

Assembly

MINUTES OF MEETING - COMMITTEE ON STATE, COUNTY, AND CITY AFFAIRS
54TH ASSEMBLY SESSION - MARCH 8, 1967

The meeting was convened at 11:10 a.m. in the Assembly Chambers.

Chairman Hilbrecht arranged for the use of the Assembly Chambers for this meeting due to the large number of people who had appeared on behalf of AB 300, a bill which was scheduled for consideration by the Committee on this date.

Chairman Hilbrecht prefaced the meeting by welcoming all of the people who had appeared and by informing them that the measure had been scheduled, after introduction by the Committee, for the appearance of experts in the field of water resources to advise the Committee on the measures merits or lack of merit regarding the objectives being sought.

This meeting was not called as a public hearing, he explained, but if the measure was deemed by the Committee to need a public hearing most certainly one would be scheduled.

Members of the Committee present were introduced as follows: Assemblymen Joe Dini, Roy Young, Hal Smith, Geraldine Tyson, Bryan Hafen, Clinton Wooster, Howard McKissick, and Bud Garfinkle.

The Chairman advised that the committee had asked some people to come here and inform us on the problem and recommend the course of legislation that should be considered. These recommendations would dictate the evidence upon which any legislation would be based.

The first speaker introduced was Hugh A. Shamberger, Associate Director and head of Water Resources Research for the Desert Research Institute.

Mr. Shamberger stated first that he was in opposition to this bill (AB 300) in a number of respects. There is no need at this time for a state-wide bill of this nature. It would be impossible to administer. It would place the responsibility with the State Engineer. He would have to increase his personnel. He said that we are trying to encourage the development of ground water in a number of desert valleys. This bill would retard this development not only by the establishment of fees but also because of administrative costs which would be excessive. Another objection would be that the revenues would go to the county level with no provision within the county for administering it. The only time it is necessary to make a charge on the development of ground water is in an area or particular valley where equalization of water rates is needed; a case in point being the Lake Mead area.

Mr. Shamberger continued by stating that some years ago a proposal was made to the legislature that would create a

Master Water Agency in the Las Vegas Valley. It provided that ground water users would be paying the same costs that the people in the Lake Mead area. It would be handled by a local entity. He said that in some areas of Southern California where water is being recharged artificially from the Colorado River even those people are paying on the basis of the amount of money to be paid from pumping the water and recharging the basin. He stated the bill would not be a good conservation measure. It would not even pay its way. In some valleys this will have to be done sponsored by the people in that area.

Chairman Hilbrecht thanked Mr. Shamberger for his presentation and requested that if members of the committee had any questions to please hold them until all of the speakers had been heard.

Mr. William C. Renshaw, General Manager of the Las Vegas Valley Water District, was introduced.

Mr. Renshaw stated that the position of the Las Vegas Valley Water District as expressed by the Board of Directors is that this legislation (AB 300) is premature. In other words, eventually there will have to be more control of the underground resources of the valley. He said it was not felt wise to handle it at this time without the balance of the machinery necessary to control it. He objected to the charge provisions in Section 2, subsection 1 of the bill. Also with respect to charges he objected to the lack of stating the purpose of the charges and no criteria set up for the amount of the charges. Because of the wide difference in the cost of imported water to different users there is difficulty in setting equalized charges. Using the Las Vegas District as an example the differences in cost could be 16 cents for the large hotel used as against 28 cents for the small user. Water to be made available through the Southern Nevada Water Supply Project will be imported water. The need will be to defray the cost of importing water. If not the cost will be passed on to the consumer. The bill's provisions for providing depreciation on the wells could be unfair. He concluded by reiterating that the bill seemed premature and that if legislation is passed by the committee that the objections he outlined should be carefully studied.

Mr. Roland D. Westergard, Assistant State Engineer for the Division of Water Resources, was introduced and the substance of his comments on the bill are outlined in the copies which are attached to these minutes.

