

A-Engrossed
Senate Bill 342

Ordered by the Senate April 15
Including Senate Amendments dated April 15

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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.

Revises statutory provisions relating to lottery moneys constitutionally directed toward **acquisition, management and protection of parks and recreation areas and toward** financing restoration and protection of native fish and wildlife, watersheds and water quality. Changes permissible uses of moneys.

Establishes Local Government Grants Subaccount within State Parks and Recreation Department Fund for purpose of awarding grants to regional or local government entities to acquire or improve public parks, natural areas or outdoor recreation areas. Specifies amount of lottery moneys to be deposited in subaccount.

Requires State Parks and Recreation Director to submit biennial report to Joint Committee on Ways and Means on results of activities and programs funded by lottery moneys.

[Deletes provision regarding Oregon Watershed Enhancement Board member objections to awards of grant funds.] Alters content of program conducted by **Oregon Watershed Enhancement** Board. *[Authorizes board to enter into contracts with qualified experts or individuals for scientific review.]*

Changes name of Restoration and Protection Subaccount of Parks and Natural Resources Fund to Natural Resources Subaccount. Changes name of Watershed Improvement Grant Fund to Watershed Conservation Grant Fund. Changes name of Watershed Improvement Operating Fund to Watershed Conservation Operating Fund.

Requires state agencies receiving *[grant]* moneys from Natural Resources Subaccount to biennially report to Legislative Assembly regarding use of moneys.

Declares emergency, effective July 1, 2011.

A BILL FOR AN ACT

1
2 Relating to the use of Parks and Natural Resources Fund moneys; creating new provisions; amend-
3 ing ORS 390.134, 390.180, 541.351, 541.360, 541.370, 541.371, 541.373, 541.375, 541.376, 541.377,
4 541.378, 541.379, 541.392, 541.397, 541.401 and 805.256; repealing ORS 541.399; appropriating
5 money; and declaring an emergency.

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

7
8 **PARKS AND NATURAL RESOURCES FUND**

9
10 **SECTION 1.** ORS 541.377 is amended to read:

11 541.377. (1) There is established in the State Treasury, separate and distinct from the General
12 Fund, the Parks and Natural Resources Fund to be administered by the Oregon Department of Ad-
13 ministrative Services. All moneys transferred from the State Lottery Fund and all other moneys
14 authorized to be transferred to the Parks and Natural Resources Fund from whatever source are
15 appropriated continuously for the public purposes of restoring and protecting Oregon's parks,
16 beaches, watersheds and *[critical]* **native** fish and wildlife habitats. Fifteen percent of the net pro-

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.

1 ceeds from the Oregon State Lottery shall be deposited in the Parks and Natural Resources Fund
2 created under this subsection.

3 *[(2) Of the moneys deposited into the Parks and Natural Resources Fund from the Oregon State*
4 *Lottery, 50 percent shall be deposited into a Parks Subaccount for the public purpose of financing the*
5 *protection, repair, operation, creation and development of state parks, ocean shores, public beach access*
6 *areas, historic sites and recreation areas. The State Treasurer may invest and reinvest the moneys in*
7 *the Parks Subaccount as provided in ORS 293.701 to 293.820. Interest from the moneys deposited in*
8 *the subaccount and earnings from investment of the moneys in the subaccount shall be credited to the*
9 *subaccount.]*

10 *[(3) All moneys in the Parks Subaccount for financing the protection, repair, operation, creation*
11 *and development of state parks, ocean shores, public beach access areas, historic sites and recreation*
12 *areas shall be allocated to the State Parks and Recreation Department. Such moneys shall be deposited*
13 *into the State Parks and Recreation Department Fund established under ORS 390.134 and shall be*
14 *used for the following purposes:]*

15 *[(a) Maintaining, constructing, improving, developing, managing and operating state park and re-*
16 *creation facilities, programs and areas.]*

17 *[(b) Acquiring real property, or interest therein, deemed necessary for the creation and operation*
18 *of state parks, ocean shores, public beach access areas, recreation areas and historic sites or because*
19 *of natural, scenic, cultural, historic and recreational values.]*

20 *[(c) Operating grant programs for local government entities deemed necessary to accomplish the*
21 *public purposes of the Parks and Natural Resources Fund.]*

22 *[(4) Of the moneys deposited into the Parks and Natural Resources Fund from the Oregon State*
23 *Lottery, 50 percent shall be deposited into a Restoration and Protection Subaccount for the public*
24 *purpose of financing the restoration and protection of native salmonid populations, watersheds, fish and*
25 *wildlife habitats and water quality in Oregon. The State Treasurer may invest and reinvest the moneys*
26 *in the Restoration and Protection Subaccount as provided in ORS 293.701 to 293.820. Interest from the*
27 *moneys deposited in the subaccount and earnings from investment of the moneys in the subaccount shall*
28 *be credited to the Restoration and Protection Research Fund created under ORS 541.378.]*

29 *[(5) The moneys in the Restoration and Protection Subaccount for financing the restoration and*
30 *protection of native salmonid populations, watersheds, fish and wildlife habitats and water quality shall*
31 *be administered by the Oregon Watershed Enhancement Board and shall be used for all of the fol-*
32 *lowing purposes:]*

33 *[(a) Restoration and protection of watersheds and fish, wildlife, riparian and native species and for*
34 *habitat conservation activities, including but not limited to planning, coordination, assessment, imple-*
35 *mentation, restoration, inventory, information management and monitoring activities.]*

36 *[(b) Watershed and riparian education efforts.]*

37 *[(c) Development and implementation of watershed and water quality enhancement plans.]*

38 *[(d) Entering into agreements to obtain from willing owners determinate interests in lands and*
39 *waters that protect watershed resources, including but not limited to fee simple interests in land, leases*
40 *of land or water or conservation easements.]*

41 *[(e) Enforcement of fish and wildlife and habitat protection laws and regulations.]*

42 *[(6) Of the moneys deposited into the Restoration and Protection Subaccount from the Oregon State*
43 *Lottery, the Oregon Watershed Enhancement Board shall deposit:]*

44 *[(a) Sixty-five percent of the funds into the Watershed Improvement Grant Fund established under*
45 *ORS 541.397 to be used only for funding capital expenditure projects; and]*

1 **(5) Moneys in the Local Government Grants Subaccount may not be used to pay the cost**
2 **of administering grants or the cost of any Secretary of State audit required under section**
3 **4c, Article XV of the Oregon Constitution.**

4
5 **STATE PARKS AND RECREATION DEPARTMENT FUND;**
6 **LOCAL GOVERNMENT GRANTS SUBACCOUNT**
7

8 **SECTION 4.** ORS 390.134 is amended to read:

9 390.134. (1) As used in this section:

10 (a) “Camper” has the meaning given that term in ORS 801.180.

