

MINUTES
SENATE RESOURCES & ENVIRONMENT COMMITTEE

DATE: Monday, February 26, 2024

TIME: 1:30 P.M.

PLACE: Room WW55

MEMBERS PRESENT: Chairman Burtenshaw, Vice Chairman Adams, Senators Guthrie, Den Hartog, Harris, Okuniewicz, Schroeder, Semmelroth, and Taylor

ABSENT/ EXCUSED: None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Burtenshaw** called the meeting of the Senate Resources and Environment Committee (Committee) to order at 1:30 p.m.

S 1337 **IRRIGATION DISTRICTS - Amends existing law to revise provisions regarding irrigation district lands.** **Paul Arrington**, Director, Idaho Water Users Association, explained irrigation districts were local government entities that issued assessments based on the cost of delivering water to their landowners. Current law mandated that an irrigation district take ownership of property when assessments on that property were three years delinquent. When property was sold to satisfy a delinquent assessment, there was often a surplus. This legislation addressed two issues relating to delinquent irrigation district assessments. First, it provided options for irrigation districts in recovering delinquent assessments, second, it provided a process for handling surplus proceeds. He explained the process, including notice, for handling surplus proceeds was required based on the U.S. Supreme Court decision in Tyler v. Hennepin County. He reviewed his proposed amendment to include parties in interest, such as banks and credit unions, that might have a claim on surplus proceeds. He requested that the Committee send **S 1337** to the 14th Order of Business to integrate proposed amendments into the legislation.

DISCUSSION: **Senator Guthrie** asked if there was anything in the bill that allowed for surplus proceeds to go to the original property owner once all debt was satisfied. **Mr. Arrington** responded by reviewing the process outlined in **S 1337** on page four, subsection c, lines seven through 31, which included an opportunity for the original owner of the property to file a claim to excess proceeds. **Senator Guthrie** asked about notification to the delinquent owner. **Mr. Arrington** responded that this legislation addressed assessments that were three years delinquent, but there were multiple steps outlined in statute to make sure that landowners knew they were in danger of losing their property completed prior to getting to this point. **Senator Den Hartog** asked if the district elected to remove the water, as noted on page three, subsection (2)(a), and property was sold, if the new owner could have the water right restored. **Mr. Arrington** responded that there was a process through the water district that provided opportunities to return water to the property, if water was available, but it would not be the same water.

Vice Chairman Adams asked if the loss of water to the property would significantly drop the value of the land. **Mr. Arrington** responded that it would. He argued that this provided another motivation for delinquent landowners to pay their assessments. **Senator Guthrie** asked if it was in the best interest of the district to sell a property without the water, which would be contrary to recouping the property's highest value. **Mr. Arrington** responded that there were several options that a district could choose to recover the outstanding debt, and the option they chose would depend on the particular circumstances. **Senator Schroeder** asked for clarification that this legislation would grant discretion on the part of the irrigation district to either sell the property, rather than being required to take title to the property, or to sever the water and sell the property separately. **Mr. Arrington** clarified that if the irrigation district chose to remove the water, they did not take title to the land, and the landowner retained ownership of that land. The irrigation district would remove the water to a new user who would pay for it.

Senator Okuniewicz requested confirmation that in the case of choosing to remove the water and not take title to the land, the water district was allowing the property owner to keep their land, because all they really were concerned about was the water. **Mr. Arrington** responded that in practice, there was a great effort to resolve these delinquencies before they got to the point of removing water or taking title.

MOTION: **Senator Den Hartog** moved to send **S 1337** to the 14th Order of Business for possible amendment. **Senator Schroeder** seconded the motion. The motion carried by **voice vote**.

S 1342 **GRAZING LEASES - Amends existing law to exclude grazing leases from certain hearing requirements and to provide that all state lands may be leased for a period of up to 40 years for grazing leases.** **Senator Harris** explained this legislation extended the length of grazing leases on State endowment lands from a maximum length of twenty years to a potential maximum length of forty years. He argued that extending the lease length created consistency and predictability for those obtaining a grazing lease, and allowed them to make beneficial improvements over a longer term. He added that this also provided longer term consistent revenue for the Idaho Department of Lands (IDL) endowment fund. This legislation also exempted grazing leases from the hearing requirement, which would reduce costs and travel by IDL staff.

Patxi Larrocea-Phillips, representing the Idaho Cattle Association, provided some additional information regarding **S 1342**, including that this legislation would only apply to a small percentage of grazing leases that might be landlocked or only accessible by one operator, that IDL retained the flexibility to award longer or shorter lease lengths, and grazing lease rates were not fixed, but based on indexes and subject to change each year.

