State of Oregon
DEQ Department of Environmental Quality

Illinois River and Rough and Ready Creek Outstanding Resource Water Rulemaking Draft Fiscal Impact Statement

Introduction

DEQ invites public input on proposed permanent rule amendments to chapter 340 of the Oregon Administrative Rules.

Fee analysis

This rulemaking does not involve fees.

Statement of fiscal and economic impact

Executive Summary

The following section describes DEQ's analysis of the fiscal and economic impact of proposed rule revisions. The proposed rule establishes Rough and Ready Creek, the Wild and Scenic portion of the Illinois River, and associated waters as Outstanding Resource Waters. The proposed rules also establish policies to preserve the outstanding water quality, recreational and ecological values in the Outstanding Resource Waters.

The overall purpose of the Fiscal Impact Statement is to provide notice to parties that may be fiscally impacted and to provide some estimate of the impact, which may be qualitative or quantitative. There is no requirement for the FIS to speculate on uncertain outcomes, particularly where those outcomes depend on other uncertain processes.

Since time immemorial the Athapascan and Takelma people hunted, fished, and stewarded the Illinois river basin. Today, the ancestors of these Tribes engage in their cultural lifeways such as hunting, fishing, and gathering across their ceded lands and usual and accustomed areas. This rule preserves the current high-quality water of the proposed ORWs, supporting the conservation of Chinook salmon, steelhead, and lamprey, which are traditional First Foods.

The proposed rules would preserve benefits to businesses that rely on revenue from recreation in the Illinois River and Rough and Ready Creek, and on downstream users in the Rogue River, by ensuring the waters are protected into the future. The rules also preserve downstream water quality, which will protect drinking water supplies and preserve benefits to commercial fishing businesses that operate downstream of the ORWs.

DEQ has determined that the proposed rules will not have a fiscal impact on commercial or public forestry operations. Forest harvesting is not expected to impact water quality as long

operations are consistent with the requirements of the Forest Practices Act, the Rogue River Temperature TMDL and other relevant requirements.

The proposed rules may impact large businesses, such as mining companies that have validated mining plans within the waters designated as ORWs. Under the proposed rules, industrial facilities cannot obtain an NPDES permit for discharges directly to the ORWs, but do have other options, including: 1. obtaining an NPDES permit to discharge water upstream of the ORWs, if the discharge would preserve water quality within the ORWs; 2. discharging to a publicly owned wastewater treatment facility; or 3. obtaining a non-discharge WPCF permit.

The Rulemaking Advisory Committee member representing the mining industry has stated that complying with the proposed rules would cost billions of dollars over the life of a project, rendering mine development infeasible and precluding economic development associated with mining. DEQ notes that there are many pre-existing regulatory requirements to obtain a permit to mine, including complying with any required NPDES permit. To DEQ's knowledge, none of these regulatory requirements have been met for mining claims in the affected watershed. As a result, it is challenging to verify the claims about the impact of the proposed rule on mining. Moreover, DEQ does not have information to compare costs associated with complying with existing requirements, such as an NPDES permit, to any additional costs associated with the proposed rules.

DEQ examined if the proposed rules will impact the City of Cave Junction, which discharges treated wastewater to the Illinois River five miles upstream of the proposed ORW designation boundary. Under the proposed rule, DEQ may allow a new or expanded discharge from a publicly owned domestic sewage treatment plant, so long as that discharge does not lower water quality in the proposed ORWs by more than a minimal amount. The provision accommodates population growth and economic development in the Illinois Valley into the future, while preserving the outstanding recreational, ecological and water quality values of the ORWs. If future population growth occurs faster or more intensely than projected, the ORW designation may require Cave Junction to install additional treatment to ensure the discharge does not lower water quality more than allowed under the proposed rules.

Statement of cost of compliance

(Note: DEQ has included sections on the impacts of the proposed rule on first nations and federal agencies per request of RAC members. These sections are not explicitly required under ORS 183.335.)

