

**Enrolled**  
**House Bill 2135**

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of Governor John A. Kitzhaber for Water Resources Department)

CHAPTER .....

AN ACT

Relating to reductions in newspaper notice requirements; creating new provisions; and amending ORS 536.340, 537.130, 537.145, 537.252, 537.805, 540.520, 540.535, 541.329 and 543.220.

**Be It Enacted by the People of the State of Oregon:**

**SECTION 1.** ORS 536.340 is amended to read:

536.340. (1) Subject at all times to existing rights and priorities to use waters of this state, the Water Resources Commission:

(a) May, by a water resources statement referred to in ORS 536.300 (2), classify and reclassify the lakes, streams, underground reservoirs or other sources of water supply in this state as to the highest and best use and quantities of use thereof for the future in aid of an integrated and balanced program for the benefit of the state as a whole. The commission may so classify and reclassify portions of any such sources of water supply separately. Classification or reclassification of sources of water supply as provided in this subsection has the effect of restricting the use and quantities of use thereof to the uses and quantities of uses specified in the classification or reclassification, and no other uses or quantities of uses except as approved by the commission under ORS 536.370 to 536.390 or as accepted by the commission under ORS 536.295. Restrictions on use and quantities of use of a source of water supply resulting from a classification or reclassification under this subsection shall apply to the use of all waters of this state affected by the classification or reclassification, and shall apply to uses listed in ORS 537.545 that are initiated after the classification or reclassification that imposes the restriction.

(b) Shall diligently enforce laws concerning cancellation, release and discharge of excessive unused claims to waters of this state to the end that such excessive and unused amounts may be made available for appropriation and beneficial use by the public.

(c) May, by a water resources statement referred to in ORS 536.300 (2) and subject to the preferential uses named in ORS 536.310 (12), prescribe preferences for the future for particular uses and quantities of uses of the waters of any lake, stream or other source of water supply in this state in aid of the highest and best beneficial use and quantities of use thereof. In prescribing such preferences the commission shall give effect and due regard to the natural characteristics of such sources of water supply, the adjacent topography, the economy of such sources of water supply, the economy of the affected area, seasonal requirements of various users of such waters, the type of proposed use as between consumptive and nonconsumptive uses and other pertinent data.

(2) In classifying or reclassifying a source of water supply or prescribing preferences for the future uses of a source of water supply under subsection (1) of this section, the commission shall:

(a) Comply with the requirements set forth in the Water Resources Department coordination program developed pursuant to ORS 197.180; and

(b) Cause notice of the hearing held under ORS 536.300 (3) to be published in a newspaper of general circulation once each week for *[four]* **two** successive weeks in each county:

(A) In which waters affected by the action of the commission under subsection (1) of this section are located; or

(B) That is located within the basin under consideration.

(3) Before beginning any action under subsection (2) of this section that would limit new ground water uses that are exempt under ORS 537.545 from the requirement to obtain a water right, the commission shall:

(a) Review the proposed action to determine whether the proposal is consistent with ORS 537.780;

(b) Provide an opportunity for review by:

(A) Any member of the Legislative Assembly who represents a district where the proposed action would apply; and

(B) Any interim committee of the Legislative Assembly responsible for water-related issues; and

(c) Receive and consider a recommendation on the proposal from the ground water advisory committee appointed under ORS 536.090.

**SECTION 2.** ORS 537.130 is amended to read:

537.130. (1) Except for a use exempted under ORS 537.040, 537.141, 537.142, 537.143 or 537.800 or under the registration system set forth in ORS 537.132, any person intending to acquire the right to the beneficial use of any of the surface waters of this state shall, before beginning construction, enlargement or extension of any ditch, canal or other distributing or controlling works, or performing any work in connection with the construction, or proposed appropriation, make an application to the Water Resources Department for a permit to make the appropriation.

(2) Except for a use exempted under ORS 537.040, 537.141, 537.142, 537.143 or 537.800 or under the registration system set forth in ORS 537.132, a person may not use, store or divert any waters until after the department issues a permit to appropriate the waters.

(3) The department may not issue a permit without notifying the owner, as identified in the application, of any land to be crossed by the proposed ditch, canal or other work as set forth in the application filed pursuant to ORS 537.140. The department shall provide the notice even if the applicant has obtained written authorization or an easement from the owner.

(4) If more than 25 persons are identified in the application as required under subsection (3) of this section, the department may provide the notice required under subsection (3) of this section by publishing notice of the application in a newspaper having general circulation in the area in which the proposed ditch, canal or other work is located at least once each week for at least *[three]* **two** successive weeks. The cost of the publication shall be paid by the applicant in advance to the department.

