

# Memorandum



City of Tempe

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**Date:** August 4, 2016  
**To:** Mayor and Council  
**From:** Elizabeth Higgins, Chief of Staff to the Mayor and Council  
**Subject:** Water Rebate Letter

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This letter on the Issue Review Session agenda was prompted by Councilmember Lauren Kuby, the city's representative on the Arizona Municipal Water Users Association (AMWUA) Board of Directors. She had received information from the WaterNow Alliance about the significant uncertainty in municipalities across the nation about whether the Internal Revenue Service (IRS) will treat consumer water rebates as taxable income, which would require water utilities to issue 1099s to all participating consumers. In May, AMWUA had passed a resolution expressing the same concerns.

Councilmember Kuby asked that the Council be given the opportunity to sign on to a letter to the Obama Administration asking that it provide clarity that the water conservation rebate will not be taxed as income under the U.S. Internal Revenue Code. Mayor Mitchell agreed that such a clarification would be valuable to municipalities nationwide and would encourage residents to invest in water conservation in their own homes.

The letter is attached to the agenda.