

Oregon Association of Water Utilities Legislative Update



29th Summer Classic
August 22, 2023 ♦ Seaside, Oregon

OAWU Mission

"Our mission is to provide service, support, and solutions for Oregon water and wastewater utilities to meet the challenges of today and tomorrow."



Oregon's 82nd Legislative Assembly

Full Session Convened on January 17th

- Speaker Dan Rayfield (D – Corvallis) – First term as Speaker.
- President Rob Wagner (D- Lake Oswego) – First term as President.
- House Democrats with 35 members to Republican's 25.
- Senate has 17 Democrats and 12 Republicans 1 Independent.
- 1,861 bills introduced on the first day, 2,970 measures introduced during session. 653 passed both chambers.
- House & Senate Republicans required full reading of bills. Senate Republicans denied a quorum lasting 42 consecutive days.



Overview

- This was the first “in-person” session since March of 2020.
- Over half of the legislative members had not experienced an “in person” session since taking office. Nearly 1/3 of members serving in their first session.
- The Capitol was a construction zone during the entire session.
- First time in four years Democrats did not have super-majorities in both chambers.
- 1/5 of both chambers identify as BIPOC making it the most diverse assembly in state’s history.
- Minority Leader Knopp made it very clear prior to session he didn’t trust Senator Wagner as President and that he lacked the necessary skills to run the chamber in a bi-partisan manner - an ominous warning for things to come.

