

HB 2837
2011-13 Budget Rebalance Program Change

House Bill 2837 implements statutory changes necessary to support the rebalance of the 2011-13 biennium's legislatively approved budget. HB 2837 is not an appropriation bill and therefore does not include the appropriation of funds. The measure, which is commonly referred to as the Program Change bill, is necessary to achieve a balanced budget for the 2011-13 biennium. The fiscal and budgetary impacts of provisions of this measure are contained in House Bill 5052, which is the budget rebalance bill. The bill declares an emergency and is effective upon passage. Transfers in the bill are to occur on or before June 30, 2013.

Key provisions of the measure include:

- Clarification of the use of the Criminal Fine Account resources provided to the Department of Corrections for planning, operating, and maintaining county juvenile and adult corrections programs and facilities and drug and alcohol programs;
- An increased allocation of about \$3.1 million from the Criminal Fine Account for these county programs through the Department of Corrections;
- Allocation decreases for the statutory programs receiving lottery revenues, except for debt service, to bring the legislatively approved allocations in line with the reduced lottery revenue forecast for the 2011-13 biennium; and
- A transfer of about \$76,000 from the Wage Security Fund to the General Fund to complete a December 2012 Emergency Board action for the Bureau of Labor and Industries.

The Capital Construction Subcommittee recommends HB 2837 be amended and reported out do pass, as amended.

Joint Committee on Ways and Means

Carrier – House: Rep. Smith
Carrier – Senate: Sen. Girod

Revenue:

Fiscal: Fiscal statement issued

Action: Do Pass as Amended and Be Printed A-Engrossed

Vote:

House

Yeas:

Nays:

Exc:

Senate

Yeas:

Nays:

Exc:

Prepared By: Ken Rocco, Legislative Fiscal Office

Meeting Date: March 22, 2013

WHAT THE MEASURE DOES: This measure implements statutory changes necessary to support the legislatively approved budget for the 2011-13 biennium and to clarify the application of statutes. This measure, relating to state financial administration, is not an appropriation bill and therefore does not include the appropriation of funds. The measure, however, is necessary to achieve a balanced budget for the 2011-13 biennium. The measure is effective upon passage.

The fiscal or budgetary impacts of provisions of this measure are contained in HB 5052, which is the budget rebalance bill for the 2011-13 biennium.

ISSUES DISCUSSED:

- Declines in projected lottery revenues.
- Criminal Fine Account allocations.

EFFECT OF COMMITTEE AMENDMENT: Replaces the original bill, incorporating the original bill plus additional statutory provisions including Lottery Funds allocation changes due to current economic forecasts. The key provisions of the amendment are:

- Increases the allocation of Criminal Fine Account revenues to the Department of Corrections for county juvenile and adult corrections programs and facilities by \$3,053,176.
- Clarifies the applicability of Criminal Fine Account distributions by the Department of Corrections for planning, operating, and maintaining county juvenile and adult corrections programs and facilities and drug and alcohol programs.
- Transfers \$76,069 from the Wage Security Fund to the General Fund for general governmental purposes to complete an action taken by the Emergency Board in December 2012.
- Reduces various allocations of Lottery Funds for the 2011-13 biennium due to the decline of lottery fund resources as projected in the March 2013 economic and revenue forecast.

BACKGROUND: This measure is the Joint Committee on Ways and Means program change bill for the 2011-13 rebalance. Similar measures are introduced each legislative session, generally both for any current biennium rebalance and for the next biennium being budgeted for during the session. This measure, relating to state financial administration, is not an appropriation bill and therefore does not include the appropriation of funds

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2837-A

Seventy-Seventh Oregon Legislative Assembly – 2013 Regular Session
Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

Prepared by: Ken Rocco
Reviewed by: Steve Bender, Daron Hill, Susie Jordan, Doug Wilson, Paul Siebert, Monica Brown, Linda Ames
Date: 2/22/2013

Measure Description:

Implements statutory changes necessary to support the legislatively approved budget for the 2011-13 biennium and to clarify the application of statutes for the budget rebalance plan.

