



Oregon

Kate Brown, Governor

Water Resources Department

725 Summer St NE, Suite A

Salem, OR 97301

(503) 986-0900

Fax (503) 986-0904

MEMORANDUM

TO: Water Resources Commission

FROM: Racquel Rancier, Senior Policy Coordinator *RR*

SUBJECT: Agenda Item L, January 27, 2017
Water Resources Commission Meeting

Legislative Update - Introduction to the 2017 Oregon Legislative Session

I. Introduction

The 79th Legislative Assembly is set to convene on February 1 for the 2017 Legislative Session. During this informational report, staff will provide a preview of the 2017 Session.

II. Overview of 2017 Session

Prior to the start of the session, the legislature meets in January for Organizational Days to swear in new members. The 79th Legislative Assembly's Organizational Days are scheduled for January 9-11.

As shown in Attachment 1, committee assignments were announced in late December. Most notably, the House Rural Communities, Land Use and Water Committee has been closed down, and it is unclear at this point what committees water-related legislation will be assigned to in the House. In regards to the Senate, water-related measures have in past years been sent to the Senate Environment and Natural Resources. The Department's budget will likely move through the Joint Ways and Means (JWM) Natural Resources Subcommittee to the full JWM Committee; however, bonding bills are traditionally handled by the Capital Construction Subcommittee.

Legislative deadlines have also been announced, as follows:

- February 28 – Deadline to file measures without counting towards limits.
- April 7 – Deadline for chairs to post work sessions for first chamber measures.
- April 18 – Measures must be out of the first chamber committee.
- May 19 – Deadline for chairs to post work sessions for second chamber measures.
- June 2 – Last day for measures to move out of second chamber committees.
- June 23 – Target adjournment of session *sine die*.
- July 10 – Constitutional *sine die*.

Deadlines generally do not apply to measures in the Ways & Means, Revenue, Rules, and other joint committees.

III. Recap of Department's and Governor's 2017 Legislation

As reported to the Commission previously, the Department had four legislative concepts, two of which were placeholders. The concepts had to be approved and filed by the Department of Administrative Services and the Governor's Office in order to move forward. In December, it was determined that three of the Department's Legislative Concepts would move forward for filing; the placeholder for partial decrees in the Klamath Basin did not move forward. One-pagers are attached describing each of the Department's legislative concepts, which have now been assigned bill numbers.

In addition to the Department's bills, the Governor's Natural Resources Office has also filed placeholders for proposals coming from the Task Force on Drought Emergency Response.

Department staff will brief the Commission on other pre-session filed measures during the meeting.

IV. Conclusion

The Constitutional Sine Die deadline for adjournment is July 10. Staff will continue to keep the Commission apprised of important developments through the end of the 2017 Legislative Session.

Attachments:

1. 2017 Legislative Session Committee Assignments
2. Department Legislation One-Pagers

Racquel Rancier
503-986-0828



Office of the Senate President

MEMORANDUM

TO: Lori Brocker, Secretary of the Senate

FROM: Peter Courtney, Senate President

DATE: December 21, 2016

RE: Standing Committee Appointments

Pursuant to Senate Rule 8.05, I am making the following appointments for the 2017 legislative session:

Business and Transportation

Sen. Lee Beyer, Chair
 Sen. Chuck Thomsen, Vice Chair
 Sen. Fred Girod
 Sen. Rod Monroe
 Sen. Chuck Riley

Education

Sen. Arnie Roblan, Chair
 Sen. Dennis Linthicum, Vice Chair
 Sen. Sara Gelser
 Sen. Mark Hass
 Sen. Jeff Kruse

Environment and Natural Resources

Sen. Michael Dembrow, Chair
 Sen. Alan Olsen, Vice Chair
 Sen. Herman Baertschiger Jr.
 Sen. Floyd Prozanski
 Sen. Arnie Roblan

Finance and Revenue

Sen. Mark Hass, Chair
Sen. Brian Boquist, Vice Chair
Sen. Herman Baertschiger Jr.
Sen. Chuck Riley
Sen. Kathleen Taylor

General Government and Accountability

Sen. Chuck Riley, Chair
Sen. Alan DeBoer, Vice Chair
Sen. Mark Hass
Sen. Floyd Prozanski
Sen. Kim Thatcher

Health Care

Sen. Laurie Monnes Anderson, Chair
Sen. Jeff Kruse, Vice Chair
Sen. Lee Beyer
Sen. Tim Knopp
Sen. Elizabeth Steiner Hayward

Human Services

Sen. Sara Gelser, Chair
Sen. Alan Olsen, Vice Chair
Sen. Tim Knopp
Sen. Michael Dembrow
Sen. Laurie Monnes Anderson

Judiciary

Sen. Floyd Prozanski, Chair
Sen. Kim Thatcher, Vice Chair
Sen. Michael Dembrow
Sen. Dennis Linthicum
Sen. James Manning Jr.

