

HB 3654-2  
(LC 4183)  
6/2/25 (ASD/ps)

Requested by Representative DIEHL

**PROPOSED AMENDMENTS TO  
HOUSE BILL 3654**

1 In line 2 of the printed bill, after the semicolon insert “creating new  
2 provisions; amending ORS 184.742, 285B.420, 285B.421, 367.082, 367.093,  
3 541.561 and 541.666;”.

4 Delete lines 4 through 25 and insert:

5 **“SECTION 1.** ORS 184.742 is amended to read:

6 “184.742. (1) The Oregon Transportation Commission may provide match-  
7 ing grants under this section for safety improvement projects near schools.

8 “(2) To qualify for a matching grant an applicant shall:

9 “(a) Demonstrate that a project fits within the applicable plan developed  
10 pursuant to ORS 195.115;

11 “(b) Provide a cash match [*of at least 40 percent of the project’s costs*] **in**  
12 **an amount determined under subsection (3) of this section;** and

13 “(c) Provide any other information required by the commission.

14 **“(3)(a) Except as provided in paragraphs (b) and (c) of this sub-**  
15 **section, an applicant shall provide a cash match of at least 40 percent**  
16 **of the project’s total costs.**

17 **“(b) Incorporated cities with a population not greater than 20,000**  
18 **shall provide cash matches on the following terms, based on popu-**  
19 **lation according to the most recent federal decennial census:**

20 **“(A) An incorporated city with a population not greater than 5,000**  
21 **may be required to provide a cash match of not greater than:**

1       “(i) Three percent of project costs of \$100,000 or less.

2       “(ii) Five percent of project costs greater than \$100,000.

3       “(B) An incorporated city with a population greater than 5,000 but  
4 not greater than 7,500 may be required to provide a cash match of not  
5 greater than seven percent of the project’s costs.

6       “(C) An incorporated city with a population greater than 7,500 but  
7 not greater than 10,000 may be required to provide a cash match of  
8 not greater than nine percent of the project’s costs.

9       “(D) An incorporated city with a population greater than 10,000 but  
10 not greater than 20,000 may be required to provide a cash match of  
11 not greater than 12 percent of the project’s costs.

12       “(c) [*Notwithstanding subsection (2) of this section, by rule,*] The commis-  
13 sion may reduce the amount [*the*] an applicant must provide for a cash  
14 match.

15       “(d) Notwithstanding any other provision of law restricting the use  
16 of the grant award moneys, incorporated cities with a population not  
17 greater than 20,000 may use grant moneys awarded for capital con-  
18 struction or municipal infrastructure for all phases of a funded project  
19 in addition to construction, including, but not limited to, engineering,  
20 planning and support.

21       “(4) The commission shall prioritize the expenditure of funds as author-  
22 ized under this section for projects that are located within a two-mile radius  
23 of a school that serves students in prekindergarten, kindergarten or grades  
24 1 through 12, or any combination of those grade levels.

25       “(5) The matching grants shall be used to reduce barriers and hazards to  
26 children walking or bicycling to and from school, including but not limited  
27 to safety improvement projects that:

28       “(a) Improve sidewalks;

29       “(b) Reduce vehicle speeds;

30       “(c) Improve pedestrian and bicycle crossings; or

1 “(d) Create or improve bicycle lanes.

2 “(6) The commission may adopt rules specifying the application process  
3 and the selection criteria that will be used in awarding matching grants.

4 **“SECTION 2.** ORS 367.082 is amended to read:

5 “367.082. (1) Except as provided in subsection (2) of this section, the De-  
6 partment of Transportation may provide, from moneys in the Connect Oregon  
7 Fund established under ORS 367.080, grants for transportation projects to  
8 public bodies, as defined in ORS 174.109, and to private entities.

9 “(2) Grants may not be made from the Connect Oregon Fund for trans-  
10 portation projects that could constitutionally be funded by revenues de-  
11 scribed in Article IX, section 3a, of the Oregon Constitution.

12 “(3) The Department of Transportation shall adopt rules specifying the  
13 process by which a public body or private entity may apply for a grant under  
14 this section and prescribing the terms and conditions of grants.

15 **“(4) Except as provided in subsection (5) of this section,** an applicant  
16 receiving a grant must provide the following **match** amounts:

17 “(a) For public bodies and private entities, other than Class I railroads,  
18 30 percent of the moneys required for the transportation project.

