## SENATE COMMITTEE ON WATER POLICY

May 27, 1993 Hearing Room 137 3:00 p.m. Tapes 47 - 49 MEMBERS PRESENT: Sen. Bill Dwyer, Chair Sen. Wes Cooley Sen. Frank Roberts Sen. Tricia Smith MEMBERS EXCUSED: Sen. Bob Kintigh, Vice-Chair STAFF PRESENT: Lisa Zavala, Administrator Pamella Andersen, Committee Clerk MEASURES CONSIDERED: SJM 5 SB 91 SB 90 SB 89

[--- Unable To Translate Graphic ---] These minutes contain materials which paraphrase and/or summarize statements made during this session. Only text enclosed in quotation marks report a speaker's exact words. For complete contents of the proceedings, please refer to the tapes. [--- Unable To Translate Graphic ---]

TAPE 47, SIDE A

004 CHAIR DWYER: Calls the meeting to order at 3:10 p.m. - Opens the public hearing on SJM5.

PUBLIC HEARING ON SJM5 - EXHIBITS A

WITNESSES: Sean Brennan, Oregon Legislative Assembly Coastal Caucus Larry Six, Pacific Fisheries Management Council Richard Hildreth, Oregon and Coastal Law Center

SEAN BRENNAN: (introduces EXHIBIT A) Offers testimony in support of

SJM5. - Reads Exhibit A on behalf of the caucus.

042 LARRY SIX: (Pacific Fisheries Management Council) Offers testimony in support of SJM5. - We are recommending the Magnuson Act be amended to require the Secretary of Commerce review of regulatory amendments follow a

prescribed process similar to fishery management plans. - Lists the changes they wish made. 052 - Notes the intent is to prevent the Secretary from substituting his or her judgment for that of the council. - This recommendation was adopted last week by the eight regional

Fishery Management Council chairpersons.

060 RICHARD HILDRETH: (Ocean and Coastal Law Center) Offers testimony in support of SJM5. - The federal law is up for reauthorization this year. - Supports this memorial as a useful contribution to that

reauthorization process. - The decisions of the Pacific Fisheries Management Council are of

tremendous economic and environmental importance to this state. - The courts tend to defer to the federal fisheries manager's decisions. - It is important that delegated agencies be treated appropriately in the administrative process. - The system has gone awry in the recent whiting allocation decision and SJM5 protests that decision. 089 SEN. COOLEY: What are these amendments to the federal statutes? CHAIR DWYER: That is the Magnuson Act. - We are not only memorializing, we are giving Congress specific recommendations regarding the language in the act. SEN. SMITH: Joins the meeting. 096 SIX: The language in the memorial closely follows the language in the Act. - There is a hole in the Act in the way regulatory amendments are treated, they are given a different status. - Notes what is missing: a time limit, standard and process for review. CHAIR DWYER: Notes what precipitated this amendment to the Act. -Politics was involved. - Mentions the cost to Oregon in jobs. - This will instill a process upon which people can rely.

117 SEN. ROBERTS: Does this leave the Secretary to make the decision or just provide a review of the decision before it becomes final?

CHAIR DWYER: Closes the public hearing on SJM5. - Opens the work session on SJM5.

WORK SESSION ON SJM5

CHAIR DWYER: (EXHIBITS B, C and D) Notes amendments to the original

bill. - Sponsors of the original bill should be deleted. - On page 5 of the proposed amendments, delete lines 2 and 3 and insert "A copy of this memorial shall be sent to each member of the United

States Senate and the United States House of Representatives."

MOTION: SEN. ROBERTS: Moves to ADOPT the SJM5-1 amendments dated

5-25-93 and that SJM5 be further amended as noted above by the Chair. VOTE: CHAIR DWYER: Hearing no objection the amendments are ADOPTED.

Sen. Kintigh is EXCUSED.

MOTION: SEN. ROBERTS: Moves that SJM5 AS AMENDED, be sent to the

Floor with a DO PASS recommendation. VOTE: In a roll call vote, all members present vote AYE. Sen. Kintigh

is EXCUSED.

CHAIR DWYER: The motion CARRIES. Senator Dukes will lead discussion on

the Floor.

CHAIR DWYER: Closes the work session on SJM5. - Opens the work session on SB 91.

