

House Bill 2174

Ordered printed by the Speaker pursuant to House Rule 12.00A (5). Pre-session filed (at the request of Governor Theodore R. Kulongoski for Economic and Community Development Department)

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**.

Makes certain site preparation and planning costs eligible for payment in economic development projects. Establishes eligibility of essential community facility projects for federal disaster relief funding under certain circumstances. Requires that loan contracts made for funds from Special Public Works Fund be authorized in accordance with local public notice requirements.

A BILL FOR AN ACT

1
2 Relating to economic development; amending ORS 285B.280, 285B.410, 285B.419, 285B.422, 285B.428,
3 285B.438, 285B.443, 285B.452, 285B.455, 285B.467, 285B.581, 348.701, 541.845 and 777.116; and re-
4 pealing ORS 285B.416.

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

6 **SECTION 1.** ORS 285B.280 is amended to read:

7 285B.280. As used in ORS 285B.280 to 285B.286, unless the context requires otherwise,[:]

8 [(1) "*Flexible networks*" means groups of three or more private sector firms working cooperatively
9 to manufacture, sell or market products, develop technologies or create or disseminate information.]

10 [(2) "*High performance manufacturing practices*" means methods for organizing work which
11 devolve greater decision-making responsibility onto front-line workers, including but not limited to em-
12 ployee involvement, total quality control, just-in-time production and other related innovations.]

13 [(3) "*Key industries*" means traded sector industries that make a major contribution to the economy
14 of Oregon, including but not limited to, forest products, agricultural products, high technology, primary
15 and fabricated metals, fisheries, interstate and international tourism, film and video production, graphic
16 communications, biotechnology, software, environmental services, plastics and aerospace.]

17 [(4) "*Network brokers*" means persons who are trained to assist private sector firms to form flexible
18 networks and make other similar efforts to provide for joint manufacturing, marketing, technology de-
19 velopment, information dissemination and other activities.]

20 [(5)] "traded sector" means industries in which member firms sell their goods or services into
21 markets for which national or international competition exists.

22 **SECTION 2.** ORS 285B.410 is amended to read:

23 285B.410. As used in ORS 285B.410 to 285B.482, unless the context requires otherwise:

24 (1) "Community facilities" means municipal facilities that assist the economic and community
25 development of the municipality, as specified in rules adopted by the Economic and Community De-
26 velopment Department, whether operated by the municipality or by a person under a management
27 contract or an operating agreement with the municipality.

28 (2) "Community facilities project" means a project for the acquisition, construction or develop-
29 ment of community facilities, including the acquisition of land, the mitigation of environmental
30 conditions on industrial lands, the construction, acquisition, renovation or reconstruction of

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 buildings, structures and other real property, and the acquisition or construction of related equip-
2 ment and fixtures.

3 (3) “Direct project management costs” means new expenses incurred by a municipality solely to
4 support, plan for and manage an infrastructure or community facilities project, funded in whole or
5 in part through financial assistance under ORS 285B.410 to 285B.482, during the planning and con-
6 struction phases of the project.

7 (4) “Infrastructure project” means:

8 (a) A project for the **planning, site preparation or** construction of sewage treatment works,
9 solid waste disposal sites, water supply works, roads, public transportation, railroad industrial spurs
10 or sidings, telecommunications infrastructure, storm drainage systems or other facilities that com-
11 prise the physical foundation for industrial and commercial activity. [*The costs of property acquisi-*
12 *tion directly related to the infrastructure project and acquisition of easements or rights of way*
13 *necessary to accomplish construction of the infrastructure project are eligible for assistance under ORS*
14 *285B.410 to 285B.482. The costs of activities related to performing an environmental action on a*
15 *brownfield are eligible for assistance under ORS 285B.416 (2) and 285B.455 (5). Purchases of off-site*
16 *property for project-related purposes such as wetland mitigation or other uses not directly related to the*
17 *infrastructure are not eligible for assistance. As used in this paragraph, “brownfield” and “environ-*
18 *mental action” have the meanings given those terms respectively in ORS 285A.185 and 285A.188.]*

19 (b) A project, in consultation with the Department of Transportation and other affected agen-
20 cies, for the acquisition, reconstruction or rehabilitation of an abandoned railroad line or railroad
21 line that has been designated by the owner and operator thereof as subject to abandonment within
22 a three-year period pursuant to federal law and regulations governing abandonment of common
23 carrier railroad lines. The project may include operation or maintenance costs if the project also
24 includes acquisition, reconstruction or rehabilitation.

