HOUSE BILL 2740

State of Washington 65th Legislature 2018 Regular Session

By Representatives Fitzgibbon and Springer

1 AN ACT Relating to ensuring that water is available for permit 2 instream uses; amending RCW 19.27.097, exempt and 58.17.110, 3 90.54.010, 90.03.247, and 90.03.290; adding a new section to chapter 36.70A RCW; adding a new section to chapter 36.70 RCW; adding new 4 5 sections to chapter 90.54 RCW; adding a new chapter to Title 43 RCW; creating new sections; providing an expiration date; and declaring an б 7 emergency.

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

9

PART 1

10 **Sec. 101.** RCW 19.27.097 and 2015 c 225 s 17 are each amended to 11 read as follows:

(1)(a) Each applicant for a building permit of a building 12 13 necessitating potable water shall provide evidence of an adequate water supply for the intended use of the building. Evidence may be in 14 the form of a water right permit from the department of ecology, a 15 16 letter from an approved water purveyor stating the ability to provide water, or another form sufficient to verify the existence of an 17 adequate water supply. ((In addition to other authorities, the county 18 19 or city may impose conditions on building permits requiring 20 connection to an existing public water system where the existing

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system is willing and able to provide safe and reliable potable water to the applicant with reasonable economy and efficiency.)) An application for a water right shall not be sufficient proof of an adequate water supply.

(b) In the following water resource inventory areas with rules 5 6 adopted by the department of ecology under chapters 90.22 and 90.54 RCW that explicitly regulate permit-exempt groundwater withdrawals, 7 evidence of an adequate water supply must be consistent with the 8 specific rule requirements, which as of the effective date of this 9 10 section are the following: 5 (Stillaguamish); 17 (Quilcene-Snow); 18 (Elwha-Dungeness); 27 (Lewis); 28 (Salmon-Washougal); 32 (Walla 11 Walla); 45 (Wenatchee); 46 (Entiat); 48 (Methow); and 57 (Middle 12 13 Spokane).

14 (c) In the following water resource inventory areas with rules 15 adopted by the department of ecology under chapters 90.22 and 90.54 RCW that do not explicitly regulate permit-exempt groundwater 16 17 withdrawals, evidence of an adequate water supply for a domestic use must be consistent with section 106 of this act, unless the applicant 18 19 provides other evidence of an adequate water supply that complies with chapters 90.03 and 90.44 RCW: 1 (Whatcom); 7 (Snohomish); 8 20 (Cedar-Sammamish); 9 (Duwamish-Green); 10 (Puyallup-White); 11 21 (Nisqually); 12 (Chambers-Clover); 13 (Deschutes); 14 (Kennedy-22 23 Goldsborough); 15 (Kitsap); 22 (Lower Chehalis); 23 (Upper Chehalis); 49 (Okanogan); 55 (Little Spokane); 59 (Colville). In the water 24 25 resource inventory areas listed in this subsection, physical and legal evidence of an adequate water supply for a commercial-use 26 building may be demonstrated by submittal of a water well report 27 28 consistent with the requirements of chapter 18.104 RCW without having to comply with the requirements of section 106 of this act. 29

30 <u>(d) In other areas of the state, physical and legal evidence of</u> 31 <u>an adequate water supply may be demonstrated by submittal of water</u> 32 <u>well report consistent with the requirements of chapter 18.104 RCW,</u> 33 <u>except that additional requirements may apply to demonstrate the</u> 34 <u>physical and legal existence of an adequate water supply, as</u> 35 <u>determined by the department of ecology, if the application is</u> 36 <u>within:</u>

37 (i) An area where water rights have been adjudicated in 38 accordance with chapter 90.03 RCW and is subject to federal flow 39 regulation, including the entire Yakima river basin (water resource 40 inventory areas 37, 38, or 39); 1 <u>(ii) An area where water rights have been adjudicated in a</u> 2 federal court action and is subject to federal flow regulation; or

(iii) Water resource inventory areas 3 or 4, which were subject
to the supreme court of Washington's October 3, 2013, opinion in
Swinomish Indian Tribal Community v. Washington State Department of
Ecology, 178 Wn.2d 571, 311 P.3d 6 (2013).

7 (2) <u>In addition to other authorities, the county or city may</u> 8 <u>impose additional requirements, including conditions on building</u> 9 <u>permits requiring connection to an existing public water system where</u> 10 <u>the existing system is willing and able to provide safe and reliable</u> 11 <u>potable water to the applicant with reasonable economy and</u> 12 <u>efficiency.</u>

(3) Within counties not required or not choosing to plan pursuant 13 14 to RCW 36.70A.040, the county and the state may mutually determine those areas in the county in which the requirements of subsection (1) 15 16 of this section shall not apply. The departments of health and 17 ecology shall coordinate on the implementation of this section. 18 Should the county and the state fail to mutually determine those 19 areas to be designated pursuant to this subsection, the county may petition the department of enterprise services to mediate or, if 20 21 necessary, make the determination.

(((3))) (4) Buildings that do not need potable water facilities are exempt from the provisions of this section. The department of ecology, after consultation with local governments, may adopt rules to implement this section, which may recognize differences between high-growth and low-growth counties.

(5) A groundwater withdrawal associated with a water well, as defined in and constructed in accordance with chapter 18.104 RCW and in compliance with RCW 90.44.050, in existence prior to the effective date of this section, is exempt from the provisions of section 106 of this act, and must be considered under the legal requirements for groundwater withdrawals and building permits as those requirements existed on October 5, 2016.

34 <u>NEW SECTION.</u> **Sec. 102.** A new section is added to chapter 36.70A 35 RCW to read as follows:

For the purposes of complying with the requirements of this chapter relating to surface and groundwater resources, a local government may rely on or refer to applicable minimum instream flow rules adopted by the department of ecology under chapters 90.22 and

90.54 RCW. Development regulations must ensure that proposed water uses are consistent with RCW 90.44.050 and with applicable rules adopted pursuant to chapters 90.22 and 90.54 RCW when making decisions under RCW 19.27.097 and 58.17.110.

