

**Draft Report to the Water Policy Task Force Executive Committee
on the
MAY 19, 2005 MEETING OF THE FUNDING SUBCOMMITTEE**

Members attending:

| | | |
|-----------------|----------------|--------------------|
| Gene Glock | Dave Sands | Don Kraus |
| Ron Bishop | Dave Cookson | Jay Rempe |
| John Turnbull | Patrick Heath | Senator Ed Schrock |
| Roger Patterson | Lumir Jedlicka | |

Others attending:

| | |
|----------------------|----------------------|
| Senator Don Pederson | Jennifer Schellpeper |
| Dean Edson | Steve Gaul |
| Keith Rexroth | Dave Hindee |

- Gene Glock called the meeting to order at 1:30 p.m. in Room 2021 of the State Capitol. He indicated that a major purpose of the meeting was to solicit members ideas on possible methods of funding Integrated Water Management related activities.
- Roger Patterson stated that budget legislation asked DNR to develop and propose a system of fees and charges for integrated management related activity. Patterson also noted some of the Committees original recommendations which included dedicating 1/50 of one cent on each sales tax dollar to a Water Resources Trust Fund.
- During the course of the meeting the following options were mentioned.
 - 1) *Sales Taxes*
 - 2) *Personal Property Taxes on Irrigation Equipment (pumps, pipe, etc.)*
 - 3) *A \$5 per record fee on property tax records (there are about 1 million records) possibly with a different rate for irrigated and non-irrigated properties*
 - 4) *A per acre fee for irrigated acres*
 - 5) *A per acre fee for irrigated acres coupled with a smaller per acre fee on dryland/other lands.*
 - 6) *A per well fee that could vary based on well type*
 - 7) *Target a fee on domestic wells to assist in protecting those wells and seeing they are properly abandoned*
 - 8) *Make LB 775 corporations eligible for tax credits through purchase of conservation easements as outlined in LB 472 (2005)*
 - 9) *Dedicate a portion of the personal property tax collected on irrigated land to integrated management activities*
 - 10) *Place fees on all water uses*
 - 11) *Place fees on all water uses via a water equipment tax including recreation such as boats and fishing equipment*
 - 12) *Dedicate a portion of the sales tax on water bills to integrated management activity*

- 13) Assess a fee on public water suppliers commensurate with their portion of water use
- 14) Assess a fee on thermoelectric withdrawals commensurate with their portion of consumptive use
- 15) Real Estate transfer fee

- During discussion some of the following ideas were mentioned by individual participants:
 - *Is there a possibility of making this a ballot issue? Could the League of Municipalities put forth the proposal?*
 - *Property tax based fees have an advantage in that the administrative mechanism is already in place*
 - *The 7.5 million Interrelated Water Management Budget for the next fiscal year reflects \$6 million for CREP match and \$1½ million for everything else*
 - *The chance for funding is better if the match requirement for NRDs is somewhere in the 40-60, 50-50 or 60-40 range. The NRDs need revenue raising capacity but the state needs to match*
 - *Some NRDs have more valuation and fewer interrelated water management issues and in others the situation is reversed. This poses significant problems.*
 - *Areas such as the upper part of the Republican may need more than 50% state match, others don't.*
 - *NRDs need to deal with federal, state and local issues and there may be some local hesitancy to devote large sums of local money to what is seen as a state issue.*
 - *An interim study has been proposed by Senator Schrock on getting funding via an irrigation equipment tax*
 - *Tax and fee burdens on irrigators are becoming steep. It was suggested that the current profit per acre might be only \$5-7, so any fees would need to take this into consideration. It would be worthwhile to bring in a University agricultural economist to make sure any proposed increases don't go too far.*
 - *The amount we need to raise in state funds is about \$5 million per year.*
 - *The basic state tool box could be in the 4 to 5 million per year range and then NRDs could be given matching ability.*
 - *Making state funds available to acquire federal match needs to be another part of the program.*
 - *We need to think about the 2007 Farm Bill and how the state can best take advantage of possibilities.*
 - *We need to flesh out a half dozen ideas, some of which we can support. Something could be taken to the Unicameral next January.*
 - *Administrative costs are very important. Colorado instituted a \$10 annual fee and found it cost them \$11.43 to administer it. It was subsequently repealed. Fee Schedule from Colorado:*

Fee Schedule

Fees are assessed per decreed water right and are billed to the owner of record. Fee amounts are based on the decree of record.

| Direct flow (1+ cfs) | Storage (100+ acre-feet) |
|---|---|
| \$10 – agricultural irrigation, recharge, stock watering only | \$25 – agricultural irrigation, recharge, stock watering only |
| \$250 – decrees including any other beneficial use | \$100 – decrees including any other beneficial use |

- *There was discussion of how much water was consumed by an acre of city versus an acre of irrigated cropland. One participant an analysis that found that in California an acre of irrigated cotton and an acre of city had about the same water consumption. Others indicated that water consumption of cities and cropland was similar on a per acre basis. Attached to this memo are the results of separate comparative examinations of water withdrawals per acre between cities and irrigated land. One is from an earlier Powerpoint presentation provided by Task Force member Steve Huggenberger. Another is from an analysis in the Upper Big Blue Basin and was provided by funding subcommittee member John Turnbull. There is also a copy of an e-mail from Kirk Stocker on Kearney public water use per acre.*
- *There was some discussion of numbers of wells, water withdrawals and consumptive use. Attachments to this report provide additional information on those topics.*
- *A summary on water use in other states from Jennifer Schellpeper and related material is also attached.*

- Subcommittees were set up to address both local and state funding issues.

The local Funding Committee included: Bishop, Turnbull, Jedlicka and Jasper Fanning or a member of the Upper Republican NRD Board.

The state Funding Committee included: Heath, Cookson, Kraus, Sands, Patterson, Rempe, and Glock

The groups will meet prior to the next Funding Subcommittee meeting and go to that subcommittee meeting with recommendations.

- The next Funding Subcommittee is set for 10:00 a.m., June 29 in Grand Island (at the Central Platte NRD offices?)
- The Funding Subcommittee should plan on presenting recommendations to the Executive Committee at its August 2 meeting.

Attachments