

**MINUTES OF THE
SENATE COMMITTEE ON NATURAL RESOURCES**

**Eighty-second Session
March 23, 2023**

The Senate Committee on Natural Resources was called to order by Chair Julie Pazina at 3:32 p.m. on Thursday, March 23, 2023, in Room 2144 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Julie Pazina, Chair
Senator Edgar Flores
Senator Pete Goicoechea
Senator Ira Hansen

COMMITTEE MEMBERS ABSENT:

Senator Melanie Scheible, Vice Chair (Excused)

STAFF MEMBERS PRESENT:

Alysa Keller, Policy Analyst
Erin Sturdivant, Counsel
Cherie Dittler, Committee Secretary

OTHERS PRESENT:

Andy Belanger, Director of Public Services, Southern Nevada Water Authority
Isaac Hardy, Nevada Conservation League
Zach Bucher, City of Las Vegas
Paula Luna, Operations Manager, Battle Born Progress
Kyle Roerink, Great Basin Water Network
Jeff Fontaine, Executive Director, Central Nevada Regional Water Authority
Neena Laxalt, Nevada Cattlemen's Association
Doug Busselman, Executive Vice President, Nevada Farm Bureau Federation
Jake Tibbitts, Natural Resources Manager, Eureka County
Wade Poulsen, Lincoln County Water District
Matthew Burke, Chairman, Well Owners Association, Nye County

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Micheline Nadeau Fairbank, Deputy Administrator, Division of Water Resources,
Nevada State Department of Conservation and Natural Resources
Adam Sullivan, State Engineer, Division of Water Resources, Nevada State
Department of Conservation and Natural Resources
Laurel Saito, Water Strategy Director, National Chapter, The Nature
Conservancy
Will Adler, Pyramid Lake Paiute Tribe
Patrick Donnelly, Center for Biological Diversity

CHAIR PAZINA:

We will begin with Senate Joint Resolution (S.J.R.) 3.

SENATE JOINT RESOLUTION 3: Urges the United States Bureau of Reclamation to consider certain actions, alternatives and measures for the protection and management of the Colorado River. (BDR R-349)

ANDY BELANGER (Director of Public Services, Southern Nevada Water Authority): Senate Joint Resolution 3 is the work product of the Joint Interim Standing Committee on Natural Resources. As the Colorado River is of great importance to Nevada, the Committee wanted to memorialize our legislative concerns.

The resolution details much of what has happened to the Colorado River over the past 23 years with the unprecedented drought. It is a ratification that was implemented and sets forth the resulting impact on our water supply. The River is important to users in two countries, seven states and multiple tribes and counties.

The resolution urges the Eighty-second Session of the Nevada Legislature to consider four specific things: to strongly support the pursuit of a collaborative framework to address structural deficits of the Colorado River; to urge the U.S. Bureau of Reclamation (BOR) to include mechanisms to account for evaporation, system loss and future management of the River; to urge the BOR to amend existing federal regulations to prohibit inefficient delivery, application, or use of water from the Colorado River and to limit unnecessary water losses on the River; and to urge the BOR to consider and implement an alternative consensus-based model submitted by the member states. The Colorado River is important to every Nevadan, and I urge your support for S.J.R. 3.

SENATOR HANSEN:

When the Hoover Dam, now the Boulder Dam, was built, Las Vegas was minimally populated. Las Vegas now has a population of 2 million people. When the dam was first built, was there a mechanism in place for the disbursement of water to be reviewed every ten years? We continue to discuss the same Colorado River Compact (CRC), which has now been in effect for over 100 years.

MR. BELANGER:

The CRC was signed in 1922 and had its one-hundredth anniversary last fall. The water allocations set forth in the CRC and the subsequent Boulder Canyon Project Act, collectively the "Law of the River," identifies the allocation of water for each member state identified in the CRC. Although the Law of the River sets forth the allocation of each member state, there is no mechanism to make changes.

Member states can collectively amend the CRC. Collaboration by members is important because if the seven states agree on a change to address the unprecedented water crisis, it can be implemented. The more member states work together to solve the challenges, the more quickly the Colorado River issues can be resolved.

SENATOR HANSEN:

Does the BOR have authority to override the original 1922 compact agreement? I understand that S.J.R. 3 urges the BOR to consider changes.

MR. BELANGER:

The resolution urges the BOR to consider having override authority.

SENATOR HANSEN:

What authority does the BOR have to reallocate the Colorado River?

MR. BELANGER:

We are asking the BOR to revise guidelines for the Colorado River based on a study that formed the basis of a Supplemental Environmental Impact Statement in 2007. The results of the 2007 study are set forth in the Colorado River Basin 2007 Interim Guidelines. The BOR has asked member states to develop an alternative allocation and S.J.R. 3 urges the BOR to consider the

recommended alternative distribution. We want to ensure Nevada is treated fairly in the new negotiations.

CHAIR PAZINA:

Please come to the desk to testify in support of S.J.R. 3.

ISAAC HARDY (Nevada Conservation League):

We are in support of S.J.R. 3.

ZACH BUCHER (City of Las Vegas):

We are also in support of S.J.R. 3.

PAULA LUNA (Operations Manager, Battle Born Progress):

I am submitting written testimony ([Exhibit C](#)). We are aware of the historically dangerous water levels at Lake Mead, and S.J.R. 3 will allow stakeholders to address water allocation as a collaborative group. We ask the Committee to support S.J.R. 3.

CHAIR PAZINA:

We will hear from those who are neutral.

KYLE ROERINK (Great Basin Water Network):

We stand in neutral on the resolution. We admire what the Southern Nevada Water Association (SNWA) is trying to accomplish with S.J.R. 3 and support a consensus-based alternative, but there are 30 Native American tribes relying on the Colorado River, in addition to two Mexican states. Because there are two countries, seven states, and many cities, counties and tribes relying on the River, it is unclear if S.J.R. 3 represents a complete consensus on the resolution's purpose, including conflicts surrounding valid, perfected water rights.

It is admirable to control the evaporation losses in the River, but we must also consider the negative outcome of using Lake Mead to prop up the water level of Lake Powell. The resolution only follows the consensus alternative for two years, but we must look further to determine water needs. In the future, there will be discussions about having one big pool on the River versus diverting water to both Lake Powell and Lake Mead. For the record, we believe Lake Mead should take precedence over Lake Powell. Decisions will have to be

made on the future of the River soon, and it is admirable that these discussions are taking place.

CHAIR PAZINA:

I feel we are swimming upstream in these discussions and making great progress today. I will close the hearing on S.J.R. 3.

