

2009 Regular Legislative Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: HB 2216

STATUS: B

SUBJECT: Allows sale of lottery revenue bonds and establishment of several funds.

GOVERNMENT UNIT AFFECTED: Department of Forestry, State Treasurer, Department of State Lands, and Department of Administrative Services

PREPARED BY: John Terpening

REVIEWED BY: Susie Jordan

DATE: June 23, 2009

	<u>2009-2011</u>	<u>2011-2013</u>
EXPENDITURES:		
See Analysis		

EFFECTIVE DATE: On Passage

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.

ANALYSIS: This measure updates the Board of Forestry's land acquisition authority and establishes several funds, including: the Forest Development Revenue Bond Fund, State Forest Acquisition Fund, the Forest Acquisition County Reimbursement Fund, and renames an existing fund the State Forestry General Obligation Bond Fund. Each fund is separate and distinct from the General Fund and interest earned is credited back to the respective fund. The measure removes the annual ceiling on bonding authority which was established in 1949 at \$750,000. The measure also authorizes the Board of Forestry to accept title to lands that may have easements or encumbrances.

The money in the Forest Development Revenue Bond Fund is continuously appropriated to the State Board of Forestry and is designated for payment of costs related to revenue bonds issued. The measure stipulates that the Fund may be credited with proceeds from the sale of revenue bonds, the disposal of lands acquired with revenue bonds, or the disposal of forest products from land acquired with revenue bonds, as well as gifts, grants, or other unrestricted moneys to be used for payment of bond-related costs.

The money in the State Forest Acquisition Fund is continuously appropriated to the State Board of Forestry and is designated for the acquisition of parcels in the Gilchrist area of Klamath County for state forestland use.

The money in the Forest Acquisition County Reimbursement Fund is continuously appropriated to the State Forestry Department and is designated for reimbursement to counties for lost tax revenue from land acquired by the Department using bond proceeds. The fund is capitalized with monies distributed by formula established in ORS 530.110 (state share of harvest receipts) after passage of House Bill 2216. Once the county share of the distribution formula under ORS 530.110 equals or exceeds the amount of lost tax revenue the distribution from the fund ends.

The money in the State Forestry General Obligation Bond Fund is continuously appropriated to the State Forestry Department and is designated for payment of bond-related costs to general obligation bonds issued under Article XI-E of the Oregon Constitution. The Department of Forestry states that at this time they do not intend to issue general obligation bonds.

The fiscal impact of establishing the new accounts with the State Treasurers office is considered minimal and can be absorbed within the Department's current expenditure limitation.