

DRAFT 2/7/03
Report to the Nebraska Water Policy Task Force Executive Committee
on the
FEBRUARY 4, 2003 FUNDING PLANS SUBCOMMITTEE MEETING

- A meeting of the Funding Plans subcommittee was held February 4, 2003 at the Central Platte NRD Offices in Grand Island. Those attending included Ron Bishop, John Turnbull, Gene Glock, Clint Johannes, Art Brownlee, and Steve Gaul. The subcommittee was charged with refining, identifying and prioritizing the most viable funding options, assembling a package or packages with multiple sources of funding, making a recommendation on the best approach, and identifying the amounts of funding that can be raised from the most viable sources. The committee considered both the studies and funding options it had identified in a January 13, 2003 meeting and input letters e-mails received.
- The group considered funding mechanisms for the following three types of study/analysis/data collection activities involving interrelated management of surface water and groundwater. (*Activity descriptions are from earlier work the subcommittee did on January 13, 2003*).

State Research / Statewide Data Collection – This activity would be used to gather and catalog existing information, identify data gaps and fill them, analyze existing information, and be used to help identify which areas of the state are over-appropriated. Current UNL Conservation and Survey Division work on interpreting data for existing well logs would be part of this. Placing existing data into usable form is the overall emphasis of the activity.

Cooperative Hydrology Study (COHYST) - Extend to Rest of State – This activity would be a statewide extension of the type of analysis now being done in the Platte River Cooperative Hydrology Study (COHYST). Although being done statewide, this broad analysis and modeling effort would be geared to local conditions and needs and would vary significantly in level of detail.

Detailed Local Studies – This activity would address specific problems and local information needs (for implementation, etc.).

- The following funding options were judged most viable or recommended:

Priority Local Funding Options – The subcommittee's first choice as a local funding option was adoption of the provisions of LB 642 which allow NRDs a ½ cent addition to their levy to conduct and implement integrated management studies. Other far less favored priority options included a tax on irrigated acres and a local sales tax option for interrelated water issues. A page is attached showing the amount of additional funding LB 642 would allow NRDs to acquire. Although the bill could theoretically raise approximately \$4.9 million annually if every NRD utilized it at the same time, it is anticipated that it will only be needed during the participation of individual NRDs in studies. **Therefore, over a 10**

year period the LB 642 option for local funding could be used to raise about \$7 million or about \$700,000 per year.

Priority Grant Funding Options – The subcommittee’s primary and recommended grant funding option is to use the Nebraska Environmental Trust in a similar manner to how it has been used in the COHYST study. It is also recommended that federal grants be pursued, especially in regard to the statewide data gathering activity. Any other grant funds received could help offset either state or Environmental Trust obligations. Another viable option would be to assign a state employee duties for identifying and pursuing private and federal grant opportunities. **Ideally the Grant Funding option through the Environmental Trust could be used to raise \$4.5 million, or \$450,000 annually.**

Priority State Funding Options – The subcommittee identified priority funding options in two groups (higher and lower preference). The subcommittee expressed an overall preference for dedicated funding sources. The higher preference items and the amounts they could generate are listed in order of preference.

Relatively Higher Preference Options

- Per Capita Tax – (50 cents per capita would generate about \$857,000 annually)
- Sales Tax – (.004 of 1 cent would generate around \$860,000 annually)
- Income Tax – (raising rates from 19% of federal liability to 19.01% would generate about \$ 580,000 annually)

Relatively Lower Preference Options

- Per Gallon Tax – (on all water use, not just surface water or groundwater)
- Per Irrigated Acre Tax - (10 cents per acre results in about \$800,000 annually)
- Annual Appropriations

Overall a per capita tax of 50 cents per person could be expected to generate about \$8.57 million over 10 years or \$857,000 annually for the State Funding Option

OVERALL RECOMMENDED FUNDING PACKAGE (Over a 10 Year Period)

State Research / Statewide Data Collection/Compilation

<u>Source</u>	<u>Amount</u>
Local (10%)	\$ 200,000
Grant ----	-----
State (90%)	\$ 1,800,000
Total	(\$ 2,000,000)

Extension of COHYST to Remainder of State

<u>Source</u>	<u>Amount</u>
Local (33%)	\$ 3,300,000

<i>Grant (45%)</i>	<i>\$ 4,500,000</i>
<i>State (22%)</i>	<i>\$ 2,200,000</i>
<i>Total</i>	<i>(\$10,000,000)</i>