I want to give a brief shoutout to the Desert Research Institute (DRI). Kumud Acharya, who did a presentation on the institute before this Committee is here today. I highly recommend everyone check out the cloud-seeding operation outside and DRI's display on the first floor. I will now open the hearing on Senate Bill (S.B.) 112.

SENATE BILL 112: Revises provisions governing groundwater basin assessments. (BDR 48-600)

SENATOR PETE GOICOECHEA (Senatorial District No. 19):

I did not realize it was going to be this tough to build a crescent wrench. We are trying to create tools to help the State Engineer, and the concept of water curtailment is challenging. The purpose of S.B. 112 is to create a mechanism to generate funding for the Division of Water Resources (DWR), so they have the resources to monitor groundwater in Nevada. The document ([Exhibit D](#)) depicts a map of Nevada with the dead and over-appropriated basins identified.

Even though the map in [Exhibit D](#) was created with the best available data, it is not accurate. The map was created in 2021 using calculations gathered in 2017. Senate Bill 112 creates a funding mechanism so the DWR can monitor groundwater basins regularly. There is one clarification to make—section 3, subsections 2 and 3 of the bill include a minimum assessment of \$1. The minimum assessment of \$1 is from an existing statute, followed by a maximum assessment of \$2, but the \$2 assessment is based on an acre foot (AF) calculation and only pertains to an assessment for an agricultural basin.

Otherwise, if the assessment is a minimum of \$1 and a maximum of \$2 and you pump 100,000 AF of water, the resulting assessment calculation is not accurate. To clarify, the correct assessment is \$1 per AF and the language will be amended as we move the bill forward.

The Board of County Commissioners can exempt any assessment that is not bringing in more money than it costs to collect. On a \$1 minimum assessment, it may cost approximately 55 cents to collect when considering staff, postage and other costs. This reality may explain why the counties are not collecting assessments.

The \$1 minimum assessment is accurate, but if the maximum assessment is increased to \$2 per AF, basins that have significant water withdrawals could generate \$200,000 a year in assessments. The bill clarifies that the penalty is not a "tax," but an "assessment." It was originally called a tax, but "tax" was changed to "assessment" in the 1970s. An assessment is included in the tax roll and, if unpaid, can become a lien on your property. If you have a large water basin and an unpaid assessment, the county can sell your property to collect it. Another advantage of an assessment is that it is tax deductible. The bill ensures assessments collected will be used to monitor water in the county where the basin prompting the assessment is located.

The proposed conceptual amendment ([Exhibit E](#)) is an assessment that will provide funding for DWR. We hope the funding will improve water basin data, so the DWR can determine if water tables are increasing, decreasing or going sideways. It is challenging to monitor water usage without accurate data. Inaccurate data can result in the State losing court cases. That may be great for water attorneys, but not for water users.

JEFF FONTAINE (Executive Director, Central Nevada Regional Water Authority): Senate Bill 112 makes changes to the DWR nonexecutive budget account. An executive budget account has a specific approval process in place. A nonexecutive budget account typically does not include any appropriation for additional employees.

Pursuant to *Nevada Revised Statutes* (NRS) 534.040, the State Engineer is authorized to levy a special assessment on water rights owners in a basin designated as needing supervision. The State Engineer can also determine which basin(s) will be assessed, the amount levied and how the assessments are used. All assessments must be used exclusively for expenses incurred in the administration, operation and maintenance of the basin from which the assessment is collected.

In 2019, assessments were used to fund three existing positions at the DWR. In 2021, an additional \$619,000 in assessment transfers were approved and replaced by General Fund dollars to pay for half the cost of maintaining five existing staff members at the DWR. Although the transfers were supposed to be temporary, they were extended through the 2023-2025 biennium.

The positions funded by the assessment transfers provide Statewide services to the public, but going forward, they should be funded with General Fund appropriations, not assessments. Based on legislative testimony, because the assessment funds were transferred to the DWR to pay for staff, the basins needing DWR supervision had no assessments to pay for work needed for repair of the damaged basins. Subsequently, water-level monitoring, field investigations, water budgeting studies and maintaining a field presence could not be accomplished in the basins generating the assessments.

The DWR indicated that water basin district budgets could not support salary increases, but requested DWR positions beyond the current biennium without a substantial increase in assessments. The DWR also requested reductions of other services and functions in the basins. These conflicts are not sustainable. The intent of S.B. 112 is to ensure that basin account revenues are used for the supervision and administration of basins designated as needing assistance by the State Engineer.

Section 3, subsection 2 of the bill prohibits basin account revenues from being used to pay salaries of support staff who provide Statewide services that otherwise would be supported by General Fund appropriations. An amendment to the bill is posted on the Legislative website clarifying that "support staff" refers to positions under the classified State employment personnel system under NRS 284. The positions funded by basin assessments are non-classified and exempt from the protections afforded State employees in NRS 284.

Section 3, subsection 3 caps the maximum assessment on agricultural water users in designated basins at \$2 per AF and is levied on all taxable property within the designated basin. In basins where the groundwater is predominantly for agricultural purposes, the \$2 cap only pertains to assessments levied on a per AF basis. The costs of administering designated basins have increased significantly due to inflation and a growing number of other issues, but the financial uncertainty of the assessment needed to be addressed, especially for water rights owners.

The last provision, section 3, subsection 7, requires the State Engineer to submit an annual report to each board of county commissioners that levies assessments. The report must include the expenditures and activities from the basin account in each particular county. This will allow greater transparency on how assessments are budgeted and spent.

SENATOR GOICOECHEA:

I am aware that Eureka County has six groundwater basins designated as needing the supervision of the State Engineer and receive assessments from 65 cents per AF in some basins up to \$1.20 per AF in Diamond Valley. Designated basins have different assessment tables than basins that are not designated as critical management areas. The proposed assessment is a funding mechanism to assist the DWR in monitoring basins so they can get their work done.

CHAIR PAZINA:

For clarification, in section 3, the minimum assessment would simply be \$1, while the maximum assessment would be \$2 per AF. The testimony today reflects that S.B. 112 is for the purpose of raising money to collect more accurate data, and to determine the health of our water basins. Is that an accurate statement?

SENATOR GOICOECHEA:

[Exhibit D](#) depicts nearly 100 basins that are over-appropriated and over-pumped, which are more than half of the basins in Nevada. The data may not be completely accurate, but we can provide more recent data going forward.

CHAIR PAZINA:

We will hear from those who are in support of S.B. 112.

NEENA LAXALT (Nevada Cattlemen's Association):

Gathering accurate water data is necessary for Nevada and long overdue. It is important that we stand behind DWR and support the resources they need to help the State manage limited water resources, whether for ranching, farming or urban use. Our association supports S.B. 112.

