

HB 3570 -2 STAFF MEASURE SUMMARY

House Committee On Housing and Homelessness

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Sub-Referral To: Joint Committee On Ways and Means

Meeting Dates: 3/24, 4/7

WHAT THE MEASURE DOES:

The measure directs the Oregon Business Development Department to update a list of essential community infrastructure, especially water systems like drinking water, wastewater, and stormwater. The department must update the inventory by reviewing current community facilities. The department also needs to prepare two reports: the first one, due by September 15, 2025, lists actions and resources needed to maintain and improve these facilities, along with recommendations on how the state should prioritize funding; the second, with a preliminary report by December 30, 2025 and a final report by June 30, 2026, explains how existing systems for updating these inventories work and reviews funding programs and challenges.

Detailed Summary:

Infrastructure and Community Facilities Inventory and Report on Maintaining and Improving Existing Inventory of Infrastructure and Community Facilities

Directs the Oregon Business Development Department (OBDD) to conduct an updated inventory of infrastructure and community facilities to document the short- and long-term funding needs in communities for priority infrastructure projects related to the production of new housing units, including but not limited to drinking water, wastewater, and stormwater infrastructure.

Specifies the purpose of the inventory is to determine funding levels for existing state agency funding programs and assist in potential prioritization of funding requests.

Directs OBDD to prepare a report that includes a list of actions and resources necessary to maintain and improve upon the existing inventory of infrastructure and community facilities and recommendations to the legislature as to how the updated inventory could be used at the state level to prioritize water-related infrastructure funding requests in an equitable manner over time.

Directs OBDD to submit inventory and report to the legislature by September 15, 2025.

Directs OBDD to consult with individuals and entities with relevant knowledge and representing diverse regions and perspectives when preparing the inventory and report, such as federally recognized Indian tribes in Oregon; state agencies; regional solutions teams; and organizations representing cities, counties, special districts, economic development districts.

Requires OBDD to consider compatibility and opportunities to coordinate with other efforts to collect or make accessible water-related data for preparing the report due to the legislature, including but not limited to the Oregon Water Data Portal under development by the Department of Environmental Quality and the Oregon Water Map Viewer developed and maintained by the Water Resources Department and the Institute for Natural Resources.

Permits OBDD to fund a staff position, contract with qualified entities or enter into an intergovernmental agreement to conduct the updated inventory and prepare the legislative report.

Report on Process of Updating and Maintaining Inventories

Directs OBDD to prepare a report which:

- Describes existing regional and statewide processes to update and maintain inventories of investment-ready community drinking water, wastewater, and stormwater infrastructure projects, both built and natural, including a description of efforts to prioritize needs and requests and the prioritization criteria used.
- Provides an overview of existing state agency programs that provide grant and loan funding for planning and implementation of community drinking water, wastewater and stormwater infrastructure projects including:
 - amount of funding available since 2013 in each program and noting where a lack of data about available funding exists,
 - the unmet demand for each program,
 - eligibility and prioritization criteria for each program, and
 - coordination activities between agencies to increase accessibility and navigability of funding opportunities.
- Describes federal funding opportunities and requirements that affect infrastructure expenses and affordability.
- Describes current processes by which individual funding requests for community drinking water, wastewater and stormwater infrastructure projects are considered by the legislature, the amount of funding awarded through these processes since 2013 and how these processes interact with the inventories, state agency funding programs, and federal funding opportunities.
- Provides a high-level overview of previously documented barriers faced by communities in accessing and managing available state and federal funding opportunities.
- Provides a high-level overview of how funding sources for infrastructure projects may affect the affordability of community drinking water, wastewater, and stormwater services for ratepayers in Oregon.
- Provides examples of at least two processes used in this state to inventory and prioritize funding needs and requests for other types of infrastructure, including an overview of documented benefits or drawbacks of the process used.
- Provides examples of at least three processes used in other states to inventory and prioritize funding needs and requests for drinking water, wastewater, and stormwater infrastructure as well as novel approaches to fund projects, with an emphasis on innovative funding mechanisms and best practices to improve coordination, navigability, and accessibility of funding opportunities.

