

HOUSE AMENDMENTS TO HOUSE BILL 4004

By COMMITTEE ON AGRICULTURE, LAND USE, NATURAL RESOURCES, AND
WATER

February 16

1 On page 1 of the printed bill, line 2, after “308A.707” insert “, 536.032, 537.230, 537.623 and
2 537.630”.

3 Delete lines 7 through 20 and insert:

4 “**SECTION 2.** (1) **This section applies to land that is qualified for special assessment un-**
5 **der ORS 321.709, relating to qualification as small tract forestland.**

6 “(2)(a) **Notwithstanding ORS 308A.707, additional taxes may not be imposed and shall re-**
7 **main a potential tax liability with respect to land described in subsection (1) of this section**
8 **if, as of the date the disqualification is taken into account on the assessment and tax roll,**
9 **the land is disqualified from special assessment solely because of the effects of Douglas-fir**
10 **mortality.**

11 “(b) **For each year that land qualifies for deferral of additional taxes under this section,**
12 **the county assessor shall enter the notation ‘potential additional tax liability’ on the as-**
13 **essment and tax roll.**

14 “(3) **To obtain deferral under this section, the landowner must submit to the county**
15 **assessor, on or before April of the assessment year to which the deferral relates, written**
16 **notification requesting deferral and attesting to the effects of Douglas-fir mortality on the**
17 **land.**

18 “(4) **When the land is disqualified from special assessment other than as described in**
19 **subsection (2)(a) of this section:**

20 “(a) **The additional taxes shall become due as provided in ORS 308A.707; and**

21 “(b) **The land shall, as of the property tax year next following the property tax year for**
22 **which the landowner submitted the written notification under subsection (3) of this section:**

23 “(A) **Be valued under ORS 308.232 at its real market value as defined by law; and**

24 “(B) **Be assessed at its assessed value under ORS 308.146 or as otherwise provided by**
25 **law.”.**

26 On page 2, after line 29, insert:

27 “**SECTION 4.** ORS 308A.707, as amended by section 3 of this 2026 Act, is amended to read:

28 “308A.707. (1) Notwithstanding ORS 308A.706, [*and except as provided in section 2 of this 2026*
29 *Act,*] additional taxes shall be imposed on land that is disqualified from small tract forestland as-
30 *essment* under ORS 321.712 or 321.716. If after disqualification the land remains specially assessed
31 under a special assessment program described in ORS 308A.706 (1)(d)(A) to (D), (F) or (G), the ad-
32 ditional taxes shall be computed under subsection (2) of this section. If after disqualification the land
33 is not specially assessed under a program described in ORS 308A.706 (1)(d)(A) to (D), (F) or (G), the
34 additional taxes shall be computed under subsection (3) of this section.

35 “(2)(a) **The additional taxes for disqualified small tract forestland that is qualified for special**

1 assessment under a program described in ORS 308A.706 (1)(d)(A) to (D), (F) or (G) shall be equal to
2 the difference between the taxes assessed against the land under ORS 321.700 to 321.754 and the
3 taxes that would have been assessed against the land:

4 “(A) Under ORS 321.257 to 321.390, if the land is located in western Oregon; or

5 “(B) Under ORS 321.805 to 321.855, if the land is located in eastern Oregon.

6 “(b) The number of years for which additional taxes shall be calculated shall equal the lesser
7 of 10 years or the number of consecutive years the land has been assessed as small tract forestland.

8 “(3)(a) The additional taxes for disqualified small tract forestland that is not qualified for special
9 assessment under a program described in ORS 308A.706 (1)(d)(A) to (D), (F) or (G) shall be equal to
10 the sum of:

11 “(A) The amount determined under subsection (2) of this section; and

12 “(B) The difference between the taxes that would have been assessed against the land under
13 ORS 321.257 to 321.390, if located in western Oregon, or ORS 321.805 to 321.855, if located in eastern
14 Oregon, and the taxes that would otherwise have been assessed against the land, for the lesser of
15 the number of consecutive years the land was forestland or five years.

16 “(b) Notwithstanding paragraph (a)(B) of this subsection, if any provision of ORS 308A.700 to
17 308A.733 would cause the deferral or elimination of additional taxes that are imposed under ORS
18 308A.703 or 308A.712, that provision shall also cause the deferral or elimination of the additional
19 taxes imposed under paragraph (a)(B) of this subsection, under the same terms, requirements and
20 conditions that additional taxes under ORS 308A.700 to 308A.733 are deferred or eliminated.

