

HOUSE BILL REPORT

HB 2994

As Reported By House Committee On:

Agriculture & Ecology

Title: An act relating to trust water rights.

Brief Description: Regarding instream flows and trust water rights.

Sponsors: Representatives Parlette, G. Chandler, B. Chandler and Linville.

Brief History:

Committee Activity:

Agriculture & Ecology: 2/1/00, 2/4/00 [DPS].

Brief Summary of Substitute Bill

- Requires the Department of Ecology (DOE) to accept certain donations of water rights for the trust water right systems for instream flows in area where aquatic species have been listed as endangered or threatened.
- Waives requirements that the DOE make impairment determinations before these trust water rights may be exercised and alters notification requirements regarding their being exercised.
- Allows any person or entity to acquire a water right for instream use through the transfer, change, or amendment of an existing right. Exempts such a water right from relinquishment-for-nonuse requirements.

HOUSE COMMITTEE ON AGRICULTURE & ECOLOGY

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 14 members: Representatives G. Chandler, Republican Co-Chair; Linville, Democratic Co-Chair; Cooper, Democratic Vice Chair; Koster, Republican Vice Chair; Anderson; B. Chandler; Delvin; Fortunato; Grant; Reardon; Schoesler; Stensen; Sump and Wood.

Staff: Kenneth Hirst (786-7105).

Background:

A water right is appurtenant to the land or place the right is used. However, the Surface and Ground Water Codes allow the right to be changed, transferred, or amended to change the place of use, the point of diversion or withdrawal, purpose, or manner of use. These changes in the right, often referred to as transfers, require the approval of the DOE and must be done without detriment or injury to existing rights.

A right may also be transferred to the state for management as a trust water right. The laws governing the state's trust water right system are divided into two parts: One for trust water rights in the Yakima River Basin, and the other for the rest of the state and is often referred to as the statewide trust water right system. Trust water are administered by the DOE. Among the uses expressly authorized for such trust water rights are instream uses.

The DOE may acquire water rights for the trust water right system by purchase, gift, or other appropriate means other than condemnation. Water rights may be acquired for either system on a temporary or permanent basis.

The water transfer provisions of the Surface Water Code do not apply to trust water rights in the Yakima system or to trust water rights acquired through the state's funding of conservation projects under the statewide system. However, a trust water right in the Yakima system may be exercised only if the DOE first determines that no existing water rights will be impaired and publishes notice and provides notice to the director of the Department of Fish and Wildlife. To exercise a trust water right in the statewide system, the DOE must first determine that neither water rights existing at the time the trust water right was established, nor the public interest will be impaired. Before a trust water right may be created or modified for the statewide system, the DOE must also publish notice and provide notice to certain entities and other interested parties.

In general, if a person abandons his or her water right or voluntarily fails to use the right for five successive years, the person relinquishes the right or the portion of the right abandoned or not used. However, exemptions from this requirement are provided. For example, these relinquishment requirements do not apply to trust water rights.

Summary of Substitute Bill:

The DOE must accept a donation of water rights to either the Yakima or the statewide trust water right system under the following circumstances: An aquatic species is listed as threatened or endangered under the federal Endangered Species Act (ESA) for a body of water; certain instream flows are needed for the species; and the holder

of a right to water from the body of water chooses to donate all or a portion of the person's water right to the trust water system to assist in providing those instream flows on a temporary or permanent basis. Neither the right donated nor the sum of the portion of a right remaining with a person plus the portion donated may exceed the extent to which the right was exercised during any of the last five years. Once accepted, such rights are trust water rights within the conditions prescribed by the donor. Current requirements that the DOE make a determination that the use of a trust water right will not cause impairments before the right is exercised do not apply to these donations. However, if impairment is found upon an appeal of a decision of the DOE, the donation must be altered to eliminate the impairment. Current requirements that notice be published before a trust water right is exercised apply only for the first time the donation is exercised as a trust water right. The provisions of the surface water code regarding transfers do not apply to such donations.

It is clarified that a trust water right acquired on a temporary basis need not be acquired for a specified period of time. For example, if a water right is acquired on a temporary basis to assist in providing instream flows for a species of fish that is listed as threatened or endangered under the ESA, the water right could be acquired for the period of time that the species is listed and could also be acquired for only the portions of that period of time that the water right is needed to assist in providing those flows.

A water right for an instream use may be established through the approval of a transfer, change, or amendment of an existing water right under the state's water transfer laws. A water right established for instream use in this manner may expressly be held by any person or entity. A water right held for instream use is exempt from the relinquishment-for-nonuse provisions of water law.

If a water right acquired by the state for the state's trust water right systems is expressly conditioned to be instream use, it must be managed in that manner. A water right conveyed to the state as a gift must be managed for public purposes to ensure that the gift qualifies as a deduction for federal income tax purposes for the person who gave it.

Substitute Bill Compared to Original Bill: Added by the substitute bill are the provisions: identifying the extent of a right that may be donated; waiving requirements that determinations regarding impairment be made before the rights are exercised but requiring alteration of donations if impairment is found on appeal; limiting notification requirements; allowing any person or entity to acquire a water right for instream use through the transfer, change, or amendment of an existing right and exempting such a water right from relinquishment-for-nonuse requirements; and clarifying management requirements for certain rights acquired for the trust water right system.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: In an area where two species of fish have been listed as endangered it is important that the people with water rights in the area who are unable to exercise them because of the listings do not relinquish their water. They must have assurances that they will eventually get their water rights back. The bill provides a tool for dealing with ESA concerns, especially in the Methow Valley where it fits with a local desire to form a water bank. Real water needs to be transferred to the trust, but if the rights to be transferred are first subjected to something like an adjudication, it will have a chilling effect.

Testimony Against: These donations must be accepted by the DOE on such terms as the donor may prescribe. These terms may be unacceptable. They may also increase the costs to the DOE for administering the trust water system. A better solution would be to allow a third party to hold the rights. It is important to ensure that rights to real water, not paper rights, are donated.

Testified: (In support) (Original bill) Representative Parlette, prime sponsor; Kathleen Collins, Washington Water Policy Alliance; Carl Samuelson, Department of Fish and Wildlife; and Dick Ducharme, Yakima Growers and Shippers and Building Industry Association of Washington.

(Opposed) (Original bill) Judy Turpin, Washington Environmental Council.