

HOUSE BILL REPORT

HB 2727

As Reported By House Committee On:
Natural Resources & Parks
Capital Budget

Title: An act relating to fisheries and water conservation.

Brief Description: Authorizing uses of bond proceeds in the local improvements revolving account--water supply facilities.

Sponsors: Representatives King, Pruitt and Rust.

Brief History:

Reported by House Committee on:
Natural Resources & Parks, February 4, 1994, DPS;
Capital Budget, February 7, 1994, DPS.

HOUSE COMMITTEE ON NATURAL RESOURCES & PARKS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Pruitt, Chair; R. Johnson, Vice Chair; Dunshee; Linville; Sheldon; Valle and Wolfe.

Minority Report: Do not pass. Signed by 4 members: Representatives Stevens, Ranking Minority Member; McMorris, Assistant Ranking Minority Member; Schoesler and B. Thomas.

Staff: Linda Byers (786-7129).

Background: In 1980, voters in the state passed Referendum 38, which created a source of funds for construction and improvement of water supply facilities. The initial allocation was \$75 million for domestic, municipal, and industrial water supply facilities, and \$50 million for water supply facilities for agricultural use alone or in combination with fishery, recreational, or other beneficial uses of water. Funds in the first category are administered by the Department of Health, while the Department of Ecology administers funds in the second category. Grants or loans from Referendum 38 funds may only be made to public bodies.

The funds administered by the Department of Health have been depleted. Approximately \$27 million remains of the funds administered by the Department of Ecology.

Summary of Substitute Bill: The eligible uses for the funds administered by the Department of Ecology are expanded to include fishery, recreational, or other beneficial uses of water in agricultural areas.

In addition to public bodies, proceeds may be used for funding improvements by individual landowners, provided that the improvements result in net water savings and the water savings are returned to the state through the trust water rights program. Proceeds may also be used for direct purchase or lease of water rights by the state for use as trust water.

In administering its share of the Referendum 38 funds, the Department of Ecology is directed to give a higher priority to projects which result in water conservation or improved water use efficiency or which benefit fish. Proposals from public bodies for water conservation projects will only be funded if a significant portion of the conserved water is returned to the state as trust water. Where possible, this trust water is to be used for instream flows.

Substitute Bill Compared to Original Bill: The amendment to the original bill was technical in nature to reorganize subsections.

Fiscal Note: Available.

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

Testimony For: Instream flow rules have only been adopted in 18 out of 62 water resource inventory areas. More than 100 fish stocks are in decline; for 25 stocks, water withdrawals or lack of instream flows have been specifically identified as a causative factor in stock decline. The state's trust water rights program offers an opportunity for increased instream flows, but there has been no incentive for people to use the program. This proposal recognizes the availability of funding, the possibilities of the trust water rights program, and the importance of water conservation, and it encourages the protection of instream flows.

Testimony Against: None.

Witnesses: Representative Dick King (prime sponsor); Judy Turpin, Washington Environmental Council; and Joe LaTourrette, Washington Wildlife Federation (all in favor).

HOUSE COMMITTEE ON CAPITAL BUDGET

Majority Report: The substitute bill by Committee on Natural Resources & Parks be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Wang, Chair; Ogden, Vice Chair; Sehlin, Ranking Minority Member; Brough; Eide; R. Fisher; Heavey; Jacobsen; Jones; Moak and Romero.

Minority Report: Do not pass. Signed by 2 members:
Representatives McMorris, Assistant Ranking Minority Member;
and B. Thomas.

Staff: Nancy Stevenson (786-7137).

**Summary of Recommendation of Committee on Capital Budget
Compared to Recommendation of Committee on Natural Resources
& Parks:** No new changes were recommended.

Fiscal Note: Available.

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

Testimony For: This would help provide water for decreasing
stocks of fish. The bill makes funding available to help
conserve water. The bill creates an incentive to use the
state's trust water rights program. There is not a
constitutional problem with lending the state's credit
because the state is buying something of value and there is
a substantial public benefit as well. Both water supply and
fishery related projects can be done.

Testimony Against: There is no agricultural connection to
some of the funding under this proposal. It would allow
projects to individual landowners which may not be
coordinated for the best use or benefit. There is concern
that the purchase of water rights will become the primary
focus of the program. There is a potential negative effect
on junior water right holders.

Witnesses: Representative Dick King (prime sponsor); Judy
Turpin, Washington Environmental Council (pro); and Mike
Schwisow, Washington Water Resources Association (opposed).