

**SB 812 STAFF MEASURE SUMMARY**  
**House Committee On Energy and Environment**

**Carrier:** Rep. Smith DB

---

**Action Date:** 05/08/17  
**Action:** Do Pass.  
**Vote:** 9-0-0-0  
**Yeas:** 9 - Barnhart, Bentz, Helm, Holvey, Johnson, Marsh, Power, Reschke, Smith DB  
**Fiscal:** No fiscal impact  
**Revenue:** No revenue impact  
**Prepared By:** Beth Reiley, LPRO Analyst

---

**WHAT THE MEASURE DOES:**

Specifies that septic system loan funds may be used to conduct a regional evaluation of community on-site septic systems to determine whether repair or replacement is necessary. Requires grant agreement stipulating that funds must be used to connect to sewer and decommission and disconnect from on-site septic system if a sewer is available and the home or business is required to connect. Allows loans for less than 100 percent of costs upon borrower request and consent. Declares emergency, effective upon passage.

**ISSUES DISCUSSED:**

- Legislative history
- Technical fixes to maximize use of funds
- Administration of program
- Average cost of loans that have been provided

**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 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.