



FREQUENTLY ASKED QUESTIONS REGARDING PROPERTY TAXES

Q: What are MWA Debt-1 and MWA Debt-2 on my property tax bill?

A: The Mojave Water Agency (MWA) has the authority granted under Section 97-16 of the California Water Code to levy property taxes, collected through the San Bernardino County tax rolls. The taxes collected are mostly used to pay back the bonds and notes issued by the State of California to build the State Water Project (SWP) including the California Aqueduct and to pay the Agency's share of SWP operating costs.

The first tax, MWA Debt-1, is permanently set at 11¼ cents per \$100 of assessed value of land only. The tax rate can never rise on this particular tax; however, the amount of tax can rise based on any increase in the assessed valuation of your property. This tax helps to fund the capital, interest, transportation, and construction components of the State Water Project charges.

The second tax, MWA Debt-2, is levied to supplement the first tax assessment, pay Agency debt service, and to fund the MWA administration. This tax rate has no cap, and the rate can be raised by a majority vote of the Board of Directors. It is currently set at 5½ cents per \$100 of assessed valuation on land and improvements. These funds are used mostly for funding additional State Water Project costs for operations, repairs and maintenance, Agency water purchases, Agency Administration, and the debt incurred to construct facilities and pipelines, and to purchase additional entitlement water. (Prior to 1997, the Agency was only entitled to purchase 50,800 acre-feet of water from the State Water Project. In 1997, the Agency purchased the right to an additional 25,000 acre-feet of water, giving the Agency the capability to purchase and have delivered 75,800 acre-feet of water. COP's were issued to pay these costs and their debt service is being paid from MWA Debt-2.)

Q: Why do I pay taxes to the Mojave Water Agency, if I get my water from a well or a water company?

A: MWA Debt-1 and MWA Debt-2 property taxes are assessed on all property within Mojave Water Agency boundaries. All property within the 4,900 square miles of the Agency boundaries benefits from the Agency's ability to import water. The Agency imports water through the California Aqueduct to recharge the groundwater from which local water companies and well owners derive well water for all uses including domestic, agriculture, and industrial.

Q: Will these taxes go away?

A: It is uncertain to predict the future of both taxes. Theoretically, MWA Debt-1 will meet its obligation in the year 2035; however, power costs, repair and replacement costs, new construction, and other charges could require new bonds to be issued by the State of California, Department of Water Resources. Each of the 29 State Water Contractors would be obligated to pay their share of these bonds as part of the contract signed with the State of California to provide water through the State Water Project.

If you have any further questions, you can call (760) 946-7000 during business hours.

Q: How can I learn more about the Mojave Water Agency?

A: You can visit the Mojave Water Agency Website at: www.mojavewater.org, on the Agency's Facebook page at <http://www.facebook.com/mojavewater>, or call (760) 946-7000 during business hours.

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