

McCook Gazette

NCORPE issues statement on taxes, land ownership

Friday, October 18, 2019

Text of a statement issued by the NCORPE Board of Directors follows:

The NCORPE Board of Directors would like to clarify some issues relative to taxes and land ownership in Lincoln County. Since 2012, NCORPE has paid approximately \$1.8 million in taxes and in-lieu of taxes. The amount NCORPE has paid is the same amount Lincoln County would have received if the land was privately owned and NCORPE still operated the stream augmentation project. We believe it's important that the public has no misconceptions about NCORPE's complete fulfillment of paid taxes and in-lieu of taxes.

We worked with Sen. Dan Hughes and others two years ago to make this happen. Generally, government entities like NCORPE are prohibited from paying property taxes. The legislation approved in 2018, strongly supported by NCORPE and its member NRDs, carves out an exception that allows NCORPE to pay Lincoln County in-lieu of taxes based on the assessed value of the land. The money to pay in-lieu of taxes is largely offset by NCORPE property rental revenue. The surface land use moving forward under NCORPE ownership is the same as if it was privately owned - primarily grazing - thus private ownership of NCORPE land will cause no difference in revenue for the county. The NCORPE board is committed to making these payments to Lincoln County.

The cost of operating NCORPE as publicly owned versus privately owned property has been raised. If privately owned, staff would still be needed to maintain and operate the 30 augmentation wells that are equipped with variable frequency drive motors and sophisticated control panels, 22 miles of pipeline and dozens of valves, the supervisory control and data acquisition system used to operate and monitor the well output, and Medicine Creek channel crossings [Award winners set annual top PRF Shinglers for year](#)

Some have asked if NCORPE's ownership of the land provides a local benefit beyond the project's main purpose of preventing largescale irrigation curtailments or shutdowns. [Read Next Story >](#)
Our dedication to reseeding has helped grass establish quickly. This year, most of the

property was open to grazing. Five ranchers this year grazed a total of 1,845 head of yearlings in the spring and 968 cow/calf pairs this summer. Average rental rates for the region according to UNL are about \$1.83 per day, per pair. The average rental rate at NCORPE has been higher, about \$2 per day, per pair. In addition, there are 5,120 acres of public hunting access on the property, making it one of the largest public hunting areas in Nebraska.

The land remains in public ownership because of court precedent. The 2018 Nebraska Supreme Court decision involving the Rock Creek Augmentation Project in Dundy County reinforced that groundwater access is dependent upon land ownership. For this reason, all four of the partner NRDs that comprise NCORPE – Lower Republican, Middle Republican, Upper Republican and Twin Platte NRDs – are currently opposed to selling the land.

Through the occupation tax on irrigated land in 16 counties, irrigated farmers are paying for NCORPE. Doing so secures access to water to maintain their livelihoods in the face of federal and state regulations. Each NRD partner in NCORPE has the responsibility to protect the NCORPE investment and, as fiduciaries, accepting even indirect risk is unacceptable. Additionally, opportunities to reduce financing costs are always being evaluated by NCORPE. For example, NCORPE reduced financing costs by approximately \$13 million by acquiring bond insurance.

Recent legislative alternatives have pushed for the sale of the surface land, while advocating that the sale receipts pay down bonds. NCORPE paid for the property when it was irrigated cropland, before retiring the irrigated land and establishing grass. If it were sold now as pastureland, it would sell for a fraction of what it was purchased for.

Additionally, debate on legislative alternatives is whether private ownership will provide the same assurances the project can continue to be operated as if NCORPE retained ownership. The partner NRDs have evaluated whether previously considered legislation to allow private ownership of NCORPE would provide the same, existing guarantee the project can be operated. We have concluded it cannot and are not supportive of NCORPE being a “test case.” We believe it is likely that NCORPE’s ability to operate would be challenged in court if the land was sold. We will continue to evaluate any new legislative attempts to allow a land sale, without risking operation of the project, while understanding that the state Supreme Court has established through its rulings there’s no risk under current statutes. We will continue to evaluate any responsible and prudent financial options available to best serve the investment made by irrigated farmers paying for the project via the occupation tax.

Award winner's return tops RRFIS honors for year

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A quick update on water usage at NCORPE: The augmentation wells haven't been used since Spring 2017. To date, about the same amount of water has been pumped at the project as would have been pumped had the property remained an irrigated farm. Limits established by Middle Republican and Twin Platte NRDs on the amount of water that can be pumped at NCORPE will limit impacts on the groundwater aquifer.

A project with a footprint as large as NCORPE's is bound to attract attention and suggestions. We welcome both but will remain committed to protecting the constituents paying for the project from unnecessary risks while responsibly evaluating opportunities to reduce the tax burden on those constituents.

Sincerely,

Terry Martin,

Chairman, on Behalf

of the NCORPE Board of Directors

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