

Senate Bill 342

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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**.

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

Deletes provision regarding Oregon Watershed Enhancement Board member objections to awards of grant funds. Alters content of program conducted by 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.

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 541.351, 541.360, 541.370, 541.371, 541.373, 541.375, 541.376, 541.377, 541.378, 541.379,
4 541.392, 541.397, 541.401 and 805.256; repealing ORS 541.399; and appropriating money.

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

6 **SECTION 1. Sections 2 and 3 of this 2011 Act are added to and made a part of ORS 541.351**
7 **to 541.415.**

8 **SECTION 2. The purpose of the Watershed Conservation Grant Fund is to provide fund-**
9 **ing for grants to implement the mission of the Oregon Plan, including but not limited to,**
10 **grants to further the Oregon Conservation Strategy and the watershed health and native fish**
11 **recovery programs of this state. Moneys appropriated to the fund shall be used only for the**
12 **following purposes:**

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

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

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

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

22 **SECTION 3. Each state agency to which the Oregon Watershed Enhancement Board**
23 **distributes moneys from the Parks and Natural Resources Fund established in ORS 541.377**
24 **shall submit a report to the Legislative Assembly each biennium regarding use of the moneys**

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 **by the agency. The report shall include, but need not be limited to, a description of the**
 2 **measurable biennial and cumulative results of the activities and programs for which the**
 3 **agency expended the fund moneys. The reports required by this section are in addition to any**
 4 **audit report supplied by the Secretary of State under ORS chapter 297.**

5 **SECTION 4.** ORS 541.351 is amended to read:

6 541.351. As used in ORS 541.351 to 541.415:

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

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

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

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

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

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

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

22 [(B) *The acquisition of determinate interests, including fee and less than fee interests, in land or*
 23 *water in order to protect watershed resources, including appraisal costs and other costs directly related*
 24 *to such acquisitions;]*

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

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

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

30 [(5)] (4) "Independent Multidisciplinary Science Team" means the scientific team of recognized
 31 experts in fisheries, artificial propagation, stream ecology, forestry, range, watershed and agricul-
 32 tural management created under ORS 541.409.

33 [(6)] (5) "Native" means indigenous to Oregon and not introduced.

34 (6) "**Oregon Conservation Strategy**" means the **comprehensive wildlife conservation**
 35 **strategy for the state adopted by the State Fish and Wildlife Commission and published by**
 36 **the State Department of Fish and Wildlife in September of 2006.**

37 (7) "Oregon Plan" means the guidance statement and framework described in ORS 541.405.

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

41 (9) "Restore" or "restoration" means to take actions likely to achieve sustainable population
 42 levels of native fish or wildlife and their habitats.

43 (10) "Riparian area" means a zone of transition from an aquatic ecosystem to a terrestrial
 44 ecosystem, dependent upon surface or subsurface water, that reveals through the zone's existing or
 45 potential soil-vegetation complex the influence of such surface or subsurface water. A riparian area

1 may be located adjacent to a lake, reservoir, estuary, pothole, spring, bog, wet meadow, muskeg or
2 ephemeral, intermittent or perennial stream.

3 (11) "Soil and water conservation district" means a political subdivision of the state as described
4 in ORS 568.550.

5 (12) "Stewardship" means the careful and responsible management of the environment.

6 (13) "Tribe" means a federally recognized Indian tribe in Oregon.

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

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

12 **SECTION 5.** ORS 541.360 is amended to read:

13 541.360. (1) The Oregon Watershed Enhancement Board is created. The board shall consist of
14 17 members as set forth in subsection (2) of this section. The chairperson shall have such powers
15 and duties as are provided by the rules of the board.

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

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

21 (i) The Environmental Quality Commission;

22 (ii) The State Fish and Wildlife Commission;

23 (iii) The State Board of Forestry;

24 (iv) The State Board of Agriculture; and

25 (v) The Water Resources Commission; and

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

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

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

35 (A) A representative of the United States Forest Service.

36 (B) A representative of the United States Bureau of Land Management.

37 (C) A representative of the Natural Resources Conservation Service of the United States De-
38 partment of Agriculture.

39 (D) A representative of the United States Environmental Protection Agency.

40 (E) A representative of the National Marine Fisheries Service of the United States Department
41 of Commerce.

