

SB 1585-1  
(LC 133)  
2/9/26 (VSR/DJ/ps)

Requested by Senator MANNING JR

**PROPOSED AMENDMENTS TO  
SENATE BILL 1585**

1       On page 1 of the printed bill, line 2, after “cities;” 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 27 and delete page 2 and insert:

5       **“SECTION 1. (1) Matching grants for capital construction and mu-**  
6 **nicipal infrastructure funded by the State of Oregon, not including**  
7 **federal funds, to incorporated cities with a population not greater than**  
8 **20,000 must be offered on the following terms, based on population**  
9 **according to the most recent federal decennial census:**

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

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

14      **“(B) Five percent of the amount of a grant award greater than**  
15 **\$100,000.**

16      **“(b) Incorporated cities with a population greater than 5,000 but not**  
17 **greater than 7,500 may be required to provide matching funds of not**  
18 **greater than seven percent of the amount of the grant award.**

19      **“(c) Incorporated cities with a population greater than 7,500 but not**  
20 **greater than 10,000 may be required to provide matching funds of not**  
21 **greater than nine percent of the amount of the grant award.**

1       “(d) Incorporated cities with a population greater than 10,000 but  
2 not greater than 20,000 may be required to provide matching funds of  
3 not greater than 12 percent of the amount of the grant award.

4       “(2) Incorporated cities with a population not greater than 20,000  
5 may use grant moneys described in subsection (1) of this section for  
6 all phases of a funded project in addition to construction, including,  
7 but not limited to, engineering, planning and support.

8       “**SECTION 2.** Section 1 of this 2026 Act applies to matching grants  
9 awarded to incorporated cities on or after the effective date of this 2026  
10 Act.

11       “**SECTION 3.** ORS 184.742 is amended to read:

12       “184.742. (1) The Oregon Transportation Commission may provide matching grants under this section for safety improvement projects near schools.

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

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

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

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

20       “(3)(a) Except as provided in paragraphs (b) and (c) of this subsection, an applicant shall provide a cash match of at least 40 percent  
21 of the project's total costs.

23       “(b) Incorporated cities with a population not greater than 20,000  
24 shall provide cash matches on the following terms, based on population according to the most recent federal decennial census:

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

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

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

30       “(B) An incorporated city with a population greater than 5,000 but

1   **not greater than 7,500 may be required to provide a cash match of not**  
2   **greater than seven percent of the project's costs.**

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

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

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

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

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

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

25    “(a) Improve sidewalks;

26    “(b) Reduce vehicle speeds;

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

28    “(d) Create or improve bicycle lanes.

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

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

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

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

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

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

14       “(a) For public bodies and private entities, other than Class I railroads,  
15 30 percent of the moneys required for the transportation project.

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

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

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

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

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

28       **“(B) Incorporated cities with a population greater than 5,000 but not  
29 greater than 7,500 may be required to provide match amounts not  
30 greater than seven percent of the moneys required for the transpor-**

1 tation project.

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

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

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

16      **“SECTION 5.** ORS 367.093 is amended to read:

17      “367.093. (1) The Department of Transportation shall establish the Multi-  
18 modal Active Transportation Program. The department may provide, from  
19 moneys in the Multimodal Active Transportation Fund established under  
20 ORS 367.091, grants for transportation projects to public bodies and to pri-  
21 vate entities.

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

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

28      **“(4)(a) Match amounts for grants for transportation projects**  
29 **awarded to incorporated cities with a population not greater than**  
30 **20,000 shall be offered as follows, based on population according to the**

1   **most recent federal decennial census:**

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

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

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

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

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

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

20       **“(b) Notwithstanding any other provision of law restricting the use**  
21       **of the grant award moneys, incorporated cities 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       **“[(3)] (5) The Oregon Transportation Commission shall select transporta-**  
27       **tion projects to be funded with moneys in the Multimodal Active Transpor-**  
28       **tation Fund. Before selecting bicycle and pedestrian transportation projects,**  
29       **the commission shall solicit recommendations from the advisory committee**  
30       **created by ORS 366.112.**

1       **“SECTION 6.** ORS 285B.420 is amended to read:

2       “285B.420. (1)(a) The Oregon Infrastructure Finance Authority may pro-  
3 vide financial assistance in the form of loans or grants for a levee project  
4 to:

5       “[(a)] (A) Municipalities;

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

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

11       **“(b) Grants awarded under this section shall be paid from available  
12 moneys in the Levee Project Grant Fund established under ORS  
13 285B.421.**

14       “(2) To qualify for financial assistance under this section, the municipi-  
15 pality, corporation, company, entity or individual must demonstrate, and the  
16 authority must find, that the levee project substantially contributes to the  
17 improvement, expansion or repair of the state’s or a municipality’s  
18 infrastructure system and is essential for the use or development of farm,  
19 industrial or commercial land in Oregon.

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

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

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

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

30       **“(B) Five percent of the amount of a grant award greater than**

1    \$100,000.

2    “(b) For projects to protect cities with a population greater than  
3    5,000 but not greater than 7,500, applicants may be required to provide  
4    matching funds of not greater than seven percent of the amount of the  
5    grant award.

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

10    “(d) For projects to protect cities with a population greater than  
11    10,000 but not greater than 20,000, applicants may be required to pro-  
12    vide matching funds of not greater than 12 percent of the amount of  
13    the grant award.

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

16    “(f) Notwithstanding any other provision of law restricting the use  
17    of the grant award moneys, municipalities 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    “(6) At least 60 percent of the dollar value of grants awarded under  
23    this section for any biennium shall be used to provide assistance with  
24    levee projects to rural or distressed areas as those terms are defined  
25    in ORS 285A.010.