Directs OBDD to consult with individuals and entities having relevant knowledge and representing diverse regions and perspectives to prepare the report on maintaining inventories, such as:

- entities that provide drinking water, wastewater or stormwater management services to communities;
- state agencies with programs that provide grants or loans for drinking water, wastewater and stormwater infrastructure;
- organizations with experience in providing technical assistance to water and wastewater utilities;
- organizations with experience in rate assistance or support for low-income drinking water, wastewater, or stormwater ratepayers; and
- organizations representing cities, counties, special districts, economic development districts.

Directs OBDD to consider the findings of the Report Pursuant to House Bill 2010 (2023): Approaches and Funding for Low-Income Water Ratepayer Assistance and Household Infrastructure in Oregon (published on January 11, 2024 by the Legislative Policy and Research Office), and avoid duplication of that report to the extent possible.

Requires OBDD to submit a preliminary version of the report to the legislature by December 30, 2025, and a final report by June 30, 2026.

Requires all state agencies shall assist and advise OBDD upon request in preparing the infrastructure and community facilities inventory, the report on maintaining and improving existing inventory, and the report on

HB 3570 -2 STAFF MEASURE SUMMARY

updating and maintaining inventories.

Appropriates unspecified amount to the Oregon Business Development Department to prepare the infrastructure and community facilities inventory, the report on maintaining and improving existing inventory, and the report on updating and maintaining inventories.

Declares emergency, effective on passage.

Fiscal impact: May have fiscal impact, but no statement yet issued

Revenue impact: May have revenue impact, but no statement yet issued

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-2 The amendment directs the Oregon Business Development Department (OBDD) to develop and update an inventory of infrastructure and community facilities, assigns responsibility to the Legislative Policy and Research Office (LPRO) to prepare a report that describes the funding needs and models for community water infrastructure projects, and directs the Legislative Revenue Office to prepare a report on revenue-raising options to support drinking water, wastewater, and stormwater infrastructure projects.

Detailed Summary:

Directs the Oregon Business Development Department (OBDD) to develop and update an inventory of infrastructure and community facilities that can be used to document the short- and long-term funding needs and inform statewide and regional strategies to invest in priority community infrastructure projects, including but not limited to drinking water, wastewater, stormwater, and transportation needs.

Specifies allowable uses of the inventory are any uses as identified by OBDD and:

- documenting ongoing statewide funding needs for infrastructure and community facilities projects;
- supporting statewide and regional priorities as determined by the Governor's office, including but not limited to infrastructure and community facilities projects associated with maintaining existing housing or producing new housing units;
- informing statewide funding strategies for infrastructure and community facilities projects, including appropriate funding levels for state grant and loan programs;
- connecting communities with and increasing accessibility to available financial and technical assistance to address infrastructure and community facilities projects; or
- informing and educating statewide decision makers on infrastructure and community facilities needs.

Directs OBDD to update the inventory on a recurring basis determined by the department to ensure the inventory serves its purposes.

Directs OBDD to consult with individuals and entities with relevant knowledge and representing diverse regions and perspectives when developing and updating the inventory, such as federally recognized Indian tribes in Oregon; state agencies; regional solutions teams; and organizations representing cities, counties, special districts, economic development districts.

Requires OBDD to consider compatibility and opportunities to coordinate with other related efforts in order to avoid duplication when developing the inventory.

Permits OBDD to contract with qualified entities or enter into an intergovernmental agreement to develop the inventory.

HB 3570 -2 STAFF MEASURE SUMMARY

Directs the Legislative Policy and Research Office (LPRO) to prepare a report that describes the funding needs and models for community water infrastructure projects in Oregon.

