2007 Regular Legislative Session FISCAL ANALYSIS OF PROPOSED LEGISLATION Proposed by the Oregon Legislative Figural Office

Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: SB 350 STATUS: A-Engrossed

SUBJECT: Economic development statutory rewrite and update

GOVERNMENT UNIT AFFECTED: Oregon Economic and Community Development Department

and the Department of State Lands

PREPARED BY: John Borden and Deborah Manthe **REVIEWED BY:** Robin LaMonte and Susan Jordan

DATE: June 13, 2007

2007-2009 2009-2011

EXPENDITURES: See Comments

EFFECTIVE DATE: On passage.

GOVERNOR'S BUDGET: This bill is not anticipated by the Governor's recommended budget.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

COMMENTS: This measure is an extensive update of Oregon's economic development statues as directed by the 2005 Legislature. The measure includes numerous provisions related to the Economic and Community Development Commission and the Oregon Economic and Community Development Department (OECDD). Some of the key provisions of this measure include the following: adds two members to the Economic and Community Development Commission; prohibits ex offico members from receiving compensation; modified reporting time frames; directs OECDD to pay premiums on employee fidelity bonds; establishes and provides for the operation of foreign trade offices; adds remedial investigations; increase percentages of dollars that can be awarded out of certain development funds; increases maximum grant allocations for certain grants; increases administrative charges; removes fee caps; allows transfer of funds between OECDD funds; and establishes and consolidates funds. The measure also requires substantial administrative rules development, including moving fees from statute into administrative rule. Lastly, the measure allows the Director of the Department of State Lands to authorize withdrawal of mitigation bank credits by a public benefit corporation or public body at the request of a mitigation bank sponsor.

OECDD reports that this measure does not have a fiscal impact. The Department of State Lands is also assumed not to have a fiscal impact.

The Legislative Fiscal Office (LFO) believes that while many of this measure's provisions do not have a fiscal impact because they restate existing law, other fiscal provisions of this measure are more indeterminate. For example, the measure allows for the transfer of funds between funds, increases administrative cost percentages, increases maximum grant allocations, and removes fee caps. Therefore, there exists the possibility that the OECDD could acquire and/or retain more internal operating funds. Conversely, grant recipients could potentially see less funding. Again, the precise impact is indeterminate at this time. Lastly, the measure could produce administrative savings for OECDD as the financial practices of the Department are updated and streamlined.