Rules

Sen. Ginny Burdick, Chair
Sen. Ted Ferrioli, Vice Chair
Sen. Lee Beyer
Sen. Brian Boquist
Sen. Arnie Roblan

Veterans and Emergency Preparedness

Sen. Brian Boquist, Chair
Sen. Laurie Monnes Anderson, Vice Chair
Sen. Peter Courtney
Sen. Alan Olsen

Workforce

Sen. Kathleen Taylor, Chair
Sen. Tim Knopp, Vice Chair
Sen. Sara Gelser
Sen. Bill Hansell
Sen. Laurie Monnes Anderson

Special Committee on Conduct

Sen. Richard Devlin, Chair
Sen. Sara Gelser
Sen. Bill Hansell
Sen. Jackie Winters

JOINT COMMITTEES

Joint Committee on Ways and Means

Sen. Richard Devlin, Co-Chair
Sen. Betsy Johnson, Co-Vice Chair
Sen. Jackie Winters, Co-Vice Chair
Sen. Alan DeBoer
Sen. Lew Frederick
Sen. Fred Girod
Sen. Bill Hansell
Sen. James Manning Jr.
Sen. Rod Monroe
Sen. Arnie Roblan
Sen. Elizabeth Steiner Hayward
Sen. Chuck Thomsen

Capital Construction Subcommittee

Sen. Fred Girod, Co-Chair
Sen. Peter Courtney
Sen. Richard Devlin

Education Subcommittee

Sen. Rod Monroe, Co-Chair
Sen. Arnie Roblan
Sen. Chuck Thomsen

General Government Subcommittee

Sen. James Manning Jr., Co-Chair
Sen. Alan DeBoer
Sen. Betsy Johnson

Human Services Subcommittee

Sen. Elizabeth Steiner Hayward, Co-Chair
Sen. Sara Gelser
Sen. Jackie Winters

Natural Resources Subcommittee

Sen. Lew Frederick, Co-Chair
Sen. Fred Girod
Sen. Kathleen Taylor

Public Safety Subcommittee

Sen. Jackie Winters, Co-Chair
Sen. Lew Frederick
Sen. Elizabeth Steiner Hayward

Transportation and Economic Development Subcommittee

Sen. Betsy Johnson, Co-Chair
Sen. Bill Hansell
Sen. Rod Monroe

Joint Committee on Tax Credits

Sen. Mark Hass, Co-Chair
Sen. Brian Boquist, Co-Vice Chair
Sen. Herman Baertschiger Jr.
Sen. Chuck Riley
Sen. Kathleen Taylor

Joint Committee on Transportation Preservation and Modernization

Sen. Lee Beyer, Co-Chair
Sen. Brian Boquist, Co-Vice Chair
Sen. Fred Girod
Sen. Betsy Johnson
Sen. Rod Monroe
Sen. Kathleen Taylor
Sen. Jackie Winters

Joint Legislative Committee on Information Management and Technology

Sen. Chuck Riley, Co-Chair
Sen. Alan DeBoer
Sen. Dennis Linthicum

Joint Committee on Marijuana Regulation

Sen. Ginny Burdick, Co-Chair
Sen. Floyd Prozanski, Co-Vice Chair
Sen. Ted Ferrioli, Co-Vice Chair
Sen. Lee Beyer
Sen. Jeff Kruse

Joint Legislative Audits Committee

Sen. Richard Devlin, Co-Chair
Sen. Chuck Riley
Sen. Kim Thatcher

Legislative Administration Committee

Sen. Peter Courtney, Co-Chair
Sen. Ginny Burdick
Sen. Ted Ferrioli
Sen. Fred Girod
Sen. Bill Hansell

Legislative Counsel Committee

Sen. Peter Courtney, Co-Chair
Sen. Brian Boquist
Sen. Ginny Burdick
Sen. Ted Ferrioli
Sen. Floyd Prozanski

Legislative Policy and Research Committee

Sen. Peter Courtney, Co-Chair
Sen. Brian Boquist
Sen. Michael Dembrow
Sen. Betsy Johnson
Sen. Kim Thatcher
Sen. Chuck Thomsen

If you have any questions, please contact Anna Braun in my office at (503) 986-1602.

cc: Secretary of the Senate's Office
Chief Clerk's Office
Capitol Club

Summary of House Bill 2295 (2017)

Water Right Transactions and Dam Safety Fee Schedule

IWRS Recommended Action: 13b



OUR MISSION

To serve the public by practicing and promoting responsible water management through two key goals:

- (1) to directly address Oregon's water supply needs, and
- (2) to restore and protect streamflows and watersheds in order to ensure the long-term sustainability of Oregon's ecosystems, economy, and quality of life.