DOUG BUSSELMAN (Executive Vice President, Nevada Farm Bureau Federation):

Several years ago, the State Engineer asked our members to identify groundwater basins across the State needing supervision. At hearings, members

identified several basins that needed supervision. In the Eighty-first Session, we learned how the DWR used the assessments and realized they were not spent for their intended purpose of helping the specific basins from which the assessment was generated. The bill requires transparency for all steps of the assessment process. We support S.B. 112.

Our policy is that if the State Engineer levies an assessment in a designated basin, a hearing should be held locally to provide an explanation of why the assessment was levied. Our policy also requires that an annual report be provided to assessed water users to inform them how the assessment was spent. Senate Bill 112 sets forth requirements that are basic principles of levying assessments made in designated groundwater basins. We hope you agree and pass S.B. 112.

JAKE TIBBITTS (Natural Resources Manager, Eureka County):

The State Engineer must be able to properly fund and manage water in Nevada. It is crucial to have full transparency on how assessments are being levied and spent, with reserves becoming a matter of public record. Transparency will allow Nevadans to know how assessment revenues were developed, the basis on which they were spent, and the criteria considered. Nevadans will also know which basins are affected, and why there are assessment discrepancies in different valleys.

Much of this information is not publicly available to Nevadans who have received an assessment and those tasked with levying the tax. If methods employed to determine assessments are readily accessible to the public, a cap on assessment fees may not be necessary. Nevadans will be able to see how and why assessments are levied, how they are being spent, and how the costs are justified. We are available to assist in clarifying the language contained in the bill or address any other concerns. Eureka County supports S.B. 112.

MR. ROERINK:

The Great Basin Water Network supports this government transparency bill and asks the Committee to support it.

WADE POULSEN (Lincoln County Water District):

The Lincoln County Board of Commissioners and the Trustees of the Lincoln County Water District support this bill. Every year, I am asked how water has been used in our County and have never been able to provide an

answer. If S.B. 112 is passed, I will be able to answer those questions. We support using the assessments to improve the basins from where they are generated, as this will allow Lincoln County to gather accurate data to improve designated basins.

CHAIR PAZINA:

As there is no opposition of S.B. 112, we will hear from those who are neutral.

MATTHEW BURKE (Chairman, Well Owners Association, Nye County):

Although we cannot support S.B. 112 in its entirety, we do support changing the funding mechanism to help staff the DWR. We also support the language allowing certain DWR employees to be a qualified expense for assessments. We believe the assessment limit for agriculture users should be reconsidered so the limit is consistent with the monetary benefits associated with their water use. If the maximum assessment is set forth in the bill, the rate for private well owners should also be included and should be less than the agricultural sector. This legislation is long overdue.

MICHELINE NADEAU FAIRBANK (Deputy Administrator, Division of Water Resources, State Department of Conservation and Natural Resources):

The DWR is neutral on S.B. 112 and appreciates having the opportunity to discuss and consider revisions to this bill during its development. The DWR supports the objective of S.B. 112 to use assessments for the benefit of the basins and water users who are paying assessments. The DWR has a few concerns, some that have been addressed through amended language to section 3, subsection 2, submitted by the Central Nevada Regional Water Authority. The amended language now identifies the salaries of certain DWR employees as a qualified expense for assessments. These concerns were addressed in the amended language.

You cannot replace the Executive Budget account with General Fund revenue and S.B. 112, as introduced, would result in the DWR having to reduce its classified staff to account for the resulting budget shortfall. The DWR is also concerned with the proposed maximum charge set forth in section 3, subsection 3, but believe that concern can be resolved with an amendment.

The statutory language on the minimum and maximum assessments are confusing, as acknowledged by Senator Goicoechea. The correct interpretation of the assessment is a \$1 minimum per AF and a \$2 maximum. Our concern is

that the \$2 maximum could impact the current funding of DWR and have a negative impact on our ability to maintain employees.

Assessments currently pay support staff salaries and associated expenses only. A \$2 cap would inhibit DWR from enhancing future data collection and could be an impediment. The DWR currently has assessments that exceed \$2 per AF and \$2 per parcel depending on the mechanism used to levy the assessment. Although the DWR does not oppose a statutory mechanism that limits the assessment, we suggest conceptual language that limits any increase to a rate based upon the Consumer Price Index. If the State Engineer needed a larger assessment increase, he could then address a governing body, like a Legislative commission, for approval.

Although the DWR conceptually supports periodic reporting, the reporting requirements set forth in section 3, subsection 7 will create an undue burden on DWR. Also, because of how the Office of the State Treasurer establishes nonexecutive budgets, how they are tracked through the State's internal accounting systems, section 3, subsection 4, will create significant challenges. The DWR would like to continue discussions with the bill sponsors and develop a better approach. We hope this bill will result in efficiency improvements for our fiscal staff and when we do levy assessments, we are available to county commissioners to answer any questions.

CHAIR PAZINA:

Ms. Fairbank, I understand you are retiring from the Division of Water Resources soon.

MS. FAIRBANK:

I am not retiring, but I will be leaving State service shortly.

CHAIR PAZINA:

Thank you so much for your service.

SENATOR HANSEN:

I am sorry to hear that you are leaving as I know how understaffed the DWR is, and I do hope to secure more money. The DWR has a big job to do with very limited resources. Of the 256 basins in Nevada, how many are designated basins?

MS. FAIRBANK:

Approximately half of our basins are designated as needing DWR oversight. I can provide the exact number later.

SENATOR HANSEN:

Yes, please provide that data. Let us assume I am challenging a neighbor's water rights because there has been no beneficial use. Does the DWR conduct and maintain a crop inventory in the event someone else challenges their water rights down the road? If you do keep a crop inventory, how can someone access that? For example, if Senator Pazina were my neighbor and she had not used any water beneficially in a long time; and I wanted to legally challenge her use, could I get that information from the State Engineer?

ADAM SULLIVAN (State Engineer, Division of Water Resources, Nevada State Department of Conservation and Natural Resources):

The DWR monitors as much actual water usage as we can, in view of our limited resources. In most of the designated basins, we do either a pumping or crop inventory annually and the information is available on the DWR website. In undesignated basins, we do not generally conduct a crop or pumping inventory, but we do periodic State pumping inventories and calculate an estimate based on available data.

If water rights are being challenged, we do have records, and if we see nonuse, the DWR does take a water forfeiture action, but it needs to be supported by accurate data.

SENATOR HANSEN:

Senate Bill 112 addresses data collection. If I was to go to court and challenge my neighbor on their water rights, does the DWR maintain data I could present to the court to successfully challenge my neighbor?

