

DRAFT – FUNDING PROPOSAL – LOCAL SHARE

As a result of LB-962, the Three State and Department of Interior Cooperative Agreement on the Platte River, and the Three State settlement agreement on the Republican River Compact lawsuit by Kansas, several basins in Nebraska will be required to either: a) retire/reduce existing irrigated acres, b) offset/replace any new uses that deplete an existing use, or c) both.

The State and local water users within a basin both share a responsibility in correcting the problems. It was the State that failed to pass any meaningful legislation that allowed integrated management of groundwater and surface water until the mid-90's. It was the State that entered into the Three State Compacts and it was the State that negotiated and signed the Republican River Compact lawsuit settlement and the Platte River Cooperative Agreement. By the same token it was individual water users who developed the water resources in some basins or sub-basins beyond the level that can be sustained.

We therefore are recommending a 50%-50% sharing of the funding responsibility between State and local. The following proposal is suggested as a means of providing the local 50% of the funds necessary to reduce existing uses in basins that are required to reduce because of: 1) settlement agreements involving Three State Compacts, or 2) the basin being declared "over appropriated" by the State and reductions are necessary in order to sustain a balance between long term water uses and water supplies.

Local Funding Share

Each Natural Resources District has different funding needs and different funding capabilities. In order to meet those needs and provide the necessary capabilities, a combination of funding tool options need to be available for the Districts to choose from for use in administering and carrying out programs in basins needing to reduce use in order to meet lawsuit settlement requirements or to return the basin or sub-basin to a sustained balance between long term water uses and water supplies. Programs could include such things as: 1) retirement of irrigated acres thru purchase or permanent easements, 2) water banking, 3) conjunctive use, 4) intentional recharge, or 5) supplemental supply.

The recommended combination include:

1. Increase NRD taxing authority \$0.01 (1 cent) on property tax.

(80% of the \$0.01 tax authority was originally with the NRD as part of a \$0.018 authority for groundwater management. The \$0.018 authority was removed a few years ago and thus far only \$0.01 of that amount has been restored.)

2. Authority to levy a fee (charge) on irrigated acres of up to \$10.00 per acre.
(Proposed to be collected thru County Tax Assessor.)

3. Authority to charge a per acre-inch pumped/diverted fee.
(Fee could be assessed on all acre inches pumped/diverted or could be assessed on each acre-inch pumped/diverted above a base acre inch allocation.)

These three funding tools, **restricted to area required to reduce existing uses because of settlement agreements or "over appropriated" status**, are the recommended combination of funding authorities that would allow those NRDs to select the option or combination of options that would best fit their area and their needs in supplying the local 50% of the funding.

The sub-committee discussed numerous other possible authorities. Those other options include:

1. Reinstatement of fertilizer tax,
2. Personal property tax on irrigation equipment,
3. Local sales tax,
4. Commodity check-off type fee,
5. IPA option on supplemental supply projects, and
6. Other.