

Enrolled House Bill 2010

Sponsored by Representatives HELM, OWENS, Senators LIEBER, DEMBROW; Representatives GAMBA, KRÖPF, LEVY B, LEVY E, NELSON, RUIZ, WALTERS, Senators FINDLEY, HANSELL

CHAPTER

AN ACT

Relating to water; creating new provisions; amending ORS 536.220, 537.767, 537.797, 537.798 and 541.669; and declaring an emergency.

Be It Enacted by the People of the State of Oregon:

SECTION 1. (1) As used in this section, “water supplier” and “water system” have the meanings given those terms in ORS 448.115.

(2) The Oregon Watershed Enhancement Board shall establish a program to provide grants to water suppliers to protect, restore or enhance sources of drinking water.

(3) Grants awarded under this section shall be used by a grant recipient for:

(a) Acquiring lands from willing sellers where the protection, restoration or enhancement of those lands will benefit a source of drinking water used by the water supplier;

(b) Entering into covenants, easements or similar agreements to protect, restore or enhance lands described in paragraph (a) of this subsection; or

(c) Repaying a loan used to finance a project to protect, restore or enhance lands consistent with paragraph (a) or (b) of this subsection.

(4)(a) Grants awarded under this section may not exceed \$3,000,000.

(b) The board shall award grants under this section on a rolling basis.

(5) For purposes of obtaining a grant under this section, a water supplier may form a partnership with a holder, as defined in ORS 271.715, other than a state agency. The board may establish by rule requirements for partnerships formed pursuant to this subsection.

(6) Applications for a grant under this section shall be made in the form and manner prescribed by the board. An application must demonstrate that the project will protect, restore or enhance a source of drinking water, and must be supported by evidence. The board shall review completed grant applications, rank grant applications based on criteria established by the board by rule under subsection (7) of this section and approve or deny the applications. If the board denies a grant application, the board shall notify the applicant in writing of the reason or reasons that the grant application was denied.

(7) The board shall adopt rules for the administration of the grant program established under this section. Rules adopted under this subsection may include, but need not be limited to:

(a) Eligibility criteria for water suppliers, including but not limited to:

(A) Eligible water system types; and

(B) Requirements that eligible water suppliers serve rural communities, communities experiencing lower incomes or communities that are at or below a specified population level;

(b) Requirements for grant applications and the grant application process;

(c) Criteria for ranking grant applications;

(d) Requirements setting forth the amount of matching funds a grant applicant must provide to be eligible to receive a grant;

(e) A schedule for when grant applications are due and grants will be awarded; or

(f) Provisions setting forth how the board will verify that grant funds have been used for the purposes for which the grant was awarded, including but not limited to:

(A) Provisions requiring status reports or other verification measures that ensure that the terms and conditions of any agreement between the board and the grant recipient are being performed;

(B) Provisions describing methods of protecting, enhancing or restoring sources of drinking water; and

(C) Provisions requiring the development of a long-term management plan for acquired lands.

(8)(a) A grant recipient is responsible for fulfilling the terms and conditions of any agreement:

(A) Between the grant recipient and the board; and

(B) Between the grant recipient and a landowner, or other person, necessary for the grant recipient to carry out the project for which a grant has been awarded.

(b) The board is not liable to any person for the failure of a grant recipient to fulfill the terms or conditions of any agreement between the person and the grant recipient.

SECTION 2. No later than April 1 of each even-numbered year, the Oregon Watershed Enhancement Board shall submit a report, in the manner provided by ORS 192.254, to the interim committees of the Legislative Assembly related to water. The report shall describe the performance of the grant program established under section 1 of this 2023 Act. The report must include, but need not be limited to:

(1) Each grant awarded under the program since the last report;

(2) The types and amounts of resources leveraged by grant moneys;

(3) A description of projects currently in development;

(4) An estimate of future project demand; and

(5) Recommendations, if any, for changes to the design, scope or administration of the program to better fulfill the purposes of section 1 of this 2023 Act.

SECTION 3. Notwithstanding section 2 of this 2023 Act, the Oregon Watershed Enhancement Board shall first submit a report under section 2 of this 2023 Act no later than April 1, 2025.

SECTION 4. The Community Drinking Water Enhancement and Protection Fund is established in the State Treasury, separate and distinct from the General Fund. Interest earned by the Community Drinking Water Enhancement and Protection Fund shall be credited to the fund. The fund shall consist of all moneys credited to the fund, including moneys appropriated or transferred to the fund by the Legislative Assembly. Moneys in the fund are continuously appropriated to the Oregon Watershed Enhancement Board for the purpose of carrying out section 1 of this 2023 Act.

SECTION 5. ORS 537.767 is amended to read:

537.767. (1) As used in this section, "repair" may include, but is not limited to, a well deepening.

(2) Moneys in the Water Well Abandonment, Repair and Replacement Fund may be disbursed under authority of the Water Resources Director for the purposes described in this section. The Water Resources Department may disburse moneys from the fund to provide financial assistance:

(a) To a person, as defined in ORS 536.007, or member of a federally recognized Indian tribe in Oregon to permanently abandon a water well or to repair or replace a water well that is used for household purposes;

(b) To nonprofit, governmental or other institutions that meet qualifications established by Water Resources Commission rules, for programs to permanently abandon water wells and to repair or replace water wells used for household purposes;

(c) As cost-sharing with other programs to permanently abandon water wells and to repair or replace water wells used for household purposes; or

(d) To pay the cost of direct services of a water well constructor licensed under ORS 537.747 to purchase necessary materials and perform the work needed for abandoning, repairing or replacing water wells that are eligible under this section.

(3) Except as provided in subsection (4) of this section, financial assistance provided under subsection (2) of this section may not exceed:

(a) 75 percent of the cost to permanently abandon a water well;

(b) 75 percent of the cost to repair or to replace a water well used for household purposes; or

(c) 50 percent of the cost of developing a program to permanently abandon, repair or replace water wells, when paid to an institution described in subsection (2)(b) of this section.

(4) Notwithstanding subsection (3) of this section, financial assistance provided under subsection (2) of this section to an individual with lower income, as defined by the department, may cover the full cost of the materials or work described in subsection (2) of this section.

(5) An expenditure from the fund is subject to at least one of the following purposes:

(a) The permanent abandonment, repair or replacement of water wells in which deficiencies in the well construction might:

(A) Result in waste, loss of artesian pressure or ground water declines;

(B) Serve as a conduit for contamination; or

(C) Otherwise be a detriment to public health or safety.

(b) The repair or replacement of water wells used for household purposes by persons of lower or moderate income.

(c) The replacement of water wells used for household purposes in areas of declining ground water levels where other sources of water for household purposes are not feasible.

(d) The abandonment, repair or replacement of water wells consistent with water resources management purposes specified by rule by the commission.

(e) The abandonment, repair or replacement of water wells damaged due to natural disasters.

(f) The abandonment, repair or replacement of water wells used for household purposes in areas of ground water contamination, if contaminant levels in the water from the water wells exceed levels permitted under drinking water standards.

(6) If the department provides funding to an institution under subsection (2)(b) of this section, the department shall require that the institution:

(a) Use accounting, auditing and fiscal procedures that conform with generally accepted government accounting standards;

(b) Give preference to persons of lower or moderate income and to small businesses that do not qualify for other financing;

(c) Demonstrate past success in offering, underwriting, servicing and managing loans or grants to:

(A) Persons of lower or moderate income; or

(B) Persons representing a wide range of qualifications for credit; and

(d) Have a plan for engaging other stakeholders in outreach and marketing efforts for a loan or grant program.

(7) The department:

(a) Shall consult with the Department of Environmental Quality and the Oregon Health Authority to establish criteria related to identifying areas of ground water contamination and assessing contaminant levels when evaluating applications under subsection (5)(f) of this section.

(b) May deny applications for financial assistance under this section that are not likely to result in the improvement of ground water quality or the meeting of drinking water standards.

(c) May enter into contracts, intergovernmental agreements or other arrangements with public or private entities for any purposes consistent with this section.

(8) The commission may adopt rules to implement this section, including rules that:

(a) Prioritize the issuance of the funding for a purpose described in subsection (5) of this section.

(b) Establish a preference for providing the funding to individuals of moderate or lower income.

(c) Establish that the funding may only be provided to individuals of moderate or lower income.

