



April 16, 2019

Senator Henry Stern
Chair of the Senate Committee on Natural Resources and Water
State Capitol, Room 5046
Sacramento, CA 95814

RE: Senate Bill 454 (Caballero) – SUPPORT with Proposed Amendments

RUSSELL KAGEHIRO
President
Division V

TIM MAGGIORE
Vice President
Division III

LARRY ENOS, JR.
Director
Division I

MARK MAGGIORE
Director
Division II

FELIX MUSCO
Director
Division IV

CHARLES TUSO
Director
Division VI

JEFF BROWN
Director
Division VII

RICK GILMORE
General Manager
Secretary

Dear Senator Stern:

As part of our ongoing commitment to ensure fairness for California's water rights holders, Byron-Bethany Irrigation District (BBID) is pleased to sponsor and support Senate Bill 454, introduced by Senator Anna Caballero.

Last year, then-Assembly Member Caballero authored AB 747, which established a new Administrative Hearings Office (Hearings Office) within the State Water Resources Control Board (State Water Board). Negotiators and stakeholders participating in the effort at that time were assured by CalEPA representatives that water right fee payers would only be required to pay for their "fair pro-rata share" of the estimated costs for setting up the new office. The agencies estimate the Hearings Office would cost approximately \$1.5 million annually. The cost was to be apportioned between current water right permit holders, new cannabis licensed growers, and the General Fund. The recently submitted budget change proposal submitted and approved by both budget subcommittees came in nearly 30 percent higher and was weighted to disproportionately impact current fee payers.

SB 454 ensures the new Hearings Office will receive requisite and fair funding to support its mandated duties. The State's General Fund and Water Rights Fund can support the Hearings Office; however, the Water Rights Fund is supported primarily by fees assessed against the State's water rights holders. These fees have been regularly and substantially increasing even before the new legislation and are beginning to cause severe financial difficulty for some agencies. Additionally, parties that are subject to hearings with the Hearings Office might not always be the same entities that pay water rights fees. As the law is currently structured, parties utilizing the Hearings Office might not be the fee payers financially supporting the Hearings Office, and the fee payers financially supporting the Hearings Office might not be the parties utilizing the Hearings Office.

SB 454 eases that inequity by creating a new Water Rights Hearings Office Fund that would be used exclusively to support the Hearings Office.

The fund would be supported by filing fees and fines imposed by the Hearings Office, which must be used to directly reduce the Hearings Office's financial dependence on the Water Rights Fund.

The filing fees imposed by SB 454 are equal to those imposed in superior court. This ensures that parties utilizing the Hearings Office support the Hearings Office without being subject to steep financial barriers to entry. Through fines deposited into the new fund, parties who utilize the Hearings Office, violated the law, and are fined accordingly will support a larger portion of the Hearings Office than others. Using filing fees and fines to support the Hearings Office also creates a practical mechanism for fee collection from those who do not otherwise contribute to the Water Rights Fund yet are using the Hearings Office's resources.

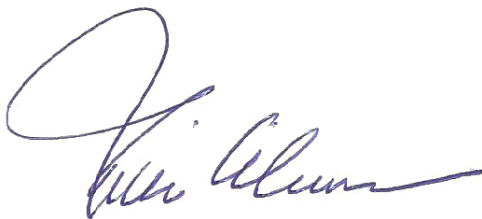
Finally, SB 454 freezes water rights fees at the levels assessed in this fiscal year. This measure is important to the water rights community, which suffers year and year again from continually increased fees with no measurable improvement or increase in service from the State Water Board. The State Water Board is already an incredibly robust state agency that annually pulls over \$20 million from the Water Rights Fund. Any necessary additional funding should come from the General Fund because the State Water Board is serving all Californians, not just fee payers.

For these reasons, BBID is pleased to support and sponsor Senate Bill 454. We encourage others to join in support as well.

Please feel free to contact me if you have any questions.

Very truly yours,

BYRON-BETHANY IRRIGATION DISTRICT

A handwritten signature in blue ink, appearing to read "Rick Gilmore", written in a cursive style.

Rick Gilmore
General Manager

cc: Members of the Senate Committee on Natural Resources and Water; Consultants; Dennis Cardoza, Foley & Lardner LLP; Robyn Black, Eclipse Government Affairs