

February 14, 2025

To: The House Committee on Agriculture, Land Use, Natural Resources, and Water

RE: Concerns on HB 2803 – Proposed 135% increase to water transaction fees

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

We collectively represent the largest sectors of agricultural, municipal, and industry related water users. The members of our respective associations provide a myriad of vital economic and social benefits, including quality food, reliable drinking water, family-wage jobs, and other important services from entities throughout Oregon who rely on water. Efficient, timely, and cost-effective processing of transfers and other water management transactions are critical to every sector of water use.

**We are gravely concerned about HB 2803, which would increase the Oregon Water Resources Department's (OWRD) existing transaction fees by 135%.** This includes virtually every type of transaction through the Department, including transfers (out of stream and instream, temporary and permanent), which are crucial water management tools for every sector in Oregon. In a water system where new water rights are largely unavailable, moving water between users or places is the most efficient and often the only way to meet water needs.

We recognize a modest increase may be appropriate to keep pace with rising costs and ensure there are adequate staff to carry out OWRD's critical services. However, an abrupt 135% increase to most transaction fees without any improvement in service is completely untenable and inappropriately places the entire burden of the Department's fiscal shortfall on the backs of water users. OWRD staff provides crucial services to both the water user community and the public at large. For that reason, the legislature should appropriate a greater share of General Fund dollars to the Department that fills the current deficit. In addition, we ask the legislature to provide legislative direction to the Department to ensure these revenue shortfalls and service declines are appropriately addressed.

For many years there has been general agreement to support the Department's key functions with a combination of General Fund investments and fees. This rough 50/50 split recognizes the value that each Oregonian receives from the wise management of water while also recognizing that individual water users benefit from efficient and timely processing of applications that are necessary for farmers, water districts, businesses, and communities. In the past, water users have agreed to increases to water transaction fees because we recognize the need for staff to process various water right related transactions.

Previous fee increases, ranging from 13-17% since 2013, were presented to stakeholders as what was necessary to keep the same level of service. We have now learned that after each difficult fee increase, OWRD did not maintain current staff levels and water users are now being asked to fill a large revenue shortfall of ~\$5 million dollars for the next biennium. It defies logic to ask individual water users to pay more than double for a lesser level of service without any assurances that there will not be another extortive fee increase in future biennia without any measurable improvement to service levels or accountability at the department.

We are also concerned that increasing the fees as proposed will disincentivize individuals and entities from using voluntary tools to manage our scarce water resources efficiently and equitably for all uses. As an example, HB 2803 proposes to increase minimum base fees for temporary transfers from \$950 to \$2235 and from \$1360 to \$3200 for permanent transfers. The proposed 135% increase to most fees fails to recognize that some transactions occur frequently, others may occur only once, and some transactions are more complicated or take more time than others.

The proposed exorbitant fees are also likely to negatively impact the use of voluntary water conservation and efficiency measures, such as allocation of conserved water (from \$1360 to \$3200), agricultural water management and conservation plans (from \$680 to \$1,600), and instream leases (from \$610 to \$1435). Furthermore, these increases add to the cumulative burden from proposed fees by other agencies, inflation, and overall higher costs disproportionately being shouldered by family farms, rural communities, and small businesses.

There are two exceptions within HB 2803 that do not have 135% increases, dam safety related transactions and well construction related fees. Those fees are slated to have a 36% and 25% increase, respectively, which while high, is more palatable than the proposed 135% increase for transfers and other common transactions. The order of magnitude is also more appropriate, in that an annual dam safety fee would go from \$120 to \$190 for low-hazard, \$230 to \$360 for medium hazard, and \$790 to \$1235 for high hazard dams. Our organizations are supportive of ensuring dams throughout the state of Oregon are maintained safely and while we remain concerned about the overall fee impact to our members, we are not opposed to increasing fees for dam safety.

Lastly, we will note that part of OWRD's budget challenges is related to other state agencies charging OWRD for permit reviews and other services, while often these same agencies require OWRD to review their transactions (with no fee recovery). Moreover, those agencies often create new permit conditions or requirements that are subsequently litigated, and those costs are borne by OWRD. Natural resources agencies should not be charging each other for review obligations imposed by statute. That work generally is undertaken to serve the general public and therefore, should be paid by General Fund rather than individual water users in the form of fees.

We urge the Committee to amend HB 2803 to provide a more moderate increase, and to encourage your colleagues to allocate an appropriate amount of General Fund dollars as needed to fully fund OWRD's core functions. We also encourage you to amend the bill to include appropriate benchmarks and accountability measures requiring OWRD to report back to the legislature to ensure the investments from fee-payers and the public are being used to efficiently meet the Department's critical functions. An equitable split between transaction fees and General Fund investment is necessary to ensure OWRD has the capacity to meet the water needs of farmers, businesses, communities, and the environment.

Sincerely,

Association of Oregon Counties  
League of Oregon Cities  
Oregon Association of Nurseries  
Oregon Association of Water Utilities  
Oregon Cattlemen's Association  
Oregon Dairy Farmers Association  
Oregon Farm Bureau

Oregon Seed Council  
Oregon Water Resources Congress  
Oregon Water Utility Council  
Oregon Wheat Growers League  
Oregon Women for Agriculture  
Oregonians for Food and Shelter  
Special Districts Association of Oregon