

March 20, 2025

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

RE: Testimony on HB 3116-2

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Dear Co-Chair Helm, Co-Chair Owens, Vice-Chair Finger McDonald, and Members of the Committee:

We are providing testimony regarding HB 3116-2. We are an informal group of associations related to agriculture and water, all of whom have an interest in community-based water planning efforts. Our organizations (and respective members) participated in previous place-based and regional planning workgroups, rulemakings, and other related efforts. Overall, we are supportive of place-based planning and the need to support community efforts to implement plan components once finalized. However, we do have a few concerns and suggestions on the -2 amendments to HB 3116.

The place-based planning program at the Oregon Water Resources Department (OWRD) started as a pilot program in 2015 and was made permanent in the 2023 Session. Rules for the program were recently adopted by the Oregon Water Resources Commission on March 13, 2025. Funding will need to be allocated to the program for the 2025-2026 biennium. We are fully supportive of providing funding to support existing place-based planning efforts as well as competitive grant funding for new planning efforts. And we agree that more data is needed to support community planning efforts and that a basin-by-basin approach to planning and implementation is appropriate. However, we have concerns about allocating additional funding to OWRD as outlined in Sections 2-3 of the -2 amendment. Absent a significant change in the revenue forecast, this should not be a priority to fund this session.

We have serious questions about how the Department will balance any new directives and funding while also addressing existing transaction backlog, legal budget deficit, and other critical areas. The directives to OWRD in sections 2-3 are laudable but not realistic given current agency workloads and resources constraints. We urge the Committee to remove those sections or significantly revise to ensure that any allocation of funding to OWRD (outside of grants) is strategically focused to build upon previous work and results in progress. There have been other investments in previous sessions that have unfortunately not resulted in the improvements what we and other stakeholders had hoped for (policy, process, and data).

There are also components in Section 3 that are unnecessary given the previous efforts (including the year-long state funded Regional Planning Workgroup. Recommendations and lessons learned are already well-documented—what we choose to do with them is another matter. We need progress, not more reports. Secondly the December 31, 2026 timeline is not realistic given other agency activities, including planned rulemaking. We are concerned this will result in work that is done hastily and without adequate stakeholder engagement, which we have seen recently with other efforts, including the recent update of the Water Stewardship and Supply Initiative, which was done completely without any engagement or outreach with our associations before report released.

We are also gravely concerned about OWRD's proposed 135% increase to existing transaction fees (HB 2803), which inappropriately places the burden of the agency's budget shortfall on our members and other water users who are already struggling with increased costs. These transaction fees support critical staff needed to process various water right transactions, for both out of stream and instream uses. Water users have agreed to fee increases in past biennia with the understanding that roughly 50% of the cost is paid by the applicant and the other 50% is General Fund supported with the recognition that all Oregonians benefit from the wise management of water resources and need to have a funded and functional OWRD. We mention this in the context of HB 3116 because OWRD is struggling to meet its current service needs, has a backlog in processing most transactions, and has a budget shortfall in the current biennium. Any additional General Fund allocations need to be focused on helping the Department be more efficient and timelier in meeting its core mission and critical programs.

Given that the rules for the program were just finalized and the first round of funding under the now permanent program will occur later this year, it is premature to direct the Department to add or make changes to the program at this time. We need to wait until more communities have applied for and used the program before we seek changes and provide the Department with both more funding and work. The recently adopted rules will likely need to be revised once more place-based planning efforts are funded and particularly as more plans seek state recognition.

In conclusion, we are supportive of funding for place-based planning efforts (both new and existing) but request further amendments to HB 3116 to remove new directives and funding to OWRD related to basin assessment prototypes, water planning best practices, and recommendations for an integrated water data portal. These ideas are laudable but warrant more conversations and are not a high priority for funding given fiscal constraints and other needs.

Your time and consideration of our comments is appreciated.

Sincerely,  
Oregon Association of Nurseries  
Oregon Farm Bureau  
Oregon Water Resources Congress