

House Bill 2726

Sponsored by Representative HUDSON (Pre-session filed.)

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**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: The Act would let lottery bonds be sold to fund flood safety projects on certain parts of the Columbia. (Flesch Readability Score: 62.8).

Authorizes the issuance of lottery bonds to fund Columbia corridor flood safety projects in Multnomah County.

A BILL FOR AN ACT

Relating to the Columbia corridor flood safety project.

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

SECTION 1. As used in sections 1 to 5 of this 2025 Act, "Columbia corridor flood safety project" means a project to upgrade aging flood safety infrastructure along the Columbia Slough and lower Columbia River in Multnomah County, including, but not limited to:

(1) Upgrading levees;

(2) Improving flood walls, pumps, pump stations, pipes and drains and conveyance; and

(3) Floodplain restoration and resilience.

SECTION 2. (1) For the biennium beginning July 1, 2025, at the request of the Oregon Business Development Department, the State Treasurer is authorized to issue lottery bonds pursuant to ORS 286A.560 to 286A.585 in an amount that produces not more than \$20 million in net proceeds for the purposes described in subsection (2) of this section, plus an additional amount estimated by the State Treasurer to be necessary to pay bond-related costs.

(2) Net proceeds of lottery bonds issued under this section shall be transferred to the Columbia Corridor Flood Safety Fund, established under section 5 of this 2025 Act, to be used in accordance with section 4 of this 2025 Act.

(3) The Legislative Assembly finds that the use of lottery bond proceeds will create jobs, further economic development, finance public education or restore and protect parks, beaches, watersheds and native fish and wildlife, and is authorized based on the following findings:

(a) Completion of the Columbia corridor flood safety project will improve flood safety and environmental resilience and maintain federal accreditation of the flood safety system, maintaining the Columbia corridor as the state's largest business and industrial district.

(b) The issuance of lottery bonds will support federal and local funding for the project.

(c) The investments made possible by sections 1 to 5 of this 2025 Act will support the operations and prosperity of businesses, as well as protecting critical infrastructure and facilities of economic importance to the entire state, such as Portland International Airport and residential areas.

(4) Lottery bonds authorized under this section may not be issued after June 30, 2037.

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 **SECTION 3. (1) For the biennium beginning July 1, 2027, at the request of the Oregon**
 2 **Business Development Department, the State Treasurer is authorized to issue lottery bonds**
 3 **pursuant to ORS 286A.560 to 286A.585 in an amount that produces not more than \$25 million**
 4 **in net proceeds for the purposes described in subsection (2) of this section, plus an additional**
 5 **amount estimated by the State Treasurer to be necessary to pay bond-related costs.**

6 **(2) Net proceeds of lottery bonds issued under this section shall be transferred to the**
 7 **Columbia Corridor Flood Safety Fund, established under section 5 of this 2025 Act, to be used**
 8 **in accordance with section 4 of this 2025 Act.**

9 **(3) The Legislative Assembly finds that the use of lottery bond proceeds will create jobs,**
 10 **further economic development, finance public education or restore and protect parks,**
 11 **beaches, watersheds and native fish and wildlife, and is authorized based on the following**
 12 **findings:**

13 **(a) Completion of the Columbia corridor flood safety project will improve flood safety and**
 14 **environmental resilience and maintain federal accreditation of the flood safety system,**
 15 **maintaining the Columbia corridor as the state’s largest business and industrial district.**

16 **(b) The issuance of lottery bonds will support federal and local funding for the project.**

17 **(c) The investments made possible by sections 1 to 5 of this 2025 Act will support the**
 18 **operations and prosperity of businesses, as well as protecting critical infrastructure and fa-**
 19 **ilities of economic importance to the entire state, such as Portland International Airport**
 20 **and residential areas.**

21 **(4) Lottery bonds authorized under this section may not be issued after June 30, 2037.**

22 **SECTION 4. (1) The Oregon Business Development Department shall develop and imple-**
 23 **ment a grant program under which the department shall award grants to the urban flood**
 24 **safety and water quality district for payment of the expenses of the Columbia corridor flood**
 25 **safety project.**

