

Nevada Water Rights Retirement Program FAQ

for the Humboldt River and Central Region groundwater basins

Updated December 15, 2023

What is the Voluntary Water Rights Retirement Program?

The State of Nevada approved funding to purchase groundwater rights in over-appropriated and over-pumped Nevada groundwater basins. The Humboldt River Basin Water Authority and Central Nevada Regional Water Authority received \$15 million to retire water rights in the Humboldt River Basin and Central Hydrographic Region. The Program is voluntary – for those willing to sell their groundwater rights. Whether any specific water rights are approved for purchase will be within the discretion of HRBWA and CNRWA based on criteria established in furtherance of the Program's goals.

Who is eligible to sell water rights?

Groundwater right holders in the portions of the Humboldt River Basin and Central Hydrographic Region located in CNRWA and HRBWA member counties: Churchill, Elko, Esmeralda, Eureka, Humboldt, Lander, Nye, Pershing, and White Pine.

What is the purchase price of water rights?

There are three valuations for groundwater rights. Over-pumped basins are allocated \$900 per acre-foot, and over-appropriated basins that are not over-pumped are valued at \$350 per acre-foot. Water rights in the Diamond Valley Basin are valued at \$800 per acre-foot.

How was the price determined?

An independent economist established a methodology to determine the price based on typical costs and income from farming one acre of alfalfa. The valuations are based on the current value of farming with irrigation groundwater rights. The value depends on the number of years operations can continue, the farmer's financial obligations, and personal values tied to the land.

Can I negotiate or appeal the price paid for my water rights?

The price paid for water rights will not be negotiated and cannot be appealed.

What is the deadline for applying?

January 22, 2024. A list of prospective sellers must be submitted to the state by February 1, 2024.

If I don't apply by the deadline, will I be able to sell my water rights in the future?

You will not be able to sell your water rights after the application deadline for this specific Program. Funding for this Program was a one-time appropriation of American Rescue Plan Act dollars, which are not available for future purchases. While there is interest by some in establishing a permanent water rights retirement program, there would need to be another source of funding for a separate process, likely approved by the Nevada Legislature. The Program does not affect the ability to sell valid water rights on the open market.

Can I sell a portion of my water right?

Water right holders must sell the entire duty associated with an individual permit or certificate. However, they may be able to keep up to 2 acre-feet annually for a cover crop and/or stock water subject to approval of a change application by the State Engineer. They can also keep their existing domestic well.

Do I keep my land, home, other improvements and equipment if I sell my water rights?

Yes. This Program is only for water rights; you keep your land and any improvements and equipment.

Can I sell my water rights if there is an encumbrance on my property (e.g., lien, deed of trust, conservation easement, and lease)?

You can submit an application to have your water rights purchased and retired, however, any encumbrance that restricts your ability to sell or convey the water rights or cease irrigation of the land must be resolved before your water rights can be purchased.

What if the requests to purchase water rights exceed available funding?

It is anticipated that this will be the case. Funding is capped at \$15 million. Priority will be given to purchasing water rights in over-pumped basins and water rights that address conflicts with existing rights, including surface water capture or detriments to the public interest and natural resources, water rights that are in regular use and that result in a reduction of consumptive use. Other criteria that help achieve the Program's goals will also be considered, including seniority of water rights. All things being equal and upon satisfaction that the water rights are in good standing, applications are anticipated to be approved based on when they were submitted.

What kind of mitigation must I agree to do if I sell my water rights?

Up to an additional \$50 per acre-foot of water rights sold is available for eligible implementation activities, such as plugging wells, rodent and weed control, and planting cover crops. Sellers must comply with an approved reclamation and mitigation plan to guide the transition away from irrigated crops to a stable, non-irrigated state – or another use to establish beneficial vegetation or cover crops such as crested wheatgrass. Future uses of the land, including but not limited to solar, industrial, hay stackyards, and laydown areas that will mitigate impacts associated with the removal of irrigation, will be considered on a case-by-case basis. As a condition of purchase, sellers must agree to a covenant that restricts future irrigation of the land with the water rights being retired, except as allowed by an approved reclamation & mitigation plan, and that restricts subdividing unless certain conditions are met.

Can I still develop my land if I sell my water rights?

Yes. However, future subdividing or parceling of previously irrigated lands must be compliance with the provisions of NRS 534.120. Future development requires water rights in good standing that have been purchased or are already owned by the applicant and which the Nevada State Engineer approves to cover the domestic use and dedication of those rights to the local municipality, according to local ordinance or relinquishment to the State Engineer. Any future use of land in Basin 153 (Diamond Valley) must also be in conformance with the Diamond Valley Groundwater Management Plan.

When will I be paid for my water rights?

Once the applications are approved, program contractors will conduct title searches and perform due diligence to assure that water rights are in good standing and that the rightful owner of the water rights can sell the water rights free and clear. Payment will be made when the Division of Water Resources accepts the contracts, conveyances, and other documentation. All water rights transactions must be fully complete and funds paid by the state by September 30, 2024.

Are there other requirements for selling my water rights?

The sale does not eliminate the need to comply with any other applicable requirements of federal, state, and local agencies, including the Division of Water Resources.

Can I sell supplemental groundwater rights?

This program will only purchase primary groundwater rights, not supplemental groundwater rights.

What happens to my water right after it is purchased?

Groundwater rights are retired and will not be available for future appropriation.