HB 2010-6 (LC 4514) 6/7/23 (AG/ps)

Requested by Representative RAYFIELD

#### PROPOSED AMENDMENTS TO HOUSE BILL 2010

In line 2 of the printed bill, after "water" insert "; creating new provisions; amending ORS 536.220, 537.767, 537.797, 537.798 and 541.669; and declaring an emergency".

4 Delete lines 4 through 8 and insert:

5 "<u>SECTION 1.</u> (1) As used in this section, 'water supplier' and 'water
6 system' have the meanings given those terms in ORS 448.115.

"(2) The Oregon Watershed Enhancement Board shall establish a
program to provide grants to water suppliers to protect, restore or
enhance sources of drinking water.

"(3) Grants awarded under this section shall be used by a grant re cipient for:

"(a) Acquiring lands from willing sellers where the protection, res toration or enhancement of those lands will benefit a source of
 drinking water used by the water supplier;

"(b) Entering into covenants, easements or similar agreements to
 protect, restore or enhance lands described in paragraph (a) of this
 subsection; or

"(c) Repaying a loan used to finance a project to protect, restore
 or enhance lands consistent with paragraph (a) or (b) of this sub section.

21 "(4)(a) Grants awarded under this section may not exceed \$3,000,000.

"(b) The board shall award grants under this section on a rolling
2 basis.

"(5) For purposes of obtaining a grant under this section, a water
supplier may form a partnership with a holder, as defined in ORS
271.715, other than a state agency. The board may establish by rule
requirements for partnerships formed pursuant to this subsection.

"(6) Applications for a grant under this section shall be made in the 7 form and manner prescribed by the board. An application must dem-8 onstrate that the project will protect, restore or enhance a source of 9 drinking water, and must be supported by evidence. The board shall 10 review completed grant applications, rank grant applications based on 11 criteria established by the board by rule under subsection (7) of this 12 section and approve or deny the applications. If the board denies a 13 grant application, the board shall notify the applicant in writing of the 14 reason or reasons that the grant application was denied. 15

"(7) The board shall adopt rules for the administration of the grant
 program established under this section. Rules adopted under this sub section may include, but need not be limited to:

"(a) Eligibility criteria for water suppliers, including but not limited
 to:

21 "(A) Eligible water system types; and

"(B) Requirements that eligible water suppliers serve rural com munities, communities experiencing lower incomes or communities
 that are at or below a specified population level;

25 "(b) Requirements for grant applications and the grant application
 26 process;

27 "(c) Criteria for ranking grant applications;

"(d) Requirements setting forth the amount of matching funds a
grant applicant must provide to be eligible to receive a grant;

30 "(e) A schedule for when grant applications are due and grants will

1 be awarded; or

"(f) Provisions setting forth how the board will verify that grant
funds have been used for the purposes for which the grant was
awarded, including but not limited to:

5 "(A) Provisions requiring status reports or other verification 6 measures that ensure that the terms and conditions of any agreement 7 between the board and the grant recipient are being performed;

8 "(B) Provisions describing methods of protecting, enhancing or re9 storing sources of drinking water; and

"(C) Provisions requiring the development of a long-term manage ment plan for acquired lands.

"(8)(a) A grant recipient is responsible for fulfilling the terms and
 conditions of any agreement:

14 "(A) Between the grant recipient and the board; and

"(B) Between the grant recipient and a landowner, or other person,
 necessary for the grant recipient to carry out the project for which a
 grant has been awarded.

"(b) The board is not liable to any person for the failure of a grant
 recipient to fulfill the terms or conditions of any agreement between
 the person and the grant recipient.

21 "SECTION 2. No later than April 1 of each even-numbered year, the
22 Oregon Watershed Enhancement Board shall submit a report, in the
23 manner provided by ORS 192.254, to the interim committees of the
24 Legislative Assembly related to water. The report shall describe the
25 performance of the grant program established under section 1 of this
26 2023 Act. The report must include, but need not be limited to:

27 "(1) Each grant awarded under the program since the last report;

28 "(2) The types and amounts of resources leveraged by grant moneys;

29 "(3) A description of projects currently in development;

30 "(4) An estimate of future project demand; and

"(5) Recommendations, if any, for changes to the design, scope or 1 administration of the program to better fulfill the purposes of section  $\mathbf{2}$ 1 of this 2023 Act. 3

"SECTION 3. Notwithstanding section 2 of this 2023 Act, the Oregon 4 Watershed Enhancement Board shall first submit a report under sec- $\mathbf{5}$ tion 2 of this 2023 Act no later than April 1, 2025. 6

"SECTION 4. The Community Drinking Water Enhancement and 7 Protection Fund is established in the State Treasury, separate and 8 distinct from the General Fund. Interest earned by the Community 9 Drinking Water Enhancement and Protection Fund shall be credited 10 11 to the fund. The fund shall consist of all moneys credited to the fund, including moneys appropriated or transferred to the fund by the Leg-12 islative Assembly. Moneys in the fund are continuously appropriated 13 to the Oregon Watershed Enhancement Board for the purpose of car-14 rying out section 1 of this 2023 Act. 15

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"SECTION 5. ORS 537.767 is amended to read:

"537.767. (1) As used in this section, 'repair' may include, but is not lim-17 ited to, a well deepening. 18

"(2) Moneys in the Water Well Abandonment, Repair and Replacement 19 Fund may be disbursed under authority of the Water Resources Director for 20the purposes described in this section. The Water Resources Department may 21disburse moneys from the fund to provide financial assistance: 22

"(a) To a person, as defined in ORS 536.007, or member of a federally re-23cognized Indian tribe in Oregon to permanently abandon a water well or to 24repair or replace a water well that is used for household purposes; 25

"(b) To nonprofit, governmental or other institutions that meet qualifica-26tions established by Water Resources Commission rules, for programs to 27permanently abandon water wells and to repair or replace water wells used 28for household purposes; 29

"(c) As cost-sharing with other programs to permanently abandon water 30

1 wells and to repair or replace water wells used for household purposes; or

"(d) To pay the cost of direct services of a water well constructor licensed under ORS 537.747 to purchase necessary materials and perform the work needed for abandoning, repairing or replacing water wells that are eligible under this section.

6 "(3) Except as provided in subsection (4) of this section, financial assist-7 ance provided under subsection (2) of this section may not exceed:

8 "(a) 75 percent of the cost to permanently abandon a water well;

9 "(b) 75 percent of the cost to repair or to replace a water well used for 10 household purposes; or

"(c) 50 percent of the cost of developing a program to permanently abandon, repair or replace water wells, when paid to an institution described in subsection (2)(b) of this section.

"(4) Notwithstanding subsection (3) of this section, financial assistance provided under subsection (2) of this section to an individual with lower income, as defined by the department, may cover the full cost of the materials or work described in subsection (2) of this section.

"(5) An expenditure from the fund is subject to at least one of the fol-lowing purposes:

"(a) The permanent abandonment, repair or replacement of water wells in
which deficiencies in the well construction might:

<sup>22</sup> "(A) Result in waste, loss of artesian pressure or ground water declines;

23 "(B) Serve as a conduit for contamination; or

<sup>24</sup> "(C) Otherwise be a detriment to public health or safety.

25 "(b) The repair or replacement of water wells used for household purposes
26 by persons of lower or moderate income.

"(c) The replacement of water wells used for household purposes in areas
of declining ground water levels where other sources of water for household
purposes are not feasible.

30 "(d) The abandonment, repair or replacement of water wells consistent

1 with water resources management purposes specified by rule by the commis-2 sion.

"(e) The abandonment, repair or replacement of water wells damaged due
to natural disasters.

"(f) The abandonment, repair or replacement of water wells used for
household purposes in areas of ground water contamination, if contaminant levels in the water from the water wells exceed levels permitted under drinking water standards.

9 "(6) If the department provides funding to an institution under subsection 10 (2)(b) of this section, the department shall require that the institution:

11 "(a) Use accounting, auditing and fiscal procedures that conform with 12 generally accepted government accounting standards;

"(b) Give preference to persons of lower or moderate income and to small
businesses that do not qualify for other financing;

"(c) Demonstrate past success in offering, underwriting, servicing and
 managing loans or grants to:

17 "(A) Persons of lower or moderate income; or

18 "(B) Persons representing a wide range of qualifications for credit; and

"(d) Have a plan for engaging other stakeholders in outreach and mar-keting efforts for a loan or grant program.

21 "(7) The department:

"(a) Shall consult with the Department of Environmental Quality and the Oregon Health Authority to establish criteria related to identifying areas of ground water contamination and assessing contaminant levels when evaluating applications under subsection (5)(f) of this section.

"(b) May deny applications for financial assistance under this section that are not likely to result in the improvement of ground water
quality or the meeting of drinking water standards.

30 "(c) May enter into contracts, intergovernmental agreements or other

arrangements with public or private entities for any purposes consistent withthis section.

"(8) The commission may adopt rules to implement this section, including
rules that:

5 "(a) Prioritize the issuance of the funding for a purpose described in 6 subsection (5) of this section.

"(b) Establish a preference for providing the funding to individuals of
moderate or lower income.

9 "(c) Establish that the funding may only be provided to individuals of 10 moderate or lower income.

"SECTION 6. (1) On or before January 15, 2024, the Legislative Policy and Research Director, or a designee of the director, shall prepare and submit a report to a committee or interim committee of the Legislative Assembly related to water on:

"(a) Processes and outcomes in Oregon related to recent federal
 funding opportunities to assist low-income drinking water, wastewater
 and stormwater ratepayers.

