

Senate Bill 246

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SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Authorizes Environmental Quality Commission to develop low-interest loan program to complete on-site septic system repairs, replacements or upgrades. Authorizes commission to adopt rules for administration of loan program by Department of Environmental Quality.

Establishes On-site Septic System Loan Fund. Continuously appropriates moneys in fund to department for purposes of loan program. Designates sources of fund. Directs department to use moneys in fund to provide loans for repair, replacement or upgrade of on-site septic systems and to pay administrative costs.

Authorizes department to contract with other persons to administer or operate all or any part of loan program.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to on-site septic system financing; and declaring an emergency.

3 **Be It Enacted by the People of the State of Oregon:**

SECTION 1. As used in sections 1 to 5 of this 2015 Act:

4
5 (1)(a) **“On-site septic system” means any existing or proposed subsurface on-site sewage**
6 **treatment and disposal system, including, but not limited to, alternative sewage disposal**
7 **systems, nonwater-carried sewage disposal facilities and subsurface sewage disposal systems**
8 **as those terms are defined in ORS 454.605.**

9 (b) **“On-site septic system” does not include any system that is designed to treat and**
10 **dispose of industrial waste.**

11 (2) **“Person” means a natural person capable of being legally bound, a sole proprietorship,**
12 **a corporation, a partnership, a limited liability company or partnership, a limited partner-**
13 **ship, a for-profit or nonprofit unincorporated association, a business trust, two or more**
14 **persons having a joint or common economic interest, any other person with legal capacity**
15 **to contract or a public body as that term is defined in ORS 174.109.**

16 **SECTION 2. The Legislative Assembly declares it to be the policy of the State of Oregon**
17 **to assist the people of this state in protecting public health and safety and the quality of the**
18 **waters of this state by making loans available for the repair, replacement or upgrade of**
19 **residential on-site septic systems.**

20 **SECTION 3. (1) The Environmental Quality Commission may adopt rules necessary for**
21 **the Department of Environmental Quality to administer an on-site septic system loan pro-**
22 **gram consistent with sections 1 to 5 of this 2015 Act. In adopting rules under this subsection,**
23 **the commission shall develop a low-interest loan program that prioritizes, but is not limited**
24 **to, providing loans to low and moderate income applicants who may not be able to obtain**
25 **traditional financing to complete on-site septic system repairs, replacements or upgrades.**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 (2) The department may:

2 (a) To the maximum extent feasible and consistent with prudent financial controls, con-
 3 tract with any person to administer or operate all or any part of the loan program authorized
 4 under sections 1 to 5 of this 2015 Act; and

5 (b) As part of the loan program, provide grants to carry out programs consistent with
 6 the loan program authorized under sections 1 to 5 of this 2015 Act.

7 **SECTION 4.** (1) The On-site Septic System Loan Fund is established in the State Treas-
 8 ury, separate and distinct from the General Fund. Interest earned by the On-site Septic
 9 System Loan Fund shall be credited to the fund. Moneys in the fund are continuously ap-
 10 propriated to the Department of Environmental Quality to be used for the purposes described
 11 in section 5 of this 2015 Act.

12 (2) The On-site Septic System Loan Fund shall consist of all moneys credited to the fund,
 13 including:

14 (a) Moneys appropriated to the fund by the Legislative Assembly;

15 (b) Any other revenues derived from gifts, grants or bequests pledged to the state for the
 16 purpose of providing financial assistance for on-site septic system repairs, replacements or
 17 upgrades; and

18 (c) Repayment of financial assistance, including interest earnings, provided by moneys
 19 from the fund.

20 (3) The State Treasurer may invest and reinvest moneys in the On-site Septic System
 21 Loan Fund in the manner provided by law. All earnings from the investment and reinvest-
 22 ment shall be credited to the fund.

23 **SECTION 5.** (1) The Department of Environmental Quality shall use the moneys in the
 24 On-site Septic System Loan Fund to:

25 (a) Pay the costs of administering the loan program authorized under sections 1 to 5 of
 26 this 2015 Act, including, but not limited to, costs associated with community outreach, fi-
 27 nancial risk analyses, loan origination and servicing and development of related programs;

28 (b) Provide grants as authorized under section 3 of this 2015 Act; and

29 (c) Provide loans to applicants under the loan program authorized under sections 1 to 5
 30 of this 2015 Act.

31 (2) Loans provided to applicants under the loan program authorized under sections 1 to
 32 5 of this 2015 Act must be used for one of the following purposes:

33 (a) To repair a damaged, malfunctioning or inoperable residential on-site septic system
 34 or an on-site septic system that is otherwise contributing to the pollution of the waters of
 35 this state.

36 (b) To replace a damaged, malfunctioning or inoperable residential on-site septic system
 37 or an on-site septic system that is otherwise contributing to the pollution of the waters of
 38 this state with:

39 (A) A new, used or reconditioned functional residential on-site septic system;

40 (B) A new, used or reconditioned functional cluster on-site septic system; or

41 (C) A connection to sewer services, and to properly decommission and discontinue use
 42 of the on-site septic system.

43 (c) To upgrade an existing residential on-site septic system with a newer or more ad-
 44 vanced on-site septic system that will better protect public health and safety and the quality
 45 of the waters of this state.

1 **(3) In administering the loan program authorized under sections 1 to 5 of this 2015 Act,**
2 **the department shall:**

3 **(a) Seek to maximize the ability for the moneys in the On-site Septic System Loan Fund**
4 **to provide a perpetual source of financing for residential on-site septic system repairs, re-**
5 **placements and upgrades;**

6 **(b) Use accounting, auditing and fiscal procedures that conform to generally accepted**
7 **government accounting standards; and**

8 **(c) Require that any person under contract to the department to administer or operate**
9 **all or any part of the loan program use accounting, auditing and fiscal procedures that con-**
10 **form to generally accepted government accounting standards.**

11 **SECTION 6.** **This 2015 Act being necessary for the immediate preservation of the public**
12 **peace, health and safety, an emergency is declared to exist, and this 2015 Act takes effect**
13 **on its passage.**

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