**SECTION 3.** ORS 537.145 is amended to read:

537.145. (1) *[Whenever]* **If** an application is made for a permit to appropriate water for hydroelectric purposes, the Water Resources Department shall give written notice of the filing of the application to the owner of any land that is:

(a) Adjacent to any portion of the stream in which the quantity of water will be decreased by the project; or

(b) Adjacent to the site of the proposed hydroelectric project.

(2) The department shall also publish notice of the application once each week for at least *[four]* **two** successive weeks and for such further time, if any, as the department shall determine, in a newspaper of general circulation in each county in which the project covered by the application is located.

**SECTION 4.** ORS 537.252 is amended to read:

537.252. (1) When issuing a water right certificate under ORS 537.250 to a district, or to a government agency for a district, the Water Resources Department may issue the water right certificate for land not described in the permit if:

- (a) Water furnished by the district under the permit has been applied beneficially to the land;
- (b) The land not described in the permit that is proposed to be included in the certificate is included within the legally established boundaries of the district and is subject to the charges, assessments and liens of the district;
- (c) The certificate does not authorize a greater rate, duty or acreage than is authorized by the terms of the permit, and all other conditions of the permit are satisfied;
- (d) The inclusion of land not described in the permit will not result in injury to other existing water rights or in enlargement of the right authorized under the permit; and
- (e) The impact to the water source of including land not described in the permit will not differ significantly from the impact expected at the time the permit was issued for the lands described in the permit.

(2) If a district proposes to use water on lands not described in the permit, the Water Resources Department may issue a certificate that includes such additional lands if all of the conditions of subsection (1) of this section are satisfied and if, no later than 60 days before the district actually applies the water to the lands not described in the permit, the district provides written notice to the department. The notice shall include a copy of the original permit map modified to show the lands to be added and lands to be removed from the description of the place of use of the water. Upon receipt of the notice from the district, the department shall provide public notice of the proposed change by means of publication in the department's weekly notice and by publication once each week for *[three]* **two** successive weeks in a newspaper having general circulation in the county or counties in which the affected lands are located. The cost of publication shall be paid by the district.

(3) If a district has issued an order of inclusion or exclusion, the boundaries of the irrigation district shall be deemed to have been legally changed in the absence of approval of the Secretary of the Interior.

(4) As used in this section:

- (a) "District" has the meaning given in ORS 540.505.
- (b) "Legally established boundaries" means the boundaries of a district as established at the time of creation of the district and as the boundaries may have changed after creation of the district by an inclusion, exclusion or merger proceeding according to state law.

**SECTION 5.** ORS 537.805 is amended to read:

537.805. Notwithstanding any other provision of ORS 537.801 to 537.809, an application governed by ORS 537.803 shall be processed as follows:

(1) Upon determination that the application is acceptable, the Water Resources Commission shall conduct a comprehensive review of the application, at the applicant's expense.

(2) When the comprehensive review is complete, the commission shall issue a preliminary analysis of the application that addresses the factors under ORS 537.803 and any other information the commission considers relevant. The preliminary analysis, or a reasonable summary, shall be published at the applicant's expense for *[three]* **two** consecutive weeks in a newspaper of general circulation in the basin of origin of the proposed appropriation, diversion or impoundment.

(3) Following publication, the commission shall conduct a public hearing at the applicant's expense, in the basin of origin. The hearing shall be for comment on the factors analyzed under ORS 537.803 and standards that otherwise apply to the proposed appropriation or transfer.

(4) After considering the application, the information generated during the comprehensive review of the application, all comments received at the hearing and written comments received within 20 days after the date of the public hearing, the commission shall:

- (a) If the application requires legislative approval under ORS 537.810, submit a report to the Legislative Assembly that addresses all factors analyzed under ORS 537.803 and recommends whether to approve or deny the application for use of water outside the basin of origin; or

(b) If the application does not require legislative approval under ORS 537.810, approve or deny the application in accordance with the procedures and standards that otherwise govern the application, giving due consideration to factors set forth in ORS 537.803.

**SECTION 6.** ORS 540.520 is amended to read:

540.520. (1) Except when the application is made under ORS 541.327 or when an application for a temporary transfer is made under ORS 540.523, [*whenever*] **if** the holder of a water use subject to transfer for irrigation, domestic use, manufacturing purposes, or other use, for any reason desires to change the place of use, the point of diversion, or the use made of the water, an application to make such change, as the case may be, shall be filed with the Water Resources Department.

(2) The application required under subsection (1) of this section shall include:

(a) The name of the owner;

(b) The previous use of the water;

(c) A description of the premises upon which the water is used;

(d) A description of the premises upon which it is proposed to use the water;

(e) The use [*which*] **that** is proposed to be made of the water;

(f) The reasons for making the proposed change; and

(g) Evidence that the water has been used over the past five years according to the terms and conditions of the owner's water right certificate or that the water right is not subject to forfeiture under ORS 540.610.

