
MEMORANDUM

Legislative Fiscal Office
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To: Natural Resources Subcommittee

From: Paul Siebert, Legislative Fiscal Office
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Date: May 20, 2015

Subject: HB 2451A
Work Session Recommendations

HB 2451A relates to the Water Pollution Control Revolving Fund. The purpose of this fund is to provide low interest loans to local governments for the planning, design and construction of wastewater treatment facilities, implementation of nonpoint source pollution management plans, and the design and implementation of estuary management plans. The current loan repayment period maximum is 20 years for non-treatment plant loans. HB 2451A would increase this to 30 years for all projects, including non-point source projects, which has the effect of lowering individual loan payments. The change also means fewer loans could be made because loans could take up to 10 years longer to repay, lowering the amount of money being revolved in the fund.

The measure, the original staff measure summary, preliminary Joint Committee on Ways and Means staff measure summary, and fiscal impact statement are available on the Oregon Legislative Information System (OLIS).

Measure to Full

LFO recommends the measure be moved to the full Joint Committee on Ways and Means.

Motion #1: Move HB 2451A to the full committee with a “do pass” recommendation.

Assignment of Carriers

Full: _____
2nd Chamber: _____

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2451 A

Seventy-Eighth Oregon Legislative Assembly – 2015 Regular Session
Legislative Fiscal Office

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Prepared by: Tim Walker
Reviewed by: John Borden, Paul Siebert
Date: 02/16/2015

Measure Description:

Allows Department of Environmental Quality to buy or refinance debt obligations of public agencies for all projects otherwise qualified for financial assistance through Water Pollution Control Revolving Fund.

Government Unit(s) Affected:

Department of Environmental Quality (DEQ), Oregon State Treasurer

Analysis:

The proposed legislation has been determined to have
MINIMAL EXPENDITURE IMPACT
on state or local government.

While this individual measure has a “Minimal” fiscal impact, an agency may incur a net fiscal impact greater than minimal depending on the cumulative impact of all measures enacted into law that affect the agency.

PRELIMINARY STAFF MEASURE SUMMARY

Joint Committee On Ways and Means

Fiscal: Has minimal fiscal impact

Revenue: Revenue impact issued

Action Date:

Action:

Meeting Dates:

Prepared By: Paul Siebert, Budget Analyst

WHAT THE MEASURE DOES:

Authorizes Department of Environmental Quality to use money in Water Pollution Control Revolving Fund to buy or refinance debt obligations of public agencies for all projects otherwise eligible for financial assistance through Fund. Extends loan term that may be authorized by Environmental Quality Commission from 20 to 30 years.

ISSUES DISCUSSED:

EFFECT OF COMMITTEE AMENDMENT:

No amendment.

BACKGROUND:

The Oregon Clean Water State Revolving Fund (CWSRF) is established pursuant to ORS 468.423 – 468.440 and the 1987 amendments to the federal Clean Water Act. The purpose of the CWSRF is to provide low interest loans to local governments for the planning, design and construction of wastewater treatment facilities, implementation of nonpoint source pollution management plans, and the design and implementation of estuary management plans. The loan repayment period is a maximum of 20 years, and all repayments, including interest and principal, are credited to the CWSRF. Eligible agencies include federally recognized Indian tribal governments, cities, counties, sanitary districts, soil and water conservation districts, irrigation districts, various special districts and certain intergovernmental entities. Since 1990, the program has loaned \$1 billion to 146 communities.

House Bill 2451A would authorize the Department of Environmental Quality to use the CWSRF to buy or refinance the debt obligations of public agencies for all projects that are eligible for such funding.

A-Engrossed
House Bill 2451

Ordered by the House February 17
Including House Amendments dated February 17

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of Governor John A. Kitzhaber, M.D., for Department of Environmental Quality)

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.

Extends maximum loan term for loans made from Water Pollution Control Revolving Fund to 30 years.

Allows Department of Environmental Quality to buy or refinance debt obligations of public agencies for all projects otherwise qualified for financial assistance through Water Pollution Control Revolving Fund.

A BILL FOR AN ACT

1
2 Relating to Water Pollution Control Revolving Fund; amending ORS 468.429 and 468.440.

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

4 **SECTION 1.** ORS 468.429 is amended to read:

5 468.429. (1) The Department of Environmental Quality shall use the moneys in the Water Pol-
6 lution Control Revolving Fund to provide financial assistance:

7 (a) To public agencies for the construction or replacement of treatment works.

8 (b) For the implementation of a management program established under section 319 of the fed-
9 eral Water Quality Act of 1986 relating to the management of nonpoint sources of pollution.

10 (c) For development and implementation of a conservation and management plan under section
11 320 of the federal Water Quality Act of 1986 relating to the national estuary program.

12 (2) The department may also use the moneys in the Water Pollution Control Revolving Fund for
13 the following purposes:

14 (a) To buy or refinance the [*treatment works*] debt obligations of public agencies **for eligible**
15 **projects as listed under subsection (1) of this section**, if [*such debt*] **the debt obligation** was
16 incurred after March 7, 1985.

17 (b) To guarantee, or purchase insurance for, public agency obligations for treatment works'
18 construction or replacement if the guarantee or insurance would improve credit market access or
19 reduce interest rates, or to provide loans to a public agency for this purpose.

20 (c) To pay the expenses of the department in administering the Water Pollution Control Re-
21 volving Fund, to make transfers to the Water Pollution Control Administration Fund, or to pay other
22 departmental costs including expenses of the program described in ORS 468.433 (2).

23 (3) If amounts are advanced to the Water Pollution Control Revolving Fund from the Pollution
24 Control Fund under ORS 468.220 (1), the department shall transfer from the Water Pollution Control
25 Revolving Fund to the Pollution Control Sinking Fund amounts sufficient to pay the bonds that
26 funded the advance.

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 **SECTION 2.** ORS 468.440 is amended to read:

2 468.440. (1) The Environmental Quality Commission shall establish by rule policies for estab-
3 lishing loan terms and interest rates for loans made from the Water Pollution Control Revolving
4 Fund that ensure that the objectives of ORS 468.423 to 468.440 are met and that adequate funds are
5 maintained in the Water Pollution Control Revolving Fund to meet future needs. In establishing the
6 policy, the commission shall take into consideration at least the following factors:

7 (a) The capability of the project to enhance or protect water quality.

8 (b) The ability of a public agency to repay a loan.

9 (c) Current market rates of interest.

10 (d) The size of the community or district to be served by the treatment works.

11 (e) The type of project financed.

12 (f) The ability of the applicant to borrow elsewhere.

13 (g) Whether advances have been made to the Water Pollution Control Revolving Fund from the
14 Pollution Control Fund that must be repaid to the Pollution Control Sinking Fund.

15 (2) The commission may establish an interest rate ranging from zero to the market rate. The
16 commission may establish the loan term, provided that the loans must be fully amortized not later
17 than [20] **30** years after project completion.

18 (3) The commission shall adopt by rule any procedures or standards necessary to carry out the
19 provisions of ORS 468.423 to 468.440.

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