5 <u>NEW SECTION.</u> **Sec. 103.** A new section is added to chapter 36.70 6 RCW to read as follows:

7 County development regulations must ensure that proposed water 8 uses are consistent with RCW 90.44.050 and with applicable rules 9 adopted pursuant to chapters 90.22 and 90.54 RCW when making 10 decisions under RCW 19.27.097 and 58.17.110.

11 **Sec. 104.** RCW 58.17.110 and 1995 c 32 s 3 are each amended to 12 read as follows:

(1) The city, town, or county legislative body shall inquire into 13 14 the public use and interest proposed to be served by the 15 establishment of the subdivision and dedication. It shall determine: (a) If appropriate provisions are made for, but not limited to, the 16 public health, safety, and general welfare, for open spaces, drainage 17 ways, streets or roads, alleys, other public ways, transit stops, 18 potable water supplies, sanitary wastes, parks and recreation, 19 playgrounds, schools and schoolgrounds, and shall consider all other 20 relevant facts, including sidewalks and other planning features that 21 assure safe walking conditions for students who only walk to and from 22 23 school; and (b) whether the public interest will be served by the subdivision and dedication. 24

(2) A proposed subdivision and dedication shall not be approved 25 unless the city, town, or county legislative body makes written 26 27 findings that: (a) Appropriate provisions are made for the public health, safety, and general welfare and for such open spaces, 28 29 drainage ways, streets or roads, alleys, other public ways, transit 30 stops, potable water supplies, sanitary wastes, parks and recreation, playgrounds, schools and schoolgrounds and all other relevant facts, 31 including sidewalks and other planning features that assure safe 32 walking conditions for students who only walk to and from school; and 33 34 (b) the public use and interest will be served by the platting of such subdivision and dedication. If it finds that the proposed 35 subdivision and dedication make such appropriate provisions and that 36 37 the public use and interest will be served, then the legislative body shall approve the proposed subdivision and dedication. Dedication of 38

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1 land to any public body, provision of public improvements to serve the subdivision, and/or impact fees imposed under RCW 82.02.050 2 3 through 82.02.090 may be required as a condition of subdivision 4 approval. Dedications shall be clearly shown on the final plat. No dedication, provision of public improvements, or impact fees imposed 5 б under RCW 82.02.050 through 82.02.090 shall be allowed that 7 constitutes an unconstitutional taking of private property. The legislative body shall not as a condition to the approval of any 8 subdivision require a release from damages to be procured from other 9 10 property owners.

(3) If the preliminary plat includes a dedication of a public park with an area of less than two acres and the donor has designated that the park be named in honor of a deceased individual of good character, the city, town, or county legislative body must adopt the designated name.

16 <u>(4) If water supply is to be provided by a groundwater withdrawal</u> 17 <u>exempt from permitting under RCW 90.44.050, the applicant's</u> 18 <u>compliance with RCW 90.44.050 and with applicable rules adopted</u> 19 <u>pursuant to chapters 90.22 and 90.54 RCW shall be sufficient in</u> 20 <u>determining appropriate provisions for water supply for a</u> 21 <u>subdivision, dedication, or short subdivision under this chapter.</u>

(5) A groundwater withdrawal associated with a water well, as defined in RCW 18.104.020 and constructed in accordance with chapter 18.104 RCW and in compliance with RCW 90.44.050, in existence prior to the effective date of this section, is exempt from the provisions of section 106 of this act, and must be considered under the legal requirements for groundwater withdrawals and building permits as those requirements existed on October 5, 2016.

29 **Sec. 105.** RCW 90.54.010 and 1990 c 295 s 1 are each amended to 30 read as follows:

31 (1) It is the intent of the legislature to protect and restore healthy streamflows for instream resources, which will aid in 32 recovery of depleted salmonid populations, support properly 33 functioning ecosystems, and provide for the general welfare of the 34 citizens of the state. The legislature also intends to ensure that a 35 legal and reliable domestic water supply is available for its 36 citizens, which is essential to support the vitality of our state, 37 38 including rural communities.

1 <u>(a) Healthy watersheds and streamflows ensure preservation of</u> 2 <u>instream resources, which include fish, wildlife, scenic, aesthetic,</u> 3 <u>environmental, recreational, and navigational values. These resources</u> 4 <u>are central to our state's identity, culture, and economy and must be</u> 5 <u>preserved and where possible enhanced for future generations.</u>

6 <u>(b) Inadequate streamflows adversely impact instream resources.</u> 7 <u>Out-of-stream water use, loss of wetlands and floodplains, loss of</u> 8 <u>vegetated cover, increase in impervious surfaces, loss of snowpack,</u> 9 <u>and other factors combined with naturally low flows that occur in</u> 10 <u>late summer and fall contribute to streamflow limitations that are</u> 11 <u>becoming an increasingly significant barrier to recovery of</u> 12 <u>threatened and endangered species, especially salmonids.</u>

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(2) The legislature finds that:

(a) Proper utilization of the water resources of this state is 14 necessary to the promotion of public health and the economic well-15 16 being of the state and the preservation of its natural resources and 17 aesthetic values. Although water is a renewable resource, its supply 18 and availability are becoming increasingly limited, particularly 19 during summer and fall months and dry years when demand is greatest. Growth and prosperity have significantly increased the competition 20 21 for this limited resource. Adequate water supplies are essential to 22 meet the needs of the state's growing population and economy. At the 23 same time instream resources and values must be preserved and protected so that future generations can continue to enjoy them. 24

25 (b) All citizens of Washington share an interest in the proper 26 stewardship of our invaluable water resources. To ensure that available water supplies are managed to best meet both instream and 27 28 ((offstream needs, a comprehensive planning process)) out-of-stream needs, a comprehensive watershed restoration and enhancement program 29 is essential. The people of the state have the unique opportunity to 30 31 work together to ((plan and manage our water)) restore and enhance 32 instream resources. Through a comprehensive planning and watershed 33 restoration process that includes the state, Indian tribes, local governments, and interested parties, it is possible to make better 34 use of available water supplies and achieve better management of 35 water resources. Through comprehensive planning and implementation of 36 streamflow restoration and enhancement projects, conflicts among 37 water users and interests can be reduced or resolved and instream 38 resources can be improved. It is in the best interests of the state 39 40 that comprehensive water resource planning and restoration be given a

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high priority so that water resources and associated values can be
 utilized and enjoyed today and protected for tomorrow.

