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April 16, 2013

Oregon Senate Environment and Natural Resources Committee
Oregon State Capitol
900 Court St. NE
Salem, Oregon 97301

VIA: Email to Beth Reiley (Beth.Reiley@state.or.us); USPS to follow

RE: In opposition to SB 217

Chair Senator Dingfelder, and honorable members of the Committee:

I'm writing you today in strong opposition to SB217, which would levy a new tax on water users holding water right permits and certificates in Oregon. Let me tell you why.

My family farms in Marion and Clackamas counties, producing both food crops, like green beans, sweet corn, cauliflower and onions, wheat, and seed crops, including certified turf seed; this rotation, and most of the other crops grown in the Willamette Valley require some amount of irrigation.

We own about half of our land base, with the balance leased from 23 landlords, in parcels from 5 to 270 acres in size. Almost all of our ground is irrigated using groundwater from wells, or surface water from streams (Butte Creek and Molalla River). I do not know the total number of water right certificates and permits involved on our operation, but I estimate it is in excess of 30.

My opposition to this bill is primarily in four areas. First, it is economic: I object to an additional \$3,000-4,000 in annual expense for our farm. Although the bill states that fees would be capped at \$1,000 per permit holder, the structure of our business (we have more than one company holding land with water rights), plus the water rights held in the name of our landlords, would not prevent a much higher charge. Our landlords, primarily retired farmers, or retired children of farmers, who rely on our lease payments as important household income, will (appropriately) look to us as tenants to pick up this additional tax.

Second, I am skeptical this is necessary, or will be of any benefit to the Oregon Water Resources Department, or its clients (water users like me, and the thousands of Oregon farmers who irrigate). I have found OWRD able to deal with whatever is important to them, in a timely fashion. They only are bogged down because of typical government inefficiency. Furthermore, collecting these fees will not be free: I question whether the Department would net half of the fees levied, after paying the overhead of collection and enforcement.

Third, these fees are grossly inequitable. To charge the same fee, regardless of volume, is patently unfair. I'm sure the range of water allowed to be used under various water rights in Oregon varies at least by a factor of 100; it could be more. To charge one irrigator \$100 for five acres, and the next \$100 for 500 acres is unjust. In addition, the way the caps are formatted, some farmers will pay the same fees as some good size cities, who buy and sell water by the gallon, not by the acre-foot.

Finally, I believe those who support this proposal do so with the belief that water users "ought to pay for some of the services they receive." Let me assure you, we already do! Until the late 1980's, those applying for new water rights only needed to complete a form describing their proposed use, and

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pay a fee. OWRD personnel reviewed the proposed use, did field surveys, created maps, and investigated our claims of beneficial use. Today, water users are required to hire their own Certified Water Rights Examiners to do ALL the paperwork and documentation. At the same time, fees charged have increased much faster than inflation (for less work by OWRD!). Meanwhile, enforcement actions against users whose applications have not been processed have increased, necessitating the creation of a whole system whereby users must spend MORE money to hire additional third parties to do OWRD's processing.

All of these things still don't address the substantial costs of developing new wells and water supplies. Yes, water is a public resource, but its benefits are not realized until private businesses invest their own capital to be able to use it. Only then do the people of Oregon realize the economic benefits of irrigated agriculture.

Oregon Water Resources Department claims they need additional funding to do their job. If this is the case, the people of Oregon should fund them properly through general fund appropriations, rather than leaning on the user group for more money, over and over again.

Please reject SB 217 for the good of Oregon agriculture, and Oregon's economy. Thank you for your consideration!

Sincerely,

Mark Dickman