Requires that LPRO's report include descriptions of:

- Existing regional and statewide processes used in this state to update and maintain inventories of investment-ready community drinking water, wastewater, and stormwater infrastructure projects, both built and natural, including a description of efforts to prioritize needs and requests and the prioritization criteria used.
- Existing state agency programs that provide grant and loan funding for planning and implementation of community drinking water, wastewater and stormwater infrastructure projects, such as:
 - the amount of funding available since 2013 in each program and noting where a lack of data about available funding exists;
 - the unmet demand for each program;
 - eligibility and prioritization criteria for each program; and
 - coordination activities between agencies to increase accessibility and navigability of funding opportunities.
- Federal funding opportunities and requirements that affect drinking water, wastewater and stormwater infrastructure costs and affordability.
- Current processes by which individual funding requests for community drinking water, wastewater and stormwater infrastructure projects are considered, the amount of funding awarded through these processes since 2013 and how these processes interact with the inventories, state agency funding, and federal funding opportunities.
- Previously documented barriers faced by communities in accessing and managing available state and federal funding opportunities for drinking water, wastewater and stormwater infrastructure and previously documented opportunities to address known barriers.
- A typology of funding sources used to fund community drinking water, wastewater and stormwater infrastructure projects and the effects on water affordability for ratepayers.
- The relative benefits and drawbacks of funding through state grant and loan programs or direct allocations from the Legislative Assembly.
- Examples of at least two processes used in this state to inventory and prioritize funding needs and requests for other types of infrastructure, including an overview of documented benefits or drawbacks of the process used and opportunities to integrate or coordinate with other infrastructure funding processes, including transportation infrastructure funding.
- Examples of at least three processes used in other states to inventory, prioritize and fund drinking water, wastewater and stormwater infrastructure, with a focus on states with successful models.

Directs LPRO to consult with the following entities to prepare the report:

- entities that provide drinking water, wastewater or stormwater management services to communities;
- state agencies with programs that provide grants or loans for
- drinking water, wastewater and stormwater infrastructure;
- organizations with experience in providing technical assistance to water and wastewater utilities;
- organizations with experience in rate assistance or support for low-income drinking water, wastewater, or stormwater ratepayers; and
- organizations representing cities, counties, special districts, economic development districts.

Requires LPRO to consider the findings of the Report Pursuant to House Bill 2010 (2023): Approaches and Funding for Low-Income Water Ratepayer Assistance and Household Infrastructure in Oregon (published on January 11, 2024 by the Legislative Policy and Research Office), and avoid duplication of that report to the extent possible.

HB 3570 -2 STAFF MEASURE SUMMARY

Requires LPRO to submit a preliminary version of the report to the legislature by December 31, 2025, and a final report by December 31, 2026.

Requires all state agencies to assist and advise LPRO upon request in preparing the report.

Requires LPRO to coordinate with the Legislative Revenue Office (LRO) on the report.

Directs LRO, in coordination with LPRO, to prepare a report that documents:

- Potential revenue-raising options to support drinking water, wastewater, and stormwater infrastructure projects in Oregon, including how much revenue each could raise.
- The legal obstacles that stand in the way of enacting each potential revenue source.
- How the state could apportion these funds to entities responsible for constructing, maintaining and upgrading drinking water, wastewater, and stormwater infrastructure.
- For each potential option, when potential revenue options become operative, when funds are collected and when funds would be available for disbursement for infrastructure investments.
- For each potential option, the state agency that is positioned to take the lead on implementing a new revenue source.
- For each potential option, accountability, and good governance mechanisms currently in place to ensure funds are raised and spent appropriately.
- How each revenue source can be leveraged through bonding or debt service to support water infrastructure projects.

Directs LRO to submit a preliminary report by December 31, 2025 and the final report by December 31, 2026 to the legislature.

Requires all state agencies to assist and advise LRO upon request in preparing the report.

Declares an emergency, effective on passage.

BACKGROUND:

[House Bill 2010 \(2023\)](#) directed the Legislative Policy and Research Office (LPRO) to prepare and submit a [report related to policy approaches and funding sources for assisting low-income drinking water, wastewater, and stormwater ratepayers](#), as well as low-income individuals' and households' private drinking water and sewer infrastructure that is in need of repair and replacement. The report draws from information gathered through discussions with state and federal agencies, nonprofit and non-governmental organizations, as well as from a survey of Oregon's Community Action Agencies.