To maintain current staffing to process water right transactions and inspect dams to protect public safety, House Bill 2295 removes the sunset on the water right transactions and dam safety fee schedules and increases the fees by on average 15.88 percent to account for projected increased costs through 2021.

Background

The Department's current fee schedule supports approximately 18.5 processing staff in the Water Right Services Division, as well as staff and engineering contracts in the Dam Safety Section. Last modified in 2013, the current fee schedule is due to sunset on June 30, 2017, reverting back to 2009 fee levels, while costs are projected to increase by 15.88 percent over the next four years.

As a result of the fee schedule sunset and the expected cost increases, the Department anticipates that it will have to decrease water right processing staff by 2.5 FTE in the 2017-19 biennium and an additional 3.0 FTE in the 2019-21 biennium. With the reductions in staff, it will take longer to process water right transactions as backlogs build, causing farmers, water providers, and others to wait longer to receive decisions on water supply proposals. This will also reduce the Department's performance on Key Performance Measures #9, 10, 11, and 14, which measure the quality of customer service and timeliness of processing.

What the Concept Does

House Bill 2295 would retain current staffing levels through 2021¹ for water right processing and dam safety by removing the sunset on the current fee schedules and increasing fees by approximately 15.88 percent averaged over the four-year period.² The legislation would be effective July 1, 2017 – the start of the fiscal year and the date on which the current fee schedule sunsets.

Contact

Racquel Rancier, Senior Policy Coordinator
503-302-9235 / Racquel.R.Rancier@oregon.gov

¹ Projected costs do not include cost increases that will be incurred in 2019 upon implementation of HB 3315 (2015), which directs Oregon Department of Fish and Wildlife to bill other agencies for costs of providing services on fee-related programs, such as water right transactions. The Department currently has no basis for estimating those costs; therefore, they have not been incorporated into the proposed 2017-2021 fee schedule.

² The Department has rounded the numbers for ease of calculations and billing - \$100 or more to the nearest \$10; \$50-99.99 to the nearest \$5; \$10-50 to the nearest \$1; and less than \$10 to the nearest 10 cents.

Summary of House Bill 2296 (2017)

Protecting Groundwater through Proper Well Construction

IWRS Recommended Action: 12a

House Bill 2296 helps protect groundwater resources from contamination and waste through proper well construction by creating a Well Construction Special Standard Fee, increasing the Landowner Permit Application Fee, and increasing the bonding requirements for landowners and well drillers.

Background

Poorly constructed and improperly decommissioned wells can lead to groundwater contamination and the inadvertent draining of Oregon's groundwater aquifers. To ensure wells are properly constructed and decommissioned, and to protect future uses of groundwater for drinking, agriculture, and other needs, the Department sets well construction standards, licenses well drillers, approves landowner permits, and inspects wells.

Well construction standards are set in rule and require approval from the Department if circumstances require deviation from the standards. Reviewing, researching and processing special standards is often technically complex and time consuming, sometimes requiring multiple consultations and site visits. While the Department receives hundreds of requests each year, there are no fees associated with this service.

Licensed well-drillers are responsible for most of the work on wells in Oregon, with about 15-40 per year being constructed, altered, decommissioned or converted by the landowner without a licensed driller. Landowners that do this work on their own are required to obtain a permit and file a \$25 Landowner Permit Application Fee so the Department can ensure the well is constructed in a manner that prevents contamination and waste of water in the aquifer. This requires extra staff time to review the application, research ownership, evaluate the well construction design plan, perform site visits, supervise seal placement, conduct a final well inspection, and assist with the required well report.

Licensed well drillers and landowners (that work on their own well) are required to submit a bond, which can be called upon by the Department or anyone that is injured by the improper construction of the well. The current bond requirements – \$5,000 per landowner and \$10,000 per driller – are currently insufficient to repair, replace, or decommission even one mis-constructed well.

What the Concept Does

House Bill 2296 protects Oregon's groundwater aquifers by supporting well construction and inspection programs to prevent contamination and waste. House Bill 2296 (1) establishes a Well Construction Special Standards Fee of \$100 for one well and \$200 for more than one well; (2) increases the Landowner Permit Application Fee from \$25 to \$500 to reflect the minimum cost to the Department to process these requests and expands applicability; and (3) increases the well construction bond requirement to \$10,000 for a landowner and \$20,000 for a driller to better reflect the costs of repairing or decommissioning a well that is improperly constructed.