21 “(4) The additional taxes described in this section shall be imposed and collected at the same
22 time and in the same manner as additional taxes described in ORS 308A.703 are imposed and col-
23 lected.

24 “(5) The additional taxes described in this section shall be deemed assessed and imposed in the
25 year to which the additional taxes relate.

26 “(6) The amount determined to be due under this section may be paid to the tax collector prior
27 to the time of the next general property tax roll, pursuant to the provisions of ORS 311.370.

28 “(7) As used in this section, ‘forestland,’ ‘western Oregon’ and ‘eastern Oregon’ have the
29 meanings given those terms in ORS 321.700.

30 “**SECTION 5. (1) The Water Resources Department shall promote and facilitate enroll-
31 ment in the federal Conservation Reserve Enhancement Program (132 Stat. 4534, 16 U.S.C.
32 3831a) for water users in this state who voluntarily cancel ground water rights in areas
33 where the department is not allowing new rights to use ground water for irrigation.**

34 “**(2) To carry out the provisions of subsection (1) of this section, the department may
35 enter into grant agreements and contracts and issue direct payments to program enrollees.**

36 “**SECTION 6.** ORS 536.032 is amended to read:

37 “536.032. Subject to confirmation by the Senate in the manner provided in section 4, Article III,
38 Oregon Constitution, the Governor shall appoint a Water Resources Director. The director shall be
39 an individual qualified by training and experience and shall serve for a term of four years at the
40 pleasure of the Governor. The director [or a principal assistant] must [be] **ensure that** a registered
41 engineer experienced in water-related engineering **is employed by the Water Resources Depart-
42 ment to carry out the department’s functions under ORS 540.443 to 540.491.**

43 “**SECTION 7.** ORS 537.230 is amended to read:

44 “537.230. (1) As used in this section, ‘undeveloped portion’ means the difference between the
45 maximum rate or duty specified in a water right permit and the maximum rate or duty diverted as

1 of the later of:

2 “(a) June 29, 2005;

3 “(b) The time specified in the permit to perfect the water right; or

4 “(c) The time specified in the last-approved extension of time to perfect the water right.

5 “(2)(a) Except for a holder of a permit for municipal, quasi-municipal, group domestic or group
6 domestic expanded uses, the holder of a water right permit shall prosecute the construction of any
7 proposed irrigation or other work with reasonable diligence and complete the construction within
8 a reasonable time, as fixed in the permit by the Water Resources Department, not to exceed seven
9 years from the date of approval.

10 **“(b) Notwithstanding paragraph (a) of this subsection, the department may, for good
11 cause shown, order and allow one extension of time under this paragraph to complete con-
12 struction of proposed works and apply water beneficially if the department determines that:**

13 **“(A) Delay by another local or state government or the federal government in issuing a
14 permit relating to the project has delayed completion of the construction and beneficial ap-
15 plication of the right; or**

16 **“(B) Appeal of a local, state or federal government decision relating to the project has
17 delayed completion of the construction and beneficial application of the right.**

18 **“(c) To qualify for an extension of time under paragraph (b) of this subsection, a permit
19 holder must either:**

20 **“(A)(i) Have not been previously granted an extension of time for the permit; and**

21 **“(ii) Submit a complete application to the department within the time fixed originally in
22 the permit to complete construction of proposed works and apply water beneficially; or**

23 **“(B)(i) Have been previously granted an extension of time for the permit, including an
24 extension of time under section 27 (3), chapter 282, Oregon Laws 2025; and**

25 **“(ii) Submit a complete application to the department within the time specified in the
26 previous extension to complete construction of proposed works and apply water beneficially.**

27 **“(d) An extension of time under paragraph (b) of this subsection may not exceed seven
28 years from the date that the extension application is approved by the department.**

29 “(3) The holder of a permit for municipal use shall commence and complete the construction of
30 any proposed works within 20 years from the date on which a permit for municipal use is issued
31 under ORS 537.211. The construction must proceed with reasonable diligence and be completed
32 within the time specified in the permit, not to exceed 20 years. However, the department may order
33 and allow an extension of time to complete construction or to perfect a water right beyond the time
34 specified in the permit under the following conditions:

35 “(a) The holder shows good cause. In determining the extension, the department shall give due
36 weight to the considerations described under ORS 539.010 (5) and to whether other governmental
37 requirements relating to the project have significantly delayed completion of construction or per-
38 fection of the right;

39 “(b) The extension of time is conditioned to require that the holder submit, and obtain depart-
40 ment approval of, a water management and conservation plan;

41 “(c) The extension of time is conditioned to provide that the holder may divert the undeveloped
42 portion of the permit only upon approval by the department of the water management and conser-
43 vation plan; and

44 “(d) For the first extension issued after June 29, 2005, for a permit for municipal use issued be-
45 fore November 2, 1998, the department finds that the undeveloped portion of the permit is condi-

1 tioned to maintain, in the portions of waterways affected by water use under the permit, the
2 persistence of fish species listed as sensitive, threatened or endangered under state or federal law.
3 The department shall base its finding on existing data and upon the advice of the State Department
4 of Fish and Wildlife. An existing fish protection agreement between the permit holder and a state
5 or federal agency that includes conditions to maintain the persistence of any listed fish species in
6 the affected portion of the waterway is conclusive for purposes of the finding.

7 “(4)(a) The holder of a right for quasi-municipal, group domestic or group domestic expanded
8 uses shall complete construction of proposed works and apply water beneficially within seven years
9 from the date on which a permit for such uses is issued under ORS 537.211. The construction must
10 proceed with reasonable diligence and be completed within the time specific in the permit, not to
11 exceed seven years.

12 “(b) Notwithstanding paragraph (a) of this subsection, the Water Resources Department may, for
13 good cause shown, order and allow one extension of time to complete construction and apply water
14 beneficially, not exceeding:

15 “(A) Twenty years from the date that the extension is approved for quasi-municipal use.

16 “(B) Ten years from the date the extension is approved for group domestic use or group do-
17 mestic expanded use.

18 “(c) In determining the extension under paragraph (b) of this subsection, the department shall
19 give due weight to considerations in ORS 539.010 (5) and to whether other governmental require-
20 ments relating to the project have significantly delayed completion of the construction and benefi-
21 cial application of the right.

22 “(5) Except as provided in subsection (6) of this section and ORS 537.409, upon completion of
23 beneficial use as required under this section, the holder of a permit shall hire a water right exam-
24 iner certified under ORS 537.798 to survey the appropriation. Within one year after application of
25 water to a beneficial use or the beneficial use date allowed in the permit, the holder shall submit
26 a map of the survey as required by the Water Resources Department, that shall accompany the re-
27 quest for a water right certificate submitted to the department under ORS 537.250. If any property
28 described in the permit is not included in the request for a water right certificate, the holder shall
29 state the identity of the record owner of that property.

30 “(6) The Water Resources Director may waive the requirement under subsection (5) of this sec-
31 tion that a holder of a permit hire a water right examiner certified under ORS 537.798 if:

32 “(a) The permit is a supplemental water right that shares the same distribution system and same
33 place of use as the primary water right; and

34 “(b) The department determines that there is sufficient information in the records of the de-
35 partment to determine proof of beneficial use.

36 “(7) Notwithstanding ORS 537.410, for purposes of obtaining a water right certificate under ORS
37 537.250 for a supplemental water right, the holder of a permit shall have a facility capable of han-
38 dling the full rate and duty of water requested from the supplemental source and be otherwise ready,
39 willing and able to use the amount of water requested, up to the amount of water approved in the
40 water right permit. To obtain a certificate for a supplemental water right, the holder is not required
41 to have actually used water from the supplemental source if:

42 “(a) Water was available from the source of the primary water right and the primary water right
43 was used pursuant to the terms of the primary water right; or

44 “(b) The nonuse of water from the supplemental source occurred during a period of time within
45 which the exercise of the supplemental water right permit was not necessary due to climatic con-

1 ditions.

2 “**SECTION 8.** ORS 537.623 is amended to read:

3 “537.623. (1) Notwithstanding ORS chapter 537, 540 or 541, a proposed final order issued by the
4 Water Resources Department under ORS chapter 537, 540 or 541 for an application requesting that
5 the department approve a new water right or a change to an existing water right or permit, regis-
6 tration or license, shall become, without further department action, a final order as a matter of law
7 33 days after the close of the time period for submitting a protest if:

8 “(a) The department includes a provision in the proposed final order explaining that the pro-
9 posed final order will become a final order under this section; and

10 “(b) A protest is not **timely** received by the department [*within the 33 days*].