3 (c) Diverse hydrologic, climatic, cultural, and socioeconomic 4 conditions exist throughout the regions of the state. Water resource 5 issues vary significantly across regions. Comprehensive water 6 resource planning is best accomplished through a regional planning 7 process sensitive to the unique characteristics and issues of each 8 region.

9 (d) Comprehensive water resource planning must provide interested 10 parties adequate opportunity to participate. Water resource issues 11 are best addressed through cooperation and coordination among the 12 state, Indian tribes, local governments, and interested parties.

(e) The long-term needs of the state require ongoing assessment 13 14 of water availability, use, and demand. A thorough inventory of available resources is essential to water resource management. 15 16 Current state water resource data and data management is inadequate 17 to meet changing needs and respond to competing water demands. 18 Therefore, a state water resource data program is needed to support 19 an effective water resource management program. Efforts should be made to coordinate and consolidate into one resource data system all 20 21 relevant information developed by the department of ecology and other agencies relating to the use, protection, and management of the 22 23 state's water resources.

(((2))) <u>(3)</u> It is the purpose of this chapter to set forth 24 25 fundamentals of water resource policy for the state to ((insure)) 26 ensure that waters of the state are protected and fully utilized for the greatest benefit to the people of the state of Washington and, in 27 relation thereto, to provide direction to the department of ecology, 28 other state agencies and officials, and local government in carrying 29 out water and related resources programs. It is the intent of the 30 31 legislature to work closely with the executive branch, Indian tribes, 32 local government, and interested parties to ensure that water 33 resources of the state are wisely managed.

34 (4) To achieve the goals of this act, significant legislative 35 action is needed to address both the impact of new development on 36 streamflows and to restore and enhance properly functioning 37 watersheds to preserve and enhance instream resources. The department 38 is directed to implement a program to restore and enhance streamflows 39 by establishing watershed restoration and enhancement committees, as 40 specified in section 106 of this act, to develop and implement plans

1 for streamflow restoration to support vibrant fish and wildlife,

2 including restoring threatened and endangered salmonids.

3 <u>NEW SECTION.</u> Sec. 106. A new section is added to chapter 90.54
4 RCW to read as follows:

5 (1) Unless requirements are otherwise specified in the applicable 6 rules adopted under this chapter or chapter 90.22 RCW, potential 7 impacts on a closed water body and potential impairment to an 8 instream flow are authorized for a new domestic or commercial 9 groundwater withdrawal exempt from permitting under RCW 90.44.050 10 through compliance with the requirements established in this act.

11 (2)(a) The department shall establish watershed restoration and enhancement committees in the following water resource inventory 12 13 areas: 1 (Whatcom); 7 (Snohomish); 8 (Cedar-Sammamish); 9 (Duwamish-Green); 10 (Puyallup-White); 11 (Nisqually); 12 (Chambers-Clover); 13 14 15 (Deschutes); 14 (Kennedy-Goldsborough); 15 (Kitsap); 22 (Lower 16 Chehalis); 23 (Upper Chehalis); 49 (Okanogan); 55 (Little Spokane); 17 59 (Colville).

18 (b) The department shall chair the watershed restoration and 19 enhancement committee and invite the following entities to 20 participate:

(i) A representative from each federally recognized Indian tribethat has reservation land within the water resource inventory area;

(ii) A representative from each federally recognized Indian tribe
 that has a usual and accustomed harvest area within the water
 resource inventory area;

(iii) A representative from the department of fish and wildlife,
appointed by the director of the department of fish and wildlife;

(iv) A representative designated by each county within the waterresource inventory area; and

30 (v) A representative designated by each city within the water 31 resource inventory area.

32 (3) The department shall prepare and adopt watershed а restoration and enhancement plan for each water resource inventory 33 area listed in this subsection, in collaboration with the watershed 34 35 restoration and enhancement committee, according to the deadlines specified in (i) of this subsection. Except as described in (h) of 36 this subsection, a watershed restoration and enhancement plan must be 37 38 approved by all members of a watershed restoration and enhancement committee prior to adoption. 39

1 (a) The watershed restoration and enhancement plan should include 2 recommendations for projects and actions that will measure, protect, and enhance instream resources and improve watershed functions that 3 support the recovery of threatened and endangered salmonids. Plan 4 recommendations may include, but are not limited to, acquiring senior 5 б water rights, water conservation, water reuse, stream gaging, 7 groundwater monitoring, and developing natural and constructed which includes 8 infrastructure, such projects as floodplain 9 restoration, off-channel storage, and aquifer recharge. Qualifying projects must be specifically designed to enhance streamflows and not 10 11 result in negative impacts to ecological functions or critical 12 habitat.

(b) At a minimum, the plan must include those actions that the 13 14 committee determines to be necessary to offset potential consumptive impacts to instream flows associated with permit-exempt domestic and 15 commercial water use. The highest priority recommendations must 16 17 include replacing the quantity of consumptive water use during the 18 same time periods as the impact and in the same basin or tributary. Lower priority projects include projects not in the same basin or 19 20 tributary and projects that replace consumptive water supply impact 21 only during critical flow periods. The plan may include projects that instream resources without 22 protect or improve replacing the consumptive quantity of water where such projects are in addition to 23 24 those actions that the committee determines to be necessary to offset 25 potential consumptive impacts to instream flows associated with 26 permit-exempt domestic water use.

(c) Prior to adoption of the watershed restoration and enhancement plan, the department shall make a determination that actions identified in the plan, after accounting for new projected uses of water over the subsequent twenty years, will result in a net ecological benefit to instream resources within the water resource inventory area.

33 (d) The watershed restoration and enhancement plan must include 34 an evaluation or estimation of the cost of offsetting new domestic 35 and commercial water uses over the subsequent twenty years, including 36 withdrawals exempt from permitting under RCW 90.44.050.

37 (e) The watershed restoration and enhancement plan must include 38 estimates of the cumulative consumptive water use impacts over the 39 subsequent twenty years, including withdrawals exempt from permitting 40 under RCW 90.44.050. 1 (f) The watershed restoration and enhancement plan may include:

2 (i) Recommendations for modification to fees established under3 this subsection;

4 (ii) Standards for water use quantities that are less than 5 authorized under RCW 90.44.050 for withdrawals exempt from 6 permitting;

7 (iii) Specific conservation requirements for new water users to
8 be adopted by local or state permitting authorities; or

9 (iv) Other approaches to manage water resources for a water 10 resource inventory area or a portion thereof.