State agencies

DEQ

The proposed rules prevent new or increased wastewater discharges or regulated activities directly to the proposed ORWs. The rules also prevent new or increased wastewater discharges upstream of the proposed ORWs that would degrade the water quality of the proposed ORWs from their current condition, other than construction projects with a short-term impact, or publicly owned domestic treatment facilities with a minimal impact. The rules do not require DEQ to develop new permits, 401 certifications, or total maximum daily loads. To the extent that a

facility upstream of the proposed ORWs applies for a new permit or expansion of an existing permit, DEQ permitting staff will determine how the expansion will affect water quality in waters proposed for ORW designation. The analysis needed to do so is the same or similar as what is required in any permit as part of antidegradation analysis. As a result, DEQ expects that the analysis will require little additional staff time.

DEQ also considers ORW designations as part of Division 33 water rights reviews that are coordinated through the Water Resources Department. However, since ORW designation is already a part of the form that DEQ staff fill out for Division 33 reviews, there will be minimal to no additional work needed to consider water rights applications in the waters proposed for ORW designation, other than that needed to update DEQ's database of ORW waters.

Rulemaking Advisory Committee members requested that DEQ discuss how the proposed rules will affect compliance and enforcement. An ORW designation does not change current monitoring, compliance and enforcement practices. To the extent there are existing permits within the proposed designation, DEQ determines compliance with permit requirements through inspections and review of monitoring data. Enforcement outside of the context of a permit is complaint-driven and subject to legal evidentiary standards. The proposed rules do not change these procedures.

Local governments

Impacts on Josephine County

DEQ has analyzed potential impacts of the rule on Josephine County, which maintains county roads and bridges, owns the Illinois Valley airport and is the land use authority for private land within and upstream of waters proposed for ORW designation.

The proposed rule will not affect the County's ability to obtain 1200C construction stormwater permits. The rule contains an exception that allows DEQ to issue a construction stormwater permit for projects with temporary impacts.

The proposed rules protect existing water quality at the time EQC adopts the rules. Existing routine activities that have been occurring can continue, as can all activities that do not require new DEQ permits or water quality certifications or degrade water quality within the ORWs. Routine public infrastructure work, including, but not limited to, road and bridge maintenance, roadside ditching, snow and ice mitigation, airport maintenance, fire preparation and roadside vegetation management can continue under the proposed rules. DEQ can continue to issue WPCF permits within or upstream of the ORWs, including onsite septic system permits and other no-discharge WPCF permits.

The proposed rules will not impact operations at the Illinois Valley airport. Airport operations are existing routine activities that can continue into the future under the proposed rule. Moreover, the airport is not situated within the watersheds of either of the proposed ORW designations (Figure 1) and as such do not directly impact water quality in the ORWs. If there are new airport activities that require new DEQ permits or certifications, DEQ can issue these so long as they do not degrade water quality within the ORWs that are downstream.

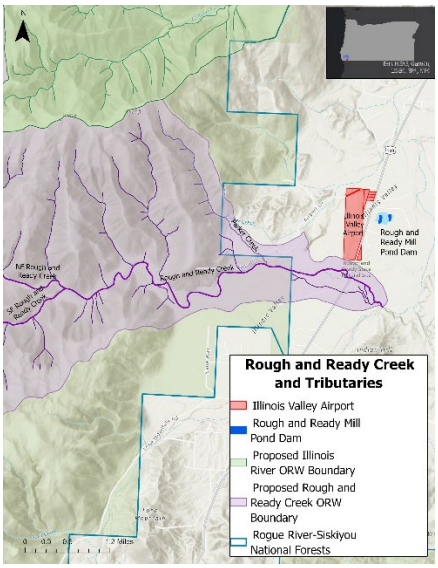


Figure 1. Location of Illinois Valley Airport and Rough and Ready Mill Pond Dam in comparison to proposed ORW designation.

Impacts on City of Cave Junction

DEQ examined if the proposed rules could impact the City of Cave Junction, which discharges treated wastewater under a NPDES permit to the Illinois River five miles upstream of the proposed ORW designation. At some point in the future, Cave Junction may need to increase the design flow of its wastewater treatment plant to accommodate population growth and economic development. Cave Junction also may need to find a means to discharge its wastewater during the summer, whereas it currently reuses treated wastewater in a nearby golf course. If this occurs, DEQ will conduct modeling to determine if the discharge will lower the water quality of the Illinois River within the boundary of the ORW. The proposed rule includes a provision allowing DEQ to issue a permit for a new or increased discharge from a publicly owned domestic treatment facility, such as Cave Junction's wastewater treatment plant, as long as the discharge doesn't lower water quality in the ORWs by more than a minimal amount defined in the proposed rule.