26    “[3] (7) Levee projects that receive financial assistance under this sec-  
27    tion are subject to the provisions and requirements of ORS 285B.410 to  
28    285B.482, if applicable.

29    “**SECTION 7.** ORS 285B.421 is amended to read:

30    “285B.421. (1) The Levee Project Grant Fund is established in the State

1 Treasury, separate and distinct from the General Fund. Interest earned by  
2 the Levee Project Grant Fund must be credited to the fund. The Levee  
3 Project Grant Fund consists of moneys deposited in the fund under section  
4 33, chapter 671, Oregon Laws 2019, and may include moneys appropriated,  
5 allocated, deposited or transferred to the fund by the Legislative Assembly  
6 or otherwise and interest earned on moneys in the fund.

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

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

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

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

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

21       **“SECTION 8. ORS 285B.421 is added to and made a part of ORS**  
22 **285B.410 to 285B.482.**

23       **“SECTION 9. (1) Match requirements for grants for projects de-**  
24 **scribed in ORS 390.135 (2)(c) to incorporated cities with a population**  
25 **not greater than 20,000 shall be offered on the following terms, based**  
26 **on population according to the most recent federal decennial census:**

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

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

30       **“(B) Five percent of a total 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 matching funds of not**  
3 **greater than seven percent of the total project cost.**

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

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

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

16      **“SECTION 10. ORS 541.561 is amended to read:**

17      **“541.561. (1) The Water Resources Department shall establish a grant**  
18 **program to pay the qualifying costs of studies performed to evaluate the**  
19 **feasibility of projects related to:**

20      **“(a) Water conservation.**

21      **“(b) Water reuse.**

22      **“(c) Aquifer recharge.**

23      **“(d) Aquifer storage and recovery.**

24      **“(e) Streamflow protection or restoration.**

25      **“(f) Water storage.**

26      **“(g) Other activities identified by rule by the Water Resources Commis-**  
27 **sion.**

28      **“(2) A grant under this section may be made to:**

29      **“(a) A person, as defined in ORS 536.007.**

30      **“(b) A public body, as defined in ORS 174.109.**

1       “(c) A federally recognized Indian tribe in Oregon that has members re-  
2 siding on a reservation or tribal trust lands in Oregon.

3       “(d) A nonprofit organization.

4       “(3) In lieu of grants, the department may pay the cost of providing direct  
5 services, including but not limited to technical services, for a study that is  
6 eligible for a grant under this section.

7       “(4) **Except as provided in subsection (5) of this section**, a grant may  
8 be provided only if the amount of the grant is matched by an in-kind or cash  
9 cost match of not less than 25 percent of the grant amount. The commission  
10 may establish a maximum per project amount of grant funding that a project  
11 may receive or may increase the cost match for upcoming project cycles  
12 based on the availability of funds.

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

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

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

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

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

28       “(c) **Incorporated cities with a population greater than 7,500 but not  
29 greater than 10,000 may be required to provide matching funds in an  
30 amount not greater than nine percent of the amount of the grant or**

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

2   **“(d) Incorporated cities with a population greater than 10,000 but**  
3   **not greater than 20,000 may be required to provide matching funds in**  
4   **an amount not greater than 12 percent of the amount of the grant or**  
5   **the cost of direct services awarded.**

6   **“[(5)] (6) Grants and the cost of direct services provided under this sec-**  
7   **tion must be paid from moneys available in the Water Project Feasibility**  
8   **Fund.**

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

14   **“SECTION 11. 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:**

17   **“(a) Be in a form prescribed by the Water Resources Department.**

18   **“(b) Include any information required by the department.**

19   **“(c) Be filed with the department.**

20   **“(2) The department may require an application to include the following:**

21   **“(a) A description of the need, purpose and nature of the project, includ-**  
22   **ing what the applicant intends to complete and how the applicant intends**  
23   **to proceed.**

24   **“(b) Sufficient information to allow evaluation of the application based**  
25   **upon the public benefit scoring and ranking of the project.**

26   **“(c) Current contact information for the principal contact, fiscal officer**  
27   **and involved landowners.**

28   **“(d) For applications involving physical changes or monitoring on private**  
29   **land, evidence that landowners are aware of and agree to the proposal and**  
30   **are aware that monitoring information is a public record.**

1       “(e) The location of the proposed project, using public land survey refer-  
2 ence points, latitude and longitude, county, watershed, river and stream mile,  
3 if appropriate.

4       “(f) An itemized budget for the project, including fiscal and administrative  
5 costs.

6       “(g) A description of funds, services or materials available to the project.

7       “(h) A project schedule, including beginning and completion dates.

8       “(i) Any conditions that may affect the completion of the project.

9       “(j) A completed feasibility analysis if appropriate.

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

12       **“(L) Except as provided in subsection (3) of this section**, if the ap-  
13 plication is for a grant, demonstrated in-kind and cash cost match of not less  
14 than 25 percent of the amount of the grant sought from the account.

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

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

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

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

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

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

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

29       **“(ii) Five percent of the amount of a grant sought for more than**  
30 **\$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 a cost match in an**  
3 **amount not greater than seven percent of the amount of the grant**  
4 **sought.**

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

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

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

18       **“SECTION 12. This 2026 Act takes effect on the 91st day after the**  
19 **date on which the 2026 regular session of the Eighty-third Legislative**  
20 **Assembly adjourns sine die.”.**

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