(g) After adoption of a watershed restoration and enhancement plan, the department shall evaluate the plan recommendations and initiate rule making, if necessary, to incorporate recommendations into rules adopted under this chapter or under chapter 90.22 RCW.

(h) If the watershed restoration and enhancement committee fails 15 to approve a plan by the deadlines specified in (i) of this 16 17 subsection, the director of the department shall submit the final 18 draft plan to the salmon recovery funding board established under RCW 77.85.110 and request that the salmon recovery funding board provide 19 a technical review and give recommendations to the director to amend 20 21 the final draft plan, if necessary, so that actions identified in the plan, after accounting for new projected uses of water over the 22 subsequent twenty years, will result in a net ecological benefit to 23 instream resources within the water resource inventory area. The 24 25 director of the department shall consider the recommendations and may 26 amend the plan without committee approval prior to adoption. After plan adoption, the director of the department shall initiate rule 27 28 making within six months to incorporate recommendations into rules 29 adopted under this chapter, and shall adopt amended rules within two years of initiation. 30

(i) The deadline for the department to prepare and adopt a watershed restoration and enhancement plan for each water resource inventory area listed in this subsection, in collaboration with the watershed restoration and enhancement committee, and the deadline by which the director of the department shall submit the final draft plan to the salmon recovery board if the watershed restoration and enhancement committee fails to approve a plan, is as follows:

- 38 (i) Tier 1: June 30, 2021;
- 39 (ii) Tier 2: June 30, 2023; and
- 40 (iii) Tier 3: June 30, 2025.

1 (4) For purposes of this section, the following water resource 2 inventory areas are organized according to the following tiers:

3 (a) Tier 1: 1 (Nooksack); 7 (Snohomish); 15 (Kitsap); 8 (Cedar4 Sammamish); and 14 (Kennedy-Goldsborough);

5 (b) Tier 2: 23 (Upper Chehalis); 11 (Nisqually); 10 (Puyallup-6 White); 9 (Duwamish-Green); and 13 (Deschutes); and

7 (c) Tier 3: 49 (Okanogan); 22 (Lower Chehalis); 55 (Little
8 Spokane); 12 (Chambers-Clover); and 59 (Colville).

9 (5) To rely on the provisions of this act, a city or county 10 issuing a building permit under RCW 19.27.097, or approving a 11 subdivision under chapter 58.17 RCW shall:

(a) Record relevant restrictions or limitations associated withwater supply with the property title;

14 (b) Collect applicable fees, as described under section 107 of 15 this act;

16 (c) Keep account of the number of building permits issued under 17 chapter 19.27 RCW or subdivision approvals issued under chapter 58.17 18 RCW subject to the provisions of this act;

19 (d) Annually remit to the department all state watershed 20 restoration and enhancement fees collected;

(e) Annually remit accounting of building permits and subdivisionapprovals subject to the provisions of this act; and

(f) Until rules have been adopted that specify otherwise, require the following measures for each new domestic use that relies on a withdrawal exempt from permitting under RCW 90.44.050:

(i) An applicant shall pay a state watershed restoration and enhancement fee as described in section 107(1) of this act. Where assessed by a permitting authority pursuant to section 107(2) of this act, an applicant shall also pay a local watershed restoration and enhancement fee;

(ii) An applicant may obtain approval for a single domestic
 indoor use only, with a maximum annual average withdrawal as follows:

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(A) Tier 1: Three hundred fifty gallons per day;(B) Tier 2: Six hundred gallons per day; and

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(C) Tier 3: One thousand gallons per day;

36 (iii) An applicant shall manage stormwater runoff on-site to the 37 extent practicable by maximizing infiltration using green 38 infrastructure including low-impact development techniques, or 39 pursuant to stormwater management requirements adopted by the local 1 permitting authority, if locally adopted requirements are more
2 stringent.

3 (6) The department shall initiate rule making under this chapter 4 in at least one water resource inventory area every four years in a 5 basin in which instream flow rules do not exist, and for 6 prioritization of which areas to address, will consider:

(a) Population growth rates over the past ten years;

7 8

(b) Presence of threatened or endangered species;

9 (c) Vulnerability of instream resources to impacts from low 10 flows; and

11 (d) If the water resource inventory area is identified as a 12 salmon critical basin by the department.

13 (7) Rules adopted under this chapter may:

14 (a) Rely on watershed restoration and enhancement plan 15 recommendations and procedures established in this act to authorize 16 new withdrawals exempt from permitting under RCW 90.44.050 that would 17 potentially impact a closed waterbody or a minimum flow or level;

(b) Rely on projects identified in the watershed restoration andenhancement plan to offset consumptive water use; and

20 (c) Include updates to fees based on the watershed restoration 21 and enhancement committee's determination of the costs for offsetting 22 consumptive water use.

(8) The department shall submit a report to the legislature by December 31, 2022, and December 31, 2027, in compliance with RCW 43.01.036, that includes the following elements:

26 (a) Progress in completing and adopting watershed restoration and27 enhancement plans;

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(b) A description of program projects and expenditures;

(c) An assessment of the streamflow restoration and enhancementbenefits from program projects;

31 (d) A listing of other efforts or actions taken associated with 32 streamflow restoration and enhancement, projects to benefit instream 33 resources, and other directly related watershed improvements 34 conducted in coordination with the restoration and enhancement 35 planning process;

36 (e) The total number of new withdrawals exempt from permitting 37 under RCW 90.44.050 authorized in each water resource inventory area 38 under provisions of this act, and estimates of consumptive water use 39 impacts associated with the new withdrawals; and 1 (f) A description of potential or planned projects, including 2 projected costs and anticipated streamflow, water supply, and 3 watershed health benefits.

4 (9) A groundwater withdrawal associated with a water well, as 5 defined in and constructed in accordance with chapter 18.104 RCW and 6 in compliance with RCW 90.44.050, in existence prior to the effective 7 date of this section, is exempt from the provisions of this section, 8 and must be considered under the legal requirements for groundwater 9 withdrawals and building permits as those requirements existed on 10 October 5, 2016.

