



Oregon

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Senate Environment and Natural Resources Committee
Senator Jackie Dingfelder, Chair

Testimony on Senate Bill 217 “Annual Water Right Management Fee”

Presented by:
Oregon Water Resources Department
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Thank you for the opportunity to present testimony on Senate Bill 217, a Department bill that would authorize the Water Resources Department to establish an annual water right management fee.

The goal of Senate Bill 217 is to provide stable funding for the Oregon Water Resources Department, allowing it to accomplish its dual mission of addressing water supply needs and protecting instream flows.

Background

Water rights are used beneficially for industrial, agricultural, municipal, domestic, and instream purposes. Once the transaction to obtain a water right permit, certificate, or transfer is complete, the water right holder pays no further fees to help the Department monitor and manage water use in the state of Oregon. The Department’s watermaster corps and scientific corps work throughout all parts of the state—measuring, distributing, and protecting water—without any further support from water user fees.

Heavily dependent on a declining General Fund, the capacity of the Water Resources Department to manage, distribute, and protect Oregon’s water resources has eroded significantly during the past two decades, even as workload and complexity of issues has continued to increase. Unlike many state agencies, the Water Resources Department has no federal counterpart. There is no federal back-stop to address Oregon’s water supply needs and to protect instream flows.

In 2010, the Water Resources Commission, concerned about the steady decline in General Fund resources, convened more than 30 stakeholder organizations to discuss the best way to stabilize Department revenues. The Commission relied on four fundamental principles for its decision-making: (1) those who benefit from water rights should pay, (2) solutions should be as equitable as possible among water user groups, (3) fees should be dedicated to the purpose for which they are collected, and (4) implementation logistics should be reasonable. Using these principles, the Commission selected as its best option, an annual fee charged to all those holding water rights (permits, certificates, decrees, or groundwater registrations). There are more than 80,000 such water rights in Oregon today.

Content of Senate Bill 217

Senate Bill 217 would place an annual fee of \$100 on each water right. Proposed amendments to the bill would cap the bill for municipal water right holders at \$2,500 per year, and all other water right holders at \$1,000 per year.

Proposed amendments would clarify that the fee would not apply to exempt use wells.

And, the proposed amendments also clarify that in the case of non-payment, the Department may issue an order for payment of the delinquent amount and forward the order for enforcement through collection. The Department may not regulate or limit water use due to non-payment of a water right management fee.

What the Proposed Fee Would Pay For

During the first biennium, fees would primarily pay for the Department to update its water right records and develop the fee program itself. In the first two years of the program, the Department proposes to update these records and also update its internal information technology systems to create a system for billing and receipts.

During subsequent years, the Department estimates that total revenues from this fee would generate between \$10 million and \$12 million per biennia. While just over \$1 million of the revenue would continue to support the fee program itself, the remainder would go towards enhanced services in the Department's field operations (the watermaster corps) and scientific corps (both groundwater and surface water science). Watermaster staff and scientific staff would be distributed throughout the state to improve the management, distribution, and protection of Oregon's water resources. These functions fulfill the agency's core statutory mission.

Water Right Holders

This fee would apply to any water right of record, regardless of whether its source is groundwater, surface water, or storage. The Department has prepared an amendment that would clarify that the water rights of record that would be affected by this fee are permits, certificates, decrees, and groundwater registrations. This fee would NOT apply to exempt use wells, which are defined in Oregon Revised Statutes 537.545.

Of the roughly 80,000 water right permits, certificates, decrees, and groundwater registrations in Oregon, about 68,000 are held by farms, individuals and businesses; about 8,000 are held by federal agencies and tribes; 2,000 are held by state agencies (note that 1,555 of these are held in trust by the Water Resources Department itself); and another 2,000 are held by cities, counties, and school districts.

Conclusion

Senate Bill 217 began as an initiative of the Water Resources Commission to develop a stable source of funding for water management activities that ensure that water is available to those who have a right to use it. If enacted, Senate Bill 217 could help meet that goal.