

House Bill 3364

Sponsored by Representatives HELM, OWENS

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: The Act makes changes related to a water supply grant program. The Act tells an agency to report on certain programs related to water at least every eight years. (Flesch Readability Score: 60.8).

Makes changes related to a water supply grant program.

Directs the Water Resources Department to report to a committee or interim committee of the Legislative Assembly related to water and to the Water Resources Commission on certain funding programs at least every eight years.

A BILL FOR AN ACT

1
2 Relating to water; creating new provisions; and amending ORS 541.561, 541.566, 541.576, 541.581,
3 541.656, 541.657, 541.659, 541.666, 541.669, 541.673, 541.677, 541.683 and 541.689.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 541.561 is amended to read:

6 541.561. (1) The Water Resources Department shall establish a grant program to pay the quali-
7 fying costs of [*planning*] studies performed to evaluate the feasibility of [*developing a*] **projects re-**
8 **lated to:**

9 (a) Water conservation[.].

10 (b) **Water reuse.**

11 (c) **Aquifer recharge.**

12 (d) **Aquifer storage and recovery.**

13 (e) **Streamflow protection or restoration.**

14 (f) **Water** [*or*] storage [*project, as described in ORS 541.566*].

15 (g) **Other activities identified by rule by the Water Resources Commission.**

16 (2) A grant under this section may be made to:

17 (a) [*a local government as defined in ORS 174.116, to*] **A person, as defined in ORS 536.007.**

18 (b) **A public body, as defined in ORS 174.109.**

19 (c) A federally recognized Indian tribe in Oregon that has members residing on a reservation
20 or tribal trust lands in Oregon [*or to a person*].

21 (d) **A nonprofit organization.**

22 [(2)] (3) In lieu of grants, the department may pay the cost of providing direct services, including
23 but not limited to technical [*planning*] services, for a [*planning*] study that is eligible for a grant
24 under this section.

25 [(3)] (4) [*A grant or the cost of direct services provided under this section may not exceed \$500,000*
26 *per project.*] A grant [*or payment for direct services*] may be provided only if the amount of the grant
27 [*or the cost of the direct services*] is matched by [*funding from another source that is not less than a*
28 *dollar-for-dollar match of the amount or cost*] **an in-kind or cash cost match of not less than 25**

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.
New sections are in **boldfaced** type.

1 **percent of the grant amount.**

2 [(4)] (5) Grants and the cost of direct services provided under this section must be paid for from
 3 moneys available in the Water [Conservation, Reuse and Storage] **Feasibility** Investment Fund.

4 [(5)(a)] (6)(a) In evaluating above ground storage projects for awards of grants or payments for
 5 direct services under this section, the department shall give priority to projects that include pro-
 6 visions for using stored water to augment in-stream flows to conserve, maintain and enhance aquatic
 7 life, fish life or other ecological values.

8 (b) In evaluating all other eligible projects **for awards of grants or payments for direct**
 9 **services under this section**, the department shall give priority to projects [*identified by the de-*
 10 *partment in a statewide water assessment and inventory for the award of grants or provision of pay-*
 11 *ment for direct services under this section*] **that advance priorities of the commission to**
 12 **implement the integrated water resources strategy.**

13 **SECTION 2.** ORS 541.566 is amended to read:

14 541.566. (1) A [*planning*] study receiving a grant or payment for direct services under ORS
 15 541.561 **may include activities necessary to assess the type, location, design, cost or other**
 16 **factor affecting the identification, selection or feasibility of a project described in ORS**
 17 **541.561. Specific activities** may include, but [*is*] **are** not limited to:

- 18 (a) Analyses of hydrological refill capacity;
- 19 (b) Water needs analyses;
- 20 (c) Refined hydrological analyses;
- 21 (d) Engineering and financial feasibility studies;
- 22 (e) Geologic analyses;
- 23 (f) Water exchange studies;
- 24 (g) Analyses of by-pass, optimum peak, flushing and other ecological flows of the affected stream
 25 and the impact of a proposed [*water conservation, reuse or storage*] project on those flows;
- 26 (h) Comparative analyses of alternative means of supplying water, including but not limited to
 27 the costs and benefits of conservation and efficiency alternatives and the extent to which long-term
 28 water supply needs may be met using those alternatives;
- 29 (i) Analyses of **potential** environmental **benefits**, harm or impacts from a proposed [*water con-*
 30 *servation, reuse or storage*] project;
- 31 (j) Analyses of **potential** public benefits accruing from a proposed [*water conservation, reuse or*
 32 *storage*] project;
- 33 (k) Fiscal analyses of a proposed [*water conservation, reuse or storage*] project, including esti-
 34 mated project costs, financing for the project and projected financial returns from the project;
- 35 (L) Hydrological analyses of a proposed [*water conservation, reuse or storage*] project, including
 36 the anticipated effects of climate change on hydrological refill capacity; [*and*]
- 37 (m) Analyses of potential water quality impacts of the project[.];
- 38 (n) **The development of water management and conservation plans and associated ana-**
 39 **lyses that assess alternatives to achieve water conservation;**
- 40 (o) **Analyses related to the preparation of seasonally varying flow as prescribed in rules**
 41 **of the Water Resources Commission;**
- 42 (p) **Analyses associated with evaluating the safety of existing dams and evaluating**
 43 **actions to address safety deficiencies related to existing dams;**
- 44 (q) **Analyses of potential economic impacts or benefits of the project; and**
- 45 (r) **Analyses of impacts of a project on environmental justice communities and ways to**

1 **minimize impacts on environmental justice communities.**

2 (2) If a [planning] study concerns a proposed storage project that would impound surface water
 3 on a perennial stream, divert water from a stream that supports sensitive, threatened or endangered
 4 fish or divert more than 500 acre-feet of surface water annually, a grant or direct services payment
 5 may be provided only if the study contains:

6 (a) Analyses of [by-pass, optimum peak, flushing and other ecological flows of the affected stream
 7 and the impact of the storage project on those flows] **foundational information for seasonally
 8 varying flow to assess changes in the flow regime, ecological functions of the stream and
 9 other foundational factors as prescribed by rule by the commission;**

10 (b) Comparative analyses of alternative means of supplying water, including but not limited to
 11 the costs and benefits of conservation and efficiency alternatives and the extent to which long-term
 12 water supply needs may be met using those alternatives;

13 (c) Analyses of environmental harm or impacts from the proposed storage project;

14 (d) Evaluation of the need for and feasibility of using stored water to augment in-stream flows
 15 to conserve, maintain and enhance aquatic life, fish life and any other ecological values; and

16 (e) For a proposed storage project that is for municipal use, analysis of local and regional water
 17 demand and the proposed storage project's relationship to existing and planned water supply
 18 projects.

19 **(3) Notwithstanding subsection (2) of this section, the requirements of subsection (2)(a),
 20 (c) and (d) do not apply to a study that proposes an initial screening of multiple potential
 21 geographic locations for storage sites based on:**

22 **(a) Geographic measures;**

23 **(b) Geology;**

24 **(c) The presence of threatened, endangered and sensitive species;**

25 **(d) Water availability; and**

26 **(e) Demand for water.**

27 **SECTION 3.** ORS 541.576 is amended to read:

28 541.576. (1) The Water [Conservation, Reuse and Storage] **Feasibility** Investment Fund is estab-
 29 lished in the State Treasury, separate and distinct from the General Fund. Interest earned by the
 30 Water [Conservation, Reuse and Storage] **Feasibility** Investment Fund shall be credited to the Gen-
 31 eral Fund. Moneys in the Water [Conservation, Reuse and Storage] **Feasibility** Investment Fund are
 32 continuously appropriated to the Water Resources Department to award grants and to pay the cost
 33 of direct services provided under ORS 541.561.

34 (2) The [Water Conservation, Reuse and Storage Investment] fund shall consist of:

35 (a) Moneys appropriated to the fund by the Legislative Assembly;

36 (b) Any moneys that may be transferred to the fund by the federal government, a state agency
 37 or a local government; and

38 (c) Grant repayments, if any.