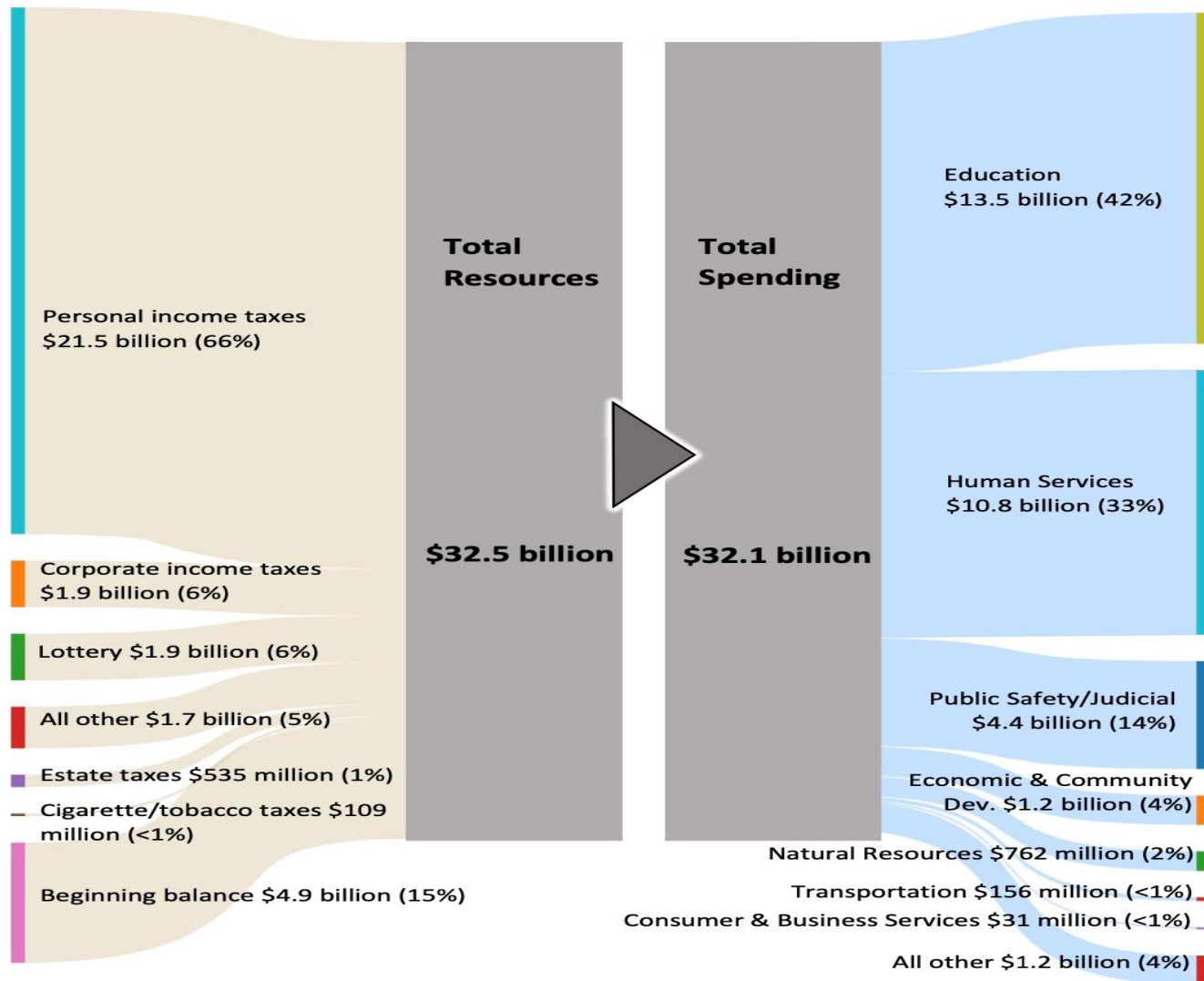
Outside Influences

- There were two ballot measures, as well as a United States Supreme Court decision, that weighed heavily on the session.
- Ballot Measure 113, which passed with 68.3% of the vote was an attempt by organized labor to eliminate Republican walk outs – thereby denying a quorum. The measure sought to prevent these walk outs by disallowing a member from running for office after 10 unexcused absences.
- Ballot Measure 114, which passed 50.6% to 49.4% or less than 25,000 votes placed new restrictions on individuals purchasing firearms in the state as well as limiting the size of magazines that hold ammunition. After passage of BM 114 it was immediately challenged in district and federal courts.
- The United States Supreme Court bucked legal precedent and effectively overturned the Roe v. Wade decision in the Dobbs decision – effectively eliminating a woman's constitutional right to seek an abortion.

Priorities of the 82nd Assembly

- **Balancing State Budget - Job #1** – Going into the session the state faced a \$560 million shortfall in meeting current service levels for the upcoming budget cycle and warned that a mild recession could result in a \$3 billion gap in meeting current service level, despite having more than \$3 billion extra to spend than the previous biennium.
- **Housing** - Three Executive Orders - a housing production goal of 36,000 units a year, 11,000 more than the current production rate, for the next 20 years. The second declared a state of emergency in the parts of Oregon where there had been a 50% increase in homelessness over a period time. And finally, the third ordered all state agencies to prioritize reducing homelessness.
- **Homelessness**
- **Behavioral health**
- **Safe communities**
- **Strong schools**
- **Climate**
- **Public Defender crisis**

2023-25 GENERAL FUND/LOTTERY FUNDS BUDGET



Governor's Proposed Budget - Highlights

- Proposes \$9.9 Billion for K-12 Education and \$13.5 billion overall in education including Community Colleges and the public University System.
- \$130 million in immediate funding to address homelessness.
- Well over a billion for all types of housing related needs like \$770 million on bonds to build more homes affordable to low-income families.
- Substantial investments in behavioral health-programs.
- Significant investments in early childhood education, summer school, and childcare.
- \$200 million from the state's Lottery Funds for as-yet-unspecified incentives for advanced manufacturing, including semiconductors

82nd Legislative Assembly Committees

- Senate Natural Resources & Wildfire Recovery Committee
 - Chaired by Jeff Golden(D-Ashland)
 - Members Include:
 - Senator Fred Girod (R-Stayton)
 - Senator Floyd Prozanski (D-Lane County)
 - Senator David Brock Smith (R-Port Orford)
 - Senator Kathleen Taylor (D-Milwaukie)



82nd Legislative Assembly Continued

- House Water Committee
- Chair Ken Helm (D-Beaverton)
- Members
 - Mark Owens (R - Crane) Vice Chair
 - Annessa Hartman (Oregon City) Vice Chair
 - Court Boyce (R-Curry)
 - Mark Gamba (D-Milwaukie)
 - Bobby Levy (R-Echo)
 - Pam Marsh (D- Ashland)
 - Susan McLain (D- Hillsboro)
 - Anna Scharf (R – Marion)



82nd Legislative Assembly Continued

- Joint Ways & Means Natural Resources Subcommittee
- Co-Chair – Rep. Khan Pham (D-Portland)
- Co-Chair – Sen. Kathleen Taylor (D-Milwaukie)
- Members
 - Sen. Dick Anderson (R-Coos Bay)
 - Sen. Lew Frederick (D-Portland)
 - Rep. Bobby Levy (R-Echo)
 - Rep. Rep. Paul Holvey (D-Eugene)
 - Rep. Emerson Levy (D-Central Oregon)
 - Rep. Mark Owens (R-Harney)

