common interest developments: local governments: yard maintenance fines: drought: support; AB 2104 (Gonzalez, D-San Diego) – Common interest developments: water efficient landscapes: support; and AB 2434 (Gomez, D-Los Angeles) – Income taxes: exclusion: support

Executive Summary

Staff recommends positions on the following six state legislative measures, based upon guidance of policy principles previously adopted by the Board:

1. AB 1636 (Brown, D-San Bernardino and Hernandez, D-West Covina) – Water conservation: support if amended **(Attachment 1)**
2. AB 2100 (Campos, D-San Jose) – Common interest developments: support **(Attachment 2)**
3. SB 992 (Nielsen, R-Gerber) –Common interest developments: property use and maintenance: support if amended **(Attachment 3)**
4. SB 1144 (Galgiani, D-Stockton) – Common interest developments: local governments: yard maintenance fines: drought: support **(Attachment 4)**
5. AB 2104 (Gonzalez, D-San Diego) – Common interest developments: water efficient landscapes: support **(Attachment 5)**
6. AB 2434 (Gomez, D-Los Angeles) – Income taxes: exclusion: support **(Attachment 6)**

Details

Water use efficiency is a key component of Metropolitan's demand management strategy. Efficient water use can help lower water demands, freeing up capacity in Metropolitan's distribution system and thereby defer the need to expand district facilities. Pursuant to the 2010 update to the Integrated Resources Plan, water use efficiency through conservation and water recycling is projected to lower the demand for potable water supplies more than 30 percent by 2035.

In 2009, the Board adopted policy principles on water use efficiency to guide Metropolitan staff in responding to legislation related to statewide targets for per capita water use reductions. In 2011, the Board adopted revised policy principles for water conservation to be consistent with the Long-Term Conservation Plan.

Several changes in water use efficiency have occurred in the past few years. The private sector is advancing new approaches and bringing new technologies to market due, in part, to Metropolitan's incentives. Water agencies are collaborating on new strategies to advance water use efficiency, and the use of recycled water is expanding. The U.S. EPA WaterSense program and organizations such as the Alliance for Water Efficiency have more prominent roles in consumer awareness and engaging elected officials.

Several bills have been introduced in 2014 regarding landscape irrigation and tax relief for water use efficiency rebates and incentives. The water use efficiency legislation pertaining to landscape water use primarily address irrigation requirements during drought. The bills include AB 1636 (Brown, D-San Bernardino and Hernandez, D-West Covina), AB 2100 (Campos, D-San Jose), SB 992 (Nielsen, R-Gerber), and SB 1144 (Galgiani, D-Stockton). AB 2104 (Gonzalez, D-San Diego) addresses landscape guidelines in common interest developments. The proposal on tax relief for incentives is AB 2434 (Gomez, D-Los Angeles).

Staff recommends the following policy positions on water use efficiency-related legislation:

1. **AB 1636 (Brown, D-San Bernardino and Hernandez, D-West Covina) - Water conservation: support if amended.** This bill prohibits a city, county, or city and county from enforcing any law or ordinance requiring residents to water their lawns during a drought emergency declared by the Governor. Based on the board-adopted Long-Term Conservation Plan policy principles from 2011, staff recommends supporting AB 1636, if amended to apply to all types of properties governed by common interest developments, not just residential developments.

2. **AB 2100 (Campos, D-San Jose) – Common interest developments: support.** This bill prohibits a common interest development, city, county or city and county from imposing a fine for yard maintenance issues related to under-watered plants and lawns during a drought emergency declared by the Governor. Based on board-adopted Long-Term Conservation Plan policy principles from 2011, staff recommends supporting AB 2100.

3. **SB 992 (Nielsen, R-Gerber) - Common interest developments: property use and maintenance: support if amended.** Similar to the intent of AB 2100 and SB 1144, this bill prohibits a common interest development from imposing a fine for yard maintenance issues related to under-watered plants and lawns during a drought emergency declared by the Governor. Based on board-adopted Long-Term Conservation Plan policy principles from 2011, staff recommends supporting SB 992, if amended to apply also to a city, county, and city and county.