11 (b) “County” includes a metropolitan service district organized under ORS chapter 268, but only
12 to the extent that the district has acquired, through title transfer, and is operating a park or re-
13 creation site of a county pursuant to an intergovernmental agreement.

14 (c) “Motor home” has the meaning given that term in ORS 801.350.

15 (d) “Travel trailer” has the meaning given that term in ORS 801.565.

16 (2) The State Parks and Recreation Department Fund is established separate and distinct from
17 the General Fund. Moneys in the fund are continuously appropriated to the State Parks and Recre-
18 ation Department for the purposes provided by law. The fund shall consist of the following:

19 (a) All moneys placed in the fund as provided by law. Any interest or other income derived from
20 the depositing or other investing of the fund must be credited to the fund.

21 (b) All registration fees received by the Department of Transportation for campers, motor homes
22 and travel trailers that are transferred to the fund under ORS 366.512. The funds must be deposited
23 in a separate subaccount established under subsection (3) of this section.

24 (c) Revenue from fees and charges pursuant to ORS 390.124.

25 (3) Any moneys placed in the fund for a particular purpose may be placed in a separate subac-
26 count within the fund. Each separate subaccount established under this subsection must be sepa-
27 rately accounted for. Moneys placed in a subaccount must be used for the purposes for which they
28 are deposited.

29 (4) All of the moneys in the fund except those moneys described in subsection (3), (5), (6), [or]
30 (7), **(8) or (9)** of this section must be deposited in a separate subaccount within the fund and used
31 by the State Parks and Recreation Department for the acquisition, development, maintenance, care
32 and use of park and recreation sites and for the maintenance and operation of the Oregon State
33 Fair. The moneys in the subaccount under this subsection must be accounted for separately and
34 stated separately in the State Parks and Recreation Department’s biennial budget.

35 (5)(a) Thirty-five percent of the amount transferred to the State Parks and Recreation Depart-
36 ment under ORS 366.512 from the registration of travel trailers, campers and motor homes and under
37 ORS 803.601 from recreational vehicle trip permits must be deposited in a separate subaccount
38 within the fund to be distributed for the acquisition, development, maintenance, care and use of
39 county park and recreation sites. The moneys in the subaccount under this paragraph must be ac-
40 counted for separately. The following apply to the distribution of moneys under this paragraph:

41 (A) The moneys must be distributed among the several counties for the purposes described in
42 this paragraph. The distribution shall be made at times determined by the State Parks and Recre-
43 ation Department but must be made not less than once a year.

44 (B) The sums designated under this paragraph must be remitted to the county treasurers of the
45 several counties by warrant.

1 (b) The department shall establish an advisory committee to advise the department in the per-
2 formance of its duties under this subsection. The composition of the advisory committee under this
3 subsection is as determined by the department by rule. In determining the composition of the advi-
4 sory committee, the department shall attempt to provide reasonable representation for county offi-
5 cials or employees with responsibilities relating to county parks and recreation sites.

6 (c) The department, by rule, shall establish a program to provide moneys to counties for the
7 acquisition, development, maintenance, care and use of county park and recreation sites. The rules
8 under this paragraph shall provide for distribution of moneys based on use and need and, as the
9 department determines necessary, on the need for the development and maintenance of facilities to
10 provide camping sites for campers, motor homes and travel trailers.

11 (6) The department shall create a separate City and County Subaccount within the fund to be
12 used to reimburse cities and counties as provided in ORS 390.290.

13 (7) The department shall create a separate rural Fire Protection District Subaccount to be used
14 to provide funds for the fire protection districts as provided in ORS 390.290.

15 **(8) Moneys transferred to the State Parks and Recreation Department Fund from the**
16 **Parks Subaccount of the Parks and Natural Resources Fund may be used only for the pur-**
17 **poses described in section 3 of this 2011 Act.**

18 **(9)(a) There is established in the State Parks and Recreation Department Fund a Local**
19 **Government Grants Subaccount consisting of moneys deposited as provided in this sub-**
20 **section. Moneys deposited into the Local Government Grants Subaccount shall be used only**
21 **for the purposes described in section 3 (4) of this 2011 Act.**

22 **(b) Except as provided in paragraphs (c) and (d) of this subsection, of the amount trans-**
23 **ferred to the State Parks and Recreation Department Fund from the Parks Subaccount, 12**
24 **percent shall be deposited into the Local Government Grants Subaccount.**

25 **(c) Except as provided in paragraph (d) of this subsection, if the amount transferred to**
26 **the State Parks and Recreation Department Fund from the Parks Subaccount during a**
27 **biennium is more than 150 percent of the amount that was transferred during the 2009-2011**
28 **biennium, of the amount transferred during the next biennium the State Treasurer shall**
29 **deposit into the Local Government Grants Subaccount the amount described in paragraph**
30 **(b) of this subsection plus an amount equal to the difference between the amount deposited**
31 **to the Local Government Grants Subaccount during the preceding biennium and 25 percent**
32 **of the moneys transferred to the State Parks and Recreation Department Fund from the**
33 **Parks Subaccount during the preceding biennium.**

34 **(d) The requirements in paragraphs (b) and (c) of this subsection apply only for biennia**
35 **in which the Legislative Assembly does not require a greater percentage of the amount**
36 **transferred to the State Parks and Recreation Department Fund from the Parks Subaccount**
37 **to be deposited into the Local Government Grants Subaccount. The Legislative Assembly**
38 **may not authorize the percentage of the amount transferred to the State Parks and Recre-**
39 **ation Department Fund from the Parks Subaccount that is deposited into the Local Gov-**
40 **ernment Grants Subaccount in a biennium to be less than the percentage required to be**
41 **deposited under paragraphs (b) and (c) of this subsection.**

42 **[(8)] (10) On or before January 15 of each odd-numbered year, the State Parks and Recreation**
43 **Director shall report to the Joint Committee on Ways and Means created by ORS 171.555 on the**
44 **use of moneys deposited pursuant to ORS 805.256 in the fund. Notwithstanding ORS 192.230 to**
45 **192.250, the director shall make the report in a form and manner as the committee may prescribe.**

1 **(11) On or before January 15 of each odd-numbered year, the director shall submit a re-**
2 **port to the Joint Committee on Ways and Means created by ORS 171.555 that describes the**
3 **measurable biennial and cumulative results of activities and programs financed by moneys**
4 **transferred to the State Parks and Recreation Department Fund from the Parks Subaccount.**
5 **Notwithstanding ORS 192.230 to 192.250, the director shall make the report in a form and**
6 **manner as the committee may prescribe.**

7 **SECTION 5.** ORS 390.134, as amended by section 2, chapter 792, Oregon Laws 2007, and section
8 47, chapter 11, Oregon Laws 2009, is amended to read:

9 390.134. (1) As used in this section:

10 (a) “Camper” has the meaning given that term in ORS 801.180.

