



SB22-029

SHORT TITLE: Investment Water Speculation

LONG TITLE: Concerning water speculation in the state

SPONSORS: Senators Coram and Donovan/Representative McCormick

COMMITTEES: Senate Agriculture & Natural Resources Committee

PURPOSE OF THE BILL: To deter speculation in water rights

PROPONENTS OF THE BILL: Water Resources Review Committee

POTENTIAL STAKEHOLDERS: Water providers, municipalities, land developers, ranchers and farmers, owners of water rights (both absolute and conditional)

****This was quite controversial in the interim committee, and it was acknowledged that significant change would occur once introduced. Sen. Coram intends to begin holding stakeholder meetings.**

BACKGROUND: There has been growing concern about entities seeking to purchase real property to acquire and hold associated agricultural water rights for future gain

Is this bill necessary this year? There is no deadline to be met.

How does the bill change current law? It defines and describes a type of speculation based on investment intent notwithstanding an immediate use of the water

Does the bill affect the prior appropriations system? It could

How is the bill implemented? The State Engineer would be authorized to investigate complaints of water speculation with a rebuttable presumption that a purchase of more than a minimum number of shares in a mutual ditch company constitutes investment speculation (i.e., purchase with the intent to hold for increased value in the water rights). The minimum number of shares would be determined by the directors of the mutual ditch company. If speculation is found to occur, the State Engineer may fine the violator up to \$10,000. The State Engineer would also need to approve future purchases of mutual ditch shares by the purchase for a two-year period. Frivolous or harassing complains could result in referral to the Attorney General and a potential fine of up to \$1000 and the complainant may be prohibited from filing additional such complaints for up to one year.

Practical Considerations: Motive for purchase could be difficult to prove, there are no standards by which the State Engineer must proceed or steps to assure due process.

Fiscal Impact: Fiscal impact would depend on the number of complaints received and the cost to the State to litigate the matter

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