



February 2, 2012

To: Rep. Dave Hunt, Co-Chair
Rep. Cliff Bentz, Co-Chair
Members of the House Committee
on Transportation & Economic Development

Re: HB 4028 – Relating to Lottery Bonds

Our organizations strongly support the provisions of HB 4028 that allocate \$10 million in lottery funds to the Special Public Works Fund for water and sewer projects and \$10 million in lottery funds for the *ConnectOregon* IV program.

The Special Public Works Fund provides loans to municipalities to cover planning, designing and construction costs. The loans provided by the Special Public Works Fund are often a critical source of financing for municipalities, and local governments throughout the state make use of the fund.

The Special Public Works Fund will be an increasingly important financing option for cities in the future. Federal budget cuts have significantly reduced the amount of grant and loan funding available for water and sewer projects. Plummeting federal support for the Community Development Block Grant (CDBG) program and the Safe Drinking Water Revolving Loan Fund will result in fewer municipalities being awarded grants and loans, and/or smaller amounts being awarded.

Federal allotments for these two programs – CDBG and the Safe Drinking Water Revolving Loan Fund – have decreased by more than 30 percent since 2000, and could decrease further in coming years (see Figures 1 and 2 below). The CDBG provides grant money for a wide variety of uses, including public works projects. The Safe Drinking Water Revolving Loan Fund provides loans for water collection, treatment, distribution and related infrastructure projects.

Funding for another federal loan program – the Clean Water Revolving Loan Program, which provides loans for water pollution control activities – has fluctuated wildly in recent years, but dropped 30 percent between 2010 and 2011.

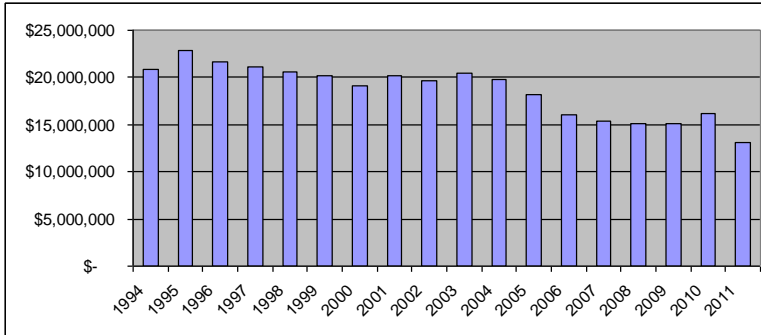
The *ConnectOregon* IV program provides grant and loan funds for marine, air and rail freight mobility projects, and funding for this program would almost immediately put Oregonians to work, while also creating a safer, more efficient and more reliable

transportation network throughout Oregon. Demand for *ConnectOregon* IV funding far exceeds the \$40 million the legislature appropriated in 2011.

For these reasons, we respectfully ask that this committee support increased funding for the Special Public Works Fund and Connect Oregon.

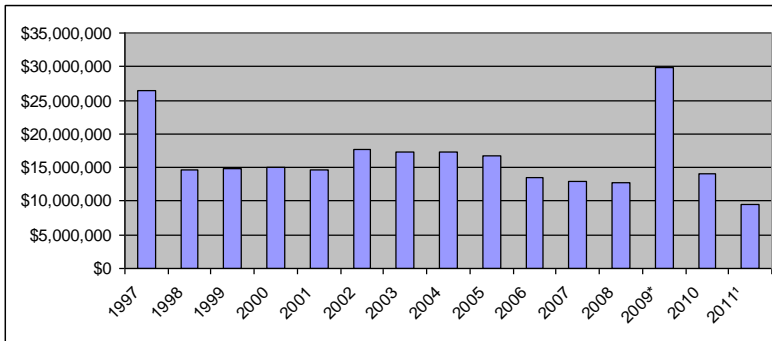
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Figure 1: Oregon Allocation of Federal CDBG Funds



Figures provided by the Oregon Infrastructure Finance Authority and have been adjusted for inflation.

Figure 2: Oregon Allocation of Federal Safe Drinking Water Revolving Loan Fund



Figures provided by the Oregon Infrastructure Finance Authority, and have been adjusted for inflation.

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The Association of Oregon Counties represents all 36 Oregon counties and 120 elected county commissioners and judges, who act on behalf of all citizens of Oregon to promote the efficient and effective delivery of public programs and services.

The League of Oregon Cities is an association of all 242 cities in Oregon. Oregon's cities are home to seventy percent of all Oregonians and eighty percent of the state's jobs and income tax collections.

Oregon Economic Development Association (OEDA) is a statewide non-profit organization working to support economic development professionals who are on Oregon's front line in diversifying and expanding Oregon's economy.