

## HB 4061 -1 STAFF MEASURE SUMMARY

### House Committee On Agriculture, Land Use, and Water

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**Sub-Referral To:** Joint Committee On Ways and Means

**Meeting Dates:** 2/9, 2/14

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#### WHAT THE MEASURE DOES:

Authorizes the Water Resources Director to petition for a warrant authorizing entry onto land or inspection. Requires a person that owns or operates a place of use at which hauled water is used for irrigation, nursery, or agricultural purposes, or that hauls water to be used for irrigation, nursery, or agricultural purposes, to maintain records for at least 12 months and to provide the records to the Oregon Water Resources Department (OWRD) upon request. Prohibits a person that owns or operates a place of use at which hauled water is used for irrigation, nursery, or agricultural purposes from soliciting or accepting hauled water from illegal source. Prohibits a person from making false verbal or written statements or representation to OWRD regarding hauled water or hauling of water. Authorizes the imposition of civil penalties for violation of requirements or prohibitions. Provides that violation of the false statement or representation prohibition is subject to the maximum penalty of 364 days' imprisonment, a \$25,000 fine, or both. Instructs the Water Resources Commission to notify certain violators of the time allowed to correct a violation within 10 business days after commission becomes aware of a violation. Provides that civil penalty for certain violations may not exceed \$5,000 per day for each day of violation. Establishes an exception for a violation related to crops in the cannabis plant family, for which civil penalty may not exceed \$20,000 per day for each day of violation or the economic value of crop, whichever is greater. Instructs the commission to consider the value of any crops in the cannabis plant family to which certain violations may relate when imposing civil penalty for violation. Provides that certain violations are Class A misdemeanors, that each day of violation constitutes separate offense, and that maximum fine is \$25,000.

*FISCAL: May have fiscal impact, but no statement yet issued.*

*REVENUE: May have revenue impact, but no statement issued.*

#### ISSUES DISCUSSED:

##### EFFECT OF AMENDMENT:

-1 Replaces the measure. Requires a city or county that sells water to the public at fill stations for hauled water to maintain records of the water sales, provide the records to law enforcement or the Oregon Water Resources Department (OWRD) upon request, and retain the records for at least 12 months. Allows a person to haul water to a grow site for cannabis plants only if the grow site is legally registered or licensed. Requires OWRD to define "water statements." Requires a person to provide a water statement to OWRD if the person applies for a new, renewed, or modified license under cannabis and industrial hemp statutes. Requires OWRD to verify water statements and send them to the Oregon Liquor and Cannabis Commission (OLCC) and Oregon Department of Agriculture (ODA). Authorizes OLCC and ODA to refuse to issue, renew, or allow modification of a license if OWRD determines that the water statement does not identify a legal source of water or if the water statement is inaccurate. Requires OWRD, and authorizes OLCC and ODA, to adopt rules for implementation. Provides for water statement provisions to become operative on November 1, 2022. Changes the Water Resources Commission timeline to notify violators of the time allowed to correct a violation from five to ten business days after the commission first becomes aware of the violation. Establishes that violation with criminal negligence of provisions related to hauling water only to registered or licensed grow sites is a Class A misdemeanor subject to a maximum fine of \$25,000. Establishes that violations of appropriation or ground water laws for cannabis crops at locations

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unconfirmed by relevant state agencies is also a Class A misdemeanor subject to a maximum fine of \$25,000. Penalties apply to offenses committed on or after January 1, 2023. Takes effect 91st following adjournment sine die.

*FISCAL: May have fiscal impact, but no statement yet issued.*

*REVENUE: May have revenue impact, but no statement issued.*

### **BACKGROUND:**

Illegal cannabis operations are using surface and ground water without water rights, depleting limited water resources for legitimate agricultural, recreational, residential, municipal, and other uses.