SENATE BILL NO. 81—COMMITTEE ON GOVERNMENT AFFAIRS
(ON BEHALF OF THE DIVISION OF WATER RESOURCES)
PREFILED DECEMBER 20, 2014

Referred to Committee on Government Affairs
SUMMARY—Revises provisions relating to the management and appropriation of water. (BDR 48-367)
FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Yes.

AN ACT relating to water; revising provisions relating to the designation and regulation of groundwater basins by the State Engineer; revising provisions relating to the appropriation of water for beneficial use; and providing other matters properly relating thereto.
THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:
1 Section 1. Chapter 534 of NRS is hereby amended by adding
2 thereto the provisions set forth as sections 2, 3 and 4 of this act.
3 Sec. 2. “Appropriator of record” means a holder of an
4 adjudicated or unadjudicated claim of a vested right or a permit or
5 certificate to appropriate water on file in the Office of the State Engineer.
6 Sec. 3. 1. The State Engineer:
7 (a) May designate as an active management area any basin or
8 a portion therein which has been designated previously as a
9 groundwater basin by the State Engineer pursuant to NRS
10 534.030 and where:
11 (1) Consumption withdrawals of groundwater consistently exceeds the perennial yield
12 of the basin; or
13 (2) Groundwater levels continue to decline;
14 (3) Pumping of groundwater conflicts with existing water
15 rights.
16 (b) Shall designate as an active management area any basin or
17 a portion therein upon receipt of a petition for such a designation
18 which is signed by groundwater appropriators of record and owners of domestic wells, who hold not
19 less than 40 percent of the combined total appropriated water in the basin.
20 of the appropriators of record and owners of domestic wells in the
21 basin or portion therein.
22 (c) May rescind the designation of a basin or portion therein
23 as an active management area if the State Engineer determines
24 that the conditions in the basin or portion therein no longer
25 warrant that designation.
26 2. If a basin or portion therein has been designated as an
27 active management area for at least 5 consecutive years, the State
28 Engineer shall order that withdrawals, including, without
29 limitation, withdrawals from domestic wells, be restricted in that
30 basin or portion therein to conform to priority rights, unless a
31 groundwater management plan has been approved for the basin or
32 portion therein pursuant to NRS 534.037.
33 3. The designation of a basin or a portion therein as an active
34 management area pursuant to this section may be appealed
35 pursuant to NRS 533.450.
36 Sec. 4. In a basin or portion therein designated as an active
37 management area pursuant to section 3 of this act, in consideration of a groundwater management
38 plan, the State
Engineer may, in addition to those powers conferred by law, approve [without limitation]:

1. A plan to: limit the quantity of water that may be withdrawn under any permit or certificate;

2. [Limit the area that may be irrigated] Conservation practices that might otherwise result in cancellation or forfeiture of the water right pursuant to NRS 533.390, 533.395, 533.410 and 534.090 and exempt those rights from the requirements of NRS 533.390, 533.395, 533.410 and 534.090;

3. Limit the drilling of domestic wells;

4. Limit the quantity of water allowed to be withdrawn from a domestic well;

5. A plan to assess fees on the appropriators of record of groundwater rights and domestic wells to establish a fund to retire water rights [Limit the movement of water rights];

6. A plan for the voluntary relinquishment to the groundwater source a portion of a groundwater right in exchange for exemption from provisions requiring the filing and approval of extensions of time to avoid cancellation and forfeiture during the period the groundwater management plan is in effect, but rights not relinquished would not be exempt from regulation by priority [Impose or authorize conservation practices that might otherwise result in forfeiture of the water right pursuant to NRS 534.090];

7. Limit the number of extensions of time for the filing of proofs of completion of construction work and application of water to beneficial use that may be approved pursuant to NRS 533.380;

8. A plan that requires the filing of proofs of beneficial use pursuant to NRS 533.400 or proofs of appropriation;

9. A plan that includes any other actions reasonably related to the removal of the designation of the basin or a portion thereof as an active management area; 9. Designate preferred uses of existing rights; and