WORK SESSION ON SB 91

164 ADMIN. ZAVALA: (EXHIBITS E, F, G, H and I) Reviews the information outline on the bill in the members packets. - Compares the -1 and -2 amendments. - The amendments were prepared at the request of the Water Resources

Department.

ADMIN. ZAVALA: Should the department impose a civil penalty on a water right holder, they may voluntarily request the water right be cancelled. CHAIR DWYER: Tell us where the amendments originated. ADMIN. ZAVALA: They are both from the department but they are products

of the work groups, although consensus was not achieved.

216 MARTHA PAGEL: Offers testimony in support of SB 91. - Reviews the evolution of the amendments. - The -1 amendments are a minimalist approach, repairing three specific points in existing law. - On the -1 amendments, page 2, lines 11 and 12 the bold language

should be deleted. - Explains the difference between the 1- and -2 amendments. - The -2 amendments provides opportunity for the department to pilot a

water use reporting program. - We urge approval of the -2 amendments even though they don't have

consensus approval.

280 CHAIR DWYER: What size is intended for the reporting areas?

JOHN BORDEN: Offers testimony in support of SB 91. - The size may run from 6 to 36 square miles. - Guesses 50 to 250 persons may be affected.

311 SEN. COOLEY: References Martha Pagel's testimony on this bill from a previous meeting. - Reads from the written testimony. - Have any serious water management problem areas been designated since this testimony was offered?

BORDEN: No, that has not changed.

SEN. COOLEY: Your amendment appears to designate such.

336 PAGEL: The -2 amendments are not intended to relate to the declaration of a serious water management problem area. - They are to allow the department to choose certain areas of the state and attempt a pilot program. - Existing law doesn't allow us to get ahead of the curve by asking

generally about water use.

SEN. COOLEY: Under ORS 504.435 you can already do this, can't you?

BORDEN: Under that statute, there must be a finding that a serious

water management problem exists or is likely to exist. - Relates this statute to the Umatilla. - The bill is intended to allow the department to learn something about the resource.

SEN. COOLEY: Doesn't "might exist" give you enough latitude to do that

without a critical shortage? 376 - The east part of the state always has a critical water shortage. - I don't understand why this bill is needed.

BORDEN: We feel this language is a little limiting in getting to the

prospective problem identification areas.

407 PAGEL: The statute has been interpreted and understood to mean a higher level of concern would be required for a response. - It would require some real evidence problems are likely to be

manifested.

SEN. COOLEY: Re-reads the referenced statute.

BORDEN: The 91-1 reads that way, but the -2 reads differently. - Reads the corresponding section of the -2 amendments. - On line 11 it suggests the pilot areas would represent a diversity of water diversion, distribution and use conditions.

450 SEN. ROBERTS: Questions what is intended. - It seems 91-1 is related to gathering information to solve a

potential problem. - SB 91-2 is intended to explore, through a pilot program, the

usefulness of certain collected data when an incident of need should arise. - The -2 amendments merely provide a testing of procedures for

collecting data, but do not relate to any imminent problem.

TAPE 48, SIDE A

PAGEL: Reiterates Senator Robert's statement.

SEN. SMITH: We need to know the current allocation of water in the state before we can make rational decisions about changes we all know will come. - This allows us an opportunity to look at reporting to see if it will be useful.

O30 CHAIR DWYER: My comfort level is raised on the -2 amendments. - This will not focus on one group of users. - It sunsets; if it is no good it goes away. - It allows us to determine whether the information is valuable.

SEN. COOLEY: I don't like the wording of the clause on Exhibit E, the

-2 amendments, 4th bullet, relative to civil penalties. - The language is too harsh and too direct. - We should have a hearing process before a civil penalty is imposed.

062 PAGEL: We have different rules that apply to civil penalties. - Disputed penalties are allowed a contested case hearing.

SEN. COOLEY: Is that section referred to here?

BORDEN: ORS 536.900(3) is the entire civil penalty section for the

department.

SEN. COOLEY: Does this allow a hearing without an attorney?

BORDEN: It does. - A process is set up whereby a hearing opportunity is available, and

only doesn't take place if the respondent refuses the opportunity.

083 PAGEL: Delineates the process for issuing civil penalties. - Respondents can also appeal our final order by going to the court of

appeals.