11 (b) “County” includes a metropolitan service district organized under ORS chapter 268, but only
12 to the extent that the district has acquired, through title transfer, and is operating a park or re-
13 creation site of a county pursuant to an intergovernmental agreement.

14 (c) “Motor home” has the meaning given that term in ORS 801.350.

15 (d) “Travel trailer” has the meaning given that term in ORS 801.565.

16 (2) The State Parks and Recreation Department Fund is established separate and distinct from
17 the General Fund. Moneys in the fund are continuously appropriated to the State Parks and Recre-
18 ation Department for the purposes provided by law. The fund shall consist of the following:

19 (a) All moneys placed in the fund as provided by law. Any interest or other income derived from
20 the depositing or other investing of the fund must be credited to the fund.

21 (b) All registration fees received by the Department of Transportation for campers, motor homes
22 and travel trailers that are transferred to the fund under ORS 366.512. The funds must be deposited
23 in a separate subaccount established under subsection (3) of this section.

24 (c) Revenue from fees and charges pursuant to ORS 390.124.

25 (3) Any moneys placed in the fund for a particular purpose may be placed in a separate subac-
26 count within the fund. Each separate subaccount established under this subsection must be sepa-
27 rately accounted for. Moneys placed in a subaccount must be used for the purposes for which they
28 are deposited.

29 (4) All of the moneys in the fund except those moneys described in subsection (3), (5), (6), [or]
30 (7), **(8) or (9)** of this section must be deposited in a separate subaccount within the fund and used
31 by the State Parks and Recreation Department for the acquisition, development, maintenance, care
32 and use of park and recreation sites and for the maintenance and operation of the Oregon State
33 Fair. The moneys in the subaccount under this subsection must be accounted for separately and
34 stated separately in the State Parks and Recreation Department’s biennial budget.

35 (5)(a) Thirty percent of the amount transferred to the State Parks and Recreation Department
36 under ORS 366.512 from the registration of travel trailers, campers and motor homes and under ORS
37 803.601 from recreational vehicle trip permits must be deposited in a separate subaccount within the
38 fund to be distributed for the acquisition, development, maintenance, care and use of county park
39 and recreation sites. The moneys in the subaccount under this paragraph must be accounted for
40 separately. The following apply to the distribution of moneys under this paragraph:

41 (A) The moneys must be distributed among the several counties for the purposes described in
42 this paragraph. The distribution shall be made at times determined by the State Parks and Recre-
43 ation Department but must be made not less than once a year.

44 (B) The sums designated under this paragraph must be remitted to the county treasurers of the
45 several counties by warrant.

1 (b) The department shall establish an advisory committee to advise the department in the per-
 2 formance of its duties under this subsection. The composition of the advisory committee under this
 3 subsection is as determined by the department by rule. In determining the composition of the advi-
 4 sory committee, the department shall attempt to provide reasonable representation for county offi-
 5 cials or employees with responsibilities relating to county parks and recreation sites.

6 (c) The department, by rule, shall establish a program to provide moneys to counties for the
 7 acquisition, development, maintenance, care and use of county park and recreation sites. The rules
 8 under this paragraph shall provide for distribution of moneys based on use and need and, as the
 9 department determines necessary, on the need for the development and maintenance of facilities to
 10 provide camping sites for campers, motor homes and travel trailers.

11 (6) The department shall create a separate City and County Subaccount within the fund to be
 12 used to reimburse cities and counties as provided in ORS 390.290.

13 (7) The department shall create a separate rural Fire Protection District Subaccount to be used
 14 to provide funds for the fire protection districts as provided in ORS 390.290.

15 **(8) Moneys transferred to the State Parks and Recreation Department Fund from the**
 16 **Parks Subaccount of the Parks and Natural Resources Fund may be used only for the pur-**
 17 **poses described in section 3 of this 2011 Act.**

18 **(9)(a) There is established in the State Parks and Recreation Department Fund a Local**
 19 **Government Grants Subaccount consisting of moneys deposited as provided in this sub-**
 20 **section. Moneys deposited into the Local Government Grants Subaccount shall be used only**
 21 **for the purposes described in section 3 (4) of this 2011 Act.**

22 **(b) Except as provided in paragraphs (c) and (d) of this subsection, of the amount trans-**
 23 **ferred to the State Parks and Recreation Department Fund from the Parks Subaccount, 12**
 24 **percent shall be deposited into the Local Government Grants Subaccount.**

25 **(c) Except as provided in paragraph (d) of this subsection, if the amount transferred to**
 26 **the State Parks and Recreation Department Fund from the Parks Subaccount during a**
 27 **biennium is more than 150 percent of the amount that was transferred during the 2009-2011**
 28 **biennium, of the amount transferred during the next biennium the State Treasurer shall**
 29 **deposit into the Local Government Grants Subaccount the amount described in paragraph**
 30 **(b) of this subsection plus an amount equal to the difference between the amount deposited**
 31 **to the Local Government Grants Subaccount during the preceding biennium and 25 percent**
 32 **of the moneys transferred to the State Parks and Recreation Department Fund from the**
 33 **Parks Subaccount during the preceding biennium.**

34 **(d) The requirements in paragraphs (b) and (c) of this subsection apply only for biennia**
 35 **in which the Legislative Assembly does not require a greater percentage of the amount**
 36 **transferred to the State Parks and Recreation Department Fund from the Parks Subaccount**
 37 **to be deposited into the Local Government Grants Subaccount. The Legislative Assembly**
 38 **may not authorize the percentage of the amount transferred to the State Parks and Recre-**
 39 **ation Department Fund from the Parks Subaccount that is deposited into the Local Gov-**
 40 **ernment Grants Subaccount in a biennium to be less than the percentage required to be**
 41 **deposited under paragraphs (b) and (c) of this subsection.**

42 **[(8)] (10) On or before January 15 of each odd-numbered year, the State Parks and Recreation**
 43 **Director shall report to the Joint Committee on Ways and Means created by ORS 171.555 on the**
 44 **use of moneys deposited pursuant to ORS 805.256 in the fund. Notwithstanding ORS 192.230 to**
 45 **192.250, the director shall make the report in a form and manner as the committee may prescribe.**

1 (11) On or before January 15 of each odd-numbered year, the director shall submit a re-
2 port to the Joint Committee on Ways and Means created by ORS 171.555 that describes the
3 measurable biennial and cumulative results of activities and programs financed by moneys
4 transferred to the State Parks and Recreation Department Fund from the Parks Subaccount.
5 Notwithstanding ORS 192.230 to 192.250, the director shall make the report in a form and
6 manner as the committee may prescribe.