11 “(2) Notwithstanding subsection (1) of this section, the department may withdraw a proposed
12 final order for reconsideration and issuance of a superseding proposed final order not more than 33
13 days after the close of the time period for submitting a protest.

14 “**SECTION 9.** ORS 537.630 is amended to read:

15 “537.630. (1) As used in this section, ‘undeveloped portion’ means the difference between the
16 maximum rate or duty specified in a water right permit and the maximum rate or duty appropriated
17 as of the later of:

18 “(a) June 29, 2005;

19 “(b) The time specified in the permit to perfect the water right; or

20 “(c) The time specified in the last-approved extension of time to perfect the water right.

21 “(2)(a) Except for the holder of a permit for municipal, quasi-municipal, group domestic or group
22 domestic expanded uses, the holder of a permit issued pursuant to ORS 537.625 shall prosecute the
23 construction of a well or other means of developing and securing the ground water with reasonable
24 diligence and complete the construction within a reasonable time fixed in the permit by the Water
25 Resources Department, not to exceed seven years after the date of approval of the application.

26 “(b) **Notwithstanding paragraph (a) of this subsection, the department may, for good
27 cause shown, order and allow one extension of time under this paragraph to complete con-
28 struction of proposed works and apply water beneficially if the department determines that:**

29 “(A) **Delay by another local or state government or the federal government in issuing a
30 permit relating to the project has delayed completion of the construction and beneficial ap-
31 plication of the right; or**

32 “(B) **Appeal of a local, state or federal government decision relating to the project has
33 delayed completion of the construction and beneficial application of the right.**

34 “(c) **To qualify for an extension of time under paragraph (b) of this subsection, a permit
35 holder must either:**

36 “(A)(i) **Have not been previously granted an extension of time for the permit; and**

37 “(ii) **Submit a complete application to the department within the time fixed originally in
38 the permit to complete construction of proposed works and apply water beneficially; or**

39 “(B)(i) **Have been previously granted an extension of time for the permit, including an
40 extension of time under section 27 (3), chapter 282, Oregon Laws 2025; and**

41 “(ii) **Submit a complete application to the department within the time specified in the
42 previous extension to complete construction of proposed works and apply water beneficially.**

43 “(d) **An extension of time under paragraph (b) of this subsection may not exceed seven
44 years from the date that the extension application is approved by the department.**

45 “(3)(a) The holder of a right for quasi-municipal, group domestic or group domestic expanded

1 uses shall complete construction of proposed works and apply water beneficially within seven years
2 from the date on which a permit for such uses is issued under ORS 537.211. The construction must
3 proceed with reasonable diligence and be completed within the time specified in the permit, not to
4 exceed seven years.

5 “(b) Notwithstanding paragraph (a) of this subsection, the department may, for good cause
6 shown, order and allow one extension of time to complete construction and apply water beneficially,
7 not exceeding:

8 “(A) Twenty years from the date that the extension is approved for quasi-municipal use.

9 “(B) Ten years from the date the extension is approved for group domestic use or group do-
10 mestic expanded use.

11 “(c) In determining the extension under paragraph (b) of this subsection, the department shall
12 give due weight to considerations in ORS 539.010 (5) and to whether other governmental require-
13 ments relating to the project have significantly delayed completion of the construction and benefi-
14 cial application of the right.

15 “(4) The holder of a permit for municipal use shall commence and complete the construction of
16 any proposed works within 20 years from the date on which the permit for municipal use is issued
17 under ORS 537.625. The construction must proceed with reasonable diligence and be completed
18 within the time specified in the permit, not to exceed 20 years. However, the department may order
19 and allow an extension of time to complete construction or to perfect a water right beyond the time
20 specified in the permit under the following conditions:

21 “(a) The holder shows good cause. In determining the extension, the department shall give due
22 weight to the considerations described under ORS 539.010 (5) and to whether other governmental
23 requirements relating to the project have significantly delayed completion of construction or per-
24 fection of the right;

25 “(b) The extension of time is conditioned to require that the holder submit and obtain depart-
26 ment approval of a water management and conservation plan;

27 “(c) The extension of time is conditioned to provide that the holder may appropriate the unde-
28 veloped portion of the permit only upon approval by the department of a water management and
29 conservation plan; and

