MEASURE NUMBER:SB 740STATUS: OriginalSUBJECT:Water rights feesGOVERNMENT UNIT AFFECTED:Oregon Department of Transportation and Water ResourcesDepartmentPREPARED BY:Dawn FarrREVIEWED BY:Monica Brown and Susie JordanDATE:April 22, 2009

EXPENDITURES:

See Comments.

2009-2011

<u>2011-2013</u>

REVENUES:

See Comments.

EFFECTIVE DATE: July 1, 2009.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

COMMENTS: The bill directs that Water Resources Department (WRD) to charge an annual fee of \$100 to holders of each water right set forth in a water right permit, water right certificate or limited license with moneys to be deposited to the WRD Water Right Operating Fund; and, allows WRD to cancel water right permit, water right certificate or limited license if fee is not paid.

This fiscal impact statement is for the purpose of transmitting the measure from the Senate Committee on Environment and Natural Resources to the Joint Committee on Ways and Means.

WRD indicates that there are approximately 82,500 water right holders that would be subject to the \$100 fee established in the bill, which would generate potential total Other Funds revenues of \$16.5 million per biennium. However, WRD indicates that actual collections will be significantly less in the first couple of biennia because information on water right holders is often not current. Water rights do not terminate unless they are canceled, and they transition with the property when it is sold. However, the sale of property does not automatically trigger updates to the WRD's database on water right holders. WRD anticipates that the first billing will result in about 50 percent of the mail being returned. Sorting through returned mail and updating information is anticipated to be a significant workload that will require additional resources. WRD also anticipates needing to establish a process for collecting and recording the fee, which will require additional expenditures in personal services and services and supplies.

The Department of Transportation (ODOT) anticipates a minimal Other Funds fiscal impact associated with the bill. ODOT is the holder of 122 water rights in Oregon; hence, passage of the bill would result in increased Other Funds expenditures of \$24,000 per biennium.

Local government entities that hold water rights in Oregon will also be impacted by this bill; however, at this time information on these impacts is not available.

A more complete fiscal analysis on the bill will be prepared as the measure is considered in the Joint Committee on Ways and Means.