DEQ worked with Cave Junction to determine if the rule will impact its future plans to operate and improve its wastewater treatment plant, including potential plans to expand the facility to accommodate population growth and economic development. Cave Junction provided DEQ with a 30-year conceptual roadmap to prioritize upgrades and expansion of its treatment plant. The ORW designation should not impact Cave Junction's ability to implement this roadmap. If future population growth occurs faster or more intensely than projected, the ORW designation may require Cave Junction to install additional treatment or improve current treatment to ensure the discharge does not lower water quality more than allowed under the proposed rules.

Impacts on local revenue

The proposed ORW designation will continue to protect the recreational and ecological values of the waters designated as ORWs. As a result, the ORW designations will continue to support

local revenue generated from businesses that support recreation, tourism and commercial fishing. The ORW designation also maintains protection of the drinking water supply for Gold Beach, which is on the Rogue River downstream from the Illinois River.

The RAC member representing mining companies stated that compliance costs associated with an ORW designation would foreclose the ability to mine within the designated watershed, which could impact local revenue. (See the “Impacts to Large Businesses” section). As DEQ notes in the discussion on impacts to large businesses, the ORW designation itself does not restrict any particular activities, just the types of permits that DEQ can issue. Under the proposed rules, industrial facilities cannot obtain an NPDES permit for discharges directly to the ORWs, but do have other options, including: 1. obtaining an NPDES permit to discharge water upstream of the ORWs, if the discharge would preserve water quality within the ORWs; 2. discharging to a publicly owned wastewater treatment facility; or 3. obtaining a non-discharge WPCF permit. There are many pre-existing regulatory requirements to obtain a permit to mine, including complying with any required NPDES permit. To DEQ’s knowledge, none of these regulatory requirements have been met for mining claims in the affected watershed. As a result, it is challenging to verify the claims about the impacts of the proposed rule on mining and how those impacts may affect local revenue.

Public

The objective of the proposed rule is to preserve the current water quality of the proposed ORWs and to safeguard the unique recreational and ecological values of these waterbodies. The rule will allow local citizens and visitors to the public to continue to enjoy the special qualities of these waters in the future.

To the extent that an ORW designation may require more expensive wastewater treatment for Cave Junction residents, there could be a fiscal impact to the public through increased sewer rates (see impacts to Local Government section above). As noted above, the proposed rule includes a provision that gives flexibility to Cave Junction to expand its wastewater treatment facility to accommodate population growth and economic development in a way that would not affect the outstanding resource values of the ORWs. This provision will ameliorate the impact of the proposed rule on Cave Junction residents

The RAC member representing the mining industry has suggested that an ORW designation would foreclose the ability to develop mining sites within the designated watershed, which would impact the local population by removing employment and business opportunities. As DEQ notes in the discussion on impacts to large businesses, the ORW designation itself does not restrict any particular activities, just the types of permits that DEQ can issue. Under the proposed rules, industrial facilities cannot obtain an NPDES permit for discharges directly to the ORWs, but do have other options, including: 1. obtaining an NPDES permit to discharge water upstream of the ORWs, if the discharge would preserve water quality within the ORWs; 2. discharging to a publicly owned wastewater treatment facility; or 3. obtaining a non-discharge WPCF permit. There are many pre-existing regulatory requirements to obtain a permit to mine, including complying with any required NPDES permit. To DEQ’s knowledge, none of these regulatory requirements have been met for mining claims in the affected watershed. As a result, it is

challenging to verify the claims about the impacts of the proposed rule on mining and how those impacts may affect the public.

Large businesses - businesses with more than 50 employees

Large businesses that have industrial forest holdings in the waters proposed to be designated as ORWs will not be impacted by the ORW designation. There are approximately 2300 acres of industrial forestlands in these waters (Figure 2). DEQ has determined that compliance with current state forest practice rules for standard harvest are sufficient to ensure that any harvest will not lower water quality. As a result, there will be no impact on large forestry businesses.