7 **SECTION 6.** ORS 390.180 is amended to read:

8 390.180. (1) The State Parks and Recreation Director shall adopt rules that:

9 (a) Establish the standards the State Parks and Recreation Department shall use when that de-
10 partment:

11 (A) Performs comprehensive statewide recreational planning; or

12 (B) Disburses any moneys to **regional or** local governments or other state agencies under pro-
13 grams established under state or federal law.

14 (b) Establish a process for the development of a master plan for each state park, including public
15 participation and coordination with affected local governments.

16 (c) Establish a master plan for each state park, including an assessment of resources and a de-
17 termination of the capacity for public use and enjoyment of each park, that the State Parks and
18 Recreation Department shall follow in its development and use of each park.

19 (d) Make state funding assistance available to **regional or local governments that demon-**
20 **strate cooperation with** nonprofit veterans' organizations for the construction and restoration of
21 memorials honoring veterans and war memorials located on public property.

22 (2) The State Parks and Recreation Director shall submit an adopted state park master plan to
23 the local government with land use planning responsibility for the subject park.

24
25 **NATURAL RESOURCES DEFINITIONS**

26
27 **SECTION 7.** ORS 541.351 is amended to read:

28 541.351. As used in ORS 541.351 to 541.415:

29 (1) "Adaptive management" means applying management or practices over time and across the
30 landscape to achieve site specific resource goals using an integrated and science based approach
31 that results in changes over time in response to feedback or monitoring.

32 (2) "Associated uplands" includes those lands of a watershed that are critical to the functioning
33 and protection of a riparian area.

34 (3) "Board" means the Oregon Watershed Enhancement Board created under ORS 541.360.

35 [(4) "Capital expenditures" means direct expenses related to:]

36 [(a) Personal property of a nonexpendable nature including items that are not consumed in the
37 normal course of operations, can normally be used more than once, have a useful life of more than two
38 years and are for use in the enforcement of fish and wildlife and habitat protection laws and regu-
39 lations; or]

40 [(b) Projects that restore, enhance or protect fish and wildlife habitat, watershed functions, native
41 salmonid populations or water quality, including but not limited to:]

42 [(A) Expenses of assessment, research, design or other technical requirements for the implementa-
43 tion of a project;]

44 [(B) The acquisition of determinate interests, including fee and less than fee interests, in land or
45 water in order to protect watershed resources, including appraisal costs and other costs directly related

1 *to such acquisitions;]*

2 *[(C) Development, construction or implementation of a project to restore, enhance or protect water*
3 *quality, a watershed, fish or wildlife, or riparian or other habitat;]*

4 *[(D) Technical support directly related to the implementation of a project; and]*

5 *[(E) Monitoring or evaluation activities necessary to determine the actual effectiveness of a*
6 *project.]*

7 [(5)] (4) “Independent Multidisciplinary Science Team” means the scientific team of recognized
8 experts in fisheries, artificial propagation, stream ecology, forestry, range, watershed and agricul-
9 tural management created under ORS 541.409.

10 [(6)] (5) “Native” means indigenous to Oregon and not introduced.

11 **(6) “Oregon Conservation Strategy” means the comprehensive wildlife conservation**
12 **strategy for this state adopted by the State Fish and Wildlife Commission.**

13 (7) “Oregon Plan” means the guidance statement and framework described in ORS 541.405.

14 (8) “Protect” or “protection” means to minimize or mitigate adverse effects on [*salmonid and*]
15 **native fish or wildlife** habitat to the maximum extent practicable given the anticipated duration,
16 geographic scope and primary purpose of proposed activities.

17 (9) “Restore” or “restoration” means to take actions likely to achieve sustainable population
18 levels of native fish or wildlife and their habitats.

19 (10) “Riparian area” means a zone of transition from an aquatic ecosystem to a terrestrial
20 ecosystem, dependent upon surface or subsurface water, that reveals through the zone’s existing or
21 potential soil-vegetation complex the influence of such surface or subsurface water. A riparian area
22 may be located adjacent to a lake, reservoir, estuary, pothole, spring, bog, wet meadow, muskeg or
23 ephemeral, intermittent or perennial stream.

24 (11) “Soil and water conservation district” means a political subdivision of the state as described
25 in ORS 568.550.

26 (12) “Stewardship” means the careful and responsible management of the environment.

27 (13) “Tribe” means a federally recognized Indian tribe in Oregon.

28 (14) “Watershed” means the entire land area drained by a stream or system of connected
29 streams such that all streamflow originating in the area is discharged through a single outlet.

30 (15) “Watershed council” means a voluntary local organization, designated by a local govern-
31 ment group convened by a county governing body, to address the goal of sustaining natural resource
32 and watershed protection, restoration and enhancement within a watershed.

33
34 **NATURAL RESOURCES SUBACCOUNT**
35

36 **SECTION 8. Sections 9 and 10 of this 2011 Act are added to and made a part of ORS**
37 **541.351 to 541.415.**

38 **SECTION 9. (1) Of the moneys deposited into the Parks and Natural Resources Fund**
39 **created under ORS 541.377 from the Oregon State Lottery, 50 percent shall be deposited into**
40 **a Natural Resources Subaccount for the public purpose of financing the restoration and**
41 **protection of native fish and wildlife, watersheds and water quality in Oregon. The State**
42 **Treasurer may invest and reinvest the moneys in the Natural Resources Subaccount as**
43 **provided in ORS 293.701 to 293.820. Interest from the moneys deposited in the subaccount and**
44 **earnings from investment of the moneys in the subaccount shall be credited to the Resto-**
45 **ration and Protection Research Fund created under ORS 541.378.**

1 (2) Moneys in the Natural Resources Subaccount shall be used to accomplish each of the
2 following:

3 (a) Protecting and improving water quality in the rivers, lakes and streams of this state
4 by restoring natural watershed functions or stream flows;

5 (b) Securing long-term protection for lands and waters that provide significant habitats
6 for native fish and wildlife;

7 (c) Restoring and maintaining habitat needed to sustain healthy and resilient populations
8 of native fish and wildlife;

9 (d) Maintaining the diversity of plants, animals and ecosystems in this state;

10 (e) Involving people in voluntary actions to protect, restore and maintain the ecological
11 health of lands and waters in this state; and

12 (f) Remedying the conditions that limit the health of fish and wildlife, fish and wildlife
13 habitats and watershed functions that are in the greatest need of conservation.

14 (3) Except as provided in subsections (4) and (5) of this section, of the moneys deposited
15 into the Natural Resources Subaccount from the Oregon State Lottery:

16 (a) Sixty-five percent of the moneys shall be deposited into the Watershed Conservation
17 Grant Fund established under ORS 541.397 to be used by the Oregon Watershed Enhance-
18 ment Board for the purposes set forth in section 13 of this 2011 Act; and

19 (b) Thirty-five percent of the moneys shall be deposited into the Watershed Conservation
20 Operating Fund established under ORS 541.379.

