

**FISCAL IMPACT OF PROPOSED LEGISLATION****Measure: SB 383**79th Oregon Legislative Assembly – 2017 Regular Session  
Legislative Fiscal Office**Only Impacts on Original or Engrossed  
Versions are Considered Official**Prepared by: Kim To  
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Date: 2/1/2017**Measure Description:**

Appropriates moneys from General Fund to Department of Environmental Quality for purposes of awarding grants to develop and administer loan programs to provide low-interest loans for purposes related to on-site septic system repairs, replacements, upgrades and evaluations.

**Government Unit(s) Affected:**

Department of Environmental Quality (DEQ)

**Summary of Expenditure Impact:**

	<b>2017-19 Biennium</b>	<b>2019-21 Biennium</b>
Personal Services	\$6,477	
Services & Supplies	\$193,523	
Special Payments	\$1,300,000	\$0
<b>Total General Fund</b>	<b>\$1,500,000</b>	<b>\$0</b>
Positions	0	
FTE	0.00	

**Analysis:**

Senate Bill 383 appropriates a onetime amount of \$1,500,000 General Fund to the Department of Environmental Quality (DEQ) for the 2017-19 biennium to continue a program established by SB 1563 (2016) that authorized DEQ to award grants for the purpose of developing and implementing a low interest loan program for repairing, replacing, and upgrading onsite septic systems and connecting to sewer systems. SB 383 allows DEQ to use a portion of the funding for administrative costs associated with implementing the bill, but requires at least \$1,300,000 to be distributed as grants.

The 2016 Legislature appropriated \$250,000 General Fund to DEQ to initiate this loan program. DEQ reports that the agency used this funding to contract with a regional nonprofit lender. The lender used this grant to leverage additional private funds. As of December 31, 2016, the lender has received 13 loan applications and committed \$202,033 to approve eight loans for projects in seven counties (Hood River, Jefferson, Deschutes, Lane, Jackson, Lincoln, and Multnomah).

If SB 383 passes, DEQ anticipates using the additional \$1.5 million appropriation to amend the existing agreement with the existing lender to extend this loan program. DEQ will use existing staff to continue the administration of the program. SB 383 authorizes up to \$200,000 to cover administrative costs. DEQ expects to use this amount to cover the costs of processing invoices for reimbursement of eligible expenses, Department of Justice charges related to amending the grant agreement, and contracting with independent auditor to review the program.

Based on the program's experience to date, the \$1.5 million appropriation in this bill is anticipated to support the repair or replacement of approximately 100 onsite septic systems and treatment of 12.4 million gallons of wastewater, with approximately 40 loans going to households earning below 80 percent of the area median income.