

STAFF MEASURE SUMMARY**Senate Committee On Environment and Natural Resources****Fiscal:** Fiscal impact issued**Revenue:** No Revenue Impact**Action Date:** 04/15/15**Action:** Do Pass With Amendments. Refer To Ways And Means By Prior Reference
(Printed A-Eng).**Meeting Dates:** 03/11, 04/13, 04/15**Vote:**

Yeas: 4 - Dembrow, Edwards, Olsen, Prozanski

Nays: 1 - Thomsen

Prepared By: Beth Reiley, Committee Administrator**WHAT THE MEASURE DOES:**

Authorizes Environmental Quality Commission (EQC) to adopt rules necessary for Department of Environmental Quality (DEQ) to administer on-site septic system loan program (Loan Program) which prioritizes providing loans to low and moderate income and small business applicants to complete septic system repairs, replacements, or upgrades. Establishes and appropriates \$ ___ to On-site Septic System Loan Fund, from which funds are appropriated to DEQ to pay costs of administering program and provide grants and loans to applicants. Requires that loans provided to applicants must be used for: (1) repairing or replacing damaged on-site septic system or on-site septic system; (2) upgrade existing on-site septic system with newer or more advanced system; or (3) replace or repair waste disposal well or sewage drill hole of otherwise functional system and to conduct survey of system to determine if repair or replacement is necessary. Authorizes DEQ to contract with third party to administer or operate all or any part of Loan Program. Requires report to interim legislative committee related to environmental quality during 2016 and 2017 sessions. Declares emergency, effective upon passage.

ISSUES DISCUSSED:

- Structure of loan and grant program in Washington
- Concern over people losing their homes because of septic system failures
- Water quality issues resulting from failing septic systems

EFFECT OF COMMITTEE AMENDMENT:

Establishes policy of State to offer affordable loans to assist people to remain in their homes and promote long-term homeownership and sustainable housing. Expands on-site septic loan program to small businesses. Limits participation in loan program to lenders that agree to subordinate their liens to borrowers' consensual mortgage liens. Appropriates \$___ to On-Site Septic System Loan Fund. Authorizes funds to be used to provide grants for performing evaluations. Authorizes loans to be used for replacing or repairing waste disposal well or sewage drill hole of otherwise functional system and to conduct survey of system to determine if repair or replacement is necessary. Requires report to interim legislative committee related to environmental quality during 2016 and 2017 sessions.

BACKGROUND:

A septic system is the most common method of sewage treatment for homes and businesses that are not connected to an area-wide sewage system. Over 30 percent of Oregonians rely on septic systems to treat wastewater from their homes and businesses. The Department of Environmental Quality (DEQ) regulates the siting, design, installation and ongoing operation and maintenance of septic systems. Properly functioning septic systems treat sewage to

minimize groundwater and surface water pollution. Septic systems which fail or malfunction can pollute Oregon's land and waterways with raw sewage and create public health hazards.

Senate Bill 246A would create an on-site septic system loan program prioritizing loans to low and middle income and small business applicants to repair, replace or upgrade septic systems.