MR. SULLIVAN:

It depends on whether you are asking about data on water usage, pump usage, or beneficial use. Some of the testimony today refers to basin scale recharge and natural discharge, all which are collected and are important.

SENATOR HANSEN:

We do need to get the DWR staffed and funded. Why are half of the basins dedicated basins, and how many of those have been assessed?

MS. FAIRBANK:

Of the basins that have been designated as dedicated basins, approximately 90 have received assessments. We also have designated basins that have not been assessed, and there are many reasons why this could happen.

SENATOR HANSEN:

Are there any other penalties, taxes or fees that can be applied for excessive water use? Can DWR generate an assessment in a designated area if a water user is over-pumping, or pumping more water than they are allowed to use?

MS. FAIRBANK:

We do not use assessments as a penalty mechanism. Nevada only allows for penalties if a State law has been violated. There are enforcement and penalty mechanisms available, but they are a completely separate legal process. Basin assessments are used primarily to support work performed in dedicated basins and to pay for remediation and supplies. For example, we buy specialized measuring tapes to determine groundwater depth.

The DWR does not use assessments punitively, and I do not think statute allows that. Are you asking if there are any basins that are over-appropriated and have not received an assessment?

SENATOR HANSEN:

If a basin is over-appropriated, does the DWR conduct extra monitoring and measurements? Have any of the over-appropriated basins not been assessed?

MR. SULLIVAN:

I am confident Nevada has no basins that would fall into that category. When a basin is fully appropriated, it triggers the DWR to designate the basin as needing supervision. To the best of my knowledge, there are no undesignated basins that are over-appropriated, although there are basins at maximum levels that have not received an assessment. Are you asking if a designated basin is helping to pay for the monitoring they are required to have?

SENATOR HANSEN:

Are there currently any dedicated basins that are over-appropriated or at the maximum level the DWR is monitoring that have not been assessed?

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MR. SULLIVAN:

I do not think so, but I can check and get the information to you later.

SENATOR HANSEN:

The DWR maintains a list of over-appropriated basins. You indicated that out of 256 basins in Nevada, more than half are potentially over-appropriated. Can you provide that list?

MR. SULLIVAN:

Yes, I do have that list and will provide it to you.

SENATOR HANSEN:

Excellent. The Committee will review it.

SENATOR GOICOECHEA:

We should look at the concerns voiced by the DWR regarding the increased workload they will experience by monitoring over-appropriated basins, how they will spend money out of the groundwater basin and how assessments will benefit the boards of county commissioners. I believe an appropriate use of assessments would be to help pay for the DWR staff needed to generate timely and accurate basin reports for the county commissioners. If the State Engineer is the entity levying the assessment, the DWR should be able to use the money for any water resource purpose.

I look forward to receiving data collected by the DWR on the over-appropriated basins. I realize this is not a bill that is easily understood. I will have to explain to my constituents that I have submitted a bill raising assessments, and it is their duty to pay any assessment levied. If you are pumping 1,000 feet of water over your limit, your assessment would be at least \$1,000. My constituents, though, are committed to preserving our limited Nevada water resources so I anticipate their compliance.

CHAIR PAZINA:

I will now close the hearing on S.B. 112 and open the hearing on S.B. 176.

SENATE BILL 176: Establishes provisions relating to the conservation of groundwater. (BDR 48-79)

SENATOR PETE GOICOECHEA (Senatorial District No. 19):

We have spent a lot of time developing S.B. 176, and it is still not finalized. The bill is complex and far-reaching. I believe this bill will end up as a companion bill to S.B. 112, which I just presented to the Committee. If Nevada gets to a point in time where the State Engineer will need to curtail junior rights, we should have an option for water rights owners who are at risk of losing their rights. We may not be able to make the water rights owners whole, but we can pay them enough to keep the dirt under their house even if they only possess junior water rights.

This bill stems from the fact that water basins in Nevada are over-appropriated and over-pumped. We have to regain our equilibrium; unfortunately, some water rights owners will suffer in the process. I will explain the bill we have been working on around the clock.

Senate Bill 176 gives the State Engineer authority to buy water rights back from a willing seller through a "buy-back" program. The word "willing" is a key part of this legislation. The seller must be willing to retire their water rights for the benefit of the water basin, habitat or the environment. We have not determined how Nevada will raise the money to buy back water rights, but a buyback process is vital for managing limited water resources.

Other states have enacted similar legislation. In our opinion, the best way of addressing over-appropriation is to retire water rights and get nonusers off the books. Mr. Tibbitts from Eureka County has done a lot of research and work on this bill, and he will speak later.

MR. FONTAINE:

The Central Nevada Regional Water Authority supports the voluntary buyback and retirement of water rights. In Exhibit D, I counted the red-colored basins and there are about 56 over-pumped groundwater basins in Nevada. It will not be easy to return over-pumped Nevada basins back to balance. Even if this bill is passed, it will be difficult.

The regulatory mechanism of water curtailment should be the option of last resort as it will have a significant impact on junior water rights owners and the community. It is important to implement both incentives and disincentives to encourage water curtailment. Establishing a State program for voluntary retirement of water rights is an important step in bringing over-pumped basins

back into balance. The proposed program would financially benefit water rights owners, communities and positively impact the environment. The bill is a collaborative effort, and I thank all stakeholders for their input on the proposed conceptual amendment.

MR. TIBBITTS:

I will explain the conceptual amendment ([Exhibit F](#)). Laurel Saito from The Nature Conservancy and myself took the lead and worked with other stakeholders to address concerns and clarify proposed language in the bill. Although the title of the conceptual amendment suggests it was submitted by Eureka County and The Nature Conservancy, there has been input from many stakeholders. We researched water retirement programs in other states to learn which programs were working and which were not.

Some Nevadans have expressed concern that we are considering a funding mechanism to buy back unused water. Under the prior appropriation system, junior water rights owners would have their water cut off by the State Engineer. If you consider the history of over-appropriation and over-pumping in Nevada, many junior water rights owners did not even realize they had junior status until they initiated a water rights process. For example, a junior water rights holder may have established their water rights in 1960 and were told that they held senior rights. They later discovered they actually possessed junior water rights, but for years had permission to pump as if they had senior rights.

Nevada has allowed communities to be built, and livelihoods established based on over-appropriation and over-pumping. The social fabric of affected communities has also been based on it. The State bears some responsibility for where we are now and should provide a soft landing for some of these folks, after consideration of State planning, land use, transitioning and economic mitigation. This is the intent of [S.B. 176](#).

I will explain specific sections of the conceptual amendment, [Exhibit F](#). Sections 1 and 2 change the word "withdrawn" to "retired" when explaining the mechanism used to remove water rights from the books. We discussed using the term "withdrawn," but that term was used in older statutes in different contexts to describe the withdrawal of water. Because the word "withdrawn" caused confusion, we opted not to use it.