19 “(b) For Class I railroads, 50 percent of the moneys required for the  
20 transportation project.

21 **“(5)(a) Match amounts for grants for transportation projects**  
22 **awarded to incorporated cities with a population not greater than**  
23 **20,000 shall be offered as follows, based on population according to the**  
24 **most recent federal decennial census:**

25 **“(A) Incorporated cities with a population not greater than 5,000**  
26 **may be required to provide match amounts of not greater than:**

27 **“(i) Three percent of the moneys required for a transportation**  
28 **project having a project cost of \$100,000 or less.**

29 **“(ii) Five percent of the moneys required for a transportation**  
30 **project having a project cost greater than \$100,000.**

1       **“(B) Incorporated cities with a population greater than 5,000 but not**  
2 **greater than 7,500 may be required to provide match amounts not**  
3 **greater than seven percent of the moneys required for the transpor-**  
4 **tation project.**

5       **“(C) Incorporated cities with a population greater than 7,500 but not**  
6 **greater than 10,000 may be required to provide match amounts not**  
7 **greater than nine percent of the moneys required for the transporta-**  
8 **tion project.**

9       **“(D) Incorporated cities with a population greater than 10,000 but**  
10 **not greater than 20,000 may be required to provide match amounts not**  
11 **greater than 12 percent of the moneys required for the transportation**  
12 **project.**

13       **“(b) Notwithstanding any other provision of law restricting the use**  
14 **of the grant award moneys, incorporated cities with a population not**  
15 **greater than 20,000 may use grant moneys awarded for capital con-**  
16 **struction or municipal infrastructure for all phases of a funded project**  
17 **in addition to construction, including, but not limited to, engineering,**  
18 **planning and support.**

19       **“SECTION 3. ORS 367.093 is amended to read:**

20       **“367.093. (1) The Department of Transportation shall establish the Multi-**  
21 **modal Active Transportation Program. The department may provide, from**  
22 **moneys in the Multimodal Active Transportation Fund established under**  
23 **ORS 367.091, grants for transportation projects to public bodies and to pri-**  
24 **vate entities.**

25       **“(2) The department shall adopt rules specifying the process by which a**  
26 **public body or private entity may apply for a grant under this section and**  
27 **prescribing the terms and conditions of grants.**

28       **“(3) Except as provided in subsection (4) of this section, an applicant**  
29 **receiving a grant must provide 30 percent of the moneys required for the**  
30 **transportation project.**

1       “(4)(a) Match amounts for grants for transportation projects  
2 awarded to incorporated cities with a population not greater than  
3 20,000 shall be offered as follows, based on population according to the  
4 most recent federal decennial census:

5       “(A) Incorporated cities with a population not greater than 5,000  
6 may be required to provide match amounts of not greater than:

7       “(i) Three percent of the moneys required for a transportation  
8 project having a project cost of \$100,000 or less.

9       “(ii) Five percent of the moneys required for a transportation  
10 project having a project cost greater than \$100,000.

11       “(B) Incorporated cities with a population greater than 5,000 but not  
12 greater than 7,500 may be required to provide match amounts not  
13 greater than seven percent of the moneys required for the transpor-  
14 tation project.

15       “(C) Incorporated cities with a population greater than 7,500 but not  
16 greater than 10,000 may be required to provide match amounts not  
17 greater than nine percent of the moneys required for the transporta-  
18 tion project.

19       “(D) Incorporated cities with a population greater than 10,000 but  
20 not greater than 20,000 may be required to provide match amounts not  
21 greater than 12 percent of the moneys required for the transportation  
22 project.

23       “(b) Notwithstanding any other provision of law restricting the use  
24 of the grant award moneys, incorporated cities with a population not  
25 greater than 20,000 may use grant moneys awarded for capital con-  
26 struction or municipal infrastructure for all phases of a funded project  
27 in addition to construction, including, but not limited to, engineering,  
28 planning and support.

29       “[(3)] (5) The Oregon Transportation Commission shall select transporta-  
30 tion projects to be funded with moneys in the Multimodal Active Transpor-

1 tation Fund. Before selecting bicycle and pedestrian transportation projects,  
2 the commission shall solicit recommendations from the advisory committee  
3 created by ORS 366.112.

