

**REVENUE:** No revenue impact

**FISCAL:** Fiscal statement issued

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<b>Action:</b>	Without Recommendation as to Passage, but with Amendments and Be Printed Engrossed and Be Referred to the Committee on Ways and Means by prior reference
<b>Vote:</b>	9 - 0 - 1
<b>Yeas:</b>	Barnhart, Berger, Beyer, Esquivel, Garrett, Holvey, Wingard, Kotek, Olson
<b>Nays:</b>	0
<b>Exc.:</b>	Freeman
<b>Prepared By:</b>	Cheyenne Ross, Administrator
<b>Meeting Dates:</b>	2/21, 2/23, 2/24

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**WHAT THE MEASURE DOES:** Replaces declaration of public safety services emergency with declaration of fiscal emergency. Permits governing body of county to request declaration of fiscal emergency from Governor. Describes qualifying fiscal distress as current or near future compromised ability to provide minimally-adequate services required by state law. Establishes review procedure. Establishes fiscal assistance board, composition, staff, duties, and authority to comply with home rule charter, if applicable, upon declaration. Establishes Fiscally Distressed Counties Fund. Requires 50 percent contribution toward administration costs from distressed county. Requires rescission of declaration upon finding restoration of minimally-adequate state-required services. Declares emergency, effective on passage.

**ISSUES DISCUSSED:**

- Work and recommendations of County Payments Task Force
- Alternatives for counties in lieu of bankruptcy process
- Provisions of amendment

**EFFECT OF COMMITTEE AMENDMENT:** Adds one more Governor appointee to fiscal assistance board. Adds local Sheriff to fiscal assistance board for action concerning public safety services. Requires majority vote of Governor appointees plus majority vote of county governing body for board action.

**BACKGROUND:** In 2007 Governor Kulongoski issued an executive order that established the Governor's Task Force on Federal Forest Payments and County Services (Task Force). The Task Force's final report, issued in January 2009, included a recommendation for legislation to create a financial control board (FCB). The recommendations describe the FCB as consisting of financial, legal and accounting experts who are appointed by the Governor and legislative leadership. The Task Force recommended that a separate FCB be assigned to each county to review financial reports and budgets in order to understand the county's financial position and aid elected officials in developing and adhering to recovery plans. In 2009, the Legislative Assembly responded to these recommendations by passing Senate Bill 77, which established a process for the Governor to declare a public safety services emergency and to appoint an FCB in counties failing to provide minimally-adequate levels of public safety services.

House Bill 4176A changes the name of the FCB to the fiscal assistance board (Board) and changes the scope of the declaration of emergency, from being focused solely on public safety services, to a broader fiscal emergency. It expands Board membership to include the subject county's governing body, and authorizes a county to request that the Governor declare a fiscal emergency to establish a Board if the county believes that they are not providing, or within the next fiscal year will not be able to provide, any service required by state law.

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*This summary has not been adopted or officially endorsed by action of the committee.*