

HOUSE BILL NO. 304
INTRODUCED BY K. FUREY

A BILL FOR AN ACT ENTITLED: "AN ACT CREATING THE WATER POLICY INTERIM COMMITTEE; PROVIDING FOR ~~AGENCY OVERSIGHT~~ RESEARCH AND STUDY ON WATER-RELATED ISSUES, INCLUDING AN ECONOMIC ANALYSIS OF THE VALUE OF IRRIGATED AGRICULTURAL OPERATIONS IN MONTANA FOR CERTAIN AGENCIES; REQUIRING THAT CERTAIN WATER RIGHT REPORTS AND UPDATES BE PROVIDED TO THE WATER POLICY INTERIM COMMITTEE; PROVIDING AN APPROPRIATION APPROPRIATIONS; ~~AMENDING SECTIONS SECTION 5-5-202, 75-1-324, 85-1-203, 85-1-621, 85-2-105, 85-2-281, 85-2-350, AND 85-2-436, MCA~~; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A TERMINATION DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

~~Section 1.~~ Section 5-5-202, MCA, is amended to read:

~~"5-5-202. Interim committees.~~ (1) During an interim when the legislature is not in session, the committees listed in subsection (2) are the interim committees of the legislature. They are empowered to sit as committees and may act in their respective areas of responsibility. The functions of the legislative council, legislative audit committee, legislative finance committee, environmental quality council, and state-tribal relations committee are provided for in the statutes governing those committees.

~~(2) The following are the interim committees of the legislature:~~

- ~~(a) economic affairs committee;~~
- ~~(b) education and local government committee;~~
- ~~(c) children, families, health, and human services committee;~~
- ~~(d) law and justice committee;~~
- ~~(e) energy and telecommunications committee;~~
- ~~(f) revenue and transportation committee; and~~
- ~~(g) state administration and veterans' affairs committee; and~~
- ~~(h) water policy committee.~~

~~(3) An interim committee or the environmental quality council may refer an issue to another committee that the referring committee determines to be more appropriate for the consideration of the issue. Upon the~~

acceptance of the referred issue, the accepting committee shall consider the issue as if the issue were originally within its jurisdiction. If the committee that is referred an issue declines to accept the issue, the original committee retains jurisdiction.

~~———— (4) If there is a dispute between committees as to which committee has proper jurisdiction over a subject, the legislative council shall determine the most appropriate committee and assign the subject to that committee."~~

NEW SECTION. Section 1. Water policy interim committee. (1) The water policy interim committee has administrative rule review, draft legislation review, program evaluation, and monitoring functions on water-related issues for the department of environmental quality, the department of fish, wildlife, and parks, the department of natural resources and conservation, and the entities attached to the departments for administrative purposes:

~~———— (2) The water policy interim committee shall complete the duties assigned to the committee in 85-2-105. IS SUBJECT TO THE PROVISIONS OF 5-5-211 AND THE COMMITTEE MEMBERS APPOINTED MUST MAY BE SELECTED FROM THE FOLLOWING STANDING COMMITTEES:~~

~~(A) SENATE NATURAL RESOURCES AND ENERGY;~~

~~(B) HOUSE NATURAL RESOURCES;~~

~~(C) SENATE AGRICULTURE, LIVESTOCK, AND IRRIGATION;~~

~~(D) HOUSE AGRICULTURE;~~

~~(E) SENATE LOCAL GOVERNMENT; AND~~

~~(F) HOUSE LOCAL GOVERNMENT.~~

(2) THE WATER POLICY INTERIM COMMITTEE SHALL CONDUCT A DETAILED ANALYSIS AND STUDY OF ISSUES RELATED TO WATER QUANTITY, WATER QUALITY, AND WATER USE IN MONTANA. THE STUDY MUST INCLUDE THE FOLLOWING ISSUES AT A MINIMUM:

(A) SURFACE WATER AND GROUND WATER IN CLOSED BASINS AND MITIGATION, AUGMENTATION, OR AQUIFER RECHARGE, INCLUDING:

(I) REVIEW AND SUMMARY OF CURRENT MONTANA LAW RELATED TO MITIGATION, AUGMENTATION, OR AQUIFER RECHARGE;

(II) ANALYSIS OF OTHER STATES' LAWS AND RULES RELATED TO MITIGATION, AUGMENTATION, OR AQUIFER RECHARGE AND THE OTHER STATES' EXPERIENCES WITH APPLYING AND USING MITIGATION, AUGMENTATION, AND AQUIFER RECHARGE;

