

## PERC Proposal - State Incentive Outline

(10 year duration)

The PERC program is aimed at retiring ground water irrigated acres on the ESPA. The PERC is designed to be a stand-alone program, but qualifying CREP participants could choose to stack the PERC and CREP (*excluded from PERC: those participants enrolled in CREP prior to PERC establishment*).

<u>Monetary Incentives Structure</u>	<u>Area</u>	<u>Early Contract Termination Penalties</u>	<u>Permanent Retirement Option</u>	<u>Administrative Fee for Modifications to Contract</u>
<p>Each offer will qualify for a flat rate per acre based upon the following:</p> <ul style="list-style-type: none"> <li>▪ 0 to 5 acres = ineligible</li> <li>▪ 6 to 50 acres = \$40/acre</li> <li>▪ 51 to 150 acres = \$43/acre</li> <li>▪ 151+ acres = \$45/acre</li> <li>▪ Pivot corners/end guns* = \$25/acre</li> </ul> <p>*to be determined by IDWR</p> <p>Board agrees to lease ground water described under water right # _____ from the Lessor appurtenant to certain lands at \$_____ per acre per year for a term of ten years. Annual rent shall be payable on November 1<sup>st</sup> each year after verification that lands have not been irrigated.</p>	<ul style="list-style-type: none"> <li>▪ All lands within the Eastern Snake Plain Aquifer (ESPA) boundary qualify if they have been irrigated within the previous 24 months by groundwater from to the ESPA from date of application.</li> <li>▪ Only total application acreages larger than 5 continuous acres qualify.</li> <li>▪ Irrigated by ground water or surface water sources other than the main stem of the Snake River, at the rate of not less than ½ acre foot per acre for 4 out of the years, 1996-2001. Definition of the “main stem” of the Snake River – The Snake River and any of its tributaries that are hydraulically connected by surface water. This definition includes member of irrigation districts or canal companies whose irrigation water is supplied either directly or through exchange from those sources identified above as being part of the main stem of the Snake River. This definition eliminates Big and Little Wood Rivers, Billingsly Creek and the rest of the Hagerman Valley. This will be determined by the Idaho Department of Water Resources.</li> <li>▪ The land must be physically and legally capable of being irrigated in a normal manner when offered for PERC enrollment (e.g. must have a valid water right).</li> <li>▪ Total limit or cap: DR work group recommends leaving enrollment open for first 3-4 years; DR work group would like input from full implementation committee on expected funding levels.</li> <li>▪ There are no land-use restrictions for land enrolled in PERC although the land must remain dry over the course of the contract.</li> </ul>	<p>In the event of early termination participants would be required to refund all payments received plus interest (IWRB loan rate).</p> <p>In addition to repayment of all funds received, an early contract termination penalty is calculated using 25% of the first year’s annual payment (or estimated payment).</p>	<ul style="list-style-type: none"> <li>▪ Upon conclusion of lease (10 years) the Board and Lessor may enter into negotiation to purchase and retire water right.</li> <li>▪ Up-front buyout: Board directly purchases water right without entering into lease. Purchase could be performed in two ways: 1) lump sum payment, or 2) installment sale whereby Board agrees to purchase water right at negotiated price. Board would put X% down and pay \$X amount annually for a term of 10 years.</li> </ul>	<ul style="list-style-type: none"> <li>▪ If the applicant decides to change or modify an existing contract then an administrative processing fee will be charged in the amount of \$1,000 for each modification.</li> </ul>