26 **(2)(a) The department shall prescribe a process for the district to propose, and the de-**
 27 **partment to approve or reject, incremental stages of the project. A proposal must include a**
 28 **budget document of the forecasted expenditures for the stage of the project to which the**
 29 **proposal relates.**

30 **(b) The department may not approve any proposal if the project expenses would exceed**
 31 **the amount of lottery bond proceeds available for disbursement as of the effective date of**
 32 **the respective grant agreement for that stage.**

33 **(3) Once a stage of the project is approved, the department and the district shall enter**
 34 **into a grant agreement for that stage, including the amount of project expenses for which**
 35 **bond proceeds shall be disbursed.**

36 **(4)(a) The grant agreements between the department and the district shall:**

37 **(A) Establish triggers for the incremental distribution of bond proceeds based on nego-**
 38 **tiated measures of progress in completion of the stage of the project that are consistent with**
 39 **prudent financial practices reflecting fiduciary stewardship of public resources.**

40 **(B) Require the district to:**

41 **(i) Return grant moneys received and reimburse the State of Oregon for expenditures**
 42 **made pursuant to sections 1 to 5 of this 2025 Act if the Director of the Oregon Business**
 43 **Development Department determines that the stage of the project is not substantially com-**
 44 **pleted by July 1, 2037; or**

45 **(ii) Provide evidence satisfactory to the director that the district has obtained a letter**

1 of credit, entered into a surety bond agreement, or provided other similar financial assur-
2 ance, to guarantee the return of grant moneys and reimbursement for expenditures required
3 under this subparagraph.

4 (b) Paragraph (a)(B)(i) of this subsection does not apply if the stage of the project is not
5 substantially completed:

6 (A) Due to an act of God; or

7 (B) Because the State of Oregon failed to distribute one or more of the increments of
8 bond proceeds under section 2 or 3 of this 2025 Act.

9 (c) Paragraph (b)(B) of this subsection does not apply if the district failed to:

10 (A) Take action to trigger the incremental distribution of the bond proceeds; or

11 (B) Meet permitting standards required to complete the stage of the project to which the
12 incremental distribution relates.

13 (5) Prior to the distribution of grant moneys, the district shall provide an updated budget
14 document including the forecasted expenditures for the stage of the project to which the
15 grant agreement relates and verify and certify to the director that the district will receive
16 the approvals and permits, or has reasonable assurance of obtaining the approvals and per-
17 mits, required under ORS 196.600 to 196.921 and all permits required at the local, state and
18 federal levels for the stage of the project to which the agreement relates.

19 (6) Upon execution of the grant agreement, the department shall request the State
20 Treasurer to issue bond proceeds in accordance with section 2 or 3 of this 2025 Act.

21 (7) The department shall disburse the grant moneys to the district pursuant to the
22 agreement as soon as the bond proceeds are deposited in the Columbia Corridor Flood Safety
23 Fund established under section 5 of this 2025 Act.

24 (8) The State of Oregon and its agencies and departments are not liable to any lenders,
25 vendors or contractors with which the district has entered into an agreement for any stage
26 of the project for any action or omission under sections 1 to 5 of this 2025 Act.

27 (9) By receipt of any part of net proceeds of lottery bonds issued in accordance with
28 sections 2 and 3 of this 2025 Act, the district agrees to indemnify the state to the fullest
29 extent permitted by law for liability the state incurs in connection with any borrowing by the
30 district for any stage of the project.

31 **SECTION 5.** (1) The Columbia Corridor Flood Safety Fund is established separate and
32 distinct from the General Fund. Interest earned by the Columbia Corridor Flood Safety Fund
33 shall be credited to the fund. The moneys in the fund are continuously appropriated to the
34 Oregon Business Development Department for the purposes described in subsection (2) of
35 this section.

36 (2) The fund shall consist of moneys transferred to the fund under sections 3 and 4 of this
37 2025 Act and interest earnings on moneys in the fund.

38 (3) Moneys in the fund are available to the department for disbursement to the urban
39 flood safety and water quality district for the Columbia corridor flood safety project to pay
40 for:

41 (a) Project costs;

42 (b) The nonfederal cost share, or the nonprivate cost share, of expenses of the project
43 up to the amounts specified in sections 2 and 3 of this 2025 Act; and

44 (c) Bond-related costs.