"(b) Approaches and funding sources for an ongoing statewide as sistance program for low-income drinking water, wastewater and
 stormwater ratepayers.

"(c) Approaches and funding sources to help low-income individuals
 and households finance the replacement or repair of private residential
 drinking water and sewer infrastructure.

"(d) Opportunities to leverage federal funds for the purposes de scribed in paragraphs (b) and (c) of this subsection.

"(2) In preparing the report, the director, or the designee of the
 director, shall consult with individuals and entities with relevant
 knowledge from diverse geographies and perspectives, such as:

"(a) Municipally and privately owned or operated drinking water
 and wastewater utility providers of various sizes.

"(b) Organizations with experience in providing technical assistance
to water and wastewater utilities.

"(c) Organizations with experience in rate assistance or support for
low-income drinking water, wastewater or stormwater ratepayers.

5 "(d) Organizations representing cities, counties and special dis-6 tricts.

"(3) All state agencies shall assist and advise as requested by the
director, or the designee of the director, in order to undertake the
duties described in subsections (1) and (2) of this section.

10 "<u>SECTION 7.</u> On or before October 1, 2024, the Water Resources 11 Department shall develop, and provide to a committee or interim 12 committee of the Legislative Assembly related to water, an updated 13 scope and estimated cost and timeline for implementing the 1998 14 Stewardship and Supply Initiative and a proposed approach to se-15 quencing development of river basin assessment reports.

"SECTION 8. (1) Oregon Consensus at Portland State University
 and Oregon State University shall establish a collaborative process for:
 "(a) Developing a shared understanding of water management in
 the Chewaucan River watershed; and

"(b) Identifying broadly supported actions related to the Chewaucan
 River watershed that will strive to:

"(A) Meet water needs, including needs for agricultural operations,
 communities, Lake Abert, wet meadows and fish and wildlife;

"(B) Address the ecological health of Lake Abert and the entire
 Chewaucan River watershed; and

"(C) Consider social, economic and environmental benefits and im pacts.

"(2) The process must be guided by a governance agreement that
 describes conditions for participation, the scope of the collaborative
 process, how decisions will be made and how the process will:

"(a) Be developed by a collaborative group that represents a balance
of interests, including but not limited to interests in in-stream and
out-of-stream water;

4 "(b) Address current and future in-stream and out-of-stream water
5 needs;

6 "(c) Promote contemplation of actions that are consistent with the 7 state water resources policy as defined in ORS 536.007 and water-8 related state laws that are in effect on the effective date of this 2023 9 Act;

"(d) Be developed through an open and transparent process that
 fosters public participation; and

"(e) Be developed in consultation with the Department of Environmental Quality, the State Department of Fish and Wildlife, the Water
Resources Department and affected federally recognized Indian tribes.
"(3) The process may not delay or preclude the activities of agencies, including activities such as applying for in-stream water rights,
regulating water use, managing water rights, collecting water-related
data and performing technical analyses.

"(4) The process may not interfere with water appropriations granted on or before the effective date of this 2023 Act for privately held surface and ground water rights to use water from the Chewaucan River watershed and the tributaries of the watershed.

23 "(5) The process may not delay or preclude the activities of private 24 landowners, including activities such as applying for new water rights, 25 for water right transfer, for changes in points of diversion or appro-26 priation or for irrigation uses, or any other activities allowed under 27 water-related state laws.

# 28 "SECTION 9. Section 8 of this 2023 Act is repealed on June 30, 2025. 29 "SECTION 10. ORS 536.220 is amended to read:

<sup>30</sup> "536.220. (1) The Legislative Assembly recognizes and declares that:

"(a) The maintenance of the present level of the economic and general welfare of the people of this state and the future growth and development of this state for the increased economic and general welfare of the people thereof are in large part dependent upon a proper utilization and control of the water resources of this state, and such use and control is therefore a matter of greatest concern and highest priority.

"(b) A proper utilization and control of the water resources of this state can be achieved only through a coordinated, integrated state water resources policy, through plans and programs for the development of such water resources and through other activities designed to encourage, promote and secure the maximum beneficial use and control of such water resources, all carried out by a single state agency.

"(c) The economic and general welfare of the people of this state have 13 been seriously impaired and are in danger of further impairment by the ex-14 ercise of some single-purpose power or influence over the water resources 15of this state or portions thereof by each of a large number of public au-16 thorities, and by an equally large number of legislative declarations by 17 statute of single-purpose policies with regard to such water resources, re-18 sulting in friction and duplication of activity among such public authorities, 19 in confusion as to what is primary and what is secondary beneficial use or 20control of such water resources and in a consequent failure to utilize and 21control such water resources for multiple purposes for the maximum benefi-22cial use and control possible and necessary. 23

<sup>24</sup> "(2) The Legislative Assembly, therefore, finds that:

<sup>25</sup> "(a) It is in the interest of the public welfare that a coordinated, inte-<sup>26</sup> grated state water resources policy be formulated and means provided for its <sup>27</sup> enforcement, that plans and programs for the development and enlargement <sup>28</sup> of the water resources of this state be devised and promoted and that other <sup>29</sup> activities designed to encourage, promote and secure the maximum beneficial <sup>30</sup> use and control of such water resources and the development of additional

water supplies be carried out by a single state agency that, in carrying out its functions, shall give proper and adequate consideration to the multiple aspects of the beneficial use and control of such water resources with an impartiality of interest except that designed to best protect and promote the public welfare generally.

6 "(b) The state water resources policy shall be consistent with the goal set 7 forth in ORS 468B.155.

8 "(3)[(a)] The Water Resources Department shall develop an integrated 9 state water resources strategy to implement the state water resources policy 10 specified in subsection (2) of this section. The department shall design the 11 strategy to meet Oregon's in-stream and out-of-stream water needs.

"[(b)] (4) The Water Resources Department shall work in close cooperation with the Department of Environmental Quality, the Oregon Watershed Enhancement Board, the State Department of Agriculture and the State Department of Fish and Wildlife to develop the integrated state water resources strategy, in consultation with other state, local and federal agencies, with other states, with Indian tribes, with stakeholders and with the public.

"(c)] (5) The Water Resources Department, in close cooperation with the 19 Department of Environmental Quality, the State Department of Agricul-20ture and the State Department of Fish and Wildlife, shall develop data on 21an ongoing basis to forecast Oregon's in-stream and out-of-stream water 22needs, including but not limited to in-stream, [underground] ground water, 23human consumption, irrigated agriculture and water supply needs, for the 24purpose of developing and updating the integrated state water resources 25strategy. 26

"[(d)] (6) The integrated state water resources strategy shall describe [the
following]:

"[(A)] (a) Oregon's in-stream and out-of-stream water needs, including but
 not limited to ecosystem services, water quality and water supply needs.

### "(b) Critical water issues at the state level and within water basins across this state.

 $3 \quad [(B)]$  (c) Objectives of the strategy.

4 "[(C)] (d) Actions that are designed to achieve the objectives of the 5 strategy.

6 "[(D)] (e) Plans [related to] and actions concerning water-related na-7 tural hazards and the challenges presented by climate change.

8 "[(E)] (f) Provisions to ensure communication [and partnership] and en9 gagement with the public.

"(g) Provisions to promote meaningful engagement with environ mental justice communities, as defined in ORS 182.535, consistent with
 the requirements of ORS 182.545.

"(h) Provisions to promote partnerships with Indian tribes, public
 bodies, as defined in ORS 174.109, and key stakeholders to implement
 recommended actions, as appropriate.

"(i) How the integrated state water resources strategy will be im plemented at multiple scales in a balanced, equitable and integrated
 manner.

"(j) How to support implementation of priority actions recom mended in other relevant state-developed or state-recognized plans or
 strategies.

"[(F)] (k) Specific functions and roles to be played by state agencies, in-22cluding but not limited to the Department of Environmental Quality, the 23State Department of Fish and Wildlife, the State Department of Agricul-24ture, the State Forestry Department, the Department of Human Services, the 25Oregon Business Development Department, the Department of Land Conser-26vation and Development, the Oregon Watershed Enhancement Board, the 27State Parks and Recreation Department, the Oregon Health Authority, the 28Department of State Lands and other relevant state agencies, along with 29 provisions to achieve interagency coordination. 30

# "(L) Provisions to achieve coordination with federal agencies and states that neighbor Oregon.

3 "[(G)] (m) Public policy options and recommendations.

"[(H)] (n) Relevant strategy factors, including but not limited to population growth and land use change.

6 "[(I)] (o) Recommendations [of the Water Resources Department] regarding 7 the continuous monitoring of climate change effects on Oregon's water sup-8 ply and regarding water user actions that are necessary to address climate 9 change.

"(p) Processes by which a biennial work plan will be developed and
 by which implementation of the work plan will be coordinated.

(e)(A) (7) Before adopting or revising the integrated state water 12 resources strategy, the Water Resources Commission shall give notice to 13 the Environmental Quality Commission, the Oregon Watershed Enhance-14 ment Board, the State [Department] Board of Agriculture, [and] the State 15[Department of] Fish and Wildlife Commission and any other agency 16 **referenced in the strategy** [notice of the integrated state water resources 17 strategy prior to adoption of the strategy]. The strategy, and any revisions 18 to the strategy, shall take effect upon adoption by the Water Resources 19 Commission. 20

<sup>21</sup> "[(B)] (8) The Water Resources Commission shall review and update the <sup>22</sup> integrated state water resources strategy at least every [five] eight years. <sup>23</sup> [The Water Resources Commission shall give notice to the Environmental <sup>24</sup> Quality Commission, the State Department of Agriculture and the State De-<sup>25</sup> partment of Fish and Wildlife prior to adopting any revisions of the strategy. <sup>26</sup> Revisions of the strategy shall take effect upon the Water Resources <sup>27</sup> Commission's adoption of the revised strategy by reference in rule.]