10. Assess fees to establish a fund to retire water rights; and

11. Require Any other action that the State Engineer request to adopt rules or regulations that might determine to be necessary in furtherance of a groundwater management plan.
1 Sec. 5. NRS 534.010 is hereby amended to read as follows:
2 534.010 1. As used in this chapter, unless the context
3 otherwise requires, the words and terms defined in NRS 534.0105 to
4 534.0175, inclusive, and section 2 of this act have the meanings
5 ascribed to them in those sections.
6 2. As used in this chapter, the terms “underground water” and
7 “groundwater” are synonymous.
8 Sec. 6. NRS 534.011 is hereby amended to read as follows:
9 534.011 [“Area of active] “Active” management [“] area”
10 means an area:
11 1. In which the State Engineer is conducting particularly close
12 monitoring and regulation of the water supply because of heavy use
13 of that supply; and
14 2. Which has received that designation by the State Engineer
15 pursuant to [NRS 534.030.] section 3 of this act.
16 Sec. 7. NRS 534.030 is hereby amended to read as follows:
17 534.030 1. Upon receipt by the State Engineer of a petition
18 requesting the State Engineer to administer the provisions of this
19 chapter as relating to designated areas, signed by not less than 40
20 percent of the appropriators of record [in the Office of the State
21 Engineer,] in any particular basin or portion therein, the State
22 Engineer shall:
23 (a) Cause to be made the necessary investigations to determine
24 if such administration would be justified.
25 (b) If the findings of the State Engineer are affirmative,
26 designate the area by basin, or portion therein, and make an official
27 order describing the boundaries by legal subdivision as nearly as
28 possible.
29 (c) Proceed with the administration of this chapter.
30 2. In the absence of [such] a petition [from the owners of
31 wells] described in subsection 1, in a groundwater basin which the
32 State Engineer considers to be in need of administration, the State
33 Engineer shall hold a public hearing:
34 (a) If adequate facilities to hold a hearing are available within
35 the basin; or
36 (b) If such facilities are unavailable, hold the hearing within the
37 county where the basin lies or within the county, where the major
38 portion of the basin lies, or at the location in closest proximity to
39 the basin where an adequate facility exists for holding a hearing,
40 □ to take testimony [from those owners] to determine whether
41 administration of that basin is justified. If the basin is found, after
42 due investigation, to be in need of administration the State Engineer
43 may enter an order in the same manner as if a petition, as described
44 in subsection 1, had been received.
1. The order of the State Engineer may be reviewed by the district court of the county pursuant to NRS 533.450.
2. The State Engineer shall supervise all underground water and wells [tapping artesian water or water in definable underground aquifers drilled after March 22, 1913, and all wells tapping percolating water drilled subsequent to March 25, 1939, except], including, without limitation, those wells for domestic purposes for which a permit is not required.
3. Within any groundwater basin which has been designated or which may hereafter be so designated by the State Engineer, except groundwater basins subject to the provisions of NRS 534.035, and wherein a water conservation board has been created and established or wherein a water district has been created and established by law to furnish water to an area or areas within the basin or for groundwater conservation purposes, the State Engineer, in the administration of the groundwater law, shall avail himself or herself of the services of the governing body of the water district or the water conservation board, or both of them, in an advisory capacity. The governing body or water board shall furnish such advice and assistance to the State Engineer as is necessary for the purpose of the conservation of groundwater within the areas affected. The services of the governing body or water conservation board must be without compensation from the State, and the services so rendered must be upon reasonable agreements effected with and by the State Engineer.

Sec. 8. NRS 534.037 is hereby amended to read as follows:

534.037 1. In a basin or a portion therein that has been designated as [a critical] an active management area by the State Engineer pursuant to [subsection 7 of NRS 534.110,] section 3 of this act, a petition for the approval of a groundwater management plan for the basin or portion therein may be submitted to the State Engineer by groundwater appropriators of record and owners of domestic wells, who hold not less than 60 percent of the combined total appropriated water in the basin. The petition must be signed by a majority of the holders of permits or certificates to appropriate water in the basin that are on file in the Office of the State Engineer not less than 40 percent of the combined total of the appropriators of record and domestic well owners in the basin or portion therein and must be accompanied by a groundwater management plan which must set forth the necessary steps for [removal] recession of the [basin’s] designation of the basin or portion therein as [a critical] an active management area.