25 (c) A safe drinking water project, in consultation with the Water Resources Department, the
26 Department of Human Services or the Department of Land Conservation and Development, for im-
27 proving a drinking water system for the purpose of achieving or maintaining compliance with ap-
28 plicable state or federal drinking water quality regulations.

29 (d) A project, as specified by rule of the Economic and Community Development Department,
30 resulting from an emergency as defined in ORS 401.025.

31 (5) “Municipality” means a city, a county, the Port of Portland created by ORS 778.010, a county
32 service district organized under ORS chapter 451, a tribal council of an Indian tribe in this state
33 or a district as defined in ORS 198.010.

34 (6) “Nonurban infrastructure projects” includes all those infrastructure projects which do not
35 meet the definition of urban infrastructure projects.

36 (7) “Public transportation” includes public depots, public parking, public docks, public wharves,
37 railroads and airport facilities.

38 (8) “Roads” includes:

39 (a) Ways described as streets, highways, throughways or alleys;

40 (b) Road related structures that are in the right of way such as tunnels, culverts or similar
41 structures; and

42 (c) Structures that provide for continuity of the right of way such as bridges.

43 (9) “Sewage treatment works” includes all facilities necessary for collecting, pumping, treating
44 and disposing of sanitary or storm sewage.

45 (10) “Solid waste disposal site” has the meaning given to the term “disposal site” by ORS

1 459.005.

2 (11) "Storm drainage systems" means facilities necessary for collecting, controlling, conveying,
3 treating and disposing of storm water runoff.

4 (12) "Telecommunications infrastructure" means real or personal property, structures or equip-
5 ment constructed, used or configured for the electronic transmission or receipt of voice, data, text,
6 images or video between sites and facilities.

7 (13) "Urban infrastructure projects" includes all those infrastructure projects located in whole
8 or in part within the acknowledged Portland Metropolitan Area Regional Urban Growth Boundary,
9 and the acknowledged urban growth boundaries of the cities of Eugene, Springfield, Salem, Keizer
10 or Medford or projects that will principally benefit these areas. The Director of the Economic and
11 Community Development Department is authorized to resolve situations left in question by this de-
12 finition.

13 (14) "Water supply works" includes all facilities necessary for tapping natural sources of do-
14 mestic and industrial water, treating and protecting the quality of the water and transmitting it to
15 the point of sale to any public or private agency for domestic, municipal and industrial water supply
16 service.

17 **SECTION 3.** ORS 285B.419 is amended to read:

18 285B.419. (1) The Economic and Community Development Department shall adopt rules and
19 policies for the administration of the Special Public Works Fund. Insofar as practicable, the de-
20 partment's rules shall provide that infrastructure projects that meet the following criteria receive
21 priority for assistance:

22 (a) Provide for the establishment or enlargement of economically viable industries, with rea-
23 sonable long term growth prospects, including opportunities for innovative new industries or for
24 continuance of existing basic industries.

25 (b) Result in a net benefit to the state in the long term and not require continuing state subsi-
26 dies.

27 (c) Utilize existing public and private assets, including infrastructure, human resources and
28 plant and equipment.

29 (d) Improve the conditions of the economically disadvantaged and increase the number of jobs
30 that increase average incomes.

31 (e) Support the development of businesses owned by women and members of minority groups.

32 (f) Harness Oregon's comparative advantage with emphasis on the growth and development of
33 existing, in-state businesses, especially small businesses.

34 (g) Direct assistance to infrastructure projects that assist businesses selling goods and services
35 in markets for which national or international competition exists and prohibit assistance to
36 infrastructure projects that primarily focus on relocating business or economic activity from one
37 part of the state to another.

38 (h) Result in the economic revitalization of communities.

39 (i) Are funded and otherwise supported to the maximum extent possible by private resources.

40 (j) Result in business growth or expansion which would not occur in Oregon without an invest-
41 ment from the Special Public Works Fund.

42 (2)(a) The Economic and Community Development Department shall manage the Special Public
43 Works Fund and any expenditures from its accounts and transfers between its accounts so that the
44 fund value shall be equal to at least 50 percent of lottery revenues actually transferred to the fund
45 plus interest on such amounts compounded annually at five percent.

1 (b) If necessary to ensure repayment of bonds issued under ORS 285B.410 to 285B.482, the Eco-
 2 nomic and Community Development Department is authorized to reduce the value of the fund to less
 3 than the limit provided in paragraph (a) of this subsection if the department:

4 (A) Finds that without such a reduction in fund value, bonds secured by the fund are likely to
 5 be in default; and

6 (B) Imposes a moratorium on grants until the requirements of paragraph (a) of this subsection
 7 are met.

