

House Bill 2259
Relating to Fees Charged by the Water Resources Department

House Bill 2259 removes the sunset on the Water Resources Department's fee schedule and authorizes the Water Resources Department to adopt rules to increase fees.

The Natural Resources Subcommittee amended the bill to provide a 3.25% per year increase or Consumer Price Index, whichever is greater, starting in 2009 to June 30, 2015 and a 2% per year increase or Consumer Price Index, whichever is greater, starting July 1, 2015.

The fiscal impact of the measure is \$1.2 million to support existing positions for evaluating ground water supplies, conducting groundwater studies, carrying out ground water monitoring, data entry and administration.

The Natural Resources Subcommittee recommends House Bill 2259 be amended and reported out do pass, as amended.

Joint Committee on Ways and Means

Carrier – House: Rep. Unger
Carrier – Senate: Sen. Edwards

Revenue:

Fiscal: Fiscal statement issued

Action: Do Pass the A-Engrossed Measure as Amended and be Printed B-Engrossed

Vote:

House

Yeas:

Nays:

Exc:

Senate

Yeas:

Nays:

Exc:

Prepared By: Susie Jordan, Legislative Fiscal Office

Meeting Date: June 14, 2013

WHAT THE MEASURE DOES: Sets fee for limited license for mining purpose at \$250 regardless of number of diversions. Repeals sunset on 2009 fee levels. Authorizes Water Resources Commission to adopt rules to increase fees by lesser of two percent per year or percent increase in consumer price index since previous fee increase. Directs Water Resources Department to report to 78th Legislative Assembly on fees no later than February 1, 2015. Declares emergency, effective upon passage.

ISSUES DISCUSSED:

- 2009 cost recovery goal of 50/50 funding split between General Fund and fees
- Current fee levels and changes over time

EFFECT OF COMMITTEE AMENDMENT: Replaces Section 10, allows Water Resources Commission to adopt rules to increase fees by the greatest of 3.25% per year or percent increase in the Consumer Price Index (CPI) and amends Section 11 to allow the Commission to adopt rules after July 1, 2015 to increase fees by the greater of 2% per year or percent increase in the CPI.

BACKGROUND: The Water Resources Department (WRD) conducts a variety of transactions, including processing water right applications and transfers and issuing water right certificates and limited licenses. The fees charged by WRD are set in statute and were last adjusted in 2009; those increases are scheduled to sunset this year. House Bill 2259 A removes the sunset on the 2009 fee levels and authorizes the Water Resources Commission to adopt rules to increase fees on an annual basis subject to specified limits.

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2259 - B

Seventy-Seventh Oregon Legislative Assembly – 2013 Regular Session
Legislative Fiscal Office

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Prepared by: Krista McDowell
Reviewed by: Susie Jordan
Date: 5/31/2013

Measure Description:

Eliminates sunset on current amounts of certain fees charged by Water Resources Department.

Government Unit(s) Affected:

Water Resources Department

Summary of Expenditure Impact:

See Analysis

Local Government Mandate:

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis:

Fees adopted by the Legislature in 2009 to replace \$2.1 million General Fund in the Water Resources Department (WRD) sunset July 1, 2013. The bill, as amended, removes the sunset on the Department's fee schedule and also changes the method of determining the amount that fees can be increased by the Water Resources Commission from 2009 forward. For 2009 through 2015, the amount is 3.25% multiplied by the number of years since the effective date of the previous fee increase. For 2015 forward the fees may be increased by the greater of the Portland-Salem Consumer Price Index (CPI) or 2% multiplied by the number of years since the effective date of the previous fee increase. Approval of a 13% increase is anticipated in the Governor's Budget for WRD in policy option package #208.

If the measure is not approved, fees will revert back to 2003 levels. A roll-back to 2003 levels would decrease authorized funding levels and would decrease staff by 8 positions (7.66 FTE), resulting in reducing service to customers evaluating ground water supplies, conducting ground water studies, carrying out ground water monitoring, and administration and enforcement of exempt ground water under the law.

Other Funds (OF) revenues from this measure are estimated at \$1,194,620 OF in the 2013-15 biennium and \$1,235,862 OF in the 2015-17 biennium. Revenues raised by this fee support existing positions for evaluating ground water supplies, conducting ground water studies, carrying out ground water monitoring, data entry and administration. Total Other Funds expenditures associated with these positions are estimated to closely mirror OF revenues in the 2013-15 and 2015-17 biennia.