4. **SB 1144 (Galgiani, D-Stockton) – Common interest developments: local governments: yard maintenance fines: drought: support.** This bill prohibits a common interest development, city, county, or city and county from imposing a fine for yard maintenance issues related to under-watered plants and lawns during a drought emergency declared by the Governor. Based on board-adopted Long-Term Conservation Plan policy principles from 2011, staff recommends supporting SB 1144.

5. **AB 2104 (Gonzalez, D-San Diego) – Common interest developments: water efficient landscapes: support.** This bill specifies that architectural or landscaping guidelines or policies and decisions of a board of directors in a common interest development that apply to specific homeowners are void and unenforceable if those documents prohibit or include conditions that have the effect of prohibiting the use of low water-using plants as a group, or if it has the effect of prohibiting or restricting compliance with a local water-efficient landscape ordinance or water conservation measure. The author's intent is to clarify that the replacement of water-intensive lawns with aesthetic drought-tolerant landscaping by homeowners is to be permitted. Based on board-adopted Long-Term Conservation Plan policy principles from 2011, staff recommends supporting AB 2104.

6. **AB 2434 (Gomez, D-Los Angeles) – Income taxes: exclusion: support.** This bill provides an exclusion from gross income any amount received as a rebate, voucher or other financial incentive issued by a local water or energy agency or supplier for expenses incurred to participate in a water or energy conservation program. Based on board-adopted Long-Term Conservation Plan policy principles from 2011, staff recommends supporting AB 2434.

Policy

By Minute Item 47900, dated May 12, 2009, the Board adopted the policy principles on water use efficiency with specific revisions.

By Minute Item 48449, dated October 12, 2010, the Board adopted the 2010 Integrated Water Resources Plan Update.

By Minute Item 48772, dated August 16, 2011, the Board adopted the Long-Term Conservation Plan and revisions to the water conservation policy principles.

California Environmental Quality Act (CEQA)

CEQA determination for Options #1 and #3:

The proposed action is not defined as a project under CEQA because the proposed action involves proposals for legislation to be enacted by the state legislature (Section 15378(b)(1) of the State CEQA Guidelines). In addition, where it can be seen with certainty that there is no possibility that the proposed action in question may have a significant effect on the environment, the proposed action is not subject to CEQA (Section 15061(b)(3) of the State CEQA Guidelines).

The CEQA determination is: Determine that the proposed action is not subject to the provisions of CEQA pursuant to Sections 15378(b)(1) and 15061(b)(3) of the State CEQA Guidelines.

CEQA determination for Option #2:

None

Board Options

Option #1

Adopt the CEQA determination that the proposed action is not subject to CEQA and adopt the following positions on water use efficiency legislation: AB 1636 (Brown, D-San Bernardino and Hernandez, D-West Covina) – Water conservation: support if amended; AB 2100 (Campos, D-San Jose) – Common interest developments: support; SB 992 (Nielsen, R-Gerber) – Common interest developments: property use and maintenance: support if amended; SB 1144 (Galgiani, D-Stockton) – Common interest developments: local governments: yard maintenance fines: drought: support; AB 2104 (Gonzalez, D-San Diego) – Common interest developments: water efficient landscapes: support; AB 2434 (Gomez, D-Los Angeles) – Income taxes: exclusion: support.

Fiscal Impact: No direct impact to Metropolitan

Business Analysis: The legislation identified above may improve water savings potential and cost-effectiveness of water use efficiency programs.

Option #2

Take no position on the water use efficiency legislation.

Fiscal Impact: None

Business Analysis: Could result in reduced water conservation.

Option #3

Adopt the CEQA determination that the proposed action is not subject to CEQA and take positions on each of the following bills individually: AB 1636 (Brown, D-San Bernardino and Hernandez, D-West Covina) – Water conservation: support if amended; AB 2100 (Campos, D-San Jose) – Common interest developments: support; SB 992 (Nielsen, R-Gerber) – Common interest developments: property use and maintenance: support if amended; SB 1144 (Galgiani, D-Stockton) – Common interest developments: local governments: yard maintenance fines: drought: support; AB 2104 (Gonzalez, D-San Diego) – Common interest developments: water efficient landscapes: support; AB 2434 (Gomez, D-Los Angeles) – Income taxes: exclusion: support.