39 **SECTION 4.** ORS 541.581 is amended to read:

40 541.581. The Water Resources Commission shall adopt rules necessary to administer ORS 541.561
 41 to 541.581, including rules that:

42 (1) Establish reporting requirements for grants awarded under ORS 541.561;

43 **(2) Establish a process that the Water Resources Department may use to provide direct
 44 services and award grants;**

45 [(2)] **(3) Provide for public comment before the award of grants and payment for direct services**

1 under ORS 541.561; and

2 [(3)] (4) Implement the priorities required by ORS 541.561.

3 **SECTION 5.** ORS 541.656 is amended to read:

4 541.656. (1) The Water Supply Development Account is established in the State Treasury, separate and distinct from the General Fund. Interest earned by the Water Supply Development Account shall be credited to the account. Moneys in the account are continuously appropriated to the Water Resources Department for use in carrying out ORS 541.651 to 541.696.

8 (2) The department may expend moneys from the account for:

9 (a) Subject to subsection (4) of this section, making loans and grants to evaluate, plan and develop in-stream and out-of-stream water development projects approved by the Water Resources Commission, including but not limited to projects that:

12 (A) Repair or replace infrastructure to increase the efficiency of water use;

13 (B) Provide new or expanded water storage;

14 (C) Improve or alter operations of existing water storage facilities in connection with newly developed water;

16 (D) Create new, expanded, improved or altered water distribution, conveyance or delivery systems in connection with newly developed water;

18 (E) Allocate federally stored water;

19 (F) Promote water reuse;

20 (G) Promote water conservation;

21 (H) Provide streamflow protection or restoration;

22 (I) Provide for water management or measurement in connection with newly developed water;

23 [and]

24 (J) Determine seasonally varying flows in connection with newly developed water[.]; **and**

25 **(K) Provide equipment for long-term monitoring of project outcomes including compliance with established seasonally varying flows in connection with newly developed water.**

27 (b) Paying the necessary administrative and technical costs of the department in carrying out ORS 541.651 to 541.696.

29 (3)(a) In addition to any other permissible uses of moneys in the account, the department may expend moneys from the account to support:

31 (A) Ongoing studies conducted by the United States Army Corps of Engineers to allocate stored water; and

33 (B) Comprehensive basin studies conducted by the United States Bureau of Reclamation.

34 (b) Expenditures described in this subsection are not subject to any grant or loan procedures, public benefit scoring or ranking] or other requirements or restrictions for grants or loans established under ORS 541.651 to 541.696.

37 (4) The department may expend account moneys under subsection (2) of this section for loans and grants to develop in-stream and out-of-stream water development projects only if the department determines under ORS 540.530 that any transfer of water rights for the project will not injure existing water rights.

41 **SECTION 6.** ORS 541.657 is amended to read:

42 541.657. (1) **Unless otherwise specified in legislation appropriating funds,** an expenditure of moneys from the Water Supply Development Account is not subject to any application process [or public benefit scoring or ranking] under ORS 541.663, 541.666, 541.669, 541.673 [or], 541.677 **or 541.683** if the expenditure is for a [purpose] **project for which the purpose is:**

1 [(1) (a) *[Specifically identified in]* An appropriation to the account from the General Fund *[for*
 2 *carrying out the purpose]*; or

3 [(2) (b) *[Specifically identified in]* Legislation that authorizes a transfer of lottery bond proceeds
 4 to the account for carrying out the purpose.

5 **(2) A recipient of funding for a project described in subsection (1) of this section shall**
 6 **provide information requested by the Water Resources Department to comply with the pro-**
 7 **visions of ORS 541.656 and shall enter into a grant or loan agreement.**

8 **SECTION 7.** ORS 541.659 is amended to read:

9 541.659. (1) Loans and grants may be made from the Water Supply Development Account to
 10 persons as defined in ORS 536.007, to a federally recognized Indian tribe in Oregon that has mem-
 11 bers residing on a reservation or tribal trust lands in Oregon and nonprofit organizations.

