

Operating and Capital budgets for the pilot grant program for water banking strategies to meet local water needs.

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CAPITAL BUDGET – SHB 1080

Sec 3112 – ECY – Page 175

The appropriation in this section is subject to the following conditions and limitations:

(1)(a) The appropriations in this section are provided solely for the department to administer a pilot grant program for water banking strategies to meet local water needs.

(b) \$2,000,000 is provided solely for qualified applicants located within the Methow River Basin.

(2)(a) Grant awards may only be used for:

(i) Development of water banks in rural counties as defined in RCW 82.14.370(5);

(ii) Acquisition of water rights appropriate for use in a water bank including all costs necessary to evaluate the water right for eligibility for its intended use; and

(iii) Activities necessary to facilitate the creation of a water bank.

(b) For applicants located outside of the Methow River Basin, grant awards may only be used for the development of water banks in rural counties that have the headwaters of a major watershed within their borders and only for water banking strategies within the county of origin. For purposes of this section, "major watershed" has the same meaning as shoreline of statewide significance in RCW 90.58.030(2)(f)(v) (A) and (B).

(3) Grant awards may not exceed \$2,000,000 per applicant.

(4) For the purposes of a grant pursuant to this section, a water bank must meet water needs, which include, but are not limited to, agricultural use and instream flow for fish and wildlife. The water bank must preserve water rights for use in the county of origin and for permanent instream flows for fish and wildlife through the primary and secondary reaches of the water right.

(5) To be eligible to receive a grant under this section, an applicant must:

(a) Be a public entity or a participant in a public-private partnership with a public entity;

(b) Exhibit sufficient expertise and capacity to develop and maintain a water bank consistent with the purposes of this appropriation;

(c) Secure a valid interest to purchase a water right;

(d) Show that the water rights appear to be adequate for the intended use; and

(e) Agree to have one-third of any water right purchased with the funds appropriated under this section to have its purpose of use changed permanently to instream flow benefiting fish and wildlife.

Appropriation:

State Building Construction Account—State	\$5,000,000
Prior Biennia (Expenditures)	\$0
Future Biennia (Projected Costs)	\$0
TOTAL	\$5,000,000

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(32) \$4,500,000 of the general fund—state appropriation for fiscal year 2022 and \$4,500,000 of the general fund—state appropriation for fiscal year 2023 are provided solely for the department to administer the pilot grant program for water banking strategies to meet water needs as described in this section. Within available appropriations, grants must be awarded to qualified applicants according to (c) of this subsection. Grant awards must be limited to not more than \$2,000,000 per applicant.

(a) Grant awards may only be used for:

(i) Development of water banks in rural counties as defined in RCW 82.14.370(5) that have the headwaters of a major watershed within their borders and only for water banking strategies within the county of origin. A major watershed has the same meaning as shoreline of the state in RCW 90.58.030(2)(f)(v) (A) and (B);

(ii) Acquisition of water rights appropriate for use in a water bank including all costs necessary to evaluate the water right for eligibility for its intended use; and

(iii) Activities necessary to facilitate the creation of a water bank.

(b) For the purposes of a grant pursuant to this section, a water bank must meet water needs, which include but are not limited to agricultural use and instream flow for fish and wildlife. The water bank must preserve water rights for use in the county of origin and for permanent instream flows for fish and wildlife through the primary and secondary reaches of the water right.

(c) To be qualified for these funds, an applicant must also show:

(i) That the applicant has sufficient expertise and capacity to develop and maintain a water bank consistent with the purposes of this appropriation;

(ii) That the applicant has secured a valid interest to purchase a water right;

(iii) That the water rights appear to be adequate for the intended use;

(iv) That the applicant agrees to have one-third of any water right purchased with the funds appropriated under this section to have its purpose of use changed permanently to instream flow benefiting fish and wildlife; and

(v) That the applicant is a public entity or a participant in a public/private partnership with a public entity.

(33) \$500,000 of the general fund—state appropriation for fiscal year 2022 and \$500,000 of the general fund—state appropriation for fiscal year 2023 are provided solely for the department to:

(a) Establish and administer a pilot grant program for implementing water banking strategies to meet local water needs;

(b) Review water banking grant applications submitted under this section, including evaluation of water right suitability; and

(c) Develop and finalize water banking agreements, trust water right agreements, and other necessary legal instruments with entities selected to receive grants under this section.