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## State Water Resources Control Board

**SUBJECT:** SUMMARY OF REPORT ON IMPLEMENTATION OF AB 460

This report outlines the State Water Resources Control Board's compliance with Assembly Bill 460 (AB 460), which mandates annual inflation-based adjustments to water right civil penalties starting January 1, 2026. The adjustments are calculated using the California Consumer Price Index (CPI) from the preceding June and are subject to a tiered rounding system depending on the penalty amount. Adoption of the regulation implementing AB 460 is exempt from standard rulemaking procedures; the State Water Board adopted the regulation at its Board meeting on December 2, 2025. Staff filed the regulation with the Secretary of State shortly thereafter. The report includes the regulation text (Attachment A) and supporting calculations (Attachment B), and fulfills the legislative requirement to report on the implementation process.



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## State Water Resources Control Board

**FROM:** Jason Grimm  
Attorney  
**OFFICE OF CHIEF COUNSEL**

**DATE:** December 5, 2025

**SUBJECT:** Report on Implementation of AB 460 (Bauer-Kahan, 2024)

In 2024, the Legislature passed and the Governor signed Assembly Bill 460 (AB 460), which requires the State Water Resources Control Board ("State Water Board" or "Board") to adjust water right civil penalty amounts for inflation by January 1, 2026, via regulation, and then by January 1 of each following year.

AB 460 specifies the Board shall adjust the penalty amounts using the California Consumer Price Index (CPI) for the month of June of the year prior to the adjustment (i.e., for an adjustment taking place on January 1, 2026, the CPI data used is from June 2025). Adoption of a regulation implementing AB 460 is exempt from the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. AB 460 also requires the State Water Board file the adopted regulation with the Secretary of State and then transmit a report to the legislature on implementation of AB 460.

For the first adoption of the implementation regulation, the CPI data from June of 2025 is compared to the CPI data for June of the year the civil penalty was last adopted or amended, a ratio is developed, and the civil penalty amount is multiplied by that ratio, resulting in an adjusted amount. Once the penalty amounts are adjusted using the CPI, AB 460 requires the Board to round the penalty to the nearest \$10 (if the penalty is less or equal to \$100), \$100 (if the penalty is greater than \$100 but less or equal to \$1,000), \$1,000 (if the penalty is greater than \$1,000 but less or equal to \$10,000), or \$5,000 (if the penalty is greater than \$10,000). Most water right civil penalties were last adopted or amended several years ago, so most water right civil penalties in Division 2 of the Water Code are adjusted the first year of this regulation. However, due to the rounding system, few adjustments are expected each following year, and there may be some years without any adjustments.

Based on the California CPI data from June 2025, State Water Board staff proposed a new regulation in line with AB 460's requirements, to be chaptered at California Code of

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E. JOAQUIN ESQUIVEL, CHAIR | ERIC OPPENHEIMER, EXECUTIVE DIRECTOR

Regulations, Title 23, Section 1100. The new regulation adjusts the civil penalty amounts in Water Code Sections 1052, 1845, 1846, 1846.5, 1847, and 5107. The text of the new regulation is included with this report as Attachment A. Tables and figures showing the math behind the adjustment calculations are included in Attachment B. The Board resolution adopting the regulation is included as Attachment C.

On December 2, 2025, the Board staff presented the proposed regulation to the State Water Board during a Board meeting. The Board adopted the regulation, and it will go into effect on January 1, 2026. Board staff filed the regulation with the Secretary of State and transmitted this report on implementation to the California Legislature, as required by AB 460.

This report is available for download on the State Water Board's website at [https://waterboards.ca.gov/waterrights/water\\_issues/programs/enforcement/](https://waterboards.ca.gov/waterrights/water_issues/programs/enforcement/)

To order a hard copy of the report, please call the Water Rights Records Room at (916) 341-5300.

cc:

Michael Lauffer, OCC  
Andy Sawyer, OCC  
Jason Grimm, OCC  
Ken Petruzzelli, OE  
Brian Coats, DWR

Draft Regulation Text for AB 460 – Water Right Civil Penalty Adjustments for Inflation to Go into Effect on January 1, 2026, if Adopted

Chapter 5.5. Adjusting Civil Penalties for Inflation

23 C.C.R. § 1100

(a) The Consumer Price Index for California for All Urban Consumers for June 2025 is 353.044.

(b) Adjustments for inflation are as follows:

(1) Water Code section 1052, subdivision (c)(1)

(A) The maximum penalty for each day in which the trespass occurs *shall remain* \$1,000.