SECTION 6. (1) On or before January 15, 2024, the Legislative Policy and Research Director, or a designee of the director, shall prepare and submit a report to a committee or interim committee of the Legislative Assembly related to water on:

(a) Processes and outcomes in Oregon related to recent federal funding opportunities to assist low-income drinking water, wastewater and stormwater ratepayers.

(b) Approaches and funding sources for an ongoing statewide assistance program for low-income drinking water, wastewater and stormwater ratepayers.

(c) Approaches and funding sources to help low-income individuals and households finance the replacement or repair of private residential drinking water and sewer infrastructure.

(d) Opportunities to leverage federal funds for the purposes described in paragraphs (b) and (c) of this subsection.

(2) In preparing the report, the director, or the designee of the director, shall consult with individuals and entities with relevant knowledge from diverse geographies and perspectives, such as:

(a) Municipally and privately owned or operated drinking water and wastewater utility providers of various sizes.

(b) Organizations with experience in providing technical assistance to water and wastewater utilities.

(c) Organizations with experience in rate assistance or support for low-income drinking water, wastewater or stormwater ratepayers.

(d) Organizations representing cities, counties and special districts.

(3) All state agencies shall assist and advise as requested by the director, or the designee of the director, in order to undertake the duties described in subsections (1) and (2) of this section.

SECTION 7. On or before October 1, 2024, the Water Resources Department shall develop, and provide to a committee or interim committee of the Legislative Assembly related to water, an updated scope and estimated cost and timeline for implementing the 1998 Stewardship and Supply Initiative and a proposed approach to sequencing development of river basin assessment reports.

SECTION 8. (1) Oregon Consensus at Portland State University and Oregon State University shall establish a collaborative process for:

(a) Developing a shared understanding of water management in the Chewaucan River watershed; and

(b) Identifying broadly supported actions related to the Chewaucan River watershed that will strive to:

(A) Meet water needs, including needs for agricultural operations, communities, Lake Abert, wet meadows and fish and wildlife;

(B) Address the ecological health of Lake Abert and the entire Chewaucan River watershed; and

(C) Consider social, economic and environmental benefits and impacts.

(2) The process must be guided by a governance agreement that describes conditions for participation, the scope of the collaborative process, how decisions will be made and how the process will:

(a) Be developed by a collaborative group that represents a balance of interests, including but not limited to interests in in-stream and out-of-stream water;

(b) Address current and future in-stream and out-of-stream water needs;

(c) Promote contemplation of actions that are consistent with the state water resources policy as defined in ORS 536.007 and water-related state laws that are in effect on the effective date of this 2023 Act;

(d) Be developed through an open and transparent process that fosters public participation; and

(e) Be developed in consultation with the Department of Environmental Quality, the State Department of Fish and Wildlife, the Water Resources Department and affected federally recognized Indian tribes.

(3) The process may not delay or preclude the activities of agencies, including activities such as applying for in-stream water rights, regulating water use, managing water rights, collecting water-related data and performing technical analyses.

(4) The process may not interfere with water appropriations granted on or before the effective date of this 2023 Act for privately held surface and ground water rights to use water from the Chewaucan River watershed and the tributaries of the watershed.

(5) The process may not delay or preclude the activities of private landowners, including activities such as applying for new water rights, for water right transfer, for changes in points of diversion or appropriation or for irrigation uses, or any other activities allowed under water-related state laws.

SECTION 9. Section 8 of this 2023 Act is repealed on June 30, 2025.

SECTION 10. ORS 536.220 is amended to read:

536.220. (1) The Legislative Assembly recognizes and declares that:

(a) The maintenance of the present level of the economic and general welfare of the people of this state and the future growth and development of this state for the increased economic and general welfare of the people thereof are in large part dependent upon a proper utilization and control of the water resources of this state, and such use and control is therefore a matter of greatest concern and highest priority.

(b) A proper utilization and control of the water resources of this state can be achieved only through a coordinated, integrated state water resources policy, through plans and programs for the development of such water resources and through other activities designed to encourage, promote and secure the maximum beneficial use and control of such water resources, all carried out by a single state agency.

(c) The economic and general welfare of the people of this state have been seriously impaired and are in danger of further impairment by the exercise of some single-purpose power or influence over the water resources of this state or portions thereof by each of a large number of public authorities, and by an equally large number of legislative declarations by statute of single-purpose policies with regard to such water resources, resulting in friction and duplication of activity among such public authorities, in confusion as to what is primary and what is secondary beneficial use or control of such water resources and in a consequent failure to utilize and control such water resources for multiple purposes for the maximum beneficial use and control possible and necessary.

(2) The Legislative Assembly, therefore, finds that:

(a) It is in the interest of the public welfare that a coordinated, integrated state water resources policy be formulated and means provided for its enforcement, that plans and programs for the development and enlargement of the water resources of this state be devised and promoted and that other activities designed to encourage, promote and secure the maximum beneficial use and control of such water resources and the development of additional water supplies be carried out by a single state agency that, in carrying out its functions, shall give proper and adequate consideration to the

multiple aspects of the beneficial use and control of such water resources with an impartiality of interest except that designed to best protect and promote the public welfare generally.

(b) The state water resources policy shall be consistent with the goal set forth in ORS 468B.155.

(3)(a) The Water Resources Department shall develop an integrated state water resources strategy to implement the state water resources policy specified in subsection (2) of this section. The department shall design the strategy to meet Oregon's in-stream and out-of-stream water needs.

(b) (4) The Water Resources Department shall work in close cooperation with the Department of Environmental Quality, **the Oregon Watershed Enhancement Board, the State Department of Agriculture** and the State Department of Fish and Wildlife to develop the integrated state water resources strategy, in consultation with other state, local and federal agencies, with other states, with Indian tribes, with stakeholders and with the public.

(c) (5) The Water Resources Department, in close cooperation with the Department of Environmental Quality, **the State Department of Agriculture** and the State Department of Fish and Wildlife, shall develop data on an ongoing basis to forecast Oregon's in-stream and out-of-stream water needs, including but not limited to in-stream, *[underground]* **ground** water, human consumption, **irrigated agriculture** and water supply needs, for the purpose of developing and updating the integrated state water resources strategy.

(d) (6) The integrated state water resources strategy shall describe *[the following]*:

(A) (a) Oregon's in-stream and out-of-stream water needs, including but not limited to ecosystem services, water quality and water supply needs.

(b) **Critical water issues at the state level and within water basins across this state.**

(B) (c) Objectives of the strategy.

(C) (d) Actions that are designed to achieve the objectives of the strategy.

(D) (e) Plans *[related to]* **and actions concerning water-related natural hazards and the challenges presented by climate change.**

(E) (f) Provisions to ensure communication *[and partnership]* **and engagement with the public.**

(g) **Provisions to promote meaningful engagement with environmental justice communities, as defined in ORS 182.535, consistent with the requirements of ORS 182.545.**

(h) **Provisions to promote partnerships with Indian tribes, public bodies, as defined in ORS 174.109, and key stakeholders to implement recommended actions, as appropriate.**

(i) **How the integrated state water resources strategy will be implemented at multiple scales in a balanced, equitable and integrated manner.**

(j) **How to support implementation of priority actions recommended in other relevant state-developed or state-recognized plans or strategies.**

(F) (k) Specific functions and roles to be played by state agencies, including but not limited to **the Department of Environmental Quality, the State Department of Fish and Wildlife, the State Department of Agriculture, the State Forestry Department, the Department of Human Services, the Oregon Business Development Department, the Department of Land Conservation and Development, the Oregon Watershed Enhancement Board, the State Parks and Recreation Department, the Oregon Health Authority, the Department of State Lands and other relevant state agencies, along with provisions to achieve interagency coordination.**

(L) **Provisions to achieve coordination with federal agencies and states that neighbor Oregon.**

(G) (m) Public policy options and recommendations.

(H) (n) Relevant strategy factors, including but not limited to population growth and land use change.

(I) (o) Recommendations *[of the Water Resources Department]* regarding the continuous monitoring of climate change effects on Oregon's water supply and regarding water user actions that are necessary to address climate change.

(p) **Processes by which a biennial work plan will be developed and by which implementation of the work plan will be coordinated.**

~~[(e)(A)]~~ **(7) Before adopting or revising the integrated state water resources strategy**, the Water Resources Commission shall give **notice to the Environmental Quality Commission, the Oregon Watershed Enhancement Board, the State [Department] Board of Agriculture, [and] the State [Department of] Fish and Wildlife Commission and any other agency referenced in the strategy** *[notice of the integrated state water resources strategy prior to adoption of the strategy]*. The strategy, **and any revisions to the strategy**, shall take effect upon adoption by the Water Resources Commission.

