Mr. Chairman and Subcommittee Members:

The Utah Farm Bureau Federation, Utah’s largest farm and ranch organization, supports passage of H.R. 3189, the Water Rights Protection, an Act prohibiting federal agencies from conditioning ongoing use of grazing permits or other use agreements based on the transfer, relinquishment or impairment of water rights sovereign to the states.

The Utah Farm Bureau represents more than 28,000 member families including a significant number of livestock producers who use the federal lands for sheep and cattle grazing. Livestock ranching is an important part of the history, culture and economic fabric of Utah and is a major contributor to the state’s economy.

Utah food and agriculture contributes to the state’s economic health and provides jobs to thousands of our citizens. Utah farm gate sales in 2012 exceeded $1.6 billion. Utah State University analyzed the forward and backward linkages to industries like transportation, processing, packaging and determined food and agriculture are the catalyst for $17.5 billion in economic activity, or about 14 percent of the state GDP, and provides employment for nearly 80,000 Utahns with a payroll of more than $2.7 billion.

FARM BUREAU POLICY

Delegates to the November 2012 annual convention of Utah Farm Bureau Federation adopted policy calling on the federal government to “not claim ownership of water developed on federal land.” In addition, Utah Farm Bureau policy calls for state control of water rights and for livestock water rights to be held by the ranchers holding grazing rights as a protection against federal encroachment on sovereign state waters.
American Farm Bureau Federation representing more than 6 million members from across our nation adopted policy at the January 2013 annual convention calling on Congress to “dispel uncertainty” and provide that the “water flowing from the reserved lands and other federal lands shall be subject to state authority.” American Farm Bureau opposes reserved water rights on federal lands except through filing with the state for rights in accordance with state law.

American Farm Bureau policy continues expressing opposition to “any federal domination or pre-emption of state water law” and that “water rights as property rights cannot be taken without compensation and due process of law.”

**HISTORY**

Scarcity of water in the Western United States led to the development of a system of water allocation that is very different from how water is allocated in regions graced with abundant moisture. Rights to water are based on actual use of the water and continued use for beneficial purposes as determined by state laws. Water rights across the west are treated similar to property rights, even though the water is the property of the citizens of the states. Water rights can be and often are used as collateral on mortgages as well as improvements to land and infrastructure.

The arid west was transformed by our pioneer forefathers through the judicious use of the precious water resources. Utah is the nation’s second most arid state, second only to Nevada. For our predecessors, protecting and maximizing the use of the water resources was not only important, it was a matter of life and death.

Land ownership patterns and where precipitation, rain and snow, accumulates in the Intermountain Region of the US Forest Service especially in Utah has been a long running cause for debate and conflict. The US Forest Service reports that the Forest System Lands are the single largest source of water in the continental United States providing more than 14 percent of the available supply. (Attachment A)

A review of the Forest Service maps would suggest a large portion of agency’s captured water takes place in the western public states within the Snake and Colorado River Basins and in the mountains of the Sierra-Nevadas, the Cascades and the Rocky Mountains. These lands in the Intermountain Region are the source of a large portion of the states surface water and underground recharge. (Attachment B)

**CONGRESSIONAL ACTIONS**

The settlers in the arid west developed their own customs, laws and judicial determinations to deal with mining, agriculture, domestic and other competing uses recognizing first in time, first in right. Out of these grew a fairly uniform body of laws and rights across the western states. The federal government as original sovereign and owner of the land and water prior to Congress granting statehood ultimately chose to acquiesce to the territories and later the states on control, management and allocation of water.
Act of July 26, 1866:

The United States Congress passed the Act of July 26, 1866 [subsequently the Ditch Act of 1866] that became the foundation for what today is referred to “Western Water Law.” The Act recognized the common-law practices that were already in place as settlers made their way to the western territories including Utah. Congress declared:

Whenever, by priority of possession, rights to the use of water for mining, agriculture, manufacturing, or other purposes, have vested and accrued, and the same are recognized and acknowledged by the local customs, laws and decisions of courts, the possessors and owners of such vested rights shall be maintained and protected in the same; and the right of way for the construction of ditches and canals for the purposes herein specified is acknowledged and confirmed; but whenever any person, in the construction of any ditch or canal, injures or damages the possession of any settler on the public domain, the party committing such injury or damage shall be liable to the party injured for such injury or damage. (43 USC Section 661)

This Act of Congress obligated the federal government to recognize the rights of the individual possessors of water, but as important, recognized “local customs, laws and decisions of state courts.”