(B) The maximum penalty per acre-foot of water diverted or used in excess of the diverter's water right is adjusted to \$4,000 .

(2) Water Code section 1052, subdivision (c)(2)

(A) The maximum penalty for each day in which the unauthorized diversion or use occurs is adjusted to \$1,000.

(3) Water Code section 1052, subdivision (c)(3)

(A) The maximum penalty for each day in which the unauthorized diversion or use for unlicensed cannabis cultivation occurs is adjusted to \$4,000.

(4) Water Code section 1845, subdivision (b)(1)(A)

(A) The maximum penalty for each day in which the violation occurs is adjusted to \$15,000.

(5) Water Code section 1845, subdivision (b)(1)(B)

(A) The maximum penalty for each day in which the violation occurs is adjusted to \$3,000.

(6) Water Code section 1846, subdivision (a)

(A) The maximum penalty for each day in which the violation occurs *shall remain* \$1,000.

(7) Water Code section 1846, subdivision (b)

(A) The maximum penalty for each acre-foot of water diverted in violation of the curtailment order, beginning on the first day on which the violation occurs, is adjusted to \$3,000.

(8) Water Code section 1846.5, subdivision (a)(1)

- (A) The maximum penalty for each day in which the violation occurs is adjusted to \$15,000.
- (9) Water Code section 1846.5, subdivision (a)(2)
- (A) The maximum penalty for each day in which the violation occurs *shall remain* \$1,000.
- (10) Water Code section 1847, subdivision (a)(1)
- (A) The maximum penalty for a violation is adjusted to \$700, plus \$300 for each additional day on which the violation continues if the person fails to correct the violation within 30 days after the board has called the violation to the attention of that person.
- (11) Water Code section 1847, subdivision (a)(2)
- (A) The maximum penalty for each acre-foot of water diverted or used in violation of the applicable requirement is adjusted to \$3,000.
- (12) Water Code section 5107, subdivision (c)(1)
- (A) The maximum penalty for failure to file a statement is adjusted to \$2,000, plus \$800 per day for each additional day on which the violation continues if the person fails to file a statement within 30 days after the board has called the violation to the attention of that person.
- (13) Water Code section 5107, subdivision (c)(2)
- (A) The maximum penalty for a violation resulting from a physical malfunction of a measuring device not caused by the person or any other unintentional misstatement, is adjusted to \$400, plus \$400 per day for each additional day on which the measuring device continues to malfunction or the misstatement is not corrected if the person fails to correct or repair the measuring device or correct the misstatement within 60 days after the board has called the malfunction or violation to the attention of that person.
- (14) Water Code section 5107, subdivision (c)(3)
- (A) The maximum penalty for knowingly tampering with any measuring device or knowingly making a material misstatement in a statement filed under this part, is adjusted to \$40,000, plus \$2,000 for each day on which the violation continues if the person fails to correct the violation within 30 days after the board has called the violation to the attention of that person.
- (15) Water Code section 5107, subdivision (c)(4)
- (A) The maximum penalty for any other violation of Part 5.1 of Division 2 of the Water Code is adjusted to \$800, plus \$400 for each additional day on which the violation

continues if the person fails to correct the violation within 30 days after the board has called the violation to the attention of that person.

Authority Cited: Section 1055.5, 1058, Water Code. References: 1052, 1845, 1846, 1846.5, 1847, 5107, Water Code.

## Attachment B: Calculations

<b>Table 1: New (Old) Water Right Civil Penalty Amounts After Adoption of Regulation Implementing AB 460</b>			
Water Code section	\$/Initial Instance	\$/Day	\$/Acre-Foot
1052(c)(1)	0	1,000	4,000 (2,500)
1052(c)(2)	0	1,000 (500)	0
1052(c)(3)	0	4,000 (3,500)	0
1845(b)(1)(A)	0	15,000 (10,000)	0
1845(b)(1)(B)	0	3,000 (2,500)	0
1846(a)	0	1,000	0
1846(b)	0	10,000	3,000 (2,500)
1846.5(a)(1)	0	15,000 (10,000)	0
1846.5(a)(2)	0	1,000	0
1847(a)	700 (500)	300 (250)	3,000 (2,500)
5107(c)(1)	2,000 (1,000)	800 (500)	0
5107(c)(2)	400 (250)	400 (250)	0
5107(c)(3)	40,000 (25,000)	2,000 (1,000)	0
5107(c)(4)	800 (500)	400 (250)	0

