

HB 3364 STAFF MEASURE SUMMARY

House Committee On Agriculture, Land Use, Natural Resources, and Water

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Meeting Dates: 2/19

WHAT THE MEASURE DOES:

Makes changes to the Water Conservation, Reuse, and Storage Program and the Water Supply Development Account.

Detailed Summary

Changes to the Water Conservation, Reuse, and, Storage Grant Program

- Renames the Water Conservation, Reuse, and Storage Grant Program to **Water Feasibility Investment Fund**.
- **Expands eligible project types** by adding water reuse, aquifer recharge, aquifer storage and recovery, streamflow protection, and other activities identified by rule by the Water Resources Commission.
- **Expands eligible grant recipients** by adding individual persons, public bodies and non-profit organizations.
- **Removes the maximum funding cap** of \$500,000 per study.
- **Reduces the cost match requirement** from 50% to 25%.
- Removes the requirement to prioritize projects based on the statewide water assessment and inventory and instead **aligns funding prioritization with the Integrated Water Resources Strategy**.
- **Broadens eligible grant expenses** to include preliminary activities necessary for project identification, selection, or feasibility, and adds the following activities as eligible expenses: development of a water management and conservation plan and analyses related to (1) preparation of a seasonally varying flow; (2) evaluating the safety and actions to address safety concerns of existing dams; (3) potential economic impacts or benefits of a project; (4) impacts of a project on environmental justice communities and associated ways to minimize them; and (5) potential environmental benefits.
- **Modifies the data collection and analysis requirements** for studies concerning certain storage projects.
- Exempts studies that propose an initial screening on multiple potential storage sites based on geographic measures, geology, the presence of threatened, endangered, and sensitive species, water availability and water demand from certain study requirements.
- Requires the Water Resources Commission to, through rulemaking, establish a process for OWRD to provide direct services and award grants.

Changes to the Water Supply Development Account (WSDA)

- **Expands eligible grant expenses** to include equipment for long-term monitoring of project outcomes including compliance with established seasonally varying flows in connection with newly developed water.
- Authorizes OWRD to also **apply seasonally varying flow conditions to the water right** underlying aquifer storage and recovery, or aquifer recharge permits.
- Requires funding recipients to provide information requested by OWRD to comply with WSDA provisions and directs recipients to enter into a grant or loan agreement.
- **Modifies the timing** of Water Management Conservation Plan (plan) compliance so that the plan needs to be approved prior to the funding decision, rather than prior to submitting an application.
- Requires WSDA loan and grant applications to be filed with OWRD, and replaces all content requirements with the requirement to **include any information required by OWRD**.
- **Modifies the evaluation system** by directing WRC to adopt rules to establish a project scoring and ranking system to achieve economic, environmental, or cultural public benefits.
- Specifies that loan and grant funding decisions are contingent on the availability of award funding.

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- **Reduces public comment period** on new funding applications from 60 days to 30 days.
- **Modifies the award process** by requiring the technical review team (TRT) to provide funding recommendations to OWRD who then make funding recommendations to the WRC based on TRT review, applicant comments, and public comments.
- Requires **WRC to periodically review the loan and grant program** to assess to what extent the loan and grant program is achieving desired outcomes and providing public benefits.
- Cleans up language to conform with form and style requirements.

New Reporting Requirements

Requires OWRD to **evaluate the following funding programs**, identify any improvements needed to better implement the purposes of the funding grant programs, and report to the Legislative Assembly every eight years:

- Place-Based Planning
- Feasibility Investment Fund Grants
- Water Project Grants and Loans
- Well Abandonment, Repair, and Replacement Fund

FISCAL: May have fiscal impact, but no statement yet issued

REVENUE: May have revenue impact, but no statement yet issued

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

The **Water Conservation, Reuse, and Storage Grant Program** (commonly known as Feasibility Study Grants) was established through [Senate Bill 1069](#) (2008). Grants provide funding to cover eligible expenses for studies that assess the feasibility of water conservation, reuse, and storage projects. These grants support local governments, Indian tribes, and individuals in determining whether pursuing a project is viable. Grants are available annually, with applications typically due in the spring. Recipients must match 50% of the total feasibility study cost, with a maximum funding of \$500,000.

The **Water Supply Development Account** was established in 2013 through [Senate Bill 839](#) with the intention to provide grants and loans for water projects that have economic, environmental, and social or cultural benefits.