

# HOUSE BILL REPORT

## ESHB 2026

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*As Amended by the Senate*

**Title:** An act relating to water resource management.

**Brief Description:** Providing for comprehensive water resources management.

**Sponsor(s):** By House Committee on Natural Resources & Parks (originally sponsored by Representatives Fraser, Miller, Valle, Rayburn, McLean, Belcher, Jacobsen, Nealey, Paris, Winsley and Chandler; by request of Joint Select Committee on Water Resource Policy).

**Brief History:**

Reported by House Committee on:  
Natural Resources & Parks, March 5, 1991, DPS;  
Revenue, March 10, 1991, DPS(NRP)-A;  
Passed House, March 20, 1991, 89-9;  
Amended by Senate.

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**HOUSE COMMITTEE ON  
NATURAL RESOURCES & PARKS**

**Majority Report:** *That Substitute House Bill No. 2026 be substituted therefor, and the substitute bill do pass.*  
Signed by 9 members: Representatives Belcher, Chair; Scott, Vice Chair; Brumsickle, Assistant Ranking Minority Member; Dellwo; Fraser; Hargrove; Riley; Sheldon; and Wynne.

**Minority Report:** *Without recommendation.* Signed by 2 members: Representatives Beck, Ranking Minority Member; and Morton.

**Staff:** Randy Acker (786-7129).

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**HOUSE COMMITTEE ON  
REVENUE**

**Majority Report:** *The substitute bill by Committee on Natural Resources and Parks be substituted therefor and the substitute bill as amended by Committee on Revenue do pass.*  
Signed by 13 members: Representatives Wang, Chair; Fraser, Vice Chair; Holland, Ranking Minority Member; Wynne, Assistant Ranking Minority Member; Appelwick; Belcher;

Brumsickle; Day; Leonard; Morris; Morton; Phillips; and Rust.

**Minority Report:** *Do not pass.* Signed by 2 members: Representatives Silver and Van Luvan.

**Staff:** Ed Dee (786-7449).

**Background:** In the 1990 legislative session, ESHB 2932 was enacted requiring development of a comprehensive water resources planning process involving state, local, and tribal governments together with all affected interests. These groups met through the summer and fall and reached final agreement during a meeting in November 1990 at Lake Chelan.

The Chelan Agreement, as it is commonly referred to, calls for the implementation of cooperative regional water resources planning, continuation of efforts to develop a comprehensive water resources data management system, a process for resolving localized water resources conflicts, establishment of an ongoing policy advisory group called the Water Resources Forum, legislation that would enhance water conservation and water use efficiency improvements, financial assistance to enable the participation of parties who are essential to the forum, and planning and conflict management elements. Portions of the funding for the agreement were anticipated and were included in the governor's proposed budget. This funding covers regional water resources planning - 1,249,000, improved data management - \$1,544,000, and growth management related activities - \$1,823,000.

Because the Chelan Agreement was not developed until November 1990, the other elements requiring funding and/or legislation were not known at the time the governor's budget was being finalized. The unfunded components of the agreement include the following: 1) water conservation; 2) assuring compliance with water resources laws and regulations; 3) a consultation process for critical water resource areas; 4) the Water Resources Forum; and 5) assistance to governments and other participants.

**Summary of Bill:** Legislative findings acknowledge: 1) the shortage of water resources to meet future needs; 2) the desire among governments and water interests to pursue cooperative planning; 3) the preference for conservation and water use efficiency efforts to meet current needs and assist in meeting future needs; and 4) the interest of the state in developing cooperative programs and regional water resource plans.

State funding for water resources shall, to the extent possible, be directed to resolve present conflicts and meet current needs identified in regional water resource plans. Priority is given to state funded water conservation projects creating the greatest water savings.

A procedure is established to facilitate the voluntary transfer of water and water rights, including conserved water, to provide water for presently unmet needs and emerging needs.

The sale of plumbing fixtures that do not conform to the 1989 Water Use Efficiency Act is prohibited.

An exemption from real and personal property taxes for water-conserving irrigation equipment is established. The exemption expires December 31, 1993, unless extended by the Legislature.

A one time fee of \$15 for each water right and claim is established to provide funding to update information on water rights and claims in the water resource inventory system.

An annual tax of \$2 per year is established for customers of public water systems. The tax expires on June 30, 1993. Receipts from the tax are deposited in a newly created Water Management Account and used to fund appropriations made in this bill.

A newly created Water Restoration Account is created to be used for restoration of water and related resources that are damaged.

Cities, towns, water and sewer districts, public utility districts and water companies are permitted to consider conservation incentives and disincentives when setting rates.

**EFFECT OF SENATE AMENDMENT(S):** Language is added specifying that conservation and water use efficiency programs include storage.

The provision allowing for voluntary transfer of water and water rights as a result of conservation measures is amended. Language is added to further emphasize that the program is not to adversely affect existing water rights. The program is changed from a state-side program to one that is designed to develop and test a procedure to transfer net water savings. The procedure is to be tested in two pilot project planning areas. The Joint Select Committee on Water

Resources Policy is to review proposed guidelines regarding the transfer of net saved water.

The annual \$2 per year tax per customer of public water systems and the one-time \$15 fee for each water right permit and claim are deleted.

The exemption from property taxes for water conserving irrigation equipment is deleted.

The appropriations are deleted and a clause is added specifying that if funding for the bill is not provided in the operating budget, the bill is null and void.

**Fiscal Note:** Requested February 21, 1991.

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

**Testimony For:** (Natural Resources & Parks) This bill strives to meet the goals of cooperation established in the Chelan agreement. This establishes a government to government process to resolve significant water problems by working together. This bill is a package and it needs to be supported in its entirety. Local governments, the tribes, environmentalists, agricultural interests, business, and fishermen support this legislation. It is an important first step forward if the state is to adequately deal with water resources issues.

(Revenue) This bill is necessary to implement the cooperative water resource planning process developed by state, tribal, and local governments and significant water interests throughout the state. The conservation programs and incentives will help address present and future water supply needs. The tax imposed on customers of public water systems is needed to provide funding for the conservation programs and the planning process during the next biennium, after which other funding sources will need to be identified. Local governments and water utilities support the substitute bill of the Committee on Natural Resources and Parks.

**Testimony Against:** (Natural Resources & Parks) None.

(Revenue) None.

**Witnesses:** (Natural Resources & Parks) Kaleen Cottingham, Governor's Office; Lloyd Warren, City of Bellevue (pro); Alice Parker, representing agricultural interests (pro); Don Brunell, Association of Washington Business (pro); Mike Williams, Washington Environmental Council (pro); Harry

Smiskin, Yakima Tribe (pro); Ralph Huth, Washington Fly Fishing Club (pro); Terry Williams, Tulalip Tribe (pro); Randy Ray, Salmon for Washington (pro); Will Knedlik, private citizen (generally supports, but bill needs to be amended); and Paul Parker, WA State Association of Counties (pro).

(Revenue) Randy Ray, Salmon for Washington; and Lloyd Warren, city of Bellevue.

***VOTE ON FINAL PASSAGE:***

Yeas 89; Nays 9

Nays: Representatives Ballard, Beck, Bowman, Brumsickle, Hochstatter, Nealey, Prince, Vance, Van Luven