

SB 812 STAFF MEASURE SUMMARY

Senate Committee On Environment and Natural Resources

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Meeting Dates: 3/6, 3/13

WHAT THE MEASURE DOES:

Specifies that a purpose for which septic system loan funds may be used is to conduct a regional evaluation of community on-site septic system to determine whether repair or replacement is necessary. Requires grant agreement to stipulate that a loan must be used to connect a small business or residence with a damaged, malfunctioning or inoperable system to a sewer if available and the home or business is required to connect. Allows loan for less than 100 percent of costs if borrower requests and consents to a loan that covers a lower percentage of costs. Declares emergency, effective upon passage.

REVENUE: No revenue impact

FISCAL: No fiscal impact

ISSUES DISCUSSED:

- Measure provisions to clarify grant agreement components
- Not all loan recipients want to borrow full amount of system cost
- Loan interest rates not a function of loan amount

EFFECT OF AMENDMENT:

No amendment.

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 treatment system. 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. 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. In 2016, Senate Bill 1563 directed DEQ to award grants for developing and administering a low-interest loan program for the repair, replacement, upgrade or evaluation of residential or small business on-site septic systems. The Act appropriated \$250,000 to DEQ to administer the program and award grants during the the biennium beginning July 1, 2015.

Senate Bill 812 would allow septic system loan funds to be used for a regional evaluation of a community septic system, require that loans be used to connect to an available sewer system, and not require a borrower to borrow the full cost of the septic system repair or replacement.