



**Oregon State Legislature**  
**Representative Helm and Representative Owens**

## **HOUSE BILL 3342 – WATER RIGHT TRANSACTION PROCESS IMPROVEMENTS**

### **BACKGROUND**

Various “water right transaction” processes exist in connection with the right to use water in Oregon, such as applications for new water rights, extensions to complete development under a permit, and transfers or changes to a water right. OWRD and those utilizing their services have expressed concerns about the costs and time these processes take. Water right and transfer applications may take anywhere from 6 months to 3 years, depending on the type and complexity of the proposed water use. There are currently over 2,500 applications in the backlog for all types of transactions. This bill seeks to provide more timely and cost-effective services and improve water management outcomes.

### **OUTLINE OF LEGISLATION**

- **Sections 1-2, Electronic documents:** Shift to electronic documents, unless applicant requests paper copies, for initial reviews, proposed final orders, draft preliminary determinations, preliminary determinations, final orders, and draft certificates. Final certificates are still mailed. For public notice, permissive authority is added for OWRD to utilize newspaper notice.
- **Sections 3-7, 18, Weekly notice:** Require OWRD weekly public notice, rather than newspaper notice for two consecutive weeks, for transfers, hydroelectric projects, and some certificates. The bill does not change newspaper notice processes for new water rights. Require newspaper notice for proposed final order on a transfer if more than five water rights are injured.
- **Section 5, Settled and withdrawn protests:** The new draft provides that a hearing is not required if all issues in the contested case are resolved pursuant to a settlement, the protest is withdrawn, or the protestant defaults. This eliminates time and expense currently associated with administration of hearings where there are no longer any active issues to address.
- **Sections 5, 14, 20-22, 28-29, Phased processing and fee payment:** Affirmative confirmation is required within 90 days of initial review for OWRD to continue processing an application. For new water right applications, a portion of fees are paid upfront and remainder within 30 days of initial review. If applicant chooses not to advance, the file is closed without further action. For transfers, the bill allows 30 days to respond with outstanding info and an additional 60 days for good cause.
- **Sections 8-9, Credit/debit card processing authority:** Authorize processing fees to be passed along to users of voluntary credit/debit payment options that OWRD could not previously afford to offer.
- **Sections 10-11, Technical fix regarding withdrawal of waters from appropriation:** The current withdrawal statute requires an “order” of withdrawal. At the time it was adopted, an order included rules, but the APA was later changed to distinguish an order from rules. An order must name specific individuals, which is impossible for withdrawal orders that deal with future use, rendering the tool unimplementable for new withdrawals. The amendment fixes that issue by changing the withdrawal process to occur by rule rather than order.

- **Sections 12-24, Efficient review where groundwater is unavailable:** OWRD will identify and return an application and refund the relevant portion of fees if an application is for a source that, prior to application submission, was designated as a critical groundwater area, subject to restrictions on the specific purpose, or withdrawn from appropriation. This does not apply to applications for recovery of groundwater under artificial recharge or aquifer storage and recovery project. The component applies to pending water right applications only if the application has not yet been issued a PFO. Permissive authority is also granted for OWRD to deny a proposed change to the point of appropriation if it is for a source of restricted groundwater.
- **Sections 25-27, Increased time for development and limits on extensions:** Increases the development timeline to 7 years for new permits. Retains existing process for extensions for quasi-municipal, group domestic and group domestic expanded permits, with a new maximum one-time extension, for good cause, of 20 years for quasi-municipal and 10 years for group domestic and group domestic expanded. Eliminates extensions for water rights that are not municipal, quasi-municipal, group domestic, or group domestic expanded. For pending extension requests where a proposed final order has not been issued or pending permits where a proposed final order has been issued, extensions may be granted for a maximum of 2 years if: a portion of water has been developed and the original before-use fish protection conditions were satisfied.
- **Sections 30, Applicability to applications and petitions:** Specifies that process sections relevant to applications and petitions will apply to applications and petitions submitted on or after the operative date of April 1, 2026. (Sections 18, which represents current agency practice on alternative reservoirs, applies after the effective date of the bill.)
- **Section 31, Proposed final orders to become final if no protests received:** OWRD is currently required to draft a separate PFO and FO even in cases where no protest is filed. To reduce redundancy, the bill provides that, 33 days after a protest period closes on a PFO, if no protest is received and no superseding order is issued, the PFO will become final as a matter of law.
- **Sections 32-33a, Simplified process for standing and intervention:** The current process for someone to intervene in support of a PFO is cumbersome, permits late intervention that can delay the process, and results in more administrative work. Instead of the current two-step process, a one-step process is established where any person wishing to intervene in support of a PFO must petition for party status within 30 days of the protest deadline and pay the associated fee, if a protest is filed. Applies to new and existing applications that have not been issued a PFO.
- **Sections 34-46, Conforming amendments:** Parallel updates to account for changes above.
- **Section 47, Captions:** Non-substantive captions provided for reference.
- **Section 48, Operative date:** The bill specifies an operative date of April 1, 2026, with relevant process sections applying to applications and petitions submitted on or after that operative date.
- **Section 49, Early agency action:** Permissive authority for OWRD to commence action as necessary to prepare to carry out the duties and authorities provided in the bill.
- **Section 50, Effective date:** The bill specifies an effective date of the 91<sup>st</sup> day after adjournment of the 2025 Legislative Session.