Fiscal Impact: No direct impact to Metropolitan

Business Analysis: Increasing water conservation efforts would increase statewide water supply reliability.

Staff Recommendation

Option #1

4/2/2014
Dee Zinke *Date*
Deputy General Manager, External Affairs

for 4/2/2014
Jeffrey Kightlinger *Date*
General Manager

Attachment 1 – Assembly Bill 1636, as amended March 10, 2014

Attachment 2 – Assembly Bill 2100, as introduced February 20, 2014

Attachment 3 – Senate Bill 992, as amended March 25, 2014

Attachment 4 – Senate Bill 1144, as introduced February 20, 2014

Attachment 5 – Assembly Bill 2104, as introduced February 20, 2014

Attachment 6 – Assembly Bill 2434, as introduced February 21, 2014

Ref# ea12630074

AMENDED IN ASSEMBLY MARCH 10, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL No. 1636

Introduced by Assembly ~~Member Brown~~ *Members Brown and Roger Hernández*

February 10, 2014

An act to add Section 379 to the Water Code, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

AB 1636, as amended, Brown. Water conservation.

Under existing law, various provisions govern conservation programs and authorize public entities to enact water conservation programs to reduce the quantity of water used by persons for the purpose of conserving water supplies.

This bill would prohibit a city or county, during a drought emergency declared by the Governor, from enforcing a law or ordinance requiring a resident to water his or her lawn.

Existing law, the Davis-Stirling Common Interest Development Act, defines and regulates common interest developments.

This bill would prohibit an association, as defined, from imposing any fine or other penalty against a homeowner who does not water his or her law in violation of any association rule, policy, or other restriction applicable to a common interest development if the violation occurs during a drought emergency declared by the Governor.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

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

SECTION 1. Section 379 is added to the Water Code, to read:

379. During a drought emergency declared by the Governor pursuant to Chapter 7 (commencing with Section 8550) of Division 1 of Title 2 of the Government Code~~, a~~ *the following shall apply:*

(a) A city or county shall not enforce any law or ordinance requiring a resident to water his or her lawn.

(b) An association, as defined in Section 4080 of the Civil Code, shall not impose any fine or penalty against a homeowner who does not water his or her lawn in violation of any association rule, policy, or other restriction applicable in a common interest development, if the violation occurs during the declared drought emergency.

CORRECTIONS:

Heading—Authors—Line 2.

O

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL No. 2100

Introduced by Assembly Member Campos

February 20, 2014

An act to amend Section 4775 of the Civil Code, and to add Section 50034 to the Government Code, relating to drought relief.

LEGISLATIVE COUNSEL'S DIGEST

AB 2100, as introduced, Campos. Common interest developments: local governments: yard maintenance: fines: drought.

The Davis-Stirling Common Interest Development Act governs the management and operation of common interest developments. The act sets forth the duties and responsibilities of the association and the owners of the separate interests with regard to maintenance and repair of common and exclusive use areas, as defined. Unless otherwise provided in the common interest development declaration, the association is responsible for maintaining, repairing, and replacing the common area, other than the exclusive use common area, and the owner of each separate interest is responsible for maintaining that separate interest and any exclusive use common area appurtenant to that interest. An association may impose a fine or assessment upon a separate interest owner for failure to maintain his or her property in accordance with the association rules for that development.

This bill would prohibit an association from imposing a fine or assessment on separate interest owners for yard maintenance issues related to under-watered plants and lawns during any period for which the Governor has declared a state of emergency due to drought.

Existing law provides for the creation and powers of cities, counties, and cities and counties.