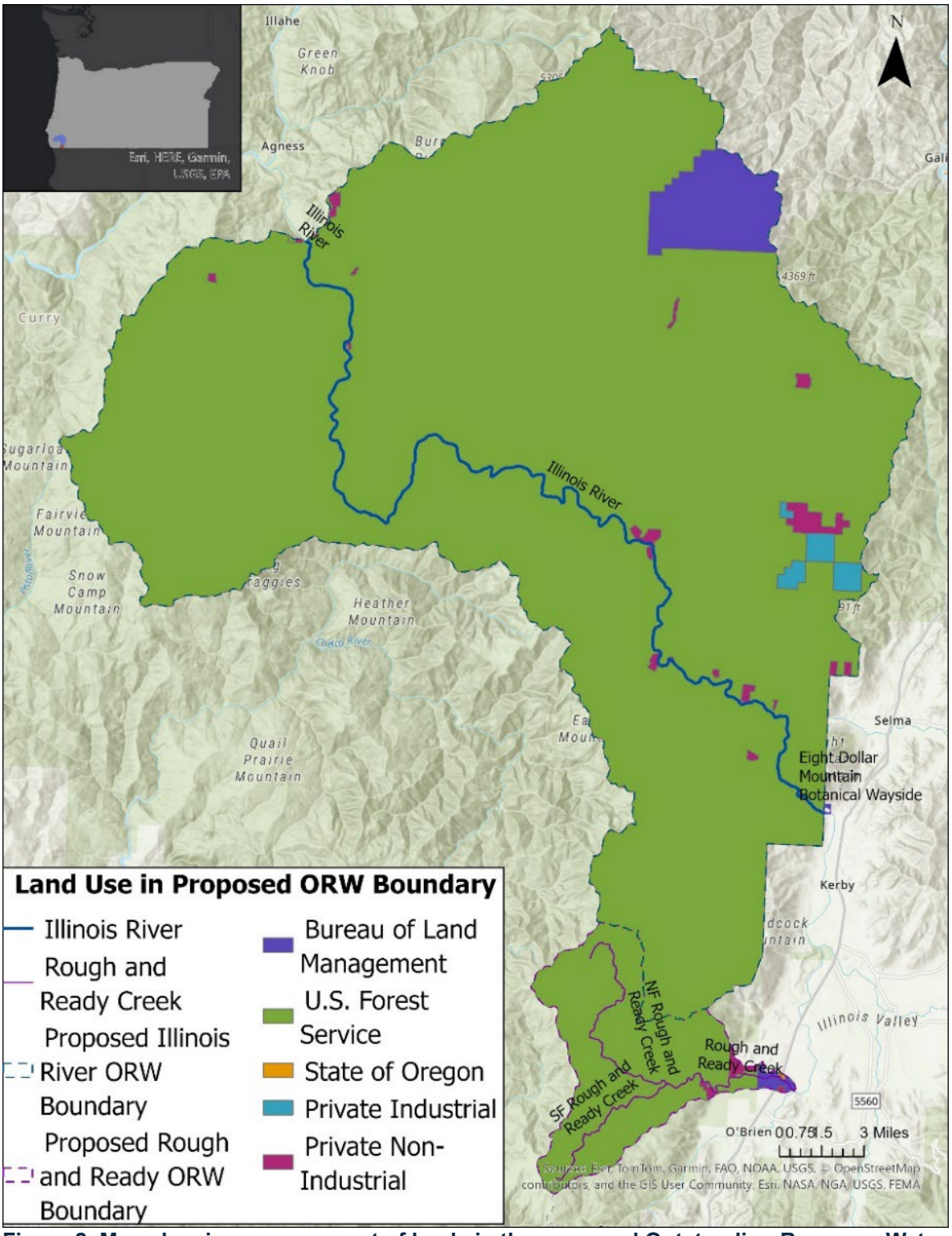


Figure 2. Map showing management of lands in the proposed Outstanding Resource Waters.

