



**SB-1417 Mutual water companies: assessments and water charges: notice.** (2025-2026)

**As Amends the Law Today**

**SECTION 1.** Section 14300 of the Corporations Code is amended to read:

**14300.** (a) ~~Any~~ **A** corporation organized for or engaged in the business of selling, distributing, supplying, or delivering water for irrigation purposes may provide, and ~~any a~~ corporation organized for or engaged in the business of selling, distributing, supplying, or delivering water for domestic use shall provide, in its articles or bylaws that water shall be sold, distributed, supplied, or delivered only to owners of its shares and that the shares shall be appurtenant to certain lands when the **same lands** are described in the certificate issued ~~therefor; for the shares~~ and when the certificate is so issued and a certified copy of the articles or bylaws recorded in the office of the county recorder in the county where the lands are situated the shares of stock shall become appurtenant to the lands and shall only be transferred ~~therewith; with the lands~~, except after sale or forfeiture for delinquent assessments ~~thereon~~ as provided in Section 14303. Notwithstanding this provision in its articles or bylaws, ~~any such a~~ corporation may sell water to the state, or any department or agency ~~thereof; of the state~~, or to any school district, or to any public agency, or, to any other mutual water company or, during any emergency resulting from fire or other disaster involving danger to public health or safety, to any person at the same rates as to holders of shares of the corporations; and provided further, that any corporation may enter into a contract with a county fire protection district to furnish water to fire hydrants and for fire suppression or fire prevention purposes at a flat rate per hydrant or other connection. In the event lands to which any stock is appurtenant are owned or purchased by the state, or any department or agency ~~thereof; of the state~~, or any school district, or public agency, the stock shall be canceled by the secretary, but shall be reissued to any person later acquiring title to the land from the state department, agency, or school district, or public agency.

(b) (1) A corporation described in subdivision (a) shall ~~be known as a mutual water company; not charge, issue a bill, or otherwise seek to hold tenants of shareholders responsible for the costs of water or its delivery.~~

(2) *Paragraph (1) does not apply if, as provided in Section 2705 of the Public Utilities Code, the tenant is a lessee of the corporation's shares or stock, or the tenant is a lessee of land of a shareholder, and the corporation has approved the lease.*

(3) *All notices of charges for water shall be sent to the last known address of the shareholder, or to the last known address of the tenant if applicable pursuant to paragraph (2). The notice may be provided by electronic mail if the shareholder, or tenant as applicable, has provided and verified the use of an electronic mail address to the company within the last year.*

(c) *A corporation described in subdivision (a) shall be known as a mutual water company.*

**SEC. 2.** Section 14303 of the Corporations Code is amended to read:

**14303.** (a) A corporation organized for or engaged in the business of selling, distributing, supplying, or delivering water for irrigation purposes or domestic use, and not as a public utility, may levy assessments upon its shares, whether or not fully paid, unless otherwise provided in its articles or bylaws. If any shares of the corporation that have been made appurtenant to any land as provided in this ~~chapter; chapter~~ become delinquent in the payment of assessments, the right to receive water or dividends ~~thereon~~ may be denied, and they may be sold and transferred without those lands as if not appurtenant ~~thereto; to the land~~, and the purchaser shall acquire the right to receive water as provided in the articles or bylaws of the corporation, or they may be forfeited to the corporation.

*(b) Before levying an assessment on its shares, a mutual water company that operates a public water system shall comply with Section 14303.5.*

**SEC. 3.** *Section 14303.5 is added to the Corporations Code, to read:*

**14303.5.** *(a) A mutual water company that operates a public water system and that proposes to levy an assessment under Section 14303, or to increase the charge for water to shareholders by more than 20 percent, shall comply with this section at least 30 days before it seeks to collect the assessment or increase the water charge.*

*(b) The mutual water company shall prepare a written proposal to collect an assessment or to increase the water charge that specifies the amount of the assessment or the increase of the water charge to each shareholder, explains the basis, necessity for, and use of the assessment or water charge increase.*