~~[(B)]~~ **(8)** The Water Resources Commission shall review and update the integrated state water resources strategy **at least** every ~~[five]~~ **eight** years. *[The Water Resources Commission shall give notice to the Environmental Quality Commission, the State Department of Agriculture and the State Department of Fish and Wildlife prior to adopting any revisions of the strategy. Revisions of the strategy shall take effect upon the Water Resources Commission's adoption of the revised strategy by reference in rule.]*

(9) All agencies of state government, as defined in ORS 174.111, shall:

(a) Assist the Water Resources Department, as requested, in performing the duties described in this section; and

(b) Furnish information as necessary to develop, update and implement the integrated state water resources strategy.

~~[(4)]~~ **(10)** This section does not limit the authority granted the Environmental Quality Commission or the Department of Environmental Quality under ORS chapter 468B.

SECTION 11. The amendments to ORS 536.220 by section 10 of this 2023 Act become operative on the first date after the effective date of this 2023 Act on which the Water Resources Commission adopts updates to the integrated state water resources strategy described in ORS 536.220.

SECTION 12. The Oregon State University Extension Service and the Oregon State University Agricultural Experiment Station shall jointly establish an agricultural water management technical assistance program. The technical assistance program shall be a voluntary, nonregulatory and incentive-based program that may include the following elements:

(1) Staffing of agricultural water management specialists based in different regions of this state who will be responsible for:

(a) Building collaborative relationships with water and land managers; and

(b) Developing research-based water management programs that utilize data collected under subsection (6) of this section to provide publicly available statewide and regional tools for water and land managers that foster regionally specific knowledge and expertise.

(2) Connecting agricultural producers to information, resources, tools, programs, partners, funding opportunities and other incentives to improve on-farm water management practices and outcomes for the producers' operations and water resources.

(3) Creating a voluntary demonstration network of willing agricultural producers to develop on-farm demonstration projects featuring water-related management practices that yield quantifiable water quality and quantity benefits for the producers' operations and water resources and to promote the uptake of effective practices, including, but not limited to:

(a) Modification of irrigation equipment;

(b) Measurement and monitoring of water diversions and water use;

(c) Use of data in decision-making;

(d) Irrigation management practices;

(e) Soil management practices;

(f) Dryland farming practices;

(g) Crop rotations and rotational grazing practices;

(h) Temporary or permanent voluntary in-stream flow restoration, such as in-stream leasing and split-season leasing, as described in ORS 537.348;

(i) Use of the program for the allocation of conserved water established under ORS 537.455 to 537.500;

(j) Novel water sharing agreements or arrangements that benefit other in-stream and out-of-stream water uses;

(k) Water reuse;

(L) Effective use of state and federal programs;

(m) Practices that restore and protect fish and wildlife habitat;

(n) Practices that reduce energy use and costs;

(o) Fish screening and fish passage; and

(p) Experimentation with alternative crops and drought-resistant crops.

(4) Identifying, studying and mitigating the effects of projects and practices implemented under subsection (3) of this section on in-stream and out-of-stream water users and uses, and conducting related outreach.

(5) Organizing workshops and tours to promote innovative agricultural water management practices.

(6) Establishing and maintaining or supporting publicly available weather and irrigation information systems designed to collect, process and make publicly available climate and weather-related data and provide to agricultural producers tools that support increased production, increased resilience to drought and flood events and the efficient management of water resources.

(7) In consultation with the Water Resources Department, contracting with an organization that provides publicly accessible, reproducible, satellite-based evapotranspiration data using open science methods, open data services and an ensemble of well-established evapotranspiration models to:

(a) Support ongoing and reliable evapotranspiration data production and platform maintenance for public use across this state;

(b) Support data collection and technical analyses to improve the accuracy of the data for different regions in Oregon; and

(c) Conduct outreach to agricultural producers and other subject matter experts to verify accuracy and increase usability of the data.

(8) Partnering with agricultural producers and other subject matter experts to check the accuracy of data, develop new tools, adapt available tools, experiment with new technologies and approaches and identify best management practices.

(9) Performing and publishing research related to agricultural water management.

(10) Developing and updating Oregon-specific guides, manuals and other resources, with a focus on resources that will increase the likelihood of securing federal funding and assistance for agricultural water management and increase the effective delivery of desired outcomes.

(11) Providing technical assistance to small farmers or ranchers in accessing state and federal assistance programs, including but not limited to disaster assistance programs.

SECTION 13. (1) To carry out the technical assistance program described in section 12 of this 2023 Act, the Oregon State University Extension Service and the Oregon State University Agricultural Experiment Station may:

(a) Support the acquisition and maintenance of equipment necessary for the collection of weather data, climate data and data related to agricultural water use and management, including equipment that measures or monitors water supply, water diversions, water use and evapotranspiration. Equipment may include, but need not be limited to:

(A) AgriMet weather stations;

(B) Other weather stations;

(C) Eddy covariance stations;

(D) Lysimeters;

(E) Stream gauges;

- (F) Soil moisture meters; and
- (G) Water use measuring devices.

(b) Form partnerships with agricultural producers to site data collection equipment and use the data collected in on-farm management practices, with preference given to producers that agree to develop on-farm demonstration projects, as described in section 12 (3) of this 2023 Act.

(c) Form partnerships and enter into cost-sharing agreements with institutions capable of maintaining data collection equipment and processing data, including, but not limited to, the United States Geological Survey, the United States Bureau of Reclamation, the Natural Resources Conservation Service of the United States Department of Agriculture, the National Weather Service of the National Oceanic and Atmospheric Administration, the State Department of Agriculture, the Water Resources Department, the State Department of Fish and Wildlife, the Department of Environmental Quality, the Oregon Watershed Enhancement Board, the Oregon Climate Service and soil and water conservation districts.

(d) Convene statewide or region-specific advisory groups or working groups to advise on any aspect of the program.

(2) All data collected under subsection (1) of this section using public funds must be made publicly available.

(3) In establishing and maintaining the voluntary demonstration network described in section 12 (3) of this 2023 Act, the Oregon State University Extension Service and the Oregon State University Agricultural Experiment Station:

- (a) May receive and expend funds from any source to:

(A) Design and implement demonstration projects under section 12 (3) of this 2023 Act; or

(B) Provide stipends to agricultural producers participating in the voluntary demonstration network described in section 12 (3) of this 2023 Act for time, equipment and related expenses.

(b) Shall prioritize projects that have the potential to increase drought resiliency and provide quantifiable water quantity and quality benefits to other in-stream and out-of-stream water users or uses.

SECTION 14. (1) The Oregon State University Extension Service and the Oregon State University Agricultural Experiment Station shall jointly:

(a) Prepare an annual report describing climate-related impacts on agricultural producers, including, but not limited to, flood and drought impacts, and recommendations to increase agricultural resilience; and

(b) Submit the report in the manner provided by ORS 192.245 to the interim committees of the Legislative Assembly related to agriculture no later than September 15 of each year.

(2) The Oregon State University Extension Service and the Oregon State University Agricultural Experiment Station shall jointly report on the progress of the technical assistance program established under section 12 of this 2023 Act in the manner provided by ORS 192.245 to the interim committees of the Legislative Assembly related to agriculture no later than September 15 of each even-numbered year.

SECTION 15. The Place-Based Water Planning Fund is established in the State Treasury, separate and distinct from the General Fund. Interest earned by the Place-Based Water Planning Fund shall be credited to the fund. The fund consists of moneys appropriated to the fund by the Legislative Assembly and federal, public or private moneys designated for deposit in the fund. Moneys in the fund are continuously appropriated to the Water Resources Department for the purpose of carrying out the provisions of section 16 of this 2023 Act.

SECTION 16. (1) As used in this section:

- (a) “Eligible implementation coordination costs”:

(A) Means costs associated with actions taken to coordinate the implementation of a state-recognized place-based integrated water resources plan.

