



HB 2018 – City of Madras Project Description Change

The Oregon Business Development Department (Department) has no position on HB 2018. The Department does believe some additional context can help clarify what we feel was a mischaracterization of the Department’s work and statutory authority during the hearing.

HB 2018 relates to a project authorized under [Section 9 of SB 1530](#). SB 1530 made 44 direct legislative appropriations with a total cost \$88.8M in General Funds. The appropriations were primarily for water, wastewater, and stormwater infrastructure projects tied to specific new housing, but there were also appropriations for housing rehabilitation and a veterans housing development. To date, 35 contracts have been fully executed and seven projects have requested and received disbursement of just under \$3.1M total. We estimate that at least 31 projects will not be complete by June 30th and will need carryforward of funds into the 2025-27 biennium.

The project description language in SB 1530 was created by the legislature and varies by project, many are described as “water, sewer and stormwater infrastructure” or similar. None of the SB 1530 project descriptions include streets. The project in question was described more narrowly than some; “\$1,425,000 to the City of Madras for *stormwater infrastructure* for The Heights at Yarrow Apartments and Belmont Lane Apartments.”

In our administration of SB 1530, like all direct appropriations, the Department is limited to only funding the specific project as described in the statute. For the Madras project, the legislature did not include water or sanitary sewer in the project description, and as a result the Department must limit Madras’ allowed costs to “stormwater infrastructure” as described in the authorizing language. The Department reads the statutory language in context, and in the case of these appropriations it is clear the legislature could have included water and sanitary sewer, as it did in other appropriations, but chose not to. We were not involved in the creation of the SB 1530 project descriptions, but we understand there was a determination by the legislature to not include transportation projects. Whether to include transportation improvements in these projects is a decision for the legislature, and we have told the Legislative Fiscal Office (LFO) we can administer either way. (Please note, we do allow street repairs where replacement of a water line requires removing the pavement or similar.)

Since the passage of SB 1530 the Department has worked to get recipients under contract and projects underway. We are currently aware of eight cities, including Madras, where the project description in the bill does not line up with what the city is now trying to accomplish. We have been working very closely with LFO, the League of Oregon Cities, and recipients (including Madras) on getting revised project description language for the early session budget reconciliation bill. Our hope is to get these issues corrected early in session, in time for the summer construction season.

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