Section 5 establishes the creation of a General Fund account administered by the State Engineer, and allows for the acceptance of gifts, donations, legislative appropriations and federal funding. Federal funding is specifically mentioned in the bill as federal appropriations may constitute a large portion of the funding necessary to buyback water rights. I recently read an article written by the United States Dairy Association concluding that incentives to retire water rights have reduced stress on the High Plains aquifer. The article also addressed how federal investment in Kansas has benefitted the water supply. There are numerous studies discussing how federal funds assist farm bill programs in the upper Klamath Basin.

Federal programs have funded an upper tributary enhancement project in the Napa River, the Eastern Snake Plain Aquifer in Idaho, the Republican River Pathway Project in Colorado and the Harney Basin study in Oregon. A large funding program now available is the Conservation Reserve Enhancement Program (CREP) which covers 80 percent of funding to buyback water rights with a 20 percent match. Although CREP is more of an agricultural land retirement program, some components of water retirement would also qualify for available funds. In some projects, land is retired from irrigation, and there is interplay between land and water. Therefore, it was important to explicitly address federal funding in the bill.

Section 5, subsection 3, clarifies that funds can be used to administer the program, as there will be administrative costs to implement and manage the buy-back program. The subsection also clarifies that although the purpose of the fund is to purchase water rights, the fund can also be used to match federal and private funds and other initiatives that meet the intent of water conservation.

One concept not explicitly set out in the bill, but included in the conceptual amendment, is providing a source of endowment funding to increase potential use interests. We may yet add that to the bill. The money going into the fund will remain there, other than rollovers during interim years. The legislation also contemplates alternate funding from the contingency account if there is a need. Subsection 7 is new and authorizes the State Engineer to enter into agreements with any public or private entity to obtain and manage funding.

Concern has been expressed that it may be a conflict for the DWR to regulate water quantity at the same time they are valuating water for the purpose of buyback and the retirement of water rights. The consensus is that there must

be a series of checks and balances in place, so the State Engineer is removed from being both a regulator and valuator of water. Although the intent of section 7 is clear, the language is not, so we will work on clarifying the wording. One option is to determine if another entity within the State Department of Conservation and Natural Resources, or another State agency could manage the fund.

There are minimal changes to section 6, other than clarification on how funding priority is determined. For example, if several water rights owners are willing to sell their water rights, who would have priority? Where do you put the money on the ground to purchase and retire water? The main priority must be addressing groundwater basins that are over-appropriated and over-pumped and resolving conflicts with existing rights that are detrimental to water resources.

Section 6, subsection 2, paragraph (a) clarifies that certain groundwater basins have buyback priority and ensures they are consistently exercised. The intent is that any wet water pumped causing conflict or negatively impacting environmental resources is a priority for the fund and retirement.

Adding "or detriments to environmental resources" to section 6, subsection 2, paragraph (a) will provide additional funding opportunities and resources to rely on. The money could then be directed towards conservation and environmental resources, whether from a farm bill or a nongovernmental organization, as it would be illogical to put money into a project that does not benefit the State.

We also changed the word in paragraph (a) from "consistently" to "currently" to clarify that if a basin is not currently over-appropriated or over-pumped, their priority for water buyback could change. Section 6, subsection 1, clarifies that conceptually, the focus of the funding is to retire water rights causing conflicts or negatively impacting environmental resources. As subsection 3 is new, it could change other sections of the statute.

Section 6, subsection 4 is also new and explains how the buyback mechanism is initiated when a water rights holder informs DWR they are interested in selling their rights. The subsection states that water can be purchased by DWR through revocation, relinquishment or other appropriate mechanism available. The language allows for some flexibility as determined by the State Engineer that would preclude groundwater from over-appropriation.

As we create legislation and spend money to get water off the books, we need to ensure the water is not put back on the books at a later date. Previously, subsection 5 required that a consultation with a board of county commissioners occur before water rights are purchased. The new language requires consultation with the groundwater board, if one exists, for that particular county. Subsection 6 is new, and provides guidance that if money is available, the State Engineer must use the money diligently and in good faith to get water off the books. Subsection 6 also sets forth a caveat; the State Engineer can stop the water rights buyback process if costs become excessive.

There are some concerns that the buyback process can be manipulated by inflating the value of water rights. We want to make sure the fund is solving the problems of over-appropriation and over-pumping; manipulation of the process would prevent the solving of these problems.

Section 6, subsection 7 is new and reiterates that the State Engineer has the authority to adopt multiple regulations if necessary to manage the buy-back program as there may be a different approach needed for a specific area or funding source.

Subsection 7 allows for flexibility if multiple regulations are required by the funding source. Subsection 7 includes regulations and procedures to determine water value, and the definition of "consistently exercised" is included. For example, if a farmer owns water rights on an entire 160-acre quarter section, and installs a center pivot irrigation system, they do not typically irrigate the corners of the section. However, the farmer is using the bulk of the water rights on that full section of ground. The intent of the subsection is to clarify through the regulatory process that a farmer's water rights are being exercised over the entire 160-acre quarter section, even though the corner is not being used for farming.

Subsection 7 ensures that if funding becomes available, it is used for the purposes set forth in S.B. 176, and avoids conflict with existing water rights, public interest and is not detrimental to environmental resources.

Subsection 7, paragraph (d) explains that if a nongovernmental private foundation or federal authorities provide funding for the water fund, the funding source may require that additional regulations be followed.

Subsection 8 creates distance between the DWR and the owner of the water rights so the parties can collaborate and determine the value of the water fairly and keep the DWR out of the valuation process. Many stakeholders have the expertise to prepare valuations of water rights, including university field professors and agricultural economists.

Subsection 9 is new and gives the DWR and stakeholders a two-year window to develop the buy-back program and establish rules and regulations. The subsection reiterates that money in the anticipated buy-back program account can be used to pay a reasonable cost to administer the program.

CHAIR PAZINA:

Have there been discussions with any water rights owners about this program? What kind of feedback are you getting?

SENATOR GOICOECHEA:

Water rights owners have shown interest, but their main question is "what is the State willing to pay?" If you are a willing seller, the difference between the State paying \$300 an AF or \$10,000 an AF is huge. If you value water at the high end, you will have many willing sellers, but the purpose of the buy-back program is to balance the groundwater basins and, as previously testified, the State bears some responsibility for the over-appropriation and over-pumping we continue to experience. The State issued water rights in good faith, and the users have been using the water in good faith for years and will ultimately face curtailment. The goal of the buy-back program is to give these junior water rights owners a soft landing. It all comes down to what the State is willing to pay.