- (B) Does not include the costs of implementing a project.
- (b) “Environmental justice community” has the meaning given that term in ORS 182.535.
- (c) “Indian tribe” means a federally recognized Indian tribe in Oregon that has members residing on a reservation or tribal trust lands in Oregon.
- (d) “Person” has the meaning given that term in ORS 536.007.
- (e) “Place-based integrated water resources plan” means a plan that:
 - (A) Is developed for a planning area associated with waters from sources within a shared hydrologic boundary;
 - (B) Is developed in collaboration with a balanced representation of interests;
 - (C) Addresses current and future in-stream and out-of-stream needs;
 - (D) Includes the development of actions that are consistent with the state water resources policy and other state laws concerning the water resources of this state;
 - (E) Is developed using an open, equitable and transparent process that fosters public participation and meaningful engagement with environmental justice communities, consistent with the requirements of ORS 182.545;
 - (F) Is developed in consultation with the Water Resources Department and other relevant state agencies;
 - (G) Facilitates implementation of local water resources solutions and supports the knowledge and relationships needed to implement the solutions;
 - (H) Assesses actions that are compatible with local comprehensive plans;
 - (I) Strives to integrate solutions to cost-effectively achieve multiple benefits;
 - (J) Is consistent with the guiding principles of the integrated state water resources strategy; and
 - (K) Complies with the rules of the Water Resources Commission, including any rules regarding the development of place-based integrated water resources plans.
- (f) “Place-based integrated water resources planning” means a collaborative and inclusive process that is designed to:
 - (A) Gather information to develop a shared understanding of water resources and identify critical issues and knowledge gaps;
 - (B) Examine the existing and future in-stream and out-of-stream water needs for people, the economy and the environment;
 - (C) Identify and prioritize strategic, integrated solutions to understand and meet in-stream and out-of-stream water needs; and
 - (D) Develop, implement and update a place-based integrated water resources plan.
- (g) “Public body” has the meaning given that term in ORS 174.109.
- (h) “Situation assessment” means an assessment conducted for the purpose of understanding the status of an issue, stakeholder perspectives and the needs and conditions that potentially affect the feasibility and design of a collaborative process to develop and implement a place-based integrated water resources plan.
 - (i) “State-recognized place-based integrated water resources plan” means a place-based integrated water resources plan that has been reviewed by the Water Resources Commission and recognized by a commission resolution stating that the completed place-based integrated water resources plan adheres to applicable requirements.
- (2) The Water Resources Director may award grants with moneys from the Place-Based Water Planning Fund established in section 15 of this 2023 Act to fund the costs of actions supporting place-based integrated water resources planning, including costs of:
 - (a) Filling gaps in state, tribal and local capacity, knowledge and skill sets.
 - (b) Developing data and associated analyses tailored to the area of a place-based integrated water resources plan.
 - (c) Assessing critical issues within the planning area.

(d) Building knowledge and relationships among state agencies, organizations with ties to or an interest in the planning area and people who live in, work in or are interested in the planning area.

(e) Assisting groups with preparing and assessing readiness to engage in relevant planning.

(f) Assisting with building the capacity of a community to engage in relevant planning.

(g) Facilitating and managing a collaborative process to support relevant planning.

(h) Developing, or supporting development of, a place-based integrated water resources plan.

(i) Facilitating associated public participation, including participation by members of environmental justice communities, through education, outreach, financial support and other activities.

(j) Updating a state-recognized place-based integrated water resources plan.

(k) Eligible implementation coordination costs.

(3) In awarding grants, the department may require cost matching by applicants.

(4) The grants may be awarded to persons, public bodies, Indian tribes and nonprofit organizations.

(5) The grants may be awarded as cost sharing with other programs that support place-based integrated water resources planning.

(6) In addition to disbursing moneys in the fund as described in subsection (2) of this section, the Water Resources Director may use moneys in the fund to further place-based integrated water resources planning by entering into agreements or contracting for the following:

(a) Efforts related to interagency coordination.

(b) Situation assessments.

(c) The collection or development of data, data inventories or other technical information necessary for planning.

(d) Technical assistance.

(e) The development of guidelines and best practices.

(f) Providing opportunities for public participation.

(g) The development or provision of training and learning opportunities.

(h) Holding events and gatherings.

(i) Evaluations to identify lessons learned and areas for improvement.

(j) Consultation with Indian tribes.

(k) Other actions in support of place-based integrated water resources planning that benefit a specific area in this state or the state as a whole.

(7) Before issuing funding under subsection (2) or (6) of this section, the Water Resources Director shall consult with the Department of Environmental Quality, Department of Land Conservation and Development, Oregon Health Authority, Oregon Watershed Enhancement Board, State Department of Agriculture and State Department of Fish and Wildlife to understand agency capacity to:

(a) Participate in place-based integrated water resources planning.

(b) Provide information and assistance described in subsection (9) of this section.

(8) Before issuing funding under subsection (2) of this section, the Water Resources Director shall notify county and tribal governments within the proposed planning boundary of an application.

(9) The Water Resources Department, Department of Environmental Quality, Department of Land Conservation and Development, Oregon Health Authority, Oregon Watershed Enhancement Board, State Department of Agriculture and State Department of Fish and Wildlife may provide technical information and assistance to, and enter into contracts or agreements with, a person, public body, Indian tribe or nonprofit organization to facilitate implementation of this section.

(10) The Water Resources Commission shall consider state-recognized place-based integrated water resources plans when updating the integrated state water resources strategy.

(11) The commission may adopt rules to implement this section, including rules that:

(a) Further clarify the expenditures that may be funded by the grants.

(b) Prioritize the issuance of funding for purposes described in this section and establish a system for scoring and ranking projects that includes consideration of groups' readiness for planning and projects' alignment with strategic priorities determined by state water laws and relevant state agencies.

(c) Establish requirements for promoting public participation and engaging environmental justice communities.

(d) Establish criteria and a process for state recognition of a place-based integrated water resources plan.

(e) Describe how the implementation of actions outlined in a state-recognized place-based integrated water resources plan may be considered and supported.

(f) Establish reporting and other requirements necessary to maintain the status of a state-recognized place-based integrated water resources plan, including requirements concerning:

(A) Progress on implementing a place-based integrated water resources plan.

(B) How strategies and actions outlined in a place-based integrated water resources plan must continue to represent a balance of in-stream and out-of-stream water interests.

(C) How the planning process continues to demonstrate a commitment to collaboration and adherence to principles of place-based integrated water resources planning and the integrated state water resources strategy described in ORS 536.220.

(12) In developing rules described in subsection (11) of this section, the commission shall consult with the agencies described in subsection (7) of this section and other affected agencies.

SECTION 17. ORS 537.797 is amended to read:

537.797. (1) As used in this section:

(a) "District" means:

(A) An irrigation district formed under ORS chapter 545;

(B) A drainage district formed under ORS chapter 547;

(C) A water improvement district formed under ORS chapter 552; or

(D) A water control district formed under ORS chapter 553.

(b) "Registered geologist" has the meaning given that term in ORS 672.505.

(c) "Registered professional engineer" and "registered professional land surveyor" have the meanings given those terms in ORS 672.002.

(2) The Water Resources Commission by rule shall establish criteria for [the] certification [of registered, professional land surveyors and engineers and geologists practicing as defined in ORS 672.005 and 672.505, respectively,] **under ORS 537.798** to conduct surveys to determine whether a permittee has completed all work necessary to perfect an appropriation of water under ORS 537.230, 537.630 and 540.530.

(3) An individual may apply for certification under ORS 537.798 if the individual meets the criteria established by rule by the commission and is a:

(a) Registered professional engineer;

(b) Registered professional land surveyor;

(c) Registered geologist; or

(d) District employee who:

(A) Is, at the time of applying, employed full-time by a district;

(B) Has been employed by a district for seven or more years; and

(C) Has seven or more years of relevant technical experience conducting similar work.

SECTION 18. ORS 537.798 is amended to read:

537.798. (1) The State Board of Examiners for Engineering and Land Surveying may issue a water right examiner certificate to *[a registered professional land surveyor, registered professional engineer or registered geologist who meets the criteria established by the Water Resources Commission under]* **an applicant described in ORS 537.797**. The board shall require an applicant for the certificate to pass an examination establishing the qualification of the applicant to be a water right examiner. The Water Resources Department shall prepare, administer and score the examination.

(2) The board shall establish fees for the examination, certification and renewal of certification of water right examiners. The fees shall be based upon the expenses of the board and the department in conducting the certification program. The board shall reimburse the department for department expenses related to the preparation, administration and scoring of the examination.

(3) The board may adopt rules to regulate persons certified as water right examiners. The rules may include, but need not be limited to, rules establishing standards of professional conduct and rules establishing professional development or continuing education requirements.