Western water law or the “doctrine of prior appropriation” governs the use of water in many of the states in the west. The fundamental principle embodied in the doctrine of prior appropriation is that while no one may own the publicly owned resource, persons, corporations or municipalities have the right to put the water to beneficial use any defined by state law. For purposes of beneficial use, the allocation of right rests in the principle of “first in time, first in right.” The first person to use the water is the senior appropriator and later users are junior appropriators. In Utah, and across the west, this principle protects the senior water right priority for this scarce and valuable resource.

Beneficial uses are determined by state legislatures generally including livestock watering, irrigation for crops, domestic and municipal use, mining and industrial uses.

The Desert Land Act of 1877:

“All surplus water over and above such actual appropriation and use….shall remain and be held free for appropriation and use of the public for irrigation, mining and manufacturing…”

The Taylor Grazing Act of 1934:

“nothing in this Act shall be construed or administered in a way to diminish or impair any right to the possession and use of water for mining, agriculture, manufacturing and other purposes…”

The McCarran Amendment of 1952:

Congress established a unified method to allocate the use of water between federal and non-federal users in the McCarran Amendment. (43 USC Section 666) The McCarran Amendment waives the sovereign immunity of the United States for adjudications for all rights to use water.
“waives the sovereign immunity of the United States for adjudications for all rights to use water.”

The 1976 Federal Land Policy Management Act:

“All actions by the Secretary concerned under this act shall be subject to valid existing rights.”

The rights of the states to govern water has been recognized by generations of federal land management agencies as directed by the United States Congress.

Gifford Pinchot:

In 1907, Gifford Pinchot, “father” of the United States Forest Service (USFS) and the First Chief Forester explicitly reassured western interests in the agency’s “use book” noting that water is the sovereign right of the state. Pinchot declared:

“The creation of the National Forest has no effect whatever on the laws which govern the appropriation of water. This is a matter governed entirely by State and Territorial law.”

COURT ACTIONS

Joyce Livestock vs. United States
Idaho Supreme Court 2007 - Opinion No. 23
“Beneficial Use Standard Defined”

In the Joyce Livestock Company vs. United States, the Owyhee County based cattle operation had ownership dating back to 1898 including in-stream stock water rights. The United States over-filed on the Joyce water rights based on a priority date of June 24, 1934 – the date of passage of the Taylor Grazing Act. A special master recommended the water right claimed by the United States be granted. District Court said the special master erred and that the agency lacked the necessary intent. District Court determined that Joyce needed to show evidence that they believed they had acquired such water rights in their grazing permit applications. The United States could not show that Joyce or any of its predecessors were acting as it agents when they acquired or claimed to have acquired the water rights. As had been required, Joyce made application for grazing rights under the Taylor Grazing Act on April 26, 1935. The District Court awarded Joyce water rights with a priority date of April 26, 1935.

The United States appealed the District Court ruling to the Idaho Supreme Court regarding the in-stream water rights for stock watering claimed by the United States based on ownership and control of the federal land under its management obligation in the Taylor Grazing Act. The Idaho Supreme Court denied the United States claim and defined the standard of beneficial use under the constitutional method. The Idaho Supreme Court said:

“The District Court held that such conduct did not constitute application of the water to beneficial use under the constitutional method of appropriation, and denied the claimed rights. The Idaho Supreme Court concurred holding that because the United States did not actually apply the water to a beneficial use the District Court did not err in denying its claimed water rights.”
**H.R. 3189 supports this important legal finding:** Ownership or control of the land does not meet the constitutional method of putting the water to beneficial use, generally defined in state law as non-wasteful use of water such as agriculture, municipal, industrial, mining, and so forth for establishing ownership and control.

**United States vs. Wayne Hage**  
**Nevada Federal District Court (2013)**  
**“Trespass and Access Rights Defined”**

The US Forest Service and BLM in 2007 filed suit in Nevada Federal District Court against the estate of Wayne Hage alleging trespass on federal lands arising from a long-standing conflict. Nevada District Court Court Chief Judge Robert C. Jones presided.