(III) COMPARISON OF MITIGATION, AUGMENTATION, AND AQUIFER RECHARGE OPTIONS AND ALTERNATIVES FOR

APPLYING THE CONCEPTS IN MONTANA WATER LAW;

(IV) ANALYSIS AND DETERMINATION OF WATER QUALITY TESTING REQUIREMENTS TO ENSURE THAT THE USE OF MITIGATION, AUGMENTATION, OR AQUIFER RECHARGE DOES NOT ADVERSELY AFFECT GROUND WATER QUALITY;

(V) ANALYSIS OF DATA DEVELOPED TO DETERMINE THE TYPE AND AMOUNT OF RESEARCH, DATA, AND ANALYSIS NECESSARY TO DEVELOP A SCIENTIFICALLY DEFENSIBLE HYDROGEOLOGIC ASSESSMENT TO BE USED IN MAKING INFORMED DECISIONS WITH REGARD TO MITIGATION, AUGMENTATION, OR AQUIFER RECHARGE ACTIVITY IN MONTANA;

(VI) APPROPRIATE MONITORING REQUIREMENTS TO DETERMINE THE EFFECTIVENESS OF MITIGATION, AUGMENTATION, OR AQUIFER RECHARGE PLANS; AND

(VII) OTHER ISSUES RELATED TO MITIGATION, AUGMENTATION, OR AQUIFER RECHARGE IN MONTANA TO FACILITATE CONTINUED ECONOMIC DEVELOPMENT AND GROWTH WHILE PROVIDING REASONABLE PROTECTIONS TO SENIOR APPROPRIATORS AND WATER QUALITY OF SURFACE AND GROUND WATER RESOURCES;

(B) METHODS FOR THE MANAGEMENT OF WATER, PARTICULARLY IN CLOSED BASINS, TO ENSURE COMPLIANCE WITH CLOSED BASIN LAW, INCLUDING:

(I) ARTIFICIAL RECHARGE OF GROUND WATER, INCLUDING BUT NOT LIMITED TO ALTERNATIVES SUCH AS AQUIFER STORAGE AND RECOVERY;

(II) IDENTIFYING RESEARCH NECESSARY, IF ANY, TO DETERMINE ALTERNATIVES AND OPTIONS FOR CONDUCTING WATER MANAGEMENT THROUGH ARTIFICIAL RECHARGE OF GROUND WATER; AND

(III) CONDUCTING A WATER QUALITY ANALYSIS ASSOCIATED WITH STORAGE OR INTRODUCTION OF SURFACE WATER TO GROUND WATER RESOURCES;

(C) DETERMINING AN APPROPRIATE, ACCURATE, AND TIME- EFFICIENT PROCESS FOR COORDINATING WATER QUALITY REQUIREMENTS WITH THE WATER APPROPRIATIONS PROCESS BY:

(I) DETERMINING HOW THE DEPARTMENT OF ENVIRONMENTAL QUALITY AND THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION ARE ISSUING PERMITS THAT AFFECT GROUND WATER OR SURFACE WATER QUALITY AND WHETHER OR NOT THE WATER APPROPRIATION PROCESS AND THE WATER QUALITY PROCESS ARE COORDINATED;

(II) ENSURING THAT A DETAILED PROCESS IS OUTLINED THAT PROVIDES POTENTIAL APPLICANTS WITH A CLEAR PROCESS THAT MUST BE FOLLOWED TO ENSURE THAT PRIOR APPROPRIATORS AND WATER QUALITY IN BOTH SURFACE WATER AND GROUND WATER ARE PROTECTED WHILE ALLOWING DEVELOPMENT IN MONTANA; AND

(III) IDENTIFYING THE EXTENT TO WHICH CUMULATIVE IMPACTS ARE ANALYZED FROM A WATER QUANTITY AND A WATER QUALITY PERSPECTIVE AND WHETHER OR NOT THE TWO FINDINGS ARE ASSESSED JOINTLY AND DETERMINING THE APPROPRIATE LEVEL OF COORDINATION;

(D) WELLS THAT ARE EXEMPT FROM THE PERMITTING PROCESS PURSUANT TO 85-2-306, INCLUDING:

