

FUNDING THE WATER SUPPLY DEVELOPMENT REVOLVING FUND
Legislative Recommendations Working Group
Legal Subcommittee
Draft
March 23, 2012

1. The Legal Subcommittee reviewed the Water Resources Development Commission (WRDC) Finance Committee final report on funding sources for the Water Supply Development Revolving fund (WSDRF), and concluded that a bottled water tax MAY be the only viable source of funding. However, there is no consensus within the Legal Subcommittee that a bottled water tax should be enacted.
2. Florida is considering a bottled water tax. The states of Maryland, New York, and Washington and the city of Chicago have bottled water taxes. Some are not specific to bottled water but include soft drinks and other items that are not considered food. Some are levied as a deposit on the container to control litter. The form of the tax and use of the revenue varies.
3. The final report of the Finance Committee of the WRDC projected annual revenues of \$20 million and \$50 million from a 2 and 5 cent tax per bottle. Additional research is necessary on the details of a bottled water tax in order to determine how much money a bottled water tax would raise in Arizona.
4. One of the major issues with funding the WSDRF has always been "who benefits and who pays?" There was consensus that successful resolution of the funding issue will require crafting "win-win" solutions so that the state as a whole will benefit in proportion to need and ability to pay.
5. There is consensus that there will be a supply-demand imbalance in several parts of the state sometime in the future and that water supply projects will be needed.
6. There is consensus that in some parts of the state, financial assistance will be necessary to construct water supply projects.