At issue were water rights established by the Hage family in 1865 based on beneficial use recognized long before Nevada was a state or the Forest Service was an agency of the federal government. Following the enactment of FLPMA, a pattern of harassment ensued by the federal government challenging cattle grazing rights, over-filing on livestock water rights and frustrating the rights of the ranchers to maintain 28 miles of ditches across the Nevada desert to deliver long held water rights to pastures and livestock. The Congressional Act of July 1866 (The Ditch Act) clearly protected the rancher’s right to move water across the federal lands. The federal agency agreed, but held the maintenance to an impossible pick and shovel standard.

The ongoing ditch dispute and the impoundment and sale by the US Forest Service of $39,000 worth of cattle in 1991 moved the conflict into a series of lawsuits on takings and trespass.

The US Forest Service filed suit against the Hage Estate (Wayne died in 2006) for trespass related to cattle grazing and use of livestock water rights on the federal grazing allotments. During questioning in a Reno courtroom on witness credibility Intermountain Regional Forester Harv Forsgen was found to be lying to the court. In a statement, Judge Jones stated: “The most pervasive testimony of anybody was Mr. Forsgren. I asked him, has there been a decline in the region or district in AUMs (permitted animal unit months grazing). He said he didn’t know. He was prevaricating. His answer speaks volumes about his intent and his directives to Mr. (Steve) Williams.” Anybody of school age or older knows “the history of the Forest Service in seeking reductions in AUMs and even the elimination of cattle grazing…”

The agency’s arrogance and view of the sovereign water rights of the state was highlighted when Steve Williams, Humbolt-Toiabe Forest Ranger, testified in a court deposition:

*“despite the right (of the Hages) to use the water, there was no right to access it, so someone with water rights but no permit from the US Forest Service would have to lower a cow out of the air to use the water, for example, if there were no (agency granted) permit to access it.”*

Judge Jones found:

- Congress prescribed grazing rights on federal lands were to be granted based on a rancher’s ownership of water rights established under local law and custom.
- Hage has a right of access to put his livestock water rights to beneficial use, therefore the livestock could not be found in trespass.
USFS employee Steve Williams was found in contempt of court and guilty of witness intimidation.
Tonopah BLM manager Tom Seley as found in contempt of court and guilty of witness intimidation.
Williams and Seley were held personally liable for damages with fines exceeding $33,000.
The Hage’s were found guilty of only two minor trespass violations and were fined $165.88
Regional Forester Harv Forsgren was excluded from testifying at trial during witness credibility hearing for lying to the Court.

Chief Judge Robert C. Jones stated at the conclusion of the case:

“I find specifically that beginning in the late ’70s and ’80s, first, the Forest Service entered into a conspiracy to intentionally deprive the defendants here of their grazing rights, permit rights, preference rights.”

In the related “Constitutional Takings” case, Wayne Hage in 1991 sued the US Forest Service in the U.S. Court of Federal Claims. The case went to trial in 1998 to determine property interests. In 2004, a second trial was commenced to determine which property had been taken and its value. In 2008, Chief Judge Loren E. Smith ultimately awarded a $4.4 million plus interest judgment against the federal government.

As expected the United States appealed in the Federal Circuit Court of Appeals in Washington D.C. The Appeals Court, a three judge panel in 2012, overturned portions of the Smith decision including the financial judgment citing the claims were not ripe. But the Appeals Court expressly did agree that the Hage’s have “an access right” to their waters on the federal lands.

**H.R. 3189 supports historic ownership of livestock water rights and access:** The bill recognizes water rights are the sovereign rights of the states and provides that livestock water rights established through the beneficial use method shall not be surrendered as a condition of use or access to livestock grazing rights on federal allotments.

**Solid Waste Agency of Northern Cook County (SWANCC) vs. U.S. Army Corps of Engineers**
United States Supreme Court 159, 172-173 (2001)
“Defining Federal Agency’s Administrative Authority”

Without clear Congressional authorization, federal agencies may not use their administrative authority to “alter the federal-state framework by permitting federal encroachment upon traditional state power.”