SEN. ROBERTS: You are saying the procedure described on page 2, line 17 would be restricted by the Administrative Procedures Act and could be

appealed as any other contested case hearing?

BORDEN: That is correct.

111 RICHARD KOSESAN: (Water for Life) Offers testimony on SB 91. -The Water for Life board is opposed to a pilot program. - We have finally agreed to the amendments embodied in 91-1.

SEN. ROBERTS: What is the basis for their objection?

KOSESAN: Apprehension stemming from the concept of establishing a

statewide water use reporting system.

131 JERRY SCHMIDT: (Oregon Association of Realtors) Offers testimony in opposition to SB 91. - Reviews objections to the bill. -This applies to exempt uses. - We want to ensure the data collected is good and useable. - Who does the reporting, the homeowner? - We fear inaccurate information may be received. - This bill goes beyond a measured amount of water to static water

levels and pumping times. - Information obtained by the homeowner may

be invalid. SEN. SMITH: If they are establishing this by rule, that is where the

process should be addressed, in rule. - Your association should be in that process, encouraging development

of rules that will require valid information.

SCHMIDT: We are not really comfortable with the rulemaking process. -It doesn't lend itself to much flexibility. - I would feel more comfortable with some parameters set out in statute rather than rule. -Our association would participate with the department on any

voluntary studies developing useable figures.

198 SEN. SMITH: The purpose of the bill appears to be to determine whether the department can collect valuable information. - If they collect something else, you will probably be back to tell us

that next session.

SCHMIDT: During the early testimony in February, the department said

they didn't use this statute because it was cumbersome and difficult to use. - I don't understand why it is cumbersome. - If this is such an important tool, why haven't they used that

statute, so far?

223 LARRY TROSI: (Farm Bureau) Offers testimony in opposition to SB 91. - We hold the same reasons for not supporting the -2 amendments. -These should have parameters set out in statute.

SEN. ROBERTS: I thought that was why we objected to the study as laid

out on page 1, lines 18, 19 and 20.

CHAIR DWYER: I know there is a lot of paranoia related to water use;

that will not change. - We do need to get a handle on use. - I suggest these parties involve themselves heavily in the rulemaking

process. - Make sure the use is beneficial and not extraneous.

MOTION: SEN. SMITH: Moves to AMEND the SB 91-2 amendments dated

5-25-93 on page 4, lines 17 and 18 by removing the bold type "establish a water use reporting area and." VOTE: CHAIR DWYER: Hearing no objection the amendments are AMENDED.

Senator Kintigh is EXCUSED.

MOTION: SEN. SMITH: Moves to ADOPT the SB 91-2 amendments dated

5-25-93 as amended. VOTE: CHAIR DWYER: Hearing no objection the amendments are ADOPTED.

Senator Kintigh is EXCUSED.

MOTION: SEN. SMITH: Moves that SB 91 AS AMENDED, be sent to the Floor

with a DO PASS recommendation. VOTE: Senators Roberts, Smith and Dwyer vote AYE. Senator Cooley votes

NO. Senator Kintigh is EXCUSED.

CHAIR DWYER: The motion CARRIES. Chair Dwyer will lead discussion on

the Floor. - Closes the work session on SB 91. - Opens the work session on SB 90.

WORK SESSION ON SB 90

285 ADMIN. ZAVALA: (EXHIBITS J, K, L and M) Reviews the amendments to SB 90. - Notes consensus was not achieved in the work group meetings. - Addresses the -1 amendments proposed by the Water Resources

Department.

CHAIR DWYER: Tell us how the -1 amendments were developed.

321 PAGEL: There were a number of meetings during which no agreement was reached. - This is the department's attempt to capture an idea with the most

support and still address our interests.

337 BECKY KREAG: (Water Resources Department) Offers testimony in support of SB 90. - Notes the specific objections by various interest groups. - We have proposed something that would fall short of requiring water

rights for domestic uses.

SEN. SMITH: Is there a provision that would allow you to consider the

cumulative effects of domestic users as a group?

381 KREAG: We have two tools, but it is difficult to determine how to implement them. - We are able to regulate within an area through classification or

withdrawal of an area. - It is difficult to determine our control point.

CHAIR DWYER: You already have the ability to say there will be no new

wells?