12 (2) If an applicant is required to have a water management and conservation plan, the plan must
 13 be:

14 (a) Submitted to the Water Resources Department *[and receive approval]* prior to department
 15 acceptance of an application for a loan or grant from the account.

16 **(b) Approved by the department before the project is awarded a loan or grant.**

17 **SECTION 8.** ORS 541.666 is amended to read:

18 541.666. (1) Applications for a loan or grant from the Water Supply Development Account
 19 must:

20 (a) Be in a form prescribed by the Water Resources Department.

21 **(b) Include any information required by the department.** *[and must include the following:]*

22 [(1) *A description of the need, purpose and nature of the project, including what the applicant in-*
 23 *tends to complete and how the applicant intends to proceed.]*

24 [(2) *Sufficient information to allow evaluation of the application based upon the public benefit*
 25 *scoring and ranking of the project.]*

26 [(3) *Current contact information for the principal contact, fiscal officer and involved landowners.]*

27 [(4) *For applications involving physical changes or monitoring on private land, evidence that*
 28 *landowners are aware of and agree to the proposal and are aware that monitoring information is a*
 29 *public record.]*

30 [(5) *The location of the proposed project, using public land survey reference points, latitude and*
 31 *longitude, county, watershed, river and stream mile, if appropriate.]*

32 [(6) *An itemized budget for the project, including fiscal and administrative costs.]*

33 [(7) *A description of funds, services or materials available to the project.]*

34 [(8) *A project schedule, including beginning and completion dates.]*

35 [(9) *Any conditions that may affect the completion of the project.]*

36 [(10) *A completed feasibility analysis if appropriate.]*

37 [(11) *Suggestions for interim and long-term project performance benchmarks.]*

38 [(12) *If the application is for a grant, demonstrated in-kind and cash cost match of not less than*
 39 *25 percent of the amount of the grant sought from the account.]*

40 [(13) *If the application is for a loan, evidence demonstrating ability to repay the loan and provide*
 41 *collateral.]*

42 [(14) *Letters of support for the proposed project.]*

43 [(15) *If required by the department, a description of consultations with affected Indian tribes re-*
 44 *garding the project.]*

45 [(16) *Any other information required by the department.]*

1 (c) **Be filed with the department.**

2 (2) **The department shall:**

3 (a) **Accept an application for a loan or grant at any time.**

4 (b) **Establish a separate deadline for the filing of applications before each time period in**
 5 **which the Water Resources Commission makes loan and grant funding decisions.**

6 **SECTION 9.** ORS 541.669 is amended to read:

7 541.669. (1) The Water Resources Commission shall adopt rules establishing a system for [*scoring*
 8 *and ranking*] **evaluating** projects to determine which projects are to be awarded loans and grants
 9 from the Water Supply Development Account[, *including but not limited to the application of minimum*
 10 *criteria designed to achieve the outcomes described in ORS 541.677*].

11 (2) The criteria **for evaluating projects** [*shall*] **must** be based on the public benefit categories
 12 described in ORS 541.673 **and preferences described in ORS 541.677.**

13 (3) The commission shall make the loan and grant funding decisions at least twice each year
 14 **so long as funds are available to award.** [*Applications must be filed with the Water Resources De-*
 15 *partment. The department shall accept an application for a loan or grant at any time, but shall estab-*
 16 *lish a separate deadline for the filing of applications before each time the commission makes loan and*
 17 *grant funding decisions.*]

18 [(2)] (4) The department shall conduct a preliminary review of applications to check for com-
 19 pleteness, eligibility and minimum requirements upon receipt of each application.

20 (5) The department shall return incomplete applications to the applicant.

21 (6) The department shall provide public notice by posting new funding applications on the
 22 department's website for a [*60-day*] **30-day** period prior to reviewing the applications.

23 (7) The department shall provide for the receipt of public comment on the applications during
 24 the [*60-day*] **30-day** period that applications are posted on the department's website.