(4) Upon receipt of a complaint, or upon its own initiative, the board may investigate any alleged or suspected violation by a water right examiner of ORS 672.002 to 672.325, the criteria established under ORS 537.797, **Water Resources** Commission rules or a board rule adopted under this section or ORS 672.255. If the board finds that a violation has occurred, in addition to any other disciplinary or regulatory authority of the board, the board may suspend, revoke or modify a certificate issued under this section. Board action to suspend, revoke or modify the certificate is subject to the provisions of ORS chapter 183 relating to contested cases.

SECTION 19. ORS 537.797, as amended by section 17 of this 2023 Act, is amended to read:

537.797. *[(1) As used in this section:]*

[(a) "District" means:]

[(A) An irrigation district formed under ORS chapter 545;]

[(B) A drainage district formed under ORS chapter 547;]

[(C) A water improvement district formed under ORS chapter 552; or]

[(D) A water control district formed under ORS chapter 553.]

[(b) "Registered geologist" has the meaning given that term in ORS 672.505.]

[(c) "Registered professional engineer" and "registered professional land surveyor" have the meanings given those terms in ORS 672.002.]

[(2)] The Water Resources Commission by rule shall establish criteria for **the certification [under ORS 537.798] of geologists, as defined in ORS 672.505, and persons engaged in the practice of engineering and the practice of land surveying, as those terms are defined in ORS 672.005**, to conduct surveys to determine whether a permittee has completed all work necessary to perfect an appropriation of water under ORS 537.230, 537.630 and 540.530.

[(3) An individual may apply for certification under ORS 537.798 if the individual meets the criteria established by rule by the commission and is a:]

[(a) Registered professional engineer;]

[(b) Registered professional land surveyor;]

[(c) Registered geologist; or]

[(d) District employee who:]

[(A) Is, at the time of applying, employed full-time by a district;]

[(B) Has been employed by a district for seven or more years; and]

[(C) Has seven or more years of relevant technical experience conducting similar work.]

SECTION 20. ORS 537.798, as amended by section 18 of this 2023 Act, is amended to read:

537.798. (1) The State Board of Examiners for Engineering and Land Surveying may issue a water right examiner certificate to *[an applicant described in]* **a registered professional land surveyor, registered professional engineer or registered geologist who meets the criteria established by the Water Resources Commission under ORS 537.797**. The board shall require an applicant for the certificate to pass an examination establishing the qualification of the applicant to be a water right examiner. The Water Resources Department shall prepare, administer and score the examination.

(2) The board shall establish fees for the examination, certification and renewal of certification of water right examiners. The fees shall be based upon the expenses of the board and the department in conducting the certification program. The board shall reimburse the department for department expenses related to the preparation, administration and scoring of the examination.

(3) The board may adopt rules to regulate persons certified as water right examiners. The rules may include, but need not be limited to, rules establishing standards of professional conduct and rules establishing professional development or continuing education requirements.

(4) Upon receipt of a complaint, or upon its own initiative, the board may investigate any alleged or suspected violation by a water right examiner of ORS 672.002 to 672.325, the criteria established under ORS 537.797, [*Water Resources*] commission rules or a board rule adopted under this section or ORS 672.255. If the board finds that a violation has occurred, in addition to any other disciplinary or regulatory authority of the board, the board may suspend, revoke or modify a certificate issued under this section. Board action to suspend, revoke or modify the certificate is subject to the provisions of ORS chapter 183 relating to contested cases.

SECTION 21. The amendments to ORS 537.797 and 537.798 by sections 19 and 20 of this 2023 Act become operative on July 1, 2027.

SECTION 22. (1) The Department of Environmental Quality, in consultation with the Water Resources Department and other relevant state agencies and interested parties, shall address barriers to, and develop technical assistance resources to support, expanded beneficial water reuse or recycled water programs and projects within this state.

(2) In carrying out the objectives of this section, the Department of Environmental Quality shall:

(a) Characterize recycled water and beneficial land application project types that are priorities to support water quality, water supply or use and habitat or ecosystem needs in this state;

(b) Identify regulatory and other impediments to expanding water reuse;

(c) Identify environmentally protective approaches successfully employed by other states with robust water reuse programs that may be applicable to Oregon;

(d) Identify potential regulatory changes, including but not limited to changes to internal guidance, administrative rules or statutes needed to remove impediments, and propose an implementation schedule for enacting proposed changes; and

(e) Develop technical assistance guidance, or other resources, for local jurisdictions and industries to seek permitting and development of recycled water and other beneficial land application programs that achieve the objectives of this section.

(3) The department shall submit a progress report on the resources developed under this section in the manner provided by ORS 192.245, to the interim committees of the Legislative Assembly related to water no later than December 31, 2023.

(4) The department shall submit a final report, including completed resources developed under this section, in the manner provided by ORS 192.245, to the interim committees of the Legislative Assembly related to water no later than September 15, 2024. The department shall, at a minimum, identify in the report under this subsection:

(a) Changes that agencies can make or have completed to internal policies, guidance and processes;

(b) Recommended changes that require an agency to amend administrative rules or adopt new administrative rules;

(c) Recommended changes that would require the Legislative Assembly to create new law or amend existing law;

(d) Programmatic needs to remove impediments to water reuse and beneficial land application expansion and to support access to and acceleration of water reuse and beneficial land application projects; and

(e) Technical assistance resources and incentives that would support jurisdictions in evaluating and pursuing reuse and beneficial land application projects.

SECTION 23. Section 22 of this 2023 Act is repealed on January 2, 2025.

SECTION 24. (1) The Oregon Department of Administrative Services shall enter into a contract with the Oregon Association of Water Utilities that includes, but need not be limited to, a provision requiring the association to:

(a) Perform, or enter into a contract with a third party to perform, a study of the needs and vulnerabilities of small and very small community water systems, including but not limited to the following topics:

- (A) Water supply reliability.
- (B) Source and treated water quality.
- (C) Utility board and operations management.
- (D) Infrastructure.
- (E) Droughts, floods and earthquakes.
- (F) Funding, financial stability and water rates.
- (G) Regulations and safe drinking water standards.
- (H) Opportunities for emergency interties, system consolidation and regionalization.

(b) Provide technical, financial and managerial support and resources to small and very small community water systems, which may include support and resources related to:

- (A) Water supply reliability.
- (B) Source and treated water quality.
- (C) Utility board and operations management.
- (D) Infrastructure.
- (E) Droughts, floods and earthquakes.
- (F) Funding, financial stability and water rates.
- (G) Regulations and safe drinking water standards.
- (H) Applying for and managing funds associated with state and federal funding programs.
- (I) Assessing and supporting opportunities for emergency interties, system consolidation and regionalization.

(c) Hire and employ one training specialist and two technical assistance providers to provide support and resources to address the needs and vulnerabilities of small and very small community water systems in this state.

(d) Consult with the Oregon Health Authority, the Department of Environmental Quality, the Water Resources Department, county environmental health departments and county emergency managers in designing the parameters of the study described in paragraph (a) of this subsection.

(e) Submit a report in the manner provided by ORS 192.245 to the interim committees of the Legislative Assembly related to water no later than December 31, 2024.

(2) The Oregon Department of Administrative Services shall distribute moneys to the Oregon Association of Water Utilities for the purposes of carrying out subsection (1) of this section.

(3) The Oregon Health Authority, the Department of Environmental Quality and the Water Resources Department shall cooperate with the Oregon Association of Water Utilities, and provide to the association any data or information requested by the association, in implementing this section.

SECTION 25. Section 24 of this 2023 Act is repealed on January 2, 2025.

SECTION 26. (1) If the Water Resources Department requires an entity to measure the use of water diverted, stored or otherwise appropriated by the entity under a right established by a water right permit, water right certificate, limited license, decree, order of determination or ground water registration, the department may require the entity to report the measured use to the department.

(2) The Water Resources Commission shall adopt rules as provided under ORS 536.027 to carry out subsection (1) of this section.

SECTION 27. ORS 541.669 is amended to read:

541.669. (1) The Water Resources Commission shall adopt rules establishing a system for scoring and ranking projects to determine which projects are to be awarded loans and grants from the Water Supply Development Account, including but not limited to the application of minimum criteria designed to achieve the outcomes described in ORS 541.677. The criteria shall be based on the public benefit categories described in ORS 541.673. The commission shall make the loan and grant funding decisions *[once]* **at least twice** each year. Applications must be filed with the Water Resources Department. The department shall accept an application for a loan or grant at any time, but shall establish *[a yearly deadline]* **a separate deadline** for the *[consideration of a pool]* **filing** of applications **before each time the commission makes loan and grant funding decisions.**

(2) The department shall conduct a preliminary review of applications to check for completeness, eligibility and minimum requirements upon receipt of each application. The department shall return incomplete applications to the applicant. The department shall provide public notice by posting new funding applications on the department's website for a 60-day period prior to reviewing the applications. The department shall provide for the receipt of public comment on the applications during the 60-day period that applications are posted on the department's website.