DISCUSSION: **Vice Chairman Adams** asked what factors were weighed when determining the length of a lease. **Mr. Larrocea-Phillips** responded the number of bidders on a lease, the long term intentions for that property, and the viability of the property for something other than grazing. **Senator Adams** asked if half of the leases were at twenty years, and the rest around ten years, should the average lease grow to be closer to 20 years. **Mr. Larrocea-Phillips** responded that they hoped so. In response to Senator Guthrie and Senator Schroeder's concerns about the exclusion of the hearing requirement, **Mr. Larrocea-Phillips** explained that grazing leases had never had a hearing requirement, as they were normally far from cities and had little potential to be intrusive, noisy, or polluting.

TESTIMONY: **Russ Hendricks**, representing the Idaho Farm Bureau, testified in support of **S 1342**. He believed it gave additional clarity to grazing leases so that ranchers could invest in infrastructure with less risk to their operation. He added that there would be a cost savings to IDL due to decreased notice and auction requirements.

DISCUSSION: **Senator Harris** added that one of the reasons for this legislation was that some of these leases were intermingled with private ownership, and this legislation would help lease holders manage their holdings more easily as a single unit.

MOTION: **Senator Adams** moved to send **S 1342** to the floor with a **do pass** recommendation. **Senator Guthrie** seconded the motion. The motion carried by **voice vote**.

H 403 **SOIL CONSERVATION DISTRICTS - Amends existing law to establish provisions regarding a reduction in the number of supervisors and to revise provisions regarding terms of office, the filling of vacancies, and quorums.** **Representative Garner** explained this legislation amended Idaho Code § 22-2722 to make it clearer and to correct some problems in statute. It outlined how a soil district could move from a seven member board back to a five member board, clarified how vacant seats were filled, and defined a quorum.

DISCUSSION: **Senator Taylor** asked about the Idaho Code noted on the Statement of Purpose, which was 22-2722, when the legislation stated amending 22-2721. **Representative Garner** responded that was a typo on the Statement of Purpose. **Senator Harris** shared concerns about the ability of the governor to appoint replacements. **Representative Garner** responded that some soil districts covered two or three counties, so if county commissioners appointed board members, there would be a conflict over which county got more seats on the board, and the Idaho Conservation Commission was not interested, so the next logical step was the governor. **Senator Harris** asked how many members the governor could appoint. **Representative Garner** explained the local district would have ninety days to find someone to sit on their board, then the governor would appoint any vacant seats. He did not expect the governor to appoint large groups, but only one vacancy at a time.

MOTION: **Senator Harris** moved to send **H 403** to the 14th Order of Business for possible amendment. **Senator Semmelroth** seconded the motion.

DISCUSSION: **Senator Harris** explained that he thought this legislation needed clarification of who the governor could appoint and how many.

VOTE: The motion to send **H 403** to the 14th Order of Business for possible amendment carried by **voice vote**.

PRESENTATION: **Idaho Department of Lands Performance Update.** **Dustin Miller**, Director, Idaho Department of Lands, presented an update on the agency, their fiscal year 2023 performance, and their 2024 budget request. He reviewed the purpose of the endowment land established when Idaho became a state and the distribution of funding from endowment lands. He reviewed the composition and purpose of the State Board of Land Commissioners, and the responsibilities of IDL. He noted some accomplishments in fiscal year 2023. He reviewed fiscal year 2023 performance measures, including the volume of timber sold, the net return on timber, the percentage of fires controlled at less than ten acres, and the number of fire readiness reviews, Forest Practices Act inspections, and lease renewals completed. He reviewed the status of investments the legislature made to the fire suppression program, and fiscal year 2025 requested ongoing and onetime budget enhancements. (Attachment 1)

DISCUSSION: **Senator Guthrie** asked about the cost for fourteen acres for the veterans cemetery expansion, which was \$285,000 an acre. **Mr. Miller** responded that this was the amount that the Governor requested. **Senator Guthrie** asked if that cost included improvements. **Mr. Miller** responded that they were only serving as the real estate broker, so he would get some answers from the Idaho Division of Veteran Services. **Senator Harris** asked which forest was not yet part of the Good Neighbor Authority. **Mr. Miller** responded that they do not have an agreement with the Sawtooth National Forest. **Senator Harris** asked if we receive anything back from that program. **Mr. Miller** responded that the program was now self-sustaining, using dedicated funds from timber sales on federal lands, and any money recovered went back into planning for the next timber sale, for restoration projects, and to pay fees. **Senator Taylor** shared his appreciation for IDL's help with fighting fire. **Chairman Burtenshaw** asked about IDL's plan for harvesting timber and how much they expected to sell in a year. **Mr. Miller** responded that they were in the process of using new modeling to plan the next five years of timber sale harvests. This would consider appropriate and sustainable forest management while providing a stable supply of wood and fiber to the mills.

ADJOURNED: There being no further business at this time, **Chairman Burtenshaw** adjourned the meeting at 2:38 p.m.

Senator Burtenshaw
Chair

Shelly Johnson
Secretary