CHAIR PAZINA:

What results have other states experienced when implementing a similar program. Is there a standard buyback valuation that has been determined or is valuation across the spectrum?

MR. TIBBITTS:

It runs the spectrum. Pairing the water retirement program with a critical management area designation generates a ten-year clock to balance the basin. Water rights owners then have an incentive to collaboratively develop a water conservation plan. Water rights owners know that at the end of ten years, they

face water curtailment if they fail to fix whatever problems promoted the critical management area designation in the first place.

Water buyback will be managed differently in each basin, depending on the unique factors affecting their water supply. Water rights valuation is not an exact science, so valuation will be on a case-by-case basis. Water values could be less than fair market value, as the only other alternative a junior owner may be facing is 100 percent curtailment. The buy-back program would soften the blow.

Before Diamond Valley was designated a critical management area, we made efforts to implement a buy-back program on a local level. When Senator Goicoechea sponsored A.B. No. 419 of the 76th Session, we contracted with economic analysts who conducted feasibility studies and determined how we could implement a general improvement district to self-tax and raise funds to retire water. Valuation depends on the basin, the purpose of the buyback and many other factors.

CHAIR PAZINA:

Would the buyback price be based per square foot, or will the State create a universal measurement?

SENATOR GOICOECHEA:

It will be different, based on the situation. For some water rights owners who sell, the money generated by the sale may allow them to keep their property and house. The next water user may be in a better financial position making negotiations more difficult. In some cases, water rights will be bought back at fair market value and, although I hate to use this term, other water rights may be bought back through a "fire sale" situation. Water rights bought at a low price will most likely be retired.

CHAIR PAZINA:

That would definitely be a sink or swim scenario.

SENATOR HANSEN:

The water situation is a giant mess and I understand why so much homework has been necessary by the drafters of S.B. 176. If the State wants to buy my water rights because I am a junior owner, and I am using the water to develop and improve my property, losing that water eliminates the value of all my

improvements. Although I can keep my house by selling back my water rights, the elimination of water takes away my livelihood. The actual loss of valuation would not just be the water, but also the value of my property and everything else attached. What a mess this would be financially. How have other states managed similar situations? When someone is awarded water rights, are they given notice that in a worst-case scenario, they could lose those rights?

MR. TIBBITTS:

In states with a similar buy-back program, federal authorities provide funding matched by the state, but the funding is not for a "buy and dry" purpose. Most other states are requiring transition of a land purchase to support some type of vegetation. In other states, water rights owners do not receive payment and just walk away from the land. Senate Bill 176 does not contemplate that.

SENATOR HANSEN:

What happens to Nevada land affected by a buyback scenario when it loses access to water?

MR. TIBBITTS:

In Diamond Valley and similar areas, the land can be used for other agricultural purposes without irrigation. Affected owners could still use their land for agriculture, or transition the land to drier uses, like grazing.

SENATOR HANSEN:

Were water rights owners ever made aware that their water rights could be curtailed based on water availability?

MR. TIBBITTS:

Every water use permit granted explains senior rights, compared to junior rights. The problem is that many people applied for and were granted water permits in good faith without realizing that the accuracy of their basins perennial yield calculation could be faulty. As a result, many people who thought they were senior owners became junior owners over the years. Now, livelihoods, communities and the social fabric are affected by the over-appropriation and over-pumping of these basins.

SENATOR HANSEN:

If the State Engineer were to shut down my alfalfa operation, and I had previously received advance notice that my basin was over-appropriated, has there been any litigation in other states involving similar circumstances?

MR. TIBBITTS:

Western water law has consistently upheld the "first in time, first in right" doctrine. There are various shades of curtailment that have occurred in different states and many of these curtailment processes were resolved with a structured settlement. The basis of water law is that if you are a junior holder, your water is cut off, and you have no recourse.

SENATOR HANSEN:

That lack of recourse concerns me. If I had been using water in a basin for 50 years, and the basin was over-appropriated and my water use curtailed; and I have a house, property and involvement in the community—what a bad situation that would be. Has there ever been a court ruling that because of bad faith or mistakes by the State Engineer, a landowner is entitled to a "takings" claim and the State must compensate them not only for loss of water, but also the devaluation of property and home? I realize this is a worst-case scenario, but it needs to be discussed.

MR. TIBBITTS:

I am not aware of any case where a junior holder was cut off, and then filed a court action. I do agree that would be a bad situation.

SENATOR HANSEN:

Nevada relies on a large amount of federal funding, especially now, but why would the federal government get involved in over-appropriated state basins?

MR. TIBBITTS:

Current federal funding is available to help our farming programs comply with the federal incentive-based conservation model. The programs are voluntary, not mandatory, and most are funded through the Farm Bureau Federation, which is not a regulatory agency. Federal funding provides incentive payments to help conservation measures, at least all of the programs I am aware of.

SENATOR HANSEN:

The big picture is scary. If Nevada runs out of water, and we have to curtail water use, there will be major ramifications and a ripple effect. Curtailment could result in an enormous financial impact to the rural areas I represent. I want to make the landing as soft as possible if, and when, we start curtailing water use.

How will the buy-back program be funded? It is not as easy as buying surplus water from basins that are over-appropriated, because retired water rights have resulted in dramatic improvement that will disappear without the water. Property values will plummet when your neighbors and potential purchasers discover your water has been curtailed, and instead of farming alfalfa pivots, the land can now only be used for grazing.

SENATOR FLORES:

Senate Bill 176 is overwhelming. As I am new to the Committee, I have done research to identify other states with a buy-back program to understand how the process works. Colorado has a buy-back program and established the Colorado Water Conservation Board to oversee the program and implement alternative transfer methods.

When we discuss retiring water rights, there should be a simultaneous conversation taking place on other alternatives that can be implemented. For example, can we work with the farmer to change his farming methods? Can farmers better use the resources they have? Can they collaborate with the State and implement new conservation measures? Do you contemplate these types of conversations taking place?

Section 3 of S.B. 176 contemplates discussing the perennial yield with the water user, but I have a hard time reconciling the retirement of water rights, when I believe there are other things we can do to accomplish water conservation.

For example, I could own a large area of land and water rights and participate in the buy-back program and then, a few months later without notice, Nevada could change the definition of perennial yield. There are no set parameters on any of these criterium. Before we approve S.B. 176, I want to create parameters we can all work with and abide by. I know my questions are

philosophical, but I would like to know if alternative measures are being considered.

SENATOR GOICOECHEA:

Many states have implemented an effective buy-back program. For example, Utah is trying to save the Great Salt Lake from becoming completely dry. Utah is paying up to \$3,500 AF to lease water from water rights owners so they do not use water. The project will last five years, and the owners will not lose their beneficial use designation.

