

HB 3342 -1 STAFF MEASURE SUMMARY

House Committee On Agriculture, Land Use, Natural Resources, and Water

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Meeting Dates: 3/12

WHAT THE MEASURE DOES:

The measure directs the Oregon Water Resources Department to study rules related to water and submit a report to a natural resources related interim committee of the Legislature by September 12, 2026. Sunsets the reporting requirement on January 2, 2027.

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

REVENUE: May have revenue impact, but no statement yet issued

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-1 The amendment replaces the measure. It makes changes to documentation formats used and payment options accepted by the Oregon Water Resources Department (OWRD), OWRD's public notice requirements, the water right transfer application process, the process for withdrawing waters from appropriation, and the water right permit application process.

Detailed Summary

Sections 1-3: Changes to Documentation Formats used by the Oregon Water Resources Department

Authorizes the Oregon Water Resources Commission (Commission) to adopt rules requiring the Oregon Water Resources Department (OWRD) to send documentation in electronic form unless requested otherwise by the recipient. Removes prohibition for OWRD to require document submission or receipt in electronic form or while maintaining that OWRD may not use electronic means for summons under Oregon Rules of Civil Procedures, or to provide notice to parties before a contested case hearing.

Sections 3-7: Changes to OWRD's Public Notice Requirements

Changes OWRD's requirement to post notice of water right permit and certificate applications from publishing the notice in a newspaper to publishing it in OWRD's weekly public notice.

Section 5: Initial Review of Water Right Transfer Applications

Requires OWRD to conduct an initial review of water right transfer applications, notify the applicant of the preliminary determination, and allow 30 days for the applicant to decide whether to proceed; Directs OWRD to halt processing the application if no decision is made by the applicant within that time. Directs OWRD to proceed with the application if notified to do so by the applicant, publish notice of the initial review in the department's weekly public notice, and accept public comments for 30 days. Directs OWRD to publish notice of a proposed final order in the department's weekly public notice.

Section 8-9: Passing on Credit Card Fees

Authorizes OWRD to accept debit or credit card payments and charge a reasonably calculated nonrefundable fee for such transactions.

Sections 10-11: Withdrawal of Waters from Appropriation via Rule

This summary has not been adopted or officially endorsed by action of the committee.

Changes the Commission's authority to withdraw waters from appropriation by issuing an order to an authorization for withdrawing water from appropriation through rulemaking. Specifies that withdrawals of water that are already in effect remain in effect unless modified or revoked by the Commission. Cleans up language to conform with form and style requirements.

Sections 12-24: Application Rejections

Requires OWRD to publish and regularly update a list of:

- Critical groundwater areas;
- Classified as subject to restrictions on groundwater use;
- Withdrawn from appropriation;

Removes the requirement for OWRD to refund application fees if the applicant requests to stop processing an application based on the results of its initial review. Authorizes OWRD to reject water right permit applications that request water use to occur in a critical groundwater area. Sunsets this authorization on January 2, 2030.

Authorizes OWRD to **reject water right transfer applications** if:

- The proposed point of groundwater appropriation is in an area that is withdrawn from appropriation.
 - **Requires** OWRD to deny these transfers if the point of appropriation is moved from outside to inside an area withdrawn from appropriation.
 - **Authorizes** OWRD to deny transfers if the point of appropriation is moved within a withdrawn area, if the department believes the change may harm existing water rights and is in the process of or assessing the area for designation as a critical groundwater area
- The proposed point of groundwater appropriation or place of use is in a groundwater management area.

Authorizes OWRD to **reject certificate of registration transfer applications** if:

- The proposed point of groundwater appropriation is for groundwater in an area that is (1) a critical groundwater area, (2) classified as subject to restrictions on groundwater use, or (3) withdrawn from appropriation.
 - **Requires** OWRD to deny these transfers if the point of appropriation is moved from outside to inside such areas
 - **Authorizes** OWRD to deny transfers if the point of appropriation is moved within a such an area if the department believes the change may harm existing water rights and is in the process of or assessing the area for designation as a critical groundwater area
- The proposed point of appropriation or place of use is for groundwater in a groundwater management area.

Excludes areas withdrawn from appropriation from eligibility for the issuance of a reservoir permit.

Sections 25-27: Limits on Extensions

Extends the maximum time period for water permit holders—excluding those for municipal use—to complete construction work for proposed irrigation, well construction, or other means of developing a water right after approval, from five years to seven years. Clarifies that the new extension times apply to extension requests submitted on or after the effective date, provided no extension request is pending for the permit and no proposed final order has been issued before the effective date. Specifies that OWRD may grant extensions of up to two years for permits with extensions pending on the effective date under certain conditions.

Section 28- 31: Phased Fee Payment

Authorizes OWRD to collect a portion of the water right application fee upon submission, with the remainder due within 30 days following the initial review. Requires OWRD to close the application file and take no further action if payment is not received within the specified timeframe.

Section 30-31: Applicability to Pending Applications

Clarifies how proposed statute changes and adopted rules specifically apply to applications and petitions that have already been submitted prior to the measure's effective date.

Section 32-33: Public Interest Review

Adds whether the proposed place of use is within a groundwater management area as criterion in OWRD's public interest review process when evaluating water right permit applications.

Section 34-47: Conforming Amendments

Makes conforming changes to existing laws to ensure consistency with the proposed provisions.

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REVENUE: May have revenue impact, but no statement yet issued

BACKGROUND:

The Oregon Water Resources Department is a state agency whose mission is to directly address Oregon's water supply needs and to restore and protect stream flows and watersheds in order to ensure the long-term sustainability of Oregon's ecosystems, economy, and quality of life.