76th OREGON LEGISLATIVE ASSEMBLY--2011 Regular Session

B-Engrossed Senate Bill 600

Ordered by the House June 6 Including Senate Amendments dated April 25 and House Amendments dated June 6

Sponsored by Senator JOHNSON

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.

Modifies provisions related to lease of submersible lands. Modifies provisions related to easements over submersible lands. Modifies provisions related to certain privately owned floats and docks. Allows Department of State Lands to authorize, without charge, certain uses of submerged and submersible lands. Modifies provisions related to kelp fields. Allows Department of State Lands to adopt rule that exempts from removal-fill requirements removal of no more than 100 cubic yards of material from waters of state for purpose of maintaining drainage and protecting agricultural land.

1	A BILL FOR AN ACT
2	Relating to the Department of State Lands; creating new provisions; and amending ORS 196.905,
3	274.040, 274.043, 274.060, 274.885 and 274.895.
4	Be It Enacted by the People of the State of Oregon:
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6	LEASES AND EASEMENTS
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8	SECTION 1. ORS 274.040 is amended to read:
9	274.040. (1) Except as provided in ORS 274.043 [(1) to (3)], in ORS 274.085 for leases of
10	submersible lands acquired as an investment for the Common School Fund, in ORS 274.530 (1) for
11	leases of submersible lands of less than one year's duration, in ORS 274.530 (3) for licenses of less
12	than three years' duration and in subsections (2) and (3) of this section, submersible lands owned
13	by the State of Oregon may be leased only to the highest bidder, bidding at least the minimum
14	amount designated by the Department of State Lands under subsection (6) of this section for the
15	lease of any such lands, after being advertised not less than once each week for two successive $% \left({{{\left({{{\left({{{\left({{{\left({{{c}}} \right)}} \right.} \right.} \right.} \right)}_{\rm{cons}}}} \right)$
16	weeks in one or more newspapers of general circulation in the county in which the lands are situ-
17	ated. However, any owner of lands abutting or fronting on such submersible lands shall have the
18	preference right to lease the lands unless the submersible lands are occupied by a person claiming
19	the right of occupancy under a conveyance recorded before January 1, 1981, from the present owner
20	or predecessor in interest of lands abutting or fronting the submersible lands. If so, the occupant
21	of the submersible lands shall have the preference right to lease the lands. An easement or license
22	related to utility service on the submersible lands does not establish a preference right under this
23	subsection. The lands shall be leased for the amount designated by the department under subsection
24	(6) of this section as the minimum amount for the lease of any such lands. The [preference] prefer-
25	ences provided in this subsection [applies] apply to any lease of submersible land for one year or

1 more offered or issued under ORS 274.530. The [preference] preferences provided in this subsection

2 [does] do not apply to any lease offered or issued by the department under ORS 274.705 to 274.860.

3 The preference for the owner of lands provided in this subsection does not apply to the re-

4 newal of an existing lease where the lessee is in compliance with all the terms and conditions

5 of the lease.

6 (2) Submersible lands owned by the State of Oregon that are determined by the State Land 7 Board to be available for sale may be sold only to the highest bidder, after being advertised not less 8 than once each week for two successive weeks in one or more newspapers of general circulation in 9 the county in which the lands are situated. However:

(a) No such lands shall be sold for less than for a fair appraised value as determined by an appraiser appointed by the department.

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(b) All sales of such submersible lands shall be approved by the State Land Board.

(c) Any owner of lands abutting or fronting on such submersible lands shall have the preference
 right to purchase such lands for the fair appraised value provided that the sale of such lands be
 approved by the State Land Board.

16 (3)(a) The department may grant, to any person holding a permit from the Water Resources Di-17 rector authorizing the impoundment for beneficial use of the waters of any lake or stream, ease-18 ments over **submerged and** submersible lands for flowage and storage of waters, and for the 19 construction, maintenance and operation of any structures or facilities necessary for the use of the 20 water under the terms of the permit upon payment of just compensation by the grantee.