21 (4) If the amount transferred from the Oregon State Lottery to the Parks and Natural
22 Resources Fund during a biennium is more than 150 percent of the amount that was trans-
23 ferred during the 2009-2011 biennium, except as provided in subsection (5) of this section, the
24 State Treasurer shall, during the next following biennium, deposit from the Natural Re-
25 sources Subaccount to the Watershed Conservation Grant Fund the amount described in
26 subsection (3)(a) of this section plus an amount equal to the difference between the amount
27 deposited from the subaccount to the Watershed Conservation Grant Fund during the pre-
28 ceding biennium and 70 percent of the moneys received by the subaccount from the Oregon
29 State Lottery during the preceding biennium.

30 (5) The requirements in subsections (3) and (4) of this section apply only for biennia in
31 which the Legislative Assembly does not require a greater percentage of the Natural Re-
32 sources Subaccount moneys to be deposited into the Watershed Conservation Grant Fund.
33 The Legislative Assembly may not authorize the percentage of Natural Resources Subac-
34 count moneys deposited into the Watershed Conservation Grant Fund in a biennium to be
35 less than the percentage required to be deposited under subsections (3) and (4) of this sec-
36 tion.

37 SECTION 10. Each state agency that receives moneys from the Natural Resources Sub-
38 account created under section 9 of this 2011 Act shall submit a report to the Legislative
39 Assembly each biennium regarding the use of the moneys by the agency. The report shall
40 include, but need not be limited to, a description of the measurable biennial and cumulative
41 results of the activities and programs for which the agency expended the moneys. Reports
42 required by this section are in addition to any audit report supplied by the Secretary of State
43 under ORS chapter 297.

44
45 WATERSHED CONSERVATION GRANT FUND

1 **SECTION 11.** ORS 541.397 is amended to read:

2 541.397. (1) The Watershed [*Improvement*] **Conservation** Grant Fund is established separate and
3 distinct from the General Fund. The Watershed [*Improvement*] **Conservation** Grant Fund shall
4 consist of all moneys placed in the fund as provided by law. All moneys in the Watershed [*Im-*
5 *provement*] **Conservation** Grant Fund are continuously appropriated **to the Oregon Watershed**
6 **Enhancement Board for grants** to fund [*watershed improvement grants*] **projects** described in ORS
7 [541.399 and] 541.401 **that use grant moneys as provided under section 13 of this 2011 Act.** In-
8 terest accruing to the Watershed [*Improvement*] **Conservation** Grant Fund shall be credited to the
9 Restoration and Protection Research Fund created under ORS 541.378. [*Funds*] **Watershed Con-**
10 **servation Grant Fund moneys** appropriated and not expended by the completion of a biennium
11 shall remain in the Watershed [*Improvement*] **Conservation** Grant Fund.

12 [(2) *The Oregon Watershed Enhancement Board created under ORS 541.360 shall administer the*
13 *Watershed Improvement Grant Fund and provide grants from the fund for the purposes described in*
14 *ORS 541.399 and 541.401 in the manner described under ORS 541.399 and 541.401.*]

15 [(3)] (2) [*In addition to the funds made available for the purposes of ORS 541.351 to 541.415 under*
16 *ORS 541.399,*] The board also may accept gifts and grants from any public or private source for the
17 purpose of providing the grants described in [*subsection (2) of*] this section.

18 **SECTION 12.** Section 13 of this 2011 Act is added to and made a part of ORS 541.351 to
19 **541.415.**

20 **SECTION 13.** The purpose of the Watershed Conservation Grant Fund is to provide
21 **funding for grants to achieve the purposes and uses described in section 9 of this 2011 Act**
22 **and to implement the mission of the Oregon Plan, including but not limited to grants to**
23 **further the Oregon Conservation Strategy and the watershed health and native fish recovery**
24 **programs of this state. Moneys appropriated to the fund shall be used only for the following**
25 **activities:**

26 (1) **Acquiring from willing owners interests in land or water that will protect or restore**
27 **native fish or wildlife habitats. The interests may include, but need not be limited to, fee**
28 **interests, conservation easements or leases.**

29 (2) **Projects to protect or restore native fish habitat or wildlife habitat.**

30 (3) **Projects to protect or restore natural watershed or ecosystem functions in order to**
31 **improve water quality or stream flows.**

32 (4) **Resource assessment, planning, design and engineering, technical assistance, moni-**
33 **toring and outreach activities necessary for carrying out subsections (1) to (3) of this sec-**
34 **tion.**

35 **SECTION 14.** ORS 541.401 is amended to read:

36 541.401. The Oregon Watershed Enhancement Board may award funds from the Watershed [*Im-*
37 *provement*] **Conservation** Grant Fund only for [*the purposes listed in ORS 541.399*] **activities de-**
38 **scribed in section 13 of this 2011 Act.** Any project that the board approves for funding shall
39 comply with the following criteria:

40 (1) There is a matching contribution from other program funds, in-kind services or other in-
41 vestment in the project;

42 (2) The project to be funded is reviewed and approved by a technical committee **established** in
43 accordance with ORS 541.370 [(3)]; and

44 (3) The project provides a public benefit [*through*] **by supporting** improved:

45 (a) Water quality;

1 (b) **Native** fish or wildlife habitat; or

2 (c) *[Public information or education on a]* Watershed **or ecosystem** function.

3 **SECTION 15. ORS 541.399 is repealed.**

4
5 **WATERSHED CONSERVATION OPERATING FUND**

6
7 **SECTION 16.** ORS 541.379 is amended to read:

8 541.379. (1) The Watershed *[Improvement]* **Conservation** Operating Fund is established in the
9 State Treasury separate and distinct from the General Fund. The Watershed *[Improvement]* **Con-**
10 **servation** Operating Fund shall consist of all moneys placed in the fund as provided by law. **The**
11 **purpose of the fund is to carry out activities that support all of the purposes described in**
12 **section 9 of this 2011 Act.** *[All]* Moneys in the Watershed *[Improvement]* **Conservation** Operating
13 Fund *[are continuously appropriated for]* **shall be used for each of** the following *[purposes]:*

14 *[(a) Operational activities of the Oregon Watershed Enhancement Board;]*

15 *[(b) Activities of state and local agencies and other public entities related to the restoration and*
16 *protection of native salmonid populations, watersheds, fish and wildlife habitats and water quality,*
17 *including but not limited to activities under the Oregon Plan;]*

18 *[(c) Watershed improvement grants described in ORS 541.399 and 541.401 that are not capital*
19 *expenditures; and]*

20 *[(d) Watershed improvement grants described in ORS 541.399 and 541.401 that are capital expen-*
21 *ditures.]*

22 **(a) To develop, implement or update state conservation strategies or plans to protect or**
23 **restore native fish or wildlife habitats or to protect or restore natural watershed or**
24 **ecosystem functions to improve water quality or stream flows;**

