

Rempe's thoughts on water funding:

1. The funding needs, how the task force envisions the funding being used, and how the funding will help resolve some long-standing water issues need to be clearly delineated. Need to specifically list the requirements on NRDs and DNR in Republican and Platte River basins due to interstate compact and LB 962.
2. The concept of state and local funding mix is a must. Several state senators have told me the Legislature will expect some demonstration of local commitment. Implementation of integrated management plans would demonstrate local involvement, but I suspect senators want more. Already in LB 962, local subdivisions are to provide matching funds of 20 percent. There are exceptions for funds received to reduce water use or for implementing programs intended to aid the state in complying with an interstate compact or agreement. The current 20% matching requirement should apply to funds received to assist in studies, data gathering, and implementation of integrated management plans. An argument can be made that these kinds of activities should be the state's responsibility and the entire state benefits so a lower matching requirement is appropriate. The 50/50 matching requirement under discussion should only apply to programs developed to reduce water use by providing incentives. I would also suggest we consider a 40% local/60% state match because of the difficulty of raising local funds in some areas.
3. Thus far, the discussions for funding mechanisms at the state level have focused on the need for \$5 million. One alternative would be to divide the state funding needed into two parts. DNR estimated \$1.5 million of this year's budget would be used for studies, research, data gathering, and administrative costs towards implementing LB 962 and making fully appropriated designations. Because these activities are general in nature, and are not particularly focused on one area of the state, an argument can be made that general fund dollars should fund the \$1.5 million. The remaining \$3.5 million could then be raised through one of the alternative types of funding mechanism and these dollars would be used in over appropriated areas to match local dollars to reduce water use. The monies could also be used in fully appropriated to fund offset and conservation programs.
4. Farm Bureau presently can support general funds or other broad-based sources (sales tax, property tax record fees, etc.) to raise funds at the state level. Our druthers would be to steer away from fees on water use or on irrigated acres, particularly if these sources are considered for local matching funds. Any fees on water use would need to be broad where all uses pay—agricultural, domestic, industrial, etc—for them to be acceptable to our members. As an aside, I had a conversation with Cathy Land of the Dept. of Property Assessment and Taxation and she thought the property tax records fee would be relatively easy to administer and collect. She did raise questions about exempt properties, personal property and homestead exemption but the issues are not insurmountable.

5. On the local funding, to convince the Legislature to provide greater funding authorities to the NRDs, I think the authorities must be limited to those NRDs in the overappropriated areas attempting to reduce existing uses. Furthermore, monies raised must be used specifically for the purposes of reducing existing uses. We had to work very hard to convince the Legislature two years ago to provide NRDs an additional penny in levy authority. To my knowledge, the additional penny granted to NRDs has been the only permanent increase in levy capacity granted to a local government since the inception of levy limits. We were only able to convince senators to do so after demonstrating that LB 962 would require more of NRDs and by narrowly targeting the increase to certain activities.
6. Producers would be more receptive to providing NRDs additional property tax capacity first and would probably only be willing to consider fees on irrigated acres or other water fees as a last alternative if needed to forestall additional regulation. The property tax is a known tax and all property sectors would pay. I would anticipate much opposition to the fees on irrigated acres and other water fees. To make it more palatable, it could be structured to only allow access to fees after the property tax resources have been fully utilized. However, the fees represent new taxing authorities and people loathe granting governments additional taxing opportunities.