



Oregon

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Testimony for House Bill 5030
Joint Committee on Capital Construction
Senator Fred Girod and Representative Paul Holvey, Co-Chairs
Submitted by: Bryn Hudson, Legislative Coordinator
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Thank you for the opportunity to provide informational testimony in support of House Bill 5030, which makes lottery bond authorizations totaling \$22 million for competitive grant programs for water projects.

Background

Oregon has significant need for investment in water supply solutions to provide water in support of Oregon's economy, environment, communities, and cultures. For example, funding needs are estimated to be in the billions of dollars for built and natural water infrastructure, that is in need of update, replacement, or new construction. Additional federal funds are available through federal initiatives such as the Infrastructure Investment and Jobs Act, American Rescue Plan Act, Public Law 566, and more. But those programs alone will not meet Oregon's needs and often require match funding. With state funds to match federal dollars, Oregon may miss out on federal investments.

House Bill 5030, sections 10 and 11, deposit net proceeds of lottery bonds issued into two funding programs at the Oregon Water Resources Department administer that provide direct investment in water supply solutions and frequently serve as match for federal programs; 1) \$2 million to the Water Conservation, Reuse, and Storage Program, which houses dollars for Feasibility Study Grants, and 2) \$20 million to the Water Supply Development Account, which houses dollars for Water Projects Grants and Loans.

Feasibility Study Grants fund qualifying costs of studies to evaluate the feasibility of developing water conservation, reuse, and storage projects. This competitive funding opportunity helps individuals and communities investigate whether a project is worth pursuing. This early investment helps ensure that implementation funding is dedicated to viable projects that will address instream and/or out-of-stream water needs. Grants are offered on an annual basis and require a 50% cost match of the total cost of the feasibility study, up to \$500,000. Any local government, Indian tribe, or person may apply for funding. Since the first funding cycle in 2009, the Department has funded fort—eight feasibility studies totaling more than \$5.7 million. In recent funding cycles, the annual requests for funding are generally about \$1 million.

Water Project Grants and Loans funds instream and out-of-stream water supply projects that achieve economic, environmental, and social/cultural public benefits. Eligible projects include: conservation, reuse, above-ground storage, below-ground storage, streamflow protection or restoration, water distribution, conveyance or delivery systems, and other water resource development projects that result in economic, environmental, and social/cultural public benefits. Grants require a 25% cost match. Any local government, Indian tribe, or person may apply for funding. Since the first funding cycle in 2016, the Department has funded thirty-seven water

project implementation grants totaling over \$42 million. Funding requests per cycle, vary from year to year but have ranged from \$7 to \$50 million. In April 2023, the Department received 14 grant applications requesting over \$33 million. Grant awards for the 2023 funding cycle are expected in November and will depend on availability of funding. The Department has roughly \$18.9M available to award from previous lottery revenue bond authorizations by the Legislature. Funding cycles are currently offered annually, though that is also dependent on funds being available to award.