What is unique to the State is how over-appropriated our basins already are. Because so many basins in Nevada have been over-appropriated, implementing only conservation measures will not fix the problem. Even cutting back on water use will not solve the anticipated shortfall, which is why this legislation has been drafted. We can get this program up and running in the next two years, but it will probably be five years before the funds are accessed to buyback water rights. We should still employ conservation measures, but it is obvious that some of the more over-appropriated areas will need to have water rights retired.

SENATOR FLORES:

We never developed much foundational framework for water rights, which is why we find ourselves in this position now. I am not concerned with this bill, per se, but I do want to understand how S.B. 176 will segue into foundational water law issues in Nevada. How will this legislation impact Nevada in view of our past mistakes? If we keep building on our mistakes, we may not be getting to the root of what caused the poor decisions in the first place.

MR. FONTAINE:

We all recognize and take ownership for prior poor decisions made in Nevada. At one time, the Desert Land Act of 1877 encouraged irrigational operations. Because water was needed for irrigation, the State Engineer issued more permits than they should have. Previously, there was an expectation that not everyone who received permission to irrigate was actually going to do it. There are many reasons why we are in a water crisis situation and considering water buyback or retiring water rights.

Nevada now has a better understanding of hydrology, interpreting collected data and water monitoring. Going forward, we can more accurately measure

perennial yield and available water supply. The buyback process aligns with existing law, and the over-appropriation doctrine. The day of reckoning has arrived for many of the over-appropriated basins, which is why this bill focuses on the over-pumping of basins.

Sooner or later an over-appropriated basin will be declared a critical management area and water will be curtailed. Although we have time to balance basins that are over-appropriated but not necessarily over-pumped, something has to happen to basins before they are designated as a critical management area. The purpose of S.B. 176 is to put Nevada in a manageable position when judgment day arrives.

There may be opportunities for over-pumped basins to voluntarily reduce pumping, conserve water and use conservation measures to get the basin back in balance. Unfortunately, there are basins that cannot be balanced without taking extraordinary measures. We can assist Nevadans who have invested their lifetimes in communities, so they can maintain their homes and livelihoods in spite of their over-appropriated and over-pumped basin. This is what this bill is all about.

MR. TIBBITTS:

We should not retire water rights without first pushing the limits of conservation or propose a buyback without trying other measures first. I want to recognize the tremendous amount of work Statewide that is taking place to get the basins balanced without resorting to retirement or buyback. Conservation districts throughout the State, agricultural production groups, the Cooperative Extension, and other stakeholders are studying the water situation and developing ways to solve the problems. Many farmers in Nevada are employing conservation measures, but we cannot balance the basins by conservation measures alone.

Section 6, subsection 3 states that the intent of S.B. 176 is prioritization. Section 6 also addresses conflicts in water rights and detriments to environmental resources. It does not matter what the numbers are; senior water rights and groundwater dependent systems are being negatively affected. Our priority is maintaining a more balanced water supply in our basins. Section 6, subsection 2, paragraph (b) states that if pumping exceeds the available supply, we want to avoid the resulting impact to water rights and environmental resources. The bill focuses on a triage of areas where there are existing conflicts and impairment of environmental resources.

CHAIR PAZINA:

We will hear from those who are in support of S.B. 176.

LAUREL SAITO (Water Strategy Director, National Chapter, The Nature Conservancy):

I have a letter in support of S.B. 176 ([Exhibit G](#)) signed by Mauricia M.M. Baca, our State Director. We support the water rights buy-back program for Nevada. Although Nevada is the driest state in the Nation, we are fortunate to have groundwater aquifers that provide a buffer for droughts and climate change. The aquifers also supply drinking water and economic benefits for Nevadans, and support ecosystems that rely on groundwater to maintain their ecological structure and function. Nevada has about 2 million AF of available groundwater, but almost 1.5 million has been appropriated as water rights. This situation is concerning for our plants and wildlife.

Geographic decline and a recent assessment of stressors and threats to groundwater-dependent ecosystems in Nevada, found that 20 percent of Nevada's groundwater-dependent ecosystems are in over-pumped basins, and 39 percent of over 6,000 wells analyzed have significantly fallen below groundwater level trends.

The Nature Conservancy supports tools to resolve the overuse of groundwater affecting water availability for plants, wildlife and people. We need tools besides curtailment by priority, which may not resolve conflicts with existing water rights. We need to resolve negatively impacted environmental resources due to the nature of groundwater movement and its connection to surface water. Senate Bill 176 establishes a voluntary program to retire water rights so they cannot be used in the future with the intent of retiring water rights that are in use.

The Nature Conservancy has collaborated with Senator Goicoechea, Eureka County and other stakeholders to develop language for the friendly conceptual amendment addressed today. This legislation will be an effective tool in addressing groundwater overuse in Nevada. We are committed to collaborating on S.B. 176 and are available to assist the State by seeking funds and implementing projects to demonstrate effective groundwater retirement. We urge your support for S.B. 176.

WILL ADLER (Pyramid Lake Paiute Tribe):

This legislation is not a clear path forward, and the funding system is not clear either, but I encourage folks to look at S.B. 176 as the first step toward fixing our water issues. The Truckee River Basin is arguably the most contested, over-appropriated basin in the world. The Pyramid Lake Tribe had to file a federal lawsuit to be awarded dedicated water rights so the Lake could retain its water; such a lawsuit was unheard of at the time. I encourage folks to look at this legislation as the first step towards fixing the impossible and coming to a consensus. Hopefully, federal, and other funding sources will be available to replenish the buy-back program account. The bill is a good step in the right direction toward retiring water rights which are causing the over-appropriation.

MR. ROERINK:

Although money does not solve all problems, it can make life a little bit easier. We all need to help make up for past mistakes, and S.B. 176 will be another tool in the toolbox to accomplish that. Studies reflect that Nevada has 256 groundwater basins, and over 150 are over-pumped. There are many draconian options available, but a monetary incentive to willingly give back your water rights is a good plan. We support this bill.

A similar proposal, A.B. No. 356 of the Eighty-first Session was introduced in 2021. Although the bill was not passed, it prompted discussion throughout the State on how a similar concept could be implemented. This bill does not enrich folks who have paper water rights or water speculators. This bill is about doing the right thing for Nevadans and the State.

PATRICK DONNELLY (Center for Biological Diversity):

Although there are over 25 water bills that have been submitted this Session, S.B. 176 may be the most important. The retirement of water rights is an emergency solution to addressing an urgent water crisis across the State. The observation by Senator Flores that inaccurate perennial yield calculations have contributed to the crisis is correct. We need to channel resources into calculating basin budgets. The priority of S.B. 176 is to focus on basins now experiencing over-appropriation, resulting in dried up springs and wetlands, and wells that need to be deepened.

