House Bill 3459

Sponsored by Representative JENSON

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SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced.**

Allows qualifying district holding water right to change place of use for water to other lands within district without seeking transfer of water right. Terminates pilot program temporarily creating similar right in limited areas.

A BILL FOR AN ACT

- Relating to district water rights; creating new provisions; amending ORS 536.050 and 540.510; and repealing sections 23, 24 and 25, chapter 705, Oregon Laws 2003.
- 4 Be It Enacted by the People of the State of Oregon:
 - SECTION 1. Section 2 of this 2011 Act is added to and made a part of ORS 540.505 to 540.585.
 - SECTION 2. (1) Notwithstanding ORS 540.520, 540.530, 540.570 and 540.580, a district that qualifies under this subsection and holds a water right subject to transfer may change the place of use from the lands specified in the water right and use the certificated water on any land within the legal boundaries of the district without petitioning for or receiving approval of the transfer by the Water Resources Department. To qualify under this subsection, the district:
 - (a) Must have defined state district boundaries;
 - (b) Must have a management structure that can ensure that water is applied only where the water use is authorized;
 - (c) May not irrigate an area in any one irrigation season that exceeds the maximum number of acres allowed to be irrigated under the original water right;
 - (d) Shall make full and accurate measurement of the water appropriated;
- (e)(A) Shall have an accurate map identifying the location of authorized use by priority date;
 - (B) Shall make the map available for review upon request; and
 - (C) Shall provide a copy of the map to the watermaster;
 - (f) Shall have on file statements by any landowner affected by the water use change indicating that the landowner agrees to the change;
 - (g) Shall be implementing or have in effect an approved water management and conservation plan; and
 - (h) Shall maintain records for all changes in the place of use of the water right that are sufficient to document the beneficial use of the water.
 - (2) The place of use for water may be changed under this section only if the board of directors for the district approves the change.
 - (3) The department may require that a change in water use described in this section

NOTE: Matter in **boldfaced** type in an amended section is new; matter [italic and bracketed] is existing law to be omitted. New sections are in **boldfaced** type.

cease and that the use revert to the use allowed under the water right of record if the department determines at any time that:

- (a) The district does not qualify under subsection (1) of this section;
- (b) The district has made a change in use of the water other than a change in the place of use; or
 - (c) The change in the place of use injures the water rights of other water users.
- (4) A department determination or requirement under subsection (3) of this section is subject to hearing as provided in ORS chapter 183. Any requirement that a district cease a change in the place of water use under this section must set forth any actions that the district must take before a change in the place of use by the district may qualify under this section.
- (5) A change in the place of use of water under this section, or a disqualification under subsection (3) of this section that is due to a change of use, does not affect the ability of a district to apply for any transfer of the water right under ORS 540.520 and 540.530 or under ORS 540.570 and 540.572 to 540.580.

SECTION 3. ORS 540.510 is amended to read:

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540.510. (1) Except as provided in [subsections (2) to (8) of] this section, all water used in this state for any purpose shall remain appurtenant to the premises upon which it is used and no change in use or place of use of any water for any purpose may be made without compliance with the provisions of ORS 540.520 and 540.530. However, the holder of any water use subject to transfer may, upon compliance with the provisions of ORS 540.520 and 540.530, change the use and place of use, the point of diversion or the use [theretofore] to be made of the water in all cases without losing the previously established priority of the right [theretofore established]. A district may change the place of use in the manner provided in ORS 540.572 to 540.580 or section 2 of this 2011 Act in lieu of the method provided in ORS 540.520 and 540.530. When an application for change of the use or place of use for a primary water right is submitted in accordance with this section, the applicant also shall indicate whether the land described in the application has an appurtenant supplemental water right or permit. If the applicant also intends to transfer the supplemental water right or permit, the applicant also shall include the information required under ORS 540.520 (2) for the supplemental water right or permit. If the applicant does not include the supplemental water right or permit in the transfer application, the Water Resources Department shall notify the applicant that the supplemental water right or permit will be canceled before the department issues the order approving the transfer of the primary water right, unless within 30 days the applicant modifies the application to include the supplemental water right or permit or withdraws the application. The department may approve the transfer of the supplemental water right or permit in accordance with the provisions of ORS 540.520 and 540.530. The department [shall] may not approve the transfer of a supplemental water right or permit if the transfer would result in enlargement of the original water right or injury to an existing water right. If the department approves the transfer of the primary water right but does not approve the transfer of the supplemental water right or permit, the department shall notify the applicant of the department's intent to cancel that portion of the supplemental water right or permit described in the transfer application before the department issues the primary water right transfer order, unless the applicant withdraws the transfer application within 90 days.