(3) The department shall forward applications that have passed preliminary review, along with any comments received from applicants or the public, to a technical review team consisting of representatives of the Water Resources Department, the Department of Environmental Quality, the State Department of Fish and Wildlife, the State Department of Agriculture, the Oregon Business Development Department, affected Indian tribes, any collaborative body established by the Governor to address challenges, opportunities and priorities for the region affected by the project and additional experts as determined by the Water Resources Department. The technical review team shall conduct the initial scoring and ranking for the projects described in the applications, consider comments from applicants and the public and make loan and grant funding recommendations to the commission. The commission shall determine the final scoring and ranking of projects and make the final decision regarding which projects are awarded loans or grants from the account. Before the commission makes a final decision on an application, the commission shall offer one additional opportunity for public comment.

(4) The commission is not required to obligate all available account moneys during a funding cycle. Any available account moneys that are not obligated during a funding cycle shall be carried forward and be made available for projects in future funding cycles.

(5) The department shall document the ranking of all applications and make the application ranking publicly available after the funding decisions by the commission have been published.

SECTION 28. (1) **The Oregon Business Development Department shall establish and administer the Aquifer Recharge Due Diligence Grant Program under which the Oregon Infrastructure Finance Authority established under ORS 285A.096 may award due diligence grants, in accordance with this section and section 29 of this 2023 Act, to public bodies listed in subsection (2) of this section in order to fund activities set forth in subsection (3) of this section.**

(2) Any of the following public bodies may apply for a due diligence grant under the program in the manner prescribed under section 29 of this 2023 Act:

- (a) A municipal subdivision of this state.**
- (b) A port organized under ORS chapter 777 or 778.**
- (c) A district as defined in ORS 198.010.**
- (d) An Oregon Indian tribe as defined in ORS 294.805.**
- (e) A county.**

(3) The authority may award grants to fund any of the following due diligence activities related to aquifer recharge and aquifer storage and recovery:

- (a) Test pit construction.**
- (b) Borings and soil sampling necessary to design recharge basin or aquifer storage and recovery well size and location.**

(c) Aquifer modeling necessary to meet the standards for a request to the Water Resources Department for a limited license under ORS 537.143 and 537.144 or to test aquifer storage and recovery in accordance with testing criteria under ORS 537.505 to 537.534.

(d) Design and engineering necessary to reach the final 50 percent of design and engineering necessary to result in a biddable project for aquifer recharge basins, aquifer storage and recovery wells and works, aquifer storage and recovery treatment systems and conveyance works from water source to recharge site.

(e) Sampling required by the Department of Environmental Quality to establish parameters for monitoring and sampling source water quality and aquifer water quality.

(f) Monitoring and sampling plan development associated with limited license requirements of the Water Resources Department and the Department of Environmental Quality.

(g) Applying for a limited license and public coordination.

(4) All or a portion of the basin or aquifer to which a grant application relates must have been:

(a) Restrictively classified under ORS 536.340;

(b) Withdrawn by the Water Resources Department from further groundwater appropriation under ORS 536.410; or

(c) Designated as critical under statute or rule or order of the Water Resources Commission or the Water Resources Department.

(5) The Oregon Business Development Department may adopt any rules the department considers necessary or convenient for the administration of this section and section 29 of this 2023 Act.

SECTION 29. (1) The governing body of a public body listed in section 28 of this 2023 Act seeking a due diligence grant under this section and section 28 of this 2023 Act must submit to the Oregon Business Development Department an application in the form and manner prescribed by the department.

(2) To qualify for a due diligence grant, an application must be accompanied by documentation satisfactory to the department that the following items have been completed or are available for inspection:

(a)(A) A United States Geological Survey ground water characterization model for the targeted aquifer establishing a baseline of aquifer properties;

(B) A peer-reviewed academic model for the targeted aquifer establishing a baseline of aquifer properties; or

(C) Documentation of agency-developed or publicly-developed reports determining that the targeted aquifer is a potential candidate for recharge testing in order to prove that baseline data exists to warrant additional due diligence for recharging the aquifer;

(b) Documentation establishing that source water is available to conduct aquifer recharge testing at the targeted volume and rate of the test;

(c) Documentation establishing that ground water use in the targeted aquifer has been monitored and metered for at least five years immediately prior to the date on which the application is submitted; and

(d) Documentation showing that the basin or aquifer to which the application relates is eligible under section 28 (4) of this 2023 Act.

(3)(a) Once the department has determined that an application is complete, the department shall approve or reject the application.

(b) Rejection of an application does not preclude the governing body from reapplying at any time with respect to the same or another basin or aquifer.

(c) If the department approves an application, the Oregon Infrastructure Finance Authority shall determine the amount of the grant award in accordance with subsection (4) of this section and the department shall disburse the moneys to the applicant.

(d) Rejection of an application and the amount of a grant award may not be appealed.

(4) The authority may award grants in any amount that does not exceed the eligible due diligence costs substantiated in the application.

SECTION 30. (1) The Oregon Business Development Department shall establish and administer the Aquifer Recharge Testing Forgivable Loan Program under which the Oregon Infrastructure Finance Authority may make forgivable loans, in accordance with this section and section 31 of this 2023 Act, to public bodies listed in subsection (2) of this section in order to fund the costs set forth in subsection (3) of this section.

(2) Any of the following public bodies may apply for a forgivable loan under the program in the manner prescribed under section 31 of this 2023 Act:

- (a) A municipal subdivision of this state.
- (b) A port organized under ORS chapter 777 or 778.
- (c) A district as defined in ORS 198.010.
- (d) An Oregon Indian tribe as defined in ORS 294.805.
- (e) A county.

(3) The authority may make forgivable loans for any of the following costs related to aquifer recharge and aquifer storage and recovery testing:

- (a) Energy costs.
- (b) Operation and maintenance costs associated with the treatment and delivery of source water for the purposes of testing aquifer recharge or aquifer storage and recovery.
- (c) Monitoring and reporting costs required by the monitoring plan of a limited license.
- (4) All or a portion of the basin or aquifer to which a loan application relates must have been:

- (a) Restrictively classified under ORS 536.340;
- (b) Withdrawn by the Water Resources Department from further groundwater appropriation under ORS 536.410; or
- (c) Designated as critical under statute or rule or order of the Water Resources Commission or the Water Resources Department.

(5) Forgivable loans shall be made under this section and section 31 of this 2023 Act in a principal amount that does not exceed the costs set forth in the application over the period, not to exceed five years, of the limited license issued by the Water Resources Department under ORS 537.143 and 537.144 or 537.505 to 537.534 that is associated with the application submitted under section 31 of this 2023 Act.

(6) The Oregon Business Development Department may adopt any rules the department considers necessary or convenient for the administration of this section and section 31 of this 2023 Act.

SECTION 31. (1)(a) The governing body of a public body listed in section 30 of this 2023 Act seeking a forgivable loan under this section and section 30 of this 2023 Act must submit to the Oregon Business Development Department an application in the form and manner prescribed by the department.

(b) To qualify for a forgivable loan, an application must be accompanied by documentation:

(A) Of a valid limited license to conduct aquifer recharge testing or aquifer storage and recovery testing at the site to which the application relates; and

(B) That shows the basin or aquifer to which the application relates is eligible under section 30 (4) of this 2023 Act.

(2)(a) Once the department has determined that an application is complete, the department shall approve or reject the application.

(b) Rejection of an application does not preclude the governing body from reapplying at any time with respect to the same or another basin or aquifer.

(c) If the department approves an application, the Oregon Infrastructure Finance Authority shall determine the amount of the forgivable loan in accordance with section 30 (5) of this 2023 Act and the department shall duly negotiate a loan agreement with the applicant.

(d) Rejection of an application and the amount of a forgivable loan may not be appealed.

(3)(a) Upon completion of the activities for which the forgivable loan was made, the governing body that received the loan must submit documentation satisfactory to the department that 100 percent of the water placed into the recharge went into the waters of this state and was not recovered under a secondary use limited license or secondary use permit obtained under ORS 537.534.

