

HB 3364 A STAFF MEASURE SUMMARY

Carrier: Rep. Owens, Rep. Helm

House Committee On Agriculture, Land Use, Natural Resources, and Water

Action Date: 04/07/25

Action: Do pass with amendments. (Printed A-Eng.)

Vote: 9-0-0-0

Yeas: 9 - Boice, Hartman, Helm, Levy B, Marsh, McDonald, McLain, Owens, Scharf

Fiscal: Has minimal fiscal impact

Revenue: No revenue impact

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Meeting Dates: 2/19, 4/7

WHAT THE MEASURE DOES:

The measure makes changes to the Water Conservation, Reuse, and Storage Program and the Water Supply Development Account.

Detailed Summary

Changes to the Water Conservation, Reuse, and Storage Grant Program

- Renames the Water Conservation, Reuse, and Storage Grant Program to **Water Project Feasibility Investment Fund**.
- **Expands eligible project types** by adding aquifer recharge, aquifer storage and recovery, streamflow protection or restoration, and other activities identified by rule by the Water Resources Commission (WRC).
- **Expands eligible grant recipients** by adding individual persons, public bodies, and non-profit organizations.
- **Removes the maximum funding cap** of \$500,000 per study and authorizes WRC to set a **cap on grant funding per project** or adjust the **required cost match** for future project cycles, based on the availability of funds.
- **Reduces the cost match requirement** from 50 percent to 25 percent.
- **Broadens eligible grant expenses** to include preliminary activities necessary for project identification, selection, or feasibility, and adds the following activities as eligible expenses: development of a water management and conservation plan and analyses related to (1) preparation of a seasonally varying flow, including data collection; (2) evaluating the safety and actions to address safety concerns of existing dams; (3) impacts of a project on environmental justice or disproportionately impacted communities and ways to minimize impacts on environmental justice or disproportionately impacted communities.
- Exempts studies that propose an initial screening on multiple potential storage sites based on geographic measures, geology, the presence of threatened, endangered, and sensitive species, water availability and water demand from certain study requirements.
- Requires WRC to by rule establish a process for OWRD to provide direct services and award grants.

Changes to the Water Supply Development Account (WSDA)

- **Expands eligible grant expenses** to include equipment for long-term monitoring of project outcomes including compliance with established seasonally varying flows in connection with newly developed water.
- Authorizes OWRD to also **apply seasonally varying flow conditions to the water right** underlying aquifer storage and recovery, or aquifer recharge permits.
- Requires funding recipients to provide information requested by OWRD to comply with WSDA provisions and directs recipients to enter into a grant or loan agreement.
- **Modifies the timing** of Water Management Conservation Plan compliance to require plan approval prior to the funding decision, rather than prior to submitting an application.
- Requires WSDA loan and grant applications to be filed with OWRD and authorizes OWRD to request specified application materials.

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- Adds **additional criteria as determined by OWRD and OWRC** to project application evaluations.
- Specifies that loan and grant funding decisions are contingent on the availability of award funding.
- **Reduces public comment period** on new funding applications from 60 days to 30 days.
- **Modifies the award process** by requiring the technical review team (TRT) to provide funding recommendations to OWRD who then make funding recommendations to the WRC based on TRT review, applicant comments, and public comments.
- Requires **WRC to periodically review the loan and grant program** to assess to what extent the loan and grant program is achieving desired outcomes and providing public benefits.
- Cleans up language to conform with form and style requirements.

New reporting requirements

Requires OWRD to **evaluate the following funding programs**, identify any improvements needed to better implement the purposes of the funding grant programs, and report to an interim legislative committee and WRC every eight years:

- Place-Based Planning
- Feasibility Investment Fund Grants
- Water Project Grants and Loans
- Well Abandonment, Repair, and Replacement Fund

Effective Date

- Takes effect on the 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Intention of the measure to streamline the funding program
- Importance of the program to focus on public benefit

EFFECT OF AMENDMENT:

The amendment modifies changes made to the Water Conservation, Reuse, and Storage Grant Program and the Water Supply Development Account.

Detailed Summary

Changes to the Water Conservation, Reuse, and Storage Grant Program

- Renames the Water Conservation, Reuse, and Storage Grant Program to Water **Project** Feasibility Investment Fund.
- Authorizes the Oregon Water Resources Commission to set a **cap on grant funding per project** or adjust the **required cost match** for future project cycles, based on the availability of funds.
- **Removes the requirement to align funding prioritization** with the Integrated Water Resources Strategy.
- Adds the following eligible grant expenses associated with preliminary project activities:
 - analyses of potential **social, cultural, or economic** benefits
 - **data collection** in preparation of a seasonally varying flow to eligible grant expenses associated with preliminary project activities.
 - analyses of impacts of a project on environmental justice or **disproportionately impacted communities** and ways to minimize impacts on environmental justice or disproportionately impacted communities.
- **Removes modifications of certain data collection and analysis requirements** for studies concerning certain storage projects.

Changes to the Water Supply Development Account (WSDA)

- Removes the replacement of all content requirements of WSDA loan and grant applications and instead changes OWRD directive to request specified application materials to a permissive authorization to request such materials.
- Restores the **existing scoring and ranking system** for applications and adds a preference for certain target outcomes.

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- Adds **additional criteria as determined by OWRD and OWRC** to project application evaluations.

Changes to new reporting requirements

- Requires OWRD to **submit the first report** no later than eight years after the measure's effective date.

Changes to the effective date

- Takes effect on the 91st day following adjournment sine die.

BACKGROUND:

The Water Conservation, Reuse, and Storage Grant Program (commonly known as Feasibility Study Grants) was established through [Senate Bill 1069](#) (2008). Grants provide funding to cover eligible expenses for studies that assess the feasibility of water conservation, reuse, and storage projects. These grants support local governments, Indian Tribes, and individuals in determining whether pursuing a project is viable. Grants are available annually, with applications typically due in the spring. Recipients must match 50 percent of the total feasibility study cost, with a maximum funding of \$500,000.

The **Water Supply Development Account** was established in 2013 through [Senate Bill 839](#) to provide grants and loans for water projects that have economic, environmental, and social or cultural benefits.