

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2155

2005 SENATE NATURAL RESOURCES

SB 2155

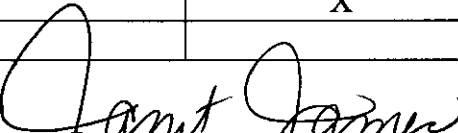
2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2155

Senate Natural Resources Committee

Conference Committee

Hearing Date February 4, 2005

Tape Number	Side A	Side B	Meter #
1	X		0.9 - 10.6
		X	6.8 - 7.8
Committee Clerk Signature 			

Minutes:

Senator Stanley Lyson, Chairman of the Senate Natural Resources Committee brought the committee to order.

All members of the committee were present.

Senator Lyson opened the hearing on SB 2155 relating to composition of the Lake Agassiz water authority.

Senator Joel Heitkamp of District 26 cosponsor of SB 2155 introduced the bill stating that are several different bills this session concerning Lake Agassiz Water Authority and this bill does not do everything needed, but there is one following. This bill can be used as a vehicle to do a lot of good for the irrigators around the state. He asked the committee to consider the issues of SB 2155 later, but consider the amendments he has presented to the committee.

Dave Koland (2.0) General Manager of the Garrison Diversion Conservancy District and Secretary/Treasurer of the Lake Agassiz Water Authority, testified in support of SB 2155 stating

that there is a study that looks into the needs of the water in the Red River Valley and the options to met those needs. The amendment presented deals with the policy of how these needs can be met. A plan needs to be developed in case Fargo's water supply from the Red River should go dry again as it did in the 1930s. It has been suggested an option is to buy the irrigation rights of those irrigators that surround the major cities in the valley. Others argue if water is going to imported into the valley this option of irrigator's water rights be reserved for later in case they are needed. This policy issue is before the legislature to decide if there are other options besides putting irrigators out of business and that those options be considered first.

Senator John Traynor asked if additional counties may be added to the Authority.

Dave Koland stated that because the Authority was started by the legislature, they certainly have that option to do so but the board was given the authority to so.

Senator Lyson asked if this is a hog house amendment.

Senator Heitkamp admitted that it was a hog house amendment but that a vehicle was needed to get a strong message across to the bureau in regards to irrigation.

Discussion was held that this amendment was not a surprise to anyone in the water committee and whether the amendment should be acted upon before proceeding further.

Senator Heitkamp made a motion to adopt the amendment #50173.0101.

Senator Michael Every second the motion.

Roll call vote #1 was taken by voice vote indicating 7 YEAS, 0 NAYS AND 0 ABSENT OR NOT VOTING.

Mike Dwyer representing the North Dakota Water Users Association and the North Dakota Irrigation Association testified in support of the amended SB 2155. He stated that one of the

easiest ways of obtaining needed water for cities that have not planned well, is to condemn the existing water rights of irrigators. This effects the economic component of the irrigators. They support the policy of looking to other alternatives and not using the agricultural supply of water. **Senator Lyson** asked for any opposition to SB 2155 and hearing none asked for testimony in a neutral position.

Dale Frink, (8.5) the State Engineer of the North Dakota State Water Commission testified that he understood the purpose of the bill, although he did not understand what the word "discourage" really means. He does not think this will prevent the state engineer from approving this sort of permit, only discourages him to do so.

Senator Heitkamp wanted to reassure the committee the intent of "discourage" is not to handcuff the state engineer.

Senator Lyson closed the hearing on SB 2155.

Tape #1, Side B 6.8 - 7.8

Senator Lyson opened the committee work on SB 2155.

All member of the committee were present.

Senator Heitkamp made a motion for a Do Pass as Amended of SB 2155.

Senator Traynor second the motion.

Roll call vote #2 for a Do Pass as Amended of SB 2155 was taken indicating 7 YEAS, 0 NAYS, 0 ABSENT OR NOT VOTING.

Senator Heitkamp will carry SB 2155.