25 **(b) To develop, implement or update regional or local strategies or plans that are con-**
26 **sistent with state strategies or plans described in paragraph (a) of this subsection;**

27 **(c) To develop, implement or update state strategies or plans to prevent, detect, control**
28 **or eradicate invasive species that threaten native fish or wildlife habitats or that impair**
29 **water quality;**

30 **(d) To support local delivery, including but not limited to delivery by watershed councils,**
31 **soil and water conservation districts and other community-based organizations, of watershed**
32 **education activities and other programs or projects that protect or restore native fish or**
33 **wildlife habitats, watersheds or ecosystems;**

34 **(e) To pay the Oregon Watershed Enhancement Board costs of administering the**
35 **Watershed Conservation Grant Fund;**

36 **(f) To enforce fish and wildlife laws and regulations and fish and wildlife habitat pro-**
37 **tection laws and regulations; and**

38 **(g) To reimburse the Secretary of State as described in ORS 297.230 for the costs of au-**
39 **ditions performed by the Secretary of State under section 4c, Article XV of the Oregon Consti-**
40 **tution.**

41 (2) Interest accruing to the Watershed *[Improvement]* **Conservation** Operating Fund shall be
42 credited to the Restoration and Protection Research Fund created under ORS 541.378. *[Funds]*
43 **Watershed Conservation Operating Fund moneys** appropriated and not expended by the com-
44 pletion of a biennium shall remain in the Watershed *[Improvement]* **Conservation** Operating Fund.

45 *[(3) The Oregon Watershed Enhancement Board created under ORS 541.360 shall administer the*

1 *Watershed Improvement Operating Fund.*]

2 [(4)] (3) [In addition to the funds made available for the purposes of ORS 541.351 to 541.415 under
3 ORS 541.399, the board also may accept gifts and grants from] Any public or private source [for the
4 purposes described in subsection (1) of this section] **may make gifts or grants to the Watershed
5 Conservation Operating Fund.**

6 **SECTION 17.** ORS 541.373 is amended to read:

7 541.373. (1) The Governor may receive gifts, grants, bequests, endowments and donations of
8 moneys from public and private sources, including the federal government, for the purpose of im-
9 plementing the Oregon Plan, as described in ORS 541.405, **and the Oregon Conservation
10 Strategy.**

11 (2) **If requested by the source, the Governor shall deposit moneys received under this
12 section into the Watershed Conservation Grant Fund for use as provided under section 13
13 of this 2011 Act.** The Governor shall deposit **all other** moneys received under this section in the
14 State Treasury to the credit of the Watershed [*Improvement*] **Conservation** Operating Fund estab-
15 lished under ORS 541.379 [*to be used for the purposes specified in ORS 541.379 (1)(b)*].

16 **SECTION 18.** ORS 541.371 is amended to read:

17 541.371. (1) In addition to the duties set forth in ORS 541.370, in carrying out the provisions of
18 ORS 541.351 to 541.415, the Oregon Watershed Enhancement Board:

19 (a) Shall establish a framework for a locally based integrated watershed planning and manage-
20 ment process designed to assist watershed councils, [*and*] soil and water conservation districts **and
21 other partners** and to support the efforts of watershed councils, [*and*] soil and water conservation
22 districts **and other partners** to work within the requirements of state and federal laws without
23 duplication of planning effort. The framework shall include all of the following:

24 (A) Guidance and protocols for watershed assessments to encourage consistent assessment
25 methods across all watersheds and agencies, including assessment of cumulative effects. At a mini-
26 mum, such guidance shall address the following plan components:

27 (i) A description of the watershed;

28 (ii) An assessment of current watershed conditions and the distribution and condition of habitat;
29 and

30 (iii) Identification of conditions preventing watershed restoration.

31 (B) Guidance on how to prepare watershed action plans. At a minimum, such guidance shall
32 address the following plan components:

33 (i) Applicable water quality standards and native salmonid and habitat recovery objectives;

34 (ii) Proposed measures needed to restore watershed health;

35 (iii) Timeline and budget estimates for implementation of action measures in priority order; and

36 (iv) Monitoring and evaluation systems.

37 (b) May review plans, actions and rules of state agencies pertaining to restoration and pro-
38 tection grants for the purpose of coordinating the board's grant program with other ongoing grant
39 programs.

40 (c) Shall establish statewide and regional goals and priorities that shall become the basis for
41 funding decisions by the board. In adopting such goals and priorities, the board shall adopt priorities
42 for grant funding based on the Oregon Plan, **the Oregon Conservation Strategy, the watershed
43 health and native fish recovery programs of this state** and [*or*] measurable goals. In carrying
44 out this function, the board shall consider local economic and social impacts among the criteria.

45 (d) Shall support development and implementation of a system that enables standardized col-

1 lection, management and reporting of natural resources information in Oregon, including water data,
2 geographic information system data and information on native fish and wildlife and habitat.

3 (e) Shall promote the availability of information on the effects of watershed enhancement.

4 (f) May not have regulatory or enforcement authority except for the fiscal responsibilities de-
5 scribed in ORS 541.351 to 541.415.

6 (2) In addition to [*the uses of grant funds described in ORS 541.399, in allocating grant funds*
7 *under ORS 541.351 to 541.415 that are derived from the Restoration and Protection Subaccount, the*
8 *board.:*] **any other expenditures consistent with ORS 541.379, moneys in the Watershed Con-**
9 **servation Operating Fund may be expended in the form of grants or allocations:**

10 (a) [*May allocate funds to be used for staff for*] **To** soil and water conservation districts and
11 watershed councils[.] **for costs of employing staff to further the development and implemen-**
12 **tation of activities, projects and programs for the purposes described in ORS 541.379; or**

13 (b) [*May award funds*] For a specific project or program application or for implementation of
14 an approved action plan.

15 (3) To the maximum extent practicable, soil and water conservation districts and watershed
16 councils shall share technical staff.

17 **SECTION 19.** ORS 805.256 is amended to read:

18 805.256. (1) After deduction of the cost of administration of the salmon registration plate pro-
19 gram, moneys from the surcharge imposed by ORS 805.255 shall be transferred and appropriated as
20 follows:

21 (a) Half of the moneys shall be transferred to the [*Oregon Watershed Enhancement Board estab-*
22 *lished under ORS 541.360 and are continuously appropriated to the board*] **Watershed Conservation**
23 **Operating Fund** for activities under ORS 541.379 related to the restoration and protection of [*native*
24 *salmonid populations, watersheds, fish and wildlife habitats and water quality, including but not lim-*
25 *ited to activities under the Oregon Plan*] **watersheds, native fish and wildlife and water quality;**
26 and

27 (b) Half of the moneys shall be transferred to the State Parks and Recreation Department Fund
28 established under ORS 390.134 and continuously appropriated for the purposes described in ORS
29 390.134 (4).