11 <u>NEW SECTION.</u> Sec. 107. A new section is added to chapter 90.54 12 RCW to read as follows:

(1) A permitting authority issuing a building permit for a 13 domestic-use building that will rely on a groundwater withdrawal 14 15 exempt from permitting under RCW 90.44.050 shall assess and collect 16 from the building permit applicant a state watershed restoration and enhancement fee for each new domestic-use building permit issued in 17 18 following water resource inventory areas: 1 (Whatcom); the 7 (Snohomish); 8 (Cedar-Sammamish); 9 (Duwamish-Green); 10 (Puyallup-19 20 White); 11 (Nisqually); 12 (Chambers-Clover); 13 (Deschutes); 14 21 (Kennedy-Goldsborough); 15 (Kitsap); 22 (Lower Chehalis); 23 (Upper Chehalis); 49 (Okanogan); 55 (Little Spokane); 59 (Colville). The fee 22 is five hundred dollars, subject to revision pursuant to section 106 23 24 of this act. The permitting authority shall remit the proceeds from 25 fees collected under this subsection to the department in accordance with section 106 of this act. The purpose of the fee is to offset the 26 27 department's costs associated with implementing the requirements of section 106 of this act. Proceeds from fees collected under this 28 subsection (1) may be spent only in the water resource inventory area 29 30 in which the fees were collected.

31 (2) In addition to the fee authorized in subsection (1) of this section, a permitting authority issuing a building permit for a 32 domestic-use building that will rely on a groundwater withdrawal 33 exempt from permitting under RCW 90.44.050 is authorized to assess 34 and collect from the building permit applicant a local watershed 35 restoration and enhancement fee for each new domestic-use building 36 permit issued in the following water resource inventory areas: 1 37 38 (Whatcom); 7 (Snohomish); 8 (Cedar-Sammamish); 9 (Duwamish-Green); 10 (Puyallup-White); 11 (Nisqually); 12 (Chambers-Clover); 13 39

1 (Deschutes); 14 (Kennedy-Goldsborough); 15 (Kitsap); 22 (Lower Chehalis); 23 (Upper Chehalis); 49 (Okanogan); 55 (Little Spokane); 2 59 (Colville). If the permitting authority assesses a local watershed 3 restoration and enhancement fee, the amount of the fee must be 4 determined by the permitting authority. The permitting authority 5 6 shall retain the proceeds of fees collected under this subsection. 7 The purpose of the fee is to offset the permitting authority's costs associated with implementing the requirements of section 106 of this 8 act. Proceeds from fees collected under this subsection (2) may be 9 spent only in the water resource inventory area in which the fees 10 11 were collected.

12 <u>NEW SECTION.</u> Sec. 108. A new section is added to chapter 90.54 13 RCW to read as follows:

By January 1, 2019, the department shall distribute to the state 14 15 building code council and to each county, city, town, or other local 16 permitting authority, publish in the Washington State Register, and 17 post on its web site, a list of each of the sixty-two water resource inventory areas and an identification of the statutes, rules, and 18 other legal authorities, if any, that apply to groundwater uses in 19 20 each of the water resource inventory areas. The purpose of the list is to provide a readily accessible description of the requirements 21 that must be met in each water resource inventory area in order to 22 23 use a well exempt from permitting under RCW 90.44.050 as the source 24 of potable water for a building permit.

25 <u>NEW SECTION.</u> Sec. 109. A new section is added to chapter 90.54 26 RCW to read as follows:

27 (1) The department shall initiate a pilot project to measure water use from all new groundwater withdrawals in water resource 28 29 inventory area 9 (Duwamish-Green), including withdrawals exempt from 30 permitting under RCW 90.44.050. The pilot project must be conducted to determine the overall feasibility of measuring water use for all 31 new groundwater withdrawals. The pilot must be conducted in a 32 priority water resource inventory area, as determined by the director 33 34 of the department. At a minimum, the pilot must address the 35 following:

36 (a) Initial and on-going costs, including costs to individual37 property owners, local government, and the department;

(b) Technical, practical, and legal considerations that must be
 addressed;

3 (c) The costs and benefits of a water use measurement program 4 relying on individual meters versus a water management program that 5 estimates permit-exempt groundwater withdrawals; and

6 (d) Measures to protect the privacy of individual property owners 7 and ensure accurate data collection.

8 (2) The department shall report on the pilot project results in 9 the report to the legislature submitted under section 106 of this 10 act. The department shall include recommendations to the legislature, 11 including estimated program costs for expanding the pilot project to 12 other basins.

13 <u>NEW SECTION.</u> Sec. 110. A new section is added to chapter 90.54 14 RCW to read as follows:

Nothing in this chapter affects the ability of any person to pursue a cause of action for the protection of any water right that is not a base flow, minimum flow, minimum level, or other similar standard or policy, established by the department under this chapter or chapter 90.22 RCW.

20 <u>NEW SECTION.</u> Sec. 111. A new section is added to chapter 90.54 21 RCW to read as follows:

(1) The watershed restoration and enhancement account is created 22 in the custody of the state treasurer. All receipts from fees paid 23 24 pursuant to section 106 of this act must be deposited into the account. The account may also receive those moneys as may be 25 appropriated by the legislature for the purpose of 26 funding restoration and enhancement projects as identified in section 106 of 27 this act. Expenditures from the account may be used only for the 28 29 costs of administering this act, including implementing watershed 30 restoration and enhancement projects under section 106 of this act, and collecting data and completing studies necessary to develop, 31 implement, and evaluate watershed restoration and enhancement 32 projects under this act. Only the director of the department or the 33 34 director's designee may authorize expenditures from the account.

35 (2) Fee revenues collected under section 106 of this act must be 36 used exclusively within the water resource inventory area in which 37 the fee originated. The restriction in this subsection does not apply

1 to moneys in the watershed restoration and enhancement account that 2 do not originate from fees collected under section 106 of this act.