(I) A DETAILED REPORTING OF THE NUMBER OF EXEMPT WELLS CURRENTLY IN MONTANA AND AN ESTIMATE OF THE NUMBER OF EXEMPT WELLS EXPECTED TO BE DEVELOPED BY 2020;

(II) A DETERMINATION AND SUMMARY OF THE TYPES OF BENEFICIAL USES TO WHICH WATER FROM EXEMPT WELLS IS APPLIED;

(III) A DETERMINATION OF THE HYDROGEOLOGIC ANALYSIS NECESSARY TO DETERMINE CONSUMPTIVE USE ON A PER-ACRE OR FRACTION OF AN ACRE BASIS AND ON A PER-USE BASIS;

(IV) AN ANALYSIS OF THE AMOUNT OF WATER REASONABLY NECESSARY FOR THE VARIOUS BENEFICIAL USES AND A COMPARISON OF THIS REASONABLE USE STANDARD WITH CURRENT STATUTORY LIMITS, INCLUDING VOLUME, FLOW RATE, AND OTHER CRITERIA THAT THE COMMITTEE DETERMINES ARE NECESSARY TO PROVIDE FOR ACCURATE AND ADEQUATE MEASUREMENT OF WATER USE THROUGH EXEMPT WELLS;

(V) OPTIONS AND ALTERNATIVES FOR ENFORCING STATUTORY LIMITATIONS REGARDING EXEMPT WELL USAGE;
AND

(VI) A DETERMINATION OF THE NECESSITY AND REASONS FOR PROVIDING A PROCESS THAT IS EXEMPT FROM THE PERMITTING PROCESS;

(E) AN ANALYSIS OF WATER MARKETING AND WATER REALLOCATION OPTIONS AVAILABLE IN MONTANA, INCLUDING:

(I) LEASING WATER RIGHTS, WATER BANKING, WATER TRADING, AND WATER SALES;

(II) THE LEASE-TO-SALE RATIO OF WATER RIGHTS IN MONTANA;

(III) THE NUMBER OF MARKET PURCHASES THAT HAVE BEEN COMPLETED IN MONTANA;

(IV) THE PURPOSES FOR WHICH WATER TRADES OR SALES HAVE TAKEN PLACE;

(V) THE FEASIBILITY OF CREATING AND OPERATING A WATER BANK IN MONTANA; AND

(VI) THE ADMINISTRATIVE PROCEDURES AND COSTS THAT WOULD BE NECESSARY TO ESTABLISH AND OPERATE A WATER BANK IN MONTANA.

(3) THE COMMITTEE SHALL GATHER APPROPRIATE INFORMATION THAT THE COMMITTEE DETERMINES IS NECESSARY TO MAKE SOUND AND WELL-REASONED POLICY DECISIONS TO GUIDE THE MANAGEMENT AND USE OF MONTANA'S GROUND WATER RESOURCE INTO THE FUTURE, INCLUDING BUT NOT LIMITED TO:

(A) IDENTIFYING GAPS IN DATA NECESSARY TO DETERMINE APPROPRIATE LOCATIONS TO CONDUCT ARTIFICIAL RECHARGE OF GROUND WATER; AND

(B) PRESENTING LONG-TERM GOALS AND POLICY PROPOSALS FOR WATER MANAGEMENT RELATED TO GROUND WATER RESOURCES.

(4) THE COMMITTEE SHALL PREPARE A REPORT TO SUBMIT TO THE 61ST LEGISLATURE THAT PROVIDES CLEAR POLICY DIRECTION AND NECESSARY LEGISLATION TO GUIDE MONTANA'S WATER POLICY AND THAT ENSURES FAIR AND

REASONABLE USE OF MONTANA'S WATER RESOURCE AS DEMANDS ON WATER INCREASE WHILE SUPPLIES REMAIN THE SAME OR DECREASE.