Contact

Racquel Rancier, Senior Policy Coordinator
503-302-9235 / Racquel.R.Rancier@oregon.gov



OUR MISSION

To serve the public by practicing and promoting responsible water management through two key goals:

- (1) to directly address Oregon's water supply needs, and
- (2) to restore and protect streamflows and watersheds in order to ensure the long-term sustainability of Oregon's ecosystems, economy, and quality of life.

Summary of House Bill 2297 (2017)

Drought Task Force Placeholder

House Bill 2297 serves as a placeholder for recommendations from the Task Force on Drought Emergency Response established by House Bill 4113 in 2016.

Background

HB 4113 (2016) established a taskforce to review and make recommendations on the tools and information needed to prepare for and respond to drought. This task force, made up of a diverse set of interests was tasked to: evaluate existing drought response tools and make recommendations to improve drought response; identify options to minimize the impact of drought on agriculture, municipalities, fish and wildlife, and other interests; propose tools to assist small water providers to anticipate drought risks and responses; identify data and resources needed to anticipate and understand drought impacts; and recommend improvements to information sharing during drought. The report of the task force was due November 1, 2016.

What the Concept Does

House Bill 2297 serves as a placeholder by retroactively extending the sunset of the Task Force on Drought Emergency Response. Requires task force to report findings on or before November 1, 2018.

Recommendations from the Task Force that Require Legislation

The report and recommendations in full are available online at:
www.oregon.gov/owrd/Pages/HB_4113.aspx#Final_Report_of_the_Drought_Task_Force

The Task Force made several recommendations that would require legislation to implement; however, there was insufficient time to fully develop and vet the various proposals. Recommendations that likely require legislation are outlined below, in no particular order:

- *The Legislature should look at establishing a drought emergency fund for instream and out-of-stream needs.*
 - The Oregon Legislature should consider establishing an emergency fund for drought response activities to: (1) address the unexpected issues that arise for drinking water systems, particularly small systems, (2) incentivize actions to address instream needs, particularly in high priority streams for sensitive, threatened or endangered fish, and (3) address emergency water for agriculture.
- *The Legislature should look at establishing a fund for drought planning to help communities be better prepared and more resilient to drought.*
 - The Legislature should also consider establishing a fund that can be used to assist with other planning efforts, which could include: (1) match funds to leverage federal WaterSMART Drought Contingency Planning Grants, (2) funds to assist small water systems in developing a water management and conservation plan, curtailment plan, or conservation plan, or further refining their Emergency Response Plan required by Oregon Health Authority, and (3) funding to incentivize irrigation districts and others to develop water management and conservation plans.



OUR MISSION

To serve the public by practicing and promoting responsible water management through two key goals:

- (1) to directly address Oregon's water supply needs, and
- (2) to restore and protect streamflows and watersheds in order to ensure the long-term sustainability of Oregon's ecosystems, economy, and quality of life.

- *Assemble a group of experts to evaluate and identify existing infrastructure programs and evaluate barriers to accessing infrastructure funding.*
 - The Governor or Legislature should assemble a group of experts to identify existing infrastructure funding programs, outline their requirements, and evaluate potential barriers to accessing infrastructure funding.
- *The Legislature should look at measures and incentives to promote water conservation and efficiency.*
 - The Legislature should look at providing tax incentives for water conservation and efficiency measures.
 - The Legislature should look at making water rebates nontaxable income.
- *The Legislature should consider additional programs to facilitate restoration of streamflows through voluntary means during times of drought.*
 - The Legislature should look at establishing a program that would allow for the pre-approval of leases for instream purposes. A pre-approval process, with appropriate sideboards, could improve water right flexibility by allowing a water right holder to submit an application to lease their water instream for up to 5 years and notify OWRD immediately prior to each irrigation season if they desire their water to remain instream, without having to go back through the application process. The water right holder could use their water out-of-stream per their water right during all other years. The lease application would still be subject to the injury and enlargement review, additionally, failure to notify OWRD of the desire to keep the water right instream would count towards non-use, minimizing opportunities for misuse and ensuring that the forfeiture statute is not circumvented. This change would allow water right holders to respond to and mitigate for the impacts of drought conditions with a low financial and administrative burden to the water right holder.

Contact

Racquel Rancier, Senior Policy Coordinator
503-302-9235 / Racquel.R.Rancier@oregon.gov