#### "(9) All agencies of state government, as defined in ORS 174.111, shall:

30 "(a) Assist the Water Resources Department, as requested, in per-

1 forming the duties described in this section; and

"(b) Furnish information as necessary to develop, update and implement the integrated state water resources strategy.

"[(4)] (10) This section does not limit the authority granted the Environmental Quality Commission or the Department of Environmental Quality
under ORS chapter 468B.

"SECTION 11. The amendments to ORS 536.220 by section 10 of this
2023 Act become operative on the first date after the effective date of
this 2023 Act on which the Water Resources Commission adopts updates to the integrated state water resources strategy described in ORS
536.220.

<sup>12</sup> "<u>SECTION 12.</u> The Oregon State University Extension Service and <sup>13</sup> the Oregon State University Agricultural Experiment Station shall <sup>14</sup> jointly establish an agricultural water management technical assist-<sup>15</sup> ance program. The technical assistance program shall be a voluntary, <sup>16</sup> nonregulatory and incentive-based program that may include the fol-<sup>17</sup> lowing elements:

"(1) Staffing of agricultural water management specialists based in
 different regions of this state who will be responsible for:

"(a) Building collaborative relationships with water and land man agers; and

"(b) Developing research-based water management programs that utilize data collected under subsection (6) of this section to provide publicly available statewide and regional tools for water and land managers that foster regionally specific knowledge and expertise.

"(2) Connecting agricultural producers to information, resources,
 tools, programs, partners, funding opportunities and other incentives
 to improve on-farm water management practices and outcomes for the
 producers' operations and water resources.

30 "(3) Creating a voluntary demonstration network of willing agri-

cultural producers to develop on-farm demonstration projects featuring water-related management practices that yield quantifiable water
quality and quantity benefits for the producers' operations and water
resources and to promote the uptake of effective practices, including,
but not limited to:

6 "(a) Modification of irrigation equipment;

7 "(b) Measurement and monitoring of water diversions and water
8 use;

9 "(c) Use of data in decision-making;

10 "(d) Irrigation management practices;

11 "(e) Soil management practices;

12 "(f) Dryland farming practices;

13 "(g) Crop rotations and rotational grazing practices;

"(h) Temporary or permanent voluntary in-stream flow restoration,
 such as in-stream leasing and split-season leasing, as described in ORS
 537.348;

"(i) Use of the program for the allocation of conserved water established under ORS 537.455 to 537.500;

"(j) Novel water sharing agreements or arrangements that benefit
 other in-stream and out-of-stream water uses;

- 21 **"(k) Water reuse;**
- <sup>22</sup> "(L) Effective use of state and federal programs;

23 "(m) Practices that restore and protect fish and wildlife habitat;

24 "(n) Practices that reduce energy use and costs;

- <sup>25</sup> "(o) Fish screening and fish passage; and
- "(p) Experimentation with alternative crops and drought-resistant
   crops.

"(4) Identifying, studying and mitigating the effects of projects and
 practices implemented under subsection (3) of this section on in stream and out-of-stream water users and uses, and conducting re-

1 lated outreach.

"(5) Organizing workshops and tours to promote innovative agri cultural water management practices.

4 "(6) Establishing and maintaining or supporting publicly available 5 weather and irrigation information systems designed to collect, pro-6 cess and make publicly available climate and weather-related data and 7 provide to agricultural producers tools that support increased pro-8 duction, increased resilience to drought and flood events and the effi-9 cient management of water resources.

10 "(7) In consultation with the Water Resources Department, con-11 tracting with an organization that provides publicly accessible, repro-12 ducible, satellite-based evapotranspiration data using open science 13 methods, open data services and an ensemble of well-established 14 evapotranspiration models to:

"(a) Support ongoing and reliable evapotranspiration data pro duction and platform maintenance for public use across this state;

"(b) Support data collection and technical analyses to improve the
 accuracy of the data for different regions in Oregon; and

"(c) Conduct outreach to agricultural producers and other subject
 matter experts to verify accuracy and increase usability of the data.

"(8) Partnering with agricultural producers and other subject matter experts to check the accuracy of data, develop new tools, adapt available tools, experiment with new technologies and approaches and identify best management practices.

25 "(9) Performing and publishing research related to agricultural wa 26 ter management.

"(10) Developing and updating Oregon-specific guides, manuals and other resources, with a focus on resources that will increase the likelihood of securing federal funding and assistance for agricultural water management and increase the effective delivery of desired 1 outcomes.

"(11) Providing technical assistance to small farmers or ranchers in
accessing state and federal assistance programs, including but not
limited to disaster assistance programs.

"SECTION 13. (1) To carry out the technical assistance program
described in section 12 of this 2023 Act, the Oregon State University
Extension Service and the Oregon State University Agricultural Experiment Station may:

9 "(a) Support the acquisition and maintenance of equipment neces-10 sary for the collection of weather data, climate data and data related 11 to agricultural water use and management, including equipment that 12 measures or monitors water supply, water diversions, water use and 13 evapotranspiration. Equipment may include, but need not be limited 14 to:

15 **"(A) AgriMet weather stations;** 

16 "(B) Other weather stations;

17 "(C) Eddy covariance stations;

18 **"(D) Lysimeters;** 

19 "(E) Stream gauges;

20 "(F) Soil moisture meters; and

21 "(G) Water use measuring devices.

"(b) Form partnerships with agricultural producers to site data collection equipment and use the data collected in on-farm management practices, with preference given to producers that agree to develop on-farm demonstration projects, as described in section 12 (3) of this 2023 Act.

"(c) Form partnerships and enter into cost-sharing agreements with
 institutions capable of maintaining data collection equipment and
 processing data, including, but not limited to, the United States
 Geological Survey, the United States Bureau of Reclamation, the Na-

tural Resources Conservation Service of the United States Department of Agriculture, the National Weather Service of the National Oceanic and Atmospheric Administration, the State Department of Agriculture, the Water Resources Department, the State Department of Fish and Wildlife, the Department of Environmental Quality, the Oregon Watershed Enhancement Board, the Oregon Climate Service and soil and water conservation districts.

"(d) Convene statewide or region-specific advisory groups or working groups to advise on any aspect of the program.

"(2) All data collected under subsection (1) of this section using
 public funds must be made publicly available.

"(3) In establishing and maintaining the voluntary demonstration
 network described in section 12 (3) of this 2023 Act, the Oregon State
 University Extension Service and the Oregon State University Agri cultural Experiment Station:

16 "(a) May receive and expend funds from any source to:

"(A) Design and implement demonstration projects under section
12 (3) of this 2023 Act; or

"(B) Provide stipends to agricultural producers participating in the
 voluntary demonstration network described in section 12 (3) of this
 2023 Act for time, equipment and related expenses.

"(b) Shall prioritize projects that have the potential to increase
 drought resiliency and provide quantifiable water quantity and quality
 benefits to other in-stream and out-of-stream water users or uses.

"<u>SECTION 14.</u> (1) The Oregon State University Extension Service
 and the Oregon State University Agricultural Experiment Station shall
 jointly:

"(a) Prepare an annual report describing climate-related impacts
 on agricultural producers, including, but not limited to, flood and
 drought impacts, and recommendations to increase agricultural

#### 1 resilience; and

"(b) Submit the report in the manner provided by ORS 192.245 to the
interim committees of the Legislative Assembly related to agriculture
no later than September 15 of each year.

5 "(2) The Oregon State University Extension Service and the Oregon 6 State University Agricultural Experiment Station shall jointly report 7 on the progress of the technical assistance program established under 8 section 12 of this 2023 Act in the manner provided by ORS 192.245 to 9 the interim committees of the Legislative Assembly related to agri-10 culture no later than September 15 of each even-numbered year.

"SECTION 15. The Place-Based Water Planning Fund is established 11 in the State Treasury, separate and distinct from the General Fund. 12 Interest earned by the Place-Based Water Planning Fund shall be 13 credited to the fund. The fund consists of moneys appropriated to the 14 fund by the Legislative Assembly and federal, public or private moneys 15designated for deposit in the fund. Moneys in the fund are contin-16 uously appropriated to the Water Resources Department for the pur-17 pose of carrying out the provisions of section 16 of this 2023 Act. 18

19 "SECTION 16. (1) As used in this section:

20 "(a) 'Eligible implementation coordination costs':

"(A) Means costs associated with actions taken to coordinate the
 implementation of a state-recognized place-based integrated water re sources plan.

<sup>24</sup> "(B) Does not include the costs of implementing a project.

"(b) 'Environmental justice community' has the meaning given that
 term in ORS 182.535.

"(c) 'Indian tribe' means a federally recognized Indian tribe in
Oregon that has members residing on a reservation or tribal trust
lands in Oregon.

30 "(d) 'Person' has the meaning given that term in ORS 536.007.

