



NEBRASKA ASSOCIATION OF RESOURCES DISTRICTS

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April 26, 2007

TO: NARD Board, NRD Managers and Conservation Partners
FROM: Dean E. Edson, NARD Executive Director
RE: April 26 NARD UPDATE

LB 289, Changes to Elections for Exceeding the Budget -- Senators advanced LB 289 to Select File this week, which changes the election procedure for exceeding the tax levy limit. Current law allows certain political subdivisions and villages to approve a levy in excess of the limits or the final levy allocation at a meeting of the residents of the political subdivision or village called after public notice. At least ten percent of the political subdivision or village constitutes a quorum for purposes of taking action to exceed the limits or final levy allocation. Under LB 289, a record will be made of the registered voters residing in the political subdivisions or village who are present at the meeting. The method of voting will protect the secrecy of the ballot. The committee amendment strikes obsolete provisions in § 77-3444 dealing with special elections held before October 10, 1998.

Republican River Basin Water Bill Approved – State Senators gave final approval to LB 701 on a 43 (yes) - 0 (no) - 6 (not voting) vote and LB 701A on a 44 (yes) - 0 (no) – 5 (not voting) vote on Thursday, April 26. Senators voted on the bill after a procedural vote to suspend the rules to take up the measure. The rule suspension was necessary as the rules require the budget to be approved before senators can approve other appropriations bills.

Here is how the Senators voted on LB 701:

Yes: *Adams, Aguilar, Ashford, Avery, Burling, Carlson, Christensen, Cornett, Dierks, Engel, Erdman, Fischer, Flood, Friend, Fulton, Gay, Hansen, Harms, Heidemann, Howard, Hudkins, Janssen, Johnson, Karpisek, Kopplin, Kruse, Langemeier, Loudon, McDonald, McGill, Mines, Nantkes, Nelson, Pahls, Pankonin, Pedersen, Pirsch, Raikes, Rogert, Schimek, Stuthman, White, Wightman*

No: none

Not Voting: *Chambers, Dubas, Lathrop, Preister, Synowiecki, Wallman,*

Here is the Vote on LB 701A, which included the funding for the Riparian Vegetation Management and funds for Bostwick Irrigation District water lease:

Yes: *Adams, Aguilar, Ashford, Avery, Burling, Carlson, Christensen, Cornett, Dierks, Engel, Erdman, Fischer, Flood, Friend, Fulton, Gay, Hansen, Harms, Heidemann, Howard, Hudkins, Janssen, Johnson, Karpisek, Kopplin, Kruse, Langemeier, Lathrop, Loudon, McDonald, McGill, Mines, Nantkes, Nelson, Pahls, Pankonin, Pedersen, Pirsch, Raikes, Rogert, Schimek, Stuthman, White, Wightman*

No: none

Not Voting: *Chambers, Dubas, Preister, Synowiecki, Wallman*

The following is a summary of the 4 main components of the bill as passed:

1. **Bonding Authority for NRDs** – This component includes the authority for NRDs in the Republican Basin to lease or acquire surface and ground water rights in the basin and divert the water from irrigation to enhance stream flows. The NRDs would also have the power to undertake other stream flow augmentation programs consistent with the all management authorities granted to the NRDs in Chapter 2, Article 32. The three Republican River Basin NRDs are currently in negotiations to lease surface water from at least 26,000 acres from Frenchman Cambridge, Frenchman Valley and Riverside Irrigation Districts for the 2007 year.

The NRDs, either on their own and/or through an interlocal agreement, would have the authority to issue bonds to pay for the projects. Funding sources for repayment of the bonds could come from up to a 10-cent property tax and up to \$10/acre occupation tax on irrigated acres. The occupation tax would be collected and become delinquent in the same manner as property taxes. This component also included extension of the 3 cent levy authority for NRDs in fully and over-appropriated areas from 2008 to 2012. The bonding authority for new projects would sunset in 15 years.

Within 45 days of a request from the Natural Resource Committee, a report would be required by the qualified NRDs issuing such bonds of existing and planned activities to the committee. Also, beginning April 1, 2008, a district that uses bonds to purchase surface water would be required to restrict the use of groundwater from water wells used on acres certified for both groundwater and surface water use to no greater than the total groundwater allocation granted less the surface water purchased.