(b) In addition to the authority of the department under paragraph (a) of this subsection to grant 2122easements over submerged and submersible lands, a person holding a water right permit, water 23right certificate, proposed or final order approving a water right permit or court decree evidencing a water right may occupy state-owned submerged and submersible lands for the construction, 2425maintenance and operation of any structure or facility necessary for the use of water if the proposed use under the permit, certificate, order or decree is for irrigation or domestic use. The department 2627may not charge for the occupation of state-owned submerged and submersible lands pursuant to this paragraph, nor may the department require that a person obtain written documentation to 28substantiate the permission granted under this paragraph. Upon request by the Department of State 2930 Lands, the Water Resources Department shall provide information to the Department of State Lands 31 regarding any change of use of the water right. A person may continue to occupy state-owned submerged and submersible lands pursuant to this paragraph until: 32

33 (A) The water right permit is canceled pursuant to ORS 537.260;

34 (B) The water right is canceled pursuant to ORS 540.641; or

35 (C) The water is no longer being applied to irrigation or domestic use.

36 (c) An easement or the permission granted under this subsection may not be construed to be a

37 sale or lease of the **submerged and** submersible lands within the meaning of subsections (1) and (2) 38 of this section.

(d) A person granted an easement or permission to use or occupy state-owned submerged and
submersible lands under this subsection shall indemnify and hold harmless the state from all liability
and claims arising from or attributable to the use or occupation.

(4) All easements or the permission granted pursuant to subsection (3) of this section shall be
subject to conditions that will ensure the safety of the public and the preservation of economic,
scenic and recreational values and to lawful rules promulgated by state agencies affected by the
activities of the grantee.

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(5) Nothing in this section affects the provisions of ORS 509.505, 509.510, 511.606 to 511.806, 622.270 or 622.320 to 622.350. (6) The Department of State Lands shall designate the minimum acceptable amount for the lease of any submerged and submersible lands otherwise authorized by law, other than any lease offered or issued by the department under ORS 274.705 to 274.860. (7) For the purpose of sale, the value of state-owned submerged and submersible lands shall be determined by an appraiser appointed by the department. (8) The act of any person entering into an agreement with the department under this section or ORS 274.530 for the lease of submerged and submersible lands shall not be considered a waiver by such person of any claim of ownership in the submerged and submersible lands described in the agreement. SECTION 2. ORS 274.043 is amended to read: 274.043. (1) A privately owned float or dock occupying an area of 200 square feet or less is exempt from the leasing requirements of ORS 274.040 if: (a) The structure belongs to the immediately adjacent riparian landowner; and (b) The float or dock is uncovered, unenclosed and open on all sides. (2) A privately owned float or dock constructed prior to September 29, 1991, and exempted under ORS 274.042 (1989 Edition) is exempt from the provisions of ORS 274.040. [(3) The Department of State Lands may, by rule, provide for additional exemptions to the leasing requirements of ORS 274.040.] [(4) Any float or dock described in subsections (1) to (3) of this section shall be registered with the department.] (3) Any float or dock described in subsections (1) and (2) of this section shall be registered with the Department of State Lands. (4) The department may authorize the following uses of state-owned submerged and submersible lands without charge: (a) Structures on state-owned submerged and submersible lands maintained by a drainage district organized under the provisions of ORS chapter 547. (b) Riprap, as defined in ORS 196.815, used to stabilize the banks along state-owned submerged and submersible lands. (c) Rights of way established prior to November 1, 1981, for any county road over stateowned submerged and submersible lands, and rights of way established prior to November 1, 1981, for any city street over state-owned submerged and submersible lands. (d) Voluntary habitat restoration work on state-owned submerged and submersible lands. For purposes of this paragraph, voluntary habitat restoration work does not include: (A) Activities undertaken to satisfy any actual or potential legal obligation, or for which the entity completing the habitat restoration work receives compensation of any kind. (B) Habitat restoration work completed by an entity to satisfy an environmental mitigation obligation, or to generate, sell or obtain credit as an offset against actual or potential natural resource damages liability. (5) The department is entitled to charge, in accordance with rules adopted by the department, for the use of state-owned submerged and submersible lands for any environmental mitigation credit, or settlement of or credit obtained as an offset against natural resource damages liability, acquired by any party for habitat restoration work on stateowned land.