~~Section 3.~~ Section 75-1-324, MCA, is amended to read:

~~"75-1-324. Duties of environmental quality council.~~ The environmental quality council shall:

~~(1) gather timely and authoritative information concerning the conditions and trends in the quality of the environment, both current and prospective, analyze and interpret the information for the purpose of determining whether the conditions and trends are interfering or are likely to interfere with the achievement of the policy set forth in 75-1-103, and compile and submit to the governor and the legislature studies relating to the conditions and trends;~~

~~(2) review and appraise the various programs and activities of the state agencies, in the light of the policy set forth in 75-1-103, for the purpose of determining the extent to which the programs and activities are contributing to the achievement of the policy and make recommendations to the governor and the legislature with respect to the policy;~~

~~(3) develop and recommend to the governor and the legislature state policies to foster and promote the improvement of environmental quality to meet the conservation, social, economic, health, and other requirements and goals of the state;~~

~~(4) conduct investigations, studies, surveys, research, and analyses relating to ecological systems and environmental quality;~~

~~(5) document and define changes in the natural environment, including the plant and animal systems, and accumulate necessary data and other information for a continuing analysis of these changes or trends and an interpretation of their underlying causes;~~

~~(6) make and furnish studies, reports on studies, and recommendations with respect to matters of policy and legislation as the legislature requests;~~

~~(7) analyze legislative proposals in clearly environmental areas and in other fields in which legislation might have environmental consequences and assist in preparation of reports for use by legislative committees, administrative agencies, and the public;~~

~~(8) consult with and assist legislators who are preparing environmental legislation to clarify any deficiencies or potential conflicts with an overall ecologic plan;~~

~~(9) review and evaluate operating programs in the environmental field in the several agencies to identify actual or potential conflicts, both among the activities and with a general ecologic perspective, and suggest~~

legislation to remedy the situations; and

~~—— (10) for all nonwater-related issues, perform the administrative rule review, draft legislation review, program evaluation, and monitoring functions of an interim committee for the following executive branch agencies and the entities attached to the agencies for administrative purposes:~~

~~—— (a) department of environmental quality;~~

~~—— (b) department of fish, wildlife, and parks; and~~

~~—— (c) department of natural resources and conservation."~~

~~—— **Section 4.** Section 85-1-203, MCA, is amended to read:~~

~~—— **"85-1-203. State water plan.** (1) The department shall gather from any source reliable information relating to Montana's water resources and prepare from the information a continuing comprehensive inventory of the water resources of the state. In preparing this inventory, the department may conduct studies; adopt studies made by other competent water resource groups, including federal, regional, state, or private agencies; perform research or employ other competent agencies to perform research on a contract basis; and hold public hearings in affected areas at which all interested parties must be given an opportunity to appear.~~

~~—— (2) The department shall formulate and adopt and amend, extend, or add to a comprehensive, coordinated multiple-use water resources plan known as the "state water plan". The state water plan may be formulated and adopted in sections, these sections corresponding with hydrologic divisions of the state. The state water plan must set out a progressive program for the conservation, development, and utilization use of the state's water resources and propose the most effective means by which these water resources may be applied for the benefit of the people, with due consideration of alternative uses and combinations of uses. Before adopting the state water plan or any section of the plan, the department shall hold public hearings in the state or in an area of the state encompassed by a section of the plan if adoption of a section is proposed. Notice of the hearing or hearings must be published for 2 consecutive weeks in a newspaper of general county circulation in each county encompassed by the proposed plan or section of the plan at least 30 days prior to the hearing.~~

~~—— (3) The department shall submit to the environmental quality council water policy interim committee established in 5-16-101 [section 2] and to the legislature at the beginning of each regular session the state water plan or any section of the plan or amendments, additions, or revisions to the plan that the department has formulated and adopted.~~

~~—— (4) The legislature, by joint resolution, may revise the state water plan.~~

~~—— (5) The department shall prepare a continuing inventory of the ground water resources of the state. The~~

ground water inventory must be included in the comprehensive water resources inventory described in subsection (1) but must be a separate component of the inventory.

~~— (6) The department shall publish the comprehensive inventory, the state water plan, the ground water inventory, or any part of each, and the department may assess and collect a reasonable charge for these publications:~~

~~— (7) In developing and revising the state water plan as provided in this section, the department shall consult with the environmental quality council water policy interim committee established in 5-16-101 [section 2] and solicit the advice of the committee in carrying out its duties under this section."~~

~~— **Section 5.** Section 85-1-621, MCA, is amended to read:~~

~~— **"85-1-621. Report.** The department shall prepare a biennial report describing the status of the renewable resource grant and loan program. The report must describe ongoing projects and projects that have been completed during the biennium. The report must identify and rank in order of priority the projects for which the department has received applications. The report must also describe proposed projects and activities for the coming biennium and recommendations for necessary appropriations. A copy of the report must be submitted to the environmental quality council water policy interim committee established in 5-16-101 [section 2]."~~