2. In determining whether to approve a groundwater management plan submitted pursuant to subsection 1, the State Engineer shall consider, without limitation:
   (a) The hydrology of the basin;
   (b) The physical characteristics of the basin;
1 (c) The geographic spacing and location of the withdrawals of
groundwater in the basin;
2 (d) The quality of the water in the basin;
3 (e) The wells located in the basin, including, without limitation,
domestic wells;
4 (f) Whether a groundwater management plan already exists for
the basin; and
5 (g) Any other factor deemed relevant by the State Engineer.
6
7 3. Before approving or disapproving a groundwater
8 management plan submitted pursuant to subsection 1, the State
9 Engineer shall hold a public hearing to take testimony on the plan in
10 the county where the basin lies or, if the basin lies in more than one
11 county, within the county where the major portion of the basin lies
12 or at the location in closest proximity to the basin where an
13 adequate facility exists for holding a hearing. The State Engineer
14 shall cause notice of the hearing to be:
15 (a) Given once each week for 2 consecutive weeks before the
16 hearing in a newspaper of general circulation in the county or
17 counties in which the basin lies.
18 (b) Posted on the Internet website of the State Engineer for at
19 least 2 consecutive weeks immediately preceding the date of the
20 hearing.
21
22 4. The decision of the State Engineer on a groundwater
23 management plan may be reviewed by the district court of the
24 county pursuant to NRS 533.450.
25
26 5. An amendment to a groundwater management plan must be
27 proposed and approved in the same manner as an original
28 groundwater management plan is proposed and approved pursuant
29 to this section.
30
31 9. NRS 534.090 is hereby amended to read as follows:
32 Except as otherwise provided in this section and section 4 of this act, failure for 5 successive years after
33 April 15, 1967, on the part of the holder of any right, whether it is
34 an adjudicated right, an unadjudicated right or a right for which a
35 certificate has been issued pursuant to NRS 533.425, and further
36 whether the right is initiated after or before March 25, 1939, to use
37 beneficially all or any part of the underground water for the purpose
38 for which the right is acquired or claimed, works a forfeiture of both
39 undetermined rights and determined rights to the use of that water to
40 the extent of the nonuse. If the records of the State Engineer or any
41 other documents specified by the State Engineer indicate at least 4
42 consecutive years, but less than 5 consecutive years, of nonuse of all
43 or any part of a water right which is governed by this chapter, the
44 State Engineer shall notify the owner of the water right, as
45 determined in the records of the Office of the State Engineer, by
registered or certified mail that the owner has 1 year after the date of
the notice in which to use the water right beneficially and to provide
proof of such use to the State Engineer or apply for relief pursuant
to subsection 2 to avoid forfeiting the water right. If, after 1 year
after the date of the notice, proof of resumption of beneficial use is
not filed in the Office of the State Engineer, the State Engineer
shall, unless the State Engineer has granted a request to extend
the time necessary to work a forfeiture of the water right, declare the
right forfeited within 30 days. Upon the forfeiture of a right to the
use of groundwater, the water reverts to the public and is available
for further appropriation, subject to existing rights. If, upon notice
by registered or certified mail to the owner of record whose right
has been declared forfeited, the owner of record fails to appeal the
ruling in the manner provided for in NRS 533.450, and within the
time provided for therein, the forfeiture becomes final. The failure
to receive a notice pursuant to this subsection does not nullify the
forfeiture or extend the time necessary to work the forfeiture of a
water right.

2. The State Engineer may, upon the request of the holder of
any right described in subsection 1, extend the time necessary to
work a forfeiture under that subsection if the request is made before
the expiration of the time necessary to work a forfeiture. The State
Engineer may grant, upon request and for good cause shown, any
number of extensions, but a single extension must not exceed 1 year.
In determining whether to grant or deny a request, the State
Engineer shall, among other reasons, consider:
(a) Whether the holder has shown good cause for the holder’s
failure to use all or any part of the water beneficially for the purpose
for which the holder’s right is acquired or claimed;
(b) The unavailability of water to put to a beneficial use which is
beyond the control of the holder;
(c) Any economic conditions or natural disasters which made
the holder unable to put the water to that use;
(d) Any prolonged period in which precipitation in the basin
where the water right is located is below the average for that basin
or in which indexes that measure soil moisture show that a deficit in
soil moisture has occurred in that basin;
(e) Whether a groundwater management plan has been approved
for the basin pursuant to NRS 534.037; [and]
(f) Whether the basin or portion therein has been designated
as an active management area pursuant to section 3 of this act; or
(g) Whether the holder has demonstrated efficient ways of using
the water for agricultural purposes, such as center-pivot irrigation.
The State Engineer shall notify, by registered or certified mail,
the owner of the water right, as determined in the records of the
Office of the State Engineer, of whether the State Engineer has
granted or denied the holder’s request for an extension pursuant to
this subsection. If the State Engineer grants an extension pursuant to
this subsection and, before the expiration of that extension, proof of
resumption of beneficial use or another request for an extension is
not filed in the Office of the State Engineer, the State Engineer shall
declare the water right forfeited within 30 days after the expiration
of the extension granted pursuant to this subsection.
3. If the failure to use the water pursuant to subsection 1 is
because of the use of center-pivot irrigation before July 1, 1983, and
such use could result in a forfeiture of a portion of a right, the State
Engineer shall, by registered or certified mail, send to the owner of
record a notice of intent to declare a forfeiture. The notice must
provide that the owner has at least 1 year after the date of the notice
to use the water beneficially or apply for additional relief pursuant
to subsection 2 before forfeiture of the owner’s right is declared by
the State Engineer.
4. A right to use underground water whether it is vested or
otherwise may be lost by abandonment. If the State Engineer, in
investigating a groundwater source, upon which there has been a
prior right, for the purpose of acting upon an application to
appropriate water from the same source, is of the belief from his or
her examination that an abandonment has taken place, the State
Engineer shall so state in the ruling approving the application. If,
upon notice by registered or certified mail to the owner of record
who had the prior right, the owner of record of the prior right fails to
appeal the ruling in the manner provided for in NRS 533.450, and
within the time provided for therein, the alleged abandonment
declaration as set forth by the State Engineer becomes final.
Sec. 10. NRS 534.110 is hereby amended to read as follows:
534.110 1. The State Engineer shall administer this chapter
and shall prescribe all necessary regulations within the terms of this
chapter for its administration.
2. The State Engineer may:
(a) Require periodical statements of water elevations, water
used, and acreage on which water was used from all holders of
permits and claimants of vested rights, appropriators of record and domestic well owners,
(b) Upon his or her own initiation, conduct pumping tests to
determine if overpumping is indicated, to determine the specific
yield of the aquifers and to determine permeability characteristics.
3. The State Engineer shall determine whether there is
unappropriated water in the area affected and may issue permits
only if the determination is affirmative. The State Engineer may
require each applicant to whom a permit is issued for a well:
(a) For municipal, quasi-municipal or industrial use; and
(b) Whose reasonably expected rate of diversion is one-half cubic foot per second or more,

