

**STATE WATER RESOURCES CONTROL BOARD  
BOARD MEETING SESSION – DIVISION OF ADMINISTRATIVE SERVICES  
SEPTEMBER 15, 2026**

**ITEM 2**

**SUBJECT**

CONSIDERATION OF A PROPOSED RESOLUTION ADOPTING AN EMERGENCY REGULATION AMENDING WATER RIGHT FEE SCHEDULES IN TITLE 23, SECTIONS 1040, 1044, 1063, 1064 AND 1066 AND ADDING SECTION 1040.5 OF THE CALIFORNIA CODE OF REGULATIONS.

**DISCUSSION**

Water Code section 1525 requires the State Water Resources Control Board (State Water Board or Board) to adopt, by emergency regulation, a schedule of fees to recover the costs incurred in connection with the State Water Board's Water Rights Program. Water Code section 1525 further requires the State Water Board to adjust the fees annually to conform to the amounts appropriated by the Legislature. Water Code section 1551 requires that all water rights fee revenue be deposited in the Water Rights Fund (WRF). Similar provisions in Water Code section 13160.1 govern certain water quality certification fees, and section 1529.5 governs fees related to certain work for implementation the Sustainable Groundwater Management Act (SGMA). The current fee schedules were adopted on September 16, 2025.

**Financial Condition of the Water Rights Fund**

Attachment 1 shows an analysis of the WRF condition. The beginning balance for Fiscal Year (FY) 2025-26 was \$12.5 million. Total estimated revenue is approximately \$34.9 million and the total expenditure is approximately \$33.1 million, resulting in a \$1.8 million increase in the fund with an ending balance of \$14.3 million and a fund reserve of 43.3 percent.

Total budgetary expenditures for FY 2026-27 are projected to be \$39.1 million. To address a projected structural deficit and cover expenditures for FY 2026-27, staff is proposing to adjust fees to generate an additional \$3.5 million and utilize the fund reserve to support a portion of the expenditures.

**Proposed Changes**

For FY 2026-27, staff is proposing to raise the per acre-foot component of the annual fees for water right permits, licenses and pending applications over 10 acre-feet by 4 percent, from \$0.120 to \$0.1248, and increase the caps on fees for water right application and change petitions involving a transfer of water pursuant to Water Code

section 382, 1435, 1701, 1725, or 1735 fees by 3.09 percent based on the California Consumer Price Index, from \$695,052 to \$716,529.

### **Sustainable Groundwater Management Act Fees**

To correct an unanticipated issue with the current automatic late fee timing, work with the State Water Board's flexibility to modify reporting periods, and to ensure late fees are applied as intended, staff is proposing to change the timing of the automatic late fee from 30 days "after February 1" to 30 days "after the reporting deadline set by the Board."

To encourage the submission of complete exclusion requests and more equitably place the costs for associated staff costs on the requestors as opposed to all fee payers, staff is proposing a fee for requests for exclusion from probationary requirements and an annual review fee for Water Code section 10735.2, subdivision (c) exclusions, as shown below.

**Table 1. Fee Structure for Exclusion Requests**

| <b>Groundwater Usage Tier</b>                                | <b>Proposed Request Fee</b> |
|--------------------------------------------------------------|-----------------------------|
| Less Than 5% (of total basin pumping)                        | \$50,000                    |
| 5-10%                                                        | \$125,000                   |
| 10-20%                                                       | \$200,000                   |
| More Than 20%                                                | \$250,000                   |
| Annual Review for Category (c) Exclusions: 25% of Tiered Fee |                             |

### **POLICY ISSUE**

Should the State Water Board approve a resolution to adopt an emergency regulation to change the current water right fee schedules as proposed by staff?

### **FISCAL IMPACT**

The FY 2026-27 Budget Act includes expenditure authority for the WRF of \$39.1 million. The proposed fee schedule changes will ensure the projected revenue for the WRF, when added to the projected fund balance from FY 2025-26, meets the FY 2026-27 budget expenditures and ensures a prudent fund reserve.

### **REGIONAL BOARD IMPACT**

None.

**STAFF RECOMMENDATION**

Staff recommend that the Board approves the Resolution to adopt an emergency regulation to change the current water rights fee schedules as proposed by staff.