

HB 3544 -3 STAFF MEASURE SUMMARY

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

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Meeting Dates: 3/12, 4/2, 4/7

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:

-3 The amendment replaces the measure and establishes a standardized procedure for handling all contested case processes related to new water right applications and water right transfer applications.

Detailed Summary

Replaces the measure. Repeals current statutes on contested case procedures related to new water right applications and water right transfer applications (contested cases) and replaces them as follows:

- Authorizes the Water Resources Commission (commission) and Office of Administrative Hearings to **establish a uniform process for contested case hearings**, consistent with applicable provisions of the Administrative Procedures Act except as otherwise provided in this measure and other specified law and rules. The process must:
 - Establish one or more default hearing schedules for contested case hearings.
 - Provide that the hearing timeline from referral to the end of the hearing not exceed 180 days.
 - Authorize the Office of Administrative Hearings to allow an extension of the hearing schedule only under specified circumstances.
 - Authorize an administrative hearing judge (judge) to require, where practicable, oral testimony in lieu of written testimony and directs the judge to give preference to conducting hearings by a remote method.
 - Authorize the Water Resources Department (OWRD) to request the assignment of a settlement administrative law judge and specifies that the contested case hearing proceeds if settlement is not reached within 60 days.
 - Limit parties filing exceptions to a final order to addressing interpretations of a statute or rule. Direct the commission to establish standard timelines for OWRD to rule on a request for party status and require OWRD to return fees associated with obtaining party status if that status is denied.
- **To initiate a contested case proceeding**, authorizes any person adversely affected or aggrieved to protest a final order and requires the protest to be filed in the following manner:
 - Within 45 days, unless otherwise specified, after the notice of the proposed final order has been published by OWRD.
 - In writing, containing specified information including (1) personal information of the protester; (2) a description of the protestant's interest in the proposed final order, or a precise statement of the public interest represented and how the proposed action would impair either.
 - Raise an issue with sufficient specificity by (1) identifying the recommended fact findings, law conclusions or approval conditions to which the protestant objects and (2) specifying the law provisions on which the

objection is based.

- Include \$950 protest fee if filed by a nonapplicant, or \$450 protest fee if filed by an applicant.
- Authorizes any person who supports the proposed final order to **file a request of party status** in any contested case proceeding or for resulting judicial review in the following manner:
 - Within 30 days after the deadline for protest filing.
 - In writing, containing specified information.
 - Include \$950 protest fee if filed by a nonapplicant, or \$450 protest fee if filed by an applicant.
- Directs the Water Resources Director to provide an estimate of the referral timeline and notice for submitting settlement proposals to any individual who has timely submitted a protest or requested party status in a contested case.
- Specifies circumstances under which a contested case hearing does not need to occur.
- Precludes issues that are not reasonably ascertainable in a protest or raised without sufficient specificity from judicial review.
- Limits parties filing exceptions to a final order to addressing interpretations of a statute or rule.
- Establishes that a proposed final order becomes a final order 33 days after the protest submission period ends, provided no protest has been received within the designated timeframe unless OWRD withdrew the proposed final order for reconsideration and issues of a superseding proposed final order.
- Clarifies how adopted rules regarding contested case proceedings specifically apply to already completed applications. Makes conforming amendments.
- Authorizes the commission to adopt rules for implementation of the Act.

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

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.