to report periodically to the State Engineer concerning the effect of that well on other previously existing wells that are located within 2,500 feet of the well.

4. It is a condition of each appropriation of groundwater acquired under this chapter that the right of the appropriator relates to a specific quantity of water and that the right must allow for a reasonable lowering of the static water level at the appropriator’s point of diversion. In determining a reasonable lowering of the static water level in a particular area, the State Engineer shall consider the economics of pumping water for the general type of crops growing and may also consider the effect of using water on the economy of the area in general.

5. This section does not prevent the granting of permits to applicants later in time on the ground that the diversions under the proposed later appropriations may cause the water level to be lowered at the point of diversion of a prior appropriator, so long as any protectable interests in existing domestic wells as set forth in NRS 533.024 and the rights of holders of existing appropriations can be satisfied under such express conditions. At the time a permit is granted for a well:

(a) For municipal, quasi-municipal or industrial use; and

(b) Whose reasonably expected rate of diversion is one-half cubic foot per second or more,

the State Engineer shall include as a condition of the permit that pumping water pursuant to the permit may be limited or prohibited to prevent any unreasonable adverse effects on an existing domestic well located within 2,500 feet of the well, unless the holder of the permit and the owner of the domestic well have agreed to alternative measures that mitigate those adverse effects.

Exception as otherwise provided in subsection 7, Notwithstanding the provisions of section 3 of this act, the State Engineer shall conduct investigations in any basin or portion thereof where it appears that the average annual replenishment to the groundwater supply may not be adequate for the needs of all holders of appropriators of record permittees and all vested right claimants, and domestic well owners, and if the findings of the State Engineer so indicate, the State Engineer may order that withdrawals, including, without limitation, withdrawals from domestic wells, be restricted to conform to priority rights.

Any limitation by the State Engineer on the withdrawals from domestic wells made pursuant to NRS 534.110(6) or Section 3, subsection (2) of this act, shall be limited to no less than one-half acre foot annually. The State Engineer:

(a) May designate as a critical management area any basin in which withdrawals of groundwater consistently exceed the perennial yield of the basin.

(b) Shall designate as a critical management area any basin in which withdrawals of groundwater consistently exceed the perennial yield of the basin.

The State Engineer:
yield of the basin upon receipt of a petition for such a designation
which is signed by a majority of the holders of certificates or
permits to appropriate water in the basin that are on file in the Office
of the State Engineer.
The designation of a basin as a critical management area pursuant
to this subsection may be appealed pursuant to NRS 533.450. If a
basin has been designated as a critical management area for at least
10 consecutive years, the State Engineer shall order that
withdrawals, including, without limitation, withdrawals from
domestic wells, be restricted in that basin to conform to priority
rights, unless a groundwater management plan has been approved
for the basin pursuant to NRS 534.037.

