
**Agriculture & Natural Resources
Committee**

HB 2596

Brief Description: Providing that sales and use taxes imposed by rural counties may be used for purchasing water rights for water banking.

Sponsors: Representatives Chandler, Warnick, Ross, Johnson and Haler.

Brief Summary of Bill

- Expands the uses of county-imposed sales and use tax revenue to allow for the purchase of water rights to be used for water banking in water where the Department of Ecology and the county concur that groundwater has been over-appropriated.

Hearing Date: 2/4/14

Staff: Jason Callahan (786-7117).

Background:

Local sales and use tax.

Counties may impose a sales and use tax that is additive to the state sales and use tax. However, if a local sales and use tax is imposed, the revenues may only be used to finance facilities and for personnel related to economic development.

Groundwater management.

All groundwater withdrawals require an application and permit from the Department of Ecology (Department). Exemptions from this permit include any withdrawal of public groundwater for stock-watering purposes or for watering a lawn or a noncommercial garden of less 0.5 acres.

Single or group domestic uses or industrial purposes in an amount not exceeding 5,000 gallons a day are also exempt. Court rulings have held that group uses are only eligible to withdraw a total of 5,000 gallons per day for the entire group under the applicable exemption.

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

The Department has exercised authority in certain regions of the state to limit groundwater withdrawals. This includes Department rules applicable to portions of Skagit, Kittitas, Clallam, and Jefferson counties.

Water Banks.

According to the Department, water banking is an institutional mechanism used to facilitate the legal transfer and market exchange of various types of surface, groundwater, and water storage.

The term "water banking" is widely used to refer to a variety of water management practices. Water banking is typically facilitated by an institution that operates in the role of broker or clearinghouse. Many banks pool water supplies from willing sellers and make them available as credits to willing buyers.

In 2003 legislation was passed to allow banking in the Yakima Basin using the State Trust Water Program. During the 2009 legislative session, the law was amended to clarify that this tool is available to use for banking statewide.

Summary of Bill:

The uses of a county-imposed sales and use tax are expanded to allow the revenue to be used to purchase water rights to be used for water banking. This discretion may only be exercised in water basins where the Department and the county concur that groundwater has been over appropriated.

Appropriation: None.

Fiscal Note: Not requested.

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