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1	(6) The uses described in subsections (4) and (5) of this section must be registered in
2	accordance with rules adopted by the department. Any person issued a registration to use
3	or occupy state-owned submerged and submersible lands under subsections (4) and (5) of this
4	section shall indemnify and hold harmless the state from all liability and claims arising from
5	or attributable to the use or occupation.
6	(7) The department by rule may authorize the use of specific state-owned submerged or
7	submersible lands without charge if the department determines that the use is minimally
8	intrusive to any public rights of navigation, fishery or recreation.
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10	CONFORMING AMENDMENTS
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12	SECTION 3. ORS 274.060 is amended to read:
13	274.060. (1) Nothing in ORS 274.040 prevents the Legislative Assembly from providing for regu-
14	lation of the building of wharves or other improvements in any bay, harbor or inlet of this state,
15	subject to ORS 780.060, or grants the exclusive right to any person to use the natural oyster beds
16	of this state.
17	(2) The grantee of any submerged or submersible lands under ORS 274.040 shall hold the same
18	subject to the easement of the public, under the provisions and restrictions of law, to enter thereon
19	and remove oysters and other shell fish therefrom.
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21	KELP FIELDS
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23	SECTION 4. ORS 274.885 is amended to read:
24	274.885. [(1)] The Department of State Lands may lease submerged lands owned by the State of
25	Oregon for the purpose of harvesting kelp and other seaweed after consultation with the State Fish
26	and Wildlife Commission.
27	[(2) The lease may be for a term of not to exceed 50 years and shall provide for the payment to the
28	State of Oregon of a sum to be fixed by the department for all kelp or other seaweed harvested under
29	the lease, to be paid at the end of each year. Not more than 40 miles of coast line shall be leased to
30	one person.]
31	SECTION 5. ORS 274.895 is amended to read:
32	274.895. Except in the case of a person harvesting or removing less than 2,000 pounds of wet
33	kelp each year for the purposes of human consumption for the person's personal use, [no person
34	shall] a person may not harvest or remove any kelp or other seaweed from any submerged lands
35	owned by the State of Oregon unless the person has first obtained a lease from the Department of
36	State Lands.
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38	DRAINAGE MAINTENANCE
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40	SECTION 6. ORS 196.905 is amended to read:
41	196.905. (1) Nothing in ORS 196.600 to 196.905 applies to filling the beds of the waters of this
42	state for the purpose of constructing, operating and maintaining dams or other diversions for which
43	permits or certificates have been or shall be issued under ORS chapter 537 or 539 and for which
44	preliminary permits or licenses have been or shall be issued under ORS 543.010 to 543.610.
45	(2) Nothing in ORS 196.600 to 196.905 applies to removal of materials from the beds or banks

1 or filling of the waters of a nonnavigable natural waterway, or any portion thereof, in this state, if:

2 (a) Such waterway or portion is situated within forestland; and

3 (b) Such removal or filling is directly connected with a forest management practice conducted
4 in accordance with ORS 527.610 to 527.770, 527.990 and 527.992.

5 (3) Nothing in ORS 196.800 to 196.900 applies to removal or filling, or both, on converted 6 wetlands for normal farming and ranching activities such as plowing, grazing, seeding, planting, 7 cultivating, conventional crop rotation or harvesting.

8 (4) Nothing in ORS 196.800 to 196.900 applies to removal or filling, or both, on lands zoned for 9 exclusive farm use as described in ORS 215.203 for the following activities:

10 (a) Drainage or maintenance of farm or stock ponds; or

(b) Maintenance of farm roads in such a manner as to not significantly adversely affect wetlands
 or any other waters of this state.

(5) Nothing in ORS 196.800 to 196.900 applies to removal or filling, or both, for subsurface
 drainage by deep ripping, tiling or moling on converted wetlands that are zoned for exclusive farm
 use pursuant to ORS 215.203.

(6) Nothing in ORS 196.800 to 196.900 applies to removal or filling, or both, for any activity defined as a farm use in ORS 215.203, on lands zoned for exclusive farm use pursuant to ORS 215.203, if the lands are converted wetlands that are also certified as prior converted cropland by the Natural Resources Conservation Service of the United States Department of Agriculture, or its successor agency, [so] **as** long as commercial agricultural production on the land has not been abandoned for five or more years.

