

**FISCAL IMPACT OF PROPOSED LEGISLATION**

**Measure: HB 4070**

80th Oregon Legislative Assembly – 2020 Regular Session  
Legislative Fiscal Office

*Only Impacts on Original or Engrossed  
Versions are Considered Official*

Prepared by: Haylee Morse-Miller  
Reviewed by: John Terpening  
Date: February 3, 2020

**Measure Description:**

Appropriates moneys to Department of Environmental Quality to award grant for on-site septic system low-interest loan programs and to cover related administrative costs.

**Government Unit(s) Affected:**

Department of Environmental Quality (DEQ)

**Summary of Fiscal Impact:**

Costs related to the measure may require budgetary action - See analysis.

**Summary of Expenditure Impact:**

Agency -- Fund Type	2021-23 Biennium	2023-25 Biennium
Department of Environmental Quality -- General Fund	\$2,000,000	--

**Analysis:**

HB 4070 appropriates \$2 million General Fund to the Department of Environmental Quality (DEQ). Of these funds, at least \$1.95 million are to be awarded as a grant, and the remainder may be used to cover administrative costs.

SB 1563 (2016) established a loan program to repair, replace, upgrade, or evaluate certain residential or small business on-site septic systems and was funded by a one-time \$250,000 General Fund appropriation included in the measure. In 2017, SB 5518 included a one-time appropriation of \$1.5 million General Fund to DEQ to continue this program, with at least \$1.3 million going to loans, and up to \$200,000 available for program administrative costs. The 2016 and 2017 appropriation were awarded as grants to Craft3, a regional non-profit financial institution that distributes these funds as loans. Loans are used by households and small businesses to upgrade septic systems. DEQ estimates that the funding included in this measure could provide for repair or replacement of approximately 100 onsite septic systems.

SB 884 (2019) provided the necessary statutory changes to allow DEQ to utilize monies in the Clean Water State Revolving Fund for this loan program, which would provide a more reliable and significantly larger amount of money to use for the program than historically one-time General Fund. DEQ is currently in rule-making around this change and is projected to first receive loan applications in early 2021.

Administration of this measure will require ongoing program oversight and invoice processing, as well as Department of Justice charges related to amending an existing agreement with Craft3. Administrative tasks can be absorbed by existing staff.

This measure has a subsequent referral to the Joint Committee on Ways on Means.