KREAG: We have done that in one area, which was the Parrett Mountain

area. - We said for a limited period of time there could be no more domestic

wells in this area. - We still have that authority. - We saw in this bill an ability to get to something softer than a

withdrawal, something that would bring a minimal impact.

440 SEN. COOLEY: References the Planning Procedure Guide required by ORS 197.180. - If you have concerns, you have authority right now for rulemaking. - I don't see what you are trying to accomplish. - Are you trying to micro-manage the state's water?

TAPE 47, SIDE B

PAGEL: The coordination agreement required under ORS 197.180 sets out a series of steps to be taken with local government to assure accurate

communication of land and water use issues. - The agreement does not mandate action by either party. - A technical analysis of water availability has never been performed

by local government. - Our objective in SB 90 was to ratchet down, rather than cut off water entirely. 037 SEN. COOLEY: I don't read that statute the way you do. - The department has adequate authority to protect the resource right

now.

PAGEL: Local government and Land Conservation and Development representatives would agree that this statute does not allow our department to tell local government what to do. - We have never received any interpretation of that statute that would allow us to shut down a local government's planning activities. SEN. COOLEY: If you went to a local planning agency and informed them of a critical groundwater problem, do you believe they would still

authorize the area for the intended use?

PAGEL: When we take official action, we get good local cooperation. - The problem is where the degree of the problem is less severe; where

we don't have enough information to withdraw or declare a critical

groundwater area.

SEN. COOLEY: If SB 91 becomes law, wouldn't it give you that ability?

080 PAGEL: It would give us the authority to require the reporting, providing us with the data to make decisions. - It doesn't confer any authority to take action.

SEN. COOLEY: Why would you want authority to shut down a basin when the local authority can be notified of the problem and proceed to do that. - It would behoove the local authority because of liability to notify

the developers of the lack of water.

106 KREAG: That is what basin planning is about, in general. - We make judgments about water availability for future appropriations. - If scarcity is imminent, we scale use down for higher priorities. - We do this on a basin level, because county and watershed lines do

not match. SEN. COOLEY: Don't you notify all the jurisdictions involved? KREAG: We don't have control over certain types of uses, such as those that don't require water right filing. SEN. COOLEY: So you want to control those who are exempt? KREAG: We want the ability to rachet down on the amount of water allowed to those uses. 138 SEN. SMITH: You have the ability to deny use now, but this gives you the ability to allow development in a controlled manner rather than having to deny use unilaterally? KREAG: That is correct. SEN. SMITH: What is the average household use? KREAG: The rule of thumb is 750 gallons per day. SEN. SMITH: So there is much leeway between the average domestic use and the maximum allowed. 159 PAGEL: In deliberations with the working group, we considered reducing the amount to a lower level. - There was concern over pinpointing a number; an amount couldn't be agreed upon. - This allows us to rachet differently. CHAIR DWYER: Reviews the -2 amendments which he personally proposed. -Explains the situation which triggered this proposal. 204 - Notes the provision sunsets. SEN. COOLEY: This proposed amendment really just gives them a fact-finding opportunity? SEN. SMITH: Maybe we should adopt these together, although they were written distinctly separate. SEN. COOLEY: Expresses his concern over the department's ability to adopt rules without a hearing. SEN. SMITH: They can't do that. - The Administrative Procedures Act governs rulemaking hearings. - In order to include both amendments in this bill, we would have to delete line 3 and rename sections 1, 2, 5 and 6 of the -2 amendments. 251 ADMIN. ZAVALA: If we adopt -2 by just deleting line 3, and indicate on the record the intent to combine them, Legislative Counsel

