CERTIFICATION OF ENROLLMENT

ENGROSSED SUBSTITUTE SENATE BILL 5303

Chapter 285, Laws of 2025

69th Legislature
2025 Regular Session

YAKIMA RIVER BASIN INTEGRATED PLAN—WATER SUPPLY MILESTONE—EXTENSION

EFFECTIVE DATE: June 30, 2025

Passed by the Senate April 17, 2025
Yeas 49 Nays 0

JOHN LOVICK

President of the Senate

Passed by the House April 10, 2025
Yeas 94 Nays 1

LAURIE JINKINS

Speaker of the House of Representatives

Approved May 15, 2025 1:53 PM

BOB FERGUSON

Governor of the State of Washington

CERTIFICATE

I, Sarah Bannister, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE SENATE BILL 5303** as passed by the Senate and the House of Representatives on the dates hereon set forth.

SARAH BANNISTER

Secretary

FILED

May 19, 2025

Secretary of State
State of Washington

ENGROSSED SUBSTITUTE SENATE BILL 5303

AS AMENDED BY THE HOUSE

Passed Legislature - 2025 Regular Session

State of Washington 69th Legislature 2025 Regular Session

By Senate Agriculture & Natural Resources (originally sponsored by Senators Warnick, Chapman, Dozier, Nobles, and Torres)

READ FIRST TIME 02/03/25.

AN ACT Relating to extending the water supply milestone for the Yakima river basin integrated plan to 2035; amending RCW 90.38.010, 90.38.110, 90.38.120, and 90.38.130; providing an effective date; providing an expiration date; and declaring an emergency.

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

Sec. 1. RCW 90.38.010 and 2013 2nd sp.s. c 11 s 2 are each amended to read as follows:

The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Department" means the department of ecology.

(2) "Integrated plan" means the Yakima river basin integrated water resource management plan developed through a consensus-based approach by a diverse work group of representatives of the Yakama Nation, federal, state, county, and city governments, environmental organizations, and irrigation districts, which is to be implemented consistent with congressional Yakima river basin water enhancement project enactments and for which the final programmatic environmental impact statement was made available for review through public notice published in the federal register (77 FR 12076 (2012)).

(3) "Net water savings" means the amount of water that through hydrological analysis is determined to be conserved and usable for

other purposes without impairing existing water rights, reducing the ability to deliver water, or reducing the supply of water that otherwise would have been available to other water users.

(4) "Trust water right" means that portion of an existing water right, constituting net water savings, that is no longer required to be diverted for beneficial use due to the installation of a water conservation project that improves an existing system. The term "trust water right" also applies to any other water right acquired by the department under this chapter for management in the Yakima river basin trust water rights program.

(5) "Water conservation project" means any project funded to further the purposes of this chapter and that achieves physical or operational improvements of efficiency in existing systems for diversion, conveyance, or application of water under existing water rights.

(6) "Water supply facility permit and funding milestone" means a date prior to June 30, ((~~2025~~)) 2035, when required permits have been approved, and funding has been secured to begin construction on one or more water supply facilities designed to provide at least ((~~two hundred fourteen thousand~~)) 214,000 acre feet of water to be used for instream and out-of-stream uses.

(7) "Yakima river basin water enhancement project" means a series of congressional enactments, originally initiated by the United States congress in 1979 under P.L. 96-162, with subsequent federal implementing legislation being passed in 1984 under section 109 of P.L. 98-381 to promote fish passage improvements, and in 1994 under P.L. 103-434, as amended by P.L. 105-62 in 1997 and P.L. 106-372 in 2000, to promote water conservation, water supply, habitat, and stream enhancement improvements in the Yakima river basin.

Sec. 2. RCW 90.38.110 and 2013 2nd sp.s. c 11 s 10 are each amended to read as follows:

(1) Prior to the appropriation of funding for the construction of a water supply project proposed in the integrated plan with a cost of greater than ((~~one hundred million dollars~~)) $100,000,000, the state of Washington water research center shall review, evaluate, and prepare comments on the cost-benefit analysis prepared for the project by the department and the United States bureau of reclamation.