30 (2) As used in this section, “the cost of administration of the salmon registration plate
31 program” is the sum of all Department of Transportation expenses for the issuance or transfer of
32 salmon registration plates under ORS 805.255 that are above the normal costs of issuing, renewing
33 and transferring registration plates in the normal course of the business of the department. These
34 expenses include, but are not limited to, the costs of collecting the salmon registration plate sur-
35 charge and transferring salmon registration plates.

36
37 **RESTORATION AND PROTECTION RESEARCH FUND**

38
39 **SECTION 20.** ORS 541.378 is amended to read:

40 541.378. (1) The Restoration and Protection Research Fund is established separate and distinct
41 from the General Fund. Interest earned by the Restoration and Protection Research Fund shall be
42 credited to the fund. Moneys credited to the fund are continuously appropriated to the Oregon
43 Watershed Enhancement Board for the purpose of funding research and other activities **that are**
44 related to the restoration and protection of [*native salmonid populations, watersheds, fish and wildlife*
45 *habitats and water quality, including but not limited to research, monitoring, evaluation and assess-*

1 *ment related to the Oregon Plan.] watersheds, ecosystem functions, native fish and wildlife,*
2 **habitat and water quality, including but not limited to:**

3 **(a) Research, monitoring, evaluation, assessment, and other activities under the Oregon**
4 **Plan, the Oregon Conservation Strategy and the watershed health and native fish recovery**
5 **programs of this state; and**

6 **(b) Activities that achieve measurable goals under priorities adopted by the board.**

7 (2) All moneys received [*by the Oregon Watershed Enhancement Board*] from interest earned on
8 the [*Restoration and Protection Subaccount of the Parks and Natural Resources Fund created under*
9 *ORS 541.377*] **Natural Resources Subaccount created under section 9 of this 2011 Act**, from the
10 Watershed [*Improvement*] **Conservation** Operating Fund created under ORS 541.379 and from the
11 Watershed [*Improvement*] **Conservation** Grant Fund created under ORS 541.397 shall be credited to
12 the Restoration and Protection Research Fund. Moneys credited to the fund and not expended by
13 the completion of a biennium shall remain in the fund.

14
15 **OREGON WATERSHED ENHANCEMENT BOARD**

16
17 **SECTION 21.** ORS 541.360 is amended to read:

18 541.360. (1) The Oregon Watershed Enhancement Board is created. The board shall consist of
19 17 members as set forth in subsection (2) of this section. The chairperson shall have such powers
20 and duties as are provided by the rules of the board.

21 (2)(a) The 11 voting members of the board shall be knowledgeable about natural resource issues,
22 represent all geographic regions of this state and include at least one representative of a tribe. The
23 board shall consist of the following:

24 (A) Each of the following boards or commissions shall designate one member of their board or
25 commission to serve on the Oregon Watershed Enhancement Board:

- 26 (i) The Environmental Quality Commission;
27 (ii) The State Fish and Wildlife Commission;
28 (iii) The State Board of Forestry;
29 (iv) The State Board of Agriculture; and
30 (v) The Water Resources Commission; and

31 (B) Six public members appointed by the Governor and confirmed by the Senate in accordance
32 with ORS 171.562 and 171.565. Each public member shall serve for a term of four years. A member
33 shall be eligible for reappointment, but no member shall serve more than two consecutive terms.

34 (b) In addition to the voting members, the director of the [*agricultural extension service of*]
35 Oregon State University **Extension Service**, or the director's designee, shall serve as a nonvoting
36 member of the board and shall participate as needed in the activities of the board.

37 (c) In addition to the voting and nonvoting members designated in paragraphs (a) and (b) of this
38 subsection, representatives of the following federal agencies shall be invited to serve as additional
39 nonvoting members of the board:

- 40 (A) A representative of the United States Forest Service.
41 (B) A representative of the United States Bureau of Land Management.
42 (C) A representative of the Natural Resources Conservation Service of the United States De-
43 partment of Agriculture.
44 (D) A representative of the United States Environmental Protection Agency.
45 (E) A representative of the National Marine Fisheries Service of the United States Department

1 of Commerce.

2 (3) The voting members of the board shall select a chairperson from among the voting members
3 of the board.

4 (4) At least eight voting members of the board must be present to take action to award grant
5 funds under ORS 541.370. If three or more voting members object to an award of grant funds, the
6 board shall reject the proposal and direct the applicant to revise the proposal to comply with the
7 requirements of ORS 541.397[, 541.399 and 451.401] **and 541.401 and section 13 of this 2011 Act** and
8 resubmit the proposal.

9 **SECTION 22.** ORS 541.370 is amended to read:

10 541.370. (1) In carrying out the watershed enhancement program **described in ORS 541.365**, the
11 Oregon Watershed Enhancement Board shall:

12 (a) Coordinate the board's funding of enhancement projects with the activities of the Natural
13 Resources Division staff and other agencies, especially those agencies working together through a
14 system of coordinated resource management planning.

15 (b) Use the expertise of the appropriate state agency according to the type of enhancement
16 project.

17 (c) Provide educational and informational materials to promote public awareness and involve-
18 ment in the watershed enhancement program.

19 (d) Coordinate and provide for or arrange for assistance in the activities of persons, agencies
20 or political subdivisions developing local watershed enhancement projects funded by the board.

21 (e) Grant funds for the support of watershed councils in assessing watershed conditions, devel-
22 oping action plans, implementing projects and monitoring results and for the implementation of
23 watershed enhancement projects from such moneys as may be available to the board therefor.

24 (f) Develop and maintain a centralized repository for information about the effects of watershed
25 enhancement and education projects.

26 (g) Give priority to proposed watershed enhancement projects receiving funding or assistance
27 from other sources.

28 (h) Identify gaps in research or available information about watershed health and enhancement.

29 (i) Cooperate with appropriate federal entities to identify the needs and interests of the State
30 of Oregon so that federal plans and project schedules relating to watershed enhancement incorpo-
31 rate the state's intent to the fullest extent practicable.

32 (j) Encourage the use of nonstructural methods to enhance the riparian areas and associated
33 uplands of Oregon's watersheds.

34 (k) Determine criteria for utilizing the private sector, both not-for-profit and for-profit organ-
35 izations, to provide landowners with technical assistance to help develop and implement conserva-
36 tion easements and resource improvement projects.

37 (2) In accordance with ORS 541.351 to 541.415, the Oregon Watershed Enhancement Board shall
38 administer a watershed [*improvement*] **conservation** grant program using funds from the Watershed
39 [*Improvement*] **Conservation** Grant Fund established under ORS 541.397, from the [*Restoration and*
40 *Protection*] **Natural Resources** Subaccount established under [*ORS 541.377*] **section 9 of this 2011**
41 **Act** and from the Flexible Incentives Account established under ORS 541.381.

