

Funding Subcommittee of Water Policy Task Force Executive Committee:

DRAFT SUGGESTED FUNDING PACKAGE

- (1) Create a **Water Resource Trust Fund** and dedicate .05 of 1 cent of sales tax (approximately \$11.1 million annually) towards the fund. The Fund would support a spectrum of interrelated water management activities, water funds and other water management activities. The subcommittee's position is that water is so essential to agriculture, the environment, industry, human health and well being, and the overall economic vitality of the state that leaving it to the fluctuation and uncertainty of the annual appropriations process seems unwise.
- (2) The **Water Resource Trust Fund** would be distributed as follows:
 - (a) **Dedicate up to 60% of annual receipts** to Nebraska Resources Development Fund, Soil and Water Conservation Fund, and Small Watershed Fund. (60% of \$11.1 million would be approximately \$6.7 million). Current appropriations of about \$6.3 million annually would be replaced by this new source.
 - (b) **Dedicate at least 40% of annual receipts** (40% of 11.1 million would be approximately \$4.4 million) to (i) fund research/data needs and planning and implementation of interrelated management plans to manage ground and surface water; and (ii) funds tools to resolve inequities between ground and surface water users in over appropriated basins.
 - (c) The balance of funds remaining in 2a and 2b at the end of a year would be carried over in the Water Resources Trust Fund to be used on items 2a and 2b in future years or to be distributed for groundwater management activities, water quality activities, or carried over again.
 - (d) The Natural Resources Commission with input from the Director of the Dept. of Natural Resources will establish rules for the distribution of funds according to guidelines above.
 - (e) After 10 years the percentages dedicated to 2a and 2b will be at the discretion of the Natural Resources Commission.
- (3) In addition to current local matching requirements for funds under 2a, NRDs must provide matching funds for use of funds under (2)(b). The subcommittee recommends NRD matching funds of at least 20% for (2)(b)(i).
- (4) **Exempt NRD groundwater management activities would from the statutory 2 ½ % budget lid placed on NRD budgets (currently 13-501 et seq. and 77-3446).** The 4 ½ cent property tax levy lid would remain. The budget lid

exemption is needed to allow NRDs to raise the necessary funds for matching contributions.

- (5) It is expected the Environmental Trust Fund will continue to prioritize and continue to direct funding towards water management activities. The Environmental Trust Fund has prioritized funding of water activities in its grant program and this year roughly \$1 million in grants were awarded to funding of projects and activities related to water issues.
- (6) The Water Resources Trust Fund could also receive income from other dedicated sources, federal sources or private grant funds or contributions.

Annual Budget Detail of New Funding Package⁽¹⁾

	State Contributions to Nebraska <u>Water Trust Fund</u>	Local Match Local <u>Expenditures*</u>	<u>Total</u>
1. Existing DNR Funds			
Resources Development Fund	3,600,000		
Small Watersheds	24,000		
Soil & Water Cons. Fund	2,700,000		
Interrelated Water Mgmt. Fund	----		
2. Interrelated Research/Data/ Planning/Implementation	1,193,000	707,000	
Data Gathering/Organizing			
COHYST Type Studies			
Local Specialized Studies			
Planning and Implementation			
3. Tools in Over Appropriated Basins	3,500,000	350,000	
Alternative Supplies			
Incentives			
Compensation			
Water Transfer Mechanisms			
4. Discretionary/Other GW Mgmt. Funding⁽²⁾	83,000	?	
TOTAL⁽³⁾	11,100,000	1,057,000	12,507,000

(1) It would be required that at least 38-40% of the fund be dedicated to activities 2 and 3. Decisions on funding distribution would be made by the Natural Resources Commission with the input of the Director of Natural Resources.

(2) This category contains a small amount of funding that could be used for groundwater management activities rather than interrelated water management activities per se. However, in early years it is anticipated that uses will be for interrelated management activities. Groundwater Management Activities shall be defined as activities involving planning and implementation of the Groundwater Management and Protection Act as included in 46-656.05 through 46-656.67.

- (3) In addition to the funds noted above, it is anticipated that funds redirected from settled lawsuits will be used to help pay Natural Resources District interrelated management costs in the Republican and Platte basins.