will renumber and redraft it, creating the -3 amendments. CHAIR DWYER: We are going to do this conceptually. MOTION: SEN. SMITH: Moves to ADOPT the SB 90-2 amendments dated 5-27-93 and that SB 90-2 be further amended on page 1, by deleting line 3. VOTE: CHAIR DWYER: Hearing no objection the amendments are ADOPTED. Sen. Kintigh is EXCUSED. MOTION: SEN. SMITH: Moves to ADOPT the SB 90-1 amendments dated 5-18-93. VOTE: CHAIR DWYER: Hearing no objection the amendments are ADOPTED. Sen. Kintigh is EXCUSED. MOTION: SEN. SMITH: Moves that SB 90 AS AMENDED, be sent to the Floor with a DO PASS recommendation. VOTE: Senators Dwyer, Roberts and Smith vote AYE. Senator Cooley votes NO. Sen. Kintigh is EXCUSED. CHAIR DWYER: The motion CARRIES. Chair Dwyer will lead discussion on the Floor. CHAIR DWYER: Closes the work session on SB 90. - Opens the work session on SB 89. WORK SESSION ON SB 89 288 ADMIN. ZAVALA: (EXHIBITS N, O, P and Q) Notes the -3 amendment submitted by the department will be addressed. MARTHA PAGEL: Reviews the first hearing of SB 89 and the original intent of the bill. - The bill deals with the process of withdrawing areas and only applies to future new uses. - It is intended to return us to the original intent of the law. - Reviews the history of the related statute. - Explains the difficulties that could arise if this hearing were not

changed to a rulemaking rather than an individual type of hearing. 370 - Explains the requirements of the bill. - The bill allows withdrawal action to only be in place up to 2 years. - We have made a number of substantive accommodations to allow for

public involvement and short term action by the department. - Notes a correction to the -3 amendments, page 2, lines 29 and 30:

eliminate the brackets around the reasons for the withdrawal.

SEN. COOLEY: The real issue is the power of the agency. - You can really conduct your business by rulemaking. - This would give you power like no other agency in the state. - What do you think is going to happen that you need this authority?

TAPE 48, SIDE B

PAGEL: Explains the authority of the agency and that this is

clarification of that authority. - Under current law we have the power to make a withdrawal which is

subject to public review. - It is subject to judicial review if we have acted in a manner without substantial evidence to support our rulemaking.

042 SEN. ROBERTS: What specific additional powers would this bill give?

STEVE SANDERS: (Department of Justice) It would give none; this merely addresses the legal mechaniSMby which existing authority is exercised. - Explains the problem with the existing requirement that orders be

issued. - These are to be issued to named persons, which are unknown to the

department. - Notes why rulemaking is exercised. - This bill is to make the withdrawal process parallel with their other processes. - This bill does not provide further statutory authority.

CHAIR DWYER: What is the difference between a meeting and a hearing?

SANDERS: We wanted to clarify between a contested case hearing and a

rulemaking hearing.

078 PAGEL: Clarifies two levels have been included: an informal public informational meeting by the commission before proceeding to rulemaking followed by a formal public hearing.

SEN. ROBERTS: This proposal appears to add additional requirements of

the agency without changing the liability in effect on the prospective

users of water.

SANDERS: That is correct.

CHAIR DWYER: There is paranoia with rulemaking that is probably

justified. - The public frequently only finds out about a rule after they have

been adversely impacted.

SEN. ROBERTS: The provision that "prior to" the proceedings to the rule they would have an area public hearing is helpful.

CHAIR DWYER: What about the fact the commission may modify or revoke a

rule? - Is a meeting required for that?

115 SANDERS: Amendment, modification or repeal require the same legal process.

126 JERRY SCHMIDT: (introduces EXHIBIT R) Offers testimony in

opposition to SB 89. - Addresses the SB 89-2 amendments. - This is before you because of Parrett Mountain and the resulting court cases. - The department made an error by using an order as a rule. -Reads ORS 536.007(5). - We wished the -2 amendments to include an order other than a contested case so that it does not apply to a specific individual. -Explains why the -2 amendments were developed. - References page 7 of Exhibit B. SEN. ROBERTS: Please pinpoint the difference between the -2 and -3 amendments. SCHMIDT: On the -2 amendments, first page, line 11, "shall" is the substantive difference. SEN. SMITH: Your proposal is by order, their proposal is by 207 rule. SCHMIDT: That is correct, it is presently done by order now, but they made a mistake and haven't been doing it that way. SEN. SMITH: Why is it better to do it by order? SCHMIDT: It gives the affected party the ability to go to court on appeal. - Otherwise, the only thing you can appeal is whether the technicalities have been done right, whether they followed the process correctly. - The public notice is essential. SEN. SMITH: In the -2 amendments, is the difference what can be argued in court? SANDERS: There is a procedural and substantive difference. - Explains the two differences and the related processes. SEN. SMITH: There seems to be a difference of opinion. - Are you saying all the agency has to do is decide whether there is enough evidence to justify their order? 270 SANDERS: Refers to the details of the Parrett Mountain case. -The three appeals were rejected by the courts. - We did Parrett Mountain by order because we wanted to be perfectly certain we were doing it the right way. - This bill clarifies there is only one process and appellants do not need to appeal to the three separate entities. SCHMIDT: We have a difference of opinion. - We dropped those 289 lawsuits, they weren't decided for the state.