3 <u>NEW SECTION.</u> Sec. 112. A new section is added to chapter 90.54
4 RCW to read as follows:

5 (1) The watershed restoration and enhancement taxable bond account is created in the state treasury. All receipts from direct б appropriations from the legislature or moneys directed to the account 7 from any other source must be deposited in the account. Moneys in the 8 account may be spent only after appropriation. The account 9 is 10 intended to fund projects using taxable bonds. Expenditures from the account may be used only as provided for in this section. 11

(2) Expenditures from the watershed restoration and enhancement 12 13 taxable bond account may be used to assess, plan, and develop projects that include acquiring senior water rights, water 14 15 conservation, water reuse, stream gaging, groundwater monitoring, and 16 developing natural and constructed infrastructure, which includes 17 projects such as floodplain restoration, off-channel storage, and aquifer recharge, or other actions designed to restore and enhance 18 19 instream resources, and to provide access to water supplies within 20 watersheds developing plans as directed by section 106 of this act.

21 <u>NEW SECTION.</u> Sec. 113. A new section is added to chapter 90.54 22 RCW to read as follows:

23 (1) The watershed restoration and enhancement bond account is 24 created in the state treasury. All receipts from direct appropriations from the legislature or moneys directed to the account 25 26 from any other source must be deposited in the account. Moneys in the 27 account may be spent only after appropriation. The account is intended to fund projects using taxable bonds. Expenditures from the 28 29 account may be used only as provided for in this section.

30 (2) Expenditures from the watershed restoration and enhancement bond account may be used to assess, plan, and develop projects that 31 32 include acquiring senior water rights, water conservation, water 33 reuse, stream gaging, groundwater monitoring, and developing natural 34 and constructed infrastructure, which includes projects such as surface water impoundment, floodplain restoration, off-channel 35 storage, and aquifer recharge, or other actions designed to restore 36 and enhance instream resources, and to provide access to water 37

supplies within watersheds developing plans as directed by section
 106 of this act.

3 <u>NEW SECTION.</u> Sec. 114. (1) A joint legislative task force on 4 water supply is established to review the treatment of surface water 5 and groundwater appropriations as they relate to instream flows and 6 fish habitat, to develop and recommend a mitigation sequencing 7 process and scoring system to address such appropriations, and to 8 review the Washington supreme court decision in *Foster v. Department* 9 of *Ecology*, 184 Wn.2d 465, 362 P.3d 959 (2015).

10

(2) The task force consists of the following members:

11 (a) Two members from each of the two largest caucuses of the 12 senate, appointed by the president of the senate;

13 (b) Two members from each of the two largest caucuses of the 14 house of representatives, appointed by the speaker of the house of 15 representatives;

16 (c) A representative from the department of ecology, appointed by 17 the director of the department of ecology;

(d) A representative from the department of fish and wildlife,appointed by the director of the department of fish and wildlife;

20 (e) A representative from the department of agriculture,21 appointed by the director of the department of agriculture;

(f) One representative from each of the following groups,appointed by the consensus of the cochairs of the task force:

24 (i) An organization representing the farming industry in25 Washington;

26

(ii) An organization representing Washington cities;

(iii) Two representatives from an environmental advocacyorganization or organizations;

29 30 (iv) An organization representing municipal water purveyors;

(v) An organization representing business interests;

31 (vi) Representatives of two federally recognized Indian tribes, 32 one invited by recommendation of the Northwest Indian fisheries 33 commission, and one invited by recommendation of the Columbia river 34 intertribal fish commission.

35 (3) One cochair of the task force must be a member of the 36 majority caucus of one chamber of the legislature, and one cochair 37 must be a member of the minority caucus of the other chamber of the 38 legislature, as the legislature existed as of the effective date of this section. The first meeting of the task force must occur by June
 30, 2018.

3 (4) Staff support for the task force must be provided by the 4 office of program research and senate committee services. The 5 department of ecology and the department of fish and wildlife shall 6 cooperate with the task force and provide information as the cochairs 7 reasonably request.

(5) Within existing appropriations, the expenses 8 of the operations of the task force, including the expenses associated with 9 the task force's meetings, must be paid jointly and in equal amounts 10 11 by the senate and the house of representatives. Task force 12 expenditures are subject to approval by the house of representatives executive rules committee and the senate facility and operations 13 committee. Legislative members of the task force are reimbursed for 14 travel expenses in accordance with RCW 44.04.120. Nonlegislative 15 16 members are not entitled to be reimbursed for travel expenses if they 17 are elected officials or are participating on behalf of an employer, 18 governmental entity, or other organization. Any reimbursement for 19 other nonlegislative members is subject to chapter 43.03 RCW.

20 (6)(a) By November 15, 2019, the joint legislative task force on 21 water supply must make recommendations to the legislature.

(b) Recommendations of the joint legislative task force on water supply must be made by a two-thirds majority of the voting members of the task force. The representatives of the departments of fish and wildlife, ecology, and agriculture are not eligible to vote on the recommendations. Minority recommendations that achieve the support of at least five of the named voting members of the task force may also be submitted to the legislature.

(7) The department of ecology shall issue permit decisions for up to five water resource mitigation pilot projects. The department of ecology is authorized to issue permits in reliance upon water resource mitigation of impacts to instream flows and closed surface water bodies under the following mitigation sequence:

(a) Avoiding impacts by: (i) Complying with mitigation required
by adopted rules that set forth minimum flows, levels, or closures;
or (ii) making the water diversion or withdrawal subject to the
applicable minimum flows or levels; or

38 (b) Where avoidance of impacts is not reasonably attainable, 39 minimizing impacts by providing permanent new or existing trust water 40 rights or through other types of replacement water supply resulting

1 in no net annual increase in the quantity of water diverted or 2 withdrawn from the stream or surface water body and no net 3 detrimental impacts to fish and related aquatic resources; or

Where avoidance and minimization are 4 (C) not reasonably attainable, compensating for impacts by providing net ecological 5 6 benefits to fish and related aquatic resources in the water resource 7 inventory area through a combination of in-kind and out-of-kind mitigation, that improves the function and productivity of affected 8 fish populations and related aquatic habitat. Out-of-kind mitigation 9 include instream or out-of-stream measures that 10 may improve or enhance existing water quality, riparian habitat, or other instream 11 12 functions and values for which minimum instream flows or closures were established in that watershed. 13

14 (8) The pilot projects eligible for processing under this 15 section, based on criteria as of the effective date of this section, 16 are:

(a) A city operating a group A water system in Kitsap county and water resource inventory area 15, with a population between 13,000 and 14,000;

(b) A city operating a group A water system in Pierce county and water resource inventory area 10, with a population between 9,500 and 10,500;

(c) A city operating a group A water system in Thurston county and water resource inventory area 11, with a population between 8,500 and 9,500;

(d) A nonprofit mutual water system operating a group A water
system in Pierce county and water resource inventory area 12, with
between 10,500 and 11,500 service connections;

(e) An irrigation district located in Whatcom county and waterresource inventory area 1.