(2) Subject to the limitations in ORS 537.490, any right to the use of conserved water allocated by the Water Resources Commission under ORS 537.470 may be severed from the land and trans-

1 ferred or sold after notice to the commission as required under ORS 537.490.

- (3)(a) Any water used under a permit or certificate issued to a municipality, or under rights conferred by ORS 538.410 to 538.450, or under the registration system set forth in ORS 537.132, may be applied to beneficial use on lands to which the right is not appurtenant if:
- (A) The water is applied to lands which are acquired by annexation or through merger, consolidation or formation of a water authority, so long as the rate and use of water allowed in the original certificate is not exceeded;
- (B) The use continues to be for municipal purposes and would not interfere with or impair prior vested water rights; or
- (C) The use is authorized under a permit granted under ORS 468B.050 or 468B.053 and for which a reclaimed water registration form has been filed under ORS 537.132.
- (b) As used in this subsection, "municipality" means a city, a port formed under ORS 777.005 to 777.725, 777.915 to 777.953 and 778.010, a domestic water supply district formed under ORS chapter 264, a water supplier as defined in ORS 448.115 or a water authority formed under ORS chapter 450.
- (4) Pursuant to the provisions of ORS 540.570 or 540.585 or section 2 of this 2011 Act, any water used under a permit or certificate issued to a district may be applied to beneficial use on lands within the district to which the right is not appurtenant.
- (5) The relocation of a point of diversion as necessary to follow the movements of a naturally changing stream channel does not constitute a change in point of diversion for purposes of ORS 540.520 if:
- (a) The diversion point stays within 500 feet of the point of diversion on record with the Water Resources Department;
- (b) The change does not move the diversion point upstream or downstream beyond the diversion point of another appropriator; and
- (c) The diversion is provided with a proper fish screen, if requested by the State Department of Fish and Wildlife.
- (6) [In the event that] If government action results in or creates a reasonable expectation of a change in the surface level of a surface water source that impairs or threatens to impair access to a point of diversion authorized by a water right permit, certificate or decree, the owner of the water right may change the point of diversion or add an additional point of diversion in accordance with the provisions of this section in lieu of complying with the requirements of ORS 540.520 and 540.530. Before changing the point of diversion, the water right owner shall provide written notice of the proposed change to the Water Resources Department. Within 15 days after receipt of such notice, the department shall provide notice by publication in the department's public notice of water right applications. Within 60 days after the department receives notice from the owner, the Water Resources Director, by order, shall approve the change unless the director finds the changes will result in injury to other existing water rights. All other terms and conditions of the water right shall remain in effect.
- (7) The sale or lease of the right to the use of conserved water under ORS 537.490 does not constitute a change of use or a change in the place of use of water for purposes of ORS 540.520.
- (8) Ground water applied to an exempt use as set forth in ORS 537.141 or 537.545 may be subsequently applied to land for irrigation purposes under ORS 537.141 (1)(i) or 537.545 (1)(g) without application for a change in use or place of use under this section.
 - **SECTION 4.** ORS 536.050 is amended to read:
 - 536.050. (1) The Water Resources Department may collect the following fees in advance:

- 1 (a) For examining an application for a permit:
 - (A) To appropriate water, except as provided under ORS 543.280 for an application for a hydroelectric project:
- 4 (i) A base fee of \$700 for an appropriation of water through a single use, point of diversion or point of appropriation;
 - (ii) \$250 for the first second-foot or fraction thereof appropriated under the permit;
 - (iii) \$250 for each additional second-foot or fraction thereof appropriated under the permit;
- 8 (iv) \$250 for each additional use, point of diversion or point of appropriation included in the 9 application;
- 10 (v) If appropriating stored water, \$25 for the first acre-foot or fraction thereof up to 20 acre-feet, 11 plus \$1 for each additional acre-foot or fraction thereof; and
 - (vi) If appropriating ground water, in addition to any other fees, \$300 for each application filed.
- 13 (B) To store water under ORS 537.400 or 537.534 (4):
- 14 (i) A base fee of \$700;

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- (ii) \$25 for the first acre-foot or fraction thereof up to 20 acre-feet, plus \$1 for each additional acre-foot or fraction thereof; and
 - (iii) \$100 for each additional storage location.
 - (C) To exclusively appropriate stored water:
- 19 (i) A base fee of \$400; and
- 20 (ii) \$25 for the first acre-foot or fraction thereof up to 20 acre-feet, plus \$1 for each additional acre-foot or fraction thereof.
- 22 (b) For a permit issued under ORS 537.147, 537.211, 537.409 or 537.625 to appropriate or store water:
 - (A) A base fee of \$400 for recording the permit; and
 - (B) An additional fee of \$500 if the permit is issued pursuant to a final order that contains provisions requested by the applicant for mitigating impacts to the proposed water source.
 - (c) For filing and recording the assignment or partial assignment of a water right application, permit or license under ORS 537.220 or 537.635, \$75.
- 29 (d) For copying records in the department, \$2 for the first page and 50 cents for each additional 30 page.
 - (e) For certifying copies, documents, records or maps, \$10 for each certificate.
 - (f) For a blueprint copy of any map or drawing, the actual cost of the work.
 - (g) For a computer-generated map, the actual cost of the work.
- 34 (h) For examining an application for approval of a change to an existing water right or permit:
 - (A) A base fee of \$900 for a change to a single water right or permit;
 - (B) \$700 for each additional type of change requested;
 - (C) For a request for a change in place of use or type of use or for a water exchange under ORS 540.533, \$250 for each second-foot or fraction thereof requested beyond the first second-foot;
 - (D) \$400 for each additional water right or permit included in the application; and
 - (E) An additional fee of \$300 per application, if the application is for an additional point of appropriation, a change in a point of appropriation or a change from surface water to ground water or for substitution as described in ORS 540.524.
 - (i) For examining an application for a temporary change in place of use under ORS 540.523, for a temporary transfer under ORS 540.585 or for a temporary change in place of use, a change in the point of diversion to allow for the appropriation of ground water or a change of a primary right to

- a supplemental right under ORS 540.570 or a change of place under section 2 of this 2011 Act, a base fee of \$600 for the first water right or permit, plus \$200 for each additional water right or permit included in the application and:
- 4 (A) For nonirrigation uses, \$150 for each second-foot or fraction thereof requested beyond the 5 first second-foot; or
 - (B) For irrigation uses, \$2 per acre of land irrigated or, if the application and required map are submitted to the department in a department-approved digital format, 50 cents per acre of land irrigated.
 - (j) For submitting a protest to the department:
 - (A) \$600 if the protest is by a nonapplicant; and
 - (B) \$300 if the protest is by an applicant.