PROPOSED AMENDMENTS TO SENATE BILL NO. 2155

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact a new section to chapter 61-01 of the North Dakota Century Code, relating to findings and declaration of policy of the legislative assembly concerning the use of ground water for irrigation.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 61-01 of the North Dakota Century Code is created and enacted as follows:

Findings and declaration of policy - Use of ground water for irrigation. The legislative assembly finds that the use of ground water for irrigation purposes is vitally important to the economic future of this state. The reliance on processing plants for the consistent quality resulting from irrigation is an important factor in preserving this state's reputation for quality agricultural production. Therefore, it is declared necessary and in the public interest that the state by and through the state water commission strongly discourages the conversion of agricultural water permits to any other use. Further, the legislative assembly declares that any feasible or reasonable alternative supply of water be made available for municipal or domestic use to enable the continued use of ground water for irrigated agriculture and agricultural processing."

Renumber accordingly

Date: 2-4-05
 Roll Call Vote #: 1

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2/53

Senate Senate Natural Resources Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken To adopt # 50173.0101

Motion Made By Heitkamp Seconded By Every

Senators	Yes	No	Senators	Yes	No
Senator Stanley Lyson, Chairman			Senator Joel Heitkamp		
Senator Ben Tollefson, Vice Chair			Senator Michael Every		
Senator Layton Freborg					
Senator Rich Wardner					
Senator John Traynor					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Date:
Roll Call Vote #:

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2157

Senate Senate Natural Resources Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass as Amended

Motion Made By DeLay Seconded By Traynor

Senators	Yes	No	Senators	Yes	No
Senator Stanley Lyson, Chairman	✓		Senator Joel Heitkamp	✓	
Senator Ben Tollefson, Vice Chair	✓		Senator Michael Every	✓	
Senator Layton Freborg	✓				
Senator Rich Wardner	✓				
Senator John Traynor	✓				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Heitkamp

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2155: Natural Resources Committee (Sen. Lyson, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2155 was placed on the Sixth order on the calendar.

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact a new section to chapter 61-01 of the North Dakota Century Code, relating to findings and declaration of policy of the legislative assembly concerning the use of ground water for irrigation.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 61-01 of the North Dakota Century Code is created and enacted as follows:

Findings and declaration of policy - Use of ground water for irrigation.
The legislative assembly finds that the use of ground water for irrigation purposes is vitally important to the economic future of this state. The reliance on processing plants for the consistent quality resulting from irrigation is an important factor in preserving this state's reputation for quality agricultural production. Therefore, it is declared necessary and in the public interest that the state by and through the state water commission strongly discourages the conversion of agricultural water permits to any other use. Further, the legislative assembly declares that any feasible or reasonable alternative supply of water be made available for municipal or domestic use to enable the continued use of ground water for irrigated agriculture and agricultural processing."

Renumber accordingly

2005 HOUSE NATURAL RESOURCES

SB 2155

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2155

House Natural Resources Committee

Conference Committee

Hearing Date **February 24, 2005**

Tape Number	Side A	Side B	Meter #
1		x	0-3380
Committee Clerk Signature <i>Karen Bonnet</i>			

Minutes:

Vice Chr. Porter: We will open the hearing on SB 2155 and ask the clerk to read the title.

Sen. Joel Heitkamp, Dist. 26: This started as a bill to deal with issues with Lake Agazziz but we had two bills on Lake Agazziz so we hoghoused this bill to deal with some concerns that irrigators had in relation to water permits being sold. There was a sense amongst a lot of us in the water community that as we go through these processes, that irrigation kept getting further and further back. For us in the ag community that wasn't the tone we wanted to set. It (the bill) doesn't do much. It just sends a signal to the Water Commission. It doesn't handcuff them, it doesn't tie them, it doesn't do anything but it would say that this 59th Legislative Assembly values irrigation, wants that to continue, and as they look toward some of these processess in their permitting, that they take a strong look at what effect that has on irrigation. I don't think that is a bad thing. I should add, Committee, I've got irrigators in the back yards of my municipalities and where my rural water districts permit out of. We've always been able to form

partnerships. It hasn't been a problem, but in some areas there have been issues that have bumped some heads. I think the State Water Commission does a great job of dealing with that. That is *not* (speaker's emphasis) the purpose of this bill. I think the purpose of this bill is to send that signal to the irrigators, saying, "You matter." The whole theory of whether we should have more irrigation in this state would be a good thing in our rural areas.

