HOUSE BILL REPORT
ESSB 5303

As Reported by House Committee On:
Agriculture & Natural Resources
Capital Budget

Title: An act relating to extending the water supply milestone for the Yakima river basin integrated plan to 2035.

Brief Description: Extending the water supply milestone for the Yakima river basin integrated plan to 2035.

Sponsors: Senate Committee on Agriculture & Natural Resources (originally sponsored by Senators Warnick, Chapman, Dozier, Nobles and Torres).

Brief History:
Committee Activity:
Agriculture & Natural Resources: 3/19/25, 4/1/25 [DPA];
Capital Budget: 4/7/25, 4/8/25 [DPA(AGNR)].

Brief Summary of Engrossed Substitute Bill
(As Amended by Committee)

- Extends water supply milestones to implement the Yakima River Basin Integrated Water Resource Management Plan from July 1, 2025, to July 1, 2035.

HOUSE COMMITTEE ON AGRICULTURE & NATURAL RESOURCES

Majority Report: Do pass as amended. Signed by 11 members: Representatives Reeves, Chair; Morgan, Vice Chair; Dent, Ranking Minority Member; Engell, Assistant Ranking Minority Member; Bernbaum, McClintock, Nance, Orcutt, Richards, Schmick and Springer.

Staff: Lily Smith (786-7175).

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.

Background:

The Yakima River Basin Integrated Water Resource Management Plan (Integrated Plan) was developed to improve water supply and management in the Yakima River Basin along with environmental goals. The Department of Ecology (Ecology) is authorized to develop water supply solutions consistent with the Integrated Plan that provide concurrent benefits to both instream and out-of-stream uses.

Ecology and the Office of the State Treasurer (OST) must prepare and periodically update a cost estimate and financing plan for the Integrated Plan in which at least half of the cost comes from nonstate sources with a significant portion coming from local beneficiaries of the projects. Until July 1, 2025, prior to an appropriation for the construction of a water supply project under the Integrated Plan that costs more than $100 million, the Washington Water Resource Center (Center) must evaluate the cost-benefit analysis for the project.

In 2013 the Department of Natural Resources purchased land under the Integrated Plan to establish the Teanaway Community Forest. If by June 30, 2025, permits and funding are in place for construction of facilities that produce at least 214,000 acre-feet of water for out-of-stream and instream uses, the land will remain in the Community Forest Trust. If not, the Board of Natural Resources is authorized to place the land in the Common School Trust.

Any investment in land purchased for a community forest with a loan from the Common School Trust Fund is subject to an annual interest payment.

Summary of Amended Bill:

The following dates are extended from June 30, 2025, to June 30, 2035:

- milestones in the Integrated Plan to secure required permits and funding for one or more water supply facilities designed to provide at least 214,000 acre-feet of water; and
- the requirement for the Center to provide a cost-benefit analyst before appropriations for a water supply project that costs more than $100 million.

Ecology, with assistance from the OST, must periodically update the cost estimate and financing plan for the Integrated Plan.

Amended Bill Compared to Engrossed Substitute Bill:

The striking amendment removes the June 30, 2025, expiration of the interest payment on a loan from the Common School Trust Fund that was added by the bill, restoring the annual interest payment requirement for the life of the loan.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on April 1, 2025.

Effective Date of Amended Bill: The bill contains an emergency clause and takes effect on June 30, 2025.

Staff Summary of Public Testimony:

(In support) Water storage in this area is difficult, but the Yakama Nation is dedicated to resolving this. Water is needed for fish and the basin as a whole. The Teanaway is a very special project, though there were questions when it was purchased. Having it as a community was a big part of gaining the community's trust. This plan provides for a cost share with the federal government. It is important to keep all of the organizations at the table, as water supply and habitat protection must work together. All of the partners agree that we need a bit more time to figure out a path forward while continuing to protect the Teanaway and this work. We need to increase storage at smaller facilities, use tax dollars efficiently, and work smarter. Ten years is not a lot of time in the context of permitting. We can get these projects permitted in another 10 years.