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- (k) For filing an application for extension of time within which irrigation or other works shall be completed or a water right perfected, \$500.
- (L) For a limited license under ORS 537.143 or 537.534 (2), the fee established by rule by the Water Resources Commission.
- (m) For filing, examining and certifying a petition under ORS 541.329, \$300 plus 10 cents per acre of water involved in the application. For purposes of computing this fee, when any acreage within a quarter quarter of a section is involved, the 10 cents per acre shall apply to all acres in that quarter quarter of a section. Notwithstanding the fee amount established in this paragraph, a district notifying the department under ORS 541.327 (4) shall pay the actual cost of filing, examining and certifying the petition.
 - (n) For requesting standing under ORS 537.153, 537.621 or 543A.120, \$150.
- (o) For participating in a contested case proceeding under ORS 537.170, 537.622 or 543A.130, \$350.
- (p) Except for an applicant, for obtaining a copy of both a proposed final order and a final order for a water right application under ORS 537.140 to 537.252, 537.505 to 537.795 or 543A.005 to 543A.300 or an extension issued under ORS 537.230, 537.248 or 537.630, \$20.
 - (q) For examining an application to store water under ORS 537.409:
- (A) A base fee of \$300; and
- (B) \$25 for each acre-foot or fraction thereof.
- 31 (r) For submitting a notice of intent under ORS 543A.030 or 543A.075, the amount established 32 by the Water Resources Director under ORS 543A.410.
 - (s) For examining an application for a substitution made under ORS 540.524:
 - (A) A base fee of \$630 for the first well substitution; and
 - (B) A fee of \$300 for each additional well substitution.
- 36 (t) For examining an application for an allocation of conserved water under ORS 537.455 to 537.500:
 - (A) A base fee of \$850 for the first water right that is part of the allocation; and
- 39 (B) An additional fee of \$300 for each water right that is part of the allocation beyond the first water right.
- 41 (u) For submitting a water management and conservation plan pursuant to rules of the com-42 mission:
 - (A) \$400, if the plan is submitted by an agricultural water supplier;
- 44 (B) \$800, if the plan is submitted by a municipal water supplier serving a population of 1,000 or 45 fewer persons; or
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- 1 (C) \$1,600, if the plan is submitted by a municipal water supplier serving a population of more than 1,000 persons.
 - (v) For examining a new application for an in-stream water right lease under ORS 537.348:
- 4 (A) \$400 for an application for a lease with four or more landowners or four or more water 5 rights; or
 - (B) \$250 for all other applications.

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- (w) For examining an application for an in-stream water right lease renewal, \$100.
- 8 (x) For submitting a claim of beneficial use under a permit having a priority date of July 9, 1987, 9 or later, \$150.
- 10 (y) For submitting a request no later than 60 days after cancellation of a permit under ORS 537.260 to reinstate the permit, \$400.
 - (z) For submitting a request for a basin program exception under ORS 536.295, \$500.
 - (2)(a) The department may charge a dam owner an annual fee based upon the dam's hazard rating as determined by the department. The fees the department may charge the dam owner are:
 - (A) \$75 for a dam with a low hazard rating.
 - (B) \$150 for a dam with a significant hazard rating.
 - (C) \$500 for a dam with a high hazard rating.
 - (D) If the dam owner fails to pay an annual fee on or before six months after the billing date, a late fee of \$100.
 - (b) If a dam owner fails to pay an annual fee or a late fee charged by the department, the department may, after giving the dam owner notice by certified mail, place a lien on the real property where the dam is located for the fees owed by the dam owner.
 - (3) Notwithstanding the fees established under subsection (1) of this section, the commission may establish lower examination and permit fees by rule for:
 - (a) The right to appropriate water for a storage project of five acre-feet or less; or
 - (b) The right to appropriate water for the purpose of allowing the applicant to water livestock outside of a riparian area, as that term is defined in ORS 541.351.
 - (4)(a) The director may refund all or part of a fee paid to the department under this section if the director determines that a refund of the fee is appropriate in the interests of fairness to the public or necessary to correct an error of the department.
 - (b) The director may refund all or part of the protest fee described in subsection (1)(j) of this section to the legal owner or occupant who filed a protest under ORS 540.641 if an order of the Water Resources Commission establishes that all or part of a water right has not been canceled or modified under ORS 540.610 to 540.650.
 - (5) The director may waive all or part of a fee for a change to a water right permit under ORS 537.211 (4), a change to a water right subject to transfer under ORS 540.520 or 540.523 or an allocation of conserved water under ORS 537.470, if the change or allocation of conserved water is:
 - (a) Made pursuant to ORS 537.348;
 - (b) Necessary to complete a project funded under ORS 541.375; or
 - (c) Approved by the State Department of Fish and Wildlife as a change or allocation of conserved water that will result in a net benefit to fish and wildlife habitat.
 - (6) Notwithstanding the fees established pursuant to this section, the commission may adopt by rule reduced fees for persons submitting materials to the department in a digital format approved by the department.
 - (7) All moneys received under this section, less any amounts refunded under subsection (4) of