25 [(3)] (8) The department shall forward applications that have passed preliminary review, along
 26 with any comments received from applicants or the public, to a technical review team consisting of
 27 representatives of the Water Resources Department, the Department of Environmental Quality, the
 28 State Department of Fish and Wildlife, the State Department of Agriculture, the Oregon Business
 29 Development Department, affected Indian tribes, any collaborative body established by the Governor
 30 to address challenges, opportunities and priorities for the region affected by the project and addi-
 31 tional experts as determined by the Water Resources Department.

32 (9) The technical review team shall [*conduct the initial scoring and ranking for*] **score and rank**
 33 the projects described in the applications, consider comments from applicants and the public and
 34 make loan and grant funding recommendations to the [*commission*] **department.**

35 (10) **The department shall make the technical review team's funding recommendations**
 36 **available for public comment prior to a funding decision.**

37 (11) **The department shall make funding recommendations to the commission based on**
 38 **review by the technical review team and comments from applicants and the public.**

39 (12) The commission shall [*determine the final scoring and ranking of projects and*] make the final
 40 decision regarding which projects are awarded loans or grants from the account. [*Before the com-*
 41 *mission makes a final decision on an application, the commission shall offer one additional opportunity*
 42 *for public comment.*]

43 [(4)] (13) The commission is not required to obligate all available account moneys during a
 44 funding cycle.

45 (14) Any available account moneys that are not obligated during a funding cycle shall be carried

1 forward and be made available for projects in future funding cycles.

2 [(5) *The department shall document the ranking of all applications and make the application*
 3 *ranking publicly available after the funding decisions by the commission have been published.*]

4 **SECTION 10.** ORS 541.673 is amended to read:

5 541.673. (1) Projects applying under ORS 541.669 for funding from the Water Supply Development
 6 Account shall [*be evaluated based upon the public benefits of the project*] **include an evaluation of**
 7 **the public benefits of the projects, along with other factors determined by the Water Re-**
 8 **sources Department.**

9 (2) The evaluation must consider both positive and negative effects of a project.

10 (3) The three categories of public benefit to be considered in the project evaluation are eco-
 11 nomic benefits, environmental benefits and social or cultural benefits. Each category of benefits
 12 shall be given equal importance in the evaluation of a project.

13 (4) The technical review team described in ORS 541.669 shall use the evaluation system to as-
 14 sign [*initial*] scores and rankings to projects. [*The Water Resources Commission shall use the evalu-*
 15 *ation system to assign final scorings and rankings to the projects. The commission shall award loan*
 16 *and grant funding from the account to the projects that have the greatest public benefit and will best*
 17 *achieve the outcomes described in ORS 541.677.*]

18 [(2)] (5) The evaluation of economic benefits for a project [*shall*] **must** be based on the changes
 19 in economic conditions expected to result from the project[, *including but not limited to conditions*
 20 *related to*]. **The commission may, in developing the evaluation system, consider any relevant**
 21 **factors including but not limited to the following:**

22 (a) Job creation or retention;

23 (b) Increases in economic activity;

24 (c) Increases in efficiency or innovation;

25 (d) Enhancement of infrastructure, farmland, public resource lands, industrial lands, commercial
 26 lands or lands having other key uses;

27 (e) Enhanced economic value associated with tourism or recreational or commercial fishing,
 28 with fisheries involving native fish of cultural significance to Indian tribes or with other economic
 29 values resulting from restoring or protecting water in-stream; and

30 (f) Increases in irrigated land for agriculture.

31 [(3)] (6) The evaluation of environmental benefits for a project shall be based on the changes in
 32 environmental conditions expected to result from the project[, *including but not limited to conditions*
 33 *related to*]. **The commission may, in developing the evaluation system, consider any relevant**
 34 **factors including but not limited to the following:**

35 (a) A measurable improvement in protected streamflows that:

36 (A) Supports the natural hydrograph;

37 (B) Improves floodplain function;

38 (C) Supports state or federally listed sensitive, threatened or endangered fish species;

39 (D) Supports native fish species of cultural importance to Indian tribes; or

40 (E) Supports riparian habitat important for wildlife;

41 (b) A measurable improvement in ground water levels that enhances environmental conditions
 42 in ground water restricted areas or other areas;

43 (c) A measurable improvement in the quality of surface water or ground water;

44 (d) Water conservation;

45 (e) Increased ecosystem resiliency to climate change impacts; and

(f) Improvements that address one or more limiting ecological factors in the project watershed.