WRD Budget - SB 5043

Total Funds budget of \$190,674,021 million

- \$81.3 million in General Funds – more than \$12.1 more than previous biennium.
- Total FTE is 241 – up 42 positions from the previous biennium.
- Investments made in the following areas:
 - Funding for permanent personnel for IWRS
 - Funding for personnel to support Place-Based Planning
 - \$500 to pay DOJ and Administrative Hearings for progress on the department's protest backlog
 - Funding to coordinate research and technical activities to refine estimates of water availability
 - Money to address complex basins in Klamath, South Central and Eastern Regions

Budget Reconciliation HB 5006

- Christmas Tree bill included funding for water-related programs and projects, including more than \$11.2 million in General Fund grant funding for 10 drinking water, water supply and water quality projects.
- The bill also contained direct appropriations to the Oregon Business Development Department for a variety of water related programs and projects including \$30 million for the Special Public Works Fund
- The bill also provided the Department of Administrative Services direct appropriations including:
 - \$1.6 million for the Oregon Association of Water Utilities to build the Water System Training Center in Independence.

DEQ Water Quality Budget – HB 5018

Total Funds budget of \$716.7 million

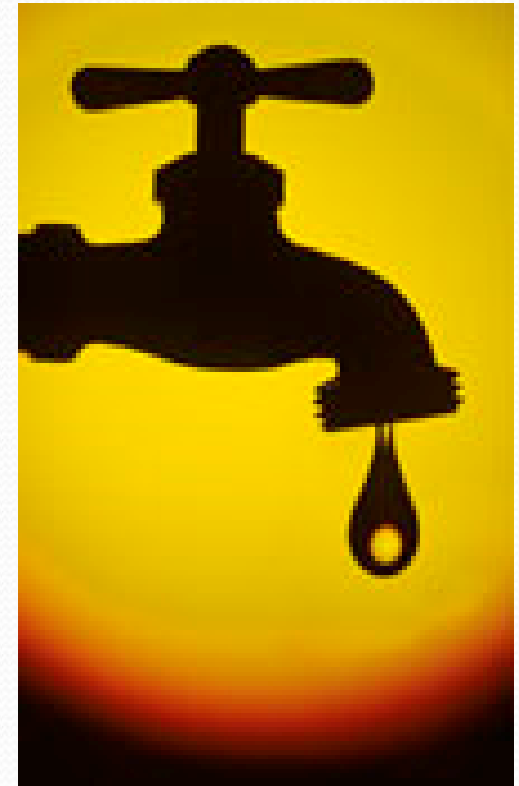
- Total FTE is 848 – up 47 positions from the previous biennium.
- Water Quality Division received \$109,974,878 total funds
 - Total FTE is 249.3
- Investments made in the following areas:
 - Three new positions to provide improved regulatory oversight of onsite septic system permitting programs (small and large) across the state.
 - Three positions to improve DEQ staffing and resource capacity dedicated to protecting drinking water sources, with specific attention to areas experiencing contamination or threats to drinking water supplies.

DEQ Budget Continued

- Provides \$1.2 million General Fund and two limited duration positions to support continued development of the Oregon Water Data Portal.
- Procurement of a commercial off-the-shelf loan portfolio management software to replace the manual system currently used to administer the Clean Water State Revolving Fund.
- Reduction in General Fund services and supplies funding within the WQ Division budget totaling \$735,400.
- One position in the TMDL program was cut and two limited duration positions in the wastewater permitting program were not made permanent.

OHA Drinking Water Program

- HB 5525 – Budget -
 - Drinking Water Program is under the Oregon Health Authority Budget.
 - Investment - Provides \$3,000,000 General Fund and four positions (2.65 FTE) to address water quality issues in the Lower Umatilla Basin, an area of northern Morrow and Umatilla counties. Ground water in the area has been contaminated by nitrates since 1990, due to agricultural practices in the area, and the US Environmental Protection Agency recently ordered the state to mitigate the water quality issues in the area. This includes funding for a position to oversee its overall response, as well as to test domestic wells for contamination, provide point-of-use water treatment systems, and fund response activities by counties and community-based organizations.