(7) Nothing in ORS 196.800 to 196.900 applies to removal or filling, or both, for the reestablishment of crops under federal conservation reserve program provisions set forth in 16 U.S.C. 3831 as
in effect on January 1, 2010.

(8) The exemptions in subsections (3) to (7) of this section do not apply to any fill or removal
that involves changing an area of wetlands to a nonfarm use.

(9) Nothing in ORS 196.800 to 196.900 applies to removal or filling, or both, for the maintenance
or reconstruction of structures such as dikes, dams, levees, groins, riprap, tidegates, drainage
ditches, irrigation ditches and tile drain systems, provided that:

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(a) The structure was serviceable within the past five years; and

(b) Such maintenance or reconstruction would not significantly adversely affect wetlands or
other waters of this state to a greater extent than the wetlands or waters of this state were affected
as a result of the original construction of those structures.

(10) Nothing in ORS 196.800 to 196.900 applies to removal or filling, or both, for maintenance, including emergency reconstruction of recently damaged parts, of currently serviceable roads or transportation structures such as groins and riprap protecting roads, causeways and bridge abutments or approaches.

(11) The Department of State Lands may adopt a rule that exempts from the requirement to
 obtain a permit under ORS 196.800 to 196.900 voluntary habitat restoration projects that have only
 minimal adverse impact on waters of this state.

(12) The Department of State Lands may adopt a rule that exempts from the requirement to obtain a permit under ORS 196.800 to 196.900 removal of no more than 100 cubic yards of material from waters of this state for the purpose of maintaining drainage and protecting agricultural land. The department may apply this exemption in essential indigenous anadromous salmonid habitat defined and designated pursuant to ORS 196.810 (1)(b).

[(12)] (13) As used in this section: 1 2 (a) "Converted wetlands" means agriculturally managed wetlands that, on or before June 30, 1989, were brought into commercial agricultural production by diking, draining, leveling, filling or 3 any similar hydrologic manipulation and by removal or manipulation of natural vegetation, and that 4 are managed for commercial agricultural purposes. 5 (b) "Converted wetlands" does not include any stream, slough, ditched creek, spring, lake or any 6 other waters of this state that are located within or adjacent to a converted wetland area. 7 SECTION 7. ORS 196.905, as amended by section 6, chapter 516, Oregon Laws 2001, section 13, 8 9 chapter 253, Oregon Laws 2003, and section 4, chapter 342, Oregon Laws 2009, is amended to read: 10 196.905. (1) Notwithstanding the exemptions in subsections (3) to (8) of this section, a permit under ORS 196.600 to 196.905 is required for any fill or removal of material in or from the waters 11 12 of this state when: 13 (a) The fill or removal is a part of an activity whose purpose is to bring an area of state waters into a use to which it was not previously subject; and 14 15(b)(A) The flow or circulation of the waters of this state may be impaired; or 16 (B) The reach of the waters may be reduced. (2) Nothing in ORS 196.600 to 196.905 applies to removal of materials from the beds or banks 17 18 or filling of the waters of a nonnavigable natural waterway, or any portion thereof, in this state, if: 19 (a) Such waterway or portion is situated within forestland; and (b) Such removal or filling is directly connected with a forest management practice conducted 20in accordance with ORS 527.610 to 527.770, 527.990 and 527.992. 2122(3) Nothing in ORS 196.800 to 196.900 applies to removal or filling, or both, on converted 23wetlands for normal farming and ranching activities such as plowing, grazing, seeding, planting, cultivating, conventional crop rotation or harvesting. 2425(4) Nothing in ORS 196.800 to 196.900 applies to removal or filling, or both, on lands zoned for exclusive farm use as described in ORS 215.203 for the following activities: 2627(a) Drainage or maintenance of farm or stock ponds; or (b) Maintenance of farm roads, provided that: 28(A) The farm roads are constructed and maintained in accordance with construction practices 2930 designed to minimize any adverse effects to the aquatic environment; 31 (B) Borrow material for farm road maintenance does not come from waters of this state unless authorized by the Department of State Lands; and 32(C) Maintenance activities are confined to the scope of construction for the original project. 33 34 (5) Nothing in ORS 196.800 to 196.900 applies to removal or filling, or both, for any activity defined as a farm use in ORS 215.203, on lands zoned for exclusive farm use pursuant to ORS 35 215.203, if the lands are converted wetlands that are also certified as prior converted cropland by 36 37 the Natural Resources Conservation Service of the United States Department of Agriculture, or its 38 successor agency, [so] as long as commercial agricultural production on the land has not been abandoned for five or more years. 39 40 (6) Nothing in ORS 196.800 to 196.900 applies to removal or filling, or both, for the reestablishment of crops under federal conservation reserve program provisions set forth in 16 U.S.C. 3831 as 41 in effect on January 1, 2010. 42(7) The exemptions in subsections (3) to (6) of this section do not apply to any fill or removal 43

