



# INFRASTRUCTURE PROGRAMS

LPRO: LEGISLATIVE POLICY AND RESEARCH OFFICE

## BACKGROUND BRIEF

The Oregon Business Development Department, now commonly known as Business Oregon, is the state's economic development agency. Business Oregon operates infrastructure financing programs that are available to local municipalities for water systems, wastewater systems, port development, some roads, and other infrastructure needs related to business growth and community development.

### INFRASTRUCTURE FINANCE AUTHORITY BOARD

The [Infrastructure Finance Authority \(IFA\) Board](#) is a nine-member independent board overseeing much of Business Oregon's infrastructure financing programs. Six board members are appointed by the Governor; one is appointed by the State Treasurer; and two are direct appointments from the state legislature.

The board has designated two subcommittees: the [Annual Action Development Subcommittee](#) and the [Special Public Works Committee](#). The former reviews the Community Development Block Grant method of distribution and program delivery. The latter reviews the Special Public Works Fund and Water/Wastewater Financing Program.

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### INFRASTRUCTURE FINANCE PROGRAMS

Business Oregon assists communities to build infrastructure capacity to address public health safety and compliance issues and support their ability to attract, retain, and expand businesses. [Regional Development Officers](#) serve as the starting point for communities to access the Department's infrastructure services. The Regional Development Officer and Regional Project Manager work directly with communities and their business partners to identify opportunities, address business growth and community development challenges, and manage resulting projects.

Table 1 contains brief descriptions of the infrastructure finance programs offered by Business Oregon. The Department also has [program-specific web pages](#) and a [spreadsheet](#) describing each of these programs, including information on eligible entities, eligible projects, amounts, available grants, interest rates, and loan structures.<sup>1</sup>

<sup>1</sup> Business Oregon. *Infrastructure Programs*. <http://www.orinfrastructure.org/Infrastructure-Programs/>, visited November 6, 2018.

**Table 1: Infrastructure Programs at Business Oregon**

Program	Description
<a href="#">Brownfields Program</a>	<p>A brownfield is a property on which expansion or redevelopment is hindered due to actual or potential environmental contamination. The Brownfields Program assists individuals, nonprofit organizations, and local governments with financing to evaluate, clean up, and redevelop brownfields.</p> <p>Business Oregon manages two brownfields financing funds: the Oregon Brownfields Redevelopment Fund, funded by proceeds from state revenue bond sales; and the Oregon Coalition Brownfields Cleanup Fund, capitalized through a revolving grant from the U.S. Environmental Protection Agency. Both programs are primarily revolving loan programs, although grants can be awarded in certain situations.</p>
<a href="#">Community Development Block Grant Program</a>	<p>The Community Development Block Grant (CDBG) Program provides grants and technical assistance to expand economic opportunities and provide housing or living environments for low- and moderate-income individuals. Non-metropolitan cities and counties in rural Oregon are eligible. Oregon tribes and urban cities receive CDBG funds directly from the federal government. Funding amounts are based on applicant need, availability of funds, and other restrictions defined in the program's guidelines.</p>
<a href="#">Drinking Water Source Protection Fund</a>	<p>The Drinking Water Source Protection Fund (DWSPF) provides financial assistance to drinking water systems to help implement strategies designed to minimize the risk that contaminants might enter the drinking water supply. The DWSPF is jointly administered with the Oregon Health Authority.<sup>2</sup> The maximum loan per project is \$100,000.</p>
<a href="#">Industrial Site Readiness</a>	<p>Two initiatives continue to support industrial site readiness. Oregon's <a href="#">Certified Shovel Ready</a> program verifies that a site is market-ready and able to be developed. Certified sites are then advertised in the global real estate market to support the siting and growth of traded-sector businesses in Oregon.</p> <p>The <a href="#">Regionally Significant Industrial Sites</a> (RSIS) program is a profit-sharing economic development tool that returns half of the income tax revenue attributable to a business locating on certain industrial sites back to the local government sponsors to reimburse the cost of developing site infrastructure. The income tax revenue disbursements to the local government sponsor begin annually the year after a project's employment thresholds are reached. The total disbursement can be up to the full cost of providing the site infrastructure, or half of the cost of providing infrastructure if a loan is issued to the sponsor. Examples of eligible site readiness activities include land acquisition and assembly costs, planning and engineering, environmental</p>

<sup>2</sup> Oregon Health Authority. *Drinking Water Source Water Protection Projects*. <https://www.oregon.gov/oha/ph/HealthyEnvironments/DrinkingWater/SRF/Pages/spf.aspx>, visited November 6, 2018.