Bills of Interest that Passed

Water Quality Measures

- **HB 3231 – Wastewater Reuse** – Contained in the Drought Package
- **SB 546 – Chemicals in Cosmetics**
- **SB 835 – ADUs and Sewage Disposal**
- **SB 931 – Connecting to a Community Sewerage System**
- **HB 2647 – Hazardous Algal Blooms**

Bills of Interest that Passed

Water Measures

- **HB 2010 – Drought Package**
- **HB 2813 – Source Water Protection** - Contained in the Drought Package
- **HB 2929 – Injunctive Relief for the Oregon Water Resources Department**
- **HB 2984 – Conversion of Commercial to Residential Property and SDCs**
- **HB 3097 – In-conduit Hydro**
- **HB 3100 – Integrated Water Resources Strategy** - Contained in the Drought Package
- **HB 3103 – Agricultural Water Management** - Contained in the Drought Package

Bills of Interest that Passed

Water Measures Continued

- **HB 3125 – Low-Income Water Assistance** - Contained in the Drought Package
- **HB 3163 – Place-Based Planning** - Contained in the Drought Package
- **HB 3164 – Split Season Leasing**
- **HB 3195 – Expansion of Eligibility for Clean Water State Revolving Funds**
- **HB 3211 – Newport Dam Location of Storage**
- **HB 3321 – Study of Needs of Small and Very Small Water Systems – OAWU**
- **HB 3575 – Water Supply Development Account – Contained in Drought Package -Funding twice-a-year**
- **SB 455 – Aquifer Storage and Recharge – Contained in Drought Package**
- **SB 718 – Drought and Forfeiture**

2023-2025 Adopted Budget

- The final Legislatively adopted budget amounted to nearly \$31.8 billion General Fund and \$1.6 billion Lottery Funds for a total of \$33.49 billion.
- When considering all funds, this budget was a 3.6% decrease from the previous 2021-2023 legislatively adopted budget. This decrease was primarily attributable to a lower level of Federal Funds expenditures compared to the previous biennium.
- The combined General Fund and Lottery Funds adopted budget for 2023-2025 is up 17.2% from the previous biennium and is a 12.2% increase over the 2023-2025 current service level.

Interim Calendar

2023-2024 INTERIM CALENDAR

REVISED 07/07/23

JULY						
S	M	T	W	T	F	S
						1
2	3	4 (4th of July Obs'd)	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

AUGUST						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30 Revenue Forecast	31		

SEPTEMBER						
S	M	T	W	T	F	S
					1	2
3	4 Labor Day	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27 Leg Day	28 Leg Day	29 Leg Day	30

KEY
Legislative Committee Days
State Holidays
Elections
Revenue Forecast
LC Related Activities
2024 Session

OCTOBER						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

NOVEMBER						
S	M	T	W	T	F	S
			1	2	3	4
5	6 Leg Day	7 General Election	8 Leg Day	9 LC Request	10 Veteran's Day	11
12	13	14	15 Revenue Forecast	16	17	18
19	20	21	22	23 Thanksgiving	24	25
26	27	28	29	30		

DECEMBER						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25 Christmas	26	27	28	29	30
31						

JANUARY						
S	M	T	W	T	F	S
	1 New Years Day	2	3	4	5	6
7	8 LC Return	9	10 Leg Day	11 Leg Day	12 LC Drop	13
14	15 MLK Day	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

FEBRUARY						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7 Revenue Forecast	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29		

MARCH						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12 Filing Day	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

Looking Forward

- Revenue Forecast on August 30th.
- Three sets of “Legislative Days:
 - September 27 - 29
 - November 6 - 8
 - January 10 - 12
- Short 35-day Legislative Session begins February 5th and must end March 10th
- To qualify, constitutional measures for the ballot, gatherers will need to collect approximately 160,551 signatures; statutory measures to qualify for the ballot will need 120,413 signatures. The deadline to turn in those signatures will be July 5, 2024. Nearly 40 petitions have already been filed.

Educate Your Legislators

- Attend “town meetings” and introduce yourself – ask about water legislation.
- Invite your legislators to visit your utility and tour your facilities.
- Don’ t know your legislators? Visit this website, enter your address and look them up.
 - <http://www.leg.state.or.us/findlegsltr/>
- Subscribe to your legislators’ email updates.





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