This bill would prohibit a city, county, or city and county from imposing a fine or assessment on separate interest owners for yard maintenance issues related to under-watered plants and lawns during any period for which the Governor has declared a state of emergency due to drought. This bill would find and declare that these provisions are an issue of statewide concern and not a municipal or county affair, as specified.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

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

SECTION 1. Section 4775 of the Civil Code is amended to read:

4775. (a) Unless otherwise provided in the declaration of a common interest development, the association is responsible for repairing, replacing, or maintaining the common area, other than exclusive use common area, and the owner of each separate interest is responsible for maintaining that separate interest and any exclusive use common area appurtenant to the separate interest.

(b) The costs of temporary relocation during the repair and maintenance of the areas within the responsibility of the association shall be borne by the owner of the separate interest affected.

(c) Notwithstanding any other provision of this part, an association shall not impose a fine or assessment against an owner of a separate interest for yard maintenance issues related to under-watered plants and lawns during any period for which the Governor has declared a state of emergency due to drought.

SEC. 2. Section 50034 is added to the Government Code, to read:

50034. Notwithstanding any other law, a city, county, or city and county shall not impose a fine or assessment against a landowner for yard maintenance issues related to under-watered plants and lawns during any period for which the Governor has declared a state of emergency due to drought.

SEC. 3. The Legislature finds and declares that the prohibition of fines or assessments against landowners for yard maintenance issues during any period for which the Governor has declared a state of emergency due to drought is a matter of statewide concern and not a municipal affair, as that term is used in Section 5 of

Article XI of the California Constitution, or a county affair described in Section 4 of Article XI of the California Constitution. Therefore, Section 2 of the act applies to a charter city or county.

O

AMENDED IN SENATE MARCH 25, 2014

SENATE BILL No. 992

Introduced by Senator Nielsen
(Coauthor: Senator Galgiani)

February 12, 2014

An act to amend Section ~~4775~~ *4735* of the Civil Code, relating to common interest developments, *and declaring the urgency thereof, to take effect immediately*.

LEGISLATIVE COUNSEL'S DIGEST

SB 992, as amended, Nielsen. ~~Maintenance of exclusive areas: fines.~~ *Common interest developments: property use and maintenance.*

The Davis-Stirling Common Interest Development Act governs the management and operation of common interest developments. Existing law provides that, unless otherwise provided in the common interest development declaration, the association is responsible for repairing, replacing, or maintaining the common area, other than exclusive use common area, and the owner of each separate interest is responsible for maintaining that separate interest and any exclusive use common area appurtenant to that interest. Existing law makes void and unenforceable any provision of the governing documents of a common interest development or association that prohibits use of low water-using plants, or prohibits or restricts compliance with water-efficient landscape ordinances or regulations on the use of water, as specified.

This bill would prohibit an association from imposing a fine or assessment on separate interest owners for yard maintenance issues related to under-watered plants and lawns during any period for which the Governor has declared a state of emergency due to drought.

This bill would declare that it is to take effect immediately as an urgency statute.

~~The Davis-Stirling Common Interest Development Act governs the management and operation of common interest developments. Existing law also set forth the duties and responsibilities of the association and the owners of the separate interests with regard to maintenance and repair of common and exclusive use areas, as defined. Unless otherwise provided in the common interest development declaration, the association is responsible for maintaining, repairing, and replacing the common area, other than the exclusive use common area, and the owner of each separate interest is responsible for maintaining that separate interest and any exclusive use common area appurtenant to that interest. An association may impose a fine or assessment upon a separate interest owner for failure to maintain his or her property in accordance with the association rules for that development.~~

~~This bill would prohibit an association from imposing a fine or assessment on separate interest owners for yard maintenance issues related to under-watered plants and lawns during any period for which the Governor has declared a state of emergency due to drought.~~

Vote: ~~majority~~ *2/3*. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

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

SECTION 1. Section 4735 of the Civil Code is amended to read:

4735. (a) Notwithstanding any other law, a provision of the governing documents shall be void and unenforceable if it does any of the following:

(1) Prohibits, or includes conditions that have the effect of prohibiting, the use of low water-using plants as a group.

(2) Has the effect of prohibiting or restricting compliance with either of the following:

(A) A water-efficient landscape ordinance adopted or in effect pursuant to subdivision (c) of Section 65595 of the Government Code.