(b) If the department is satisfied with the documentation, 100 percent of the amount of the loan shall be forgiven.

(c) If the department determines that water was used impermissibly within the terms of paragraph (a) of this subsection, the department may require repayment of the loan in an amount proportional to the percentage of the water that was used impermissibly, with interest at a rate not to exceed five percent.

(d) Loan amounts and interest repaid under paragraph (c) of this subsection shall be credited to the Aquifer Recharge Fund established under section 33 of this 2023 Act.

SECTION 32. Not later than September 15 of each year, the Oregon Business Development Department and recipients of funding under sections 28 to 33 of this 2023 Act shall prepare and submit a report, in the manner required under ORS 192.245, to the interim committees of the Legislative Assembly related to water, detailing the use of the funding and the results of the recharge testing so funded.

SECTION 33. (1) The Aquifer Recharge Fund is established in the State Treasury, separate and distinct from the General Fund. Interest earned by the Aquifer Recharge Fund shall be credited to the fund. All moneys in the fund are continuously appropriated to the Oregon Business Development Department for the use of the Oregon Infrastructure Finance Authority established under ORS 285A.096 to fulfill the purposes set forth in sections 28 to 33 of this 2023 Act.

(2) The fund shall consist of all moneys credited to the fund, including but not limited to:

(a) Moneys appropriated, allocated, transferred or otherwise credited to the fund by the Legislative Assembly, the department or the authority;

(b) Earnings received on moneys in the fund;

(c) Repayment of financial assistance provided under sections 28 to 33 of this 2023 Act, including interest;

(d) Moneys transferred to the fund from the federal government, state agencies or local governments; and

(e) Moneys deposited in the fund from any other source, including, but not limited to, grants and gifts.

(3) The authority may directly or indirectly grant, expend or lend moneys in the fund for the purposes set forth in sections 28 to 33 of this 2023 Act.

(4)(a) The authority shall administer the fund.

(b) The Oregon Business Development Department may adopt rules and policies for the administration of the fund.

SECTION 34. (1) Sections 28 to 33 of this 2023 Act are repealed on January 2, 2032.

(2) Any moneys remaining in the Aquifer Recharge Fund established under section 33 of this 2023 Act on the date specified in subsection (1) of this section that are unexpended, unobligated and not subject to any conditions shall be transferred to the Administrative Services Economic Development Fund.

SECTION 35. (1) As used in this section, “local workforce development board” and “workforce program” have the meanings given those terms in ORS 660.300.

(2) The Oregon Department of Administrative Services shall provide grants to soil and water conservation districts organized under ORS 568.210 to 568.808 and 568.900 to 568.933 and to counties for the treatment of western juniper to minimize the negative impacts of western juniper on water resources and ecological health.

- (3) Grant recipients shall use grant funds only to:
- (a) Consistent with the requirements of this section, treat western juniper in areas where treatment will provide the greatest benefit to water resources and ecological health;
 - (b) Consistent with the requirements of this section, remove western juniper at times, and using methods, that will reduce the risk of repropagation after removal; and
 - (c) Cover the administrative expenses of the grant recipient related to the grant program, except that no more than eight percent of grant funds may be used to cover administrative expenses.
- (4) In determining areas to conduct western juniper treatment, grant recipients shall incorporate criteria from the western juniper management field guide developed by the Oregon Watershed Enhancement Board, including:
- (a) Conifer encroachment prioritization;
 - (b) Hydrological prioritization, including a consideration of the location of the proposed project site in relation to surface waters;
 - (c) Biological prioritization, including resilience to disturbance and resistance to exotic annual grasses; and
 - (d) Canopy interspaces, including bunchgrass age classes and exotic annual grasses or noxious weeds present at intermediate levels in interspaces.
- (5) In selecting treatment project sites and conducting treatment, grant recipients shall seek to retain old growth juniper trees, as determined by tree characteristics that include:
- (a) Flattened, rounded or uneven tops;
 - (b) A spreading crown;
 - (c) Large branches near the base of the tree;
 - (d) Large, dead branches, missing bark and abundant light green lichen;
 - (e) Thick fibrous bark with well-developed vertical furrows; and
 - (f) Leader growth in the upper quarter of the tree that is less than one inch per year.
- (6) Treatment sites must be no less than 100 acres.
- (7) Pretreatment analysis of treatment sites must include:
- (a) Risk assessments for annual grass weeds; and
 - (b) An analysis of existing perennial understory to determine if reseeding is required.
- (8) Fuel loads associated with western juniper treatment shall be removed from the treatment site.
- (9) Any grazing plan for a treatment site must be developed in cooperation with the landowner and the applicable soil and water conservation district.
- (10) A grant recipient shall develop a post-treatment maintenance plan for the treatment site prior to beginning treatment.
- (11) Grant applicants may consult with Oregon State University, local governments, as defined in ORS 174.116, conservation organizations or other organizations or experts to identify areas that meet the criteria described in subsection (3)(a) of this section.
- (12) A grant recipient shall:
- (a) Work with Oregon State University to track and monitor the effects of the program on water resources, ecological health and economic and workforce development and to provide quarterly and annual reports to the department;
 - (b) Work with a local workforce development board or other organizations to create or expand an existing workforce program that provides services to individuals performing western juniper treatment or to allow individuals performing western juniper treatment to participate in an existing workforce program; and
 - (c)(A) Prepare reports describing any proposed, ongoing or completed western juniper treatment project including:
 - (i) Site conditions before treatment;
 - (ii) Project methodologies and implementation;
 - (iii) Site conditions and maintenance efforts after treatment; and

(iv) An assessment of the effectiveness of the treatment.

(B) A grant recipient shall submit the reports required under this paragraph to Oregon State University no later than two and five years, respectively, after receiving a grant under this section and shall make the reports publicly available.

SECTION 36. (1) Oregon State University shall consult with recipients of grants under section 35 of this 2023 Act to assist the recipients with establishing monitoring areas in central Oregon, Harney County and Klamath County.

(2) Monitoring must be conducted for a period of at least five years and must include:

(a) Overstory and understory vegetation surveys to assess soil, water and vegetation relationships; and

(b) Monitoring of soil moisture, springflow, streamflow and weather.

(3) Monitoring may include technological platforms or other systems to monitor vegetative cover, perennial grass cover, annual grass cover or tree and shrub cover.

SECTION 37. (1) The Oregon Department of Administrative Services shall provide a grant to an organization formed pursuant to an intergovernmental agreement under ORS chapter 190 that operates in at least three of the following counties:

(a) Crook County;

(b) Jefferson County;

(c) Klamath County;

(d) Deschutes County;

(e) Harney County; or

(f) Lake County.

(2) The organization shall:

(a) In rural areas of this state, coordinate efforts to identify and apply for sources of funding for western juniper treatment, or other water conservation projects, among cities, counties or other organizations; and

(b) Coordinate activities among grant recipients described in section 36 of this 2023 Act.

SECTION 38. The Oregon Department of Administrative Services shall provide the grants described in section 35 of this 2023 Act no later than July 1, 2023, or 60 days after the effective date of this 2023 Act, whichever is later.

SECTION 39. Recipients of grants described in section 35 of this 2023 Act, as well as organizations described in sections 37, 51 and 52 of this 2023 Act, may accept moneys from state agencies, federal or private funds or grants or the Emergency Board, in addition to the grants, for purposes described in sections 35 and 36 of this 2023 Act.

SECTION 40. In addition to and not in lieu of any other appropriation, there is appropriated to the Oregon Watershed Enhancement Board, for the biennium beginning July 1, 2023, out of the General Fund, the amount of \$1,000,000, for deposit in the Community Drinking Water Enhancement and Protection Fund established under section 4 of this 2023 Act.

SECTION 41. In addition to and not in lieu of any other appropriation, there is appropriated to the Higher Education Coordinating Commission, for the biennium beginning July 1, 2023, out of the General Fund, the amount of \$420,000, for distribution to Oregon Consensus at Portland State University, which must be used for the purposes described in section 8 of this 2023 Act and may be used for awarding grants and stipends to participants in the collaborative process described in section 8 of this 2023 Act.

SECTION 42. In addition to and not in lieu of any other appropriation, there is appropriated to the Higher Education Coordinating Commission, for the biennium beginning July 1, 2023, out of the General Fund, the amount of \$150,000, for distribution to Oregon State University, which must be used for the purposes described in section 8 of this 2023 Act.