The rules may impact mining companies and other businesses that may be required to obtain a NPDES permit. The proposed rules prohibit DEQ from issuing an NPDES permit to discharge stormwater or wastewater into waters designated as ORWs. Industrial facilities do have other

options, including: 1. obtaining an NPDES permit to discharge water upstream of the ORWs, if the discharge would preserve water quality within the ORWs; 2. discharge to a publicly owned wastewater treatment facility; or 3. obtaining a non-discharge WPCF permit.

The RAC member representing the mining industry provided compliance costs associated with a mining operation that would not have any discharge to surface waters. The RAC member provided estimated that the cost of a potential future zero discharge operation at one 1,000 acre site is $300-$650 million in capital costs and $30-$60 million per year in annual operating costs.[1] The RAC member also stated that a zero discharge operation that would capture all stormwater on site, could result in reduced downstream flows, create additional land disturbance and make other required permits difficult to obtain. Given these increased costs the RAC member concluded that the proposed rules would make mining infeasible within the ORW, precluding millions of dollars of direct construction spending and operating spending to the local economy over the life of a 40- to 50-year project. DEQ was unable to verify these costs, as the provided scenario did not include sufficiently detailed information since these are predicted potential future scenarios.

Without the proposed rules, there are already many pre-existing regulatory requirements to obtain a permit to mine, including complying with existing federal and state requirements and an NPDES permit. DEQ does not have information regarding the costs associated with these regulatory requirements in order to compare them with any additional costs associated with complying with the proposed rule. Mining claims within the ORWs have not been validated and there are no currently approved mining plans. As a result, the estimate of additional compliance costs provided is difficult to verify.

The Oregon Department of Geology and Mineral Industries notes that there are existing mining operations upstream of the proposed ORW, but that the ORW designation would not impact these operations.[2]

Small businesses – businesses with 50 or fewer employees

The proposed rules would preserve benefits to the many small businesses relying on revenue from recreational users in the Illinois River and Rough and Ready Creek and their watersheds by ensuring the waters are protected for continued recreation into the future. Overall, tourism contributed $155 million annually to Josephine County, supporting 2,230 jobs.[3]

Studies have estimated outdoor recreation spending in Josephine County ranging from $155 million to $216.5 million per year, supporting 1700-2230 jobs, and spending in Curry County of approximately $533 million, supporting 6,093 jobs. Not all of this spending can be attributed to the Illinois River and Rough and Ready Creek, but studies indicate that the Illinois River contributes 25% of the flow to the Rogue and therefore supports water-based recreation, such as rafting and fishing.

[1] Memo from United Strategies and Consulting to DEQ. Oct. 23, 2026. 2 pp.
[2] Memo to Aron Borok from Vaughn Balzer, Oregon Department of Geologic and Mineral Industries, Aug. 14 2026. 2 pp.
[3] Visit Grant's Pass website.

DEQ examined if the proposed rules would impact owners of the approximately 31 small forest inholdings that are within the watersheds proposed for ORW designation. To the extent any of these owners are conducting commercial harvest, they are subject to Forest Practice Act rules and total maximum daily loads. DEQ is updating the Rogue River Temperature TMDL. If DEQ determines that current FPA rules are not sufficient to meet load allocations in forested lands, DEQ may request rule revisions through our existing memorandum of understanding with ODF. TMDL implementation may also require non-regulatory measures such as stewardship agreements, or incentive programs that may provide reasonable assurance of achieving load allocations for temperature.[4] As these measures are implemented, water quality will improve as a co-benefit. As a result, DEQ determined that ORW designation itself will not have fiscal impacts on public forests or owners of industrial or small forest inholdings, as they already will be subject to any requirements that come from TMDL implementation.

DEQ also examined if the proposed rules would impact costs for addressing discharges from future industrial facilities in the Illinois Valley that would need coverage under the NPDES 1200Z Industrial Stormwater permit. The proposed rules allow DEQ to issue coverage under the1200Z permit to discharges upstream of the proposed ORWs, so long as the discharge from a facility does not lower water quality within the ORW. In this case, a facility could design a stormwater management system to ensure stormwater leaving the site does not impact water quality in the ORW. Alternatively, a facility could design a system that does not discharge stormwater to surface waters so that coverage under the 1200 Z permit isn't required. Either of these options may or may not increase compliance costs, depending on the specifics of the system design.