**Table 2:** Water Right Penalties When Last Adopted or Amended, Year of Last Adoption or Amendment, Prior CPI When Last Adopted or Amended, and Ratio of Current CPI (353.044) to Prior CPI

Water Code section	\$/Initial Instance	\$/Day	\$/Acre-Foot	Year Last Adopted or Amended	Prior CPI	Ratio Current CPI to Prior CPI
1052(c)(1)	0	1,000	2,500	2014	247.228	1.43
1052(c)(2)	0	500	0	1991	140.1	2.52
1052(c)(3)	0	3,500	0	2022	322.043	1.1
1845(b)(1)(A)	0	10,000	0	2014	247.228	1.43
1845(b)(1)(B)	0	2,500	0	2024	342.856	1.03
1846(a)	0	1,000	0	2024	342.856	1.03
1846(b)	0	10,000	2,500	2024	342.856	1.03
1846.5(a)(1)	0	10,000	0	2018	272.462	1.3
1846.5(a)(2)	0	1,000	0	2018	272.462	1.3
1847(a)	500	250	2,500	2016	255.576	1.38
5107(c)(1)	1,000	500	0	2009	224.994	1.57
5107(c)(2)	250	250	0	2009	224.994	1.57
5107(c)(3)	25,000	1,000	0	2009	224.994	1.57
5107(c)(4)	500	250	0	2009	224.994	1.57



**Figure 1:** Example Adjustment Calculation for Water Code section 1052, subdivision (c)(2)

CPI Ratio:

$$\frac{\text{Current CPI}}{\text{CPI when last adopted or amended}} = \frac{353.044}{140.1} = 2.52 = \text{Ratio}$$

Calculation of the adjustment:

$$\text{Ratio} * \text{Current Civil Penalty Amount} = \text{Inflation Adjusted Amount}$$

$$2.25 * \$500 = \$1,260$$

Rounding based on the statute:

\$1,260 is between \$1,000 and \$10,000.

Therefore, AB 460 requires the penalty to be rounded to the nearest \$1,000.

\$1,260 is closer to \$1,000 than it is to \$2,000.

The new civil penalty for violations of § 1052(c)(2) is \$1,000 per day.

**STATE WATER RESOURCES CONTROL BOARD  
RESOLUTION NO. 2025-0039**

ADOPTING A REGULATION TO ADJUST WATER RIGHT CIVIL PENALTIES IN  
WATER CODE SECTIONS 1052, 1845, 1846, 1846.5, 1847, AND 5107 FOR  
INFLATION UNDER AB 460 (BAUER-KAHAN, 2024).

**WHEREAS:**

1. In 2024, the State of California enacted Assembly Bill 460 (AB 460), which requires the State Water Resources Control Board (“State Water Board” or “Board”) to adjust water right civil liability or penalty amounts in Division 2 of the Water Code for inflation by January 1, 2026, and then by January 1 of each following year, via regulation.
2. AB 460 requires the Board to adjust civil liability or penalty amounts for inflation, as established by the amount by which the California Consumer Price Index (CPI) for the month of June of the year prior to the adjustment exceeds the CPI for June of the calendar year in which legislation was last enacted establishing or amending the maximum amount of the liability or penalty.
3. The relevant CPI for a regulation taking effect on January 1, 2026, is the CPI for June 2025.
4. The CPI for June 2025 is 353.044.
5. State Water Board staff prepared a draft regulation based on the June 2025 CPI.
6. The draft regulation increases water right civil penalties in Water Code sections 1052, 1845, 1846, 1846.5, 1847, and 5107.
7. Regulations implementing AB 460 are exempted from the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

THEREFORE BE IT RESOLVED THAT:

The State Water Board:

1. Finds that the draft regulation prepared by State Water Board staff adequately implements AB 460.
2. Adopts the draft regulation with an effective date of January 1, 2026.
3. Directs State Water Board staff to file the regulation with the office of the California Secretary of State.
4. Directs State Water Board staff to file a report with the California Legislature, pursuant to AB 460.

#### **CERTIFICATION**

The undersigned Clerk to the Board does hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the State Water Resources Control Board held on December 2, 2025.

AYE: Chair E. Joaquin Esquivel  
Board Member Sean Maguire  
Board Member Laurel Firestone  
Board Member Nichole Morgan

NAY: None

ABSENT: Vice Chair Dorene D'Adamo

ABSTAIN: None

  
Courtney Tyler  
Clerk to the Board