Government Unit(s) Affected:

Department of Corrections; Bureau of Labor and Industries; Business Development Department; Department of Education; Office of the Governor; Department of Agriculture; Oregon Health Authority; Oregon University System; Counties

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: This measure implements the statutory changes necessary to support the legislatively approved budget for the 2011-13 biennium and to clarify the application of statutes for the budget rebalance plan. This measure, relating to state financial administration, is not an appropriation bill and therefore does not include the appropriation of funds. The measure, however, is necessary to achieve a balanced budget for the 2011-13 biennium. The measure is effective on passage.

The measure includes changes to lottery funds allocations as part of the rebalance of the state's lottery budget to the March 2013 forecast. All statutory Lottery Funds allocations, excluding allocations to pay debt service, are decreased by 2.18% to reduce total allocations of Lottery Funds to the amount now forecasted to be available for the 2011-13 biennium.

The budgetary impacts of provisions of this measure are contained in HB 5052, which is the budget rebalance bill for the 2011-13 biennium.

All actions included in this measure are one-time in nature and only affect the 2011-13 biennium. Transfers are to occur before June 30, 2013.

The following table summarizes, by section and agency/program, the fiscal impact of the measure.

Section/Gov't Unit	Program Change	Fiscal Impact
Sec. 1 Department of Corrections	Increases allocation of moneys from the Criminal Fine Account (CFA) for county juvenile and adult corrections programs and facilities and drug and alcohol programs; results in General Fund decline.	\$3,053,176
Sec. 2 Criminal Fine Account	Clarifies that CFA allocations distributed to counties by the Department of Corrections are for planning, operating, and maintaining county juvenile and adult corrections programs and facilities and for drug and alcohol programs; and clarifies intent that these allocations be distributed based on amounts courts transferred during the 2009-11 biennium.	No Fiscal

Sec. 3 Criminal Fine Account	Adds drug and alcohol programs as eligible use for allocations of CFA to Department of Corrections for period of January 1, 2012 through June 30, 2013.	No Fiscal
Sec. 4 Department of Corrections	Clarifies that Other Funds expenditure limit in the Department's 2011-13 biennium budget includes both community corrections and planning, operating, and maintaining county juvenile and adult corrections programs and facilities and drug and alcohol programs.	No Fiscal
Sec. 5 Criminal Fine Account	Clarifies that amendments to the 2011-13 biennium CFA allocations apply to unexpended amounts distributed to counties by the Department of Corrections.	No Fiscal
Sec. 6 (1) Business Development Department	Decreases lottery funds allocation for the Shared Services program due to lottery revenue forecast declines.	(\$145,632)
Sec. 6 (2) Business Development Department	Decreases lottery funds allocation for the Business, Innovation, and Trade program due to lottery revenue forecast declines.	(\$990,130)
Sec. 6 (3) Business Development Department	Decreases lottery funds allocation for the Oregon Film and Video Office due to lottery revenue forecast declines.	(\$24,548)
Sec. 7 Department of Education	Decreases lottery funds allocation for the State School Fund due to lottery revenue forecast declines.	(\$8,096,204)
Sec. 8 Office of the Governor	Decreases lottery funds allocation for ERT due to lottery revenue forecast declines.	(\$40,436)
Sec. 9 Oregon University System	Decreases lottery funds allocation for the Sports Lottery Account due to lottery revenue forecast declines.	(\$187,232)
Sec. 10 County Economic Development	Decreases lottery funds allocation for county economic development due to lottery revenue forecast declines.	(\$808,801)
Sec. 11 Oregon Health Authority	Decreases lottery funds allocation for gambling addiction treatment due to lottery revenue forecast declines.	(\$230,568)
Sec. 12 County Fairs	Decreases lottery funds allocation for county fairs due to lottery revenue forecast declines.	(\$78,446)
Sec. 13 Department of Agriculture	Decreases lottery funds allocation for county fair administration due to lottery revenue forecast declines.	(\$400)
Sec. 14 Bureau of Labor and Industries	Transfers funds from the Wage Security Fund to the General Fund for general governmental purposes as part of a December 2012 Emergency Board action; results in a General Fund increase.	\$76,069
Sec. 15	Emergency clause.	No Fiscal

