

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2813 - A

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:

Requires Oregon Watershed Enhancement Board to establish a program to provide grants to water suppliers.

Government Unit(s) Affected:

Oregon Watershed Enhancement Board, Cities, Counties, Special Districts Association of Oregon, Oregon Health Authority, Department of Environmental Quality

Summary of Fiscal Impact:

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

Analysis:

HB 2813 - A directs the Oregon Watershed Enhancement Board (OWEB) to establish a program to provide grants of up to \$3 million to water suppliers to protect, restore, or enhance sources of drinking water. Grants can be used to acquire lands; enter into covenants, easements, or similar agreements; or to repay loans used finance projects that protect, restore, or enhance lands for the benefit of a source of drinking water. Water suppliers may form partnerships with a holder, such as a county, city, or special district, to obtain a grant. OWEB is to specify by rule the requirements for partnerships, grant applications and process, matching funds, grant ranking criteria, and administration of the program. OWEB is to report on the program to the interim committees of the Legislative Assembly related to water no later than April 1 of each even numbered year, with the first report submitted by April 1, 2025.

This measure establishes the Community Drinking Water Enhancement and Protection Fund with moneys in the fund continuously appropriated to OWEB for the purposes of carrying out this measure; and appropriates \$5 million to OWEB for deposit in the fund. The measure takes effect on the 91st day after the Legislature adjourns sine die.

Of the \$5 million General Fund appropriated by this measure, OWEB would use \$4.8 million for grants and the remaining \$249,269 for program administration. This grant program will be administered in the same way as other OWEB grants, with grantees paying initial costs out of pocket before being reimbursed by the agency; grants are likely to be administered under this program towards the end of the 2023-25 biennium. The agency will need Other Funds expenditure limitation for distribution of grant funds, though the amount of Other Funds expenditure limitation necessary is unknown at this time.

Administrative costs include one full-time permanent Natural Resources Specialist 4 position (0.88 FTE in 2023-25, 1.00 FTE in 2025-27) and \$15,753 for position-related Services and Supplies, as well as \$30,000 for additional program costs such a legal services for rulemaking. The agency may not have sufficient management staff for oversight of this grant program; based on the cumulative effect of all bills passed during the 2023 legislative session, OWEB may need to return to the Legislative Emergency Board or a subsequent legislative session if current staffing proves insufficient for administration of all programs approved.

The Legislative Fiscal Office (LFO) notes that it is not clear how many grants could be made given the funding available, and staffing needs could also vary based on factors such as the number of grant applications and grant

award amounts. Grant demand will also drive the amount of Other Funds expenditure limitation required by the agency.

There is no fiscal impact for Oregon Health Authority, cities, counties, or special districts, and minimal impact for the Department of Environmental Quality.