Dr. George B. Maxey, also of the Desert Research Institute was then introduced. He stated that when he first was informed of this bill he was sympathetic to it because of the objectives being sought that would seem to provide funds for water research. He stated however that a study of the bill did not bear out this objective. He agreed that the bill was premature and impossible to administer. To support the premature argument he cited that the State

of Nevada had for thirty years been conducting an inventory of the ground water supply in the State; an inventory initiated by the last State Engineer Alfred Merritt Smith. This inventory has been completed but it has not been interpreted or analyzed. On the basis of this inventory we are going to have a much better understanding of the water problems we face. In general: we have not overdeveloped our state water supplies, but we are not able to evaluate how we should go. The Desert Research Institute has concentrated on the management of the resources. We are going to be able to give guidelines for management in the next few years. The Las Vegas Water District and others have supported these studies. It would be unfortunate if a bill of this type were to be passed which might create problems which have not been considered. He seconded Mr. Westergard's contention that no change providing that underground waters belong to the State rather than the public should be made. The concept of the public owning the underground waters and the State administers them is well established.

Mr. Leonard R. Fayle, Director of the Las Vegas Valley Water District was introduced. He stated that he was primarily concerned with economics. The people in Southern Nevada concerned with this problem feel it is a regional program that should be handled with a regional project. Our problem is separate from the rest of the State. The bill we want would not apply to the people of the north. We need a well users charge but not in its present form.

Mr. Elmo DeRicco of the Department of Conservation and Natural Resources stated that he felt the subject had been well covered. He said he felt the water laws in the State of Nevada were among the finest in the Nation. Certainly this bill would only serve to fracture the water laws. He urged the committee to review the matter and said that his office would have to oppose such legislation.

Assemblyman McKissick asked if Mr. Renshaw had been consulted about this bill and if he knew where the bill originated. Mr. Renshaw replied that he had not been consulted and that he did not know where the bill originated.

Chairman Hilbrecht announced that the portion of the meeting concerned with AB 300 was now concluded and asked that all but committee members be excused so that consideration of other committee measures could be held. He asked that Mr. Renshaw and Mr. Fayle remain for consultation on AB 324 and AB 329.

Mr. Renshaw addressed the committee with regard to AB 324 stating the present boundaries of the Las Vegas Valley Water District are designated by the legislature and can be changed only by the legislature. Presently there are some users who are situate outside the boundary and cannot legally be served. This bill would enlarge the area of legal users to include the entire flat valley area. It

would nearly double the present area although it would not double the number of users served.

Chairman Hilbrecht asked if the letter Mr. Renshaw had submitted to the committee corrected an error in the boundary designated as intended. Mr. Renshaw stated that the letter did.

Assemblyman Young asked if Mr. Renshaw had a map showing the proposed and present boundaries. Mr. Renshaw said he did not but would see that the committee received one as soon as possible.

Mr. Dini inquired if the users could petition withdrawal rights and it was established that the area is set by the legislature but that no exclusive franchise is granted.

Mr. Renshaw then explained the purpose of AB 329 which was to provide enforcement provisions for the collection of liens in special assessment districts. He explained the present law does not provide them. The machinery for enforcement is presently absent. He stated that at the present time there were presently about 18 or 19,000 dollars delinquent.

Mr. Fayle was asked if he had any further comments and stated that he wished the committee would study Mr. Shamberger's proposed legislation of 1962. He said there was a need for an overall bill. We need an agency to enforce well drilling generally. Nobody wants to say who should pump and who should not.

Geraldine Tyson asked that the committee be supplied with the 1962 proposals. Chairman Hilbrecht asked that she serve as a subcommittee for the purpose.

The committee meeting was then closed to all but the members. Consideration of AB 334 and AB 335 concerning use of mechanical watermeters was requested.

Roy Young moved Do Pass AB 334 and AB 335.
Smith seconded.
Motion unanimously passed.

Consideration was then given AB 333 eliminating a maximum sick and disability leave for state employees.

Mr. Roy Young said he had consulted and found that it did not affect the State Retirement Act.

Roy Young moved Do Pass AB 333.
McKissick seconded.
Motion passed with Hal Smith dissenting.

Geraldine Tyson asked that she be given the first opportunity to move AB 300 be postponed indefinitely.
The motion was seconded by and unanimously passed by the committee.

Chairman Hilbrecht said that AB 324 would be continued pending receipt of the requested boundary map indications and asked for consideration on AB 329.

Geraldine Tyson asked that consideration of AB 329 be continued for consideration at a later date.

Mr. McKissick reported on AB 354 which would abolish the Colorado River Boundary Commission. He stated he had heard from the parties concerned urging its passage. He read the report to the committee. Federal action has superceded.

McKissick moved Do Pass AB 354.
Smith seconded.
Motion unanimously passed.

Chairman Hilbrecht concluded the meeting with announcement that there would be a joint meeting in the Senate Finance Chambers tomorrow (March 9) afternoon on all of the Colorado River legislation.