2011-13 Biennium Administrative Services Economic Development Fund (Lottery Funds)

		Current Law 2011-13 Lottery Allocations	HB 2837-A Lottery Allocation Adjustments	Revised 2011-13 Lottery Allocations
Citations				
Lottery Resources				
Beginning Balance		333,528		333,528
Interest Income		890,634		890,634
Administrative Savings		8,005,457		8,005,457
Disappropriations & Reversions		1,361,248		1,361,248
Net Lottery Proceeds		1,069,062,146		1,069,062,146
Total Lottery Resources		1,079,653,013	-	1,079,653,013
Transfers and Allocations				
Dedicated Transfers				
Ed Stability Fund 18%		193,872,169		193,872,169
Parks & Natural Resources 15%		161,560,141		161,560,141
County Video Lottery	sec. 10, ch. 622, Oregon Laws 2011	37,118,584	(808,801)	36,309,783
OUS Sports Lottery Account	sec. 9, ch. 622, Oregon Laws 2011	8,592,720	(187,232)	8,405,488
Gambling Addiction Treatment	sec. 11, ch. 622, Oregon Laws 2011	10,581,552	(230,568)	10,350,984
County Fairs Distribution	sec. 12, ch. 622, Oregon Laws 2011	3,600,135	(78,446)	3,521,689
County Fairs - Administration (to ODA)	sec. 13, ch. 622, Oregon Laws 2011	18,354	(400)	17,954
Total Dedicated Transfers		415,343,654	(1,305,447)	414,038,207
Program Allocations				
Business Development Dept. - Shared services	sec. 3(1), ch. 622, Oregon Laws 2011	6,683,523	(145,632)	6,537,891
Business Development Dept. - BIT	sec. 3(2), ch. 622, Oregon Laws 2011	45,240,368	(990,130)	44,250,238
Business Development Dept. - Film & Video	sec. 3(3), ch. 622, Oregon Laws 2011	1,126,578	(24,548)	1,102,030
Dept. of Education - State School Fund	sec. 4, ch. 622, Oregon Laws 2011	371,761,717	(8,096,204)	363,665,513
Governor's Office - Econ. Revitalization Team	sec. 6, ch. 622, Oregon Laws 2011	1,855,731	(40,436)	1,815,295
Total Program Allocations		426,667,917	(9,296,950)	417,370,967
Debt Service				
Business Development Dept. - Old bonds	sec. 8(1), ch. 622, Oregon Laws 2011	82,033,209		82,033,209
Dept. of Transportation - Old bonds	sec. 8(1), ch. 622, Oregon Laws 2011	72,125,048		72,125,048
Department of Education - Old bonds	sec. 8(1), ch. 622, Oregon Laws 2011	49,179,542		49,179,542
Housing & Community Services - Old bonds	sec. 8(1), ch. 622, Oregon Laws 2011	10,349,343		10,349,343
Housing & Community Services - New bonds	sec. 8(2), ch. 622, Oregon Laws 2011	-		-
DAS - Pass-through bonds - Old bonds	sec. 8(1), ch. 622, Oregon Laws 2011	7,061,856		7,061,856
DAS - Pass-through bonds - New bonds	sec. 8(2), ch. 622, Oregon Laws 2011	1,327,488		1,327,488
Oregon University System - Old bonds	sec. 8(1), ch. 622, Oregon Laws 2011	13,448,402		13,448,402
Oregon University System - New bonds	sec. 8(2), ch. 622, Oregon Laws 2011	222,664		222,664
CCWD - Old bonds	sec. 8(1), ch. 622, Oregon Laws 2011	7,077,687		7,077,687
Water Resources Dept. - Old bonds	sec. 8(1), ch. 622, Oregon Laws 2011	572,118		572,118
Water Resources Dept. - New bonds	sec. 8(2), ch. 622, Oregon Laws 2011	157,984		157,984
State Forestry Dept. - Old bonds	sec. 8(1), ch. 622, Oregon Laws 2011	2,347,296		2,347,296
State Forestry Dept. - New bonds	sec. 8(2), ch. 622, Oregon Laws 2011	182,214		182,214
State Department of Energy - Old bonds	sec. 8(1), ch. 622, Oregon Laws 2011	2,158,988		2,158,988
Total Debt Service Allocations		248,243,839	-	248,243,839
Total Resources		1,079,653,013	-	1,079,653,013
Total Transfers and Allocations		1,090,255,410	(10,602,397)	1,079,653,013
Ending Balance		(10,602,397)	10,602,397	(0)