(2) To the greatest extent possible, the center must use information from existing studies, supplemented by primary research, to measure and evaluate each project's benefits and costs.

(3) The center must measure and report the economic benefits of each project subject to subsection (1) of this section, so that it is clear the extent to which an individual project is expected to result in increases in fish populations, increases in the reliability of irrigation water during severe drought years, and improvements in municipal and domestic water supply.

(4) The center may enter into agreements with other state universities and with private consultants as needed to accomplish the scope of work.

(5) The center may consult, as necessary, with the department of ecology and the Yakima river basin water enhancement project work group.

(6) No more than ((~~twelve~~)) 12 percent of any appropriations provided for the implementation of this section may be retained for administrative overhead expenses.

(7) This section expires July 1, ((~~2025~~)) 2035.

Sec. 3. RCW 90.38.120 and 2013 2nd sp.s. c 11 s 11 are each amended to read as follows:

(1)(a) It is the intent of the legislature for the state to pay its fair share of the cost to implement the integrated plan. At least one-half of the total costs to finance the implementation of the integrated plan must be funded through federal, private, and other nonstate sources, including a significant contribution of funding from local project beneficiaries. This section applies to the total costs of the integrated plan and not to individual projects within the plan.

(b) The state's continuing support for the integrated plan shall be formally reevaluated independently by the governor and the legislature if, after December 31, 2021, and periodically thereafter, the actual funding provided through nonstate sources is less than one-half of all costs and if funding from local project beneficiaries does not comprise a significant portion of the nonstate sources.

(2) The department shall deliver, consistent with the intent of this section, a cost estimate and financing plan that addresses the total estimated cost to implement the integrated plan and analyzes various financing options. The cost estimate and financing plan must

include a description of state expenditures as of September 28, 2013, incurred implementing the integrated plan and proposed state expenditures in the 2015-2017 biennium and beyond with proposed financing sources for each project.

(3) In addition, the department, with assistance from the office of the state treasurer, shall prepare supplementary chapters to the cost estimate and financing plan for the department that:

(a) Identifies and evaluates potential new state financing sources to pay for the state's contribution towards the overall costs of the Yakima integrated plan's implementation;

(b) Identifies and evaluates potential new local financing sources to pay for a significant local contribution towards the overall costs of the Yakima integrated plan's implementation;

(c) Considers the viability, and evaluates the advantages and disadvantages of various financing mechanisms such as revenue bonds, general obligation bonds, and other financing models;

(d) Identifies past, current, and anticipated future costs that will be, or are anticipated to be, paid by nonstate sources such as federal sources, private sources, and local sources; and

(e) Considers how cost overruns of projects associated with the integrated plan could affect long-term financing of the overall integrated plan and provides options for how cost overruns can be addressed.

(4) The department may, in the sole discretion of the department, contract with state universities or private consultants for any part of the cost estimate and financing plan required under this section.

(5) The initial cost estimate and financing plan required by this section must be provided to the governor and the legislature, consistent with RCW 43.01.036, by no later than December 15, 2014, for consideration in preparing the 2015-2017 biennial budget and future budgets. The cost estimate and financing plan must be updated by September 1st of each successive even-numbered year.