In SWANCC vs. U.S. Army Corps of Engineers the U.S. Supreme Court held that the Corps’ use of the long controversial “migratory bird rule” adopted by the Corps and the U.S. Environmental Protection Agency to expand regulatory authority over isolated wetlands exceeded the authority granted by Congress.
The Court chided the agency for over-reaching in its regulatory obligations and authority:

“Where an administrative interpretation of a statute invokes the outer limits of Congress’s power, we expect a clear indication that Congress intended that result. This requirement stems from our prudential desire not to needlessly reach constitutional issues and our assumption that Congress does not casually authorize administrative agencies to interpret a statute to push the limit of congressional authority. This concern is heightened where the administrative interpretation alters the federal-state framework by permitting federal encroachment upon traditional state power. Unless Congress conveys its purpose clearly, it is not deemed to have significantly changed the federal-state balance.

H.R. 3189 supports limiting federal agency interpretation of Congressional action: The bill clearly establishes Congressional intent supporting the historic federal-state relationship and rights under western water law. Congress, beginning with the “Ditch Act” and more recently the McCarran Amendment and FLPMA, established a federal–state framework for water “waiving the sovereign immunity of the United States” in water adjudications. H.R. 3189 backs this historic federal-state relationship. It precludes the Forest Service and BLM from acquiring livestock water rights as a condition of the rancher’s use of the grazing allotment and protects the holder of the livestock water right – a taking under the Constitution.

UTAH CONFLICT

Water conflicts between federal land management agencies and Utah have challenged sovereignty, ownership and access. The conflict seems to be about exercising federal control, even over the state’s water. Increased demands, growth and higher value of water has complicated the relationship leading to increasing conflict between federal agents and Utah’s livestock ranchers. This conflict is easily detailed in the Intermountain Region's filing claims on all livestock water associated with Utah’s Forest grazing allotments to its demands of individual ranchers to relinquish their water rights or agreeing to “joint ownership” with the Forest Service. The demands for Utah water by the United States Forest Service control are unrelenting.

Via FLPMA Congress declared that the United States would retain remaining public domain lands unless disposal of a parcel served the national interest. This federal action changed resource management authority and undid land grant laws that had been in place for more than a century. The 1960 Multiple Use – Sustained Yield Act granted rights, privileges, use and occupancy with a legal status and non-revocable easement. FLPMA transitioned to greater use of “permits” and special use authorization. “Permit holders” now were required to conduct activities based on conditions specified by the granting federal agency. The reasonableness of the regulations and conditions of use are constantly in question. Whether its regulations issued by headquarters or the local determination, “reasonable” has become a contentious concept.

The current test for reasonable regulations does not address the constitutional takings implications specifically as relates to livestock water rights on federal lands.

The issue of “right” vs “permit” has been hotly debated for generations among ranchers, rancher advocates and the federal agencies since FLPMA altered the relationship.
The Taylor Grazing Act of 1934 granted a “grazing right” that was tied to a federal grazing allotment. The courts have held that the rights granted by Congress to harvest forage on federal grazing allotment are “Chiefly valuable for livestock grazing.” This legally recognized right in turn provided a level of assurance for ranchers to use their livestock water rights and ultimately to put them to beneficial use as required by Utah law.

When conflicts arose, the courts generally upheld the United States right to control and regulate often adversely impacting access to federal grazing allotments and use which were often adverse to grazing rights and use of livestock water rights.

Confrontation between federal land managers and livestock grazing interests became a part of doing business. Mostly, those with sheep and cattle grazing permits capitulated to the force of the federal agents and the courts. Cuts in grazing permits and the federal agencies accumulating suspended use grazing permits became common place in Utah and across the west. Reducing livestock numbers or limiting access to grazing allotments, can provide a de facto water right to the federal agency based on the rancher's inability to use their livestock water rights.

Under Utah law if water is not put to beneficial use for a prescribed period of seven years, the water right is forfeited. Forest Service agents have the ability to control allotment access, determine use at the location of the livestock water right, set the numbers of sheep and cattle on the allotment using the water and ultimately the federal government determines the ability of the rancher to put his livestock water right to beneficial use.

