

BUDGET NARRATIVE

Policy Option Package #111: Marijuana & Compliance with Water Laws

Purpose: There are approximately 2,000 active or pending Oregon Liquor Control Commission (OLCC) producers' licenses, and more than 20,000 medical marijuana registered grow sites in Oregon. Watermaster offices, primarily in central and western Oregon, receive dozens of complaints of illegal uses and well interference in association with cannabis each month, and have seen significant increases in front counter traffic from producers looking to find authorized sources of water to use for marijuana cultivation. In addition, while many producers and growers are responsible water users, significant time is required to pursue investigations of potential illegal uses of water related to cannabis.

When recreational marijuana was first legalized, the Department worked with OLCC to adopt rules requiring applicants for producer's licenses to submit information on their legal source of water. As the Department receives complaints about illegal uses, staff work with OLCC staff to understand the sources of water claimed by the licensee and whether they are in fact authorized uses. The Department does not have the capacity to proactively review this information upfront, or to follow up to see if these sources are in fact being used. As a result of complaints or watermaster inquiries, the Department has found instances where water rights submitted to OLCC were not appurtenant to the property, or where water uses were inconsistent with what had been claimed as the source. Furthermore, given that many water sources were fully appropriated when marijuana was legalized, many producers have identified sources that do not require a water right. However, these sources may not provide adequate water, or may be more costly to obtain, which may incentivize the use of unauthorized sources. Investigating these issues and ascertaining whether water is being used legally is a difficult task that draws watermasters and assistant watermasters away from other duties.

This package will assist the Department in addressing complaints timely, educating producers on water options, verifying that producers have a legal source of water upon renewal or licensing with OLCC, and increasing the field enforcement presence to ensure legal water use occurs. These positions will contribute to IWRS Actions 10.F (Provide an adequate presence in the field) and 10.G (Strengthen Oregon's water quantity permitting program).

How Achieved: The Department will hire and train five NRS 2 regional assistant watermasters to be located in Bend, Medford, Grants Pass, Eugene, and Salem. These staff, in conjunction with the watermaster, will coordinate with county governments, the Oregon Health Authority and OLCC inspectors to educate producers, conduct site visits to review water use, and ensure that legal water use occurs. The staff will also review water use for OLCC license applications, proactively catching issues upfront to the extent possible. The new staff will significantly increase the field's ability to respond timely to complaints and work with producers to gain compliance if violations are found. New staff will be able to conduct research and confirm that proposed water sources are legal and available for marijuana cultivation. While cannabis related water use will be their primary focus, these staff will also be able to work on other assistant watermaster responsibilities as needed to reduce workload pressures and ensure efficient use of staff time.

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Staffing Impact:

| Position | Class/Pay Opt | Class Desc | Working Title | Type | Months | FTE | 2019-21 | 2021-23 |
|----------|---------------|----------------|--------------------------------|------|--------|------|-----------|-----------|
| 9919041 | C8502 AP | Nat Res Spec 2 | Regional Assistant Watermaster | PF | 21 | 0.88 | \$180,305 | \$202,917 |
| 9919042 | C8502 AP | Nat Res Spec 2 | Regional Assistant Watermaster | PF | 21 | 0.88 | \$180,305 | \$202,917 |
| 9919043 | C8502 AP | Nat Res Spec 2 | Regional Assistant Watermaster | PF | 21 | 0.88 | \$180,305 | \$202,917 |
| 9919044 | C8502 AP | Nat Res Spec 2 | Regional Assistant Watermaster | PF | 21 | 0.88 | \$180,305 | \$202,917 |
| 9919045 | C8502 AP | Nat Res Spec 2 | Regional Assistant Watermaster | PF | 21 | 0.88 | \$180,305 | \$202,917 |

Quantifying Results: The Department will track staff actions associated with marijuana production and complaints in the Field Activity database. In addition, the Department will review water use sources for all OLCC licensed and proposed licenses, including those that are proposing to sell up to 20 pounds of medical marijuana into the recreational market. The Department anticipates that over time, producer and grower understanding of Oregon’s water laws will improve, their sources of water will be vetted, and complaints will be reduced.

Funding Source:

General Fund: \$901,525
 Staffing Costs: \$901,525

The numbers above represent the total package value. Breakdown of the impact to this specific Division can be found in the following reports.