

ASSEMBLY BILL

No. 2304

Introduced by Assembly Member Levine

February 18, 2016

An act to add Chapter 7.5 (commencing with Section 485) to Division 1 of the Water Code, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

AB 2304, as introduced, Levine. California Water Market Exchange.

Existing law, the Costa-Isenberg Water Transfer Act of 1986, requires the Department of Water Resources to establish an ongoing program to facilitate the voluntary exchange or transfer of water and implement the various laws that pertain to water transfers. The act requires the department to create and maintain a list of entities seeking to enter into water supply transfers, leases, exchanges, or other similar arrangements and to maintain a list of the physical facilities that may be available to carry out water supply transfers. The act requires the department to prepare a water transfer guide with prescribed components.

This bill would establish the California Water Market Exchange, governed by a 5-member board, in the Natural Resources Agency. This bill would require the market exchange, on or before December 31, 2017, to create a centralized water market platform on its Internet Web site that provides ready access to information about water available for transfer or exchange. This bill, for all transfers and exchanges of water occurring on or after January 1, 2018, would require the submission of certain data and information to the market exchange and the payment of an administrative fee to the market exchange, as specified. This bill would require the market exchange to develop specified procedures in consultation with federal, state, and local agencies.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. It is the intent of the Legislature in creating the
2 California Water Market Exchange that the market exchange do
3 all of the following:

4 (a) Create water sustainability, resiliency, and adaptability to
5 drought and climate change.

6 (b) Provide important benefits and opportunities for
7 disadvantaged communities and environmental resources.

8 (c) Increase transparency and decisionmaking capacity by better
9 integrating data collection and reporting.

10 (d) Facilitate water transfers and exchanges by the establishment
11 of a centralized exchange platform and streamline review and
12 approval processes.

13 (e) Enable and encourage public and private investments in
14 water use efficiency measures through participation in water
15 transfers and exchanges.

16 (f) Provide water transfers and exchanges as an effective
17 mechanism for sustainable management of surface and groundwater
18 resources in the state.

19 SEC. 2. Chapter 7.5 (commencing with Section 485) is added
20 to Division 1 of the Water Code, to read:

21
22 CHAPTER 7.5. CALIFORNIA WATER MARKET EXCHANGE
23

24 485. This chapter shall be known, and may be cited, as the
25 California Water Market Exchange Act of 2016.

26 486. The following definitions govern the construction of this
27 chapter:

28 (a) “Disadvantaged community” has the same meaning as
29 defined in Section 79505.5.

30 (b) “Market exchange” means the California Water Market
31 Exchange established in Section 487.

32 (c) “Small community water system” has the same meaning as
33 defined in Section 116275 of the Health and Safety Code.

34 487. (a) The California Water Market Exchange is hereby
35 established in the Natural Resources Agency.

1 (b) The market exchange shall be governed by a five-member
2 board, composed as follows:

3 (1) The Secretary of the Natural Resources Agency.

4 (2) Four individuals appointed by the Governor.

5 (c) Each board member appointed by the Governor shall hold
6 office for a term of four years. The Governor shall stagger the
7 terms of the initial members appointed. A vacancy shall be filled
8 by the Governor by appointing a member to serve the remainder
9 of the term.

10 488. (a) On or before December 31, 2017, the market exchange
11 shall create a centralized water market platform on its Internet
12 Web site that provides ready access to information about water
13 available for transfer or exchange. The platform shall be readily
14 available to the public and contain all data and information
15 collected by the market exchange in order to ensure transparency
16 of information regarding the quantities of water available for
17 transfer or exchange and the prices paid for transferred or
18 exchanged water.

19 (b) Before a transfer or exchange of water, the market exchange
20 shall require the submission of data and information that includes,
21 but is not limited to, all of the following:

22 (1) The names of the water buyer and seller.

23 (2) The quantity of water to be transferred or exchanged.

24 (3) The price to be paid for the water transfer or exchange.

25 (4) The time and duration of the water transfer or exchange.

26 (5) The nature of the underlying right to the water proposed to
27 be transferred or exchanged.

28 (6) The origin location and proposed place of use of the
29 transferred or exchanged water.

30 (7) A description of the conveyance and storage facilities
31 necessary to complete the transfer or exchange.

32 (8) An identification of any third-party impacts that may result
33 from the transfer or exchange.

34 (c) After a transfer or exchange of water, the market exchange
35 shall require the submission of data and information that includes,
36 but is not limited to, all of the following:

37 (1) The quantity of water transferred or exchanged.

38 (2) The conveyance and storage facilities used to complete the
39 water transfer or exchange.

40 (3) The time and duration of the water transfer or exchange.

1 489. The Legislature intends that water transfers and exchanges
2 protect and enhance environmental and community benefits that
3 include the following:

- 4 (a) Instream flows and ecosystem water supply.
- 5 (b) Improved water monitoring and data networks.
- 6 (c) Ecosystem restoration projects benefitting aquatic and
7 riparian species.
- 8 (d) Improved drinking water supply and quality projects.
- 9 (e) Development of needed technical, managerial, and financial
10 capacity for disadvantaged communities.
- 11 (f) Acquisition through the market exchange of needed water
12 supplies for small community water systems.

13 490. On or before December 31, 2017, the market exchange
14 shall do both of the following:

- 15 (a) Develop procedures, in consultation with federal, state, and
16 local agencies with jurisdiction over water transfers or exchanges,
17 to streamline and expedite review and action upon applications to
18 transfer or exchange water and to prioritize projects that provide
19 environmental and community benefits as described in Section
20 489. The procedures shall recommend types of transfers and
21 exchanges that could be more routinely approved.
- 22 (b) Establish standards and procedures to ensure that transfers
23 and exchanges protect environmental and community benefits
24 consistent with Section 489 and to encourage projects that improve
25 environmental conditions, provide safe drinking water, and provide
26 other community benefits.

27 491. (a) Anyone submitting information pursuant to
28 subdivision (b) or (c) of Section 488 shall pay an administrative
29 fee, established by the market exchange, to recover the reasonable
30 costs of the market exchange in administering this chapter.

31 (b) Fees imposed pursuant to subdivision (a) shall be deposited
32 in the California Water Market Exchange Fund that is hereby
33 created in the State Treasury. Moneys in the fund shall be available,
34 upon appropriation by the Legislature, to the market exchange for
35 the purposes of this chapter.

36 492. (a) This chapter applies in addition to any other law
37 relating to water transfers and exchanges.

- 1 (b) This chapter applies to all transfers and exchanges of water
- 2 occurring on or after January 1, 2018.

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