

LC/POP	Summary
LC	<p>Klamath Leases and Temporary Transfers Sunset Date: Sections 1 and 2, chapter 445, Oregon Laws 2015 grant the Department authority to approve temporary transfers and leases for determined claims in the Upper Klamath Basin, which is undergoing an active adjudication. This authority sunsets in January 2026. If this authority sunsets, the Department will not be able to approve leases or temporary transfers until the adjudication is completed, which limits water users ability to use their water rights.</p>
LC/POP	<p>Harney CREP Program Other Fund Transfer: The Harney Vally CREP (Conservation Reserve Enhancement Program) is a voluntary program operated through the USDA Farm Service Agency (FSA) in partnership with OWRD that seeks to improve groundwater conditions in the Harney basin by incentivizing landowners to voluntarily cancel groundwater rights within the Greater Harney Valley Groundwater Area of Concern. The program provides funding for up to 15 years of payments to landowners who volunteer to cancel groundwater rights. The Department’s base budget was allocated \$500k for the program in general funds (GF) each biennium; unspent funds will go back to the state general fund at the end of each biennium. The GF allocation limits the number of participants that can be enrolled as it requires landowners to take a lump sum payment from OWRD to ensure full utilization of available funding prior to the end of the biennium; this limits flexibility of CREP for the community of Harney County. Allowing the unspent GF allocation to roll into an “other funds” account each biennium would provide flexibility for the Department to commit to longer term or lump sum contracts to meet the needs of the participants enrolling in the program. Longer term contracts (up to 15 years) would allow OWRD to enroll more participants and provide more flexibility between individual contracts as the funding would be available beyond the current biennium.</p>
LC/POP	<p>Well Construction Program Fee Shortfalls: The Department’s well construction programs are almost entirely funded by fees. The ability for the agency to inspect wells to protect public health and safety and to prevent groundwater contamination and waste of groundwater resources requires (1) inspections of wells; (2) well log technical reviews; (3) licensing of well drillers. The Department is facing shortfalls to support staff funded by Start Card fund and for Well Driller Licensing and Landowner Permit fees.</p>
LC/POP	<p>Placeholder - Water Right Transaction Process Efficiency: The Department is experiencing backlogs in several of its water right programs, including water rights, transfers and protests. While some of these backlogs are related to inconsistent funding, the Department is currently exploring opportunities to streamline processes and policies related to water right transaction processes, including changes to statutory language. Some on these concepts may also have budget impacts.</p>
LC/POP	<p>Wight Right Transaction and Dam Safety Fee Shortfalls: Staff in both the Dam Safety and Water Right Transactions Division are partially supported by fees. These programs are core to the Department's mission of responsibly managing Oregon's water resources and maintaining public safety. The Department is facing shortfalls to support staff funded by dam safety annual fees and water right transaction fees. Additional policy work with stakeholders and internal staff to streamline processes and policies will accompany this work.</p>

Klamath Leases and Temporary Transfers Sunset Date: Proposed Legislative Language

ORS 539.170 as amended by section 2, Chapter 445, Oregon Laws 2015 is amended to read:

Sec. 1. Leasing or temporary transfer of determined claim. (1) As used in this section, “determined claim” means a water right in the Upper Klamath Basin determined and established in an order of determination certified by the Water Resources Director under ORS 539.130.

(2) Except as provided in subsections (3) and (4) of this section, during the period that judicial review of the order of determination is pending, a determined claim is:

- (a) An existing water right that may be leased for a term as provided under ORS 537.348; and
- (b) A primary water right that is subject to temporary transfer for purposes of ORS 540.523.

(3) Subsection (2) of this section:

(a) Does not apply to a water right determined and established in an order of determination that has been stayed by the filing of a bond or irrevocable letter of credit under ORS 539.180;

(b) Does not apply to a water right transfer that includes changing the point of diversion upstream; and

(c) Does not allow a person to purchase, lease or accept a gift of a determined claim for conversion to an in-stream water right as described in ORS 537.348 (1).

(4) For purposes of determining under ORS 537.348 (5) or 540.523 (2) whether the Water Resources Department may approve a lease or temporary transfer of a determined claim, an injury to another determined claim is an injury to an existing water right. Notwithstanding ORS 537.348 (6) or 540.523 (5), the department shall deny, modify or revoke the lease or temporary transfer of a determined claim if the department determines that the lease or temporary transfer has resulted in, or is likely to result in:

- (a) Injury to another determined claim or other existing water right; or
- (b) Enlargement of the determined claim.

(5) The department shall revoke the lease or temporary transfer of a determined claim if a court judgment stays the determined claim.

(6) If a determined claim is removed from land by lease or temporary transfer, the land from which the determined claim is removed may not receive water during the term of the lease or temporary transfer.

Sec. 2. (1) Section 1 of this 2015 Act is repealed ~~January 2, 2026~~ **upon the final determination by decree of the rights to the waters in the Upper Klamath Basin.**

(2) Notwithstanding the repeal of section 1 of this 2015 Act by subsection (1) of this section, subject to modification or revocation under section 1 of this 2015 Act, a lease or temporary transfer of a determined claim under section 1 of this 2015 Act for a term beginning prior to January 2, 2026, may continue in effect for the term of the lease or temporary transfer. If a court judgment results in a modification of the determined claim, the parties may continue the lease or temporary transfer of all or part of the water right as modified for all or part of the original term of the lease or temporary transfer.

SECTION 2. Sections 1 and 2, Chapter 445, Oregon Laws 2015, are repealed upon the final determination by decree of the rights to the waters in the Upper Klamath Basin.

Harney CREP Program Other Fund Transfer: Proposed Language

Section 1. Notwithstanding any other provision of law, the General Fund appropriation made to the Water Resources Department by _____ (OWRD budget bill, 2025) for the biennium beginning July 1, 2025, for technical services, is decreased by \$500,000.

Section 2. There is established in the State Treasury, separate and distinct from the General Fund, the Conservation Reserve Enhancement Program Match Fund. Interest earned by the Conservation Reserve Enhancement Program Match Fund shall be credited to the fund. All moneys in the Conservation Reserve Enhancement Program Match Fund are continuously appropriated to the Water Resources Department to carry out the purposes described in section 3 of this 2025 Act. (2) The Conservation Reserve Enhancement Program Match Fund shall consist of all moneys credited to the fund, including moneys appropriated or transferred to the fund by the Legislative Assembly.

Section 3. In addition to and not in lieu of any other appropriation, there is continuously appropriated to the Water Resources Department, for the biennium beginning July 1, 2025, out of the General Fund, the amount of \$500,000, for deposit in the Conservation Reserve Enhancement Program Match Fund.

Section 4. Notwithstanding any other law limiting expenditures, the limitation on expenditures established for Water Resources Department for the biennium starting July 1, 2025, as the maximum limit for payment of expenses from fees, moneys or other revenues, including Miscellaneous Receipts and including federal funds received under cooperative agreements with or contracts from the Bureau of Reclamation of the United States Department of the Interior, the United States Army Corps of Engineers, the United States Geological Survey, the Bonneville Power Administration and the National Fish and Wildlife Foundation, but excluding lottery funds and federal funds, collected or received by the Water Resources Department, for technical services, is increased by \$500,000, for authorized expenditures of moneys deposited in the Conservation Reserve Enhancement Program Match Fund.