

# House Bill 2208

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Veterans and Emergency Preparedness)

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Establishes Oregon Business Development Department program to issue grants for improving seismic safety, stability and resiliency of qualifying unreinforced masonry and unreinforced concrete buildings. Establishes fund for program. Authorizes issuance of lottery bonds during biennium ending June 30, 2021, to finance program.

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1 Relating to seismic improvements to buildings; and prescribing an effective date.

2 **Be It Enacted by the People of the State of Oregon:**

3 **SECTION 1. (1) As used in this section:**

4 **(a)(A) "Eligible costs" means:**

5 **(i) Demolition, the restoration of similar architectural finishes, work on electrical,**  
6 **plumbing and mechanical systems and other direct structural costs of seismic retrofitting;**  
7 **and**  
8

9 **(ii) Architectural, engineering, project management, insurance, testing and other service**  
10 **costs related to retrofitting.**

11 **(B) "Eligible costs" does not mean:**

12 **(i) Remodeling or refurbishing costs intended to enhance aesthetics, functionality or**  
13 **marketability without extending seismic life safety;**

14 **(ii) Costs of abating asbestos or other hazardous materials; or**

15 **(iii) Relocation costs or loss of rent during improvement of the seismic safety, stability**  
16 **or resiliency of an eligible property.**

17 **(b) "Eligible property" means real property improvements:**

18 **(A) Constructed before January 1, 1993; and**

19 **(B) Having exteriors constructed primarily of unreinforced masonry, unreinforced con-**  
20 **crete or other building materials declared seismically dangerous by city or county ordinance**  
21 **or by a city or county governing body resolution.**

22 **(2) The Oregon Business Development Department shall administer a program, to be**  
23 **known as the Unreinforced Masonry Seismic Safety Program, for the purpose of awarding**  
24 **grants on an annual competitive basis from the Oregon Unreinforced Masonry Seismic Safety**  
25 **Fund established under section 2 of this 2019 Act. The department shall award and disburse**  
26 **grants under the program for the purposes of:**

27 **(a) Improving, on a statewide basis, the seismic safety, stability and resiliency of eligible**  
28 **properties; and**

29 **(b) Promoting improvements in seismic safety, stability and resiliency that will lead to**

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 private investment, job creation or retention, the establishment or expansion of viable busi-  
 2 nesses or the creation of a stronger tax base.

3 (3) Grant applications must state with specificity the proposed improvements to the  
 4 seismic safety, stability and resiliency of the eligible property. The proposed improvements  
 5 must be sufficient to meet or exceed the seismic performance level for eligible properties  
 6 established by the department by rule.

7 (4) In awarding grants under the program, the department shall give priority to grants  
 8 for:

9 (a) Eligible property owned by a nonprofit corporation as defined in ORS 65.001; and

10 (b) Categories of eligible property identified by the department by rule.

11 (5) An annual grant awarded to an applicant under this section may not exceed the lesser  
 12 of:

13 (a) Thirty-five percent of the total eligible costs spent on eligible properties; or

14 (b) \$1,500,000 for each eligible property.

15 (6) The department shall:

16 (a) Develop criteria for determining the eligibility of grant applicants and proposed  
 17 projects;

18 (b) Provide project oversight and monitoring for grant awardees;

19 (c) Provide regular updates to other state agencies that have an interest in the carrying  
 20 out of the program;

21 (d) Adopt rules for the purposes of carrying out the program; and

22 (e) Appoint an advisory group of individuals qualified to review grant applications, advise  
 23 on the carrying out of the program and perform other program-related duties as determined  
 24 by the department.

25 (7) In adopting rules under this section, the department may consult with other state  
 26 agencies having an interest in the carrying out of the program.

27 (8) If the department awards a grant, the department may not disburse the grant to the  
 28 awardee until:

29 (a) The improvements to the seismic safety, stability and resiliency of the eligible prop-  
 30 erty are substantially complete; and

31 (b) The awardee provides written evidence satisfactory to the department that the  
 32 awardee has actually incurred the eligible costs described in the grant application for im-  
 33 provements to the seismic safety, stability and resiliency of the eligible property.

34 (9) Except as provided in this subsection, a grant awardee must provide the department  
 35 with the evidence described in subsection (8)(b) of this section no later than three years after  
 36 the date the grant is awarded. The department may allow an extension of time for providing  
 37 the evidence, not to exceed two years, if the awardee provides written evidence satisfactory  
 38 to the department that the awardee has made significant progress toward completing the  
 39 financing, entitlement, design or construction of the improvements to the seismic safety,  
 40 stability or resiliency of the eligible property. If an awardee does not provide the department  
 41 with the evidence described in subsection (8)(b) of this section within the time allowed, the  
 42 department shall retain the moneys in the fund and void the grant award.

43 (10) Prior to disbursing a grant under this section, the department shall reduce the grant  
 44 amount by any other grants, loans, tax exemptions or other financial benefits provided by  
 45 the state or other public bodies related to improvements to the seismic safety, stability and

1 resiliency of the eligible property.

2 **SECTION 2.** The Oregon Unreinforced Masonry Seismic Safety Fund is established in the  
 3 State Treasury, separate and distinct from the General Fund. Interest earned by the Oregon  
 4 Unreinforced Masonry Seismic Safety Fund shall be credited to the fund. Moneys in the fund  
 5 are continuously appropriated to the Oregon Business Development Department for the  
 6 purpose of carrying out the Unreinforced Masonry Seismic Safety Program described in  
 7 section 1 of this 2019 Act. The fund shall consist of any moneys designated for deposit in the  
 8 fund or for carrying out the program, including but not limited to appropriations or other  
 9 provisions of moneys by the Legislative Assembly, bond proceeds, and public or private  
 10 moneys from gifts, grants or donations.

11 **SECTION 3.** (1) In addition to and not in lieu of bonds authorized pursuant to ORS  
 12 286A.035, for the biennium ending June 30, 2021, at the request of the Oregon Department  
 13 of Administrative Services, after the department consults with the Oregon Business Devel-  
 14 opment Department, the State Treasurer is authorized to issue lottery bonds pursuant to  
 15 ORS 286A.560 to 286A.585 in an amount that produces \$20,000,000 in net proceeds and interest  
 16 earnings for the purposes described in subsection (2) of this section, plus an additional  
 17 amount estimated by the State Treasurer to be necessary to pay bond-related costs.

18 (2) Net proceeds of lottery bonds issued under this section must be transferred to the  
 19 Oregon Business Development Department for deposit in the Oregon Unreinforced Masonry  
 20 Seismic Safety Fund established in section 2 of this 2019 Act.

21 (3) The Legislative Assembly finds that the use of lottery bond proceeds for the purpose  
 22 of carrying out the Unreinforced Masonry Seismic Safety Program described in section 1 of  
 23 this 2019 Act will create jobs, further economic development and enhance the economic vi-  
 24 tality of Oregon communities, and is authorized based on the following findings:

25 (a) Masonry and concrete buildings are an integral part of the commercial, industrial and  
 26 nonprofit infrastructure of this state. Unreinforced masonry and unreinforced concrete  
 27 buildings pose a significant risk to that infrastructure in the event of an earthquake.

28 (b) Improvements to the seismic safety, stability and resiliency of unreinforced masonry  
 29 and unreinforced concrete buildings will create jobs and promote economic development  
 30 within this state.

31 **SECTION 4.** This 2019 Act takes effect on the 91st day after the date on which the 2019  
 32 regular session of the Eightieth Legislative Assembly adjourns sine die.  
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