(B) Any regulation or restriction on the use of water adopted pursuant to Section 353 or 375 of the Water Code.

(b) This section shall not prohibit an association from applying landscaping rules established in the governing documents, to the

extent the rules fully conform with the requirements of subdivision (a).

(c) Notwithstanding any other provision of this part, an association shall not impose a fine or assessment against an owner of a separate interest for yard maintenance issues related to under-watered plants and lawns during any period for which the Governor has declared a state of emergency due to drought.

SEC. 2. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

The Governor has proclaimed a state of emergency to exist in California due to current drought conditions. In order to respond to these current drought conditions as quickly as possible, it is necessary for this act to take effect immediately.

~~SECTION 1. Section 4775 of the Civil Code is amended to read:~~

~~4775. (a) Unless otherwise provided in the declaration of a common interest development, the association is responsible for repairing, replacing, or maintaining the common area, other than exclusive use common area, and the owner of each separate interest is responsible for maintaining that separate interest and any exclusive use common area appurtenant to the separate interest.~~

~~(b) The costs of temporary relocation during the repair and maintenance of the areas within the responsibility of the association shall be borne by the owner of the separate interest affected.~~

~~(c) Notwithstanding any other provision of this part, an association shall not impose a fine or assessment against an owner of a separate interest for yard maintenance issues related to under-watered plants and lawns during any period for which the Governor has declared a state of emergency due to drought.~~

O

SENATE BILL No. 1144

Introduced by Senator Galgiani

February 20, 2014

An act to amend Section 4775 of the Civil Code, and to add Section 50034 to the Government Code, relating to drought relief.

LEGISLATIVE COUNSEL'S DIGEST

SB 1144, as introduced, Galgiani. Common interest developments: local governments: yard maintenance fines: drought.

The Davis-Stirling Common Interest Development Act governs the management and operation of common interest developments. The act sets forth the duties and responsibilities of the association and the owners of the separate interests with regard to maintenance and repair of common and exclusive use areas, as defined. Unless otherwise provided in the common interest development declaration, the association is responsible for maintaining, repairing, and replacing the common area, other than the exclusive use common area, and the owner of each separate interest is responsible for maintaining that separate interest and any exclusive use common area appurtenant to that interest. An association may impose a fine or assessment upon a separate interest owner for failure to maintain his or her property in accordance with the association rules for that development.

This bill would prohibit an association from imposing a fine or assessment on separate interest owners for yard maintenance issues related to under-watered plants and lawns during any period for which the Governor has declared a state of emergency due to drought.

Existing law provides for the creation and powers of cities, counties, and cities and counties.

This bill would prohibit a city, county, or city and county from imposing a fine or assessment on separate interest owners for yard

maintenance issues related to under-watered plants and lawns during any period for which the Governor has declared a state of emergency due to drought. This bill would find and declare that these provisions are an issue of statewide concern and not a municipal or county affair, as specified.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

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

SECTION 1. Section 4775 of the Civil Code is amended to read:

4775. (a) Unless otherwise provided in the declaration of a common interest development, the association is responsible for repairing, replacing, or maintaining the common area, other than exclusive use common area, and the owner of each separate interest is responsible for maintaining that separate interest and any exclusive use common area appurtenant to the separate interest.

(b) The costs of temporary relocation during the repair and maintenance of the areas within the responsibility of the association shall be borne by the owner of the separate interest affected.

(c) Notwithstanding any other provision of this part, an association shall not impose a fine or assessment against an owner of a separate interest for yard maintenance issues related to under-watered plants and lawns during any period for which the Governor has declared a state of emergency due to drought.

SEC. 2. Section 50034 is added to the Government Code, to read:

50034. Notwithstanding any other law, a city, county, or city and county shall not impose a fine or assessment against a landowner for yard maintenance issues related to under-watered plants and lawns during any period for which the Governor has declared a state of emergency due to drought.