~~— **Section 6.** Section 85-2-105, MCA, is amended to read:~~

~~— **"85-2-105. Environmental quality council -- water policy duties Water policy interim committee -- duties.** (1) The environmental quality council water policy interim committee created in [section 2] shall meet as often as necessary, including during the interim between sessions, to perform the duties specified within this section:~~

~~— (2) On a continuing basis, the environmental quality council water policy interim committee shall:~~

~~— (a) advise the legislature on the adequacy of the state's water policy and on important state, regional, national, and international developments that affect Montana's water resources;~~

~~— (b) oversee the policies and activities of the department, other state executive agencies, and other state institutions as those policies and activities affect the water resources of the state;~~

~~— (c) assist with interagency coordination related to Montana's water resources; and~~

~~— (d) communicate with the public on matters of water policy as well as the water resources of the state.~~

~~— (3) On a regular basis, the environmental quality council water policy interim committee shall:~~

~~— (a) analyze and comment on the state water plan required by 85-1-203, when filed by the department;~~

~~—— (b) analyze and comment on the report of the status of the state's renewable resource grant and loan program required by 85-1-621, when filed by the department;~~

~~—— (c) analyze and comment on water-related research undertaken by any state agency, institution, college, or university;~~

~~—— (d) analyze, verify, and comment on the adequacy of and information contained in the water information system maintained by the natural resource information system under 90-15-305; and~~

~~—— (e) report to the legislature as provided in 5-11-210.~~

~~—— (4) The legislative services division shall provide staff assistance to the environmental quality council water policy interim committee to carry out its water policy duties."~~

~~—— **Section 7.** Section 85-2-281, MCA, is amended to read:~~

~~—— **"85-2-281. (Temporary) Reporting requirements.** The department and the water court shall:~~

~~—— (1) provide reports to the environmental quality council water policy interim committee at each meeting during a legislative interim on:~~

~~—— (a) the progress of the adjudication; and~~

~~—— (b) the total revenue generated by the fees established in 85-2-276 and deposited in the account provided for in 85-2-280;~~

~~—— (2) include a status report on the adjudication in their presentation to the applicable appropriation subcommittees during each legislative session; and~~

~~—— (3) provide a budget that outlines how each of the entities will be funded in the next biennium, including general fund money, state special revenue funds, and the allocated fee revenue. (Terminates June 30, 2020--sec. 18, Ch. 288, L. 2005.)"~~

~~—— **Section 8.** Section 85-2-350, MCA, is amended to read:~~

~~—— **"85-2-350. Clark Fork River basin task force -- duties -- water management plan.** (1) The governor's office shall designate an appropriate entity to convene and coordinate a Clark Fork River basin task force to prepare proposed amendments to the state water plan provided for under 85-1-203 related to the Clark Fork River basin. The designated appropriate entity shall:~~

~~—— (a) identify the individuals and organizations, public, tribal, and private, that are interested in or affected by water management in the Clark Fork River basin;~~

~~—— (b) provide advice and assistance in selecting representatives to serve on the task force;~~

- ~~_____ (c) develop, in consultation with the task force, appropriate opportunities for public participation in studies of water management in the Clark Fork River basin; and~~
- ~~_____ (d) ensure that all watershed and viewpoints within the basin are adequately represented on the task force, including a representation from the following:~~
 - ~~_____ (i) the reach of the Clark Fork River in Montana below its confluence with the Flathead River;~~
 - ~~_____ (ii) the Flathead River basin, including Flathead Lake, from Flathead Lake to the confluence of the Flathead River and the Clark Fork River;~~
 - ~~_____ (iii) the Flathead River basin upstream from Flathead Lake;~~
 - ~~_____ (iv) the reach of the Clark Fork River between the confluence of the Blackfoot River and the Clark Fork River and the confluence of the Clark Fork River and the Flathead River;~~
 - ~~_____ (v) the Bitterroot River basin as defined in 85-2-344; and~~
 - ~~_____ (vi) the Upper Clark Fork River basin as defined in 85-2-335.~~
- ~~_____ (2) Task force members shall serve 2-year terms and may serve more than one term. The Confederated Salish and Kootenai tribal government must have the right to appoint a representative to the task force.~~
- ~~_____ (3) The task force shall:~~
 - ~~_____ (a) identify short-term and long-term water management issues and problems and alternatives for resolving any issues or problems identified;~~
 - ~~_____ (b) identify data gaps regarding basin water resources, especially ground water;~~
 - ~~_____ (c) coordinate water management by local basin watershed groups, water user organizations, and individual water users to ensure long-term sustainable water use;~~
 - ~~_____ (d) provide a forum for all interests to communicate about water issues;~~
 - ~~_____ (e) advise government agencies about water management and permitting activities in the Clark Fork River basin;~~
 - ~~_____ (f) consult with local and tribal governments within the Clark Fork River basin;~~
 - ~~_____ (g) make recommendations, if recommendations are considered necessary, to the department for consideration as amendments to the state water plan provided for under 85-1-203 related to the Clark Fork River basin; and~~
 - ~~_____ (h) report to:~~
 - ~~_____ (i) the department on a periodic basis;~~
 - ~~_____ (ii) the environmental quality council water policy interim committee annually; and~~
 - ~~_____ (iii) the natural resources and commerce appropriations subcommittee each legislative session."~~