42 (3) To aid and advise the board in the performance of the functions of the board, the board may
43 establish such advisory and technical committees as the board considers necessary. These commit-
44 tees may be continuing or temporary. The board shall determine the representation, membership,
45 terms and organization of the committees and shall appoint their members. The chairperson is ex

1 officio a member of each committee.

2 **SECTION 23.** ORS 541.375 is amended to read:

3 541.375. (1)(a) *[Any person, tribe, watershed council, soil and water conservation district, commu-*
4 *nity college, state institution of higher education, independent not-for-profit institution of higher educa-*
5 *tion or political subdivision of this state that is not a state agency]* **The following entities** may submit
6 a request for funding for, or for advice and assistance in developing, a project under ORS 541.351
7 to 541.415[.]:

8 **(A) A person;**

9 **(B) An Indian tribe;**

10 **(C) A watershed council;**

11 **(D) A soil and water conservation district;**

12 **(E) A community college;**

13 **(F) A state institution of higher education;**

14 **(G) An independent not-for-profit institution of higher education; or**

15 **(H) A political subdivision of this state that is not a state agency.**

16 **(b)** A state agency or federal agency may apply for funding under this section only as a
17 coapplicant with *[one of the other eligible entities]* **an entity described in paragraph (a) of this**
18 **subsection.**

19 (2) The request under subsection (1) of this section shall be filed in the manner, be in the form
20 and contain the information required by the Oregon Watershed Enhancement Board, **regardless of**
21 **the anticipated funding source for the project.**

22 (3) The board may establish a grant program through soil and water conservation districts or-
23 ganized under ORS 568.210 to 568.808 and 568.900 to 568.933 that provides funds for local imple-
24 mentation of watershed enhancement, education and monitoring efforts.

25 (4) The board may fund implementation of action plans based on a watershed assessment that
26 addresses water quality and aquatic resources of the watershed.

27 (5) A project may use mechanical, vegetative or structural methods including, but not limited
28 to, management techniques, erosion control, streambank stabilization, forest, range or crop land
29 treatment, site specific in-stream structures, acquisitions or leases of land or water rights from a
30 willing owner, watershed assessments, landowner incentives and action plan development, imple-
31 mentation and monitoring.

32 (6) The actions of a soil and water conservation district carried out pursuant to a grant program
33 established by the board under subsection (3) of this section shall not be subject to review and ap-
34 proval by the Natural Resources Division under ORS 561.400.

35 (7) *[The Oregon Watershed Enhancement Board shall approve for funding only those projects*
36 *that:]* **If a project or a portion of a project is not subject to the funding criteria described in**
37 **ORS 541.401 and applies to receive funding from the board, the board may approve the project**
38 **or portion of a project for funding only if the project or portion of a project:**

39 (a) *[Are]* **Is** based on sound principles of **native fish or wildlife habitat conservation or**
40 **watershed management;**

41 (b) *[Use]* **Uses** methods most adapted to the project locale;

42 (c) *[Meet]* **Meets** the criteria established by the board under ORS 541.396; and

43 (d) *[Contribute]* **Contributes** to either:

44 (A) The improved health of a stream, lake or reservoir and toward the achievement of standards
45 that satisfy the requirements of the Federal Water Pollution Control Act (P.L. 92-500), as amended;

1 or

2 (B) The *[restoration of wildlife, habitat or native fish]* **conservation or restoration of habitat**
 3 **for, or of watershed or ecosystem function for, native fish or wildlife.**

4 (8) The Oregon Watershed Enhancement Board may fund a project for the restoration of a
 5 riparian area or associated upland that is carried out in conjunction with a storage structure.
 6 However, the board shall not approve funding for any proposed project that consists solely of con-
 7 struction of a storage structure for out-of-stream use.

8 (9) The Oregon Watershed Enhancement Board may fund projects involving the acquisition of
 9 lands and waters, or interests therein from willing sellers, for the purpose of maintaining or re-
 10 storing watersheds[]], *habitat and native salmonids]* **and habitat for native fish or wildlife.** Interests
 11 in these lands and waters may be held by local, state and federal agencies, tribes, not-for-profit land
 12 conservation organizations and trusts, state institutions of higher education, independent not-for-
 13 profit institutions of higher education or political subdivisions of this state, as long as the entity
 14 continues to use the land or water for the purposes specified under section 4b, Article XV of the
 15 Oregon Constitution.

16 (10) If the Oregon Watershed Enhancement Board approves funding for a project under this
 17 section^{[that requires the applicant to obtain a permit or license from a local, state or federal agency}
 18 ^{or governing body]}, the board ^[shall] **may** not disburse ^[any] funds to the applicant **for any part**
 19 **of the project that requires the applicant to obtain a permit or license from a local, state**
 20 **or federal agency or governing body** until the applicant presents evidence that the agency has
 21 granted the permit or license.

22 **SECTION 24.** ORS 541.376 is amended to read:

23 541.376. (1) Land purchased through a grant agreement with the Oregon Watershed Enhance-
 24 ment Board shall be subject to title restrictions that **are consistent with the conservation pur-**
 25 **poses of the grant and** give the board the authority to approve, approve with conditions or deny
 26 the sale or transfer of the land. ^[Specifically,] The board may require conditions on the sale or
 27 transfer to:

28 (a) Ensure consistency with the intent of the original grant;

29 (b) Ensure the ability of the party receiving the land through the sale or transfer to carry out
 30 the obligations under the grant agreement; and

31 (c) Address the disposition of proceeds from the sale or transfer, including any provisions for
 32 repayment, with interest, of any grant funds.

33 (2) The board may not allow a sale or transfer that results in any profit to any person.

34 (3) The board shall, by rule, define “profit” for the purpose of not allowing sales or transfers
 35 and shall specify the process and criteria that the board will use in considering whether to approve,
 36 approve with conditions or deny a sale or transfer.

37 **SECTION 25.** ORS 541.392 is amended to read:

38 541.392. ^[(1)] The Oregon Watershed Enhancement Board shall report biennially to the Legisla-
 39 tive Assembly on the implementation of the management program under ORS 541.384 and grants
 40 awarded under ^[ORS 541.399] **section 13 of this 2011 Act.** The report shall include but need not
 41 be limited to:

42 ^[(a)] **(1)** An explanation of the effectiveness and workability of the partnership process described
 43 in ORS 541.384;

44 ^[(b)] **(2)** A description of any modifications to the process that have been instituted; **and**

45 ^[(c)] **(3)** Recommendations concerning the need for future legislative action.^{]; and]}

EMERGENCY CLAUSE

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2
3
4
5
6

SECTION 32. This 2011 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2011 Act takes effect on July 1, 2011.