Local Detailed Studies

<u>Source</u>	<u>Amount</u>
<i>Local (51%)</i>	<i>\$ 3,570,000</i>
<i>Grant ----</i>	<i>-----</i>
<i>State (49%)</i>	<i>\$ 3,430,000</i>
<i>Total</i>	<i>(\$7,000,000)</i>

TOTALS (Over a 10 Year Period)

<i>Local (Property Tax /LB 642)</i>	<i>\$ 7,070,000</i>
<i>Grant (Ne Env Trust)*</i>	<i>\$ 4,500,000</i>
<i>State (Per Capita Tax)</i>	<i>\$ 7,430,000</i>
<i>Overall TOTAL</i>	<i>\$19,000,000**</i>

*Although grant funds are identified as coming from the Nebraska Environmental Trust, it is assumed that application would also be made to other sources and that any success from those sources would reduce needed total from the Trust or other sources.

** In the subcommittee's January 13 meeting funding needs were identified as being \$15 to \$19 million over 5 to 7 years. For purposes of the February 4 meeting the higher figure was used and the time frame extended to 10 years.

- **Other Input Received** – The committee also received input in the form of letters or e-mails from several sources. Those included task force members Gene Glock, Dave Sands, and Jay Rempe as well as Jay Holmquist of the Nebraska Rural Electric Association. Copies of that information will be attached to the file copies of this report on the February 4 subcommittee meeting. In that material Sands suggests consideration of raising funds through a voluntary small surcharge added to electric bills, Holmquist opposes that approach, and Glock discusses a variety of issues, including per capita and acreage charges. Rempe approves of the idea of statewide and local studies but cautions against targeting specific taxes or user fees to fund the needed studies. He notes the political lightning rod nature of the topic and that the credibility of the task force's work product could be damaged. The material contains far more than can be provided in this very condensed synopsis, and readers are encouraged to view the original communications.

Additional levy exempt from lid \$ 0.005

NRD	FY 2002 Valuation	FY 2002 Levy	FY 2002 Property Tax	Proposed additional levy	Additional property tax exempt from LID
Central Platte	\$ 6,760,060,183	\$ 0.03489	\$ 2,358,622	\$ 0.005	\$ 338,003
Lewis & Clark	963,313,601	0.03779	364,000	0.005	48,166
Little Blue	2,776,678,119	0.03288	912,847	0.005	138,834
Lower Big Blue	2,033,040,082	0.03310	673,000	0.005	101,652
Lower Elkhorn	5,611,905,566	0.03644	2,045,032	0.005	280,595
Lower Loup	4,711,753,907	0.02126	1,001,648	0.005	235,588
Lower Niobrara	740,890,088	0.01963	145,452	0.005	37,045
Lower Platte North	3,579,713,217	0.04456	1,595,120	0.005	178,986
Lower Platte South	14,857,465,952	0.03587	5,330,000	0.005	742,873
Lower Republican	1,202,687,413	0.03354	403,396	0.005	60,134
Middle Niobrara	775,839,301	0.02309	179,140	0.005	38,792
Middle Republican	1,393,548,310	0.03224	449,228	0.005	69,677
Nemaha	2,627,128,122	0.03991	1,048,380	0.005	131,356
North Platte	2,280,893,174	0.04038	921,030	0.005	114,045
Papio-Missouri	33,166,217,116	0.03073	10,191,607	0.005	1,658,311
South Platte	1,147,704,233	0.03424	392,919	0.005	57,385
Tri-Basin	1,612,529,873	0.02792	450,175	0.005	80,626
Twin Platte	2,501,203,014	0.01439	359,928	0.005	125,060
Upper Big Blue	4,526,698,538	0.02788	1,261,847	0.005	226,335
Upper Elkhorn	1,286,771,998	0.02623	337,491	0.005	64,339
Upper Loup	819,754,362	0.01888	154,760	0.005	40,988
Upper Niobrara-White	1,539,127,687	0.02027	312,000	0.005	76,956
Upper Republican	1,068,698,274	0.04369	466,920	0.005	53,435
TOTALS	\$ 97,983,622,130		\$ 31,354,543		\$ 4,899,181

LB 642 language

2-3225. Each district shall have the power and authority to levy a tax of not to exceed four and one-half cents plus an additional one-half cent to conduct and implement integrated water studies.

13-520. The limitations in section 13-519 shall not apply to or (7) restricted funds budgeted to conduct and implement water studies up to the amount levied for such purpose under section 2-3225.