ORS 183.336 Cost of Compliance Effect on Small Businesses

a. Estimated number of small businesses and types of businesses and industries with small businesses subject to the proposed rule.

Owners of small forest inholdings within the watershed of proposed ORW designation may be subject to the rule. Based on examination of the Josephine County Property Data viewer, there are approximately 21 small inholdings totaling 772 acres within the Wild and Scenic Illinois River and ten small inholdings within the Rough and Ready Creek watershed totaling 140 acres (Figure 1). It is unclear whether these inholdings are owned by small businesses, family-owned properties or non-profits and the extent to which any of these owners conduct commercial harvest on these inholdings.

b. Projected reporting, recordkeeping and other administrative activities, including costs of professional services, required for small businesses to comply with the proposed rule.

The proposed rule will not require additional requirements for small businesses to comply with the proposed rule.

c. Projected equipment, supplies, labor and increased administration required for small businesses to comply with the proposed rule.

[4] DEQ, 2026. Redline: Water Quality Management Plan: 2027 Rogue River Basin TMDL for Temperature, Draft for RAC 2 – May 21, 2026. 72 pp.

DEQ does not anticipate additional equipment, supply, labor or increased administration for small businesses to comply with the proposed rule.

d. Describe how DEQ involved small businesses in developing this proposed rule.

DEQ included small business representatives on the Illinois River/Rough and Ready Creek ORW Advisory Committee that advised DEQ on the cost of compliance for small businesses. This included representatives from recreational businesses, the forest industry, and the mining industry.

First Nations

Since time immemorial the Athapascan and Takelma people hunted, fished, and stewarded the Illinois river basin. The watersheds in this rulemaking were ceded as part of the 1853 and 1854 Treaties with the Rogue River and Chasta Tribes who were comprised of Takelma, Upper Takelma, Chasta, Applegate, and Galice people. This rule will add an additional layer of protection to aquatic resources, which helps preserve salmonids for future generations and limits impacts to Tribes.

Federal Agencies

US Forest Service – Rogue River-Siskiyou National Forest[5]

There are few direct impacts to the Rogue River-Siskiyou National Forest. The USFS agency manages most of the land included in the ORW designations for Rough and Ready Creek and Illinois River. A large portion of the area that is proposed to be designated already has several protections afforded from Wild and Scenic River designation, Endangered Species Act protection for coho salmon critical habitat, and/or management standards from the Northwest Forest Plan's Aquatic Conservation Strategy. Any future planning efforts would require disclosure of the ORW designation in the public process required under the National Environmental Policy Act. This additional disclosure will likely require some additional staff time to address public comments and ensure that proposed actions are compliant with the standards of the ORW designation.

US Bureau of Land Management (BLM) – Medford District[6]

There are few direct impacts to the Medford District BLM. The BLM agency manages a portion of the land included in the ORW designations for Rough and Ready Creek and Illinois River. This portion of land already has several protections afforded from Wild and Scenic River designation, Endangered Species Act protection for coho salmon critical habitat, and/or management objectives for maintaining water quality from the Southwestern Oregon Resource Management Plan. Any future planning efforts would require disclosure of the ORW designation in the public process under the National Environmental Protection Act. This additional disclosure

[5] Language provided by Stephen Burns, Rogue River-Siskiyou National Forest in email to Aron Borok. Received Aug. 27, 2026.

[6] Language provided by Shawn Simpson, Medford District, Bureau of Land Management in email to Aron Borok. Received Aug. 26, 2026.

will likely require some additional staff time to address public comments and ensure that proposed actions are compliant with the standards of the ORW designation.

