



State of Oregon Department of Environmental Quality

Proposed Rule Changes: Principal Forgiveness

Clean Water State Revolving Fund 2022 Rulemaking Advisory Committee Meeting 2

August 2022

Principal Forgiveness: OAR 340-054-0065 Clean Water State Revolving Fund Loans to Public Agency Borrowers: Loan Types, Terms and Interest Rates		
Program Priority Area: Existing Rule Language	Proposed Change	Reason for Change (Benefit)
(12) Principal forgiveness for public agency borrowers. DEQ may provide additional subsidization to public agency borrowers in the form of principal forgiveness to the maximum extent the federal capitalization grant allows and as the criteria established in this section require.	“Whenever DEQ receives a federal capitalization grant in addition to the annual base capitalization grant, DEQ may provide additional subsidization to eligible borrowers in the form of principal forgiveness to the maximum extent that the additional capitalization grant allows, and subject to its terms and the criteria established in this section.”	<p>Will ensure the program meets federal requirements for BIL and any future capitalization grants</p> <p>Does not limit the program to just meet BIL requirements.</p> <p>Allows flexibility to meet future federal cap grants without additional rule change</p> <p>Support from EPA, DEQ leadership and program</p> <p>This is to meet federal requirement not required to be in rule.</p>
(b) Ineligible loans. (D) Planning loans, except for planning loans for projects described in subsection (a)(B) of this section of the rule. (“sustainable project planning”)	Strike from rule	Allows planning loans to include principal forgiveness award.

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		<p>Does not limit principal forgiveness for planning loans to sustainable project planning.</p> <p>Provides more incentive to finance planning with planning loans including principal forgiveness</p> <p>Allows the program to offer more principal forgiveness for planning</p>
<p>(f) Award Amount.</p> <p>“(A) Eligible public agency borrowers that are an eligible recipient may receive additional subsidization for up to fifty percent of their loan but not to exceed \$500,000.”</p>	<p>Strike “for up to fifty percent of their loan but not to exceed \$500,000” ... replace with “...for their loan in an amount not to exceed the maximum amount determined by DEQ.”</p>	<p>Allows CWSRF program to meet federal requirement of providing 49% of the BIL supplemental cap grant as principal forgiveness for the program (on the aggregate)</p> <p>Eliminates limit for principal forgiveness in rule to allow more flexibility to provide more principal forgiveness on a per loan basis.</p> <p>Allows CWSRF to be responsive to any changes in future requirements without rule change while meeting program requirements.</p>

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Program Priority Area: Existing Rule Language	Proposed Change	Reason for Change (Benefit)
		<p>Limits for principal forgiveness can be included in the Intended Use Plan and adjusted as needed without future rule changes.</p> <p>The IUP includes public comment for transparency and responsiveness to community and program needs.</p>
<p>(B) For public agency borrowers that are an eligible recipient and that qualify for principal forgiveness under paragraph 12(a)(B), DEQ will limit the additional subsidization to 50 percent of the project components qualifying under paragraph 12(a)(B), not to exceed 50 percent of the loan amount or \$500,000, whichever is less.</p> <p>For reference: 12(a) Eligibility (B) Public agency borrowers that are an eligible recipient with a project that DEQ determines implements a process, material, technique, or technology to address water-efficiency goals, energy-efficiency goals, to mitigate stormwater runoff, or to encourage sustainable project planning, design, and construction.</p>	<p>Strike “not to exceed 50 percent of the loan amount or \$500,000, whichever is less.”</p> <p>Keep reference to “limit additional subsidization to 50 percent of the project components qualifying under 12(a)(B)” (see reference language of 12(a)(B) to left).</p>	<p>Consistency of eliminating limits of PF for green project eligibility. Limits PF to project green components (no change).</p> <p>Will include criteria for awarding principal forgiveness in IUP as required by EPA.</p>