

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 1187 E HB	<b>Title:</b> Water banking best practices
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## Estimated Cash Receipts

NONE

## Estimated Expenditures

Agency Name	2015-17			2017-19			2019-21		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Department of Ecology	.0	0	0	.0	0	0	.0	0	0
Total	0.0	\$0	\$0	0.0	\$0	\$0	0.0	\$0	\$0

Local Gov. Courts *									
Loc School dist-SPI									
Local Gov. Other **	Fiscal note not available								
Local Gov. Total									

## Estimated Capital Budget Impact

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). A fiscal analysis was prepared to show the projected ten-year cost to tax or fee payers of the proposed taxes or fees. The ten-year projection can be viewed at <http://www.ofm.wa.gov/tax/default.asp>

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\* See Office of the Administrator for the Courts judicial fiscal note

\*\* See local government fiscal note

FNPID: 43613

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1187 E HB	<b>Title:</b> Water banking best practices	<b>Agency:</b> 461-Department of Ecology
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## Part I: Estimates

**No Fiscal Impact**

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). A fiscal analysis was prepared to show the projected ten-year cost to tax or fee payers of the proposed taxes or fees. The ten-year projection can be viewed at

<http://www.ofm.wa.gov/tax/default.asp>

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 01/29/2016
Agency Preparation: Jim Skalski	Phone: 360-407-6617	Date: 02/04/2016
Agency Approval: Erik Fairchild	Phone: 360-407-7005	Date: 02/04/2016
OFM Review: Linda Steinmann	Phone: 360-902-0573	Date: 02/04/2016

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

EHB 1187 was introduced during the 2015 session. The EHB version is the same as the current 2016 version of the bill. There is no change to the fiscal impact identified during the 2015 session.

#### BACKGROUND:

Water banking is an institutional mechanism used to facilitate the legal transfer and market exchange of various types of surface, groundwater, and storage entitlements. In Washington State, water banking is available statewide and mostly uses the State Trust Water program as the vault to hold water so that banked water is not subject to relinquishment. The term “water banking” is widely used to refer to a variety of water management practices. Banking is facilitated by an institution that operates in the role of broker, clearinghouse, or market-maker. Many banks pool water supplies from willing sellers and make them available as credits to willing buyers.

#### SUMMARY:

The bill would establish definitions and best practices for the operation and management of water banks in the Yakima basin in central Washington State.

Section 1 would establish findings by the legislature related to the establishment of a Yakima basin water bank.

Section 2 would define “Yakima basin water bank sponsor” to include any person, corporation or other entity, including state agencies or local government that directly or indirectly holds a legal or beneficial interest in a trust water right from which mitigation credits will be offered for sale to other parties for domestic supply purposes in the Yakima basin.

Section 3 would require all Yakima basin water bank sponsors to file with Ecology, a schedule showing all costs and fees charged for a mitigation credit. This section would also require water bank sponsors to provide notice to Ecology at least 30 days in advance of any change to such a schedule. Ecology would be required to post such notices on its agency internet website.

Section 4(1) would authorize Yakima basin water bank sponsors to establish a water bank for any lawful purpose and retains authority to establish costs, fees, or other charges for the purchase and sale of mitigation credits. Section 4(2) would declare that nothing in this section prevents a Yakima basin water bank sponsor from establishing a water bank for limited purposes.

Section 5 would require water bank sponsors to demonstrate the availability of adequate, reliable and uninterrupted water supply associated with each mitigation credit. The bank would be required to record each mitigation credit with the county auditor. This section would also require Ecology to ensure that each new water use for which mitigation is required would not cause detriment or injury to existing water rights.

Section 6 would declare this act be known as the water banking best practices act.

Section 7 would declare that if any provision of this act or its application is held invalid, the remainder of the act

or application to other persons or circumstances is not affected.

Section 8 provides an emergency clause, which would make this bill take effect immediately.

Currently, there are 8 water banks that would fall under the parameters of this bill and would be defined as a Yakima basin water bank sponsor. Ecology assumes that for section 3, Yakima basin water bank sponsors would file one schedule per year with Ecology, which is estimated to take 10 hours annually to file and track schedules received. The minimal time to receive schedules is negligible and within the existing function and workload of current secretarial activities, so there would be no fiscal impact. For section 5, Ecology already ensures each water right transaction demonstrates availability and reliability standards and does not impair or injure any senior water rights, so this would have no fiscal impact. Overall, this bill does not have any fiscal impact.

#### **II. B - Cash receipts Impact**

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

#### **II. C - Expenditures**

*Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.*

### **Part III: Expenditure Detail**

### **Part IV: Capital Budget Impact**

### **Part V: New Rule Making Required**

*Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.*