(Opposed) This legislation extends a poison pill to return the Teanaway to the Common School Trust. This provision was originally a quid pro quo to ensure support from certain groups. The climate has changed across the country, and there won't be as much funding for projects like this. Everyone appreciates the hard work of the farmers and the conservationists, but there may be a demand switch from cash crops to food that residents can eat themselves. The Teanaway should be left as a community forest, and the stakeholders should be more realistic about what can be achieved here. There has not been transparency about the interest payment. This takes away funding from the Common School Trust. Only a small percentage of the milestones have been met, and it is current extremely expensive. This project is a billion dollar solution to a million dollar problem. The poison pill could be removed without adverse consequences.

(Other) It has been documented that Ecology is unlikely to meet the current deadline. Additional projects are moving forward, but they are costly. By specifying the collaboration with the OST and the Treasurer's role, this bill improves the process. The change in the interest payment affects a trust asset, with severe impacts to the trust responsibilities. There is a constitutional principle to uphold, of making the trust whole. Some of these are controversial water projects. It has been over 10 years since the Center released its cost-benefit analysis, and the storage infrastructure projects have a low benefit-to-cost ration. There is a reason this hasn't been built, as it does not deliver on its promises.

Persons Testifying: (In support) Senator Judy Warnick, prime sponsor; Phil Rigdon, Yakama Nation; Urban Eberhart, Kittitas Reclamation District (KRD); Brandon Parsons, American Rivers; and Amanda McKinney, Yakima County Commissioner.

(Opposed) John Reeves; and Rick McGuire, Alpine Lakes Protection Society.

(Other) Chris Maykut, Friends of Bumping Lake; Duane Emmons; and Larry Mattson, Department of Ecology.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON CAPITAL BUDGET

Majority Report: Do pass as amended by Committee on Agriculture & Natural Resources. Signed by 16 members: Representatives Tharinger, Chair; Callan, Vice Chair; Steele, Ranking Minority Member; Abbarno, Assistant Ranking Minority Member; McClintock, Assistant Ranking Minority Member; Barnard, Dye, Eslick, Fosse, Leavitt, Morgan, Rule, Salahuddin, Walsh, Waters and Zahn.

Staff: Robert Hatfield (786-7117).

Summary of Recommendation of Committee On Capital Budget Compared to Recommendation of Committee On Agriculture & Natural Resources:

No new changes were recommended.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on April 7, 2025.

Effective Date of Amended Bill: The bill contains an emergency clause and takes effect on June 30, 2025.

Staff Summary of Public Testimony:

(In support) The Yakima Basin Integrated Plan has gotten attention at the national and international levels for the collaboration it represents between diverse interests.

Water is of the utmost importance, and there is a need to protect it for future generations. There have been many years of struggles in the Yakima River Basin centered on the over-allocation of water. Fighting over that water did not lead to a productive outcome. Under the Yakima Basin Integrated Plan, everybody with an interest in water issues in the basin has gotten to come together to achieve the goals, not just of one party, but of the entire basin. The Teanaway Community Forest was a critical first step in protecting the headwaters of the Yakima River Basin. The protections for the Teanaway Community Forest ensure the resiliency of the entire basin. Additional water storage is critical to be able to release water at needed times. Three stocks of salmon were extirpated from the

basin before the implementation of the Yakima Basin Integrated Plan, and all three are now returning to the basin.

The Yakima Basin Integrated Plan is a proven model to protect water in the Yakima River Basin, and also a proven model for tackling similar challenges around the state, nation, and world. A key element of the plan is that it delivers additional water for multiple partners, including agricultural, municipal, and conservation. The participants have been making good progress on various milestones within the Yakima Basin Integrated Plan. It is important to be able to continue this progress for the next 10 years.

Parties had spent a long time fighting in state and federal court over water in the Yakima River Basin, but eventually they came to see that a more collaborative approach was needed. There are many potential storage projects throughout the Yakima River Basin that are being considered. The participants in the Yakima Basin Integrated Plan now have a better ability to store and deliver water, better even than when the plan was first developed. The combination of potential surface and groundwater storage projects throughout the basin is now at well over 400,000 acre-feet of total additional capacity.

(Opposed) None.

Persons Testifying: Senator Judy Warnick, prime sponsor; Urban Eberhart, Kittitas Reclamation District; Brandon Parsons, American Rivers; and Joe Blodgett, Yakama Nation.

Persons Signed In To Testify But Not Testifying: None.