CERTIFICATION OF ENROLLMENT

**SUBSTITUTE HOUSE BILL 1138**

68th Legislature

2023 Regular Session

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| Passed by the House April 17, 2023  Yeas 96 Nays 0  **Speaker of the House of Representatives**  Passed by the Senate April 11, 2023  Yeas 49 Nays 0  **President of the Senate** | CERTIFICATE  I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 1138** as passed by the House of Representatives and the Senate on the dates hereon set forth.  Chief Clerk |
| Approved |  |
| **Governor of the State of Washington** | **Secretary of State**  **State of Washington** |

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**SUBSTITUTE HOUSE BILL 1138**

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AS AMENDED BY THE SENATE

Passed Legislature - 2023 Regular Session

**State of Washington 68th Legislature 2023 Regular Session**

**By** House Appropriations (originally sponsored by Representatives Chapman, Dent, Ramel, Leavitt, Doglio, Lekanoff, Donaghy, and Ormsby; by request of Department of Ecology)

AN ACT Relating to drought preparedness; amending RCW 43.83B.415 and 90.86.030; reenacting and amending RCW 43.83B.430; and adding new sections to chapter 43.83B RCW.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

**Sec.**  RCW 43.83B.415 and 2020 c 168 s 5 are each amended to read as follows:

(1)(a) The department is authorized to issue grants to eligible public entities to reduce current or future hardship caused by water unavailability stemming from drought conditions. No single entity may receive more than ((~~twenty-five~~)) 25 percent of the total funds available. The department is not obligated to fund projects that do not provide sufficient benefit to alleviating hardship caused by drought or water unavailability. Projects must show substantial benefit from securing water supply, availability, or reliability relative to project costs. Projects do not need to be completed while a drought emergency order under RCW 43.83B.405(2) is in effect.

(b) Except for projects for public water systems serving economically disadvantaged communities, the department may only fund up to ((~~fifty~~)) 50 percent of the total eligible cost of the project. Money used by applicants as a cash match may not originate from other state funds.

(c) For the purposes of this chapter, eligible public entities include only:

(i) Counties, cities, and towns;

(ii) Water and sewer districts formed under chapter 57.02 RCW;

(iii) Public utility districts formed under chapter 54.04 RCW;

(iv) Port districts formed under chapter 53.04 RCW;

(v) Conservation districts formed under chapter 89.08 RCW;

(vi) Irrigation districts formed under chapter 87.03 RCW;

(vii) Watershed management partnerships formed under RCW 39.34.200; and

(viii) Federally recognized tribes.

(2) Grants may be used to develop projects that enhance the ability of water users to effectively mitigate for the impacts of water unavailability arising from drought. Project applicants must demonstrate that the projects will increase their resiliency, preparedness, or ability to withstand drought conditions when they occur. Projects may include, but are not limited to:

(a) Creation of additional water storage;

(b) Implementation of source substitution projects;

(c) Development of alternative, backup, or emergency water supplies or interties;

(d) Installation of infrastructure or creation of educational programs that improve water conservation and efficiency or promote use of reclaimed water;

(e) Development or update of local drought contingency plans if not already required by state rules adopted under chapter 246-290 WAC;

(f) Mitigation of emergency withdrawals authorized under RCW 43.83B.410(1);

(g) Projects designed to mitigate for the impacts of water supply shortages on fish and wildlife; and

(h) Emergency construction or modification of water recreational facilities.

(3) During a drought emergency order pursuant to RCW 43.83B.405(2), the department shall prioritize funding for projects designed to relieve the immediate hardship caused by water unavailability.

**Sec.**  RCW 43.83B.430 and 2022 c 297 s 957 and 2022 c 296 s 7008 are each reenacted and amended to read as follows:

The state drought preparedness ((~~and response~~)) account is created in the state treasury. All receipts from appropriated funds designated for the account and all cost recovery revenues collected under RCW 43.83B.410(5) must be deposited into the account. Expenditures from the account may be used for drought planning and preparedness ((~~and response~~)) activities under this chapter, including grants issued under RCW 43.83B.415. During the 2021-2023 fiscal biennium, moneys in the account may be used for water banking pilot projects. Moneys in the account may be spent only after appropriation. During the 2021-2023 fiscal biennium, the legislature may appropriate moneys from the account for activities related to water banking.

NEW SECTION. **Sec.**  A new section is added to chapter 43.83B RCW to read as follows:

Upon the issuance of an order of drought emergency under RCW 43.83B.405(2), the state treasurer shall transfer from the general fund to the emergency drought response account created in section 4 of this act those amounts necessary to bring the balance of the emergency drought response account to $3,000,000, based upon the determination of the transfer amount from the office of financial management. The office of financial management must determine the fund balance of the emergency drought response account as of the previous fiscal month before the issuance of an order of drought emergency. The office of financial management must promptly notify the state treasurer and the department of the account balance and the necessary transfer amount once a determination is made. A transfer based on the determination by the office of financial management may be made only once every fiscal year.

NEW SECTION. **Sec.**  A new section is added to chapter 43.83B RCW to read as follows:

The emergency drought response account is created in the state treasury. All receipts from moneys received pursuant to section 3 of this act, moneys appropriated to the account by the legislature for the purpose of funding emergency drought response actions or moneys directed to the account from any other lawful source must be deposited into the account. Moneys in the account may be spent only after appropriation. Expenditures from the account may be used only for the costs of implementing the powers set forth in RCW 43.83B.410 through 43.83B.420 to provide relief for the immediate hardship caused by water unavailability while a drought emergency order issued pursuant to RCW 43.83B.405(2) is in effect. The department must, at a minimum, provide the director of the office of financial management, legislative fiscal committees, and the joint legislative committee on water supply during drought, established under RCW 90.86.010, with a close-out cost summary following the expiration of an emergency drought order during which expenditures were made from the account.

**Sec.**  RCW 90.86.030 and 2010 1st sp.s. c 7 s 122 are each amended to read as follows:

(1) The joint legislative committee on water supply during drought shall convene from time to time at the call of the chair when an advisory is in effect under RCW 43.83B.405(1), when a drought ((~~conditions~~)) emergency order under RCW 43.83B.405 is in effect, or when the chair determines, in consultation with the department of ecology, that it is likely that such an order will be issued within the next year.

(2) The committee may request and review information relating to water supply conditions in the state, and economic, environmental, and other impacts relating to decreased water supply being experienced or anticipated. The governor's executive water emergency committee, the department of ecology, and other state agencies with water management or related responsibilities shall cooperate in responding to requests from the committee.

(3) During drought conditions in which ((~~an~~)) a drought emergency order issued under RCW 43.83B.405(2) is in effect, the department of ecology shall provide to the committee no less than monthly a report describing drought response activities of the department and other state and federal agencies participating on the water supply availability committee. The report shall include information regarding applications for, and approvals and denials of emergency water withdrawals and temporary changes or transfers of, water rights under RCW 43.83B.410. The report must include information regarding grants applied for or issued under RCW 43.83B.415.

(4) The committee from time to time shall make recommendations to the senate and house of representatives on budgetary and legislative actions that will improve the state's drought response programs and planning.

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