Program	Description
	remediation and mitigation, transportation improvements, infrastructure improvements, and site grading. To date, funding has not been available to provide loans under the program.
<a href="#"><u>Marine Navigation and Improvement Fund</u></a>	Under this program, any port incorporated under Oregon statutes <sup>3</sup> may apply for grants or loans to fund either a federally authorized project that needs matching funds or a non-federally approved project that directly supports or accesses an authorized navigation improvement project.
<a href="#"><u>Port Revolving Loan Fund</u></a>	Loans are provided for the construction and/or improvement of facilities and infrastructure that promote the commercial activities of Oregon's ports, maritime shipping, and aviation. Each applicant (any port incorporated under Oregon law) can have no more than \$3 million in loans from the fund at any time. The proposed project must be feasible, a reasonable risk from both practical and economic standpoints, and have all necessary federal, state, and local permits. The applicant must demonstrate need for the project and ability to repay the loan and have adequate financial resources to ensure project success.
<a href="#"><u>Port Planning and Marketing Fund</u></a>	This grant program helps ports fund planning or marketing studies related to expanding their trade and commerce activities in support of Oregon's important industries. Grants are capped at \$50,000 or 75 percent of the total project cost, whichever is less, with a local cash match of 25 percent. Applications are accepted year-round, but half of the available funding is reserved for high-priority projects as defined by the Infrastructure Finance Authority Board.
<a href="#"><u>Safe Drinking Water Revolving Loan Fund</u></a>	<p>The Safe Drinking Water Revolving Loan Fund (SDWRLF) program is a federal-state partnership to help ensure safe drinking water by providing financial support to eligible water systems for the design and construction of infrastructure. The SDWRLF is funded with yearly grants from the U.S. Environmental Protection Agency and is jointly administered with the Oregon Health Authority.<sup>4</sup></p> <p>A funded project must solve an existing or potential health hazard or noncompliance issue under federal and state water quality standards. The program generally provides up to \$6 million per project for 20 years or the useful life of the project. For certain communities or situations, the program offers the possibility of subsidized interest rates and principal forgiveness.</p>
<a href="#"><u>Seismic Rehabilitation Grant Program</u></a>	This program provides competitive grants for the seismic rehabilitation of critical public buildings, particularly public schools and emergency services facilities. The emphasis for emergency services facilities is on first responder buildings. Eligible activities include structural improvements, architecture and engineering, and project

<sup>3</sup> Oregon Revised Statutes, Chapter 777, Ports Generally; and Chapter 778, Port of Portland.

<sup>4</sup> Oregon Health Authority. *Infrastructure Projects*.

<https://www.oregon.gov/oha/PH/HEALTHYENVIRONMENTS/DRINKINGWATER/SRF/Pages/Infrastructure.aspx>, visited November 6, 2018.

Program	Description
	management. The maximum award is currently \$2.5 million per building.
<a href="#"><u>Special Public Works Fund</u></a>	<p>This fund provides loans and grants for publicly owned facilities in Oregon that support economic and community development, such as airport facilities, telecommunications facilities, storm drainage systems, wastewater systems, and water systems. Cities, counties, county service districts, ports, special districts, tribal councils, and airport districts are eligible to apply for funding.</p> <p>Loans for development range from \$100,000 to \$10 million, with loan terms up to 25 years or the useful life of the project, whichever is less. Grants are available for construction projects that create or retain jobs in traded-sector businesses (those that sell their goods and services in markets outside of Oregon).</p> <p>Grants are limited to \$500,000 or 85 percent of the project cost, whichever is less, and are based on a rate of \$5,000 per eligible job created or retained.</p>
<a href="#"><u>Sustainable Infrastructure Planning Projects</u></a>	This program provides up to \$20,000 in forgivable loans for eligible planning activities that promote sustainable water infrastructure. Priority is given to systems that serve fewer than 300 service connections.
<a href="#"><u>Telecommunications</u></a>	<p>Business Oregon helps facilitate the deployment and utilization of telecommunications infrastructure to support innovation, create economic opportunities, and build quality communities throughout Oregon.</p> <p>The <a href="#"><u>Oregon Broadband Advisory Council</u></a> encourages coordination and collaboration to leverage the development and utilization of broadband across the state. The Council reports to the legislature in November of even-numbered years on the affordability and accessibility of broadband technology and its use across the state for various purposes. The Council sunsets on January 1, 2020.</p> <p>In 2018, Business Oregon funded seven broadband planning and infrastructure projects in areas lacking adequate broadband service (less than 25 million bits per second downstream and 3 million bits per second upstream) through the <a href="#"><u>Rural Broadband Capacity Pilot Program</u></a>. The agency received 25 applications for the \$500,000 available through the pilot program.</p>
<a href="#"><u>Water/Wastewater Financing Program</u></a>	This program provides low-cost financing for design and construction of public infrastructure needed to ensure compliance with the Safe Drinking Water Act or Clean Water Act. Cities, counties, county service districts, ports, special districts, tribal councils, and airport districts are eligible to apply. An eligible project must be a capital improvement project or study to resolve an existing or potential health hazard or noncompliance under the federal and state standards that apply to municipally owned utility systems for water, sewer, or storm water.

Program	Description
	Loan and grant amounts are determined by the applicant's financial viability. The maximum loan amount is \$10 million per project, and the term is 25 years or the useful life of the infrastructure financed, whichever is less. The maximum grant award is \$750,000. Technical assistance financing (loans and grants) is also available to municipalities with populations under 15,000.

Source: Legislative Policy and Research Office

Data: Business Oregon and Oregon Health Authority

## RECENT LEGISLATION

House Bill 2091 (2017) allowed the Oregon Universal Service fund to be used to encourage broadband service availability in high-cost rural areas.

House Bill 3213 (2017) required the Oregon Broadband Advisory Council to include the role of broadband technology in local, state, and regional economies and economic development in its biennial report.

Senate Bill 333 (2017) updated the Regionally Significant Industrial Site program. Business Oregon must obtain employment and wage information for eligible employers at a site and determine the annual amount of estimated incremental income tax revenue generated by that eligible employer. Employment thresholds were also changed to a minimum of 25 employees for rural sites, and a minimum of 50 employees for urban sites, whose wages average 150 percent of the county or state average wage, whichever is less. The measure also begins the income tax revenue redistribution to the project sponsor after one tax year of the operation of the traded-sector business instead of the previous five years.

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