Challenging federal authority has been almost futile. Few have the financial resources to engage in what the federal agencies assured livestock ranchers would be costly and protracted litigation. The ranchers were and continue to be at a decided disadvantage to the tax-payer funded deep federal pockets and army of agency lawyers they would meet at trial.

Diligence Claims:

The aggressive posture of the Forest Service in collecting western water rights shows that the Intermountain Region (Utah, Nevada, Idaho and Colorado) has filed on or holds in “excess of 38,000 stock water rights.” These claims has been ongoing in Utah for generations. To date, these demands exceed 16,000 diligence claims made on livestock water rights scattered across Utah’s forest allotments. Regional Forester Harv Forsgren argued these diligence claims are made on behalf of the United States, which was the owner of the land where livestock grazed prior to statehood and livestock watering took place which action established the federal government’s claim to water rights.

A “Diligence Right” or “Diligence Claim” under Utah law is a claim to use the surface water where the use was initiated prior to 1903. In 1903, statutory administrative procedures were first enacted in Utah to appropriate water. Prior to 1903, the method for obtaining the right to use water was simply to put the water to beneficial use. To memorialize a diligence claim, the claimant has the burden of proof of the validity of beneficial use prior to 1903. Interestingly, the Intermountain Region’s diligence claims pre-date the 1905 establishment of the Forest Service. These claims will ultimately be determined by the State Engineer under the guidance of the Utah Legislature.
**Intermountain Region Policy:**

In a letter dated June 29, 1984, Robert H. Tracy, Director of Watershed and Air Management for the US Forest Service stated nine reasons why his agency needed to control the water and why livestock water rights should remain on the land rather than with the ranchers holding the grazing permits. This action identifies the transition point of the US Forest Service to a more aggressive federal agency in dealing with water issues in the western public lands states.

The Intermountain Region has made and continues to make the argument that it is important for the federal government to hold the water rights to assure continued livestock grazing on public lands. In an August 15, 2008 Intermountain Region Briefing Paper addressing the 2003 Nevada law that precludes the Nevada State Engineer from approving any new applications, permits or certificates filed by the United States for stock water the Regional Forester said: “It is the policy of the Intermountain Region that livestock water rights used on national forest grazing allotments should be held in the name of the United States to provide continued support for public land livestock grazing programs.”

The decision by Nevada to preclude the Forest Service from ownership of water rights led to stonewalling and ultimately little or no water development or investment (both agency and private) in livestock water rights.

An Intermountain Region guidance document dated August 29, 2008 provides important insights into the agency’s legal strategy on Forest Service water claims: “The United States may claim water rights for livestock use based on historic use of the water. Until a court issues a decree accepting these claims, it is not known whether or not these claims will be recognized as water rights.”

This aggressive policy continues as Mr. Forsgren presented in testimony before the House Subcommittee on National Parks, Forests and Public Lands on March 12, 2012. He noted the Nevada legislation that precludes the United States from holding livestock water rights telling the Subcommittee: “The Forest Service believes water sources used to water permitted livestock on Federal land are integral to the land where the livestock grazing occurs; therefore the United States should hold the water rights for current and future grazing.”

The U. S. Forest Service manual currently under consideration for reauthorization defines a possessory claim to water rights in the name of the United States and directs personnel to:

“Claim water rights for water used by permittees, contractors and other authorized users of the National Forest System, to carry out activities related to multiple use objectives. Make these claims if both water use and water development are on the National Forest System…”

The United States Constitution and Utah Constitution protect private property from being taken by government without just compensation. The Utah Constitution further protects private property from taking or damage without just compensation. Claiming historic water rights without just compensation and due process violates Constitutional protections.

**Utah Livestock Water Rights Act:**

Recognizing rancher frustrations with protecting livestock water rights and armed with the Idaho Supreme Court Joyce Livestock decision, in early 2008 Utah Representative Mike Noel introduced legislation to define and protect the rights of ranchers holding state livestock water
rights on federal grazing allotments.

As relates to H.R. 3189, The Utah Livestock Water Rights Act (Utah Code Title 73 Chapter 3 Section 31) provided two important and fundamental principles:

1) “the beneficial user of a livestock watering right is defined as the grazing permit holder for the allotment to which the livestock watering right is appurtenant.”

