

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

MEASURE NUMBER: HB 2366

STATUS: Original

SUBJECT: Creates the Residential Structure Lien Assistance Fund and appropriates an unspecified amount of General Fund to capitalize the Fund; directs the Construction Contractors Board to administer the Fund; and establishes unspecified surcharges.

GOVERNMENT UNIT AFFECTED: Construction Contractors Board

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REVIEWED BY: Daron Hill

DATE: February 4, 2009

	<u>2009-2011</u>	<u>2011-2013</u>
EXPENDITURES:		
Accounting Tech 3	\$ 63,271	\$ 63,271
Administrative Specialist 2	\$ 63,271	\$ 63,271
Services and Supplies	\$ 33,440	\$ 26,740
Other Funds Total	\$ 159,982	\$ 153,282

	<u>2009-2011</u>	<u>2011-2013</u>
REVENUES:		
License Fee Increase – Other Funds	\$ 168,000	\$ 168,000
Other Surcharge Fees – See Comments		

POSITIONS / FTE:

2/1.0

2/1.0

EFFECTIVE DATE: July 1, 2009; First distribution from the Fund "...no earlier than January 1, 2010 and no later than December 31, 2010."

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.

ANALYSIS: HB 2366 Establishes the Residential Structure Lien Assistance Fund and requires the Construction Contractors Board (CCB) to administer the Fund. The purpose of the Fund is to pay claimants who have a lien or judgment against a contractor who has defaulted on the amounts owed on that lien or judgment. The bill requires CCB to annually determine the total amount available in the Fund, and to compute the payment amount to an individual based on the total amount available and the total number of claimants.

The CCB has estimated a workload impact of 162 claims per biennium against the Residential Structure Lien Assistance Fund, based on current and forecasted claims. CCB estimates a need for two additional half-time employees, at a 2009-11 biennial cost of \$159,982 to handle this workload. CCB would increase the license fee for contractors by \$4, from the current \$260 to \$264. This will provide an estimated \$168,000 in 2009-11 to support administration of the Fund. CCB has proposed a significant increase in license fees to support existing operations in 2009-11.

The bill includes an unspecified General Fund appropriation. The General Fund requirement is indeterminate, since the amount needed to initially capitalize the Fund presumably also includes the unspecified surcharge amount in the bill for each of the categories of contractors. The bill requires that the General Fund must be reimbursed, without interest, by no later than June 30, 2011.

The bill also provides for an ongoing surcharge, not to exceed \$40 per year, in Section 4, which states that "...if annual payment from the ...Fund...causes the balance of the fund...to be less than \$250,000...(CCB)...shall assess a surcharge on each application ... (for a license)".

CCB assumes that the bill establishes a revolving loan fund that would require not require an expenditure limitation increase for payments made from the Fund. However, the Legislative Fiscal Office assumes that an expenditure limitation increase would be required for payments from the Fund.