2010 Special Session FISCAL ANALYSIS OF PROPOSED LEGISLATION

Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: SB 1049 STATUS: Original

SUBJECT: Increases allowable claims under Measure 49

GOVERNMENT UNIT AFFECTED: Department of Land Conservation and Development, Land Use

Board of Appeals, Department of Justice and Counties

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REVIEWED BY: Laurie Byerly, Ken Rocco and Doug Wilson

DATE: February 3, 2009

Land Conservation and Development	<u>2009-2011</u>		<u>2011-2013</u>	
EXPENDITURES:				
Personal Services – Other Funds	\$	284,913	\$	
Services and Supplies – Other Funds	\$	461,994	\$	
Total Other Fund Expenditures	\$	746,907	\$	
		2009-2011		2011-2013
REVENUES:	•			
Application Fees – Other Funds	\$	750,000	\$	
POSITIONS / FTE:				
See comments below.		8/2.75		

Department of Justice

See comments below.

EFFECTIVE DATE: On passage.

INTERIM JOINT COMMITTEE ON WAYS AND MEANS: The budgetary impact of this bill was not reviewed and approved by the Interim Joint Committee on Ways and Means Committee and is not included in the omnibus budget bill to be introduced by the committee.

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: The bill allows claimants that meet certain criteria to apply under Measure 49 to establish home sites; requires the Department of Land Conservation and Development to notify potential claimants of ability to apply; establishes a \$2,500 application fee; and, sets a claims processing deadline of June 30, 2011.

The Department of Land Conservation and Development (DLCD)

Base on investigative work required under HB 3225 (2009), DLCD estimates that there are over 900 potential new Measure 49 claimants that could result from passage of the bill. Based on experience from the implementation of HB 3225 (2009) the agency expects that actual participation will be significantly lower, approximately 300. If 300 new applications are filed, the resulting Other Fund fee revenue would be \$750,000 for the 2009-11 biennium.

Assuming that future application and claim processing costs are similar to historic costs, the average cost per claim will be approximately \$2,500. Included in this average cost calculation are expenditures for rulemaking, outreach, notifications, claim review, certification and an assessment to cover anticipated Attorney General fees. Work would be completed by retaining DLCD Measure 49 limited duration positions through the end of the 2009-11 biennium. Total Personal Services expenditures are estimated at \$284,913 Other Funds and Services and Supplies are \$461,994 Other Funds which includes \$400,000 in Attorney General fees. Implementation of the bill will require investing resources in outreach, notification, and rulemaking activities prior to receiving application fee revenues. Upfront costs are estimated at \$14,000. The agency would use existing Measure 49 General Fund resources to cover these expenditures until fee revenues materialize. If application fees are not sufficient to cover these sunk costs, the agency may need to reduce expenditures or return to the Emergency Board for additional General Fund appropriation.

Land Use Board of Appeals (LUBA)

LUBA does not anticipate a fiscal impact associated with this bill. Section 8(1)(e) contains a legal technical adjustment that clarifies the reference to "Board" as being the Land Use Board of Appeals. The reference to DLCD providing clerical support to LUBA is not the current budgeting practice; and, it is not clear whether clerical support was ever provided by DLCD. LUBA is a separate state agency with an independent budget that is reviewed and approved by the Legislature. LFO may address this issue as part of the 2010 session program change bill.

<u>The Department of Justice's (DOJ)</u> 2009-11 legislatively approved budget included staffing and related expenditures to support Measure 37/49 work. DOJ believes it has sufficient staffing and limitation in its current budget to meet the increased DLCD related work that may result from this bill. The impacts on the 2011-13 biennium are not known at this time; however, the agency anticipates requesting some level of continued staffing and related expenditures for Measure 37/49 work in the 2011-13 biennium.

<u>The Association of Oregon Counties</u> anticipates that counties will need to provide some historical information to the DLCD on applications. This additional work is expected to have a minimal fiscal impact.