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

44 (4) At least eight voting members of the board must be present to take action to award grant
45 funds under ORS 541.370. [*If three or more voting members object to an award of grant funds, the*

1 board shall reject the proposal and direct the applicant to revise the proposal to comply with the re-
 2 quirements of ORS 541.397, 541.399 and 451.401 and resubmit the proposal.]

3 **SECTION 6.** ORS 541.370 is amended to read:

4 541.370. (1) In carrying out the watershed enhancement program, the Oregon Watershed En-
 5 hancement Board shall:

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

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

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

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

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

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

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

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

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

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

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

31 (2) In accordance with ORS 541.351 to 541.415, the Oregon Watershed Enhancement Board shall
 32 administer a watershed *[improvement]* **conservation** grant program using funds from the Watershed
 33 *[Improvement]* **Conservation** Grant Fund established under ORS 541.397, from the *[Restoration and*
 34 *Protection]* **Natural Resources** Subaccount established under ORS 541.377 and from the Flexible
 35 Incentives Account established under ORS 541.381.

36 (3) To aid and advise the board in the performance of the functions of the board, the board may
 37 establish such advisory and technical committees as the board considers necessary. These commit-
 38 tees may be continuing or temporary. The board shall determine the representation, membership,
 39 terms and organization of the committees and shall appoint their members. The chairperson is ex
 40 officio a member of each committee.

41 **(4) The board may enter into contracts with qualified experts and individuals as neces-**
 42 **sary for independent scientific review of issues related to the implementation of the Oregon**
 43 **Plan or to board implementation of the watershed conservation grant program.**

44 **SECTION 7.** ORS 541.371 is amended to read:

45 541.371. (1) In addition to the duties set forth in ORS 541.370, in carrying out the provisions of

1 ORS 541.351 to 541.415, the Oregon Watershed Enhancement Board:

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

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

10 (i) A description of the watershed;

11 (ii) An assessment of current watershed conditions and the distribution and condition of habitat;
12 and

13 (iii) Identification of conditions preventing watershed restoration.

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

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

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

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

19 (iv) Monitoring and evaluation systems.

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

23 (c) Shall establish statewide and regional goals and priorities that shall become the basis for
24 funding decisions by the board. In adopting such goals and priorities, the board shall adopt priorities
25 for grant funding based on the Oregon Plan, **the Oregon Conservation Strategy** and *[on]* measur-
26 able goals. In carrying out this function, the board shall consider local economic and social impacts
27 among the criteria.

28 (d) Shall support development and implementation of a system that enables standardized col-
29 lection, management and reporting of natural resources information in Oregon, including water data,
30 geographic information system data and information on native fish and wildlife and habitat.

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

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

34 (2) In *[addition to the uses of grant funds described in ORS 541.399, in]* allocating grant funds
35 under ORS 541.351 to 541.415 that are derived from the *[Restoration and Protection]* **Natural Re-**
36 **sources** Subaccount, the board:

37 (a) May allocate funds to *[be used for staff for]* soil and water conservation districts and
38 watershed councils **for staff to further the development and implementation of projects and**
39 **programs as provided in ORS 541.375 and 541.401 and section 2 of this 2011 Act.**

40 (b) May award funds for a specific project or program application or for implementation of an
41 approved action plan.

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

44 **SECTION 8.** ORS 541.373 is amended to read:

45 541.373. (1) The Governor may receive gifts, grants, bequests, endowments and donations of

1 moneys from public and private sources, including the federal government, for the purpose of im-
 2 plementing the Oregon Plan, as described in ORS 541.405.

3 (2) The Governor shall deposit moneys received under this section in the State Treasury to the
 4 credit of the Watershed *[Improvement]* **Conservation** Operating Fund established under ORS 541.379
 5 to be used for the purposes specified in ORS 541.379 [(1)(b)] **(1)(a) and (d)**.

6 **SECTION 9.** ORS 541.375 is amended to read:

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

12 **(A) A person;**

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

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

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

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

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

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

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

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

23 (2) The request under subsection (1) of this section shall be filed in the manner, be in the form
 24 and contain the information required by the Oregon Watershed Enhancement Board.