2. **State Funding for Water Programs, LB 322** – This component is Governor Heineman’s proposal in LB 322 to establish a Water Resources Cash Fund to be administered by DNR to comply with interstate water compacts and conserve water in fully and overappropriated basins. The provision of the bill appropriates \$2.7 million per year to the Water Resources Cash Fund. After October 1, 2012 and until October 1, 2019, a 3/5 cent/bushel check-off on corn and grain sorghum will be imposed and directed to the Water Resources Cash Fund. NRDs could access money from the fund with a 40 percent match requirement. This division also included \$3 million for the current fiscal year to be appropriated to the state Department of Natural Resources to negotiate leases on surface water rights in the Bostwick Irrigation District. Intent language was added to make it clear that this bill does not establish a precedent that the Legislature must or should purchase water or provide compensation for any economic impacts resulting from necessary water regulation.

This component adds a requirement for the Department of Natural Resources to develop rules and regulations for use of the Water Resources Cash Funds. These components would require a) how planned activities of the district would assist in compliance with an interstate compact or decree or a formal state contract or agreement as required by 46-715 and b) a schedule of implementation of the activity or its components. Any NRD that fails to implement and enforce controls, rules and regulations as required under 46-715 would not be eligible for funding from the Water Cash Fund. The department would be required to submit an annual report to the Legislature by October 1 each year on the use of the funds.

3. **Water Management Changes of LB 295** – This component was already on Select File in LB 295 and makes a number of changes at the request of the Nebraska Department of Natural Resources, including 1) Adds U.S. Bureau of Reclamation on the list of entities which may have appropriations terminated for nonuse. 2) Clarifies that no person shall use a water well for purposes other than its registered purpose until the water well registration has been changed to the intended new use. 3) Provides an exception so that a person may use water

well registered for purposes other than its intended purpose for a de minimis use for livestock, monitoring, observation, or any other non-consumptive use approved by the applicable natural resources district.

This component also included language that will require DNR, in consultation with the effected natural resources district, to do an annual determination in fully and over-appropriated basins, starting January 1, 2008, and every January 1 thereafter, to estimate the maximum amount of water that may be available from stream flow for a beneficial purpose in the short and long-term. The language would not be an "order" by the department, rather only a forecast developed by DNR and the affected NRDs.

Finally, this component allows NRDs to impose a temporary well drilling moratorium without a notice or hearing, but requires a hearing within 180 days. Similar language is included allowing DNR to impose a temporary 180-day stay on new surface water natural-flow appropriations in areas where a natural resources district has imposed a temporary 180-day stay on new well construction and the addition of new irrigated acres. Water wells of public water suppliers are exempt from temporary moratoriums.

4. **Vegetation Management Provision of LB 458** – This component creates a 13-member Riparian Vegetation Task Force, as proposed in LB 458, consisting of a representative of the Governor, state agencies, NRDs, the Nebraska Environmental Trust, and a riparian landowner from each of the state's congressional districts. The task force would sunset on June 30, 2009. The task force is to analyze the cost effectiveness of available vegetation treatment and shall utilize the principles of integrated vegetation management and sound science. For administrative and budget purposes, the task force will be housed with the Department of Agriculture.

Appropriations Committee Budget Released – The Appropriation Committee released its proposed budget this week. The proposed budget reflects a 4.5% average growth over the two year biennium, 3.7% in FY2007-08 and 5.3% in FY2008-09. This is about .7% above the Governors recommendation of 3.8% average growth which was submitted prior to certified TEEOSA aid and several salary contract settlements. This 4.5% average growth is significantly lower than the prior biennium (average growth of 7.4%), and the average General Fund spending growth over the past 20 years (6.9%). This 4.5% average spending growth is also roughly 1/2 percent below the historical growth in state personal income as reported by the federal Bureau of Economic Analysis.

The Committee proposed budget is higher than the Governors proposal by \$59 million over the biennium, reflecting the 4.5% average growth compared to the 3.8% average growth in the Governors recommendation. Most of the difference between the Committee and Governor can be attributed to (1) salary increases for the University of Nebraska and State Colleges, (2) state employee salaries of which much if the difference relates to the Special Master ruling subsequent to the Governors recommendation, TEEOSA school aid which was officially certified after the Governors recommendation and HHS provider rates.

