

House Bill 3369

Sponsored by Representatives ROBLAN, BENTZ; Representatives BOONE, BRUUN, CLEM, FREEMAN, GILLIAM, HANNA, HUFFMAN, JENSON, MAURER, OLSON, SCHAUFLE, SPRENGER, THOMPSON, WINGARD, WITT

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**.

Authorizes issuance of lottery bonds to finance grants for water supply projects. Establishes program in Water Resources Department to further economic development by reviewing and approving applications for water supply projects and awarding grants to pay costs of approved projects.

Establishes Agriculture and Community Water Supply Grant Fund. Continuously appropriates moneys in fund to Water Resources Department for grant program.

Declares emergency, effective July 1, 2009.

A BILL FOR AN ACT

1 Relating to water supply management; appropriating money; and declaring an emergency.

2 Whereas Oregon's population is projected to grow by one million people before 2030; and

3 Whereas climate change is expected to alter the timing and form of precipitation in Oregon; and

4 Whereas surface water is almost completely allocated across the state and ground water levels
5 have declined precipitously in several areas; and

6 Whereas it is the policy of the Water Resources Department to address directly the water sup-
7 ply needs of the state and to protect streamflows and watersheds; and

8 Whereas giving the Water Resources Department the authority to make grants to public, private
9 and tribal entities for the purpose of water supply projects can help ensure that a sufficient and
10 sustainable water supply is available to meet the current and future water supply needs of
11 Oregonians; now, therefore,

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

SECTION 1. As used in sections 1 to 4 of this 2009 Act:

13 (1) "Construction" means the construction, improvement, rehabilitation or modification,
14 in whole or in part, of a water supply project, including planning, design development, engi-
15 neering, acquiring necessary permits and contracting for water supply systems.

16 (2) "Water supply project" means an undertaking, in whole or in part, for water supply
17 development or water resource management that employs conservation, reuse or storage
18 techniques to create new water supplies.

19 **SECTION 2. (1) The Water Resources Department shall establish a grant program to pay
20 approved costs for construction of water supply projects.**

21 **(2) The department:**

22 **(a) Shall award grants under sections 1 to 4 of this 2009 Act from moneys available in the
23 Agriculture and Community Water Supply Grant Fund established by section 4 of this 2009
24 Act.**

25 **(b) May award grants under sections 1 to 4 of this 2009 Act to a local government as**
26
27

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 defined in ORS 174.116, to an Indian tribe as defined in ORS 391.802 or to a person.

2 (c) May not award grants to pay for ongoing operations or maintenance expenses.

3 **SECTION 3.** (1) In accordance with rules adopted by the Water Resources Commission:

4 (a) A local government as defined in ORS 174.116, Indian tribe as defined in ORS 391.802
5 or person seeking a grant under sections 1 to 4 of this 2009 Act for a water supply project
6 must submit a completed application in the manner and in a form prescribed by the Water
7 Resources Department, including information and attachments required by the department.

8 (b) The department shall:

9 (A) Review a submitted application for completeness and may reject an incomplete ap-
10 plication or require submission of additional or revised information; and

11 (B) Approve or deny a complete application, subject to the conditions of approval required
12 by subsection (3) of this section.

13 (c) The department shall charge and collect an application fee for deposit in the Agri-
14 culture and Community Water Supply Grant Fund established by section 4 of this 2009 Act.

15 (2) In addition to requirements prescribed by rules of the commission, the applicant shall:

16 (a) Describe the nature and purposes of the proposed water supply project, including the
17 need for the project.

18 (b) Identify and describe the components of the project that are necessary to meet the
19 conditions of approval described in subsection (3) of this section.

20 (c) Provide a feasibility study for the construction, operation and maintenance of the
21 project, including:

22 (A) An estimate of the total cost of the project;

23 (B) An analysis of environmental impacts of the project; and

24 (C) An analysis of the amount of water conservation associated with the project, if any.

25 (d) State whether and what other moneys are available or have been sought for the im-
26 plementation of the project.

27 (e) Demonstrate that the amount of grant moneys requested under sections 1 to 4 of this
28 2009 Act will be matched on a dollar-for-dollar basis with moneys from other sources.

29 (f) Provide letters of support for the project.

30 (3) The department may approve an application for a grant under sections 1 to 4 of this
31 2009 Act for a water supply project after determining that:

32 (a) The project is feasible and represents a reasonable risk from practical and economic
33 standpoints;

34 (b) The plan for the construction, operation and maintenance of the project is satisfac-
35 tory; and

36 (c) If applicable, a new diversion paid for with grant moneys must provide fish screens
37 or other fish passage.