**PROPOSED AMENDMENTS TO
A-ENGROSSED HOUSE BILL 2259**

1 On page 12 of the printed A-engrossed bill, delete lines 1 through 27 and
2 insert:

3 **SECTION 10. (1) The Water Resources Commission may adopt**
4 **rules to:**

5 **“(a) Increase the amount of a fee authorized under ORS 536.050 by**
6 **the greater of:**

7 **“(A) The percentage increase in the Portland-Salem Consumer Price**
8 **Index for All Urban Consumers for All Items as published by the Bu-**
9 **reau of Labor Statistics of the United States Department of Labor**
10 **since the effective date of the previous fee increase; or**

11 **“(B) Three and one-quarter percent multiplied by the number of**
12 **years since the effective date of the previous fee increase.**

13 **“(b) Increase the amount that the Water Resources Department**
14 **may keep when returning a fee under ORS 537.150 or 537.620 by the**
15 **greater of:**

16 **“(A) The percentage increase in the Portland-Salem Consumer Price**
17 **Index for All Urban Consumers for All Items as published by the Bu-**
18 **reau of Labor Statistics of the United States Department of Labor**
19 **since the effective date of the previous amount increase; or**

20 **“(B) Three and one-quarter percent multiplied by the number of**
21 **years since the effective date of the previous amount increase.**

22 **“(c) Increase the maximum amount the department may charge for**

1 fees under ORS 537.610 by the greater of:

2 “(A) The percentage increase in the Portland-Salem Consumer Price
3 Index for All Urban Consumers for All Items as published by the Bu-
4 reau of Labor Statistics of the United States Department of Labor
5 since the effective date of the previous increase in the maximum
6 amount; or

7 “(B) Three and one-quarter percent multiplied by the number of
8 years since the effective date of the previous increase in the maximum
9 amount.

10 “(2) For purposes of assessment and collection, the commission
11 shall round any fee determined under subsection (1)(a) of this section
12 to the next higher whole dollar amount. For purposes of determining
13 an adjustment to a fee under subsection (1)(a) of this section, the
14 commission shall calculate any increase based on the unrounded dol-
15 lars and cents amount of the existing fee.

16 “(3) The commission may not adopt rules under subsection (1) of
17 this section to adjust the same fee amount more than once during a
18 12-month period.

19 “SECTION 11. Section 10 of this 2013 Act is amended to read:

20 “**Sec. 10.** (1) The Water Resources Commission may adopt rules to:

21 “(a) Increase the amount of a fee authorized under ORS 536.050 by the
22 greater of:

23 “(A) The percentage increase in the Portland-Salem Consumer Price Index
24 for All Urban Consumers for All Items as published by the Bureau of Labor
25 Statistics of the United States Department of Labor since the effective date
26 of the previous fee increase; or

27 “(B) [*Three and one-quarter*] **Two** percent multiplied by the number of
28 years since the effective date of the previous fee increase.

29 “(b) Increase the amount that the Water Resources Department may keep
30 when returning a fee under ORS 537.150 or 537.620 by the greater of:

1 “(A) The percentage increase in the Portland-Salem Consumer Price Index
2 for All Urban Consumers for All Items as published by the Bureau of Labor
3 Statistics of the United States Department of Labor since the effective date
4 of the previous amount increase; or

5 “(B) [*Three and one-quarter*] **Two** percent multiplied by the number of
6 years since the effective date of the previous amount increase.

7 “(c) Increase the maximum amount the department may charge for fees
8 under ORS 537.610 by the greater of:

9 “(A) The percentage increase in the Portland-Salem Consumer Price Index
10 for All Urban Consumers for All Items as published by the Bureau of Labor
11 Statistics of the United States Department of Labor since the effective date
12 of the previous increase in the maximum amount; or

13 “(B) [*Three and one-quarter*] **Two** percent multiplied by the number of
14 years since the effective date of the previous increase in the maximum
15 amount.

16 “(2) For purposes of assessment and collection, the commission shall
17 round any fee determined under subsection (1)(a) of this section to the next
18 higher whole dollar amount. For purposes of determining an adjustment to
19 a fee under subsection (1)(a) of this section, the commission shall calculate
20 any increase based on the anrounded dollars and cents amount of the exist-
21 ing fee.

22 “(3) The commission may not adopt rules under subsection (1) of this
23 section to adjust the same fee amount more than once during a 12-month
24 period.

25 **“SECTION 12. The amendments to section 10 of this 2013 Act by
26 section 11 of this 2013 Act become operative July 1, 2015.”.**

27 In line 28, delete “11” and insert “13”.

28 In line 38, delete “12” and insert “14”.

29 In line 44, delete “13” and insert “15”.

30 On page 6, line 5, delete “14” and insert “16”.