8 (3)(a) *[Not more than 100 percent of]* The total cost of any infrastructure or community facilities
 9 project *[shall be]* financed from the Special Public Works Fund **may include the cost of capitalized**
 10 **interest.**

11 (b) For purposes of a project described in ORS 285B.410 (4)(d), the total cost described in para-
 12 graph (a) of this subsection is the total local matching funds requirement for the federal disaster
 13 relief assistance committed to the project.

14 (4) The department may commit moneys in the Special Public Works Fund or reserve future in-
 15 come to the fund for disbursement in future years under ORS 285B.440 (4). The department shall commit
 16 or reserve moneys under this subsection only after:

17 (a) Allowing for contingencies;

18 (b) Finding that there will be sufficient unobligated net income to the fund to make such future
 19 payments. Such a finding shall be based on financial plans which are consistent with the financial
 20 requirements of subsections (2) and (4) of this section; and

21 (c) Providing in any contract for such commitment that the liability of the state to make such
 22 annual payments shall be contingent on the availability of moneys in the Special Public Works Fund.

23 (5) In assisting local governments with infrastructure and community facilities projects, the de-
 24 partment shall cooperate to the maximum extent possible with other state agencies financing similar
 25 projects, including but not limited to the Department of Environmental Quality, the Water Resources
 26 Department and the Department of Transportation.

27 *[(6) The department shall notify the Housing and Community Services Department of any proposed*
 28 *Special Public Works Fund project with a related workforce increase at the time the department re-*
 29 *ceives the completed application for the project.]*

30 **SECTION 4.** ORS 285B.422 is amended to read:

31 285B.422. (1) The Economic and Community Development Department may provide financial or
 32 other assistance to municipalities for community facilities projects as described in ORS 285B.410.

33 (2) Before providing financial assistance for a community facilities project, the Economic and
 34 Community Development Department must find that:

35 (a) The municipality has demonstrated that the community facilities project will provide long
 36 term benefits to the municipality;

37 (b) The community facilities project will benefit a broad cross-section of the municipality or
 38 improve the local economy;

39 (c) There is a substantial local commitment to the community facilities to be financed; and

40 (d) There is a need for the proposed community facilities project, and the municipality's financial
 41 resources are adequate to provide the working capital needed to ensure success of the project.

42 (3)(a) Except as provided in this subsection and ORS 285B.455 (5), and notwithstanding any other
 43 provision of ORS 285B.410 to 285B.482, community facilities projects are not eligible for grants made
 44 from the Special Public Works Fund.

45 (b) Grants from the Special Public Works Fund may be made for a community facilities project

1 **to which available federal disaster relief assistance has been committed and** that is an essen-
2 tial community facilities project, as determined in accordance with rules adopted by the department
3 after consultation with the League of Oregon Cities, the Association of Oregon Counties, the Oregon
4 Public Ports Association and Special Districts Association of Oregon. Loans or grants from the
5 Special Public Works Fund and loans from the proceeds of revenue bonds issued under ORS 285B.467
6 may be used to pay issuance costs and for the funding of any debt service reserve for any revenue
7 bonds issued under ORS 285B.467 to finance essential community facilities.

8 (c) The department shall determine the maximum amount of a grant to a municipality from the
9 Special Public Works Fund for an essential community facilities project. However, a grant may not
10 exceed 85 percent of the total project costs.

11 (4) ORS 285B.413 (1) and (2), 285B.419 (1), 285B.434, 285B.443 (1)(b) and 285B.467 (2) and [(8)] (7)
12 do not apply to a municipality applying for financial assistance for a community facilities project.

13 **SECTION 5.** ORS 285B.428 is amended to read:

14 285B.428. (1) Any municipality may file an application with the Economic and Community De-
15 velopment Department to obtain financial or other assistance from the Special Public Works Fund.
16 The application shall be filed in such manner and contain or be accompanied by such information
17 as the department may require.

18 (2) In addition to other requirements prescribed by the department, an application filed under
19 this section shall:

20 (a) Describe the nature and purposes of the proposed infrastructure or community facilities
21 project, including the need for the project and the reasons why the project is in the public interest.

22 (b) Set forth or be accompanied by a feasibility study of the proposed project and an estimate
23 of the costs of construction, **unless the department determines that a feasibility study is un-**
24 **necessary.**

25 (c) State whether any moneys other than those in the Special Public Works Fund are proposed
26 to be used for the project and whether any other moneys are available or have been sought for the
27 project.