In any basin or portion thereof in the State designated by
the State Engineer, the State Engineer may restrict drilling of wells
in any portion thereof if the State Engineer determines that
additional wells would cause an undue interference with existing
wells. Any order or decision of the State Engineer so restricting
drilling of such wells may be reviewed by the district court of the
county pursuant to NRS 533.450.

Sec. 11. NRS 534.250 is hereby amended to read as follows:
Any person desiring to operate a project must first
make an application to, and obtain from, the State Engineer a permit
to operate such a project.
The State Engineer shall, upon application, issue a permit to
operate a project if the State Engineer determines that:
(a) The applicant has the technical and financial capability to
construct and operate a project.
(b) The applicant has a right to use the proposed source of water
for recharge pursuant to an approved appropriation consistent with
this chapter and chapter 533 of NRS. Any determination made by
the State Engineer for purposes of this paragraph is not binding in
any other proceeding.
(c) The project is hydrologically feasible.
(d) [If the project is in an area of active management, the project
is consistent with the program of augmentation for that area.
(e) The project will not cause harm to users of land or other
water within the area of hydrologic effect of the project.
(f) The holder of a permit may apply to the State Engineer for
approval to assign the permit to another person. The State Engineer
must approve the assignment if the person to whom the permit is to
be assigned will meet the requirements of paragraphs (a) and (b) of
subsection 2 when the assignment is completed.
A permit for a project must include:
(a) The name and mailing address of the person to whom the
permit is issued.
1 (b) The name of the [area of active management,] groundwater
2 basin or groundwater sub-basin, as applicable, in which the project
3 will be located.
4 (c) The capacity and plan of operation of the project.
5 (d) Any monitoring program required pursuant to subsection 5.
6 (e) Any conditions which are imposed pursuant to this chapter
7 or any regulation adopted pursuant thereto.
8 (f) Any other information which the State Engineer deems
9 necessary to include.
10 5. The State Engineer shall require the holder of a permit to
11 monitor the operation of the project and the effect of the project on
12 users of land and other water within the area of hydrologic effect of
13 the project. In determining any monitoring requirements, the State
14 Engineer shall cooperate with all government entities which regulate
15 or monitor, or both, the quality of water.
16 6. The State Engineer, on his or her initiative or at the request
17 of the holder of the permit, may modify the conditions of the permit
18 if monitoring demonstrates that modifications are necessary. In
19 determining whether modifications are necessary, the State Engineer
20 shall consider uses of land or water which were not in existence
21 when the permit was issued.
22 Sec. 12. NRS 534.260 is hereby amended to read as follows:
23 534.260 The State Engineer shall prescribe and furnish
24 guidelines for an application for a permit for a project. The
25 application must include:
26 1. A fee for application of $2,500;
27 2. The name and mailing address of the applicant;
28 3. The name of the [area of active management,] groundwater
29 basin or groundwater sub-basin, as applicable, in which the
30 applicant proposes to operate the project;
31 4. The name and mailing address of the owner of the land on
32 which the applicant proposes to operate the project;
33 5. The legal description of the location of the proposed project;
34 6. Such evidence of financial and technical capability as the
35 State Engineer requires;
36 7. The source, quality and annual quantity of water proposed to
37 be recharged, and the quality of the receiving water;
38 8. The legal basis for acquiring and using the water proposed to
39 be recharged;
40 9. A description of the proposed project including its capacity
41 and plan of operation;
42 10. A copy of a study that demonstrates:
43 (a) The area of hydrologic effect of the project;
44 (b) That the project is hydrologically feasible;
1 (c) That the project will not cause harm to users of land and
2 water within the area of hydrologic effect; and
3 (d) The percentage of recoverable water;
4 11. The proposed duration of the permit; and
5 12. Any other information which the State Engineer requires.
6 Sec. 13. NRS 534.300 is hereby amended to read as follows:
7 534.300 1. The State Engineer shall establish a storage
8 account for each project for which the State Engineer has issued a
9 permit. If the project stores water from more than one source, the
10 State Engineer shall establish subaccounts for each source of water.
11 2. The holder of a permit for a project may recover only the
12 recoverable amount of water that is stored by the project.
13 3. For the purposes of this section, “recoverable amount”
14 means the amount of water, as determined by the State Engineer,
15 that has reached the aquifer and remains within the area of active
16 management. [hydrologic effect.
17 Sec. 14. NRS 534.340 is hereby repealed.
18 Sec. 15. This act becomes effective on July 1, 2015.
19 TEXT OF REPEALED SECTION
20 534.340 Project for recharge, storage and recovery of
21 water: Designation of areas of active management. The State
22 Engineer shall designate areas of active management pursuant to
23 NRS 534.030.