Vice Chr. Nelson: Are there any questions?

Rep. Lyle Hanson: Are you supporting the bill or against the bill?

Heitkamp: I'm for the bill. You're talking about somebody here who sells water to municipalities in rural areas.

Rep. Dorvan Solberg: Is this a statement of encouragement to the irrigators after it's been amended? Do you think they will get the message?

Heitkamp: I think the irrigators will get the message. I think the sense among some of the irrigation community or caucus has been that as we move forward in water policy in this state, they have taken a back seat. I think this goes a long way toward saying there are many facets that matter. We have to get water to the east, to the rural, finish NAWS (Northwest Area Water Supply), finish the Southwest Water, but lost in that, we can't lose sight of the fact that if we want people to stay out on the land, high production agriculture is where it could be at. In the east, we've seen all the dryland potato contracts go away. That's not where we should be going in the rural area right now. It is where the industry is taking it. If that is happening and we have land that will produce potatoes and water that may be utilized, I think we should encourage it.

Rep. Bob Hunsakor: I think I hear you saying we're going to have more irrigated acres. Is that where we're headed as a state?

Heitkamp: That would certainly be a goal. I don't know that we will. It's such a high-cost issue. Certainly if (a) farmer goes before the Water Commission, understanding that we're under western rule when it comes to water permits, and has an irrigation permit, that it matters. This sends a message that irrigation matters.

Rep. Duane DeKrey: Irrigation has absolutely reinvigorated Kidder County. The interesting thing about it is that the Oakes Irrigation (project) has done a lot of research on what crops we can irrigate here in ND and they have test plots of all the vegetables that we're getting from California. We can out produce California hands down when it comes to production of these specialty crops. They're high value crops. We're raising irrigated potatotes, onions, and the more irrigation we can get, the more boon it is to agriculture. It employs people, it keeps them on the land, and if we can bring in some processing too, it would be boundless what we could do.

Heitkamp: Oakes is my district. If you go down to that test area, it isn't just the specialty crops out of agriculture, it's the oriental specialty crops of the Japanese, Chinese, and other markets that are really interested in. They're doing a tremendous job. There is a future there. The hardest part in some areas of the state, as you all know, is finding the water, and *sustainable* (speaker's emphasis) water. Sometimes it's going to be very costly to get. In the Oakes area it's not. If you also look at the Oakes area, the city of Oakes, as of 2006, is in violation of the Safe Drinking Water Act. They have too much arsenic in their water. Because of that, they are looking at alternative supplies or what they can do. What they're finding out is that the permit process in that area is pretty full. I would contend that part of the problem is that the city of Oakes wastes water. The city uses 180 gallons of water per person per day on average. I would guess that most of you use about what my water system is, about 70-80 gallons of water per

person per day. The problem is, the water is so cheap nobody fixes it, or meters it, or cares if something isn't working right. They're about to find out that there's a cost to that. When they do, there won't be as much pressure on water to the irrigators. It can be managed.

Rep. Darrell D. Nottestad: In northwest Grand Forks County, the number of pivots were coming in as fast as they can put them in. There is some concern that the aquifers are going down, especially some of the smaller ones. Will this in any way send a message to the rural waters in that area that all of a sudden they may have a problem? Do you see that in any way?

Heitkamp: One of the first calls I got when we did this with this bill was from Randy Loeslie, the manager of Grand Forks Trail. He was frustrated with it. I hope he has changed his opinion after we pointed out to him that the bill sends a signal but it doesn't handcuff the state Water Commission. If you think that the state Water Commission has been managing things properly, I don't think the bill should scare you because they're going to continue to do that. I think that what the bill does is allow irrigators to have that conversation with the Water Commission and say irrigation matters. What has happened in your area with your rural water district has been a point where both were utilized, one industry grew and they got into a fight. In the end, it got worked out. Money exchanged hands; you can't hurt somebody's property without expecting to compensate them. So, there is some process for that, but I don't think it's going to handcuff Randy, or Gordy at North Valley, another hot area. Ask yourself if a \$40 million infrastructure, which these rural water systems are, is ever going to get handcuffed by one particular industry. It just shows that there will be a level of respect for that.

