

Summary and Rationale for the GROW SMART Act

“Growing Resilient Operations from Water Savings and Municipal-Agricultural Reciprocally-beneficial Transactions” Act

Partnerships to Help Farmers Withstand Drought, Market Downturns, and Other Threats

The American West faces extended drought and water scarcity. Farmers, communities, and ranchers all face increasing risks of water insecurity, water shortages, disruption to water supplies, and scheduled water deliveries that don't arrive. *The GROW SMART Act tests the idea that farmers can improve their ability to withstand drought, commercial downturns and other economic risks through voluntary partnerships with urban and industrial entities that provide 1) funding for innovative water saving projects; and 2) contractual provisions to insure against commercial downturns and meet other agricultural needs.* The partnerships would benefit farmers both by applying a portion of the water savings to increase water supplies for the broader agricultural community, and through insurance and funding for farmers' other needs. The bill would fund the development of demonstration projects that farmers could implement on a small portion of their acreage to test the costs, yield and water requirements of water-saving projects and whether the projects provide them with the intended financial and drought benefits.

What the GROW SMART Act Does

- The GROW SMART Act authorizes the Bureau of Reclamation to fund the development of partnerships and the design of innovative water-saving projects. Separate legislation would authorize USDA funding of project implementation.
- The partnerships would include 1) funding for innovative water saving projects, and/or 2) contractual provisions to provide other benefits.
- The water-saving project component would test innovative approaches to saving water that have not been previously tried in a particular area. These approaches would be required to keep farmland in production and support community income and employment. Options could include low water-use crops, innovative irrigation strategies, and hydroponics and other water saving practices.
- The contractual arrangements component could include: increasing redundancy in available water supplies or sources to decrease the risk of shortage, shared water storage, new sources and designs for crop insurance or insulation from commodity-market volatility, assistance for land ownership for new or beginning farmers and ranchers, locating processing facilities near production areas, and risk-reduction strategies for bringing new commodities to market.
- Once they have gathered information about the costs and benefits of these voluntary partnerships on a demonstration scale, farmers can decide whether or not they want to implement them more broadly.
- A separate provision of the bill authorizes funding for the development of innovative water saving strategies undertaken by either farmers alone, or with state or Tribal programs, to

address declining groundwater aquifers or surface water flows, but without municipal or industrial partnerships.

- The GROW ACT's approach is cost-effective. A recent study published in the Journal of American Water Resources Association, [Public Spending and Water Scarcity: An Empirical Analysis of USBR Investments in the Colorado River Basin](#), found huge variability in the cost of water savings, with a range of \$385 to \$2,444 per acre-foot (AF) across 462 projects analyzed. The study found that agricultural-sector water conservation approaches are among the most cost-effective: "We estimate that reuse and agricultural projects are the most cost-effective, with average costs ranging from \$385 to \$417 per AF saved."

Subsection-by-Subsection Analysis of the GROW SMART Act

Section 1. Short Title.

Section 2. Project Planning in Support of Innovative Water-Sharing Agreements and Water-Thrifty Crops.

Adds a new section 201A to the Bureau of Reclamation's existing 'drought contingency planning' authority in Title II of the Reclamation States Emergency Drought Response Act of 1991 (EDRA) as follows:

Subsection (a) of the new section 201A authorizes the Secretary of the Interior to provide planning support for the development of voluntary innovative water sharing agreements between agricultural entities and municipal/industrial/commercial/non-profit conservation entities that

- (1) Keep agricultural lands in production;
- (2) Support income and employment levels in rural communities;
- (3) Provide reciprocal benefits to the contracting parties; and
- (4) Rely over the long-term on sources other than Federal funding for their implementation.

Subsection (b) requires that the voluntary projects for which planning funding is authorized under this section—

- (1) Must involve water-saving crops, practices, or financial arrangements that are new or lack a well-established track record in the applicable area; and
- (2) Shall not involve the fallowing of agricultural land for the majority of the growing season, or for drought-year agreements, for the majority of years of the agreement.

Subsection (c) defines "qualified applicants" as either

- (1) a partnership between agricultural entities and municipal/industrial/commercial/Tribal/non-profit conservation entities; or
- (2) agricultural entities, or a State, State agency, or subdivision of a State, or Indian Tribe acting alone for a portion of the projects.

Subsection (c)(3) applies a portion of the authorized funding to go to either:

- (i) agricultural, states, municipalities, or Tribes acting outside a partnership with other entities to plan or implement an innovative water-saving crop or practice; or
- (ii) in the case of a State, State agency, or Indian Tribe, for advancement of long-term efforts to reduce declining groundwater supplies or declining freshwater inflows for inland lakes [subsection (c)(3)(A)(ii)].

Subsection (c)(3)(B) gives priority to agricultural or State/Tribal entities acting outside of partnerships with municipalities/industry if they are responding to severe threats, either an existing or projected 40% or greater reduction in annual water supply available, or an existing or projected 40% reduction in groundwater supplies or freshwater inflows to inland lakes.

Subsection (d) describes application requirements for funding under this section, which shall be concise and not require the development of any supporting reports by the applicant.

Subsection (e) establishes priorities for selecting which projects will receive planning funding:

- (1) whether the project would dedicate a portion of the water saved in the project area to to increase water supplies for other members of the agricultural community, for projects involving agricultural partnerships with other entities;
- (2) the degree to which the proposed project is innovative;
- (3) the extent to which the project is projected to reduce consumptive agricultural water use in the project area while keeping agricultural lands in production;
- (4) the extent to which the proposed project would support income and employment levels in the relevant agricultural community;
- (5) the Secretary's estimate of the project's likelihood of successful implementation; and
- (6) whether any proposed voluntary water sharing agreements would have a duration of at least 10 years; and
- (7) the likelihood of the project to sustain the project long-term without the need for additional Federal funding after the project demonstration phase.

Subsection (f) authorizes a 75% cost-share for project planning and authorizes the Secretary to waive the non-federal cost share for Tribal entities.

Subsection (g) authorizes funding for planning projects under this section from --

- (1) up to 10% of funding appropriated for drought response projects under the Bureau of Reclamation's WaterSMART program; and
- (2) \$5 million for each of fiscal years 2028 through 2034.