38 (4) The commission shall adopt rules for the implementation of sections 1 to 4 of this 2009
39 Act, including rules that:

40 (a) Provide for public comments before the award of grants.

41 (b) Establish reporting requirements for grants awarded under sections 1 to 4 of this 2009
42 Act.

43 (c) Require the department to commit or reserve moneys in the Agriculture and Com-
44 munity Water Supply Grant Fund established by section 4 of this 2009 Act only after:

45 (A) Finding that there will be sufficient unobligated moneys in the fund to meet previous

1 commitments;

2 (B) Allowing for contingencies; and

3 (C) Providing, in any contract for the commitment of grant moneys that the commitment
4 of the state to make any future payments is contingent on the availability of moneys in the
5 fund.

6 (d) Establish a maximum level of grant funding for a project or, under specified circum-
7 stances, allow the commission to determine the level of grant funding, if any, on a case-by-
8 case basis.

9 (e) Establish standards for making grants from the fund, including using grants as a fi-
10 nancial incentive to encourage investment in an approved projects.

11 **SECTION 4.** (1) The Agriculture and Community Water Supply Grant Fund is established
12 separate and distinct from the General Fund. The moneys in the Agriculture and Community
13 Water Supply Grant Fund and the interest earnings of the fund are continuously appropri-
14 ated to the Water Resources Department for the purposes described in subsection (2) of this
15 section. The fund consists of:

16 (a) Moneys deposited in the fund pursuant to sections 3 and 6 of this 2009 Act for the
17 purpose described in subsection (2) of this section;

18 (b) Other moneys appropriated to the fund by the Legislative Assembly;

19 (c) Moneys made available to the department by the federal government, a state agency,
20 a local government, an Indian tribe or a person for the purposes described in subsection (2)
21 of this section; and

22 (d) Gifts of moneys or other property from any source, given for the purposes described
23 in subsection (2) of this section.

24 (2) Moneys in the fund are available to make grants to pay costs of water supply projects
25 and to pay the administrative costs of the department incurred to implement sections 1 to
26 4 of this 2009 Act.

27 **SECTION 5.** The Legislative Assembly finds that:

28 (1) The financing of water supply projects will create jobs and further economic devel-
29 opment in Oregon, both in the implementation of the projects themselves and by ensuring
30 an adequate water supply for projected population growth and agricultural and business de-
31 velopment necessary to support continued population growth.

32 (2) The factors described in subsection (1) of this section will encourage and promote
33 economic development within this state, and the issuance of lottery bonds to finance water
34 supply projects is therefore an appropriate use of state lottery funds to pay the amounts
35 specified in section 6 of this 2009 Act, under section 4, Article XV of the Oregon Constitution,
36 and under ORS 461.510.

37 **SECTION 6.** (1) For the biennium beginning July 1, 2009, at the request of the Water
38 Resources Director, the State Treasurer is authorized to issue lottery bonds pursuant to
39 ORS 286A.560 to 286A.585 in the amount of \$50 million to finance the costs of water supply
40 projects described in sections 1 to 4 of this 2009 Act, plus an additional amount, to be esti-
41 mated by the State Treasurer, for payment of bond-related costs incurred by the Water Re-
42 sources Department and the State Treasurer.

43 (2) Net proceeds of lottery bonds issued under subsection (1) of this section, in the
44 amount of \$50 million, must be deposited in the Agriculture and Community Water Supply
45 Grant Fund established by section 4 of this 2009 Act.

1 **(3) Bond-related costs incurred by the department and the State Treasurer for the lot-**
2 **tery bonds authorized by this section must be paid from the gross proceeds of the lottery**
3 **bonds and from allocations for the purposes of ORS 286A.576 (1)(c).**

4 **(4) Neither the faith and credit nor any of the taxing power of the state is pledged or**
5 **otherwise committed by this section or section 5 of this 2009 Act, and the commitments of**
6 **the state under this section or section 5 of this 2009 Act do not constitute a debt or liability**
7 **of the state within the meaning of section 7, Article XI of the Oregon Constitution.**

8 **SECTION 7.** **This 2009 Act being necessary for the immediate preservation of the public**
9 **peace, health and safety, an emergency is declared to exist, and this 2009 Act takes effect**
10 **July 1, 2009.**