Nottestad: Comparing the irrigation to the rural water (systems), where will it stand in case a great deal of water is needed for an industrial project which could employ a large number of people?

Heitkamp: I would think it would stand no differently than under current code today. When PROGOLD came to ND and we had a special session, we called all around trying to make this happen, there were three sites that they were looking at, Bigstone, on the South Dakota/Minnesota border, Hankinson, and Wahpeton. When it came to Hankinson, whoever put in the proposal had to have *six million gallons* (speaker's emphasis) of water per day. They had to have word from the Water Commission that they could approve that. Hankinson's site met that standard and they use solely groundwater. I have high production wells serving parts of three counties that had an interest in that fight. The Water Commission did it's job. We got an engineer who looked at it and said we would not be affected, we'd be o.k. I think that's what this bill is about. Whether it's industrial or irrigation, it's about managing water. There has been a sense among irrigators that when it comes to some of these issues they have been pushed back.

Rep. Duane DeKrey: The priority of water use is listed right in our century code. This doesn't change that?

Heitkamp: I'd only add that once you have it, you *have* the permit. That's what western law states.

Vice Chr. Porter: Are there any questions? Seeing none, thank you for your testimony. We have some students that have joined us. Where are you from? (Strasburg) Welcome to House Natural Resources Committee. Is there further supporting testimony?

Dave Koland, Gen. Mgr., Garrison Diversion Conservancy Distr.: (Written testimony attached)

Chr. Nelson: Are there any questions?

Rep. Scot Kelsh: What does Minnesota think about our plan for Lake of the Woods water?

Koland: One of the high ranking officials in the Department of Natural Resources in Minnesota said to Dale Frink that Minnesotans would be *absolutely appalled to think that ND might use Lake-of-the-Woods water in the Red River Valley* (speaker's emphasis). They virtually demanded that we take that option off the table, that it was infeasible, unworkable and that MN would be in an uproar. They are willing for us to buy up all the irrigation water in the Detroit Lakes area. I asked how cabin owners were different at Lake-of-the-Woods than in the Detroit Lakes area. He said most of them were North Dakotans. They have a different attitude towards the groundwater option as compared to the Lake-of-the-Woods option.

Rep. Dennis Johnson: Where I come from, we have water. Remind me why that's not an option of water that we could supply Fargo.

Koland: Devils Lake is an obvious source of water, it's not far from the Sheyenne River. The problem is that it's not a reliable source. It dries up. When the Red River Valley needs water it's during droughts. The drought is going to come to the Red River Valley. We don't know when or for how long. The population there now is going to grow. We know that the northern end of the Red River Valley is in a wet cycle. Whether a drought would hit both Devils Lake and the Red River Valley at the same time, is unknown. All we have to do is look at western ND and to what's happening in the western U.S. We don't know when that drought's going to end, either.

We know from looking at tree-ring history, that 20-year droughts in the northern Great Plains are

not unusual. There was a cycle about 1,000 years ago that the drought was much longer than that.

Rep. Johnson: That's my point. The Missouri River as a network brings the entire area together. Right now, we are at record low levels...(unintelligible).

Koland: It's a concept, particularly because of the inflow into the Missouri River, we often get asked the question because of the problems on Lake Sakakawea. The water that we need in the Red River Valley at the maximum worst year is about 130,000 acre feet of water. That's equivalent to about 150-200 cfs, absolute maximum. Every day 15,000 cfs flows by Bismarck, into South Dakota, by Missouri and down into the Gulf of Mexico. The water we need in the Red River Valley is equivalent to a thimble full of water out of a five-gallon bucket of water, it is that small an amount. The city of Kansas City, MO wastes more water in their (poppies? unintelligible) every day than what we need in the Red River Valley.

Rep. Nottestad: Because of my position on the Grand Forks County Water Board, I've been at all the Bureau of Reclamation forums in Grand Forks. Going back to the first one, before the Lake of the Woods area was included in any conversations, we had some of the big wigs from the Minnesota DNR (Department of Natural Resources) there. At that point, they were trying to sell that we would recharge the irrigation well, that was as far as the Missouri River water should be used. But the proposal then was that the water available in the upper Red Lake area, on the reservation area, could be purchased from Minnesota in unlimited amounts.