"(e) 'Place-based integrated water resources plan' means a plan
that:

"(A) Is developed for a planning area associated with waters from
sources within a shared hydrologic boundary;

5 "(B) Is developed in collaboration with a balanced representation
6 of interests;

7 "(C) Addresses current and future in-stream and out-of-stream
8 needs;

9 "(D) Includes the development of actions that are consistent with
10 the state water resources policy and other state laws concerning the
11 water resources of this state;

"(E) Is developed using an open, equitable and transparent process
 that fosters public participation and meaningful engagement with en vironmental justice communities, consistent with the requirements of
 ORS 182.545;

"(F) Is developed in consultation with the Water Resources De partment and other relevant state agencies;

"(G) Facilitates implementation of local water resources solutions
 and supports the knowledge and relationships needed to implement the
 solutions;

"(H) Assesses actions that are compatible with local comprehensive
 plans;

"(I) Strives to integrate solutions to cost-effectively achieve multi ple benefits;

"(J) Is consistent with the guiding principles of the integrated state
 water resources strategy; and

"(K) Complies with the rules of the Water Resources Commission,
 including any rules regarding the development of place-based inte grated water resources plans.

30 "(f) 'Place-based integrated water resources planning' means a

1 collaborative and inclusive process that is designed to:

"(A) Gather information to develop a shared understanding of water
 resources and identify critical issues and knowledge gaps;

4 "(B) Examine the existing and future in-stream and out-of-stream
5 water needs for people, the economy and the environment;

6 "(C) Identify and prioritize strategic, integrated solutions to un-7 derstand and meet in-stream and out-of-stream water needs; and

"(D) Develop, implement and update a place-based integrated water
resources plan.

"(g) 'Public body' has the meaning given that term in ORS 174.109. "(h) 'Situation assessment' means an assessment conducted for the purpose of understanding the status of an issue, stakeholder perspectives and the needs and conditions that potentially affect the feasibility and design of a collaborative process to develop and implement a place-based integrated water resources plan.

"(i) 'State-recognized place-based integrated water resources plan' means a place-based integrated water resources plan that has been reviewed by the Water Resources Commission and recognized by a commission resolution stating that the completed place-based integrated water resources plan adheres to applicable requirements.

"(2) The Water Resources Director may award grants with moneys
from the Place-Based Water Planning Fund established in section 15
of this 2023 Act to fund the costs of actions supporting place-based
integrated water resources planning, including costs of:

"(a) Filling gaps in state, tribal and local capacity, knowledge and
 skill sets.

"(b) Developing data and associated analyses tailored to the area
 of a place-based integrated water resources plan.

<sup>29</sup> "(c) Assessing critical issues within the planning area.

<sup>30</sup> "(d) Building knowledge and relationships among state agencies,

organizations with ties to or an interest in the planning area and
people who live in, work in or are interested in the planning area.

"(e) Assisting groups with preparing and assessing readiness to engage in relevant planning.

6 "(f) Assisting with building the capacity of a community to engage
6 in relevant planning.

7 "(g) Facilitating and managing a collaborative process to support
8 relevant planning.

9 "(h) Developing, or supporting development of, a place-based inte-10 grated water resources plan.

"(i) Facilitating associated public participation, including partic ipation by members of environmental justice communities, through
 education, outreach, financial support and other activities.

"(j) Updating a state-recognized place-based integrated water re sources plan.

16 "(k) Eligible implementation coordination costs.

"(3) In awarding grants, the department may require cost matching
by applicants.

"(4) The grants may be awarded to persons, public bodies, Indian
 tribes and nonprofit organizations.

21 "(5) The grants may be awarded as cost sharing with other pro-22 grams that support place-based integrated water resources planning.

"(6) In addition to disbursing moneys in the fund as described in subsection (2) of this section, the Water Resources Director may use moneys in the fund to further place-based integrated water resources planning by entering into agreements or contracting for the following:

27 "(a) Efforts related to interagency coordination.

28 **"(b) Situation assessments.** 

"(c) The collection or development of data, data inventories or
 other technical information necessary for planning.

1 "(d) Technical assistance.

<sup>2</sup> "(e) The development of guidelines and best practices.

3 "(f) Providing opportunities for public participation.

4 "(g) The development or provision of training and learning oppor5 tunities.

6 "(h) Holding events and gatherings.

7 "(i) Evaluations to identify lessons learned and areas for improve8 ment.

9 "(j) Consultation with Indian tribes.

"(k) Other actions in support of place-based integrated water re sources planning that benefit a specific area in this state or the state
 as a whole.

"(7) Before issuing funding under subsection (2) or (6) of this section, the Water Resources Director shall consult with the Department of Environmental Quality, Department of Land Conservation and Development, Oregon Health Authority, Oregon Watershed Enhancement Board, State Department of Agriculture and State Department of Fish and Wildlife to understand agency capacity to:

"(a) Participate in place-based integrated water resources planning.
 "(b) Provide information and assistance described in subsection (9)
 of this section.

"(8) Before issuing funding under subsection (2) of this section, the
Water Resources Director shall notify county and tribal governments
within the proposed planning boundary of an application.

"(9) The Water Resources Department, Department of Environmental Quality, Department of Land Conservation and Development, Oregon Health Authority, Oregon Watershed Enhancement Board, State Department of Agriculture and State Department of Fish and Wildlife may provide technical information and assistance to, and enter into contracts or agreements with, a person, public body, Indian

tribe or nonprofit organization to facilitate implementation of this
 section.

"(10) The Water Resources Commission shall consider staterecognized place-based integrated water resources plans when updating
the integrated state water resources strategy.

6 "(11) The commission may adopt rules to implement this section,
7 including rules that:

8 "(a) Further clarify the expenditures that may be funded by the
9 grants.

10 "(b) Prioritize the issuance of funding for purposes described in this 11 section and establish a system for scoring and ranking projects that 12 includes consideration of groups' readiness for planning and projects' 13 alignment with strategic priorities determined by state water laws and 14 relevant state agencies.

"(c) Establish requirements for promoting public participation and
 engaging environmental justice communities.

"(d) Establish criteria and a process for state recognition of a
 place-based integrated water resources plan.

"(e) Describe how the implementation of actions outlined in a
 state-recognized place-based integrated water resources plan may be
 considered and supported.

"(f) Establish reporting and other requirements necessary to main tain the status of a state-recognized place-based integrated water re sources plan, including requirements concerning:

"(A) Progress on implementing a place-based integrated water re sources plan.

"(B) How strategies and actions outlined in a place-based integrated
water resources plan must continue to represent a balance of instream and out-of-stream water interests.

30 "(C) How the planning process continues to demonstrate a com-

mitment to collaboration and adherence to principles of place-based
integrated water resources planning and the integrated state water
resources strategy described in ORS 536.220.

"(12) In developing rules described in subsection (11) of this section,
the commission shall consult with the agencies described in subsection
(7) of this section and other affected agencies.

7 **"SECTION 17.** ORS 537.797 is amended to read:

8 *"537.797.* (1) As used in this section:

9 "(a) 'District' means:

10 "(A) An irrigation district formed under ORS chapter 545;

11 "(B) A drainage district formed under ORS chapter 547;

"(C) A water improvement district formed under ORS chapter 552;
 or

<sup>14</sup> "(D) A water control district formed under ORS chapter 553.

"(b) 'Registered geologist' has the meaning given that term in ORS
 672.505.

"(c) 'Registered professional engineer' and 'registered professional
 land surveyor' have the meanings given those terms in ORS 672.002.

"(2) The Water Resources Commission by rule shall establish criteria for
[the] certification [of registered, professional land surveyors and engineers and
geologists practicing as defined in ORS 672.005 and 672.505, respectively,]
under ORS 537.798 to conduct surveys to determine whether a permittee has
completed all work necessary to perfect an appropriation of water under ORS
537.230, 537.630 and 540.530.

"(3) An individual may apply for certification under ORS 537.798 if
 the individual meets the criteria established by rule by the commission
 and is a:

- 28 "(a) Registered professional engineer;
- 29 "(b) Registered professional land surveyor;
- 30 "(c) Registered geologist; or

1 "(d) District employee who:

<sup>2</sup> "(A) Is, at the time of applying, employed full-time by a district;

3 "(B) Has been employed by a district for seven or more years; and

4 "(C) Has seven or more years of relevant technical experience con5 ducting similar work.

6

"SECTION 18. ORS 537.798 is amended to read:

"537.798. (1) The State Board of Examiners for Engineering and Land 7 Surveying may issue a water right examiner certificate to [a registered pro-8 fessional land surveyor, registered professional engineer or registered geologist 9 who meets the criteria established by the Water Resources Commission 10 *under*] an applicant described in ORS 537.797. The board shall require an 11 applicant for the certificate to pass an examination establishing the quali-12 fication of the applicant to be a water right examiner. The Water Resources 13 Department shall prepare, administer and score the examination. 14

"(2) The board shall establish fees for the examination, certification and renewal of certification of water right examiners. The fees shall be based upon the expenses of the board and the department in conducting the certification program. The board shall reimburse the department for department expenses related to the preparation, administration and scoring of the examination.

"(3) The board may adopt rules to regulate persons certified as water right examiners. The rules may include, but need not be limited to, rules establishing standards of professional conduct and rules establishing professional development or continuing education requirements.

"(4) Upon receipt of a complaint, or upon its own initiative, the board
may investigate any alleged or suspected violation by a water right examiner
of ORS 672.002 to 672.325, the criteria established under ORS 537.797, Water **Resources** Commission rules or a board rule adopted under this section or
ORS 672.255. If the board finds that a violation has occurred, in addition
to any other disciplinary or regulatory authority of the board, the board may

suspend, revoke or modify a certificate issued under this section. Board
action to suspend, revoke or modify the certificate is subject to the provisions of ORS chapter 183 relating to contested cases.