44 that involves changing an area of wetlands or converted wetlands to a nonfarm use.

45 (8) Nothing in ORS 196.800 to 196.900 applies to removal or filling, or both, for the maintenance

1 or reconstruction of structures such as dikes, dams, levees, groins, riprap, tidegates, drainage 2 ditches, irrigation ditches and tile drain systems, provided that:

(a) The structure was serviceable within the past five years; and

4 (b) Such maintenance or reconstruction would not significantly adversely affect wetlands or 5 other waters of this state to a greater extent than the wetlands or waters of this state were affected 6 as a result of the original construction of those structures.

7 (9) Nothing in ORS 196.800 to 196.900 applies to removal or filling, or both, for temporary dams 8 constructed for crop or pasture irrigation purposes that are less than 50 cubic yards, provided the 9 following conditions are satisfied:

(a) The removal or filling is conducted during periods that minimize adverse effects to fish and
 wildlife in accordance with guidance provided by the State Department of Fish and Wildlife;

(b) The removal or filling does not jeopardize a threatened or endangered species or adversely
 modify or destroy the habitat of a threatened or endangered species listed under federal or state
 law; and

(c) Temporary fills are removed in their entirety and the area is restored to its approximateoriginal elevation.

(10) Nothing in ORS 196.800 to 196.900 applies to removal or filling, or both, for maintenance, including emergency reconstruction of recently damaged parts, of currently serviceable roads or transportation structures such as groins and riprap protecting roads, causeways and bridge abutments or approaches.

(11) Nothing in ORS 196.800 to 196.900 applies to removal or filling, or both, for the maintenance
 of access roads constructed to move mining equipment, subject to the following conditions:

(a) The access roads are constructed and maintained in accordance with construction practices
 that minimize adverse effects to the aquatic environment;

(b) Borrow material for access road maintenance does not come from waters of this state unless
authorized by the Department of State Lands; and

27 (c) Maintenance activities are confined to the scope of construction for the original project.

(12) The Department of State Lands may adopt a rule that exempts from the requirement to obtain a permit under ORS 196.800 to 196.900 voluntary habitat restoration projects that have only minimal adverse impact on waters of this state.

(13) The Department of State Lands may adopt a rule that exempts from the requirement
to obtain a permit under ORS 196.800 to 196.900 removal of no more than 100 cubic yards of
material from waters of this state for the purpose of maintaining drainage and protecting
agricultural land. The department may apply this exemption in essential indigenous
anadromous salmonid habitat defined and designated pursuant to ORS 196.810 (1)(b).

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[(13)] (14) As used in this section:

(a)(A) "Converted wetlands" means agriculturally managed wetlands that, on or before June 30,
1989, were brought into commercial agricultural production by diking, draining, leveling, filling or
any similar hydrologic manipulation and by removal or manipulation of natural vegetation, and that
are managed for commercial agricultural purposes.

(B) "Converted wetlands" does not include any stream, slough, ditched creek, spring, lake or any
other waters of this state that are located within or adjacent to a converted wetland area.

43 (b) "Harvesting" means physically removing crops or other agricultural products.

