

Cornhusker Economics

Cooperative Extension

Institute of Agriculture & Natural Resources
Department of Agricultural Economics
University of Nebraska - Lincoln

Water Policy Task Force Proposed Recommendations

Market Report	Yr Ago	4 Wks Ago	12/12/03
<u>Livestock and Products,</u>			
<u>Average Prices for Week Ending</u>			
Slaughter Steers, Ch. 204, 1100-1300 lb Omaha, cwt	\$72.19	\$100.88	\$97.19
Feeder Steers, Med. Frame, 600-650 lb Dodge City, KS, cwt	86.49	103.96	*
Feeder Steers, Med. Frame 600-650 lb, Nebraska Auction Wght. Avg	89.79	111.24	108.25
Carcass Price, Ch. 1-3, 550-700 lb Cent. US, Equiv. Index Value, cwt	111.96	158.57	149.35
Hogs, US 1-2, 220-230 lb Sioux Falls, SD, cwt	30.50	35.00	35.50
Feeder Pigs, US 1-2, 40-45 lb Sioux Falls, SD, hd	*	*	*
Vacuum Packed Pork Loins, Wholesale, 13-19 lb, 1/4" Trim, Cent. US, cwt	92.78	88.53	90.74
Slaughter Lambs, Ch. & Pr., 115-125 lb Sioux Falls, SD, cwt	*	*	84.70
Carcass Lambs, Ch. & Pr., 1-4, 55-65 lb FOB Midwest, cwt	164.39	131.04	181.10
<u>Crops,</u>			
<u>Cash Truck Prices for Date Shown</u>			
Wheat, No. 1, H.W. Omaha, bu	4.06	3.84	3.84
Corn, No. 2, Yellow Omaha, bu	2.26	2.31	2.44
Soybeans, No. 1, Yellow Omaha, bu	5.46	7.63	2.68
Grain Sorghum, No. 2, Yellow Kansas City, cwt	4.61	4.52	4.70
Oats, No. 2, Heavy Minneapolis, MN, bu	2.14	1.61	1.69
<u>Hay,</u>			
<u>First Day of Week Pile Prices</u>			
Alfalfa, Sm. Square, RFV 150 or better Platte Valley, ton	150.00	130.00	130.00
Alfalfa, Lg. Round, Good Northeast Nebraska, ton	80.00	62.50	62.50
Prairie, Sm. Square, Good Northeast Nebraska, ton	117.50	*	*
* No market.			

LB1003, establishing the Nebraska Water Policy Task Force, was signed by Governor Johanns on April 12, 2002. The task force was established to consider (1) changes to LB108, the law dealing with Department of Natural Resources (DNR) and Natural Resources District (NRD) regulations to deal with conflicts between surface water users and groundwater users, and (2) authorizing the buying and selling of water rights, including water leasing and water banking. The task force was initially designed to consider changes in Nebraska water law necessary to allow Nebraska to meet its responsibilities to help protect Platte River endangered species under the July 1, 1997 Platte River cooperative agreement. Emerging conflicts between surface water irrigators and groundwater irrigators on Pumpkin Creek in the North Platte Valley near Bridgeport resulted in an expansion of the task force's charge to include those issues as well. The task force must report to the Governor and Unicameral this month. Following is a summary of some of the task force's major proposed recommendations. Information regarding the final recommendations made by the task force to the Governor on December 18, 2003 will be on the DNR's website, <http://www.dnr.state.ne.us/>. Major recommendations address (1) integrated management of ground and surface water, (2) water rights transfers (water marketing), and (3) water funding.

Integrated water management. Under existing law, NRDs can regulate groundwater development and use to deal with conflicts between surface water users and groundwater users. The DNR can regulate surface water users in the same circumstances, and can regulate groundwater development and use to deal with conflicts between surface water users and groundwater users that affect an interstate agreement where the NRD has not acted.

The task force recommendation would require the DNR to annually survey all river basins and subbasins to make a preliminary determination of whether they are fully appro-



riated, taking into account the expected long-term availability of hydrologically-connected groundwater. The first DNR report would be completed by January 1, 2006, and would be updated annually. The DNR would also be authorized to designate river basins that are currently fully appropriated, widely expected to be the Upper and Central Platte River and the Republican River. Once a stream or stream segment receives a preliminary designation as fully appropriated, new surface water rights would not be issued, and wells withdrawing hydrologically-connected groundwater could not be drilled. These temporary moratoria would remain in place until the DNR and NRD(s) had prepared an integrated management plan to deal with conflicts between surface water users and groundwater users.

The integrated management plan (IMP) would identify any long-term water supply deficit, and would use incentives and regulations to close the gap. The IMP would be in 10-year increments, with revisions on the IMP occurring each 10 years until the long-term water supply deficit had been ended. Presumably one way to address the water supply deficit could be to pay farmers to stop irrigating. **Comment:** The proposals would be useful changes. The annual water supply survey is similar to a recent Texas approach, where the state determines regions where groundwater supplies are being depleted. The 10-year IMP provision is similar to that followed in Arizona to deal with groundwater depletion. The changes are needed to allow Nebraska to ensure Platte River flows necessary to meet endangered species requirements.

Water marketing. Under current law, surface water appropriations may be transferred for use within the same river for the same purpose of use. Groundwater may be transferred for off-site use so long as NRD groundwater rules are not violated. The task force recommended that surface water rights be allowed to be leased for different purposes and for up to 30 years. Permanent water right transfers would be allowed if the purpose of use did not change. Surface and groundwater rights could be leased for environmental purposes. County boards would be allowed to comment regarding economic impacts of proposed right transfers. The rights of existing water users would have to be protected. **Comment:** These proposals are necessary to facilitate the leasing of irrigation water rights in order to provide streamflow for Platte River endangered species.

Water funding. Under existing law, general tax revenues are used to fund the Natural Resources Development Fund, the Soil and Water Conservation Fund and the Small Watershed Fund, at approximately \$6.3 million per year. These funds are administered by the DNR. The task force proposes earmarking 5/100 of one cent of sales tax towards a new Water Resource Trust Fund. The proposed sales tax earmark would generate approximately \$11.1 million per year to the new fund. Sixty percent of the earmarked funds

(\$6.7 million) would be allocated to the three existing water funds, and the remaining 40 percent (\$4.4 million) would be used to develop and implement IMPs. **Comment:** This may be the most controversial task force recommendation and the one likely to generate the most resistance in the Unicameral. Texas and Arizona both use water taxes to fund their groundwater depletion management activities. Those programs might be considered as alternatives to the sales tax water earmark proposed by the task force.

Resolving surface-ground water conflicts. Existing Nebraska water laws do not provide a clear basis for resolving conflicts between competing surface water irrigators and groundwater irrigators, such as the pending Pumpkin Creek litigation. The task force proposals do not fill this legal void. However, the recommendations - if fully implemented - might allow for a program to purchase and retire the water rights of surface water irrigators whose water supplies have been diminished or depleted by groundwater pumping.

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Last Issue of the Year

Have a Save and Happy Holiday!!!