**PROPOSED AMENDMENTS TO
HOUSE BILL 2837**

1 In line 2 of the printed bill, after the semicolon insert “creating new
2 provisions; amending ORS 137.300 and section 58, chapter 597, Oregon Laws
3 2011, and section 2, chapter 631, Oregon Laws 2011;”.

4 Delete lines 4 through 11 and insert:

5 **“SECTION 1. (1) Notwithstanding any other law allocating moneys
6 from the Criminal Fine Account, the allocation to the Department of
7 Corrections established by section 58 (2), chapter 597, Oregon Laws
8 2011, as amended by section 3 of this 2013 Act, for the period beginning
9 January 1, 2012, and ending June 30, 2013, is increased by \$3,053,176 for
10 the purpose of planning, operating and maintaining county juvenile
11 and adult corrections programs and facilities and drug and alcohol
12 programs.**

13 **“(2) Notwithstanding ORS 137.300 (7), the Department of Revenue
14 shall distribute the full amount of the increased allocation provided
15 for in this section to the Department of Corrections as soon as possible
16 after the effective date of this 2013 Act.**

17 **“SECTION 2. ORS 137.300, as amended by section 14, chapter 89, Oregon
18 Laws 2012, is amended to read:**

19 **“137.300. (1) The Criminal Fine Account is established in the General
20 Fund. Except as otherwise provided by law, all amounts collected in state
21 courts as monetary obligations in criminal actions shall be deposited by the
22 courts in the account. All moneys in the account are continuously appro-**

1 priated to the Department of Revenue to be distributed by the Department
2 of Revenue as provided in this section. The Department of Revenue shall
3 keep a record of moneys transferred into and out of the account.

4 “(2) The Legislative Assembly shall first allocate moneys from the Crim-
5 inal Fine Account for the following purposes, in the following order of pri-
6 ority:

7 “(a) Allocations for public safety standards, training and facilities.

8 “(b) Allocations for criminal injuries compensation and assistance to
9 victims of crime and children reasonably suspected of being victims of crime.

10 “(c) Allocations for the forensic services provided by the Oregon State
11 Police, including, but not limited to, services of the State Medical Examiner.

12 “(d) Allocations for the maintenance and operation of the Law Enforce-
13 ment Data System.

14 “(3) After making allocations under subsection (2) of this section, the
15 Legislative Assembly shall allocate moneys from the Criminal Fine Account
16 for the following purposes:

17 “(a) Allocations to the Law Enforcement Medical Liability Account es-
18 tablished under ORS 414.815.

19 “(b) Allocations to the State Court Facilities and Security Account es-
20 tablished under ORS 1.178.

21 “(c) Allocations to the Department of Corrections for [*community cor-*
22 *rections grants under ORS 423.520*] **the purpose of planning, operating and**
23 **maintaining county juvenile and adult corrections programs and fa-**
24 **cilities and drug and alcohol programs.**

25 “(d) Allocations to the Oregon Health Authority for the purpose of grants
26 under ORS 430.345 for the establishment, operation and maintenance of al-
27 cohool and drug abuse prevention, early intervention and treatment services
28 provided through a county.

29 “(e) Allocations to the Oregon State Police for the purpose of the
30 enforcement of the laws relating to driving under the influence of

1 intoxicants.

2 “(f) Allocations to the Arrest and Return Account established under ORS
3 133.865.

4 “(g) Allocations to the Intoxicated Driver Program Fund established un-
5 der ORS 813.270.