- 1 this section, shall be deposited in the Water Resources Department Water Right Operating Fund.
 - (8) Notwithstanding subsection (7) of this section, all fees received by the department for power purposes under ORS 543.280 shall be deposited in the Water Resources Department Hydroelectric Fund established by ORS 536.015.
 - **SECTION 5.** ORS 536.050, as amended by section 12, chapter 819, Oregon Laws 2009, is amended to read:
 - 536.050. (1) The Water Resources Department may collect the following fees in advance:
 - (a) For examining an application for a permit:
- (A) To appropriate water, except as provided under ORS 543.280 for an application for a hydroelectric project:
- (i) A base fee of \$500 for an appropriation of water through a single use, point of diversion or point of appropriation;
 - (ii) \$200 for the first second-foot or fraction thereof appropriated under the permit;
- (iii) \$100 for each additional second-foot or fraction thereof appropriated under the permit;
- (iv) \$200 for each additional use, point of diversion or point of appropriation included in the application; and
 - (v) If appropriating stored water, \$20 for the first acre-foot or fraction thereof up to 20 acre-feet, plus \$1 for each additional acre-foot or fraction thereof.
 - (B) To store water under ORS 537.400 or 537.534 (4):
- 20 (i) A base fee of \$500; and

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- 21 (ii) \$20 for the first acre-foot or fraction thereof up to 20 acre-feet, plus \$1 for each additional 22 acre-foot or fraction thereof.
 - (C) To exclusively appropriate stored water:
 - (i) A base fee of \$250; and
- 25 (ii) \$15 for the first acre-foot or fraction thereof up to 10 acre-feet, plus \$1 for each additional acre-foot or fraction thereof.
 - (b) For recording a permit to appropriate or store water, \$300.
 - (c) For filing and recording the assignment or partial assignment of a water right application, permit or license under ORS 537.220 or 537.635, \$50.
 - (d) For copying records in the department, \$2 for the first page and 50 cents for each additional page.
 - (e) For certifying copies, documents, records or maps, \$10 for each certificate.
 - (f) For a blueprint copy of any map or drawing, the actual cost of the work.
 - (g) For a computer-generated map, the actual cost of the work.
 - (h) For examining an application for approval of a change to an existing water right or permit:
 - (A) A base fee of \$400 for a change to a single water right or permit;
 - (B) \$400 for each additional type of change requested;
 - (C) For a request for a change in place of use or type of use or for a water exchange under ORS 540.533, \$200 for each second-foot or fraction thereof requested beyond the first second-foot; and
 - (D) \$200 for each additional water right or permit included in the application.
 - (i) For examining an application for a temporary change in place of use under ORS 540.523, for a temporary transfer under ORS 540.585 or for a temporary change in place of use, a change in the point of diversion to allow for the appropriation of ground water or a change of a primary right to a supplemental right under ORS 540.570 or a change of place under section 2 of this 2011 Act, a base fee of \$200 for the first water right or permit, plus \$50 for each additional water right or

1 permit included in the application and:

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- (A) For nonirrigation uses, \$80 for each second-foot or fraction thereof requested beyond the first second-foot; or
- (B) For irrigation uses, \$1 per acre of land irrigated or, if the application and required map are submitted to the department in a department-approved digital format, 25 cents per acre of land irrigated.
 - (j) For submitting a protest to the department, \$350.
- (k) For filing an application for extension of time within which irrigation or other works shall be completed or a water right perfected, \$350.
- (L) For a limited license under ORS 537.143 or 537.534 (2), the fee established by rule by the Water Resources Commission.
- (m) For filing, examining and certifying a petition under ORS 541.329, \$250 plus 10 cents per acre of water involved in the application. For purposes of computing this fee, when any acreage within a quarter quarter of a section is involved, the 10 cents per acre shall apply to all acres in that quarter quarter of a section. Notwithstanding the fee amount established in this paragraph, a district notifying the department under ORS 541.327 (4) shall pay the actual cost of filing, examining and certifying the petition.
 - (n) For requesting standing under ORS 537.153, 537.621 or 543A.120, \$100.
- (o) For participating in a contested case proceeding under ORS 537.170, 537.622 or 543A.130, \$250.
- (p) Except for an applicant, for obtaining a copy of both a proposed final order and a final order for a water right application under ORS 537.140 to 537.252, 537.505 to 537.795 or 543A.005 to 543A.300 or an extension issued under ORS 537.230, 537.248 or 537.630, \$10.
 - (q) For examining an application to store water under ORS 537.409:
- (A) A base fee of \$80; and
 - (B) \$20 for each acre-foot or fraction thereof.
- (r) For submitting a notice of intent under ORS 543A.030 or 543A.075, the amount established by the Water Resources Director under ORS 543A.410.
- (s) For examining an application for a substitution made under ORS 540.524, \$280.
- 30 (t) For examining an application for an allocation of conserved water under ORS 537.455 to 537.500, \$700.
- 32 (u) For submitting a water management and conservation plan pursuant to rules of the com-33 mission:
 - (A) \$250, if the plan is submitted by an agricultural water supplier;
 - (B) \$500, if the plan is submitted by a municipal water supplier serving a population of 1,000 or fewer persons; or
 - (C) \$1,000, if the plan is submitted by a municipal water supplier serving a population of more than 1,000 persons.
 - (v) For examining a new application for an in-stream water right lease under ORS 537.348:
- 40 (A) \$200 for an application for a lease with four or more landowners or four or more water 41 rights; or
 - (B) \$100 for all other applications.
 - (w) For examining an application for an in-stream water right lease renewal, \$50.
- 42 (2) Notwithstanding the fees established under subsection (1) of this section, the commission may 45 establish lower examination and permit fees by rule for:

- (a) The right to appropriate water for a storage project of five acre-feet or less; or
- (b) The right to appropriate water for the purpose of allowing the applicant to water livestock outside of a riparian area, as that term is defined in ORS 541.351.
- (3)(a) The director may refund all or part of a fee paid to the department under this section if the director determines that a refund of the fee is appropriate in the interests of fairness to the public or necessary to correct an error of the department.
- (b) The director may refund all or part of the protest fee described in subsection (1)(j) of this section to the legal owner or occupant who filed a protest under ORS 540.641 if an order of the Water Resources Commission establishes that all or part of a water right has not been canceled or modified under ORS 540.610 to 540.650.
- (4) The director may waive all or part of a fee for a change to a water right permit under ORS 537.211 (4), a change to a water right subject to transfer under ORS 540.520 or 540.523 or an allocation of conserved water under ORS 537.470, if the change or allocation of conserved water is:
 - (a) Made pursuant to ORS 537.348;
 - (b) Necessary to complete a project funded under ORS 541.375; or
- (c) Approved by the State Department of Fish and Wildlife as a change or allocation of conserved water that will result in a net benefit to fish and wildlife habitat.
- (5) Notwithstanding the fees established pursuant to this section, the commission may adopt by rule reduced fees for persons submitting materials to the department in a digital format approved by the department.
- (6) All moneys received under this section, less any amounts refunded under subsection (3) of this section, shall be deposited in the Water Resources Department Water Right Operating Fund.
- (7) Notwithstanding subsection (6) of this section, all fees received by the department for power purposes under ORS 543.280 shall be deposited in the Water Resources Department Hydroelectric Fund established by ORS 536.015.

SECTION 6. Sections 23, 24 and 25, chapter 705, Oregon Laws 2003, are repealed.

SECTION 7. The repeal of section 23, chapter 705, Oregon Laws 2003, by section 6 of this 2011 Act does not affect the validity of any change in the place of use by a water district undertaken in conformance with section 23, chapter 705, Oregon Laws 2003, before the effective date of this 2011 Act. However, if a district that changed a place of use under section 23, chapter 705, Oregon Laws 2003, does not qualify under section 2 of this 2011 Act on the effective date of this 2011 Act, the district must qualify under section 2 of this 2011 Act or apply for a transfer of right on or before one year after the effective date of this 2011 Act to avoid reversion of the place of use to the right of record.