31 (9) Water right applicants eligible to be processed under this pilot project authority must elect to be included in the pilot 32 project review by notifying the department of ecology by July 1, 33 2018. Once an applicant notifies the department of ecology of its 34 intent to be processed under this pilot project authority, subsection 35 36 (7) of this section applies to final decisions issued by the department of ecology, even if such a final decision is issued after 37 38 the expiration of this section.

1 (10) By November 15, 2018, the department of ecology must furnish 2 the task force with information on conceptual mitigation plans for 3 each water resource mitigation pilot project application.

4 (11) To ensure that the processing of pilot project applications 5 can inform the task force process in a timely manner, the department 6 of ecology shall expedite processing of applications for water 7 resource mitigation pilot projects. The applicant for each pilot 8 project shall reimburse the department of ecology for the 9 department's costs of processing the applicant's application.

10 (12) The water resource mitigation pilot project authority 11 granted to the department of ecology does not affect or modify any 12 other procedural requirements of chapters 90.03, 90.44, or 90.54 RCW 13 that apply to the processing of such applications.

14 (13) This section expires January 1, 2020.

15 **Sec. 115.** RCW 90.03.247 and 2003 c 39 s 48 are each amended to 16 read as follows:

17 (1) Whenever an application for a permit to make beneficial use of public waters is approved relating to a stream or other water body 18 for which minimum flows or levels have been adopted and are in effect 19 20 at the time of approval, the permit shall be conditioned to: (a) Protect the levels or flows; or (b) require water resource mitigation 21 of impacts to instream flows and closed surface water bodies for 22 water resource mitigation pilot projects authorized under section 114 23 24 of this act.

25 (2) No agency may establish minimum flows and levels or similar water flow or level restrictions for any stream or lake of the state 26 27 other than the department of ecology whose authority to establish is exclusive, as provided in chapter 90.03 RCW and RCW 90.22.010 and 28 90.54.040. The provisions of other statutes, including but not 29 30 limited to ((RCW 77.55.100 and)) chapter 43.21C RCW, may not be interpreted in a manner that is inconsistent with this section. In 31 establishing such minimum flows, levels, or similar restrictions, the 32 department shall, during all stages of development by the department 33 34 of ecology of minimum flow proposals, consult with, and carefully 35 consider the recommendations of, the department of fish and wildlife, 36 the department of ((community, trade, and economic development)) 37 commerce, the department of agriculture, and representatives of the affected Indian tribes. Nothing herein shall preclude the department 38 of fish and wildlife, the department of ((community, trade, and 39

1 economic development)) commerce, or the department of agriculture from presenting its views on minimum flow needs at any public hearing 2 or to any person or agency, and the department of fish and wildlife, 3 the department of ((community, trade, and economic development)) 4 commerce, and the department of agriculture are each empowered to 5 б participate in proceedings of the federal energy regulatory commission and other agencies to present its views on minimum flow 7 needs. 8

9 Sec. 116. RCW 90.03.290 and 2001 c 239 s 1 are each amended to 10 read as follows:

11 (1) When an application complying with the provisions of this chapter and with the rules of the department has been filed, the same 12 13 shall be placed on record with the department, and it shall be its duty to investigate the application, and determine what water, if 14 any, is available for appropriation, and find and determine to what 15 16 beneficial use or uses it can be applied. If it is proposed to 17 appropriate water for irrigation purposes, the department shall investigate, determine and find what lands are capable of irrigation 18 by means of water found available for appropriation. If 19 it is 20 proposed to appropriate water for the purpose of power development, 21 the department shall investigate, determine and find whether the proposed development is likely to prove detrimental to the public 22 interest, having in mind the highest feasible use of the waters 23 24 belonging to the public.

25 (2)(a) If the application does not contain, and the applicant does not promptly furnish sufficient information on which to base 26 27 such findings, the department may issue a preliminary permit, for a period of not to exceed three years, requiring the applicant to make 28 such surveys, investigations, studies, and progress reports, as in 29 30 the opinion of the department may be necessary. If the applicant 31 fails to comply with the conditions of the preliminary permit, it and the application or applications on which it is based shall be 32 automatically canceled and the applicant so notified. If the holder 33 of a preliminary permit shall, before its expiration, file with the 34 35 department a verified report of expenditures made and work done under the preliminary permit, which, in the opinion of the department, 36 establishes the good faith, intent, and ability of the applicant to 37 38 carry on the proposed development, the preliminary permit may, with the approval of the governor, be extended, but not to exceed a 39

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1 maximum period of five years from the date of the issuance of the 2 preliminary permit.

(b) For any application for which a preliminary permit was issued 3 and for which the availability of water was directly affected by a 4 moratorium on further diversions from the Columbia river during the 5 6 years from 1990 to 1998, the preliminary permit is extended through June 30, 2002. If such an application and preliminary permit were 7 canceled during the moratorium, the application and preliminary 8 permit shall be reinstated until June 30, 2002, if the application 9 and permit: (i) Are for providing regional water supplies in more 10 11 than one urban growth area designated under chapter 36.70A RCW and in 12 one or more areas near such urban growth areas, or the application and permit are modified for providing such supplies, and (ii) provide 13 or are modified to provide such regional supplies through the use of 14 existing intake or diversion structures. The authority to modify such 15 16 a canceled application and permit to accomplish the objectives of 17 (b)(i) and (ii) of this subsection is hereby granted.

