

Testimony before the Senate Environment and Natural Resources Committee

Senate Bill 200

Presented by Angelo Spada

A&R Spada Farms

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Chair Dingfelder, members of the Committee, I am Angelo Spada, an owner of A&R Spada Farms, located in St. Paul Oregon. We are a family-owned nursery and farming business with approximately 2,100 acres under cultivation. We ship our products to more than 42 other states and 6 Canadian provinces, bringing essential out-of-state revenue into Oregon and fueling our state's economy with traded-sector dollars.

I appreciate this opportunity to speak in support of Senate Bill 200, which puts an important new tool in the hands of the Oregon Water Resources Department (OWRD) with respect to water right permits.

Need for SB 200

The nursery industry, like many agricultural operations in Oregon, is dependent on a reliable source of water to irrigate our crops. Although our business is located here in the Willamette Valley, during the dry summer months, our high-value plants would wither and die without irrigation water. Our bankers know this, and they pay attention to operational details such as water right security—and one of the questions they ask is whether we own and control the water rights we use to irrigate our crops.

In order for us to use water for irrigation we must hold either a permit or certificate from OWRD. When we purchase land, we generally look for property that already has an associated water right—which brings me to the problem SB 200 seeks to solve.

Currently OWRD is not authorized to split a permit when the property it covers is owned by two or more owners. This leads to difficulties when it comes time to prove up our water use and obtain a water right certificate from OWRD—the gold standard in water right security.

Let me give you an example to try to explain this. Picture a farm owned by Farmer A—it consists of two large tax lots. Farmer A applies to OWRD and receives a water right permit allowing irrigation of the entire farm. Then Farmer A sells half the property to Farmer B. Currently, even though the property ownership has now been split into separate legal ownerships, the law does not allow a corresponding split of the appurtenant water right permit.

Why does this matter? Because it's generally better to own your own house rather than to share ownership—especially if the person with whom you share ownership is not financially responsible. Water permits are no different. If Farmer B wants to move forward to prove up his use and obtain a water right certificate, the law currently allows that to occur only when any other joint permit holders are also ready to go. Now we're

back to the irresponsible co-owner—if one of your joint permit holders is not financially capable of moving forward or worse yet has simply vanished, you—as the responsible, financially solvent, economically productive landowner and operator—are *stuck*. Under existing law OWRD cannot allow part of the permit to be certificated without cancelling the remainder of the permit—a bad result even if you are not financially responsible. Moreover, this result would remove a water right from otherwise valuable agricultural land.

SB 200 would give OWRD the authority to split a permit among one or more landowners who hold title to the properties covered by the permit. Once that is accomplished, those landowners can move forward (or not) at their own pace to certificate their water right. This will promote higher property values, more certainty in the water management process, and generally put a checkmark in the common sense column.

Thank you for the opportunity to appear before you today. I would be happy to answer any questions you may have.