

HOUSE BILL REPORT

2SSB 5746

As Reported by House Committee On:

Rural Development, Agriculture & Natural Resources

Title: An act relating to drought preparedness, response, and funding.

Brief Description: Concerning drought preparedness, response, and funding.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Warnick, Nobles and Stanford).

Brief History:

Committee Activity:

Rural Development, Agriculture & Natural Resources: 2/18/22, 2/23/22 [DP].

Brief Summary of Second Substitute Bill

- Changes the name of the State Drought Preparedness and Response Account to the State Drought Preparedness Account (Preparedness Account) and requires the State Treasurer to transfer \$2 million from the General Fund into the Preparedness Account at the beginning of each biennium.
- Establishes the Emergency Drought Response Account (Response Account).
- Requires the State Treasurer, upon the issuance of a drought emergency order and after a determination of the fund balance by the Office of Financial Management, to transfer from the General Fund to the Response Account an amount necessary to bring the balance to \$3 million.
- Allows the Chair of the Joint Legislative Committee on Water Supply During Drought to convene the committee when a drought advisory is in effect.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

HOUSE COMMITTEE ON RURAL DEVELOPMENT, AGRICULTURE & NATURAL RESOURCES

Majority Report: Do pass. Signed by 13 members: Representatives Chapman, Chair; Shewmake, Vice Chair; Chandler, Ranking Minority Member; Dent, Assistant Ranking Minority Member; Fitzgibbon, Klicker, Kloba, Kretz, Lekanoff, McEntire, Orcutt, Schmick and Springer.

Minority Report: Without recommendation. Signed by 2 members: Representatives Morgan and Ramos.

Staff: Robert Hatfield (786-7117).

Background:

Drought Emergency Orders.

The Department of Ecology (Ecology) is authorized to declare drought emergencies by administrative order. Before it may declare a drought emergency, Ecology must determine an area is experiencing or is expected to experience less than 75 percent of normal water supply and is expected to suffer undue hardships as a result of the dry conditions. Prior to issuing an order, Ecology must first consult with federal and state agencies and must receive approval from the Governor. Legislation passed in 2020 authorized Ecology to issue a drought advisory when it appears drought conditions may develop based on statutory definitions of normal water supply and drought conditions.

Ecology may, upon issuing a drought emergency order, authorize emergency withdrawals of public surface and ground waters, as long as the withdrawals are put to beneficial uses and will not reduce flows below the essential minimum for fisheries and other state and federal interests. Issuing a drought order also allows Ecology to approve temporary changes in the use of a water right, employ additional people, acquire emergency equipment, and revise any drought contingency plans.

The drought emergency order also allows Ecology to make loans or grants from emergency water supply funds when necessary to help alleviate drought conditions. Under the grant program, eligible public entities may apply for grants to help mitigate the impacts of water unavailability arising from drought.

Projects may include, but are not limited to, the creation of additional water storage, development of emergency water supplies, and projects designed to mitigate for the impacts of water supply shortages on fish and wildlife. Projects must show substantial benefit from securing water supply, availability, or reliability relative to project costs. Any project funded by grant funding must be completed while the drought emergency order is in effect. These expenditures are made from the State Emergency Water Projects Revolving

Account. In addition to that account, Ecology manages the State Drought Preparedness and Response Account, which may be used only for drought preparedness and response.

Joint Legislative Committee on Water Supply During Drought.

The Joint Legislative Committee on Water Supply During Drought (Drought Committee) is composed of eight legislative members and must include the chairs of the committees with jurisdiction over water resources in each legislative chamber. The Drought Committee may convene from time to time at the call of the Chair when a drought emergency order is in effect or when the Chair determines, in consultation with Ecology, it is likely such an order will be issued within the next year. When a drought emergency order is in effect, Ecology must provide the Drought Committee with at least monthly reports describing drought response activities of Ecology and other state and federal agencies. The Drought Committee is authorized to make recommendations to the Legislature on budgetary and legislative actions to improve the state's drought response programs and planning.

Summary of Bill:

The name of the State Drought Preparedness and Response Account is changed to the State Drought Preparedness Account (Preparedness Account). At the beginning of each biennium, the State Treasurer must transfer \$2 million from the General Fund into the Preparedness Account. Expenditures may be used for both drought planning and preparedness activities, including grants under the existing grant program. Projects do not need to be completed while a drought emergency order is in effect.

An Emergency Drought Response Account (Response Account) is established to fund emergency drought response actions and grants to public entities to provide relief for the immediate hardship caused by water unavailability while a drought emergency order is in effect. Upon the issuance of a drought emergency order, the State Treasurer must transfer from the General Fund to the Response Account an amount necessary to bring the balance to \$3 million.

The Office of Financial Management (OFM) must determine the fund balance of the Response Account as of the previous fiscal month before the issuance of a drought emergency order. The OFM must promptly notify the State Treasurer and Ecology of the account balance and the necessary transfer amount once a determination is made. A transfer based on the determination by the OFM may be made only once every fiscal year. Moneys in the Response Account may be spent only after appropriation.

Ecology must provide the OFM, the Senate Ways and Means Committee, the House Appropriations Committee, and the Drought Committee with a close-out summary following the expiration of the drought emergency order.

The Chair of the Drought Committee may convene the committee when a drought advisory is in effect. Ecology must include information on grant funding in its monthly reports to the Drought Committee when a drought emergency order is in effect.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This bill was motivated by what happened in 2021. When the legislative session ended in 2021, water conditions were good, but then it stopped raining and a drought emergency order was issued. But since that happened after session had ended, there wasn't much in the way of funds in the State Drought Preparedness and Response Account. This bill sets up a system where municipal governments and natural resource agencies can draw from a Preparedness Account in advance, and then once a drought is declared, a Response Account. It is important to not get caught unprepared. Droughts appear to be occurring more frequently lately.

The impacts of last year's drought are fresh in the minds of Washingtonians. Agriculture was especially impacted by heat and drought— raspberry growers experienced a 30 percent reduction in yields, wheat was down 50 percent in some areas, and both apples and cherries were down around 20 percent. This bill will put the state in a better position to manage the next drought. The bill will also help the Legislature by adding flexibility in how the Drought Committee is convened.

The bill implements key recommendations from the state's drought plan and last year's after-action review of the state drought response. The bill provides stable funding for drought planning and preparation. Last year, the state saw first-hand what happens when a drought develops outside of the legislative session. Because there was no drought response funding appropriated, Ecology and other departments were severely limited in their ability to respond to the drought appropriately. The bill ensures up to \$3 million in funds for drought emergency response. The state is currently at less than 85 percent of normal snowpack. The bill increases water supply resilience and preparedness. Investment in planning and preparation now will reduce future costs of drought response.

(Opposed) None.

Persons Testifying: Senator Judy Warnick, prime sponsor; Tom Davis, Washington Farm Bureau; and Dave Christensen, Washington State Department of Ecology.

Persons Signed In To Testify But Not Testifying: None.