Koland: They are pretty fond of directing us toward the ground water in the Detroit Lakes area. We've looked at Red Lake. It has a number of difficulties. One is that the tribal interests and the Red Lake Tribes are different from the tribes in ND. The government has an agreement with the

tribes. The federal government has no such agreement with Red Lake so the status of being able to negotiate with them is considerably different than being able to negotiate with the tribes such we do in ND. The other difficulty is there have been some problems, it's a relatively shallow lake and is susceptible to water problems.

Nottestad: I see them sandbagging the river at the time that is most beneficial to them.

Koland: I can't disagree.

Rep. Lyle Hanson: You mentioned that the Red River was dry in 1936. What was the condition of the Missouri River?

Koland: I can't give you any float numbers. The Missouri River has never been dry. The dams are designed because of the Pick-Sloan program at 15,000 cfs, the minimum flow that they will let out of those reservoirs. Lake Sakakawea holds about 31 million, minimum, acre feet of water. It's at about 35 million acre feet of water now behind the reservoir. That's a considerable asset for the state of ND and for the country, that the reservoirs can regulate the flow of the river.

Chr. Nelson: Are there any questions? Seeing none, thank you for your testimony. Is there further supporting testimony? Seeing none, is there any opposition to SB 2155? Any neutral testimony on SB 2155?

Dave Ripley, ND State Water Commission: Strictly neutral. We have no problem with the legislation. The reality is that under emergency circumstances, there could be a need on a temporary basis, for irrigation water to go to certain communities in severe drought situations. Under current state law, we would be responsive to that. With that exception we have no problem whatsoever.

Chr. Nelson: Are there any questions?

Rep. Porter: The way that you read the bill, what does it do to the department that you aren't already doing?

Ripley: It gives the legislative intent to take a strong look at any efforts to reduce the economic viability of the irrigators to use that water instead of what I hope the state feels is the water that should be used and what we were promised under both the initial legislation and the reformulation that was done in the 80's.

Rep. George J. Keiser: Help me understand, the Red Trail Energy project has significant water requirements?

Ripley: Yes, it does.

Keiser: What would this do?

Ripley: This wouldn't make any difference. We're currently working with the Southwest Pipeline project to look at them obtaining an industrial permit for Red Trail. There would be no problems associated with that.

Keiser: Then, what if we were to build another similar project that didn't have access to that pipeline?

Ripley: Then they would have to look at the resource that they did have access to.

Keiser: Would that limit their potential to build that facility?

Ripley: The committee procedure that we currently have would not limit it, because that could still be done. What it does do is make sure that we take a strong look at producing economic viability of the users that are currently in place, and not sacrifice that economic aspect of what the state has to offer these people. What you will do is move water from a use that is currently ongoing and that we are trying to increase for the economic betterment of the state.

Chr. Nelson: When somebody applies for an industrial permit, do you crunch the numbers as to the needs of whatever the permit reads as to usage? Do they actually need that much water? In Sen. Heitkamp's comments, he talked about the toilets not being efficient in Oakes. Is that something that your department gets involved in?

Ripley: We talk to those communities about the amount of water that they use and encourage them to look at their system. This spring, we're looking at working with the city with some of our flow equipment to evaluate usage at off times, like 2-4 in the morning when usage should be zip. We'll use our flow meters to see what they do have for losses in their lines. We'll work with them.

Chr. Nelson: Do you do that for industrial customers as well?

Ripley: We'll do that with any water user. We're looking for efficiencies anywhere we can get them.

Chr. Nelson: Are there any further questions? Seeing none, thank you for your testimony. Is there further supporting testimony?

Mike Dwyer, ND Water Users and the ND Irrigation Association: We support this legislation. We think it makes good, common sense. We urge your favorable vote.

Chr. Nelson: Are there any questions?

Rep. George J. Keiser: It doesn't seem to do anything, it doesn't tie their hands, it gives legislative intent in a modest way. Why should that be put in the form of a statute versus in the form of a resolution? Do we want to write statutes for everything that we think is a good idea?