SEC. 3. The Legislature finds and declares that the prohibition of fines or assessments against landowners for yard maintenance issues during any period for which the Governor has declared a state of emergency due to drought is a matter of statewide concern and not a municipal affair, as that term is used in Section 5 of Article XI of the California Constitution, or county affair described

in Section 4 of Article XI of the California Constitution. Therefore, Section 2 of the act applies to a charter city or county.

O

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL No. 2104

Introduced by Assembly Member Gonzalez

February 20, 2014

An act to amend Section 4735 of the Civil Code, relating to common interest developments.

LEGISLATIVE COUNSEL'S DIGEST

AB 2104, as introduced, Gonzalez. Common interest developments: water-efficient landscapes.

Existing law requires a local agency to adopt a specified updated model ordinance regarding water-efficient landscapes or a water-efficient landscape ordinance that is at least as effective in conserving water as the updated model ordinance. Existing law allows certain water providers to take specified actions regarding water conservation.

The Davis-Stirling Common Interest Development Act provides for the creation and regulation of common interest developments. That act provides that a provision of any of the common interest development governing documents, as defined, include the declaration and any other documents, such as bylaws and operating rules, that govern the operation of a common interest development, is void and unenforceable if it prohibits, or includes conditions that have the effect of prohibiting, the use of low water-using plants as a group, or if it has the effect of prohibiting or restricting compliance with a local water-efficient landscape ordinance or water conservation measure, as described above.

This bill would provide that, with respect to the above-described provisions, governing documents include architectural or landscaping guidelines or policies and decisions by the board of directors applicable

to a specific homeowner. The bill would apply these provisions to a prohibition on the replacement of existing turf with low water-using plants, as provided.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

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

SECTION 1. Section 4735 of the Civil Code is amended to read:

4735. (a) Notwithstanding any other law, a provision of the governing documents, *including, but not limited to, architectural or landscaping guidelines or policies and decisions by the board of directors applicable to a specific homeowner,* shall be void and unenforceable if it does any of the following:

(1) Prohibits, or includes conditions that have the effect of prohibiting, the use of low water-using plants as a group.

(2) Has the effect of prohibiting or restricting compliance with either of the following:

(A) A water-efficient landscape ordinance adopted or in effect pursuant to subdivision (c) of Section 65595 of the Government Code.

(B) Any regulation or restriction on the use of water adopted pursuant to Section 353 or 375 of the Water Code.

(3) Prohibits, or includes conditions that have the effect of prohibiting, the replacement of existing turf with low water-using plants.

(b) This section shall not prohibit an association from applying landscaping rules established in the governing documents, to the extent the rules fully conform with ~~the requirements of~~ subdivision (a).

O

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL No. 2434

Introduced by Assembly Member Gomez

February 21, 2014

An act to add Sections 17138.2 and 24308.2 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 2434, as introduced, Gomez. Income taxes: exclusion.

The Personal Income Tax Law provides an exclusion from gross income for any amount received as a rebate from a local water agency or supplier for the purchase of a water conservation water closet, energy efficient clothes washers, and plumbing devices, as specified. The Corporation Tax Law provides exclusion from gross income for any rebate, voucher, or other financial incentive issued by the California Energy Commission, The public Utility Commission, or a local publicly owned electric utility for any expense incurred by a taxpayer for the purchase or installation of a thermal system, solar system, wind energy device that produces electricity, or a fuel cell generating system.

This bill would, under both of these laws, provide an exclusion from gross income any amount received as a rebate, voucher, or other financial incentive issued by a local water or energy agency or supplier for expenses incurred to participate in a water or energy conservation program.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

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

SECTION 1. Section 17138.2 is added to the Revenue and Taxation Code, to read:

17138.2. Gross income does not include any amount received as a rebate, voucher, or other financial incentive issued by a local water or energy agency or supplier for expenses incurred to participate in a water or energy conservation program.

SEC. 2. Section 24308.2 is added to the Revenue and Taxation Code, to read:

24308.2. Gross income does not include any amount received as a rebate, voucher, or other financial incentive issued by a local water or energy agency or supplier for expenses incurred to participate in a water or energy conservation program.

SEC. 3. This act provides for a tax levy within the meaning of Article IV of the Constitution and shall go into immediate effect.

O