The perennial yield in the basins need to be recalculated using modern science. Over-appropriation is impacting Nevada now, and it is wise to address it while we still have time to save our remaining water. This program's success will

hinge on how much money we can put into the buyback of water rights. Although the down payment of \$5 million would help seed the program now, it will take a lot of resources to bring these basins back into balance. The proposed amendment offers incentives to retiring existing rights and will be a good start.

In addition to making water rights owners whole, S.B. 176 will protect the environment in over-appropriated basins impacted by over-pumping and will allow Nevada to effectively address the water situation. By the number and breadth of Nevadans testifying today, this bill appeals to a wide sector of the water community, and we urge the Committee to support it.

Ms. LAXALT:

I am in agreement with everything everyone before me has said. Senate Bill 176 addresses one of the most critical elements of life, water. If your car suffers a smashed window or bugs in the dashboard or whatever, those things can be fixed or repaired. But as soon as your engine goes bad, that takes priority over all other necessary repairs. By analogy, we are discussing the engine of Nevada. The bill provides water rights owners with an incentive to curtail water use. None of the water bills submitted this Session are a panacea to the water problems in Nevada. This bill provides a variety of tools to establish a framework on which to correct over-appropriation. This bill enacts conservation measures, collection, data, and everything else that are all pieces to a puzzle to solve our water problems. The Nevada Cattlemen's Association supports S.B. 176.

MR. BUSSELMAN:

We are aware of the existing issues across the State with over-appropriated and over-pumped groundwater basins. This critical issue needs immediate attention, including tools and processes to bring the basins back into balance with accurate perennial yields. The Farm Bureau Federation policy supports maintaining a water buy-back program to address over-appropriation. We also support purchasing water rights from willing sellers, so that property rights and values will not be significantly diminished.

We have followed the fine-tuning of the original proposal and support a number of the conceptual amendments to make the buy-back program more effective. Although the Federation supports the latest conceptual amendment, a final determination on our position will be made as the legislation moves forward.

This program should prioritize areas in the State needing the most attention, with purchases of water to be retired on a permanent basis. We support S.B. 176.

MR. BELANGER:

We support S.B. 176 and the conceptual amendment but cannot officially support the bill until we review the final language. The Southern Nevada Water Authority approached the Legislature in 1997 and established the Las Vegas Valley Groundwater Management Program in 1999. We manage a well conversion grant program where we remove domestic wells and revocable permits out of production by willing participants to help southern Nevadans connect to the municipal water system.

When the Legislature created the program, they also approved a funding mechanism to pay well owners in the Las Vegas Valley up to \$30 per AF. The funding mechanism has given SNWA the resources needed to help fund the conversions. It is a remarkable program and has addressed many of the groundwater issues in Las Vegas. After Nevada has become comfortable establishing the buyback process, the State could consider a similar funding mechanism as a separate legislative bill.

MR. POULSEN:

The State over-appropriated water in many basins and it is fair to compensate Nevadans for retiring their water rights. People applied for and received their water rights in good faith and built their livelihoods believing they would have use of the water indefinitely. As the basins are over-appropriated, retirement of water rights is a smart solution and will be another tool in the State Engineer's toolbox for bringing these basins back in balance. If we do not implement a buy-back program today, it will not happen tomorrow. As the process evolves, it will be effective for all stakeholders, including those who own water rights. We support S.B. 176.

MR. HARDY:

We mirror the testimony you have heard today. The Nevada Conservation League supports S.B. 176.

Ms. LUNA:

I will submit written testimony ([Exhibit H](#)). Water conservation is a top priority for many Nevadans and certainly for our members and partners. Senate Bill 176

will provide tools for reducing the overuse of groundwater. The State should use everything at its disposal to conserve water use, and we urge the Committee to support S.B. 176.

CHAIR PAZINA:

We will hear from those who are neutral.

MR. SULLIVAN:

We are neutral on this bill. The buyback of water is a good concept and the bill's contents have been well thought out. Senate Bill 176 addresses the primary water resource problem in Nevada, and the DWR appreciates the Committee's discussions and recognition of the complexities behind it.

To manage this program would be a substantial departure from the current duties and capacity of DWR. There are some concerns with the same regulatory agency having input on valuing water rights that we plan to purchase.

We have been discussing these concerns with the bill proponents and are developing alternatives to address potential conflicts. One thought is to develop the program through a different structure within the State Department of Conservation and Natural Resources. This would allow DWR to accomplish the objectives of the program, streamline the process, and avoid potential conflicts. The State Engineer would still be involved as a technical participant and be available to participate and help with the overall objectives. I look forward to working with the bill sponsors to develop that structure.

SENATOR FLORES:

Have you researched similar buy-back programs in other states? Can you determine what problems they encountered when developing and implementing programs and identify landmines they have encountered? I have researched similar programs in other states and many of the programs evolved substantially from what they were initially set up to do. I am curious to know if you can provide some insight or perspective.

MR. SULLIVAN:

I do not have much familiarity with how other states programs have been developed or implemented and if they were successful in achieving their goals. I was paying close attention to earlier testimony on similar programs in other states. Nevada can learn from other states what has worked, what has not, and

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what they would have done differently. We can take advantage of evolving program mechanisms.

CHAIR PAZINA:

The Committee also received a letter in support of S.B. 176 ([Exhibit I](#)) from Tracy Puckett, co-chair of the Sierra Club Toiyabe Chapter. It is very gratifying to see so many entities and people work together to formulate this bill. As there is no public comment, the meeting is adjourned at 5:27 p.m.

RESPECTFULLY SUBMITTED:

Cherie Dittler,
Committee Secretary

APPROVED BY:

Senator Julie Pazina, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit Letter	Introduced on Minute Report Page No.	Witness / Entity	Description
	A	1		Agenda
	B	1		Attendance Roster
S.J.R. 3	C	4	Paula Luna/ Battle Born Progress	Written Testimony
S.B. 112	D	5	Senator Pete Goicoechea, Central Nevada Regional Authority	Document
S.B. 112	E	6	Senator Pete Goicoechea	Proposed Conceptual Amendment
S.B. 176	F	16	Jake Tibbitts/ Eureka County	Proposed Conceptual Amendment
S.B. 176	G	27	Laurel Saito/ The Nature Conservancy	Letter in Support
S.B. 176	H	30	Paula Luna/Battle Born Progress	Written Testimony in support
S.B. 176	I	32	Tracy Puckett/Sierra Club, Toiyabe Chapter	Letter in Support