This is important because it identified livestock using the water as a beneficial user and associated it with the allotment managed by the federal government agencies. The Utah State Engineer was directed to issue a “Livestock Water Right” Certificate. The State Engineer noted for the record, the Certificate does not quantify or establish an adjudicated Utah water right.

The Act however defined the “beneficial user” as the “person who owns the grazing permit.” The Regional Forester immediately argued the United States is the owner and filed for the livestock water rights on every active livestock grazing allotment in Utah. Recognizing the Nevada conundrum and faced with the claim by the Regional Forester to water ownership on every grazing allotment, the Utah Legislature amended the Utah Livestock Water Rights Act providing “joint ownership” – the rancher and the federal agency. Forest employees immediately and actively encouraged ranchers to sign the joint ownership agreement.

In addition, Utah’s Livestock Water Right Statute also provides that the livestock water right is tied to the grazing right and appurtenant to the federal grazing allotment. It reads:

2) “A livestock water right is appurtenant to the allotment on which the livestock is watered.”

This is an important provision in Utah law that addresses the federal agency’s argument they need to hold the water right to assure the multiple use and grazing mandate. Utah provides a greater level of assurance to this end than the federal agency’s assurances and the whims of the legal system.

Utah joining Idaho and Nevada in precluding the Forest Service from holding or acquiring livestock water rights increased the pressure from the agency. The Journal of Land, Resources and Environmental Law in 2009 noted the 2008 Utah Livestock Water Rights Act impacted federal agencies and that dispute could affect their relationship with livestock producers “who depend on cooperation for management of these grazing allotments on federal land.”

Before the 2009 Utah Legislature, the Regional Forester pointed out the Nevada conundrum to policy makers. With no interest in the water for the United States on federal land in Nevada, the approvals for maintenance and development of water came to a standstill. This very real threat by the federal government was the catalyst for amending the Utah Act to provide for a certificate of “joint ownership” in livestock water.

H.R 3189
THE WATER RIGHTS PROTECTION ACT

Tooele County Grazing Association:

H.R. 3189 specifically addresses conflicts and potential misunderstanding between agencies and ranchers as happened in Tooele County Utah.
Ranchers with livestock grazing rights on Forest Service administered lands in Utah’s Tooele County west of Salt Lake City in the spring of 2012 were confronted with a packet from the local Forest agents seeking a “sub-basin claim” from the Utah Division of Water Rights. The packet specifically called for the ranchers to sign a “change of use” application allowing the Forest Service to then determine what and where the use of the livestock water would be. In effect, the request would allow the federal agents to then determine use, including changing it from livestock to wildlife, recreation or elsewhere.

The ranchers objected to the Forest service request. The request then became a demand and the ranchers were told that not complying could adversely affect their “turn-out” or the release of their sheep or cattle onto their Forest grazing allotments.

The ranchers were concerned that the actions of the federal agents compromised their livestock water rights and ultimately take from them not only the value of their water rights, but could take the value of the livestock feed associated with the grazing allotment.

The ranchers brought Utah Farm Bureau into discussions with the Forest personnel, Utah water rights authorities, state and local officials and Farm Bureau leaders. It should be noted the Forest personnel objected to the acquisition of strong arming to get the “change” documents signed. The ranchers stood their ground pointing out they were in fact told not complying could hurt access onto their grazing allotment. This Forest Service action called for the relinquishment of the water right in exchange for approving the conditional use of the grazing allotment.

In a follow up meeting with ranchers and Farm Bureau, local Forest employees were now accompanied by the Regional Forester. Mr. Forsgren told the group there must have been a misunderstanding. The local Forest agents in asking for the “change” application should have been asking for a joint ownership certificate. He further state, any inference that not complying with the request would adversely impact access to the grazing allotment was a misunderstanding as well.

H.R 3189 will assure that these “misunderstandings” and federal agents seeking ownership of livestock water rights as a condition of access to the federal grazing allotment does not happen in the future. Congress provided for grazing on federal lands to harvest renewable forage to invest in the rural economy and provide meat protein to all Americans. As federal agencies manage under multiple use principles, the state of Utah has provided assurances that livestock water will remain on the land with the grazing allotment.

This concludes my prepared testimony.

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National Forest System Lands are the largest single source of water in the continental United States, over 14% of available supply.