Legislative Fiscal Office
83rd Oregon Legislative Assembly
2026 Regular Session

Prepared by:	Haylee Morse-Miller
Reviewed by:	Michelle Deister, April McDonald, Katie Bannikov, Amanda Beitel, Ben Ruef
Date:	February 16, 2026

Bill Title: Relating to matching grants for cities; prescribing an effective date.

Government Unit(s) Affected: Parks and Recreation Department, Capital Project, Water Resources Department, Oregon Business Development Department, Department of Transportation, Cities

Summary of Fiscal Impact: Costs related to the measure are anticipated to be minimal - see explanatory analysis.

Measure Description
This measure requires that certain matching grants for capital construction and municipal infrastructure for incorporated cities with populations of less than 20,000 to be offered on specified terms. Cities of less than 5,000 may not be required to provide a match of more than 3-5%, cities of 5,000 to 7,500 may not be required to provide a match of more than 7%, cities of 7,500 to 10,000 may not be required to provide a match of more than 9%, and cities of 10,000 to 20,000 may not be required to provide a match of more than 12%. Grant moneys for cities with populations of under 20,000 may be used for all phases of a funded project in addition to construction, including engineering, planning, and support.

The measure specifies that these requirements apply to cash matches for project costs for grants made by the Oregon Transportation Commission for safety improvements near schools, and match requirements based on project cost for grants made from the Connect Oregon Fund and Multimodal Active Transportation Fund for transportation projects. These grants otherwise have an existing match requirement of 30-50% of project costs.

The measure also applies to the amount of matching funds pledged as a percent of the grant award, for grants made by the Oregon Business Development Department - Oregon Infrastructure Finance Authority for levee projects. The measure specifies that grants are to be paid from available moneys in the Levee Project Grant Fund. Levee grants otherwise have an existing match requirement of 20% of the grant award amount.

The requirements are applied to the match of total project costs for grants made by the Oregon Parks and Recreation Department (OPRD) for regional or local governments to acquire, or to develop or improve, public parks, natural areas, or outdoor recreation areas. Although not included in the measure, OPRD reports that the current match requirement for the agency's Local Government Grant Program is 20% for populations of under 20,000, which includes cash and/or in-kind contributions.

The grant match amount for smaller cities is also applicable to grants made by the Water Resources Department for studies to evaluate potential water and aquifer projects, and loans or grants from the Water Supply Development Account. The existing grant match requirements are at least 25% of the grant amount, using an in-kind or cash match. Under this measure, for smaller cities, the match requirement is based on the percent of a grant or cost of direct services awarded.

Fiscal Analysis

There is a minimal fiscal impact anticipated as a result of this measure. Grant programs that have the new match requirements for small cities under this measure may see more grant applications from small cities that were previously unable to meet the existing grant match requirements, or who may not have applied to grants as they required grant funding for other project phases beyond construction, such as project planning. Agencies will need to conduct rulemaking and update forms and grant documentation to reflect the new match requirements under this measure, but those costs are anticipated to be minimal.

Since this measure does not increase the amount of funding available for the specified grant programs, a reduction in the match requirements for some grant recipients could mean that there is less grant funding available for grantees, since grants to smaller cities may be made with a higher proportion of state funds. Depending on the grant program, this could impact the amount of grant funding available to individuals, larger cities, counties, special districts, regional governments, nonprofit organizations, or federally recognized Indian tribes.

Relevant Dates

The measure takes effect on the 91st day after sine die.