Dwyer: In this case, the issue of the Red River Valley and the water supply that they need long term is really critical. That's where a lot of people are and where the water supply is needed. It

is important. If you look at the western U.S., there are many situations where agricultural uses have been condemned for the water rights so that (unintelligible). This is just a statement of intent that directs the Water Commission to not do that if possible. Because of the critical nature of our state and the water supply that we need in the east, I think it's important. We need to support it.

Chr. Nelson: Are there any questions? Seeing none, thank you for your testimony. Mr. Ripley, did you sign in? If you would, please, we would appreciate that.

Sen. Heitkamp: Can I just add one more thing, Mr. Chairman? I think it's important to the question raised by Rep. Keiser. We're going through this study right now in the East. That's why we just discussed the Lake-of-the-Woods. In the end, it's coming down to the Missouri River. Our forefathers were right. It's the Missouri River that's the key. As the Corps (of Engineers) and the Bureau (of Reclamation) push possible irrigation programs that's why this is in front of you, to send a really strong signal to them that we don't think we should have to jeopardize the irrigation community to let them weasel out of a commitment they made to us years ago.

Chr. Nelson: Thank you. Is there further supporting testimony? Seeing none, I'll close the hearing on SB 2155. What's the committee's wishes?

Rep. Dorvan Solberg: I move a do pass.

Rep. Scot Kelsh: Second.

Chr. Nelson: There is a do pass motion and a second. Committee discussion?

Page 12

House Natural Resources Committee

Bill/Resolution Number **SB 2155**

Hearing Date **February 24, 2005**

Rep. Keiser: I agree with everything that's been said, but I'm going to vote against this simply

because I don't think it should be put into statute. It's perfect for a resolution, indicating intent.

We could make our century code twice the size it is if we continue to do this.

For that reason I oppose it.

Rep. Duane DeKrey: I'll support it because I have a lot of irrigators in my community, but just

a side comment. I don't think the citizens of North Dakota will ever know what it cost us when

they shut Garrison Diversion down on us.

Chr. Nelson: Further comments? Committee discussion?

Rep. Dawn Marie Charging: I agree with Keiser. I don't see the need to put this into statute.

Chr. Nelson: Seeing no more discussion, Karen, I'll ask you to call the roll on a

Do Pass, vote:

8-Yeas; 4-Nays; 2-Absent: CARRIER: Kelsh

Date: 2/24/05
 Roll Call Vote #: 1

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2155

House NATURAL RESOURCES Committee

Check here for Conference Committee

Legislative Council Amendment Number _____ :

Action Taken : Do Pass as Engrossed

Motion Made By : Solberg Seconded By : Kelsh

Representatives	Yes	No	Representatives	Yes	No
Chairman - Rep. Jon O. Nelson	✓		Rep. Lyle Hanson	✓	
Vice Chairman - Todd Porter		✓	Rep. Bob Hunsakor	✓	
Rep. Dawn Marie Charging		✓	Rep. Scot Kelsh	✓	
Rep. Donald L. Clark		✓	Rep. Dorvan Solberg	✓	
Rep. Duane DeKrey	✓				
Rep. David Drovdal	Absent				
Rep. Dennis Johnson	✓				
Rep. George J. Keiser		✓			
Rep. Mike Norland	Absent				
Rep. Darrell D. Nottestad	✓				

Total (Yes) 8 No 4

Absent 2

Floor Assignment 5. Kelsh

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
February 24, 2005 1:58 p.m.

Module No: HR-34-3609
Carrier: S. Kelsh
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2155, as engrossed: Natural Resources Committee (Rep. Nelson, Chairman)
recommends **DO PASS** (8 YEAS, 4 NAYS, 2 ABSENT AND NOT VOTING).
Engrossed SB 2155 was placed on the Fourteenth order on the calendar.