28 (d) Provide, if assistance is to be used for telecommunications infrastructure, a resolution,
29 adopted by the governing body of the municipality after a public hearing, that includes findings and
30 states that the proposed telecommunications infrastructure project is necessary and would not oth-
31 erwise be provided by a for-profit entity within a reasonable time and for a reasonable cost.

32 **SECTION 6.** ORS 285B.438 is amended to read:

33 285B.438. (1) For the purposes of a project described in ORS 285B.410 (4)(d), the Economic and
34 Community Development Department may lend or grant moneys in the Special Public Works Fund
35 to provide local matching funds to a municipality for infrastructure projects **or essential commu-**
36 **nity facilities projects, as determined in accordance with rules adopted by the department,**
37 to which available federal disaster relief assistance is committed.

38 (2) ORS 285B.413 (1) and (2), 285B.419 (1), 285B.434 (2), (3), (4), (5), (7) and (8), 285B.464 and
39 285B.467 (2) and [(8)] (7) do not apply to the application of a municipality seeking local matching
40 funds for a project eligible under ORS 285B.410 (4)(d).

41 **SECTION 7.** ORS 285B.443 is amended to read:

42 285B.443. (1) Any contract under ORS 285B.437 (1)(a) to (d) that includes provisions for a loan
43 of state moneys to a municipality or the purchase of a bond of a municipality by the state shall in-
44 clude a plan for repayment by the municipality of moneys borrowed from the Special Public Works
45 Fund for an infrastructure or community facilities project and interest on those moneys *[at a rate*

1 *specified in the contract*]. The repayment plan:

2 (a) Shall provide for such evidence of debt assurance of, and security for, repayment by the
3 municipality as is considered necessary by the Economic and Community Development Department.

4 (b) Shall set forth the allocation of special assessments or contractual responsibility among the
5 owners of benefited properties for repayment to the municipality of the amount of the loan.

6 (c) Shall provide for repayment during a period [*which shall not exceed the usable life of the*
7 *proposed project or 25 years, whichever is less*] **that results in the loan being fully amortized not**
8 **later than 25 years after project completion.**

9 (2) Notwithstanding any other provision of law, or any restriction on indebtedness contained in
10 a charter, a municipality may borrow from the Special Public Works Fund by entering into a loan
11 contract with the Economic and Community Development Department. The contract may be payable:

12 (a) From the revenues of the infrastructure or community facilities project, including special
13 assessment revenues;

14 (b) From amounts withheld under ORS 285B.449 (1);

15 (c) From the general fund of the municipality;

16 (d) From any combination of paragraph (a), (b) or (c) of this subsection; or

17 (e) From any other sources.

18 (3) The loan contracts **authorized** under subsection (2) of this section shall be [*authorized*] **ap-**
19 **proved** by an ordinance, order or resolution adopted [*with not less than 14 days' prior notice. Notice*
20 *shall be published at least once in a newspaper of general circulation within the municipality*] **in ac-**
21 **cordance with applicable public notice requirements.**

22 **SECTION 8.** ORS 285B.452 is amended to read:

23 285B.452. In addition to making loans to municipalities for infrastructure and community facili-
24 ties projects and purchasing debt obligations issued to finance a project, the Economic and Com-
25 munity Development Department may provide any other form of financial or other assistance that
26 the department may consider appropriate to assist municipalities with projects, including **the refi-**
27 **ancing of construction phase financing and** the direct purchase by the department of goods or
28 services related to a project.

29 **SECTION 9.** ORS 285B.455 is amended to read:

30 285B.455. (1) There is created the Special Public Works Fund, separate and distinct from the
31 General Fund. All moneys credited to the Special Public Works Fund are appropriated continuously
32 **to the Economic and Community Development Department** and shall be used for the purposes
33 outlined in ORS 285A.075 (9) and 285B.410 to 285B.482. There shall be credited to the Special Public
34 Works Fund[, *money*]:

35 (a) **Moneys** appropriated to the fund by the Legislative Assembly[.];

36 (b) Earnings on the fund[.];

37 (c) Repayment of financial assistance; and

38 (d) Bond proceeds as authorized under ORS 285B.410 to 285B.482.

39 (2) Moneys in the Special Public Works Fund, with the approval of the State Treasurer, may be
40 invested as provided by ORS 293.701 to 293.820 and the earnings from such investments shall be
41 credited to the account in the Special Public Works Fund designated by the Economic and Commu-
42 nity Development Department.

