

House Bill 2259

Testimony By:

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HB 2259 has been introduced reportedly to provide additional revenue to the Oregon Water Resources Department (OWRD) to cover a 13% increase in costs in the next biennium. These fee increases come on the heels of the very large fee increases put into effect in 2009 through Senate Bill 788, which is scheduled to sunset this year.

By my count, SB 788 included 38 fee increases, ranging from 25% to 300%, with an average of 78%. HB 2259 adds to the fee increases adopted under SB 788 by increasing 47 fees from 11% to 43%, with an average fee increase of 17%. Compared to the fee structure in place prior to 2009, HB 2259 increases fees from 40% to 350%, with an overall average of 119%.

Our business is primarily water rights consulting and so involves assisting water users, mainly small farms, nurseries and vineyards, with all of the applications that generate these fee revenues for the OWRD. After adoption of the big fee increases in 2009, we saw water right application activities drop off significantly. We also heard from staff at the OWRD that they were receiving far fewer new applications. This resulted in the OWRD receiving fewer revenues from fees than projected, as well as a drop in demand on staff time. For the 2009-2011 and 2011-2013 biennia, the OWRD projected a 50/50 split from fees and general funds. Because of the reductions in fees received, the actual split was 44/56 in 2009-2011, and 42/58 so far in 2011-2013, according to information provided by the OWRD at a stakeholders meeting. We believe these reductions in fees were caused by the combined effects of a downturn in the economy and the large fee increases.

There are signs that the economy is recovering, but we have a long way to go before people are feeling prosperous again. Under these conditions, I fail to see how further increases (averaging 17%) will bring a net benefit to the OWRD. Based on the experience from the past three years, it seems likely that additional fee increases will only put more negative pressure on many water users, and provide disincentives for proactive management and updating of their water rights.

Most of the businesses that are impacted by these fee increases are small farms. These businesses cannot simply pass on their costs to their customers, because in most cases, they do not control the prices they get for their products. They are therefore left to somehow absorb and adjust to the ever increasing costs of doing business.

We fully support a well-funded, fully functional, Water Resources Department. It should be obvious that effective management of our water resources is vital to this State's economy. But the waters of the state belong to the public, and everybody benefits from the management of this important resource. One way or another, everyone in this State is a water user. It just makes sense to fund the OWRD with a greater share of general funds, instead of putting ever increasing burdens on a single class of water users.

We realize the argument for a greater share of general funds to the OWRD is not under consideration with this bill. And while we are opposed to new fee increases, we also believe that reverting back to the fee schedule as it was prior to adoption of SB 788 would be too damaging to the OWRD. Therefore, we recommend lifting the sunset on the current fee schedule, but not introducing any fee increases. One exception to this would be addition of a processing fee for Claims of Beneficial Use for water right transfers (Page 3, Lines 29 and 30). We believe the omission of this new fee in SB 788 was an oversight, and now it makes sense to adopt it.