4 **“SECTION 4.** ORS 285B.420 is amended to read:

5 “285B.420. (1)(a) The Oregon Infrastructure Finance Authority may pro-  
6 vide financial assistance in the form of loans or grants for a levee project  
7 to:

8 “[*(a)*] (A) [*Drainage districts organized under ORS chapter 547*] **Munici-**  
9 **palities;**

10 “[*(b)*] (B) Corporations or companies for drainage or flood control organ-  
11 ized under ORS chapter 554; and

12 “[*(c)*] (C) For-profit or nonprofit entities and individuals engaged in the  
13 ownership, construction, inspection, accreditation, certification or repair of  
14 levees.

15 **“(b) Grants awarded under this section shall be paid from available**  
16 **moneys in the Levee Project Grant Fund established under ORS**  
17 **285B.421.**

18 “(2) To qualify for financial assistance under this section, the [*district*]  
19 **municipality**, corporation, company, entity or individual must demonstrate,  
20 and the authority must find, that the levee project substantially contributes  
21 to the improvement, expansion or repair of the state’s or a municipality’s  
22 infrastructure system and is essential for the use or development of farm,  
23 industrial or commercial land in Oregon.

24 **“(3) Grant awards for planning projects are limited to a maximum**  
25 **of \$2 million per applicant per biennium.**

26 **“(4) Except as provided in subsection (5) of this section, a grant**  
27 **may not be awarded unless the applicant pledges matching funds to**  
28 **the project of at least 20 percent of the amount of the grant award.**

29 **“(5)(a) For projects to protect cities with a population not greater**  
30 **than 5,000, applicants may be required to provide matching funds of**

1 not greater than:

2 “(A) Three percent of the amount of a grant award of \$100,000 or  
3 less.

4 “(B) Five percent of the amount of a grant award greater than  
5 \$100,000.

6 “(b) For projects to protect cities with a population greater than  
7 5,000 but not greater than 7,500, applicants may be required to provide  
8 matching funds of not greater than seven percent of the amount of the  
9 grant award.

10 “(c) For projects to protect cities with a population greater than  
11 7,500 but not greater than 10,000, applicants may be required to provide  
12 matching funds of not greater than nine percent of the amount of the  
13 grant award.

14 “(d) For projects to protect cities with a population greater than  
15 10,000 but not greater than 20,000, applicants may be required to pro-  
16 vide matching funds of not greater than 12 percent of the amount of  
17 the grant award.

18 “(e) Population shall be determined according to the most recent  
19 federal decennial census.

20 “(f) Notwithstanding any other provision of law restricting the use  
21 of the grant award moneys, municipalities with a population not  
22 greater than 20,000 may use grant moneys awarded for capital con-  
23 struction or municipal infrastructure for all phases of a funded project  
24 in addition to construction, including, but not limited to, engineering,  
25 planning and support.

26 “(6) At least 60 percent of the dollar value of grants awarded under  
27 this section for any biennium shall be used to provide assistance with  
28 levee projects to rural or distressed areas as those terms are defined  
29 in ORS 285A.010.

30 “[3)] (7) Levee projects that receive financial assistance under this sec-

tion are subject to the provisions and requirements of ORS 285B.410 to 285B.482, if applicable.

**“SECTION 5.** ORS 285B.421 is amended to read:

“285B.421. (1) The Levee Project Grant Fund is established in the State Treasury, separate and distinct from the General Fund. Interest earned by the Levee Project Grant Fund must be credited to the fund. The Levee Project Grant Fund consists of moneys deposited in the fund under section 33, chapter 671, Oregon Laws 2019, and may include moneys appropriated, allocated, deposited or transferred to the fund by the Legislative Assembly or otherwise and interest earned on moneys in the fund.

“(2) Moneys in the fund are continuously appropriated to the Oregon Business Development Department for the Oregon Infrastructure Finance Authority to provide grants under ORS 285B.420 for levee projects [*as defined in ORS 285B.410*].

“[(3) Grants from the fund for planning projects are limited to a maximum of \$2 million per applicant per biennium.]

“[(4) Grants from the fund for construction or capital improvement projects may not exceed an amount equal to 80 percent of the total cost of the project.]

“[(5) A grant may not be awarded from the fund unless the applicant pledges matching funds to the project of at least 20 percent of the amount of the grant.]