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

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

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

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

38 (7) The Oregon Watershed Enhancement Board shall approve for funding only those projects
 39 that **meet the requirements of ORS 541.401 and:**

40 (a) Are based on sound principles of **native fish and wildlife habitat conservation and**
 41 **watershed management;**

42 (b) Use methods most adapted to the project locale;

43 (c) Meet the criteria established by the board under ORS 541.396; and

44 (d) Contribute to either:

45 (A) The improved health of a stream, lake or reservoir and toward the achievement of standards

1 that satisfy the requirements of the Federal Water Pollution Control Act (P.L. 92-500), as amended;
2 or

3 [(B) *The restoration of wildlife, habitat or native fish.*]

4 **(B) The conservation or restoration of habitat for native fish or wildlife.**

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

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

17 (10) If the Oregon Watershed Enhancement Board approves funding for a project under this
18 section that requires the applicant to obtain a permit or license from a local, state or federal agency
19 or governing body, the board shall not disburse any funds to the applicant until the applicant pre-
20 sents evidence that the agency has granted the permit or license.

21 **SECTION 10.** ORS 541.376 is amended to read:

22 541.376. (1) Land purchased through a grant agreement with the Oregon Watershed Enhance-
23 ment Board shall be subject to title restrictions that **are consistent with the conservation pur-**
24 **poses of the grant and** give the board the authority to approve, approve with conditions or deny
25 the sale or transfer of the land. [*Specifically,*] The board may require conditions on the sale or
26 transfer to:

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

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

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

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

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

36 **SECTION 11.** ORS 541.377 is amended to read:

37 541.377. (1) There is established in the State Treasury, separate and distinct from the General
38 Fund, the Parks and Natural Resources Fund to be administered by the Oregon Department of Ad-
39 ministrative Services. All moneys transferred from the State Lottery Fund and all other moneys
40 authorized to be transferred to the Parks and Natural Resources Fund from whatever source are
41 appropriated continuously for the public purposes of restoring and protecting Oregon’s parks,
42 beaches, watersheds and critical fish and wildlife habitats. Fifteen percent of the net proceeds from
43 the Oregon State Lottery shall be deposited in the Parks and Natural Resources Fund created under
44 this subsection.

45 (2) Of the moneys deposited into the Parks and Natural Resources Fund from the Oregon State

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

7 (3) All moneys in the Parks Subaccount for financing the protection, repair, operation, creation
 8 and development of state parks, ocean shores, public beach access areas, historic sites and recre-
 9 ation areas shall be allocated to the State Parks and Recreation Department. Such moneys shall be
 10 deposited into the State Parks and Recreation Department Fund established under ORS 390.134 and
 11 shall be used for the following purposes:

12 (a) Maintaining, constructing, improving, developing, managing and operating state park and
 13 recreation facilities, programs and areas.

14 (b) Acquiring real property, or interest therein, deemed necessary for the creation and operation
 15 of state parks, ocean shores, public beach access areas, recreation areas and historic sites or be-
 16 cause of natural, scenic, cultural, historic and recreational values.

17 (c) Operating grant programs for local government entities deemed necessary to accomplish the
 18 public purposes of the Parks and Natural Resources Fund.

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

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

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

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

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

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

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

41 [(6)] (5) Of the moneys deposited into the [*Restoration and Protection*] **Natural Resources** Sub-
 42 account from the Oregon State Lottery, the Oregon Watershed Enhancement Board shall deposit:

43 (a) Sixty-five percent of the funds into the Watershed [*Improvement*] **Conservation** Grant Fund
 44 established under ORS 541.397 to be used [*only for funding capital expenditure projects*] **by the board**
 45 **for the purposes set forth in section 2 of this 2011 Act;** and

1 (b) Thirty-five percent of the funds into the Watershed *[Improvement]* **Conservation** Operating
 2 Fund established under ORS 541.379 to be used **by the board** for the purposes set forth in ORS
 3 541.379 (1).

4 **(6) The Oregon Watershed Enhancement Board shall use the moneys from the Natural**
 5 **Resources Subaccount to:**

6 (a) **Protect and improve water quality in the rivers, lakes and streams of this state by**
 7 **restoring natural watershed functions or stream flows;**

8 (b) **Secure long-term protection for lands and waters that provide significant habitats for**
 9 **native fish and wildlife;**

10 (c) **Restoring and maintaining wildlife habitat;**

11 (d) **Maintain the diversity of plants, animals and ecosystems in this state;**

12 (e) **Involve people in voluntary actions to protect, restore and maintain the ecological**
 13 **health of lands and waters in this state; and**

14 (f) **Remedy the conditions that limit the health of fish and wildlife, fish and wildlife**
 15 **habitats and watershed functions that are in the greatest need of conservation.**

16 (7) The Legislative Assembly shall not limit expenditures from the Parks and Natural Resources
 17 Fund. The Legislative Assembly may appropriate other moneys or revenues to the Parks and Na-
 18 tural Resources Fund.

