

## ANALYSIS

### Item 42: Water Resources Department Fee-Based Services Support

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**Analyst:** April McDonald

**Request:** Increase Other Funds expenditure limitation for the Water Resources Department by \$459,722 to carry forward American Rescue Plan Act funding for the continued support of water rights and other fee-based services.

**Analysis:** HB 5006 (2021) provided the Water Resources Department (WRD) with \$19.5 million in American Rescue Plan Act (ARPA) State Fiscal Recovery Funds for various projects and programs in the 2021-23 biennium. Of this total, \$3 million was designated by the federal government for “revenue replacement” and provided to WRD in support of fee-based programs. The Department was able to utilize \$1.5 million in the 2021-23 biennium for payroll and associated expenses to preserve fee revenues associated with the water rights programs and carried forward the remaining \$1.5 million into the 2023-25 biennium.

During the 2023-25 biennium, WRD utilized just over \$1 million of the unspent funds to hire and train additional temporary staff to process the long-standing backlog of water right transaction applications, including protested applications. Federal requirements for ARPA funding mandate the monies must be obligated by December 31, 2024, and spent by December 31, 2026. The Department requests an increase in Other Funds expenditure limitation of \$459,722 to apply the remaining unspent funds towards progress on the protest backlog prior to the federal deadline. The remaining ARPA funds will support fee-based services and cover costs associated with contested cases referred to the Office of Administrative Hearings.

**Recommendation:** The Legislative Fiscal Office recommends that the Joint Interim Committee on Ways and Means recommend including an increase of \$459,722 in Other Funds expenditure limitation for the Water Resources Department in a budget reconciliation bill during the 2026 legislative session for the continued support of water rights and other fee-based services.

**Request:** Establish an Other Funds expenditure limitation of \$459,722 to spend remaining American Rescue Plan Act (ARPA) Coronavirus State Fiscal Recovery Funds.

**Recommendation:** Approve the request during the 2026 Legislative Session.

**Discussion:** As background, WRD was awarded a total of \$3 million in ARPA funds by the 2021 Oregon Legislature. The Department deployed \$1.5 million in payroll and associated expenses to help preserve the fee balances associated with the water rights programs. Due to a delay attaining the necessary agreement, the remaining \$1.5 million funds awarded in 2021-23 were carried forward to the 2023-25 biennium in House Bill 5043 (2023). The balance was used to hire and train additional temporary caseworker staff to process the backlog of water right transaction applications, including protested applications.

The current request would carry forward the remaining ARPA funds to continue making progress on the protest backlog by assisting with contested case hearings that are referred to the Office of Administrative Hearings as well as providing support to other fee-based services.

**Legal Reference:** Establishment of an expenditure limitation of \$459,722 for the payment of expenses by the Water Resources Department from American Rescue Plan Act Coronavirus State Fiscal Recovery Fund moneys received by the Oregon Department of Administrative Services and transferred to the Water Resources Department for the biennium beginning July 1, 2025, for the purposes of water rights transaction processing and supporting fee-based services.



# Oregon

Tina Kotek, Governor

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**December 8, 2025**

The Honorable Senator Kate Lieber, Co-Chair  
The Honorable Representative Tawna Sanchez, Co-Chair  
Interim Joint Committee on Ways and Means  
900 Court Street NE, H-178  
Salem, OR 97301

Dear Co-Chairpersons:

### **Nature of the Request**

The Oregon Water Resources Department (Department) respectfully requests American Rescue Plan Act Coronavirus State Fiscal Recovery Fund (ARPA) expenditure limitation increase of \$459,722 for the continued support of water rights and other fee-based services. The 2021 Oregon Legislature provided the Department with \$3 million in ARPA funds (HB 5006), designated by the federal government as “revenue replacement,” to support fee-based programs during the 2021-23 biennium and to provide facilitation for stakeholder engagement as the Department works with stakeholders to develop more sustainable, long-term funding mechanisms to support these programs.

### **Agency Action**

In the 2021-23 biennium, the Department was able to utilize ARPA funds to support \$1.5 million in payroll and associated expenses, helping to preserve fee balances associated with the water rights programs. Due to a delayed start in getting the necessary agreements in place in 2021-23, the Department was unable to expend the balance of awarded funds and requested in HB 5043 (2023) to carry forward \$1.5 million in unspent ARPA funds into 2023-25 to continue this critical work. The Department, at the direction of the Legislature, utilized the carried over funds to hire and train additional temporary caseworker staff to process the backlog of water right transaction applications, including protested applications. This request is for the remaining unspent funds to be carried forward into the 2025-27 biennium to continue making progress on the protest backlog by assisting with the costs associated with contested case hearings that are referred to the Office of Administrative Hearings and support other fee-based services.

### **Action Requested**

The Department requests an increase in American Rescue Plan Act Coronavirus State Fiscal Recovery Fund Other Fund limitation in the amount of \$459,722 to support water rights transaction processing and to support other fee-based services. No additional state funds or position authority are requested.

The Honorable Senator Kate Lieber, Co-Chair  
The Honorable Representative Tawna Sanchez, Co-Chair  
Interim Joint Committee on Ways and Means  
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**Legislation Affected**

Amend Oregon Laws 2025, Chapter 611 (Senate Bill 5543), Section 5, by adding a new subsection that increases the American Rescue Plan Act Coronavirus State Fiscal Recovery Fund limitation for water rights transaction processing and supporting other fee-based services by \$459,722 for the 2025-27 biennium.

Thank you for your consideration of this request. For additional information, please contact Lisa Snyder, Administrative Services Division Administrator, at (503) 983-5801.

Sincerely,



Ivan Gall  
Director  
Oregon Water Resources Department

cc: Amanda Beitel, Legislative Fiscal Officer  
Kate Nass, Chief Financial Officer  
April McDonald, Legislative Fiscal Office  
Sione Filimoehala, Chief Financial Office  
Angela Parada, Chief Financial Office  
LFO Leg Requests, Legislative Fiscal Office  
CFO Leg Requests, Chief Financial Office