(3) If the application required under subsection (1) of this section is necessary to allow a change in a water right pursuant to ORS 537.348, is necessary to complete a project funded under ORS 541.375, or is approved by the State Department of Fish and Wildlife as a change that will result in a net benefit to fish and wildlife habitat, the department, at the discretion of the Water Resources Director, may waive or assist the applicant in satisfying the requirements of subsection (2)(c) and (d) of this section. The assistance provided by the department may include, but need not be limited to, development of an application map.

(4) If the application is to change the point of diversion, the transfer shall include a condition that the holder of the water right provide a proper fish screen at the new point of diversion, if requested by the State Department of Fish and Wildlife.

(5) Upon the filing of the application the department shall give notice by publication in a newspaper having general circulation in the area in which the water rights are located, for a period of at least [*three*] **two** weeks and not less than one publication each week. The notice shall include the date on which the last notice by publication will occur. The cost of the publication shall be paid by the applicant in advance to the department. In applications for only a change in place of use or for a change in the point of diversion of less than one-fourth mile, and where there are no intervening diversions between the old diversion of the applicant and the proposed new diversion, no newspaper notice need be published. The department shall include notice of such applications in the weekly notice published by the department.

(6) Within 30 days after the last publication of a newspaper notice of the proposed transfer or the mailing of the department's weekly notice, whichever is later, any person may file, jointly or severally, with the department, a protest against approval of the application.

(7) [*Whenever*] **If** a timely protest is filed, or in the opinion of the Water Resources Director a hearing is necessary to determine whether the proposed changes as described by the application would result in injury to existing water rights, the department shall hold a hearing on the matter. Notice and conduct of the hearing shall be under the provisions of ORS chapter 183, pertaining to contested cases, and shall be held in the area where the rights are located unless all parties and persons who filed a protest under this subsection stipulate otherwise.

(8) An application for a change of use under this section is not required if the beneficial use authorized by the water use subject to transfer is irrigation and the owner of the water right uses the water for incidental agricultural, stock watering and other uses related to irrigation use, so long as there is no increase in the rate, duty, total acreage benefited or season of use.

(9) A water right transfer under subsection (1) of this section is not required for a general industrial use that was not included in a water right certificate issued for a specific industrial use if:

(a) The quantity of water used for the general industrial use is not greater than the rate allowed in the original water right and not greater than the quantity of water diverted to satisfy the authorized specific use under the original water right;

(b) The location where the water is to be used for general industrial use was owned by the holder of the original water right at the time the water right permit was issued; and

(c) The person who makes the change in water use provides the following information to the Water Resources Department:

(A) The name and mailing address of the person using water under the water right;

(B) The water right certificate number;

(C) A description of the location of the industrial facility owned by the holder of the original water right at the time the water right permit was issued; and

(D) A description of the general industrial use to be made of the water after the change.

**SECTION 7.** ORS 540.535 is amended to read:

540.535. After receipt of an exchange application, the Water Resources Commission shall give notice of the application by publishing notice of the application in a newspaper having general circulation in the area in which the water uses are located at least once each week for at least [three] **two** successive weeks. The cost of providing the notice by publication shall be paid in advance by the applicant to the commission.

**SECTION 8.** ORS 541.329 is amended to read:

541.329. (1) Pursuant to the requirements of subsection (2) of this section, a district may petition the Water Resources Commission for approval and acceptance of a district map indicating the location and use of the water rights within the district or any part thereof. The petition and map shall be in a form satisfactory to the commission and shall be certified by the district rather than a certified water right examiner. For a district that notifies the Water Resources Department under ORS 541.327 (4), the map must be submitted in an electronic format meeting the standards set by the department. The petition and map may not expand a water right of the district or its users beyond the total right of record of the district. If the district has met the requirements of ORS 541.325 to 541.331 and after the opportunity for hearing under ORS 541.331, the commission shall instruct the director to issue a new certificate to the district listing the requested locations and uses and retaining the original priority date. If the commission denies the petition, the commission shall hold a hearing on the denial. Notice and conduct of the hearing shall be under the provisions of ORS chapter 183 pertaining to contested cases. The hearing shall be conducted in the area where the right is located unless the parties and the persons who file the protest under this section stipulate otherwise.

(2) The petition required under subsection (1) of this section shall be submitted on or before July 1, 1994, or before June 30, 2010, for a district notifying the department under ORS 541.327 (4), and shall include:

(a) The name of the district and the certificate number of each water right contained in the petition.

(b) The names of all users within the district whose lands are included in the petition.

(c) A general description of the district boundaries.

(d) A general description of the users' land and all water rights per each parcel affected by the petition and the map. If the water right is on a tract of land of five acres or less, a notation of the acres of water right on the assessor's tax map shall be sufficient for identification of the place of use and the extent of use.