44 (c) "Plowing" includes all forms of primary tillage, including moldboard, chisel or wide-blade 45 plowing, discing, harrowing or similar means of breaking up, cutting, turning over or stirring soil

1	to prepare it for planting crops or other agricultural products. "Plowing" does not include:
2	(A) The redistribution of soil, rock, sand or other surface materials in a manner that changes
3	areas of waters of this state into dry land; or
4	(B) Rock crushing activities that result in the loss of natural drainage characteristics, the re-
5	duction of water storage and recharge capability, or the overburdening of natural water filtration
6	capacity.
7	(d) "Seeding" means the sowing of seed or placement of seedlings to produce crops or other
8	agricultural products.
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10	MISCELLANEOUS
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12	SECTION 8. (1) The amendments to ORS 274.040 (1) by section 1 of this 2011 Act apply
13	to leases issued by the Department of State Lands before, on and after the effective date of
14	this 2011 Act.
15	(2) The amendments to ORS 274.040 (3)(a) by section 1 of this 2011 Act apply to permits
16	authorizing the impoundment of waters for beneficial use that are issued by the Water Re-
17	sources Director before, on or after the effective date of this 2011 Act.
18	(3) The amendments to ORS 274.040 (3)(b) by section 1 of this 2011 Act apply to:
19	(a) Water right permits or water right certificates issued before, on or after the effective
20	date of this 2011 Act.
21	(b) Proposed or final orders approving a water right permit issued before, on or after the
22	effective date of this 2011 Act.
23	(c) Court decrees evidencing a water right entered before, on or after the effective date
24	of this 2011 Act.
25	(4)(a) The amendments to ORS 274.043 by section 2 of this 2011 Act apply to:
26	(A) Structures constructed on state-owned submerged and submersible lands before, on
27	or after the effective date of this 2011 Act by drainage districts organized under the pro-
28	visions of ORS chapter 547.
29	(B) Riprap used to stabilize the banks along state-owned submerged and submersible
30	lands before, on or after the effective date of this 2011 Act.
31	(C) Voluntary habitat restoration work conducted on state-owned submerged and
32	submersible lands before, on or after the effective date of this 2011 Act.
33	(b) Any easement or lease under ORS chapter 274 entered into before the effective date
34	of this 2011 Act related to:
35	(A) Structures on state-owned submerged and submersible lands maintained by drainage
36	districts organized under the provisions of ORS chapter 547 need not be renewed, or may be
37	terminated before the date of renewal, by the grantee or lessee on or after the effective date
38	of this 2011 Act.
39	(B) Riprap used to stabilize the banks along state-owned submerged and submersible
40	lands need not be renewed, or may be terminated before the date of renewal, by the grantee
41	or lessee on or after the effective date of this 2011 Act.
42	(C) Rights of way established prior to November 1, 1981, for any county road over state-
43	owned submerged and submersible lands, and rights of way established prior to November
44	1, 1981, for any city street over state-owned submerged and submersible lands, need not be
45	renewed, or may be terminated before the date of renewal, by the grantee or lessee on or

1 after the effective date of this 2011 Act.

2 (D) Voluntary habitat restoration work conducted on state-owned submerged and 3 submersible lands need not be renewed, or may be terminated before the date of renewal, 4 by the grantee or lessee on or after the effective date of this 2011 Act.

5 (c) Any person who does not renew, or who terminates before the date of renewal, an 6 easement or lease as described in paragraph (b) of this subsection may not claim re-7 imbursement from the Department of State Lands for any amounts paid by the person re-8 lated to the easement or lease prior to the date of nonrenewal or termination.

9 (5) The amendments to ORS 274.885 by section 4 of this 2011 Act apply to leases renewed,
10 or first entered into, by the Department of State Lands on or after the effective date of this
2011 Act.

(6) The amendments to ORS 196.905 by sections 6 and 7 of this 2011 Act apply to permits
 first applied for, or permits renewed, on or after the effective date of this 2011 Act.

14 <u>SECTION 9.</u> The unit captions used in this 2011 Act are provided only for the convenience 15 of the reader and do not become part of the statutory law of this state or express any leg-

16 islative intent in the enactment of this 2011 Act.

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