6 “(4) It is the intent of the Legislative Assembly that allocations from the
7 Criminal Fine Account under subsection (3) of this section be consistent with
8 historical funding of the entities, programs and accounts listed in subsection
9 (3) of this section from monetary obligations imposed in criminal pro-
10 ceedings. **Amounts that are allocated under subsection (3)(c) and (d)**
11 **of this section shall be distributed to counties based on the amounts**
12 **that were transferred to counties by circuit, justice and municipal**
13 **courts during the 2009-2011 biennium under the provisions of ORS**
14 **137.308, as in effect January 1, 2011.**

15 “(5) Moneys in the Criminal Fine Account may not be allocated for the
16 payment of debt service obligations.

17 “(6) The Department of Revenue shall deposit in the General Fund all
18 moneys remaining in the Criminal Fine Account after the distributions listed
19 in subsections (2) and (3) of this section have been made.

20 “(7) The Department of Revenue shall establish by rule a process for dis-
21 tributing moneys in the Criminal Fine Account. The department may not
22 distribute more than one-eighth of the total biennial allocation to an entity
23 during a calendar quarter.

24 **“SECTION 3.** Section 58, chapter 597, Oregon Laws 2011, is amended to
25 read:

26 **“Sec. 58.** (1) There is allocated \$506,244 from the Criminal Fine Account
27 to the Law Enforcement Medical Liability Account established under ORS
28 414.815 for the period beginning January 1, 2012, and ending June 30, 2013.

29 “(2) There is allocated \$3,223,179 from the Criminal Fine Account to the
30 Department of Corrections for the period beginning January 1, 2012, and

1 ending June 30, 2013, for the purpose of planning, operating and maintaining
2 county juvenile and adult corrections programs and facilities **and drug and**
3 **alcohol programs.** [*The grant to each county shall be based on amounts*
4 *deposited in the Criminal Fine and Assessment Account by the circuit court*
5 *for the county in the 2009-2011 biennium.*]

6 “(3) There is allocated \$42,884 from the Criminal Fine Account to the
7 Oregon Health Authority for the period beginning January 1, 2012, and end-
8 ing June 30, 2013, for the purpose of grants under ORS 430.345 for the es-
9 tablishment, operation and maintenance of alcohol and drug abuse
10 prevention, early intervention and treatment services provided through a
11 county.

12 “(4) There is allocated \$190,004 from the Criminal Fine Account to the
13 Oregon State Police for the period beginning January 1, 2012, and ending
14 June 30, 2013, for the purpose of the enforcement of the laws relating to
15 driving under the influence of intoxicants.

16 “(5) There is allocated \$22,500 from the Criminal Fine Account to the
17 Arrest and Return Account established under ORS 133.865 for the period
18 beginning January 1, 2012, and ending June 30, 2013.

19 “(6) There is allocated \$699,000 from the Criminal Fine Account to the
20 Intoxicated Driver Program Fund created under ORS 813.270 for the period
21 beginning January 1, 2012, and ending June 30, 2013.

22 “**SECTION 4.** Section 2, chapter 631, Oregon Laws 2011, is amended to
23 read:

24 “**Sec 2.** Notwithstanding any other law limiting expenditures, the fol-
25 lowing amounts are established for the biennium beginning July 1, 2011, as
26 the maximum limits for payment of expenses from fees, moneys or other
27 revenues, including Miscellaneous Receipts, but excluding lottery funds and
28 federal funds, collected or received by the Department of Corrections, for the
29 following purposes:

30 (1) Operations and health services \$ 9,522,269

1	(2) Administration, public services	
2	and general services.....	\$ 6,968,970
3	(3) Transitional services.....	\$ 9,038,775
4	(4) Community corrections;	
5	Planning, operating and	
6	maintaining county juvenile	
7	and adult corrections programs	
8	and facilities; Drug and	
9	alcohol programs	\$ 2,123,773

10 **“SECTION 5. The amendments to section 58, chapter 597, Oregon**
11 **Laws 2011, by section 3 of this 2013 Act apply to all unexpended**
12 **amounts distributed to counties by the Department of Corrections**
13 **pursuant to section 58, chapter 597, Oregon Laws 2011.**