(e) A description of the use [which] **that** is proposed to be made of the water on each parcel.

(f) An affirmation by the petitioner that the map and petition are accurate to the best of the petitioner's knowledge.

(3) A petition submitted under this section shall contain no more acres of land than the least of the following:

- (a) The number of acres assessed by the district as of July 1, 1989;
- (b) The number of acres assessed by the district as of July 1, 1993; or
- (c) If a district notifies the department under ORS 541.327 (4), the number of acres assessed by the district as of December 31, 2003.

(4) Before submitting a petition under subsection (2) of this section, the district shall send a notice to the user of every parcel whose right of record is to be altered, as evidenced by the district's records. This notice shall be sent to the last-known address for the user with a return receipt requested. The notice shall include the number of acre-feet of water or its equivalent, for which the user is being assessed, a general description or tax lot of the land to which the water is assigned, a description of the use and a request for confirmation that the information in the notice is correct. Thirty days after the notice is mailed, the district shall prepare a petition and map as described in subsections (1) and (2) of this section. Payment for water by the user or the user's predecessor for a period of five years before the petition shall create a rebuttable presumption that the number of acres billed and paid by the user or the user's predecessor is equal to the user's water right.

(5) Within 30 days after the commission issues a proposed order regarding the petition, the district shall send notice to the users of the district whose right of record is to be altered by the proposed order. This notice shall be sent to the last-known address of the user with a return receipt requested. The notice shall include the number of acres of land, or its equivalent, for which the user is being assessed, a general description or tax lot number of the land to which the water is assigned and a description of the use. In addition to the notice of the proposed order that the district sends to the users, the district shall publish at the same time notice in a newspaper having general circulation in the area in which the water rights are located for a period of at least *[three]* **two** weeks. Not less than one publication in each week shall be made. The notice shall state:

- (a) The number of acres of water right that each parcel shall receive and the associated priority dates;
- (b) That the proposed map and order are available for inspection at the office of the district during normal business hours for a period of 60 days from the date of first publication;
- (c) That not less than 60 days after the date of first publication, the commission shall approve the petition and map and issue a final order unless a protest is filed or the petition does not meet the requirements of subsections (1) and (2) of this section; and
- (d) That the user has the right to protest the proposed order and map as described in ORS 541.331.

(6) If the commission returns a petition or map to a district for correction, the commission may prescribe a deadline for the petitioner to provide additional information or correct the petition or map. If the petitioner fails to meet the deadline prescribed by the commission, the commission may deny the petition.

**SECTION 9.** ORS 543.220 is amended to read:

543.220. (1) *[Whenever]* **If** an application is made for a preliminary permit, *[and]* after said application has been referred to hearing[,] the Water Resources Commission shall give written notice of the filing of the application to:

- (a) Any municipality or other person or corporation *[which]* **that**, in the judgment of the commission, is likely to be interested in or affected by the proposed project; and
- (b) The owner of any land that is:
  - (A) Adjacent to any portion of the stream in which the quantity of water will be decreased by the project; or
  - (B) Adjacent to the site of the proposed project.

(2) The commission shall also publish notice of the application once each week for at least *[four]* **two** successive weeks and for such further time, if any, as the commission shall determine, in a newspaper of general circulation in each county in which the project covered by the application is located.

(3) No application for the appropriation or use of water for the development of 1,000 theoretical horsepower or more shall be granted until at least six months after the application for a preliminary permit has been filed.

**SECTION 10.** (1) The amendments to ORS 536.340 by section 1 of this 2011 Act apply to hearings that the Water Resources Commission holds 30 or more days after the effective date of this 2011 Act.

(2) The amendments to ORS 537.130, 537.145, 537.805, 540.520, 540.535 and 543.220 by sections 2, 3, 5, 6, 7 and 9 of this 2011 Act apply to applications filed on or after the effective date of this 2011 Act.

(3) The amendments to ORS 537.252 by section 4 of this 2011 Act apply to proposed changes for which a district gives the Water Resources Department notice on or after the effective date of this 2011 Act.

(4) The amendments to ORS 541.329 by section 8 of this 2011 Act apply to proposed orders that the Water Resources Commission issues 30 or more days after the effective date of this 2011 Act.

Passed by House February 21, 2011

.....  
Ramona Kenady Line, Chief Clerk of House

.....  
Bruce Hanna, Speaker of House

.....  
Arnie Roblan, Speaker of House

Passed by Senate May 2, 2011

.....  
Peter Courtney, President of Senate

Received by Governor:

.....M,....., 2011

Approved:

.....M,....., 2011

.....  
John Kitzhaber, Governor

Filed in Office of Secretary of State:

.....M,....., 2011

.....  
Kate Brown, Secretary of State