4 "SECTION 19. ORS 537.797, as amended by section 17 of this 2023 Act,
5 is amended to read:

6 "537.797. [(1) As used in this section:]

7 "[(a) 'District' means:]

8 "[(A) An irrigation district formed under ORS chapter 545;]

9 "[(B) A drainage district formed under ORS chapter 547;]

<sup>10</sup> "[(C) A water improvement district formed under ORS chapter 552; or]

11 "[(D) A water control district formed under ORS chapter 553.]

12 "[(b) 'Registered geologist' has the meaning given that term in ORS 13 672.505.]

<sup>14</sup> "[(c) 'Registered professional engineer' and 'registered professional land <sup>15</sup> surveyor' have the meanings given those terms in ORS 672.002.]

"[(2)] The Water Resources Commission by rule shall establish criteria for the certification [*under ORS 537.798*] of geologists, as defined in ORS 672.505, and persons engaged in the practice of engineering and the practice of land surveying, as those terms are defined in ORS 672.005, to conduct surveys to determine whether a permittee has completed all work necessary to perfect an appropriation of water under ORS 537.230, 537.630 and 540.530.

<sup>23</sup> "[(3) An individual may apply for certification under ORS 537.798 if the <sup>24</sup> individual meets the criteria established by rule by the commission and is a:]

25 "[(a) Registered professional engineer;]

26 "[(b) Registered professional land surveyor;]

27 "[(c) Registered geologist; or]

28 "[(d) District employee who:]

29 "[(A) Is, at the time of applying, employed full-time by a district;]

30 "[(B) Has been employed by a district for seven or more years; and]

1 "[(C) Has seven or more years of relevant technical experience conducting 2 similar work.]

"SECTION 20. ORS 537.798, as amended by section 18 of this 2023 Act,
is amended to read:

"537.798. (1) The State Board of Examiners for Engineering and Land  $\mathbf{5}$ Surveying may issue a water right examiner certificate to [an applicant de-6 scribed in] a registered professional land surveyor, registered profes-7 sional engineer or registered geologist who meets the criteria 8 established by the Water Resources Commission under ORS 537.797. The 9 board shall require an applicant for the certificate to pass an examination 10 establishing the qualification of the applicant to be a water right examiner. 11 The Water Resources Department shall prepare, administer and score the 12 examination. 13

"(2) The board shall establish fees for the examination, certification and renewal of certification of water right examiners. The fees shall be based upon the expenses of the board and the department in conducting the certification program. The board shall reimburse the department for department expenses related to the preparation, administration and scoring of the examination.

"(3) The board may adopt rules to regulate persons certified as water right examiners. The rules may include, but need not be limited to, rules establishing standards of professional conduct and rules establishing professional development or continuing education requirements.

<sup>24</sup> "(4) Upon receipt of a complaint, or upon its own initiative, the board <sup>25</sup> may investigate any alleged or suspected violation by a water right examiner <sup>26</sup> of ORS 672.002 to 672.325, the criteria established under ORS 537.797, [*Water* <sup>27</sup> *Resources*] commission rules or a board rule adopted under this section or <sup>28</sup> ORS 672.255. If the board finds that a violation has occurred, in addition to <sup>29</sup> any other disciplinary or regulatory authority of the board, the board may <sup>30</sup> suspend, revoke or modify a certificate issued under this section. Board

action to suspend, revoke or modify the certificate is subject to the pro visions of ORS chapter 183 relating to contested cases.

<u>SECTION 21.</u> The amendments to ORS 537.797 and 537.798 by
sections 19 and 20 of this 2023 Act become operative on July 1, 2027.

5 "SECTION 22. (1) The Department of Environmental Quality, in 6 consultation with the Water Resources Department and other relevant 7 state agencies and interested parties, shall address barriers to, and 8 develop technical assistance resources to support, expanded beneficial 9 water reuse or recycled water programs and projects within this state. 10 "(2) In carrying out the objectives of this section, the Department 11 of Environmental Quality shall:

"(a) Characterize recycled water and beneficial land application
 project types that are priorities to support water quality, water supply
 or use and habitat or ecosystem needs in this state;

"(b) Identify regulatory and other impediments to expanding water
 reuse;

"(c) Identify environmentally protective approaches successfully
 employed by other states with robust water reuse programs that may
 be applicable to Oregon;

"(d) Identify potential regulatory changes, including but not limited
 to changes to internal guidance, administrative rules or statutes
 needed to remove impediments, and propose an implementation
 schedule for enacting proposed changes; and

"(e) Develop technical assistance guidance, or other resources, for local jurisdictions and industries to seek permitting and development of recycled water and other beneficial land application programs that achieve the objectives of this section.

"(3) The department shall submit a progress report on the resources
 developed under this section in the manner provided by ORS 192.245,
 to the interim committees of the Legislative Assembly related to water

1 no later than December 31, 2023.

"(4) The department shall submit a final report, including completed resources developed under this section, in the manner provided by ORS 192.245, to the interim committees of the Legislative Assembly related to water no later than September 15, 2024. The department shall, at a minimum, identify in the report under this subsection:

7 "(a) Changes that agencies can make or have completed to internal
8 policies, guidance and processes;

9 "(b) Recommended changes that require an agency to amend ad10 ministrative rules or adopt new administrative rules;

"(c) Recommended changes that would require the Legislative As sembly to create new law or amend existing law;

"(d) Programmatic needs to remove impediments to water reuse
 and beneficial land application expansion and to support access to and
 acceleration of water reuse and beneficial land application projects;
 and

"(e) Technical assistance resources and incentives that would sup port jurisdictions in evaluating and pursuing reuse and beneficial land
 application projects.

"SECTION 23. Section 22 of this 2023 Act is repealed on January 2,
2025.

"<u>SECTION 24.</u> (1) The Oregon Department of Administrative Services shall enter into a contract with the Oregon Association of Water
Utilities that includes, but need not be limited to, a provision requiring
the association to:

"(a) Perform, or enter into a contract with a third party to perform,
a study of the needs and vulnerabilities of small and very small community water systems, including but not limited to the following topics:

30 "(A) Water supply reliability.

- 1 "(B) Source and treated water quality.
- 2 "(C) Utility board and operations management.
- 3 **"(D) Infrastructure.**
- 4 "(E) Droughts, floods and earthquakes.
- 5 "(F) Funding, financial stability and water rates.
- 6 "(G) Regulations and safe drinking water standards.

7 "(H) Opportunities for emergency interties, system consolidation
8 and regionalization.

- 9 "(b) Provide technical, financial and managerial support and re-10 sources to small and very small community water systems, which may 11 include support and resources related to:
- 12 "(A) Water supply reliability.
- 13 "(B) Source and treated water quality.
- 14 "(C) Utility board and operations management.
- 15 **"(D) Infrastructure.**
- 16 "(E) Droughts, floods and earthquakes.

17 "(F) Funding, financial stability and water rates.

18 "(G) Regulations and safe drinking water standards.

"(H) Applying for and managing funds associated with state and
 federal funding programs.

"(I) Assessing and supporting opportunities for emergency interties,
 system consolidation and regionalization.

"(c) Hire and employ one training specialist and two technical as sistance providers to provide support and resources to address the
 needs and vulnerabilities of small and very small community water
 systems in this state.

"(d) Consult with the Oregon Health Authority, the Department of
 Environmental Quality, the Water Resources Department, county en vironmental health departments and county emergency managers in
 designing the parameters of the study described in paragraph (a) of

1 this subsection.

"(e) Submit a report in the manner provided by ORS 192.245 to the
interim committees of the Legislative Assembly related to water no
later than December 31, 2024.

5 "(2) The Oregon Department of Administrative Services shall dis-6 tribute moneys to the Oregon Association of Water Utilities for the 7 purposes of carrying out subsection (1) of this section.

8 "(3) The Oregon Health Authority, the Department of Environ-9 mental Quality and the Water Resources Department shall cooperate 10 with the Oregon Association of Water Utilities, and provide to the 11 association any data or information requested by the association, in 12 implementing this section.

"SECTION 25. Section 24 of this 2023 Act is repealed on January 2,
2025.

15 "SECTION 26. (1) If the Water Resources Department requires an 16 entity to measure the use of water diverted, stored or otherwise ap-17 propriated by the entity under a right established by a water right 18 permit, water right certificate, limited license, decree, order of deter-19 mination or ground water registration, the department may require 20 the entity to report the measured use to the department.

"(2) The Water Resources Commission shall adopt rules as provided
 under ORS 536.027 to carry out subsection (1) of this section.

<sup>23</sup> "SECTION 27. ORS 541.669 is amended to read:

<sup>24</sup> "541.669. (1) The Water Resources Commission shall adopt rules estab-<sup>25</sup> lishing a system for scoring and ranking projects to determine which projects <sup>26</sup> are to be awarded loans and grants from the Water Supply Development <sup>27</sup> Account, including but not limited to the application of minimum criteria <sup>28</sup> designed to achieve the outcomes described in ORS 541.677. The criteria shall <sup>29</sup> be based on the public benefit categories described in ORS 541.673. The <sup>30</sup> commission shall make the loan and grant funding decisions [once] **at least** 

twice each year. Applications must be filed with the Water Resources Department. The department shall accept an application for a loan or grant at any time, but shall establish [a yearly deadline] a separate deadline for the [consideration of a pool] filing of applications before each time the commission makes loan and grant funding decisions.