*(c) The company shall convene a public meeting regarding the proposal in a city or county building in a facility that can accommodate at least 100 participants. If such a facility is not available, the company shall convene the meeting in the largest publicly accessible facility available. The selected facility shall be located in or within five miles of the company's service area or shall serve a county government that includes the company's service area.*

*(d) The company shall provide or send a copy of the written proposal and notice of the public meeting, by physical or electronic mail, at least 45 days before the public meeting to both of the following:*

*(1) All eligible persons, as defined in Section 14307.*

*(2) A general circulation newspaper, radio station, or any county maintained public notice portal or digital bulletin board serving the county in which the mutual water company operates.*

*(e) The company shall also post a copy of the written proposal and notice of the public meeting on all of the company's internet websites or social media platforms, as applicable.*

*(f) The notice to eligible persons who are shareholders as required by paragraph (1) of subdivision (d) shall also include the following language:*

*"You own a share of [name of mutual water company] entitling you to vote for the company's board of directors, which made the decision to propose this assessment or water charge increase. You also have rights pursuant to state law to participate in the meetings of the board of directors and to inspect the company's books and records pursuant to Section 1601 of the Corporations Code."*

*(g) The notice to eligible persons, other than shareholders, as required by paragraph (1) of subdivision (d), shall include the following language:*

*"You or your constituents receive drinking water from [name of mutual water company], which has proposed to levy an assessment on its shareholders or increase a water charge by more than 20 percent. You have a right to participate in the public meeting on this proposal and obtain copies of company documents, including all of the following:*

*(1) Agendas and minutes of board meetings.*

*(2) An annual budget.*

*(3) An accounting report.*

*(4) Any records reporting the results of a water quality test.*

*(5) An annual report.*

*(6) The written proposal to levy an assessment or to increase a water charge."*

*(h) A copy of the written proposal and the notice of the public meeting required to be given to eligible persons as required by paragraph (1) of subdivision (d) may be provided by electronic mail if an eligible person has provided and verified the use of an electronic mail address to the company within the last year.*

*(i) The individual votes of board members of the mutual water company on the assessment or on the increase of the water charge shall be recorded in the minutes of the board meeting at which the vote takes place.*

**SEC. 4.** Section 14307 of the Corporations Code is amended to read:

**14307.** (a) (1) Unless its governing documents impose more stringent standards, a mutual water company that operates a public water system shall make the following records promptly available upon written request to an eligible person upon payment of fees covering direct costs of duplication:

- (A) Agendas and minutes of board meetings conducted on or after January 1, 2014.
- (B) A copy of an annual budget adopted pursuant to subdivision (a) of Section 14306.
- (C) A copy of an accounting report prepared pursuant to subdivision (b) of Section 14306.
- (D) A copy of any records reporting the results of a water quality test.
- (E) A copy of an annual report that has been distributed to the mutual water company's shareholder or members.
- (F) *A copy of a written proposal to levy an assessment or to increase a water charge, as provided in Section 14303.5.*

(2) Any request for records pursuant to this subdivision shall be limited to the three calendar years preceding the written request for the records. *Notwithstanding paragraph (1), if the mutual water company provides the requested records in digital form, it shall not charge for any duplication costs or impose other fees for access to the records.*

(b) For the purposes of this section, "eligible person" means a person who is any of the following:

- (1) A ~~stockholder~~ *shareholder* or member of the mutual water company.
- (2) A person who is an occupant, pursuant to a lease or a rental agreement, of commercial space or a dwelling unit to which the mutual water company sells, distributes, supplies, or delivers drinking water.
- (3) An elected official of a city or county who represents people who receive drinking water directly from the mutual water company on a retail basis.
- (4) *The chief administrative officer for each city, county, and government water agency in, or whose boundaries fall within five miles of, the mutual water company's service area.*

~~(4)~~ (5) Any other person eligible to obtain copies of the records listed in subdivision (a) under provisions of the mutual water company's articles or bylaws.