

Secretary of State  
**STATEMENT OF NEED AND FISCAL IMPACT**  
A Notice of Proposed Rulemaking Hearing accompanies this form.

**FILED**  
9-13-17 3:49 PM  
ARCHIVES DIVISION  
SECRETARY OF STATE

Water Resources Department  
Agency and Division

690  
Administrative Rules Chapter Number

Well Construction Bond Increase; Landowner Well Construction Permit Fee Increase; and Landowner Well Permit Requirement

Rule Caption (Not more than 15 words that reasonably identifies the subject matter of the agency's intended action.)

In the Matter of:

The amendment of Oregon Administrative Rule 690, Divisions 205 and 240 to match the requirements of ORS 537.753.

**Statutory Authority:**

ORS 183, 536, 537 & 540

**Other Authority:**

**Statutes Implemented:**

ORS 183, ORS 536 and ORS 537

**Need for the Rule(s):**

The Department is proposing the rule changes to implement modifications made to ORS 537.753 by HB 2296A during the 2017 legislative session. The changes, which help protect Oregon's groundwater by supporting well construction and inspection programs, include:

- Bond increase from \$10,000 to \$20,000 for water well constructors.
- Bond increase from \$5,000 to \$10,000 for landowner water well construction.
- Well construction permit application fee increase from \$25 to \$500 for landowners who apply to construct their own well, and who are not licensed to construct wells.
- Clarification of when a landowner well construction permit is required.

**Documents Relied Upon, and where they are available:**

<https://olis.leg.state.or.us/liz/2017R1/Downloads/MeasureDocument/HB2296>

<http://www.oregon.gov/owrd/pages/law/oar.aspx>

**Fiscal and Economic Impact:**

The Department, which sets well construction standards, anticipates that licensed well constructors who wish to be bonded, will see an increase of about \$100 a year in the price of their water well constructor's bond. The Department does not anticipate a price increase for the cost of a bond for landowners who wish to construct their own well on their own property. Landowners, who are not licensed to construct their own wells, will see an increase in the cost of a permit application from \$25 to \$500.

**Statement of Cost of Compliance:**

**1. Impact on state agencies, units of local government and the public (ORS 183.335(2)(b)(E)):**

Under the proposed rules, the Department anticipates a small cost increase for licensed well constructors who choose to be bonded. The price of their bond will increase from about \$100 a year to \$200 a year. The bond increase better reflects the costs of repairing or decommissioning a well that is improperly constructed.

There will also be a price increase for landowners who apply to construct their own well on their own property if they are not licensed well constructors. The price of a landowner well permit application will increase from \$25 to \$500. These landowners will also have a requirement for an increased bond from \$5,000 to \$10,000. Due to the minimum costs from bonding companies, the Department does not anticipate a price increase for the landowner bond. About 40 landowners apply annually for permits to construct wells without using a licensed driller.

The Department does not anticipate a cost increase for state agencies or units of local government.

**2. Cost of compliance effect on small business (ORS 183.336):**

**a. Estimate the number of small business and types of businesses and industries with small businesses subject to the rule:**

The Department estimates that around 400 licensed well drillers will be subject to the proposed rules (See description of costs in fiscal impact statement, above).

**b. Projected reporting, recordkeeping and other administrative activities required for compliance, including costs of professional services:**

The Department does not anticipate additional reporting, recordkeeping or other administrative activities for compliance.

**c. Equipment, supplies, labor and increased administration required for compliance:**

The Department does not anticipate a cost increase for equipment, supplies, labor or administration.

**How were small businesses involved in the development of this rule?**

Members of the Rules Advisory Committee included two Oregon drilling companies that will be subject to the proposed rules; they also represented property owners. Another member of the RAC included staff from the Oregon Health Authority's Drinking Water Program.

**Administrative Rule Advisory Committee consulted?: Yes**

**If not, why?:**

11-03-2017 5:00 p.m.	Diana Enright	diana.m.enright@oregon.gov
Last Day (m/d/yyyy) and Time for public comment	Printed Name	Email Address