

DRAFT

SUMMARY

Appropriates moneys to Department of Environmental Quality to award grant for on-site septic system low-interest loan programs and to cover related administrative costs.

Declares emergency, effective on passage.

A BILL FOR AN ACT

Relating to on-site septic system financing; and declaring an emergency.

Whereas in 2016 the Legislative Assembly enacted ORS 454.779, which directs the Department of Environmental Quality to award grants for developing and administering loan programs to provide low-interest loans for the repair, replacement, upgrade or evaluation of residential or small business on-site septic systems; and

Whereas since 2016, the Clean Water Loan program funded by a grant from the department under ORS 454.779 has served over 186 families, 104 communities and 35 counties, financing projects that are now treating an estimated total of 24 million gallons of wastewater annually; and

Whereas most commercial banks have stopped or greatly reduced issuing second mortgage loans; and

Whereas nearly one out of every three families served by the Clean Water Loan program has a family income that falls below 80 percent of the county's area median income, and most borrowers use the program because they struggle to obtain a conventional loan; and

Whereas demand remains high for low-interest loans for the repair, replacement, upgrade or evaluation of residential or small business on-site septic systems; and

Whereas the COVID-19 pandemic has increased the need for septic repairs; and

Whereas the program helps people and families in emergency situations, thereby promoting community resilience, housing stabilization and water quality generally, including during extreme events of fire, flood, pandemic or other natural or human-made disasters; and

Whereas in July 2020 the program was temporarily suspended for lack of available loan funds; and

Whereas the department estimates that over 45,000 septic systems fail each year; now, therefore,

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

SECTION 1. In addition to and not in lieu of any other appropriation, there is appropriated to the Department of Environmental Quality, for the biennium beginning July 1, 2021, out of the General Fund, the amount of \$2,000,000 for the purposes of:

(1) Not later than September 1, 2021, awarding a grant under ORS 454.779 in an amount of not less than \$1,950,000; and

(2) Covering administrative costs necessary to implement ORS 454.779.

SECTION 2. This 2021 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2021 Act takes effect on its passage.