



HB 256: MONTANA WATER STORAGE FUNDING ACCOUNT

WATER RESOURCES DIVISION

ANNA PAKENHAM STEVENSON PH.D, ADMINISTRATOR
444-6605 / anna.pakenhamstevenson@mt.gov

GOVERNOR GREG GIANFORTE • DNRC DIRECTOR AMANDA KASTER

Much of Montana’s annual water supply arrives in the form of high-elevation winter snowfall that joins with spring rains and rushes into streams and rivers when it melts in the spring. Without tools to slow down and retain this water within watersheds, it often exits the state before it can be utilized.

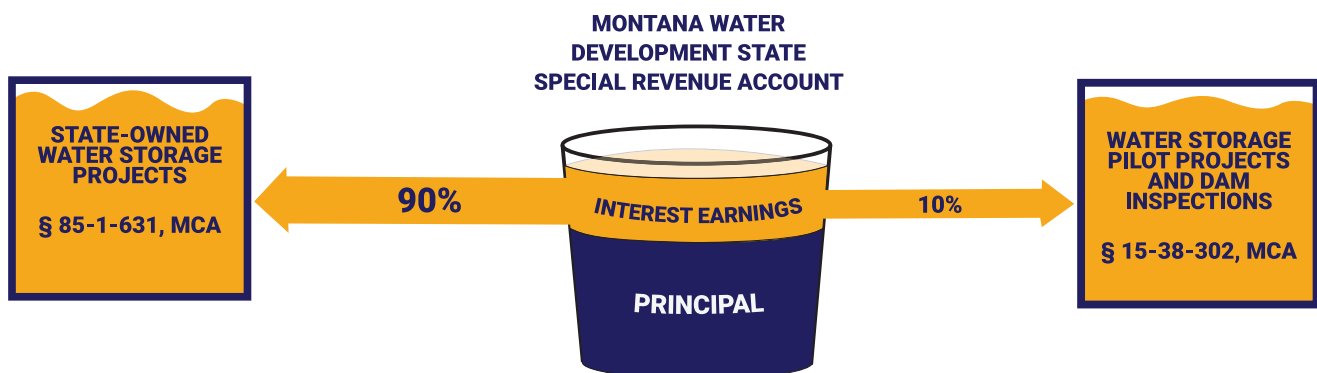
WHAT IS WATER STORAGE?

Water storage allows Montana water users to capture the spring runoff and save it to use when it is most needed, creating flexibility to meet the multiple demands of agriculture and irrigation, municipalities, industry, hydropower, fisheries, recreation, and water quality.

THE BILL PROPOSAL

The State Water Plan, Montana Drought Management Plan, and the Comprehensive Water Review Stakeholder Working Group all identify **investment in water storage** as a top water management priority for the State. However, funding for maintaining and improving Montana’s storage infrastructure has lagged far behind the hundreds of millions of dollars invested in storage by other western states, like Wyoming, Utah, and Colorado.

This bill proposes to appropriate \$100 million into a new **Montana Water Development State Special Revenue Account** to be invested by the Board of Investments. The interest would then be divided into two existing accounts to meet critical water storage needs for state-owned storage infrastructure, dam inspections and water pilot projects.



The funding would help the state prioritize new and existing water storage needs as the demand for water increases across the state by:

PROVIDING STABLE FUNDING FOR STATE-OWNED WATER STORAGE PROJECTS

- Montana owns 22 dams, approximately 250 miles of irrigation canals, and one hydropower facility, mostly constructed in the 1930’s. Funding for the construction, operation, rehabilitation, expansion, maintenance, and modification of these water storage projects has long lagged behind increased costs.
- A funding shortfall became more acute when the long-term hydroelectric power purchase agreement expired, and the new agreement will generate significantly less revenue at the Broadwater plant at Toston Dam due to the energy price market.

- A majority of the annual interest (90%) from the newly proposed state special revenue account would transfer into an existing account to meet maintenance and rehabilitation needs and seize opportunities for new and enhanced state-owned water storage.

FUNDING PILOT PROJECTS TO ENCOURAGE INNOVATION IN WATER STORAGE

- Pilot projects promote novel storage solutions and allow them to be tested and proven before being shared and adopted on a wider scale.
- Grants would be administered by DNRC’s Conservation and Resource Development Division (CARDD) for a wide array of innovations in storage that address the crucial state need of drought management. All types of solutions in water storage would be eligible: above and below ground; natural and built; and new construction or enhancement of existing infrastructure.
- A portion of the annual interest earnings (10%) from the newly proposed state special revenue account would transfer to an existing account , 15-38-302, MCA, and be eligible to fund these pilot grants.

SUPPORTING SAFE AND RELIABLE DAMS

- Part of the interest earnings transferred to 15-38-302, MCA, would also be eligible to provide cost-sharing assistance for dam inspections through grants administered by DNRC’s CARDD.
- Under the Montana Dam Safety Act, dams must be periodically inspected to ensure safe operation. It is exceedingly rare for properly inspected dams to fail – problems are identified early, providing the dam owner the opportunity to take action to prevent a catastrophe, protecting life, property, and the water supplies that are so critical to Montana’s economy.
- High-quality, comprehensive dam inspections are expensive because they require significant time from an experienced engineer. Montana dam owners are responsible for these costs, averaging about \$27,000 per inspection. In 2024, DNRC initiated a pilot study to test a potential cost-share program for inspections. The concept has proven both feasible and enormously popular and its continuation would promote safe and reliable dams.

ESTIMATED HB 256 ANNUAL INTEREST 2027 AND BEYOND¹