"(2) The department shall conduct a preliminary review of applications 6 to check for completeness, eligibility and minimum requirements upon re-7 ceipt of each application. The department shall return incomplete applica-8 9 tions to the applicant. The department shall provide public notice by posting new funding applications on the department's website for a 60-day period 10 prior to reviewing the applications. The department shall provide for the 11 receipt of public comment on the applications during the 60-day period that 12 applications are posted on the department's website. 13

"(3) The department shall forward applications that have passed prelimi-14 nary review, along with any comments received from applicants or the pub-15lic, to a technical review team consisting of representatives of the Water 16 Resources Department, the Department of Environmental Quality, the State 17 Department of Fish and Wildlife, the State Department of Agriculture, the 18 Oregon Business Development Department, affected Indian tribes, any 19 collaborative body established by the Governor to address challenges, op-20portunities and priorities for the region affected by the project and addi-21tional experts as determined by the Water Resources Department. The 22technical review team shall conduct the initial scoring and ranking for the 23projects described in the applications, consider comments from applicants 24and the public and make loan and grant funding recommendations to the 25commission. The commission shall determine the final scoring and ranking 26of projects and make the final decision regarding which projects are awarded 27loans or grants from the account. Before the commission makes a final de-28cision on an application, the commission shall offer one additional opportu-29 nity for public comment. 30

"(4) The commission is not required to obligate all available account moneys during a funding cycle. Any available account moneys that are not obligated during a funding cycle shall be carried forward and be made available for projects in future funding cycles.

5 "(5) The department shall document the ranking of all applications and 6 make the application ranking publicly available after the funding decisions 7 by the commission have been published.

8 "SECTION 28. (1) The Oregon Business Development Department 9 shall establish and administer the Aquifer Recharge Due Diligence 10 Grant Program under which the Oregon Infrastructure Finance Au-11 thority established under ORS 285A.096 may award due diligence 12 grants, in accordance with this section and section 29 of this 2023 Act, 13 to public bodies listed in subsection (2) of this section in order to fund 14 activities set forth in subsection (3) of this section.

"(2) Any of the following public bodies may apply for a due diligence
 grant under the program in the manner prescribed under section 29
 of this 2023 Act:

18 "(a) A municipal subdivision of this state.

<sup>19</sup> "(b) A port organized under ORS chapter 777 or 778.

20 "(c) A district as defined in ORS 198.010.

21 "(d) An Oregon Indian tribe as defined in ORS 294.805.

22 **"(e) A county.** 

"(3) The authority may award grants to fund any of the following
 due diligence activities related to aquifer recharge and aquifer storage
 and recovery:

26 "(a) Test pit construction.

"(b) Borings and soil sampling necessary to design recharge basin
or aquifer storage and recovery well size and location.

"(c) Aquifer modeling necessary to meet the standards for a request
 to the Water Resources Department for a limited license under ORS

537.143 and 537.144 or to test aquifer storage and recovery in accordance with testing criteria under ORS 537.505 to 537.534.

"(d) Design and engineering necessary to reach the final 50 percent of design and engineering necessary to result in a biddable project for aquifer recharge basins, aquifer storage and recovery wells and works, aquifer storage and recovery treatment systems and conveyance works from water source to recharge site.

"(e) Sampling required by the Department of Environmental Quality to establish parameters for monitoring and sampling source water
quality and aquifer water quality.

"(f) Monitoring and sampling plan development associated with
 limited license requirements of the Water Resources Department and
 the Department of Environmental Quality.

<sup>14</sup> "(g) Applying for a limited license and public coordination.

"(4) All or a portion of the basin or aquifer to which a grant appli cation relates must have been:

17 "(a) Restrictively classified under ORS 536.340;

"(b) Withdrawn by the Water Resources Department from further
 groundwater appropriation under ORS 536.410; or

"(c) Designated as critical under statute or rule or order of the
 Water Resources Commission or the Water Resources Department.

"(5) The Oregon Business Development Department may adopt any
 rules the department considers necessary or convenient for the ad ministration of this section and section 29 of this 2023 Act.

25 "<u>SECTION 29.</u> (1) The governing body of a public body listed in 26 section 28 of this 2023 Act seeking a due diligence grant under this 27 section and section 28 of this 2023 Act must submit to the Oregon 28 Business Development Department an application in the form and 29 manner prescribed by the department.

30 "(2) To qualify for a due diligence grant, an application must be

accompanied by documentation satisfactory to the department that
 the following items have been completed or are available for in spection:

"(a)(A) A United States Geological Survey ground water characterization model for the targeted aquifer establishing a baseline of aquifer
properties;

"(B) A peer-reviewed academic model for the targeted aquifer establishing a baseline of aquifer properties; or

9 "(C) Documentation of agency-developed or publicly-developed re-10 ports determining that the targeted aquifer is a potential candidate for 11 recharge testing in order to prove that baseline data exists to warrant 12 additional due diligence for recharging the aquifer;

"(b) Documentation establishing that source water is available to
 conduct aquifer recharge testing at the targeted volume and rate of
 the test;

16 "(c) Documentation establishing that ground water use in the tar-17 geted aquifer has been monitored and metered for at least five years 18 immediately prior to the date on which the application is submitted; 19 and

"(d) Documentation showing that the basin or aquifer to which the
 application relates is eligible under section 28 (4) of this 2023 Act.

"(3)(a) Once the department has determined that an application is
 complete, the department shall approve or reject the application.

"(b) Rejection of an application does not preclude the governing
body from reapplying at any time with respect to the same or another
basin or aquifer.

"(c) If the department approves an application, the Oregon
Infrastructure Finance Authority shall determine the amount of the
grant award in accordance with subsection (4) of this section and the
department shall disburse the moneys to the applicant.

"(d) Rejection of an application and the amount of a grant award
may not be appealed.

"(4) The authority may award grants in any amount that does not 3 exceed the eligible due diligence costs substantiated in the application. 4 "SECTION 30. (1) The Oregon Business Development Department  $\mathbf{5}$ shall establish and administer the Aquifer Recharge Testing Forgivable 6 Loan Program under which the Oregon Infrastructure Finance Au-7 thority may make forgivable loans, in accordance with this section and 8 section 31 of this 2023 Act, to public bodies listed in subsection (2) of 9 this section in order to fund the costs set forth in subsection (3) of this 10 section. 11

"(2) Any of the following public bodies may apply for a forgivable
 loan under the program in the manner prescribed under section 31 of
 this 2023 Act:

15 "(a) A municipal subdivision of this state.

16 "(b) A port organized under ORS chapter 777 or 778.

17 "(c) A district as defined in ORS 198.010.

<sup>18</sup> "(d) An Oregon Indian tribe as defined in ORS 294.805.

19 **"(e) A county.** 

"(3) The authority may make forgivable loans for any of the fol lowing costs related to aquifer recharge and aquifer storage and re covery testing:

23 "(a) Energy costs.

"(b) Operation and maintenance costs associated with the treat ment and delivery of source water for the purposes of testing aquifer
 recharge or aquifer storage and recovery.

"(c) Monitoring and reporting costs required by the monitoring plan
of a limited license.

"(4) All or a portion of the basin or aquifer to which a loan appli cation relates must have been:

1 "(a) Restrictively classified under ORS 536.340;

"(b) Withdrawn by the Water Resources Department from further
 groundwater appropriation under ORS 536.410; or

4 "(c) Designated as critical under statute or rule or order of the
5 Water Resources Commission or the Water Resources Department.

6 "(5) Forgivable loans shall be made under this section and section 7 31 of this 2023 Act in a principal amount that does not exceed the costs 8 set forth in the application over the period, not to exceed five years, 9 of the limited license issued by the Water Resources Department under 10 ORS 537.143 and 537.144 or 537.505 to 537.534 that is associated with the 11 application submitted under section 31 of this 2023 Act.

"(6) The Oregon Business Development Department may adopt any
 rules the department considers necessary or convenient for the ad ministration of this section and section 31 of this 2023 Act.

15 "SECTION 31. (1)(a) The governing body of a public body listed in 16 section 30 of this 2023 Act seeking a forgivable loan under this section 17 and section 30 of this 2023 Act must submit to the Oregon Business 18 Development Department an application in the form and manner pre-19 scribed by the department.

"(b) To qualify for a forgivable loan, an application must be ac companied by documentation:

"(A) Of a valid limited license to conduct aquifer recharge testing
 or aquifer storage and recovery testing at the site to which the appli cation relates; and

"(B) That shows the basin or aquifer to which the application relates is eligible under section 30 (4) of this 2023 Act.

"(2)(a) Once the department has determined that an application is
 complete, the department shall approve or reject the application.

"(b) Rejection of an application does not preclude the governing
 body from reapplying at any time with respect to the same or another

1 basin or aquifer.

2 "(c) If the department approves an application, the Oregon 3 Infrastructure Finance Authority shall determine the amount of the 4 forgivable loan in accordance with section 30 (5) of this 2023 Act and 5 the department shall duly negotiate a loan agreement with the appli-6 cant.

7 "(d) Rejection of an application and the amount of a forgivable loan
8 may not be appealed.

9 "(3)(a) Upon completion of the activities for which the forgivable 10 loan was made, the governing body that received the loan must submit 11 documentation satisfactory to the department that 100 percent of the 12 water placed into the recharge went into the waters of this state and 13 was not recovered under a secondary use limited license or secondary 14 use permit obtained under ORS 537.534.