SECTION 43. In addition to and not in lieu of any other appropriation, there is appropriated to the Water Resources Department, for the biennium beginning July 1, 2023, out of the General Fund, the amount of \$254,870, which may be expended for:

- (1) Funding a staff position at the department; or
- (2) In consultation with Harney County Court, contracting with a qualified entity to:
 - (a) Advise ground water users in the Greater Harney Valley Groundwater Area of Concern, and other interested stakeholders that work on ground water management in the Greater Harney Valley Groundwater Area of Concern, concerning voluntary agreements among ground water users from the same ground water reservoir, as described in ORS 537.745;
 - (b) Assess the opportunities and limitations of using the voluntary agreements in the Greater Harney Valley Groundwater Area of Concern; and
 - (c) Assist ground water users in the Greater Harney Valley Groundwater Area of Concern with developing the voluntary agreements.

SECTION 44. In addition to and not in lieu of any other appropriation, there is appropriated to the Water Resources Department, for the biennium beginning July 1, 2023, out of the General Fund, the amount of \$2,000,000, for deposit in the Place-Based Water Planning Fund established under section 15 of this 2023 Act.

SECTION 45. In addition to and not in lieu of any other appropriation, there is appropriated to the Oregon Department of Administrative Services, for the biennium beginning July 1, 2023, out of the General Fund, the amount of \$1,000,000, for distribution to the High Desert Partnership:

- (1) To design and implement projects for restoring or maintaining wet meadow, wetland and lake conditions for birds, farmers and ranchers on the Silvies River Floodplain, on the Donner und Blitzen River Floodplain, at Malheur Lake and in the Malheur National Wildlife Refuge;

- (2) For research and public engagement related to the projects described in subsection (1) of this section; and

- (3) To support collaborative partnerships related to the projects described in subsection (1) of this section.

SECTION 46. In addition to and not in lieu of any other appropriation, there is appropriated to the Oregon Department of Administrative Services, for the biennium beginning July 1, 2023, out of the General Fund, the amount of \$1,000,000, for purposes of implementing section 24 of this 2023 Act.

SECTION 47. In addition to and not in lieu of any other appropriation, there is appropriated to the Oregon Business Development Department, for the biennium beginning July 1, 2023, out of the General Fund, the amount of \$3,000,000, for deposit in the Aquifer Recharge Fund established under section 33 of this 2023 Act.

SECTION 48. In addition to and not in lieu of any other appropriation, there is appropriated to the Oregon Department of Administrative Services, for the biennium beginning July 1, 2023, out of the General Fund, the following amounts which may be expended for the purposes of providing grants under section 35 of this 2023 Act, as follows:

- (1) \$850,000 for providing a grant to a soil and water conservation district located in Crook County.

- (2) \$325,000 for providing a grant to a soil and water conservation district located in Jefferson County.

- (3) \$125,000 for providing a grant to a soil and water conservation district located in Klamath County.

- (4) \$125,000 for providing a grant to a soil and water conservation district located in Deschutes County.

- (5) \$300,000 for providing a grant to soil and water conservation district located in Harney County.

- (6) \$125,000 for providing a grant to a soil and water conservation district located in Lake County.

- (7) \$300,000 for providing a grant to Wheeler County.

SECTION 49. In addition to and not in lieu of any other appropriation, there is appropriated to the Oregon Department of Administrative Services, for the biennium beginning July 1, 2023, out of the General Fund, the amount of \$85,000, which may be expended for the purpose of carrying out section 37 of this 2023 Act.

SECTION 50. In addition to and not in lieu of any other appropriation, there is appropriated to the Higher Education Coordinating Commission, for the biennium beginning July 1, 2023, out of the General Fund, the amount of \$365,000 for distribution to Oregon State University for the purpose of carrying out the provisions of section 35 of this 2023 Act.

SECTION 51. Notwithstanding any other law limiting expenditures, the amount of \$1,000,000 is established, for the biennium beginning July 1, 2023, as the maximum limit for payment of expenses by the Oregon Watershed Enhancement Board for the purpose of carrying out section 1 of this 2023 Act through use of funds from the Community Drinking Water Enhancement and Protection Fund established by section 4 of this 2023 Act.

SECTION 52. Notwithstanding any other provision of law, the General Fund appropriation made to the Oregon Watershed Enhancement Board by section 1, chapter __, Oregon Laws 2023 (Enrolled Senate Bill 5539), for the biennium beginning July 1, 2023, for operations, is increased by \$247,049, for administering the provisions of sections 1 to 3 of this 2023 Act.

SECTION 53. Notwithstanding any other provision of law, the General Fund appropriation made to the Oregon Watershed Enhancement Board by section 1, chapter __, Oregon Laws 2023 (Enrolled Senate Bill 5539), for the biennium beginning July 1, 2023, for operations, is increased by \$77,940, for carrying out the provisions of section 11 of this 2023 Act and the amendments to ORS 536.220 by section 10 of this 2023 Act.

SECTION 54. Notwithstanding any other law limiting expenditures, the limitation on expenditures established by section 4 (3), chapter __, Oregon Laws 2023 (Enrolled Senate Bill 5524), for the biennium beginning July 1, 2023, as the maximum limit for payment of expenses from fees, moneys or other revenues, including Miscellaneous Receipts, but excluding lottery funds and federal funds, collected or received by the Oregon Business Development Department, for infrastructure, is increased by \$3,000,000, for the purposes described in sections 28 to 32 of this 2023 Act.

SECTION 55. In addition to and not in lieu of any other appropriation, there is appropriated to the Oregon Business Development Department, for the biennium beginning July 1, 2023, out of the General Fund, the amount of \$271,188, for administering the Aquifer Recharge Testing Forgivable Loan Program established under section 30 of this 2023 Act.

SECTION 56. Notwithstanding any other provision of law, the General Fund appropriation made to the Higher Education Coordinating Commission by section 1 (10), chapter __, Oregon Laws 2023 (Enrolled House Bill 5025), for the biennium beginning July 1, 2023, for public university statewide public services, is increased by \$3,085,581, for distribution to Oregon State University's Southern Oregon Research and Extension Center to carry out the provisions of sections 12 to 14 of this 2023 Act.

SECTION 57. Notwithstanding any other provision of law, the General Fund appropriation made to the Department of Environmental Quality by section 1 (2), chapter __, Oregon Laws 2023 (Enrolled House Bill 5018), for the biennium beginning July 1, 2023, for water quality, is increased by \$679,085, for carrying out the provisions of sections 16 and 22 of this 2023 Act.

SECTION 58. Notwithstanding any other provision of law, the General Fund appropriation made to the State Department of Agriculture by section 1 (3), chapter __, Oregon Laws 2023 (Enrolled House Bill 5002), for the biennium beginning July 1, 2023, for natural resources, is increased by \$269,762, for carrying out the provisions of section 16 of this 2023 Act.

SECTION 59. Notwithstanding any other provision of law, the General Fund appropriation made to the Water Resources Department by section 1 (5), chapter __, Oregon Laws 2023 (Enrolled House Bill 5043), for the biennium beginning July 1, 2023, for director's office, is increased by \$631,202, for carrying out the provisions of sections 5 to 11 and 15 to 27 of this 2023 Act.

SECTION 60. Notwithstanding any other provision of law, the General Fund appropriation made to the Water Resources Department by section 1 (1), chapter __, Oregon Laws 2023 (Enrolled House Bill 5043), for the biennium beginning July 1, 2023, for agency administration, is increased by \$398,569, for carrying out the provisions of sections 6 to 9, 11, 15, 16 and 21 to 26 of this 2023 Act and the amendments to statutes by sections 5, 10, 17 to 20 and 27 of this 2023 Act.

SECTION 61. Notwithstanding any other law limiting expenditures, the amount of \$2,000,000 is established, for the biennium beginning July 1, 2023, as the maximum limit for payment of expenses by the Water Resources Department for the purpose of carrying out section 16 of this 2023 Act through use of funds from the Place-Based Water Planning Fund established under section 15 of this 2023 Act.

SECTION 62. This 2023 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2023 Act takes effect on its passage.

Passed by House June 14, 2023

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Timothy G. Sekerak, Chief Clerk of House

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Dan Rayfield, Speaker of House

Passed by Senate June 22, 2023

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Rob Wagner, President of Senate

Received by Governor:

.....M.,....., 2023

Approved:

.....M.,....., 2023

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Tina Kotek, Governor

Filed in Office of Secretary of State:

.....M.,....., 2023

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Secretary of State