

# Bill Analysis for the Small Farmer Community

## AB 1827 (Papan, 2023-24 Legislative Session)

### Local Government: Fees and Charges: Water: Higher Consumptive Water Parcels

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#### **I. Background**

[California Assembly Bill 1827](#) (AB 1827) is an amendment to the State's Government Code and will take effect on January 1, 2025. This amendment was approved by Governor Gavin Newsom on September 22, 2024, and introduces an important clarification to the governance of property-related water service fees. Grounded in the framework of [Proposition 218's](#) proportional assessment of property-related fees and charges, the bill reaffirms and codifies local water agencies' authority to allocate costs based on the incremental burdens imposed by higher water use.

AB 1827 specifically authorizes water service fees to account for increased costs associated with higher water usage demand, projected peak water usage, or maximum potential water use. Water agencies can allocate these costs using reasonable methods, such as meter size or peaking factors, and may do so among customer classes or within them. By allowing the use of reasonable allocation methods, the bill ensures that the proportionality mandate of Proposition 218 is met while accommodating operational realities for water providers. Importantly, AB 1827 declares these provisions to be consistent with existing law, addressing prior ambiguities that have complicated cost recovery efforts and litigation.

This statutory update is significant in addressing the growing challenges posed by tiered water rates and compliance with Proposition 218's proportionality standard. It underscores a balanced approach: ensuring fairness in cost distribution without imposing unnecessary precision that courts have found impractical in past cases. By reaffirming established practices, AB 1827 provides a clearer framework for water suppliers to recover costs equitably while maintaining consistency with constitutional principles.

#### **II. Small Farmer Interests**

AB 1827's impact on small farmers in California is nuanced and hinges on the specifics of water usage and how local agencies implement the law. While the bill aims to clarify and streamline cost allocation for water services, it introduces new considerations for agricultural users.

Small farmers who manage water efficiently or maintain stable usage patterns may benefit from the bill's emphasis on proportionality. The bill aligns fees with actual costs incurred by water agencies to serve properties with higher demand or potential peak usage. For small farmers operating within moderate or predictable water usage limits, this could translate to a more equitable distribution of fees. Additionally, it incentivizes water-saving practices, allowing smaller operations to reduce costs while contributing to broader conservation efforts.

However, the legislation could impose higher costs on farmers with seasonal peaks or water-intensive crops. AB 1827 permits fees to reflect maximum potential use or peak demand, meaning small farmers with fluctuating needs could face elevated charges during critical agricultural cycles. This is particularly concerning for those growing high-value but water-intensive crops or relying on irrigation in drier regions.

The bill's allowance for diverse cost-allocation methods, such as meter size or peaking factors, may introduce additional layers of complexity. Small farmers might find it harder to predict or understand their water fees, particularly if local agencies' transparency in rate-setting is inconsistent. This could disadvantage smaller operations that may lack the resources or time to challenge or navigate the system effectively.

For small farmers, the actual impact of AB 1827 will depend on how water agencies implement its provisions. Agencies that prioritize clear communication and equitable fee structures may mitigate adverse effects. Conversely, aggressive pricing for peak or high-water use could strain small agricultural businesses. Stakeholder engagement and advocacy will likely play a critical role in shaping outcomes for the small farmer community.