"(b) If the department is satisfied with the documentation, 100 per cent of the amount of the loan shall be forgiven.

"(c) If the department determines that water was used impermissibly within the terms of paragraph (a) of this subsection, the department may require repayment of the loan in an amount proportional to the percentage of the water that was used impermissibly, with interest at a rate not to exceed five percent.

"(d) Loan amounts and interest repaid under paragraph (c) of this
 subsection shall be credited to the Aquifer Recharge Fund established
 under section 33 of this 2023 Act.

25 "SECTION 32. Not later than September 15 of each year, the Oregon 26 Business Development Department and recipients of funding under 27 sections 28 to 33 of this 2023 Act shall prepare and submit a report, in 28 the manner required under ORS 192.245, to the interim committees of 29 the Legislative Assembly related to water, detailing the use of the 30 funding and the results of the recharge testing so funded.

HB 2010-6 6/7/23 Proposed Amendments to HB 2010 "SECTION 33. (1) The Aquifer Recharge Fund is established in the State Treasury, separate and distinct from the General Fund. Interest earned by the Aquifer Recharge Fund shall be credited to the fund. All moneys in the fund are continuously appropriated to the Oregon Business Development Department for the use of the Oregon Infrastructure Finance Authority established under ORS 285A.096 to fulfill the purposes set forth in sections 28 to 33 of this 2023 Act.

8 "(2) The fund shall consist of all moneys credited to the fund, in9 cluding but not limited to:

"(a) Moneys appropriated, allocated, transferred or otherwise cred ited to the fund by the Legislative Assembly, the department or the
 authority;

13 **"(b) Earnings received on moneys in the fund;** 

"(c) Repayment of financial assistance provided under sections 28
 to 33 of this 2023 Act, including interest;

"(d) Moneys transferred to the fund from the federal government,
 state agencies or local governments; and

"(e) Moneys deposited in the fund from any other source, including,
but not limited to, grants and gifts.

"(3) The authority may directly or indirectly grant, expend or lend
moneys in the fund for the purposes set forth in sections 28 to 33 of
this 2023 Act.

23 "(4)(a) The authority shall administer the fund.

24 "(b) The Oregon Business Development Department may adopt
 25 rules and policies for the administration of the fund.

<sup>26</sup> "<u>SECTION 34.</u> (1) Sections 28 to 33 of this 2023 Act are repealed on <sup>27</sup> January 2, 2032.

"(2) Any moneys remaining in the Aquifer Recharge Fund established under section 33 of this 2023 Act on the date specified in subsection (1) of this section that are unexpended, unobligated and not subject to any conditions shall be transferred to the Administrative
 Services Economic Development Fund.

"SECTION 35. (1) As used in this section, 'local workforce development board' and 'workforce program' have the meanings given those
terms in ORS 660.300.

6 "(2) The Oregon Department of Administrative Services shall pro-7 vide grants to soil and water conservation districts organized under 8 ORS 568.210 to 568.808 and 568.900 to 568.933 and to counties for the 9 treatment of western juniper to minimize the negative impacts of 10 western juniper on water resources and ecological health.

11 "(3) Grant recipients shall use grant funds only to:

"(a) Consistent with the requirements of this section, treat western
 juniper in areas where treatment will provide the greatest benefit to
 water resources and ecological health;

"(b) Consistent with the requirements of this section, remove
 western juniper at times, and using methods, that will reduce the risk
 of repropagation after removal; and

"(c) Cover the administrative expenses of the grant recipient related
to the grant program, except that no more than eight percent of grant
funds may be used to cover administrative expenses.

"(4) In determining areas to conduct western juniper treatment,
 grant recipients shall incorporate criteria from the western juniper
 management field guide developed by the Oregon Watershed En hancement Board, including:

25 **"(a) Conifer encroachment prioritization;** 

"(b) Hydrological prioritization, including a consideration of the
 location of the proposed project site in relation to surface waters;

"(c) Biological prioritization, including resilience to disturbance and
 resistance to exotic annual grasses; and

30 "(d) Canopy interspaces, including bunchgrass age classes and ex-

otic annual grasses or noxious weeds present at intermediate levels in
interspaces.

"(5) In selecting treatment project sites and conducting treatment,
 grant recipients shall seek to retain old growth juniper trees, as de termined by tree characteristics that include:

6 "(a) Flattened, rounded or uneven tops;

7 **"(b) A spreading crown;** 

8 "(c) Large branches near the base of the tree;

9 "(d) Large, dead branches, missing bark and abundant light green
10 lichen;

11 "(e) Thick fibrous bark with well-developed vertical furrows; and

"(f) Leader growth in the upper quarter of the tree that is less than
 one inch per year.

14 "(6) Treatment sites must be no less than 100 acres.

15 **"(7) Pretreatment analysis of treatment sites must include:** 

16 "(a) Risk assessments for annual grass weeds; and

"(b) An analysis of existing perennial understory to determine if
 reseeding is required.

"(8) Fuel loads associated with western juniper treatment shall be
 removed from the treatment site.

"(9) Any grazing plan for a treatment site must be developed in
 cooperation with the landowner and the applicable soil and water
 conservation district.

"(10) A grant recipient shall develop a post-treatment maintenance
 plan for the treatment site prior to beginning treatment.

"(11) Grant applicants may consult with Oregon State University,
 local governments, as defined in ORS 174.116, conservation organiza tions or other organizations or experts to identify areas that meet the
 criteria described in subsection (3)(a) of this section.

30 "(12) A grant recipient shall:

"(a) Work with Oregon State University to track and monitor the
effects of the program on water resources, ecological health and economic and workforce development and to provide quarterly and annual
reports to the department;

5 "(b) Work with a local workforce development board or other or 6 ganizations to create or expand an existing workforce program that 7 provides services to individuals performing western juniper treatment 8 or to allow individuals performing western juniper treatment to par-9 ticipate in an existing workforce program; and

"(c)(A) Prepare reports describing any proposed, ongoing or com pleted western juniper treatment project including:

12 "(i) Site conditions before treatment;

13 "(ii) Project methodologies and implementation;

<sup>14</sup> "(iii) Site conditions and maintenance efforts after treatment; and

<sup>15</sup> "(iv) An assessment of the effectiveness of the treatment.

"(B) A grant recipient shall submit the reports required under this
 paragraph to Oregon State University no later than two and five years,
 respectively, after receiving a grant under this section and shall make
 the reports publicly available.

"SECTION 36. (1) Oregon State University shall consult with recip ients of grants under section 35 of this 2023 Act to assist the recipients
 with establishing monitoring areas in central Oregon, Harney County
 and Klamath County.

"(2) Monitoring must be conducted for a period of at least five years
 and must include:

"(a) Overstory and understory vegetation surveys to assess soil,
 water and vegetation relationships; and

"(b) Monitoring of soil moisture, springflow, streamflow and
 weather.

30 "(3) Monitoring may include technological platforms or other sys-

tems to monitor vegetative cover, perennial grass cover, annual grass
cover or tree and shrub cover.

<u>SECTION 37.</u> (1) The Oregon Department of Administrative Services shall provide a grant to an organization formed pursuant to an
intergovernmental agreement under ORS chapter 190 that operates in
at least three of the following counties:

7 "(a) Crook County;

- 8 **"(b) Jefferson County;**
- 9 "(c) Klamath County;
- 10 "(d) Deschutes County;
- 11 "(e) Harney County; or

12 "(f) Lake County.

13 **"(2) The organization shall:** 

"(a) In rural areas of this state, coordinate efforts to identify and
 apply for sources of funding for western juniper treatment, or other
 water conservation projects, among cities, counties or other organ izations; and

"(b) Coordinate activities among grant recipients described in sec tion 36 of this 2023 Act.

"SECTION 38. The Oregon Department of Administrative Services
 shall provide the grants described in section 35 of this 2023 Act no later
 than July 1, 2023, or 60 days after the effective date of this 2023 Act,
 whichever is later.

24 "SECTION 39. Recipients of grants described in section 35 of this 25 2023 Act, as well as organizations described in sections 37, 51 and 52 26 of this 2023 Act, may accept moneys from state agencies, federal or 27 private funds or grants or the Emergency Board, in addition to the 28 grants, for purposes described in sections 35 and 36 of this 2023 Act.

<sup>29</sup> "<u>SECTION 40.</u> In addition to and not in lieu of any other appropri-<sup>30</sup> ation, there is appropriated to the Oregon Watershed Enhancement Board, for the biennium beginning July 1, 2023, out of the General
Fund, the amount of \$1,000,000, for deposit in the Community Drinking
Water Enhancement and Protection Fund established under section 4
of this 2023 Act.

"SECTION 41. In addition to and not in lieu of any other appropri- $\mathbf{5}$ ation, there is appropriated to the Higher Education Coordinating 6 Commission, for the biennium beginning July 1, 2023, out of the Gen-7 eral Fund, the amount of \$420,000, for distribution to Oregon Consen-8 sus at Portland State University, which must be used for the purposes 9 described in section 8 of this 2023 Act and may be used for awarding 10 grants and stipends to participants in the collaborative process de-11 scribed in section 8 of this 2023 Act. 12

<sup>13</sup> "<u>SECTION 42.</u> In addition to and not in lieu of any other appropri-<sup>14</sup> ation, there is appropriated to the Higher Education Coordinating <sup>15</sup> Commission, for the biennium beginning July 1, 2023, out of the Gen-<sup>16</sup> eral Fund, the amount of \$150,000, for distribution to Oregon State <sup>17</sup> University, which must be used for the purposes described in section <sup>18</sup> 8 of this 2023 Act.

