

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

MEASURE NUMBER: HB 2232 **STATUS:** A Engrossed
SUBJECT: Geotechnical hole drilling fees
GOVERNMENT UNIT AFFECTED: Water Resources Department and Oregon Department of Transportation
PREPARED BY: Dawn Farr
REVIEWED BY: Monica Brown and Susie Jordan
DATE: March 2, 2009

	<u>2009-2011</u>	<u>2011-2013</u>
EXPENDITURES: See comments below.		
REVENUES: Geotechnical hole drilling fees – Other Fund	\$ 135,000	\$ 135,000

EFFECTIVE DATE: July 1, 2009.

GOVERNOR’S BUDGET: The bill is filed at the request of the Governor for the Water Resources Department, however, the budget implications are not anticipated in Governor’s recommended budget.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels.

ANALYSIS: The bill requires persons that drill geotechnical holes to keep a log and submit the log to the Water Resources Commission (WRC) within 30 days; defines provisions for persons responsible for drilling a geotechnical hole; directs the WRC to prescribe by rule the form of the logs; establishes a recording fee of \$25 per log and \$10 for holes drilled within seven days in a contiguous project; and, establishes the Water Resources Department Geotechnical Fund.

The Water Resources Department (WRD) currently accepts and reports on logs from contractors that drill geotechnical holes, but collects no fee for this service. Based on historic logs and assuming that the number of reported logs may drop off based on the geotechnical hole definitions provided in the bill, WRD estimates that 3,000 drilling logs will be filed at \$25 per log and 6,000 additional project fees of \$10 will be assessed per biennium. The resulting increased Other Fund (OF) revenue will be \$135,000 per biennium.

During the 2007-09 biennium, WRD indicates that they have allocated \$80,248 in General Fund (GF) staff hours to complete work related to the receipt and recording of geotechnical holes. Passage of the bill would create a new funding source for this work, which would result in GF savings. The new work associated with the bill includes setting up processes to receive fees, education, and rulemaking. The Legislative Fiscal Office anticipates that these additional expenditures can be accommodated by the Other Fund revenues raised by the bill.

Annually, the Oregon Department of Transportation (ODOT) files approximately 405 geotechnical hole logs with the WRD. Assuming that all holes required the \$25 fee, anticipated additional expenditures would be \$20,250 per biennium. ODOT indicates that this additional expense can be assumed with existing agency resources.