Adjustments are made in NRD programs are reflective of committee preferences after the agency hearing. Debate on the budget is expected to begin next week and must be advanced to the Governor by the 80th day, which is May 15th. The details of the budget for natural resources program are in the chart on the next page.

Funding for Natural Resources Programs

Program	Governor Hieneman Proposed		Appropriations Committee Advanced		Percent Change	
	FY 07-08	FY 08-09	FY 07-08	FY 08-09	FY 07-08	FY 08-09
State Aid to NRDs	1,545,502	1,545,502	1,545,502	1,545,502	0.0%	0.0%
Small Watersheds	500,000	500,000	500,000	500,000	0.0%	0.0%
Soil and Water Conservation Fund	3,193,454	3,193,454	3,193,454	3,193,454	0.0%	0.0%
Water Well Decommissioning	240,840	240,840	240,840	240,840	0.0%	0.0%
Resources Development Fund	3,638,368	3,638,368	3,373,066	3,373,066	-7.3%	-7.3%
Soil Survey Fund	143,051	143,051	75,000	0	-47.6%	100.0%
Natural Resources Water Quality Fund	1,250,000	1,250,000	1,250,000	1,250,000	0.0%	0.0%
*Water Resource Development	1,257,299	1,264,348	0	0	100.0%	100.0%
Interrelated Water Mgt Plan Program	2,500,877	2,501,773	2,412,854	2,412,854	-3.5%	-3.6%
*Nebraska Water Rights	1,067,873	1,084,140	0	0	100.0%	100.0%
*DNR Agency Operations Fund	6,308,754	6,457,355	8,789,160	9,054,149	39.3%	40.2%

* **Programs Merged. See narrative below.**

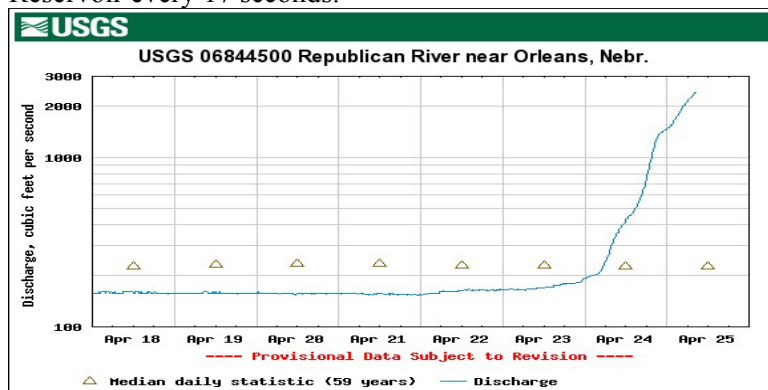
* Eliminate Soil Survey program funding. This modification would reduce funding for the Soil Survey program to \$75,000 in FY07-08 and eliminates the program in FY08-09. This program is a cooperative venture between the department and the University of Nebraska, and soil surveys have been completed for all the counties of Nebraska. The FY07-08 funding would allow for completion of an existing project, and to close out the program.

* Consolidation of staffing and operations into Program 334. Programs 310 (Water Resource Development) and 331(Water Rights) were consolidated into Program 334 (DNR Agency Operations Fund) in the Appropriations Committee recommendation. The transfer of staff into this program would give the agency greater flexibility in the management of work assignments. There is no net increase or decrease to the agency budget, and the changes are administrative in nature.

* Reduce current base funding for the Resources Development Fund. (Prog 307 Resources Develop Fund) by \$215,302.

* Reduce General Funds due to a one-time appropriation and decrease federal funds (Prog 310 Water planning process) by \$2,547,500. The reduction shown in this program is an adjustment due to a one-time appropriation in FY06-07. Reduced funding is based upon the agency request.

Rain Gage at Orleans – Heavy rains throughout the state have helped alleviate moisture concerns. This is exceptionally important to the residents of the Republican River Basin, where prolonged drought has contributed significantly to depleted stream flows. The graph below shows the flow levels after the rains this week. Note the triangles represent the median daily statistical flows and the blue line depicts the actual flows recorded at the stream gauge. Timely rains resulting in improved stream flow will greatly assist with compact compliance. Based on the flows displayed on this chart, one acre/foot of water reached the Harlan County Reservoir every 17 seconds.



For USGS web site information and data go to: <http://waterdata.usgs.gov/nwis/uv?06768000>