~~Section 9. Section 85-2-436, MCA, is amended to read:~~

~~"85-2-436. (Temporary) Water leasing study. (1) The department of fish, wildlife, and parks and the department, in consultation with the environmental quality council water policy interim committee, shall conduct and coordinate a study that, at a minimum:~~

~~(a) provides the following data for each designated stream reach and each pilot lease entered into under subsection (2):~~

~~(i) the length of the stream reach and how it is determined;~~

~~(ii) technical methods and data used to determine critical streamflow or volume needed to preserve fisheries;~~

~~(iii) legal standards and technical data used to determine and substantiate the amount of water available for instream flows through leasing of existing rights;~~

~~(iv) contractual parameters, conditions, and other steps taken to ensure that each lease in no way harms other appropriators, particularly if the stream is one that experiences natural dewatering; and~~

~~(v) methods and technical means used to monitor use of water under each lease;~~

~~(b) based on the data provided under subsection (1)(a), develops a complete model of a water lease and lease authorization that includes a step-by-step explanation of the process from initiation to completion.~~

~~(2) (a) For purposes of undertaking the study described in subsection (1) and as authorized by law, the department of fish, wildlife, and parks and the department may engage in the activities described in this subsection (2). For purposes of this study, this section is the exclusive means by which the department of fish, wildlife, and parks may seek to change an appropriation right to an instream flow purpose:~~

~~(b) The department of fish, wildlife, and parks, with the consent of the commission, may lease existing rights for the purpose of maintaining or enhancing streamflows for the benefit of fisheries in stream reaches determined eligible by the department pursuant to 85-2-437.~~

~~(c) Upon receipt of a correct and complete application for a lease from the department of fish, wildlife, and parks, the department shall publish notice of the application as provided in 85-2-307. Parties who believe that they may be adversely affected by the proposed lease may file an objection as provided in 85-2-308. A lease may not be approved until all objections are resolved. After resolving all objections filed under 85-2-308, the department shall authorize a lease of an existing right for the purpose of maintaining or enhancing streamflows for the benefit of fisheries if the applicant submits a correct and complete application and meets the requirements of 85-2-402.~~

~~(d) The application for a lease authorization must include specific information on the length and location~~

~~of the stream reach in which the streamflow must be maintained or enhanced and must provide a detailed streamflow measuring plan that describes the points where and the manner in which the streamflow must be measured:~~

~~———(e) The maximum quantity of water that may be leased is the amount historically diverted by the lessor. However, only the amount historically consumed, or a smaller amount if specified by the department in the lease authorization, may be used to maintain or enhance streamflows below the lessor's point of diversion.~~

~~———(f) The lease may not be issued for a term of more than 10 years, but it may be renewed once for up to 10 years, except that a lease of water made available from the development of a water conservation or storage project is restricted to a term equal to the expected life of the project but to not more than 30 years. Upon receiving notice of a lease renewal, the department shall notify other appropriators potentially affected by the lease and shall allow 30 days for submission of new evidence of adverse effects to other water rights. A lease authorization is not required for a renewal unless an appropriator other than an appropriator described in subsection (2)(j) submits evidence of adverse effects to the appropriator's rights that has not been considered previously. If new evidence is submitted, a lease authorization must be obtained according to the requirements of 85-2-402.~~

