

Enrolled Senate Bill 830

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with pre-session filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Governor Tina Kotek for Department of Environmental Quality)

CHAPTER

AN ACT

Relating to on-site septic systems; amending ORS 454.777 and 454.779; and prescribing an effective date.

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

SECTION 1. ORS 454.777 is amended to read:

454.777. The Legislative Assembly declares it to be the policy of this state to assist the people of this state in protecting public health and safety and the quality of the waters of this state by making [*grants*] **financial assistance** available for [*the development of low-interest loan programs for*] the repair, replacement, upgrade or evaluation of residential or small business on-site septic systems. The Legislative Assembly also declares it to be the policy of this state to support the availability of affordable loans to assist residents to remain in their homes and thereby promote long-term home ownership and sustainable housing opportunities.

SECTION 2. ORS 454.779 is amended to read:

454.779. (1) As used in this section and ORS 454.777:

(a) "Available sewer" means an existing public sewer system that a residence or small business is capable of being connected to:

- (A) In compliance with state and local law; and
- (B) Without a significant extension of the public sewer system.

(b) [*"Loan program"*] **"Financial assistance program"** means a program to provide grants, loans or other assistance that is funded by a program grant awarded under this section.

(c)(A) "On-site septic system" means a subsurface on-site sewage treatment and disposal system, including, but not limited to, alternative sewage disposal systems, nonwater-carried sewage disposal facilities and subsurface sewage disposal systems as those terms are defined in ORS 454.605.

(B) "On-site septic system" does not include any system that is designed to treat and dispose of industrial waste.

(d)(A) **"Residence" or "residential" means single-unit or multiple-unit housing, whether occupied by the owner or a tenant.**

(B) **"Residence" or "residential" does not include property used to provide short-term lodging.**

[(d)] (e) "Small business" means a corporation, partnership, sole proprietorship or other legal entity formed for the purpose of making a profit and that generates less than 3,500 gallons of wastewater per day.

(2) The Department of Environmental Quality shall award **program** grants for the purpose of developing and administering [*loan*] **financial assistance** programs [*to provide low-interest loans*] for the purposes described in subsection (3)(b) of this section. The Environmental Quality Commission may adopt rules necessary to implement the provisions of this section.

(3) The department may not disburse **program** grant funds under this section unless the department and the intended **program** grant award recipient first enter into a grant agreement. The grant agreement must:

(a) Provide that a lender that participates in a [*loan*] **financial assistance** program must agree to subordinate the lender's lien to the borrower's consensual mortgage lien.

(b) Require that [*loans*] **financial assistance** provided to **property owners** [*borrowers under a loan program*] must be used for at least one of the following purposes to address a public health and safety risk or to otherwise protect or maintain water quality in the waters of this state:

(A) To repair a damaged, malfunctioning or inoperable residential or small business on-site septic system.

(B) To replace a damaged, malfunctioning or inoperable residential or small business on-site septic system with:

(i) A new, used or reconditioned functional residential or small business on-site septic system;

(ii) A new, used or reconditioned functional cluster on-site septic system; or

(iii) A connection to an available sewer, and to properly decommission and discontinue use of the on-site septic system.

(C) To upgrade a residential or small business on-site septic system with a newer or more advanced on-site septic system. An upgrade may include alterations if the work is part of a repair or if the on-site septic system being upgraded is more than 25 years old.

(D) To replace the waste disposal well or sewage drill hole of an otherwise functional residential or small business on-site septic system.

(E) To conduct a regional evaluation of community, residential or small business on-site septic systems to determine whether repair or replacement is necessary.

(c) Require that, if a residence or small business with a damaged, malfunctioning or inoperable on-site septic system is located within the territory of an available sewer, and is required to connect to the available sewer, [*a loan*] **financial assistance** provided [*under a loan program*] to address the damaged, malfunctioning or inoperable on-site septic system must be used to install a connection to the available sewer and to properly decommission and discontinue use of the on-site septic system.

(d) Require that a loan provided under a [*loan*] **financial assistance** program must be in an amount that covers 100 percent of the costs associated with the purposes under paragraph (b) of this subsection for which the loan is provided, unless the borrower requests and consents to a loan that covers a lower percentage of the costs.

(e) Require that a **program** grant award recipient must provide a mechanism for ensuring compliance with any locally required operation and maintenance of an on-site septic system for which [*a loan*] **financial assistance** is provided [*under a loan program*].

(f) Require that a **program** grant award recipient use accounting, auditing and fiscal procedures that conform to generally accepted government accounting standards.

(4) In selecting **program** grant award recipients under this section, the department shall give preference to applicants that:

(a) [*Prioritize, but do not limit themselves to, providing loans to*] **Provide financial assistance to** low and moderate income **households, residential housing providers** and small business [*applicants*] **property owners** that are unable to obtain traditional financing;

(b) Can demonstrate prior success in offering, underwriting, servicing and managing loans, **or providing other financial assistance**, to:

(A) Members of low and moderate income populations;

(B) Persons with a range of credit qualifications; and

(C) Residential and commercial [*borrowers*] **property owners**; and

(c) Plan to engage additional stakeholders in outreach and marketing efforts for a [loan] financial assistance program.

SECTION 3. This 2025 Act takes effect on the 91st day after the date on which the 2025 regular session of the Eighty-third Legislative Assembly adjourns sine die.

Passed by Senate March 6, 2025

.....
Obadiah Rutledge, Secretary of Senate

.....
Rob Wagner, President of Senate

Passed by House May 20, 2025

.....
Julie Fahey, Speaker of House

Received by Governor:

.....M.,....., 2025

Approved:

.....M.,....., 2025

.....
Tina Kotek, Governor

Filed in Office of Secretary of State:

.....M.,....., 2025

.....
Tobias Read, Secretary of State