

## HB 2575: Brownfield Subsidies

House Revenue – Jody Wiser – 2.7.2019



The state and federal government has over the years developed numerous programs to address brownfields, and most of the orphan sites have been cleaned up. Two years ago in our research we've found that the legislature has provided \$16 ½ million allocated to a loan and grant program over the last 17 years. At that time the fund still had \$4 million in it. We don't understand why the advocates for this bill aren't asking you to re-allocate to the programs we have, with added sideboards directing the funds only to low-income and workforce housing, rather than asking for tax credits.

Brownfield issues today are not significantly different than they have been in the past. Yet in recent years you've passed new approaches – Land banks and Property Tax exemptions. The use those programs has been slow, and there is yet no evaluation of those programs. Below is a list of the Brownfield Programs that have been funded with federal or state funds, some recently.

### DEQ funding for Orphan Site Cleanups

Orphan Site cleanups are currently funded in one of two ways. Landfill cleanups are financed by the solid waste orphan site account, which relies on a special assessment on solid waste disposal. Cleanups at other Orphan Sites, known as industrial orphans, have been funded through the sale of long-term bonds. **Since 1992, DEQ has issued bonds totaling about \$38 million and re-used \$9.2 million in funds repaid by responsible owners, their insurance companies or purchasers<sup>1</sup>.** Debt on these bonds has been repaid with state general funds and hazardous-substance possession fees. For both solid waste and industrial orphans, when funds are recovered, either from identified responsible parties or through agreements with persons wishing to purchase Orphan Sites, they may then be spent on other orphan cleanups. [Where does DEQ obtain the funding for Orphan cleanups?](#)

### DEQ's Prospective Purchaser Agreements

A PPA may be available for an individual, business, nonprofit, governmental body or any other entity that intends to acquire contaminated property. The prospective purchaser or lessee must not have caused or aggravated the contamination at the property and must not have been affiliated with individuals or entities responsible for the contamination.

Among other qualifying criteria, Oregon law requires DEQ to determine that the state will receive a substantial public benefit from entering into a PPA. What this means will differ from site to site, because each property presents a unique set of cleanup and redevelopment issues and opportunities. In general, a PPA will include some combination of: substantial funding for cleanup or a commitment to perform substantial cleanup; productive reuse of a vacant or abandoned industrial or commercial facility; or a development by a government entity or nonprofit organization to address an important public purpose. DEQ has helped project developers receive grants to cover costs, including for instance \$200,000 for Sequencial's 1 acre site.

## Business Oregon

The purpose of the Brownfields Program is to assist individuals, non-profit organizations and local governments with financing to evaluate, cleanup and redevelop brownfields. The department manages two brownfields financing funds: the Oregon Brownfields Redevelopment Fund, funded by proceeds from the sale of state revenue bonds; and the Oregon Coalition Brownfields Cleanup Fund, capitalized through a revolving loan grant from the U.S. Environmental Protection Agency.

**Both programs are primarily revolving loan programs; however limited grants can be awarded** on a case-by-case basis for publicly-owned projects, depending on a financial analysis of the applicant's debt capacity and public benefits of the redevelopment project. Financial analysis of an applicant's ability to repay a loan is the primary method the department uses to manage and allocate limited grant resources. Examples of public benefits that factor into the funding decision include family-wage job creation assistance to rural or economically distressed communities; or addressing an urgent need of a local population. The department sets the interest rate and the terms of loan repayment with consideration to the applicant's ability to repay, credit worthiness, economic benefit of the project and use of proceeds as defined in the project. The maximum term of a loan can not exceed 20 years from the date of loan closing.

**BROWNFIELDS REDEVELOPMENT LOAN FUND** **123-135-0100 Subsidies and Waivers** (1) The Department has the discretion to waive interest charges or provide interest rate subsidies in the form of rate reductions and may grant any other form of waiver or subsidy within its authority. The Department shall utilize its discretion to make available interest charge waivers or provide interest rate subsidies following financial evaluation of the complete application taking into consideration the relationship between the project and the needs of the local community; the availability and or leveraging of other sources of funding in the project; and after determining whether the incentive will result in a substantial public benefit.

## EPA Brownfields Program

EPA's Brownfields Program empowers states, communities, and other stakeholders to work together to prevent, assess, safely clean up, and sustainably reuse brownfields. A brownfield site is real property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant. On January 11, 2002, President George W. Bush signed into law the Small Business Liability Relief and Brownfields Revitalization Act. Under the Brownfields Law, EPA provides financial assistance to eligible applicants through four competitive grant programs: assessment grants, revolving loan fund grants, cleanup grants, and job training grants. Additionally, funding support is provided to state and tribal response programs through a separate mechanism.

## Oregon Health Authority Supports Brownfield Cleanup

By receiving funding from the [Agency for Toxic Substances and Disease Registry](#) (ATSDR) to carry out brownfield related work through two federal grants. The efforts below demonstrate how state and local public health can support communities, nonprofits, community organizations, and other sectors of state and local government to create healthier environments. Recent projects include downtown Tigard, Coos Bay, Linnton and Cully Park.

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<sup>i</sup> <http://www.oregon.gov/deq/FilterDocs/AnnualCUREporttoLegislature2017.pdf>