

# Taxes being collected on water rebates

By Kurtis Ming, CBS-13

Jumping at the state's water rebate program, Alvin Somers ripped out his lawn, and put in drought resistant plants and woodchips. California's Save our Water program rewarded him with a check for \$1,300.

"The idea was terrific," Somers said.

The state offered rebates of up to \$2,000 to put in drought resistant landscaping. Several cities, including Sacramento and Los Angeles have similar programs.

But many who participated in the State's program are getting surprised with a letter stating they may owe federal taxes on it. If your rebate was \$600 or more, the letter reads, "We have been instructed by the Internal Revenue Services (IRS) that in order to comply with federal tax rules, you must... file a 1040 form registering your rebate for federal tax purposes."

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