18 (3) The department shall make and file as part of the record in the matter, written findings of fact concerning all things 19 investigated, and if it shall find that there is water available for 20 21 appropriation for a beneficial use, and the appropriation thereof as proposed in the application will not impair existing rights or be 22 detrimental to the public welfare, it shall issue a permit stating 23 the amount of water to which the applicant shall be entitled and the 24 25 beneficial use or uses to which it may be applied: PROVIDED, That 26 where the water applied for is to be used for irrigation purposes, it shall become appurtenant only to such land as may be reclaimed 27 thereby to the full extent of the soil for agricultural purposes. But 28 29 where there is no unappropriated water in the proposed source of supply, or where the proposed use conflicts with existing rights, or 30 31 threatens to prove detrimental to the public interest, having due 32 regard to the highest feasible development of the use of the waters belonging to the public, it shall be duty of the department to reject 33 such application and to refuse to issue the permit asked for. 34

(4) If the permit is refused because of conflict with existing rights and such applicant shall acquire same by purchase or condemnation under RCW 90.03.040, the department may thereupon grant such permit. Any application may be approved for a less amount of water than that applied for, if there exists substantial reason therefor, and in any event shall not be approved for more water than

1 can be applied to beneficial use for the purposes named in the application. In determining whether or not a permit shall issue upon 2 application, it shall be the duty of the department to 3 any investigate all facts relevant and material to the application. After 4 the department approves said application in whole or in part and 5 б before any permit shall be issued thereon to the applicant, such applicant shall pay the fee provided in RCW 90.03.470: PROVIDED 7 FURTHER, That in the event a permit is issued by the department upon 8 any application, it shall be its duty to notify the director of fish 9 and wildlife of such issuance. 10

11 (5) The requirements of subsections (1) and (3) of this section 12 do not apply to water resource mitigation pilot projects for which 13 permits are issued in reliance upon water resource mitigation of 14 impacts to instream flows and closed surface water bodies under 15 section 114 of this act.

16 <u>NEW SECTION.</u> Sec. 117. The legislature intends to appropriate 17 two hundred million dollars for projects to achieve the goals of this 18 act until January 1, 2028. The department of ecology is directed to 19 implement a program to restore and enhance streamflows by fulfilling 20 obligations under this act to develop and implement plans to restore 21 streamflows to levels necessary to support robust, healthy, and 22 sustainable salmon populations.

23

PART 2

24 <u>NEW SECTION.</u> Sec. 201. For the purpose of providing funds for 25 the watershed restoration and enhancement program created in this act, the state finance committee is authorized to issue general 26 obligation bonds of the state of Washington in the sum of two hundred 27 28 million dollars, or as much thereof as may be required, to finance 29 the projects and all costs incidental thereto. Bonds authorized in this section may be sold at such price as the state finance committee 30 shall determine. No bonds authorized in this section may be offered 31 for sale without prior legislative appropriation of the net proceeds 32 33 of the sale of the bonds.

34 <u>NEW SECTION.</u> **Sec. 202.** It is the intent of the legislature that 35 the proceeds of the new bonds authorized in section 201 of this act 36 will be appropriated in phases over five biennia, beginning with the 1 2017-2019 biennium. This is not intended to limit the legislature's 2 ability to appropriate bond proceeds if the full amount authorized in 3 section 201 of this act has not been appropriated after five biennia. 4 The authorization to issue bonds contained in section 201 of this act 5 does not expire until the full authorization has been appropriated 6 and issued.

7 <u>NEW SECTION.</u> Sec. 203. The proceeds from the sale of the bonds authorized in section 201 of this act must be deposited in the 8 9 watershed restoration and enhancement bond account created in section 10 113 of this act. If the state finance committee deems it necessary to issue the bonds authorized in section 201 of this act as taxable 11 bonds in order to comply with federal internal revenue service rules 12 13 and regulations pertaining to the use of nontaxable bond proceeds, the proceeds of such taxable bonds must be deposited into the 14 15 watershed restoration and enhancement taxable bond account created in 16 section 112 of this act. The state treasurer shall submit written notice to the director of financial management if it is determined 17 18 that any such transfer to the state taxable building construction account is necessary. Moneys in the account may be spent only after 19 20 appropriation. The proceeds shall be used exclusively for the purposes specified in section 201 of this act and for the payment of 21 expenses incurred in the issuance and sale of the bonds. These 22 proceeds shall be administered by the office of financial management, 23 24 subject to legislative appropriation.

25 NEW SECTION. Sec. 204. The debt-limit general fund bond 26 retirement account shall be used for the payment of the principal of and interest on the bonds authorized in section 201 of this act. The 27 state finance committee shall, on or before June 30th of each year, 28 29 certify to the state treasurer the amount needed in the ensuing 30 twelve months to meet the bond retirement and interest requirements. 31 On each date on which any interest or principal and interest payment is due, the state treasurer shall withdraw from any general state 32 revenues received in the state treasury and deposit in the debt-limit 33 34 general fund bond retirement account an amount equal to the amount certified by the state finance committee to be due on the payment 35 date. Bonds issued under section 201 of this act shall state that 36 37 they are a general obligation of the state of Washington, shall 38 pledge the full faith and credit of the state to the payment of the

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1 principal thereof and the interest thereon, and shall contain an 2 unconditional promise to pay the principal and interest as the same 3 shall become due.

The owner and holder of each of the bonds or the trustee for the owner and holder of any of the bonds may by mandamus or other appropriate proceeding require the transfer and payment of funds as directed in this section.

8 <u>NEW SECTION.</u> **Sec. 205.** The legislature may provide additional 9 means for raising moneys for the payment of the principal of and 10 interest on the bonds authorized in section 201 of this act, and 11 section 204 of this act shall not be deemed to provide an exclusive 12 method for the payment.

13 <u>NEW SECTION.</u> **Sec. 206.** The bonds authorized in section 201 of 14 this act shall be a legal investment for all state funds or funds 15 under state control and for all funds of any other public body.

16 <u>NEW SECTION.</u> Sec. 207. Sections 201 through 206 of this act 17 constitute a new chapter in Title 43 RCW.

18

PART 3

19 <u>NEW SECTION.</u> Sec. 301. If any provision of this act or its 20 application to any person or circumstance is held invalid, the 21 remainder of the act or the application of the provision to other 22 persons or circumstances is not affected.

23 <u>NEW SECTION.</u> Sec. 302. This act is necessary for the immediate 24 preservation of the public peace, health, or safety, or support of 25 the state government and its existing public institutions, and takes 26 effect immediately.

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