

Senate Bill 830

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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: This Act changes laws for the on-site septic system loan program to allow for grants and to expand who qualifies for help. (Flesch Readability Score: 65.2).

Modifies provisions of the on-site septic system loan program to allow for grants. Expands eligibility for the program.

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

A BILL FOR AN ACT

1
2 Relating to on-site septic systems; amending ORS 454.777 and 454.779; and prescribing an effective
3 date.

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

5 **SECTION 1.** ORS 454.777 is amended to read:

6 454.777. The Legislative Assembly declares it to be the policy of this state to assist the people
7 of this state in protecting public health and safety and the quality of the waters of this state by
8 making [*grants*] **financial assistance** available for [*the development of low-interest loan programs*
9 *for*] the repair, replacement, upgrade or evaluation of residential or small business on-site septic
10 systems. The Legislative Assembly also declares it to be the policy of this state to support the
11 availability of affordable loans to assist residents to remain in their homes and thereby promote
12 long-term home ownership and sustainable housing opportunities.

13 **SECTION 2.** ORS 454.779 is amended to read:

14 454.779. (1) As used in this section and ORS 454.777:

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

17 (A) In compliance with state and local law; and

18 (B) Without a significant extension of the public sewer system.

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

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

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

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

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

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 **lodging.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8 (A) Members of low and moderate income populations;

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

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

11 (c) Plan to engage additional stakeholders in outreach and marketing efforts for a [*loan*] **finan-**
12 **cial assistance** program.

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