[(4)] (7) The evaluation of the social or cultural benefits for a project shall be based on the changes in social or cultural conditions expected to result from the project[, *including but not limited to conditions related to*]. **The commission may, in developing the evaluation system, consider any relevant factors including but not limited to the following:**

(a) The promotion of public health and safety and of local food systems;

(b) A measurable improvement in conditions for members of minority or low-income communities, economically distressed rural communities, tribal communities or other communities traditionally underrepresented in public processes;

(c) The promotion of recreation and scenic values;

(d) Contribution to the body of scientific data publicly available in this state;

(e) The promotion of state or local priorities, including but not limited to the restoration and protection of native fish species of cultural significance to Indian tribes; and

(f) The promotion of collaborative basin planning efforts, including but not limited to efforts under the state integrated water resources strategy.

SECTION 11. ORS 541.677 is amended to read:

541.677. (1) The Water Resources Commission shall [*design the minimum criteria for the project scoring and ranking*] **adopt rules to establish the evaluation** system described in ORS 541.669 to [*achieve the following outcomes*]:

(a) [*The issuance of*] **Issue** grants or loans only to projects that provide benefits in each of the three categories of public benefit described in ORS 541.673.

(b) **Provide** preference for partnerships and collaborative projects.

(c) [*The funding of*] **Fund** projects of diverse sizes, types and geographic locations.

[(d) *If a project proposes to divert water, preference for projects that provide a measurable improvement in protected streamflows.*]

[(e) *If a project proposes to increase efficiency, preference for projects that provide a measurable increased efficiency of water use.*]

(d) Provide preference for projects that provide a measurable improvement in protected streamflows.

(2) The [*Water Resources Department*] **commission** shall **periodically** review the loan and grant program [*on a biennial basis*] to assess to what extent the [*outcomes described in subsection (1) of this section are being achieved, and shall report the review findings to the Water Resources Commission*] **loan and grant program is achieving desired outcomes and providing public benefits.**

(3) The commission shall modify the project selection process as necessary to better achieve the **desired** outcomes [*described in*] **under** subsection [(1)] (2) of this section.

SECTION 12. ORS 541.689 is amended to read:

541.689. (1) The Water Resources Department shall make a determination as provided under subsection (2) of this section if an application for a loan or grant from the Water Supply Development Account is for a project that requires a water [*storage*] **right certificate or permit** or aquifer recharge permit or limited license for the storage of water outside of the official irrigation season and:

(a) Impounds surface water on a perennial stream;

(b) Diverts water from a stream that supports state or federally listed sensitive, threatened or endangered fish species; or

(c) Diverts more than 500 acre-feet of surface water annually.

1 (2) The department shall review a completed application for a project described in subsection
 2 (1) of this section to determine whether the applicable seasonally varying flows have been estab-
 3 lished under this section for the stream of interest. If the department determines that the applicable
 4 seasonally varying flows have not previously been established, the department shall establish the
 5 seasonally varying flows before *issuing* **reimbursing funds for** a loan or grant from the account.
 6 The department may use account moneys to pay the cost of establishing a seasonally varying flow,
 7 **to fund long-term monitoring of compliance with established seasonally varying flows** and to
 8 pay other costs directly related to project development.

9 (3) The Water Resources Department shall establish any seasonally varying flows under sub-
 10 section (2) of this section in consultation with the State Department of Fish and Wildlife and any
 11 affected Indian tribes. The Water Resources Department may rely upon existing scientific data and
 12 analysis or may fund new data and analysis. The Water Resources Department shall establish sea-
 13 sonally varying flows using a methodology established by Water Resources Commission rules.

