

*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*
 - 3) *A \$5 per record fee on property tax records (there are about 1 million records)*
 - 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*
 - 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 including recreation*
 - 11) *Dedicate the sales tax on water bills to integrated management activity*
 - 12) *Assess a fee on public water suppliers commensurate with their portion of water use*
 - 13) *Assess a fee on thermoelectric withdrawals commensurate with their portion of consumptive use*
 - 14) *A Transaction Fee when property changes hands*

- During discussion some of the following ideas were mentioned by individual participants:
 - *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 biennium reflects \$3 million per year for CREP match and \$1½ million over 2 years 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 is being planned on interrelated water management funding mechanisms?????*
 - *Tax and fee burdens on irrigators are becoming steep. It would be worthwhile to bring in a University ag economist to make sure any proposed increases don't go too far.*
 - *The amount we need to raise is probably 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 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.*
 - *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 was some discussion of numbers of wells, water withdrawals and consumptive use. Attachments to this report provide additional information on those topics.*
- 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