19 **SECTION 12.** ORS 541.378 is amended to read:

20 541.378. (1) The Restoration and Protection Research Fund is established separate and distinct
 21 from the General Fund. Interest earned by the Restoration and Protection Research Fund shall be
 22 credited to the fund. Moneys credited to the fund are continuously appropriated to the Oregon
 23 Watershed Enhancement Board for the purpose of funding research and other activities related to
 24 the restoration and protection of native salmonid populations, watersheds, fish and wildlife habitats
 25 and water quality, including but not limited to research, monitoring, evaluation and assessment re-
 26 lated to the Oregon Plan **and the Oregon Conservation Strategy.**

27 (2) All moneys received by the Oregon Watershed Enhancement Board from interest earned on
 28 the *[Restoration and Protection]* **Natural Resources** Subaccount of the Parks and Natural Resources
 29 Fund created under ORS 541.377, from the Watershed *[Improvement]* **Conservation** Operating Fund
 30 created under ORS 541.379 and from the Watershed *[Improvement]* **Conservation** Grant Fund cre-
 31 ated under ORS 541.397 shall be credited to the Restoration and Protection Research Fund. Moneys
 32 credited to the fund and not expended by the completion of a biennium shall remain in the fund.

33 **SECTION 13.** ORS 541.379 is amended to read:

34 541.379. (1) The Watershed *[Improvement]* **Conservation** Operating Fund is established in the
 35 State Treasury separate and distinct from the General Fund. The Watershed *[Improvement]* **Con-**
 36 **servation** Operating Fund shall consist of all moneys placed in the fund as provided by law. All
 37 moneys in the Watershed *[Improvement]* **Conservation** Operating Fund are continuously appropri-
 38 ated **to the Oregon Watershed Enhancement Board** for the following purposes:

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

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

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

45 *[(d) Watershed improvement grants described in ORS 541.399 and 541.401 that are capital expen-*

1 *ditures.*]

2 (a) To develop, implement or update state conservation strategies or plans to protect or
3 restore native fish or wildlife habitats or to protect or restore natural watershed functions
4 to improve water quality or stream flows;

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

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

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

14 (e) To pay the board costs of administering the Watershed Conservation Operating Fund
15 and Watershed Conservation Grant Fund;

16 (f) To enforce fish and wildlife laws and regulations and fish and wildlife habitat pro-
17 tection laws and regulations; and

18 (g) To reimburse the Secretary of State as described in ORS 297.230 for the costs of au-
19 dits performed by the Secretary of State under section 4c, Article XV of the Oregon Consti-
20 tution.

21 (2) Interest accruing to the Watershed [*Improvement*] **Conservation** Operating Fund shall be
22 credited to the Restoration and Protection Research Fund created under ORS 541.378. Funds ap-
23 propriated and not expended by the completion of a biennium shall remain in the Watershed [*Im-*
24 *provement*] **Conservation** Operating Fund.

25 [(3) *The Oregon Watershed Enhancement Board created under ORS 541.360 shall administer the*
26 *Watershed Improvement Operating Fund.*]

27 [(4) (3) *[In addition to the funds made available for the purposes of ORS 541.351 to 541.415 under*
28 *ORS 541.399,*] The board also may accept gifts and grants from any public or private source for the
29 purposes described in subsection (1) of this section.

30 **SECTION 14.** ORS 541.392 is amended to read:

31 541.392. [(1)] The Oregon Watershed Enhancement Board shall report biennially to the Legisla-
32 tive Assembly on the implementation of the management program under ORS 541.384 and grants
33 awarded under [ORS 541.399] **section 2 of this 2011 Act**. The report shall include but need not be
34 limited to:

35 [(a)] (1) An explanation of the effectiveness and workability of the partnership process described
36 in ORS 541.384;

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

38 [(c)] (3) Recommendations concerning the need for future legislative action. [; and]

39 [(d) *Information about the use of moneys received by and distributed by the board under section*
40 *4b, Article XV of the Oregon Constitution.*]

41 [(2) *The board shall include with each report under subsection (1) of this section a copy of each*
42 *audit completed pursuant to section 4c, Article XV of the Oregon Constitution.*]

43 **SECTION 15.** ORS 541.397 is amended to read:

44 541.397. (1) The Watershed [*Improvement*] **Conservation** Grant Fund is established separate and
45 distinct from the General Fund. The Watershed [*Improvement*] **Conservation** Grant Fund shall

1 consist of all moneys placed in the fund as provided by law. All moneys in the Watershed [*Im-*
 2 *provement*] **Conservation** Grant Fund are continuously appropriated to the **Oregon Watershed**
 3 **Enhancement Board** to fund watershed [*improvement*] **conservation** grants described in ORS
 4 [541.399 and] 541.401 and **section 2 of this 2011 Act**. Interest accruing to the Watershed [*Im-*
 5 *provement*] **Conservation** Grant Fund shall be credited to the Restoration and Protection Research
 6 Fund created under ORS 541.378. Funds appropriated and not expended by the completion of a
 7 biennium shall remain in the Watershed [*Improvement*] **Conservation** Grant Fund.

8 (2) The Oregon Watershed Enhancement Board [*created under ORS 541.360 shall administer the*
 9 *Watershed Improvement Grant Fund and*] shall provide grants from the fund for the purposes de-
 10 scribed in ORS [541.399 and] 541.401 and **section 2 of this 2011 Act**. [*in the manner described under*
 11 *ORS 541.399 and 541.401.*]

12 (3) [*In addition to the funds made available for the purposes of ORS 541.351 to 541.415 under ORS*
 13 *541.399,*] The board also may accept gifts and grants from any public or private source for the pur-
 14 pose of providing the grants described in subsection (2) of this section.

15 **SECTION 16.** ORS 541.401 is amended to read:

16 541.401. The Oregon Watershed Enhancement Board may award funds from the Watershed [*Im-*
 17 *provement*] **Conservation** Grant Fund only for the purposes listed in [OR 541.399] **section 2 of this**
 18 **2011 Act**. Any project that the board approves for funding shall comply with the following criteria:

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

21 (2) The project to be funded is reviewed and approved by a technical committee or **qualified**
 22 **expert or individual** in accordance with ORS 541.370 [(3)]; and

23 (3) The project provides a public benefit through **activities that support** improved:

24 (a) Water quality;

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

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

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

28 805.256. (1) After deduction of the cost of administration of the salmon registration plate pro-
 29 gram, moneys from the surcharge imposed by ORS 805.255 shall be transferred and appropriated as
 30 follows:

31 (a) Half of the moneys shall be transferred to the Oregon Watershed Enhancement Board es-
 32 tablished under ORS 541.360 and are continuously appropriated to the board for activities under
 33 ORS 541.379 related to the restoration and protection of [*native salmonid populations,*] watersheds,
 34 **native** fish and wildlife habitats and water quality, including but not limited to activities under the
 35 Oregon Plan; and

36 (b) Half of the moneys shall be transferred to the State Parks and Recreation Department Fund
 37 established under ORS 390.134 and continuously appropriated for the purposes described in ORS
 38 390.134 (4).

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

45 **SECTION 18.** ORS 541.399 is repealed.

1 **SECTION 19.** (1) The amendments to ORS 541.377 by section 11 of this 2011 Act are in-
2 tended to change the name of the “Restoration and Protection Subaccount” to the “Natural
3 Resources Subaccount.”

4 (2) For the purpose of harmonizing and clarifying statutory law, the Legislative Counsel
5 may substitute for words designating the “Restoration and Protection Subaccount,” wher-
6 ever they occur in statutory law, other words designating the “Natural Resources Subac-
7 count.”

8 **SECTION 20.** (1) The amendments to ORS 541.379 by section 13 of this 2011 Act are in-
9 tended to change the name of the “Watershed Improvement Operating Fund” to the
10 “Watershed Conservation Operating Fund.”

11 (2) For the purpose of harmonizing and clarifying statutory law, the Legislative Counsel
12 may substitute for words designating the “Watershed Improvement Operating Fund,” wher-
13 ever they occur in statutory law, other words designating the “Watershed Conservation Op-
14 erating Fund.”

15 **SECTION 21.** (1) The amendments to ORS 541.397 by section 15 of this 2011 Act are in-
16 tended to change the name of the “Watershed Improvement Grant Fund” to the “Watershed
17 Conservation Grant Fund.”

18 (2) For the purpose of harmonizing and clarifying statutory law, the Legislative Counsel
19 may substitute for words designating the “Watershed Improvement Grant Fund,” wherever
20 they occur in statutory law, other words designating the “Watershed Conservation Grant
21 Fund.”

22 _____