14 (4) If the department establishes applicable seasonally varying flows for the stream of interest,
 15 the department shall make the seasonally varying flows a condition of:

16 (a) The new or existing water *storage* **right certificate or permit** or aquifer recharge permit
 17 or limited license for the storage of water issued for any project described in subsection (1) of this
 18 section that receives a loan or grant from the account; and

19 (b) The new or existing water *storage* **right certificate or permit** or aquifer recharge permit
 20 or limited license for the storage of water issued for any subsequent project that:

21 (A) Receives a loan or grant from the account;

22 (B) Is for the storage of water outside of the official irrigation season; and

23 (C) Has a diversion point that is subject to seasonally varying flows.

24 (5) The applicant for or holder of a **certificate**, permit or license described in subsection (4)(b)
 25 of this section may request that the applicable seasonally varying flows established under subsection
 26 (2) of this section for the stream of interest be altered based upon new information. There is, how-
 27 ever, a rebuttable presumption that existing applicable seasonally varying flows protect and main-
 28 tain the biological, ecological and physical functions of the stream to the extent required by
 29 commission rules.

30 (6) The department shall condition a water *storage* permit and resulting certificate, aquifer
 31 recharge permit and resulting certificate or limited license for a project that receives a grant or
 32 loan from the account and meets the other conditions described in subsection (4) of this section to
 33 protect the seasonally varying flow in effect at the time, **before reimbursing funds for** the loan
 34 or grant *is* **are** issued for the project.

35 (7) For purposes of any project that receives a loan or grant from the account and meets the
 36 other conditions described in subsection (4) of this section, the department shall use a seasonally
 37 varying flow methodology provided by commission rules in lieu of any other methodologies for de-
 38 termining seasonally varying flows or any methodologies for determining peak and ecological flows
 39 outside of the official irrigation season.

40 (8) Subsections (1) to (7) of this section do not eliminate or alter any applicable standard for
 41 department review of an application to determine whether water is available for purposes of re-
 42 viewing an application for a new water *storage* **right certificate or permit** or aquifer recharge
 43 permit or a limited license for the storage of water.

44 **SECTION 13.** ORS 541.683 is amended to read:

45 541.683. (1) A project that receives a loan or grant from the Water Supply Development Account

1 must:

2 (a) Demonstrate social or cultural benefits and economic benefits sufficient to qualify the project
3 under the *[scoring and ranking]* system described in ORS 541.669; and

4 (b) Except as otherwise provided in ORS 541.681, demonstrate environmental benefits:

5 (A) By dedicating 25 percent of conserved water or newly developed water to in-stream use; or

6 (B) By demonstrating environmental benefits that are sufficient to qualify the project under the
7 *[scoring and ranking]* system described in ORS 541.669.

8 *[(2) The description of public benefit requirements in subsection (1) of this section does not exempt
9 any project from meeting the minimum criteria designed by the Water Resources Commission under
10 ORS 541.677.]*

11 *[(3)]* (2) To establish that a project complies with subsection (1)(b) of this section, the loan or
12 grant recipient may include water dedicated to in-stream use as a result of the conditions of federal,
13 state or local permits for the project.

14 **SECTION 14.** (1) At least every eight years, the Water Resources Department shall re-
15 port, in the manner provided by ORS 192.245, to a committee or interim committee of the
16 Legislative Assembly related to water, and to the Water Resources Commission, on the
17 funding programs described in ORS 537.766, 537.767, 537.872, 537.873, 541.561 to 541.581 and
18 541.651 to 541.696.

19 (2) The report must:

20 (a) Evaluate the funding programs.

21 (b) Identify any improvements to statute and rule that are needed to better implement
22 the purposes of the funding programs.

23 **SECTION 15.** The Water Resources Department shall submit the first report required by
24 section 14 of this 2025 Act as soon as practicable after the effective date of this 2025 Act.

25 **SECTION 16.** (1) The amendments to ORS 541.576 by section 3 of this 2025 Act are in-
26 tended to change the name of the “Water Conservation, Reuse and Storage Investment
27 Fund” to the “Water Feasibility Investment Fund.”

28 (2) For the purpose of harmonizing and clarifying statutory law, the Legislative Counsel
29 may substitute for words designating the “Water Conservation, Reuse and Storage Invest-
30 ment Fund,” wherever they occur in statutory law, other words designating the “Water
31 Feasibility Investment Fund.”

32