43 (3) The Economic and Community Development Department shall be the agency for the State
44 of Oregon for the administration of the Special Public Works Fund.

45 (4) The department may establish such other accounts within the Special Public Works Fund for

1 the payment of project costs, reserves, debt service payments, credit enhancement, administration
2 and operation expenses or any other purpose necessary to carry out ORS 285B.410 to 285B.482.

3 (5) Out of moneys in the Special Public Works Fund, the department may:

4 (a) Make technical assistance grants and loans to municipalities. The department may not ex-
5 pend more than one percent of the value of the Special Public Works Fund for technical assistance
6 grants [*and loans*] to municipalities in a biennium.

7 (b) Make grants to municipalities to provide local matching funds for the purposes of a project
8 described in ORS 285B.410 (4)(d) in an amount that does not exceed \$2.5 million in any biennium.

9 **SECTION 10.** ORS 285B.467 is amended to read:

10 285B.467. (1) The Economic and Community Development Department shall adopt by rule stan-
11 dards by which to determine the eligibility for revenue bond financing under ORS 285B.467 to
12 285B.479 of infrastructure and community facilities projects that have qualified under ORS 285B.419
13 to 285B.437 and 285B.449.

14 (2) In adopting rules establishing guidelines or criteria for awarding loans or grants for drinking
15 water projects, the department shall coordinate the department's rulemaking process with the Water
16 Resources Department and the Department of Human Services in order to [*assure*] **ensure** that rules
17 adopted under this subsection are consistent with rules adopted under ORS 431.120 and 541.845. The
18 rules adopted under this subsection shall:

19 (a) Require the installation of meters on all new [*service connections to*] **active services from**
20 any distribution lines funded under ORS 285B.410, 285B.461, 285B.560 to 285B.599, 431.120, 541.700,
21 541.705, 541.755, 541.765, 541.830, 541.845 and this section; and

22 (b) Require a plan, to be adopted by the municipality, for installation of meters on all service
23 connections throughout the drinking water system.

24 (3) Upon determining an infrastructure or community facilities project eligible for revenue bond
25 financing under ORS 285B.467 to 285B.479, the department shall forward the application to the State
26 Treasurer, who shall determine whether to issue revenue bonds.

27 [*(4) Notwithstanding ORS 285B.410 (4)(a) and 285B.416 (1), when an infrastructure or community*
28 *facilities project is determined to be eligible for revenue bond financing under ORS 285B.467 to*
29 *285B.479, direct project management costs and the costs for preliminary planning or legal, fiscal and*
30 *economic investigations, reports and studies to determine the economic and engineering feasibility of the*
31 *project are included within the total project costs of the project and may be paid from bond proceeds.]*

32 [(5)] (4) Administrative expenses of the department in processing applications and investigating
33 proposed infrastructure and community facilities projects and bond sales shall not be derived from
34 bond proceeds.

35 [(6)] (5) The department may pledge all or any portion of the existing or future assets and re-
36 cepts of the Special Public Works Fund to pay debt service on bonds issued pursuant to ORS
37 285B.410 to 285B.482. Such pledge shall take effect immediately, without delivery of the pledged
38 funds to third parties, and the lien of the pledge shall be superior to all other liens of any nature.

39 [(7)] (6) The department is authorized to establish separate accounts within the fund for separate
40 bond issues.

41 [(8)] (7) As used in this section, "service connection" does not include fire hydrants, fire sprin-
42 kler system connections, line blow-offs and drains, stand-by emergency interties, valve controlled
43 drinking fountains and other similar intermittently used connections.

44 **SECTION 11.** ORS 285B.581 is amended to read:

45 285B.581. (1) Any loan of moneys to a municipality by the state shall include a plan for repay-

1 ment by the municipality of moneys borrowed from the Water Fund for a water project and interest
 2 on those moneys at a rate expressly specified. The repayment plan:

3 (a) Shall provide for such evidence of debt assurance of, and security for, repayment by the
 4 municipality as is considered necessary by the Economic and Community Development Department.

5 (b) May set forth the allocation of special assessments or contractual responsibilities among the
 6 owners of benefited properties for repayment to the municipality of the amount of the loan.