Documents relied on for fiscal and economic impact

Document title	Document location
Visit Grants Pass, 2023. 2022-2023 Annual Report. 28 pp.	Visit Grant's Pass website
Friends of the Kalmiopsis and Kalmiopsis Guides Association. 2024. "Nomination for Outstanding Resource Waters of the State of Oregon: Rough and Ready Creek, Its Tributaries, Springs and Associated and *(sic)* Wetlands." 29 pp.	ORW rulemaking website
Friends of the Kalmiopsis, Klamath-Siskiyou Wildlands Center and Kalmiopsis Audubon Society. 2024. "Nomination for Outstanding Resource Waters: The National Wild & Scenic Illinois River, its Tributaries, and Associated Wetlands." 26 pp.	ORW rulemaking website
City of Cave Junction, 2014. Wastewater Facilities Plan. 546 pp	Cave Junction website
National Pollutant Discharge Elimination System, Permit Renewal Fact Sheet, City of Cave Junction. 33 pp.	Upon request to DEQ
DEQ, 2026. Redline: Water Quality Management Plan: 2027 Rogue River Basin TMDL for Temperature, Draft for RAC 2 – May 21, 2026. 72 pp.	Rogue River Temperature TMDL Replacement Rulemaking webpage
Various comments from members of the Outstanding Resource Water Rulemaking Advisory Committee on the fiscal impacts of the proposed rule	ORW rulemaking website

Advisory committee fiscal review

DEQ appointed an advisory committee.

As ORS 183.333 requires, DEQ will ask for the committee's recommendations on:

- Whether the proposed rules would have a fiscal impact.
- The extent of the impact.
- Whether the proposed rules would have a significant adverse impact on small businesses; if so, then how DEQ can comply with ORS 183.540 reduce that impact.

Housing cost

As ORS 183.534 requires, DEQ evaluated whether the proposed rules would have an effect on the development cost of a 6,000-square-foot parcel and construction of a 1,200-square-foot detached, single-family dwelling on that parcel.

DEQ determined the proposed rules would have no effect on the development costs because the rules protect water quality in an area that is almost exclusively publicly owned with no residential development.

Racial equity

ORS 183.335(2)(a)(F) requires state agencies to provide a statement identifying how adoption of this rule will affect racial equity in this state.

There is no expected impact on racial equity due to adoption of this rule. The rulemaking will protect water quality in the two impacted watersheds. The population that may be impacted is 90% Caucasian, 8% Hispanic/Latino of any race and less than 1% of all other races as of the 2010 Census.

Environmental justice considerations

ORS 182.545 requires natural resource agencies to consider the effects of their actions on environmental justice issues. DEQ considered these effects by analyzing the archive of EPA's 2023 Environmental Justice screening tool.[7] Cave Junction, the largest city in the area affected by this rule, like many communities in forested areas of Oregon, has experienced economic hardship following closure of almost all of the area's lumber mills. The 2023 EJ Screener indicated that the supplemental demographic index was worse than 80-90% of the US.[8] This is primarily driven by high levels of unemployment and an older population.

Environmental burden in the area is high for particulate matter due to the frequency of wildfires but is otherwise less than 50th percentile compared to the rest of the US for other environmental indicators.

There may be some concern about the impact of ORW designation on the timber industry. These watersheds are primarily managed by the Forest Service as late successional reserves under the Northwest Forest Plan, meaning there is only limited stand treatment allowed. Moreover, the harvest that does occur is already subject to FPA requirements and will be subject to the Rogue River Temperature TMDL when it is finalized in 2027. As a result, DEQ determined that the ORW designation will not impact the timber industry, as these requirements will safeguard existing water quality.

[7] https://pedp-ejscreen.azurewebsites.net/

[8] The supplemental demographic index combines the percent of the population in a given area with the following characteristics: 1. low-income; 2. disability; 3. less than high school education; 4. limited English speaking; 5. low life expectancy.

DEQ included timber interests and staff from the City of Cave Junction to ensure that these communities were represented on the rulemaking advisory committee.

In addition, DEQ is holding at least one RAC meeting in Cave Junction and will also hold a public hearing on the proposed rules in Cave Junction to ensure that the most directly affected community can participate in the rulemaking.

Non-discrimination statement

DEQ does not discriminate on the basis of race, color, national origin, disability, age, sex, religion, sexual orientation, gender identity, or marital status in the administration of its programs and activities.

For translation or other formats, visit DEQ's Civil Rights and Environmental Justice page.