

**2021-23 operating and capital budget provisos provided up to \$14 million** in grant funding for water banking strategies in rural headwater counties. In July 2023, the Legislature reappropriated remaining funds. **The proviso was then amended** by the Legislature in the 2024 supplemental capital budget to expand eligibility to all rural counties and increase the maximum grant award to \$4,000,000. Excerpts of the 2024 funding proviso are provided below.

**SUPPLEMENTAL CAPITAL BUDGET – ESSB 5949, Chapter 375, Laws of 2024**

**Sec 6027 – ECY – Page 159**

2021-23 Water Banking (91000373)

The reappropriations in this section are subject to the following conditions and limitations:

(1)(a) The appropriations in this section are provided solely for the department to administer a pilot grant program for water banking strategies to meet local water needs.

(b) \$2,000,000 is provided solely for qualified applicants located within the Methow River Basin.

(2)(a) Grant awards may only be used for:

(i) Development of water banks in rural counties as defined in RCW 82.14.370;

(ii) Acquisition of water rights appropriate for use in a water bank including all costs necessary to evaluate the water right for eligibility for its intended use; and

(iii) Activities necessary to facilitate the creation of a water bank.

(b) For applicants located outside of the Methow River Basin, grant awards may only be used for water banking strategies in the county of origin.

(3) Grant awards may not exceed \$4,000,000 per applicant.

(4) For the purposes of a grant pursuant to this section, a water bank must meet water needs, which include, but are not limited to, agricultural use and instream flow for fish and wildlife. The water bank must preserve water rights for use in the county of origin and for permanent instream flows for fish and wildlife through the primary and secondary reaches of the water right.

(5) To be eligible to receive a grant under this section, an applicant must:

(a) Be a public entity or a participant in a public-private partnership with a public entity;

(b) Exhibit sufficient expertise and capacity to develop and maintain a water bank consistent with the purposes of this appropriation;

(c) Secure a valid interest to purchase a water right;

(d) Show that the water rights appear to be adequate for the intended use; and

(e) Agree to have one-third of any water right purchased with the funds appropriated under this section to have its purpose of use changed permanently to instream flow benefiting fish and wildlife.

(6) In determining whether a grant request is eligible for funding under this section, the department may not disqualify proposals that purchase water rights from an existing water bank.

Reappropriation:

State Building Construction Account—State	\$5,000,000
State Drought Preparedness Account— State	\$9,000,000
Subtotal Reappropriation	\$14,000,000
Prior Biennia (Expenditures)	\$0
Future Biennia (Projected Costs)	\$0
TOTAL	\$14,000,000

Table 1. 2023 capital budget appropriation provided for water banking strategies to meet local needs.

Appropriation:	
State Building Construction Account—State	\$5,000,000
State Drought Preparedness Account – State	\$9,000,000
Prior Biennia (Expenditures)	\$0
Future Biennia (Projected Costs)	\$0
TOTAL	\$14,000,000