“[(6) At least 60 percent of the dollar value of grants awarded from the fund in any biennium shall be used to provide assistance with levee projects to rural or distressed areas as those terms are defined in ORS 285A.010.]

**“SECTION 6.** ORS 285B.421 is added to and made a part of ORS 285B.410 to 285B.482.

**“SECTION 7.** (1) Match requirements for grants for projects described in ORS 390.135 (2)(c) to incorporated cities with a population not greater than 20,000 shall be offered on the following terms, based on population according to the most recent federal decennial census:



1       “(a) Incorporated cities with a population not greater than 5,000  
2 may be required to provide matching funds of not greater than:

3       “(A) Three percent of a total project cost of \$100,000 or less.

4       “(B) Five percent of a total project cost greater than \$100,000.

5       “(b) Incorporated cities with a population greater than 5,000 but not  
6 greater than 7,500 may be required to provide matching funds of not  
7 greater than seven percent of the total project cost.

8       “(c) Incorporated cities with a population greater than 7,500 but not  
9 greater than 10,000 may be required to provide matching funds of not  
10 greater than nine percent of the total project cost.

11       “(d) Incorporated cities with a population greater than 10,000 but  
12 not greater than 20,000 may be required to provide matching funds of  
13 not greater than 12 percent of the total project cost.

14       “(2) Notwithstanding any other provision of law restricting the use  
15 of the grant award moneys, incorporated cities with a population not  
16 greater than 20,000 may use grant moneys awarded for capital con-  
17 struction or municipal infrastructure for all phases of a funded project  
18 in addition to construction, including, but not limited to, engineering,  
19 planning and support.

20       “SECTION 8. ORS 541.561 is amended to read:

21       “541.561. (1)(a) The Water Resources Department shall establish a grant  
22 program to pay the qualifying costs of planning studies performed to evalu-  
23 ate the feasibility of developing a water conservation, reuse or storage  
24 project, as described in ORS 541.566.

25       “(b) A grant under this section may be made to:

26       “(A) A local government as defined in ORS 174.116;[, to]

27       “(B) A federally recognized Indian tribe in Oregon that has members re-  
28 siding on a reservation or tribal trust lands in Oregon; or [to]

29       “(C) A person.

30       “(2) In lieu of grants, the department may pay the cost of providing direct

1 services, including but not limited to technical planning services, for a  
2 planning study that is eligible for a grant under this section.

3 “(3)(a) A grant or the cost of direct services provided under this section  
4 may not exceed \$500,000 per project.

5 “(b) **Except as provided in subsection (4) of this section,** a grant or  
6 payment for direct services may be provided only if the amount of the grant  
7 or the cost of the direct services is matched by funding from another source  
8 that is not less than a dollar-for-dollar match of the amount or cost.

9 “(4) **Matching funds for grants or payments for direct services un-**  
10 **der this section awarded to incorporated cities with a population not**  
11 **greater than 20,000 shall be offered as follows, based on population**  
12 **according to the most recent federal decennial census:**

13 “(a) **Incorporated cities with a population not greater than 5,000**  
14 **may be required to provide matching funds in an amount not greater**  
15 **than:**

16 “(A) **Three percent of a grant or the cost of direct services awarded**  
17 **in an amount of \$100,000 or less.**

18 “(B) **Five percent of a grant or the cost of direct services awarded**  
19 **in an amount greater than \$100,000.**

20 “(b) **Incorporated cities with a population greater than 5,000 but not**  
21 **greater than 7,500 may be required to provide matching funds in an**  
22 **amount not greater than seven percent of the amount of the grant or**  
23 **the cost of direct services awarded.**

24 “(c) **Incorporated cities with a population greater than 7,500 but not**  
25 **greater than 10,000 may be required to provide matching funds in an**  
26 **amount not greater than nine percent of the amount of the grant or**  
27 **the cost of direct services awarded.**

28 “(d) **Incorporated cities with a population greater than 10,000 but**  
29 **not greater than 20,000 may be required to provide matching funds in**  
30 **an amount not greater than 12 percent of the amount of the grant or**

1 **the cost of direct services awarded.**

2 “[4] (5) Grants and the cost of direct services provided under this sec-  
3 tion must be paid for from moneys available in the Water Conservation,  
4 Reuse and Storage Investment Fund.