7 (c) Shall provide for repayment during a period that [*shall not exceed the usable life of the pro-*
 8 *posed project or 25 years, whichever is less.*] **results in the loan being fully amortized not later**
 9 **than 25 years after project completion.**

10 (2) Notwithstanding any other provision of law or any restriction on indebtedness contained in
 11 a charter, a municipality may borrow from the fund by entering into a loan contract with the Eco-
 12 nomic and Community Development Department. Moneys borrowed from the fund shall be repaid:

13 (a) From the revenues of any water project, including special assessment revenues;

14 (b) From amounts withheld under ORS 285B.599;

15 (c) From the general fund of the municipality;

16 (d) From any combination of the provisions of paragraphs (a) to (c) of this subsection; or

17 (e) From any other sources.

18 (3) A loan contract **authorized** under subsection (2) of this section may provide that a portion
 19 of the proceeds of the loan be applied to fund a reserve fund to secure the repayment of the loan
 20 or secure the repayment of revenue bonds issued to fund the loan.

21 (4) A loan contract **authorized** under subsection (2) of this section shall be [*authorized*] **ap-**
 22 **proved** by an ordinance, order or resolution that is adopted [*with prior notice of at least 14 days.*
 23 *Notice shall be published at least once in a newspaper of general circulation within the municipality*]
 24 **in accordance with relevant public notice requirements.**

25 **SECTION 12.** ORS 777.116 is amended to read:

26 777.116. (1) A port may acquire, by condemnation or other lawful method, hold, use, enjoy and
 27 convey, lease or otherwise dispose of real and personal property, or any interest therein, necessary
 28 or convenient in carrying out its powers. Condemnation proceedings shall be conducted as provided
 29 by ORS chapter 35.

30 (2) A port shall not purchase real property without first appointing a disinterested independent
 31 appraiser to appraise the property. If the appraiser determines the value of the property exceeds
 32 \$500,000, then the port shall appoint one additional appraiser who may be either a port staff ap-
 33 praiser or a disinterested independent appraiser. The appraisal shall fix the fair market value of the
 34 property proposed to be purchased. This subsection, however, does not require a port to purchase
 35 such property at the appraised value, nor shall the appraisal be admitted in evidence in any con-
 36 demnation proceeding.

37 (3) An appraiser appointed under this section shall be a state certified appraiser, as defined in
 38 ORS 674.010.

39 (4) A port may purchase real or personal property [*upon a contractual basis when*] **if** the period
 40 of time allowed for payment under the contract [*does not exceed 20 years*] **results in the full**
 41 **amortization of the amount due not later than 25 years after the purchase date.**

42 **SECTION 13.** ORS 348.701 is amended to read:

43 348.701. As used in ORS 348.701 to 348.710:

44 (1) "Board" means the Oregon Growth Account Board established in ORS 348.707.

45 (2) "Emerging growth business" means a new or small company that has the capacity, upon ob-

1 taining appropriate capital, to generate significant high skill, high wage employment within one or
2 more [of the key] **traded sector** industries[, including those described in ORS 285B.280].

3 (3) "Management company" includes a person, limited partnership, partnership, corporation or
4 other investment company.

5 (4) "Seed capital" means financing that is provided for the initial phases of development, re-
6 finement and commercialization of a product, process or innovation, including but not limited to fa-
7 cilitating technology transfers related to academic research, discoveries or developments for the
8 purpose of commercialization of a product, process or innovation.

9 **SECTION 14.** ORS 541.845 is amended to read:

10 541.845. (1) In accordance with the applicable provisions of ORS chapter 183, the Water Re-
11 sources Commission may adopt rules necessary to carry out ORS 541.700 to 541.855.

12 (2) In adopting rules establishing guidelines or criteria for awarding loans or grants for drinking
13 water projects, the commission shall coordinate the Water Resources Department's rulemaking pro-
14 cess with the Economic and Community Development Department and the Department of Human
15 Services in order to [assure] **ensure** that rules adopted under this subsection are consistent with
16 rules adopted under ORS 285B.467 and 431.120. The rules adopted under this subsection shall:

17 (a) Require the installation of meters on all new [service connections to] **active services from**
18 any municipal drinking water distribution lines funded under ORS 285B.461, 285B.467, 285B.560 to
19 285B.599, 431.120, 541.700, 541.705, 541.755, 541.765, 541.830 and 541.845; and

20 (b) Require a plan, to be adopted by the municipality, for installation of meters on all service
21 connections throughout the drinking water system.

22 (3) As used in this section, "service connection" does not include fire hydrants, fire sprinkler
23 system connections, line blow-offs and drains, standby emergency interties, valve controlled drinking
24 fountains and other similar intermittently used connections.

25 **SECTION 15.** ORS 285B.416 is repealed.

26