

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

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

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**Measure Description:**

Directs Oregon Business Development Department to establish and administer grant program for aquifer recharge due diligence and forgivable loan program for aquifer recharge testing.

**Government Unit(s) Affected:**

Commission on Indian Services, Department of State Lands, Water Resources Department, Department of Environmental Quality, Department of Forestry, Oregon Business Development Department, Special Districts Association of Oregon, Counties, Cities

**Summary of Fiscal Impact:**

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

**Summary of Expenditure Impact:**

Please see written analysis.

**Analysis:** This measure directs the Oregon Business Development Department (OBDD) to establish and administer the Aquifer Recharge Due Diligence Grant Program. Grants may be awarded to perform certain due diligence activities related to aquifer recharge, and aquifer storage and recovery. Grant funded activities must be at least partially in basins or aquifers where waters have been restricted in use and quantity of use as classified by the Water Resources Commission, withdrawn from further groundwater appropriation, or designated as critical. Various public bodies may apply for funding, including municipalities, port districts, tribal governments, cities, and counties.

The measure also directs OBDD to establish and administer an Aquifer Recharge Testing Forgivable Loan Program for certain costs associated with aquifer recharge, storage, and recovery testing. Loan funded activities must be at least partially in basins or aquifers where waters have been restricted in use and quantity of use as classified by the Water Resources Commission, withdrawn from further groundwater appropriation, or designated as critical. Various public bodies may apply for funding, including municipalities, port districts, tribal governments, cities, and counties.

Projects qualifying for loans require a valid limited license to conduct aquifer recharge testing, storage, and recovery testing issued by the Water Resources Department (WRD). Loans may be made in the principal amount equal to 100% of the costs set forth in the application for that license over a period, not to exceed five years, of the limited license issued by the WRD. Loan forgiveness is predicated on the completion of activities for which loans were made and documentation that 100% of the water placed in recharge went into the available waters of the state. The measure also provides a mechanism for OBDD to bring civil action for the repayment of loans where the use of water was determined to be impermissible within stated terms and allows for an interest rate cap to be applied, but that rate is blank. Additionally, there is a blank reference as to which fund the loan principal and interest payments recovered due to the civil action brought by OBDD must be credited to.

The measure allows for the Oregon Business Development Department to develop administrative rules for both the grant program and the forgivable loan program for the administration of the programs. The measure

requires OBDD and recipients of funding under both programs to report annually to the interim committees of Legislative Assembly related to water detailing the use of the funding, the results of recharge testing, and the possible beneficial uses of long-term aquifer recharge activities.

The bill did not include any indication of the total amount or source of funding for the grants, loans, or administration of the program. OBDD indicated that without knowing the level of funding available for the program, it would be difficult to estimate a specific cost for program administration. Additionally, projects supported through the programs established in this bill are not typical, or common, to other grant and loan programs administered by the agency, nor are the mechanics outlined in the bill significantly similar to other grant and loan programs administered by the agency.

However, OBDD identified the need for two positions and associated services and supplies at an estimated cost of \$330,418 in the 2023-25 biennium to stand up the program, develop rules, coordinate legal sufficiency, and conduct program outreach, assuming a grant and loan program no larger than \$25 million. These positions include one limited duration Program Analyst 3 to develop and implement program policies, act as the program lead, administer the program and coordinate the technical review, and one limited duration Accounting Technician to provide operational support focusing on accounting, disbursement, and reporting. There may be significant additional direct and indirect costs associated with the program including, at a minimum, agency administrative support, professional services, state agency coordination, and legal costs associated with civil actions for collections.

This measure is anticipated to have a minimal impact on counties, the Department of Environmental Quality, WRD, and federally recognized Indian Tribes in Oregon. The Department of State Lands, Cities, Oregon Department of Forestry, and Special Districts report no fiscal impact.

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