5 “[5)(a)] (6)(a) In evaluating above ground storage projects for awards of  
6 grants or payments for direct services under this section, the department  
7 shall give priority to projects that include provisions for using stored water  
8 to augment in-stream flows to conserve, maintain and enhance aquatic life,  
9 fish life or other ecological values.

10 “(b) In evaluating all other eligible projects, the department shall give  
11 priority to projects identified by the department in a statewide water as-  
12 sessment and inventory for the award of grants or provision of payment for  
13 direct services under this section.

14 **“SECTION 9.** ORS 541.666 is amended to read:

15 “541.666. (1) Applications for a loan or grant from the Water Supply De-  
16 velopment Account must be in a form prescribed by the Water Resources  
17 Department [and].

18 **“(2) An application** must include the following:

19 “[1] (a) A description of the need, purpose and nature of the project,  
20 including what the applicant intends to complete and how the applicant in-  
21 tends to proceed.

22 “[2] (b) Sufficient information to allow evaluation of the application  
23 based upon the public benefit scoring and ranking of the project.

24 “[3] (c) Current contact information for the principal contact, fiscal of-  
25 ficer and involved landowners.

26 “[4] (d) For applications involving physical changes or monitoring on  
27 private land, evidence that landowners are aware of and agree to the pro-  
28 posal and are aware that monitoring information is a public record.

29 “[5] (e) The location of the proposed project, using public land survey  
30 reference points, latitude and longitude, county, watershed, river and stream

1 mile, if appropriate.

2 “[6] (f) An itemized budget for the project, including fiscal and admin-  
3 istrative costs.

4 “[7] (g) A description of funds, services or materials available to the  
5 project.

6 “[8] (h) A project schedule, including beginning and completion dates.

7 “[9] (i) Any conditions that may affect the completion of the project.

8 “[10] (j) A completed feasibility analysis if appropriate.

9 “[11] (k) Suggestions for interim and long-term project performance  
10 benchmarks.

11 “[12] (L) If the application is for a grant, demonstrated in-kind and cash  
12 cost match *[of not less than 25 percent of the amount of the grant sought from*  
13 *the account]* **in an amount determined under subsection (3) of this sec-**  
14 **tion.**

15 “[13] (m) If the application is for a loan, evidence demonstrating ability  
16 to repay the loan and provide collateral.

17 “[14] (n) Letters of support for the proposed project.

18 “[15] (o) If required by the department, a description of consultations  
19 with affected Indian tribes regarding the project.

20 “[16] (p) Any other information required by the department.

21 **“(3)(a) Except as provided in paragraph (b) of this subsection, an**  
22 **application for a grant must include an in-kind and cash cost match**  
23 **of not less than 25 percent of the amount of the grant sought from the**  
24 **account.**

25 **“(b) A cost match for grants sought by incorporated cities with a**  
26 **population not greater than 20,000 shall be required as follows, based**  
27 **on population according to the most recent federal decennial census:**

28 **“(A) Incorporated cities with a population not greater than 5,000**  
29 **may be required to provide a cost match in an amount not greater**  
30 **than:**

1       “(i) Three percent of the amount of a grant sought for \$100,000 or  
2 less.

3       “(ii) Five percent of the amount of a grant sought for more than  
4 \$100,000.

5       “(B) Incorporated cities with a population greater than 5,000 but not  
6 greater than 7,500 may be required to provide a cost match in an  
7 amount not greater than seven percent of the amount of the grant  
8 sought.

9       “(C) Incorporated cities with a population greater than 7,500 but not  
10 greater than 10,000 may be required to provide a cost match in an  
11 amount not greater than nine percent of the amount of the grant  
12 sought.

13       “(D) Incorporated cities with a population greater than 10,000 but  
14 not greater than 20,000 may be required to provide a cost match in an  
15 amount not greater than 12 percent of the amount of the grant sought.

16       “(c) Notwithstanding any other provision of law restricting the use  
17 of the grant award moneys, incorporated cities with a population not  
18 greater than 20,000 may use grant moneys awarded for capital con-  
19 struction or municipal infrastructure for all phases of a funded project  
20 in addition to construction, including, but not limited to, engineering,  
21 planning and support.

22       “SECTION 10. This 2025 Act takes effect on the 91st day after the  
23 date on which the 2025 regular session of the Eighty-third Legislative  
24 Assembly adjourns sine die.”.