SEN. SMITH: What can be considered in an appeal in each of these scenarios? SANDERS: In an appeal on a rule, the two considerations are: was process complied with, and whether there is statutory authority for the rule. SEN. SMITH: That does not include whether there is any evidence to support the decision that is the outcome of the rules. - In the order, the court determines whether the evidence is sufficient to come to the determination made in the order? SANDERS: With limited authority, yes. 315 CHAIR DWYER: I agree with the realtors when you throw everybody in a lump and no one is treated fairly as an individual. PAGEL: I understand the frustration over the rulemaking process. - If the realtor's amendments are adopted, an opportunity exists for circuit court review of agency rulemaking, which exists for no other agency. - We object strongly to the characterization we are trying to circumvent the public process. - The Parrett Mountain process was a fiasco, but not because we weren't attempting to comply with the law, rather because the law is so confusing. - We adopted a rule and order on recommendation of the Attornev General's office. - The first objective is clarity. - Our concern with the -2 approach is it leaves out the requirement that we have to notify named individuals, whom we are unable to identify. - These actions do not apply to existing water users, only those who may want to apply for water rights or drill wells. - If you choose the -2 amendments, give us guidance on to whom we must address the order. - We have a contested case proceeding in the Willamette Valley involving several hundred parties united together. 388 SEN. SMITH: I understand the difficulty for the agency to comply with the -2 amendments, yet I believe the outcome of rulemaking should be challengeable. - These appear to be mutually exclusive. - I don't like either one of these at this point.

PAGEL: You could say "a challenge of these particular rules can include consideration of the factual basis underlying the rule." 424 SANDERS: Suggests in the appeal of the rule, the Court of Appeals could also consider whether there was substantial evidence to support the factual premise upon which the rule is based. SEN. ROBERTS: That gives an additional basis or grounds for the appeal beyond those orders now provide. SEN. SMITH: If the realtors' concern is they can't appeal the content of a rule in court, if we put language in -3 that allows them to do what they want to do, then there is no problem allowing the department to do rulemaking. TAPE 49, SIDE A SCHMIDT: I don't think this is a cumbersome process. - Who gets notified in this process? - Notes his amendment to his own notification list. SEN. SMITH: If the problem with the administrative rule process is you cannot appeal the content of a rule, and we include language allowing the appeal process to occur, what is the problem with the administrative rule? SCHMIDT: I don't believe that's possible. CHAIR DWYER: Closes the work session on SB 89. - Adjourns the 029 meeting at 5:08 pm. Submitted by, Reviewed by, Pamella Andersen Lisa Zavala Clerk Administrator EXHIBIT LOG: A Letter from Oregon Legislative Assembly Coastal Caucus - Sean Brennan - 1 page B Staff Summary of the SJM5-1 Amendments - Staff -1 page C Proposed Amendments SJM5-1 - Staff - 5 pages D Hand-Engrossed SJM5-1 - Staff - 6 pages E Staff Summary of the SB 91-1 and -2 Amendments - Staff - 1 page F Proposed Amendments SB 91-1 - Staff - 3 pages G Hand-Engrossed SB 91-1 - Staff - 5 pages H Proposed Amendments SB 91-2 - Staff - 6 pages I Hand-Engrossed SB 91-2 - Staff - 8 pages J Staff Summary of the SB 90-1 and -2 amendments - Staff - 1 page K Proposed Amendments SB 90-1 - Staff -1 page L Hand-Engrossed SB 90-1 - Staff - 2 pages M Proposed Amendments SB 90-2 - Staff - 2 pages N Staff Summary of the SB 89-2

and -3 amendments - Staff - 2 pages O Proposed Amendments SB 89-2 -Staff - 20 pages P Proposed Amendments SB 89-3 - Staff - 4 pages Q Hand-Engrossed SB 89-3 - Staff 5 pages R Testimony on SB 89 -Jerry Schmidt - 7 pages