30 “(d) For the first extension issued after June 29, 2005, for a permit for municipal use issued be-
31 fore November 2, 1998, the department finds that the undeveloped portion of the permit is condi-
32 tioned to maintain, in the portions of waterways affected by water use under the permit, the
33 persistence of fish species listed as sensitive, threatened or endangered under state or federal law.
34 The department shall base its finding on existing data and upon the advice of the State Department
35 of Fish and Wildlife. An existing fish protection agreement between the permit holder and a state
36 or federal agency that includes conditions to maintain the persistence of any listed fish species in
37 the affected portion of the waterway is conclusive for purposes of the finding.

38 “(5) If the construction of any well or other means of developing and securing the ground water
39 is completed after the date of approval of the application for a permit under ORS 537.625, within
40 30 days after the completion, or if the construction is completed before the date of approval, within
41 30 days after the date of approval, the permit holder shall file a certificate of completion with the
42 Water Resources Department, disclosing:

43 “(a) The depth to the water table;

44 “(b) The depth, diameter and type of each well, and the kind and amount of the casing;

45 “(c) The capacity of the well pump in gallons per minute and the drawdown thereof;

1 “(d) The identity of the record owner of any property that was described in the application for
2 a permit under ORS 537.625 but is not included in the certificate of completion; and

3 “(e) Any other information the department considers necessary.

4 “(6) Upon completion of beneficial use necessary to secure the ground water as required under
5 this section, the permit holder shall hire a water right examiner certified under ORS 537.798 to
6 survey the appropriation. Within one year after applying the water to beneficial use or the beneficial
7 use date allowed in the permit, the permit holder shall submit the survey as required by the Water
8 Resources Department to the department along with the certificate of completion required under
9 subsection (5) of this section. If any property described in the permit is not included in the request
10 for a water right certificate, the holder of the permit shall state the identity of the record owner
11 of that property.

12 “(7) After the department has received a certificate of completion and a copy of the survey as
13 required by subsections (5) and (6) of this section that show, to the satisfaction of the department,
14 that an appropriation has been perfected in accordance with the provisions of ORS 537.505 to
15 537.795 and 537.992, except as provided in subsection (8) of this section, the department shall issue
16 a ground water right certificate of the same character as that described in ORS 537.700. The cer-
17 tificate shall be recorded and transmitted to the applicant as provided in ORS 537.700.

18 “(8) The department may not issue a water right certificate for municipal use under this section
19 if:

20 “(a) An extension of time is required; and

21 “(b) The order approving the extension of time has not become final by operation of law or on
22 appeal.

23 “(9) The procedure for cancellation of a permit shall be as provided in ORS 537.260.

24 “(10) Notwithstanding ORS 537.410, for purposes of obtaining a water right certificate under
25 subsection (7) of this section for a supplemental water right, the holder of a permit shall have a
26 facility capable of handling the full rate and duty of water requested from the supplemental source
27 and be otherwise ready, willing and able to use the amount of water requested, up to the amount
28 of water approved in the water right permit. To obtain a certificate for a supplemental water right,
29 the holder is not required to have actually used water from the supplemental source if:

30 “(a) Water was available from the source of the primary water right and the primary water right
31 was used pursuant to the terms of the primary water right; or

32 “(b) The nonuse of water from the supplemental source occurred during a period of time within
33 which the exercise of the supplemental water right permit was not necessary due to climatic con-
34 ditions.

35 **“SECTION 10. Section 2 of this 2026 Act is repealed on January 2, 2028.**

36 **“SECTION 11. The amendments to ORS 537.230 and 537.630 by sections 7 and 9 of this 2026
37 Act apply to:**

38 **“(1) Extension applications submitted on or after the effective date of this 2026 Act for
39 permits for other than municipal, quasi-municipal, group domestic or group domestic ex-
40 panded uses.**

41 **“(2) Extension applications pending under ORS 537.230 or 537.630, for permits for other
42 than municipal, quasi-municipal, group domestic or group domestic expanded uses, for which
43 a proposed final order on the extension has not been issued before the effective date of this
44 2026 Act.**

45 **“SECTION 12. The amendments to ORS 308A.707 by section 4 of this 2026 Act become**

1 **operative on January 2, 2028.”.**

2 In line 30, delete “4” and insert “13”.

3 _____