2005 TESTIMONY

SB 2155

Testimony by Dave Koland, General Manager
Garrison Diversion Conservancy District

To the

House Natural Resources Committee Hearing on SB 2155

Bismarck, North Dakota
February 24, 2005

Mr. Chairman, members of the committee; my name is Dave Koland. I serve as the General Manager of Garrison Diversion Conservancy District. Garrison Diversion is a political subdivision of the state created in 1955 to construct the Garrison Diversion Unit of the Missouri River Basin Project as authorized by Congress on December 22, 1944. Amendments in 1986 and 2000 have changed Garrison Diversion from a million acre irrigation project into a multipurpose project with an emphasis on the development and delivery of municipal and rural water supplies. The Dakota Water Resources Act of 2000 (an amendment to the Garrison Diversion Reformulation Act of 1986) authorizes \$200 million for construction of the Red River Valley Water Supply Project to meet the needs of the Red River Valley and increased the ceiling for the Municipal, Rural and Industrial (MR&I) water supply program to \$400 million.

The act also authorized two studies: The Secretary of Interior is conducting a comprehensive study of the water quality and quantity needs of the Red River Valley in North Dakota and possible options for meeting those needs and the Secretary and the State of North Dakota, represented by Garrison Diversion Conservancy District (GDGD), are jointly preparing an Environmental

Impact Statement (EIS) concerning all feasible options to meet the comprehensive water quality and quantity needs of the Red River Valley.

Our studies indicate that if a 1930's drought were to occur today in the Red River Valley we would be short about 15% of the total water needs in the valley. When we look ahead to the year 2050 the shortage is even more critical.

It is evident that we must find additional water supplies for the Red River Valley. At the moment we have three options on the table, Lake of the Woods, Minnesota Groundwater, and the Missouri River.

One question, as yet undecided, is do we convert all the irrigation wells in the Red River Valley to municipal use and then provide the remaining balance by importing water? Or do we meet the entire shortage by importing water and keep this option in reserve?

Irrigated agriculture is important to North Dakota. If the first place we look for additional water supplies is to buy out irrigated agriculture, we may be going down a road that provides only a short term solution. But long term, will have drastic implications for North Dakota's economy. This policy allows us to retain the option of converting irrigation water to municipal use where that proves to be the best solution. It also says that we will look very hard for another solution that best sustains the entire North Dakota economy in the long term. I believe this is sound policy for the state of North Dakota and I urge you to adopt it.

Potato farmers feeling the pinch

Dryland farmers losing contracts as irrigation becomes more popular

GRAND FORKS (AP) — Seventeen years after drought devastated the crops of Red River Valley potato farmers, it continues to dry up their contracts.

About 20 farmers, most in the northern Red River Valley, learned last month that Idaho-based J.R. Simplot is reducing or eliminating 6,000 acres of dryland potatoes this year.

It is a 67 percent reduction in the number of dryland acres grown under contract for delivery to the Grand Forks plant, leaving the company with only contracted dryland acres.

Simplot will contract about 20,000 irrigated acres for delivery to the Grand Forks plant, about the same as last year, said Fred Zerza, company spokesman at Simplot headquarters in Idaho.

About 55 percent of the potatoes grown in North Dakota and northwest Minnesota are produced for use as french fries, said Duane Maatz, the Northern Plains Potato Growers Association president.

Simplot, like chip maker Frito-Lay, began the push for irrigated potato production nearly 20 years ago, after drought in 1988 and 1989 reduced the quantity and quality of the potatoes grown in North Dakota and Minnesota. Since then, the percentage of

irrigated potato acres under contract for delivery to the Grand Forks plant has grown from about 25 percent to about 90 percent.

"I think we prefer to have all of our potatoes irrigated wherever we operate. That would include North Dakota," Zerza said.

About 95 percent of the 100,000 U.S. potato acres grown for Simplot are produced on irrigated land, he said.

Maatz said Simplot representatives already have told dryland potato growers that if their contracts were not eliminated this year, they will be next year. He said he had expected a more gradual reduction.

Simplot made the reduction this year in part because of

overproduction, Zerza said.

"With last year's bumper crop, we contracted more than we needed," he said. "It's a balancing act every year to try to anticipate the market and contract accordingly."

Reducing the number of dryland potato acres also is an effort by Simplot to address quality issues. The variety grown by most North Dakota and Minnesota farmers who irrigate is a premier processing potato and stores better than most other varieties, Zerza said.

"When you can control the amount of water that is supplied to the potatoes, you can control a number of quality factors," he said. "With dryland potatoes, you don't have that option."