

Harney County Businesses
Burns, OR

Date: 11.4.25

Governor Tina Kotek
Office of the Governor
900 Court Street NE, Suite 254
Salem, OR 97301

Oregon Water Resources Department
725 Summer Street NE, Suite A
Salem, OR 97301

Oregon Water Resources Commission
725 Summer Street NE, Suite A
Salem, OR 97301

Subject: Harney Basin 512 Rules — Severe Economic Impacts on Small Business and the Harney County Economy

Dear Governor Kotek and Members of the Oregon Water Resources Commission and Oregon Water Resources Department

On behalf of the **Harney County Business** representing small businesses, service providers, and employers throughout Harney County, we write to express our deep concern regarding the proposed **Harney Basin 512 Rules** and the significant negative financial and social impacts these rules will have on our community.

Harney County has endured decades of economic hardship following the decline of the timber industry in the late 1980s. The collapse of that industry permanently altered the local economy. In the years since, agriculture—particularly **cattle and hay production**—has become the county's primary economic driver, sustaining not only farms and ranches but also every local business that depends on agricultural activity.

The director's report of 2008 shows that the Water Resources Department was actively assisting the community development in this industry.

***Harney County Ground Water:** The Department has increased public outreach activity in the Harney Basin in response to proposed new groundwater development. The last mill in Harney County closed in October 2007, resulting in the loss of more than 70 jobs. Much of the focus on economic growth in Harney County is on new irrigation for*

additional acres of alfalfa and grass hay. The Department has held several public meetings to help inform landowners about the water right permit process, and to assist them with application information. Additionally, Department groundwater staff are working to gain a better understanding of the hydrology of the Malheur Lakes Basin in order to more accurately review new groundwater applications

We fully support responsible water management and recognize that some areas of the basin face groundwater challenges. However, the 512 Rules, as currently drafted, would impose sweeping reductions and curtailments that threaten to destroy the very foundation of our rural economy. The **water rights legally granted and OWRD** with terms adhered to by groundwater uses are the basis of family livelihoods and generational investments. If these rights are diminished or suspended, or the future of these rights are in question, the resulting economic harm will be irreversible and will permanently change our community and economy.

Loss of agricultural output will immediately reduce **land values, county tax revenues, and local spending**, leading to a cascading effect on small businesses. Coffee shops, grocery stores, equipment suppliers, restaurants, healthcare providers, and schools all depend on the stability of the agricultural economy. In a region already struggling to maintain essential services, the 512 Rules would push many local enterprises beyond recovery.

The proposed rules are **already having a negative economic impact** on our community as the process has created an environment of fear, uncertainty, conflict, and risk aversion. This has affected lending decisions from financial institutions, land value, and investment decisions from members of our community.

If the Water Resources Department chooses to lead this basin into litigation, it will impose significant costs on groundwater users who will have no choice but to defend their legally granted water rights and public taxpayers who shoulder the burden of funding the state's legal expenses. This represents limited state and local funding and resources diverted away from water conservation and water management and towards conflict. These costs have not been sufficiently accounted for. Groundwater users in parts of this basin understand and generally agree to regulatory reductions. Regulatory efforts should be focused in these areas as has been previously discussed at length with our community.

The **EcoNorthwest fiscal impact study** recognized significant economic risk, including a potential loss of 10% of our workforce and loss of local revenues for hospitals and schools, yet under **ORS 183.540**, state agencies have an obligation to **reduce the economic impact of any rule that adversely affects small businesses**. This includes:

- Establishing differing compliance or reporting requirements or timelines for small businesses.
- Simplifying compliance and reporting processes.
- Utilizing clear, objective criteria for standards.
- Exempting small businesses from certain requirements; or

- Establishing less costly or less intrusive alternatives.

The Water Resources Department is proposing to delay these economic impacts but has not sufficiently explored ways to reduce impacts as it is required to do. Under **ORS 183.333**, agencies must consult with advisory committees to evaluate fiscal impacts and seek recommendations for compliance with ORS 183.540 when small businesses will be significantly affected. As small businesses are likely to be affected by these rules, we respectfully ask: **How has OWRD addressed these statutory requirements in its development of the 512 Rules?**

Beyond small business impacts, we are also facing potential reductions in federal and state workforce activity in the basin. The proposed rules if fully implemented will lead to additional **job losses that are not recoverable**. Any job losses exacerbate existing challenges with **housing insecurity, behavioral and public health, and educational stability**—all areas already under strain in rural Oregon. Finally, our community is still recovering from the devastating effect and associated costs of wildfires and flooding over the past year.

Harney County Businesses firmly believes that **voluntary, community-based agreements** represent a far more cost-effective and balanced approach. These collaborative, locally developed solutions can protect groundwater resources while maintaining the viability of family farms and small businesses that are essential to the social and economic fabric of Harney County.

We urge OWRD and the Governor's Office to **pause implementation of the Harney Basin 512 Rules** until compliance with ORS 183.333 and ORS 183.540 is demonstrated, and until meaningful local input from affected stakeholders is fully incorporated into the process or adopt the petition developed and submitted by the local and tribal governments of Harney County and affected businesses and residents that will reduce costs and support collaborative approaches.

Harney County cannot afford another government-driven economic collapse. We ask for your partnership in ensuring that water resource protection and community survival move forward together—not at the expense of one another.

Thank you for your attention to this matter and for your continued commitment to rural Oregon communities.

Sincerely,
Harney County Businesses

Ed Staub & Sons - Craig Nelson

Central Hotel Forrest Keay

The Palace John

Family Eyecare John

Alan's Repair Sam

John McLean Dr McLean

A Parts Store Ted Oakley

The Truck Shop Hilda Allison

Bobbins Eq - Burns Bob

MALHEUR MACHINERY Tom Giff

Hometown Auto Tyler

Fast Break Markets Craig Nelson

Pine Room

LES SCHWAB BURNS STORE

Jacob Eakin

Rory & Ryan Inns / Best Western Heath Huffman

Big R West Dickie Hines