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

MEASURE NUMBER: HB 2929 STATUS: A Engrossed

**SUBJECT:** Fill and Removal Permits and Studies

**GOVERNMENT UNIT AFFECTED:** Department of State Lands

**PREPARED BY:** John Terpening **REVIEWED BY:** Susie Jordan

**DATE:** May 29, 2009 < **REVISED>** 

<u>2009-2011</u> <u>2011-2013</u>

## **EXPENDITURES:**

See Comments.

## **REVENUES:**

See Comments.

**EFFECTIVE DATE:** January 1, 2010.

**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 the Department of State Lands (DSL) to apply for and receive any private or federal grant, loans or other funds available for purpose of conducting studies related to department work and coordinating state and federal permitting issues related to removal and fill; authorizes DSL to establish by rule a volume-based fee for commercial removal of sand and gravel from waters of the state for use in administering the provisions of the removal fill law; allows DSL to use Common School Funds for studies necessary for fill and removal program; directs DSL, after consultation with Department of Environmental Quality and Department of Geology and Mineral Industries, to study the feasibility of creating a single permit for removal of sand and gravel from waters of the state; and, directs DSL report study status to an interim legislative committee on or before March 1, 2010, and to submit a final study report to the Legislature on or before November 1, 2010.

This fiscal impact statement has been revised due to additional information from the Department of State Lands.

The fiscal impact of the measure is indeterminate. The measure is permissive, allowing for DSL to conduct studies related to removal and fill.

DSL reports there are two phases to each study of the river systems; phase one is a quick initial assessment of the area where gravel extraction is occurring or proposed, phase two is a more detailed study of the sediment transport of each river system. The proposed river systems requiring study are the Rogue, Coquille, Tillamook, Willamette/McKenzie, Hunter Creek, Elk Creek, and Sixes. DSL estimates total costs of \$420,000 for the phase one studies and \$2,230,800 for the phase two studies for total estimated cost of \$2,650,800. The Department notes that, if conducted, it is unlikely that all studies are completed in the 2009-11 biennium.

The funding source for the studies is indeterminate. The measure is permissive, allowing for DSL to apply for and receive grants, loans or other funds, implementing a volume-based fee, or usage of the Common School Fund for conducting the studies. The number or amount of grants or loans available for studies related to removal and fill are indeterminate.

DSL states that a volume-based fee would be implemented to administer the removal and fill only if the amount of grant or other funding sources did not provide sufficient funding. DSL estimates that \$0.80 per cubic yard would be the maximum fee charged for the Department to cover costs of the removal and fill studies. The fee amount is based on the actual number of cubic yards per year taken from navigable and tidally influenced systems by operators that have removal fill permits and an estimated amount of cubic yards taken from the non-navigable, non-tidal systems.

The Department states that the usage of the Common School Fund toward conducting the studies would have a minimal impact on the Common School Fund distribution. The distribution is based on growth of the fund calculated as a percentage of a three year rolling average value of the fund. The Department notes that if Common School Funds were used to fund the total costs of the studies, the distribution would be reduced by less than \$35,000 per year.