Sec. 4. RCW 90.38.130 and 2013 2nd sp.s. c 11 s 12 are each amended to read as follows:

(1) Subject to the availability of amounts appropriated for this specific purpose, the department of natural resources is authorized to purchase land to be held in the community forest trust under RCW 79.155.040 to serve the purposes of the community forest trust including the protection of Yakima river basin functioning, without

complying with the requirements of RCW 79.155.030(1), 79.155.060, or 79.155.070, relating to the identification, prioritization, local commitment, and financial contribution normally prerequisite to nominating and acquiring community forest trust lands. The purchase must be reviewed and approved by the board of natural resources. In its evaluation of this acquisition pursuant to RCW 79.155.040(3), the board is relieved from considering the criteria for identifying and prioritizing land set forth in RCW 79.155.050. Once purchased, the land must be managed by the department of natural resources in consultation with the department of fish and wildlife. Any investment in the land purchase with funds belonging to the common school trust constitutes a loan from the irreducible principal of the common school trust and may only be made if first determined to be a prudent investment by the board of natural resources. An annual interest payment on the loan of nine percent must be paid, with six percent deposited into the common school construction account and three percent deposited into the real property replacement account. Interest begins to accrue on the date the land purchase is completed and is due and payable July 1st following the completion of the state fiscal year. The principal of the loan must be repaid in accordance with the provisions of subsection (3) of this section.

(2) The land purchased under this authority must be managed under a transitional postacquisition management plan during the period between the date of purchase and the water supply facility permit and funding milestone or until June 30, ((~~2025~~)) 2035, whichever is sooner. The plan must be consistent with RCW 79.155.080(1), provided that the lands acquired as community forest trust lands are not required to generate financial support for their management as would otherwise be required by RCW 79.155.020(2), 79.155.030(2)(d), and 79.155.080(3), and provided further that the authority granted to the department to divest of the property under RCW 79.155.080(4) does not apply to these lands. The department of natural resources must develop the transitional postacquisition management plan in consultation with the department of fish and wildlife.

(a) The plan must ensure that the land is managed in a manner that is consistent with the Yakima basin integrated plan principles for forestland acquisitions, including the following:

(i) To protect and enhance the water supply and protect the watershed;

(ii) To maintain working lands for forestry and grazing while protecting key watershed functions and aquatic habitat;

(iii) To maintain and where possible expand recreational opportunities consistent with watershed protection, for activities such as hiking, fishing, hunting, horseback riding, camping, birding, and snowmobiling;

(iv) To conserve and restore vital habitat for fish, including steelhead, spring chinook, and bull trout, and wildlife, including deer, elk, large predators, and spotted owls; and

(v) To support a strong community partnership, in which the Yakama Nation, residents, business owners, local governments, conservation groups, and others provide advice about ongoing land management.

(b) The department of natural resources, in consultation with the department of fish and wildlife, must establish the Teanaway community forest advisory committee that includes representatives from the department of ecology, the local community, land conservation organizations, the Yakama Nation, the Kittitas county commission, and local agricultural interests.

(c) By June 30, 2015, the department of natural resources must complete the transitional postacquisition management plan with a public process that involves interested stakeholders, particularly residents from Kittitas county, friends of the Teanaway, back country horsemen, off-road vehicle and snowmobile users, a representative from Kittitas field and stream, hikers and wildlife watchers, and ranchers who graze cattle.

(3) After the water supply facility permit and funding milestone or June 30, ((~~2025~~)) 2035, whichever is sooner, the land must be disposed of in the following manner:

(a) If the water supply facility permit and funding milestone conditions have been met, the land remains in the community forest trust and the transitional postacquisition management plan must be converted to a permanent postacquisition management plan with whatever updates and amendments are periodically adopted. Under these conditions, the remaining principal of any investment in the land purchased with funds belonging to the common school trust must be repaid to the real property replacement account.

(b) If the water supply facility permit and funding milestone conditions have not been met, the board of natural resources must decide between the following dispositions of the land:

(i) Deposit of the entire amount of land purchased into the ownership of the common school trust for management or disposition for the benefit of the common schools; or

(ii) Disposition under the terms of (a) of this subsection.

NEW SECTION. **Sec. 5.** This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect June 30, 2025.

Passed by the Senate April 17, 2025.
Passed by the House April 10, 2025.
Approved by the Governor May 15, 2025.
Filed in Office of Secretary of State May 19, 2025.

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