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

MEASURE NUMBER: HB 2763 STATUS: Original

**SUBJECT:** Procurements of Agriculture Goods

**GOVERNMENT UNIT AFFECTED:** Department of Agriculture

**PREPARED BY:** Dawn Farr **REVIEWED BY:** Paul Siebert

**DATE:** March 30, 2009

	<b>2009-2011</b>
<b>EXPENDITURES:</b>	
Personal Services – General Fund	\$ 15,000
Services and Supplies – General Fund	\$ 30,000
Total General Fund Expenditures	\$ 45,000

**EFFECTIVE DATE:** On passage, effective January 1, 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.

**COMMENTS:** The bill allows contracting agencies that procure goods for public use to give preference to agricultural products that are produced and transported entirely within Oregon, and directs the Director of the Agriculture to set standard by rule for determining whether applicable agricultural products.

The Department of Agriculture estimates that there will be one-time costs associated with the development of the standards and related rulemaking. Costs include \$15,000 in General Fund Personal Services expenditures for overtime costs that ODA estimates it will need to pay to existing staff assigned to coordinate the rulemaking activity. ODA also indicates that implementation will require an additional \$30,000 in General Fund to cover expenses related to outreach materials, costs for hearings, and Attorney General fees for rule review. ODA also assumes they will be responsible for update administrative rules if needed in the future. The timing of this potential future work is not known, hence, related costs are indeterminate.

The bill allows agencies that procure agricultural products to pay up to 5 percent additional for agriculture products produced and transported entirely within Oregon. This bill also allows a contracting agency to make a "written determination to set a higher percentage." This will have an indeterminate impact on state agencies and local government entities at it is not known how many agencies might make this preference or the amount additional they might pay for agricultural products produced in Oregon.