~~———(g) During the term of the lease, the department may modify or revoke the lease authorization if an appropriator other than an appropriator described in subsection (2)(j) proves by a preponderance of evidence that the appropriator's water right is adversely affected.~~

~~———(h) The priority of appropriation for a lease under this section is the same as the priority of appropriation of the right that is leased.~~

~~———(i) Neither a change in appropriation right nor any other authorization is required for the reversion of the appropriation right to the lessor's previous use.~~

~~———(j) A person issued a water use permit with a priority of appropriation after the date of filing of an application for a lease authorization under this section may not object to the exercise of the lease according to its terms or the reversion of the appropriation right to the lessor according to the lessor's previous use.~~

~~———(k) The department of fish, wildlife, and parks shall pay all costs associated with installing devices or providing personnel to measure streamflows according to the measuring plan submitted under this section.~~

~~———(3) (a) The department of fish, wildlife, and parks shall complete and submit to the department, commission, and environmental quality council water policy interim committee an annual study progress report by December 1 of each year. This report must include the applicable information listed in subsection (1) for each lease, a summary of stream reach designation activity under 85-2-437, and a summary of leasing activity on all~~

designated streams. If the department of fish, wildlife, and parks has not leased additional water rights under this section by December 1 of any year, the department of fish, wildlife, and parks shall provide compelling justification for that fact in the study progress report.

~~—— (b) A final study report must be adopted by the department and commission and submitted to the environmental quality council water policy interim committee, which shall complete the final report by December 1, 2008.~~

~~—— (4) This section does not create the right for a person to bring suit to compel the renewal of a lease that has expired. (Terminates June 30, 2009--sec. 9, Ch. 123, L. 1999.)"~~

NEW SECTION. SECTION 2. APPROPRIATION. (1) THERE IS APPROPRIATED \$50,000 FROM THE GENERAL FUND FOR THE BIENNIUM BEGINNING JULY 1, 2007, TO THE WATER POLICY INTERIM COMMITTEE FOR THE PURPOSE OF COMPLETING A WATER QUANTITY AND WATER QUALITY POLICY ANALYSIS.

(2) THERE IS APPROPRIATED \$50,000 FROM THE GENERAL FUND FOR THE BIENNIUM BEGINNING JULY 1, 2007, TO THE MONTANA BUREAU OF MINES AND GEOLOGY FOR THE PURPOSE OF COLLECTING AND COMPILING EXISTING GROUND WATER AND AQUIFER TESTING DATA FOR USE BY THE COMMITTEE.

(3) (A) THERE IS APPROPRIATED FROM THE GENERAL FUND TO THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION \$200,000 ONLY FOR THE BIENNIUM BEGINNING JULY 1, 2007, AND ONLY FOR THE PURPOSE OF CONTRACTING WITH AN ENTITY TO CONDUCT AN ECONOMIC ANALYSIS OF THE VALUE OF IRRIGATED AGRICULTURAL OPERATIONS TO MONTANA'S ECONOMY. THE ECONOMIC ANALYSIS MUST INCLUDE BUT IS NOT LIMITED TO THE IDENTIFICATION OF ECONOMIC BENEFITS, WHO BENEFITS AND TO WHAT EXTENT FROM EXISTING IRRIGATION, THE ECONOMIC IMPACT OF THE DEVELOPMENT OF NEW IRRIGATION PROJECTS, AND THE REHABILITATION OF OLDER IRRIGATION PROJECTS IN MONTANA.

(B) THE PURCHASE OF CONTRACTED SERVICES FROM THE APPROPRIATION IN THIS SECTION MUST CONFORM TO THE STATE PROCUREMENT LAW IN TITLE 18, CHAPTER 4.

(C) THE DEPARTMENT SHALL PROVIDE A WRITTEN REPORT OF THE ECONOMIC ANALYSIS TO THE WATER POLICY INTERIM COMMITTEE PRIOR TO OCTOBER 1, 2008.

~~—— NEW SECTION. Section 4. Codification instruction. [Section 2] is intended to be codified as an integral part of Title 5, chapter 5, part 2, and the provisions of Title 5, chapter 5, part 2, apply to [section 2].~~

NEW SECTION. Section 3. Effective date. [This act] is effective ~~on passage and approval~~ JULY 1,

2007.

NEW SECTION. **Section 4. Termination.** ~~Section 7~~ [THIS ACT] terminates June 30, ~~2020~~ 2009.

- END -