Meeting adjourned at 12:10 p.m.

ELMO J. DeRICCO
Director

STATE OF NEVADA
DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
DIVISION OF WATER RESOURCES

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In reply refer to
No.

Address All Communications to
the State Engineer, Division
of Water Resources

March 1, 1967

WATER
DIVISION OF/RESOURCES COMMENTS ON A.B. 300.

A.B. 300 provides for levying a charge against the production from wells within the State. Revenues received would be set aside for the purpose of finding or development of new sources of water supply. It is recognized that funds will be required from some source for this purpose.

The authority of county commissioners of the individual counties to establish rates and, in fact, to prescribe no charge does not appear equitable. The result could be that water users in some counties would bear the burden for others. We question the advisability of funds being allocated and used by the individual counties for the purposes set forth in the bill. It would be more economical and reasonable to approach such investigations on a state wide basis.

Additional water supplies available within the State are limited and we, therefore, must look to the outside for additional supplies. This problem is too great in scope to be considered at the individual county level.

There is a question as to whether persons who have expended moneys to develop a water supply should be taxed on this development to finance water studies for the benefit of others. The developments financed by these individuals have increased property values and, therefore, tax is essentially already being paid as a result of this development.

Sec. 2, paragraph 1 provides that the charge shall be computed at a uniform rate per 1,000 cubic feet per second of water. This is a diversion rate and the balance of the bill implies that the rate be based on annual production, which would be expressed in acre feet or gallons.

Secs. 3, 4, 5, 6, 8, 9, 10 and 11 establish procedures for assessing and collecting fees. It is difficult to anticipate the work load and required increase in the State Engineer's staff to administer and enforce these provisions.

Generally the bill requires that the State Engineer assume a great deal of the responsibility regarding the enforcement of the provisions of the bill. This responsibility includes, but is not limited to, the testing of meters, collection and review of data, estimate of water production, assessing and levying charges and the preparation of depreciation schedules. In order to properly carry out these responsibilities it will be necessary for the State Engineer to increase his personnel as well as his present budget. The bill does not provide for additional people or funds required to perform the additional work.

Under Sec. 7, paragraph 1 the bill states that allowances for depreciation will be given for the 10 year period next succeeding the completion of construction of a well. Many existing wells will not fall within the above mentioned category because 10 years will have already gone by since completion of the well construction. In many instances only a portion of the 10 year depreciation period will apply. An example would be a well that has been completed for 5 years. Should these people be given credit for their investment or should they be excluded, based on a useful well life of 10 years?

Sec. 13, paragraph 1 would provide that under ground waters belong to the State rather than the public. We see no purpose in this change.

Sec. 14, paragraph 3 provides for a filing fee for applications to appropriate water in an amount of not more than \$100.00 to be determined by the State Engineer. This would constitute an amendment to NRS 533.435, which establishes a filing fee of \$25.00. It is not clear if the proposed provisions are to apply to applications to appropriate under ground water only. We feel that some criteria should be included for determining the filing fee rather than giving the State Engineer this discretion.

The bill implies but does not specifically state that cities and towns, municipalities, counties, irrigation districts, water districts, water conservation districts, water storage districts, sanitary districts and any other districts or political subdivisions of the State or governmental agencies empowered by law to appropriate water and deliver water to water users will be subject to the proposed charge. The question arises as to whether or not a charge legally can be made against the aforementioned entities if the charter or act that created them exempts them from taxation.

The State Engineer has continued to allow temporary permits to appropriate under ground water in Las Vegas Valley in areas that can not be served by a public entity engaged in furnishing water. This is done even though well production from this area exceeds ground water recharged to the area. These permits are issued subject to revocation when another water supply is available. This action is justified in Las Vegas Valley because of water to be made available

through the Southern Nevada Water Supply Project. This practice has provided for continued development of the Las Vegas area, which would have been prohibited had further ground water development been curtailed.

A tax or assessment against persons or entities holding temporary permits in Las Vegas Valley has been suggested because these persons have essentially been allowed to mine the ground water resource with resulting economic benefits. Benefits have not been restricted to these persons because as explained this has been in the interest of the entire area. In addition, the persons holding these temporary permits have borne the expense of drilling, equipping and developing wells. This investment will be of no value when temporary permits are revoked.

We feel that A.B. 300 is not applicable on a state wide basis and that additional consideration would be required before it could be applied to specific areas.