14 **“SECTION 6. (1) Notwithstanding any other law allocating moneys**
15 **from the Administrative Services Economic Development Fund, the**
16 **allocation to the Oregon Business Development Department estab-**
17 **lished by section 3 (1), chapter 622, Oregon Laws 2011, for the biennium**
18 **beginning July 1, 2011, as modified by legislative action, is decreased**
19 **by \$145,632.**

20 **“(2) Notwithstanding any other law allocating moneys from the**
21 **Administrative Services Economic Development Fund, the allocation**
22 **to the Oregon Business Development Department established by sec-**
23 **tion 3 (2), chapter 622, Oregon Laws 2011, for the biennium beginning**
24 **July 1, 2011, as modified by legislative action, is decreased by \$990,130.**

25 **“(3) Notwithstanding any other law allocating moneys from the**
26 **Administrative Services Economic Development Fund, the allocation**
27 **to the Oregon Business Development Department established by sec-**
28 **tion 3 (3), chapter 622, Oregon Laws 2011, for the biennium beginning**
29 **July 1, 2011, as modified by legislative action, is decreased by \$24,548.**

30 **“SECTION 7. Notwithstanding any other law allocating moneys**

1 from the Administrative Services Economic Development Fund, the
2 allocation to the Department of Education, for the State School Fund,
3 established by section 4, chapter 622, Oregon Laws 2011, for the
4 biennium beginning July 1, 2011, as modified by legislative action, is
5 decreased by \$8,096,204.

6 **SECTION 8.** Notwithstanding any other law allocating moneys
7 from the Administrative Services Economic Development Fund, the
8 allocation to the office of the Governor established by section 6,
9 chapter 622, Oregon Laws 2011, for the biennium beginning July 1, 2011,
10 as modified by legislative action, is decreased by \$40,436.

11 **SECTION 9.** Notwithstanding any other law allocating moneys
12 from the Administrative Services Economic Development Fund, the
13 allocation to the Sports Lottery Account established by section 9,
14 chapter 622, Oregon Laws 2011, for the biennium beginning July 1, 2011,
15 as modified by legislative action, is decreased by \$187,232.

16 **SECTION 10.** Notwithstanding any other law allocating moneys
17 from the Administrative Services Economic Development Fund, the
18 allocation to the Oregon Department of Administrative Services, for
19 distribution to counties for economic development activities as pro-
20 vided by ORS 461.547, established by section 10, chapter 622, Oregon
21 Laws 2011, for the biennium beginning July 1, 2011, is decreased by
22 \$808,801.

23 **SECTION 11.** Notwithstanding any other law allocating moneys
24 from the Administrative Services Economic Development Fund, the
25 allocation to the Problem Gambling Treatment Fund established by
26 section 11, chapter 622, Oregon Laws 2011, for the biennium beginning
27 July 1, 2011, as modified by legislative action, is decreased by \$230,568.

28 **SECTION 12.** Notwithstanding any other law allocating moneys
29 from the Administrative Services Economic Development Fund, the
30 allocation to the County Fair Account established by section 12,

1 chapter 622, Oregon Laws 2011, for the biennium beginning July 1, 2011,
2 is decreased by \$78,446.

3 **“SECTION 13.** Notwithstanding any other law allocating moneys
4 from the Administrative Services Economic Development Fund, the
5 allocation to the Oregon Department of Administrative Services, for
6 transfer to the State Department of Agriculture, established by section
7 13, chapter 622, Oregon Laws 2011, for the biennium beginning July 1,
8 2011, is decreased by \$400.

9 **“SECTION 14.** Notwithstanding ORS 652.409 (2), the amount of
10 \$76,069 is transferred from the Wage Security Fund to the General
11 Fund for general governmental purposes. The transfer shall be made
12 on or before June 30, 2013, from moneys maintained in the Wage Se-
13 curity Fund on the effective date of this 2013 Act.

14 **“SECTION 15.** This 2013 Act being necessary for the immediate
15 preservation of the public peace, health and safety, an emergency is
16 declared to exist, and this 2013 Act takes effect on its passage.”.

17