19 "<u>SECTION 43.</u> In addition to and not in lieu of any other appropri-20 ation, there is appropriated to the Water Resources Department, for 21 the biennium beginning July 1, 2023, out of the General Fund, the 22 amount of \$254,870, which may be expended for:

23 "(1) Funding a staff position at the department; or

"(2) In consultation with Harney County Court, contracting with a
 qualified entity to:

"(a) Advise ground water users in the Greater Harney Valley
Groundwater Area of Concern, and other interested stakeholders that
work on ground water management in the Greater Harney Valley
Groundwater Area of Concern, concerning voluntary agreements
among ground water users from the same ground water reservoir, as

1 described in ORS 537.745;

"(b) Assess the opportunities and limitations of using the voluntary
agreements in the Greater Harney Valley Groundwater Area of Concern; and

"(c) Assist ground water users in the Greater Harney Valley
Groundwater Area of Concern with developing the voluntary agreements.

8 "<u>SECTION 44.</u> In addition to and not in lieu of any other appropri-9 ation, there is appropriated to the Water Resources Department, for 10 the biennium beginning July 1, 2023, out of the General Fund, the 11 amount of \$2,000,000, for deposit in the Place-Based Water Planning 12 Fund established under section 15 of this 2023 Act.

"SECTION 45. In addition to and not in lieu of any other appropri ation, there is appropriated to the Oregon Department of Administra tive Services, for the biennium beginning July 1, 2023, out of the
 General Fund, the amount of \$1,000,000, for distribution to the High
 Desert Partnership:

"(1) To design and implement projects for restoring or maintaining
wet meadow, wetland and lake conditions for birds, farmers and
ranchers on the Silvies River Floodplain, on the Donner und Blitzen
River Floodplain, at Malheur Lake and in the Malheur National
Wildlife Refuge;

"(2) For research and public engagement related to the projects
 described in subsection (1) of this section; and

"(3) To support collaborative partnerships related to the projects
 described in subsection (1) of this section.

"<u>SECTION 46.</u> In addition to and not in lieu of any other appropriation, there is appropriated to the Oregon Department of Administrative Services, for the biennium beginning July 1, 2023, out of the
General Fund, the amount of \$1,000,000, for purposes of implementing

1 section 24 of this 2023 Act.

<u>"SECTION 47.</u> In addition to and not in lieu of any other appropriation, there is appropriated to the Oregon Business Development Department, for the biennium beginning July 1, 2023, out of the General
Fund, the amount of \$3,000,000, for deposit in the Aquifer Recharge
Fund established under section 33 of this 2023 Act.

"SECTION 48. In addition to and not in lieu of any other appropriation, there is appropriated to the Oregon Department of Administrative Services, for the biennium beginning July 1, 2023, out of the General Fund, the following amounts which may be expended for the purposes of providing grants under section 35 of this 2023 Act, as follows:

"(1) \$850,000 for providing a grant to a soil and water conservation
 district located in Crook County.

"(2) \$325,000 for providing a grant to a soil and water conservation
 district located in Jefferson County.

"(3) \$125,000 for providing a grant to a soil and water conservation
 district located in Klamath County.

"(4) \$125,000 for providing a grant to a soil and water conservation
 district located in Deschutes County.

"(5) \$300,000 for providing a grant to soil and water conservation
 district located in Harney County.

23 "(6) \$125,000 for providing a grant to a soil and water conservation
 24 district located in Lake County.

<sup>25</sup> "(7) \$300,000 for providing a grant to Wheeler County.

26 "<u>SECTION 49.</u> In addition to and not in lieu of any other appropri-27 ation, there is appropriated to the Oregon Department of Administra-28 tive Services, for the biennium beginning July 1, 2023, out of the 29 General Fund, the amount of \$85,000, which may be expended for the 30 purpose of carrying out section 37 of this 2023 Act. "SECTION 50. In addition to and not in lieu of any other appropriation, there is appropriated to the Higher Education Coordinating Commission, for the biennium beginning July 1, 2023, out of the General Fund, the amount of \$365,000 for distribution to Oregon State University for the purpose of carrying out the provisions of section 35 of this 2023 Act.

<sup>7</sup> "<u>SECTION 51.</u> Notwithstanding any other law limiting expenditures, <sup>8</sup> the amount of \$1,000,000 is established, for the biennium beginning <sup>9</sup> July 1, 2023, as the maximum limit for payment of expenses by the <sup>10</sup> Oregon Watershed Enhancement Board for the purpose of carrying out <sup>11</sup> section 1 of this 2023 Act through use of funds from the Community <sup>12</sup> Drinking Water Enhancement and Protection Fund established by <sup>13</sup> section 4 of this 2023 Act.

"<u>SECTION 52.</u> Notwithstanding any other provision of law, the General Fund appropriation made to the Oregon Watershed Enhancement Board by section 1, chapter \_\_\_, Oregon Laws 2023 (Enrolled Senate Bill 5539), for the biennium beginning July 1, 2023, for operations, is increased by \$247,049, for administering the provisions of sections 1 to 3 of this 2023 Act.

<sup>20</sup> "<u>SECTION 53.</u> Notwithstanding any other provision of law, the <sup>21</sup> General Fund appropriation made to the Oregon Watershed Enhance-<sup>22</sup> ment Board by section 1, chapter \_\_\_\_, Oregon Laws 2023 (Enrolled <sup>23</sup> Senate Bill 5539), for the biennium beginning July 1, 2023, for oper-<sup>24</sup> ations, is increased by \$77,940, for carrying out the provisions of sec-<sup>25</sup> tion 11 of this 2023 Act and the amendments to ORS 536.220 by section <sup>26</sup> 10 of this 2023 Act.

"SECTION 54. Notwithstanding any other law limiting expenditures,
the limitation on expenditures established by section 4 (3), chapter \_\_\_\_\_,
Oregon Laws 2023 (Enrolled Senate Bill 5524), for the biennium beginning July 1, 2023, as the maximum limit for payment of expenses from

fees, moneys or other revenues, including Miscellaneous Receipts, but excluding lottery funds and federal funds, collected or received by the Oregon Business Development Department, for infrastructure, is increased by \$3,000,000, for the purposes described in sections 28 to 32 of this 2023 Act.

"SECTION 55. In addition to and not in lieu of any other appropriation, there is appropriated to the Oregon Business Development Department, for the biennium beginning July 1, 2023, out of the General
Fund, the amount of \$271,188, for administering the Aquifer Recharge
Testing Forgivable Loan Program established under section 30 of this
2023 Act.

"SECTION 56. Notwithstanding any other provision of law, the 12General Fund appropriation made to the Higher Education Coordinat-13 ing Commission by section 1 (10), chapter \_\_\_, Oregon Laws 2023 (En-14 rolled House Bill 5025), for the biennium beginning July 1, 2023, for 15public university statewide public services, is increased by \$3,085,581, 16 for distribution to Oregon State University's Southern Oregon Re-17search and Extension Center to carry out the provisions of sections 18 12 to 14 of this 2023 Act. 19

20 "SECTION 57. Notwithstanding any other provision of law, the 21 General Fund appropriation made to the Department of Environ-22 mental Quality by section 1 (2), chapter \_\_\_\_, Oregon Laws 2023 (En-23 rolled House Bill 5018), for the biennium beginning July 1, 2023, for 24 water quality, is increased by \$679,085, for carrying out the provisions 25 of sections 16 and 22 of this 2023 Act.

"<u>SECTION 58.</u> Notwithstanding any other provision of law, the
General Fund appropriation made to the State Department of Agriculture by section 1 (3), chapter \_\_\_\_, Oregon Laws 2023 (Enrolled House
Bill 5002), for the biennium beginning July 1, 2023, for natural resources, is increased by \$269,762, for carrying out the provisions of

1 section 16 of this 2023 Act.

"SECTION 59. Notwithstanding any other provision of law, the
General Fund appropriation made to the Water Resources Department
by section 1 (5), chapter \_\_\_, Oregon Laws 2023 (Enrolled House Bill
5043), for the biennium beginning July 1, 2023, for director's office, is
increased by \$631,202, for carrying out the provisions of sections 5 to
11 and 15 to 27 of this 2023 Act.

8 "SECTION 60. Notwithstanding any other provision of law, the 9 General Fund appropriation made to the Water Resources Department 10 by section 1 (1), chapter \_\_\_\_, Oregon Laws 2023 (Enrolled House Bill 11 5043), for the biennium beginning July 1, 2023, for agency adminis-12 tration, is increased by \$398,569, for carrying out the provisions of 13 sections 6 to 9, 11, 15, 16 and 21 to 26 of this 2023 Act and the amend-14 ments to statutes by sections 5, 10, 17 to 20 and 27 of this 2023 Act.

<sup>15</sup> "SECTION 61. Notwithstanding any other law limiting expenditures, <sup>16</sup> the amount of \$2,000,000 is established, for the biennium beginning <sup>17</sup> July 1, 2023, as the maximum limit for payment of expenses by the <sup>18</sup> Water Resources Department for the purpose of carrying out section <sup>19</sup> 16 of this 2023 Act through use of funds from the Place-Based Water <sup>20</sup> Planning Fund established under section 15 of this 2023 Act.

"<u>SECTION 62.</u> This 2023 Act being necessary for the immediate
 preservation of the public peace, health and safety, an emergency is
 declared to exist, and this 2023 Act takes effect on its passage.".

24