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# MEMORANDUM

Legislative Fiscal Office  
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**To:** *Capital Construction Subcommittee*

**From:** *Ken Rocco, Legislative Fiscal Office*  
*(503) 986-1844*

**Date:** July 7, 2013

**Subject:** *HB 2322*  
*Work Session*

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House Bill 2322 relates to state financial administration. An amendment replaces the bill. The amended version is referred to as the "Program Change" bill. The bill has an emergency clause and is effective on passage.

The amended version of the bill implements statutory changes necessary to support the 2013-15 legislatively approved budget and to clarify the application of statutes. The bill is not an appropriation bill and therefore does not include the appropriation of funds.

The bill is necessary to achieve a balanced budget for the 2013-15 biennium. The fiscal or budgetary impacts of provisions of this bill are contained in HB 5008, which is the budget reconciliation bill for the 2013-15 biennium, or in other specific agency budget measures.

The Work Session packet includes a preliminary staff measure summary and fiscal impact statement. This packet is available on the Oregon Legislative Information System (OLIS). A revenue impact statement is currently being prepared for the bill.

## Amendment

The Legislative Fiscal Office recommendation, as outlined in the fiscal impact statement, replaces the bill.

**Motion #1: Move the LFO recommendation to HB 2322.**

## Measure as Modified

The measure, as amended, is recommended to be moved to the full Committee on Joint Ways and Means.

**Motion #2: Move HB 2322 to the full committee with a "do pass" recommendation, as modified.**

Chair to assign carriers:

Full: \_\_\_\_\_  
2<sup>nd</sup> Chamber: \_\_\_\_\_

**FISCAL IMPACT OF PROPOSED LEGISLATION**

Measure: HB 2322 - A

Seventy-Seventh Oregon Legislative Assembly – 2013 Regular Session  
Legislative Fiscal Office*Only Impacts on Original or Engrossed  
Versions are Considered Official*

Prepared by: John Borden

Reviewed by: Ken Rocco, Daron Hill, Doug Wilson, Paul Siebert, Linda Ames, Laurie Byerly,  
Monica Brown, Steve Bender, Michelle Deister, Susan Jordan, Linda Gilbert, and John Borden

Date: July 7, 2013

**Measure Description:**

HB 2322-A implements the statutory changes necessary to support the legislatively adopted budget and to clarify the application of statutes.

**Government Unit(s) Affected:**

Department of Education; Government Ethic Commission; Military Department; Housing and Community Services Department, Department of Energy; Secretary of State; Oregon Health Authority; Department of Human Services; Department of Justice; Oregon Judicial Department; Oregon Liquor Control Commission; Department of Revenue; Department of Administrative Services; Department of Environmental Quality; Department of Agriculture; Oregon University System; Citizen's Initiative Review Commission; Legislative Fiscal Office; Legislative Fiscal Office; State Treasurer; Bureau of Labor and Industries; Employment Department; Department of Transportation, school districts, and counties

**Summary of Expenditure Impact:**

See Analysis.

**Summary of Revenue Impact:**

See Legislative Revenue Office Impact Statement

**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 statutory changes necessary to support the legislatively approved budget 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 2013-15 biennium. The measure is effective on passage.

The budgetary impacts of provisions of this measure are contained in HB 5008, which is the budget reconciliation bill for the 2013-15 biennium, or specific agency budget measures.

Other Funds transfers provided in this measure are one-time in nature and only apply to the 2013-15 biennium. Unless otherwise noted, the transfers are to be made on the effective date of the measure.

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

Section/Gov't Unit	Program Change	Fiscal Impact
§1 Department of Revenue	Transfers remaining Tax Amnesty Fund to the General Fund for general governmental purposes.	\$5,478,292 General Fund revenue

Section/Gov't Unit	Program Change	Fiscal Impact
§2 & §3 Department of Revenue	Allows through a permanent statutory change the continued use of tobacco tax moneys for enforcement purposes.	No fiscal impact
§4 & §5 Government Ethics Commission	Extends by one year, or until 2016, the statutory date for the completion of an online reporting system for Statements of Economic Interest.	No fiscal impact
§6 Military Department	Repeals obsolete revolving fund, and requirements for payments to members of the National Guard who develop cancer under certain circumstances, reimbursement of hunting licenses, and for local militia unit funds.	No fiscal impact
§7 Department of Environmental Quality	Transfers balance of the inactive Assessment Deferral Loan Program Revolving Fund to the General Fund for general governmental purposes.	\$1,655,000 General Fund revenue
§8 to §10 Department of Agriculture Department of Administrative Services	County Fair Commission; Eliminates the County Fair Commission. The Department of Administrative Services becomes responsible for payments to county fairs.	(\$21,380) Lottery Funds Department of Agriculture  \$21,380 Lottery Funds Department of Administrative Services
§11 to §22 Citizen's Initiative Review Commission	Transforms the Citizen's Initiative Review Commission into a semi-independent state agency.	<\$16,401> Other Funds
§23 to §26 Department of Human Services	Continues, for two more years, the suspension of certain Temporary Assistance for Needy Families (TANF) program services that are also unfunded in the 2011-13 biennium; fiscal impact reflects associated savings.	<\$22,204,700> General Fund
§27 Transparency Oregon Advisory Commission	Changes the statutory date under ORS 184.486(13) that the Transparency Oregon Advisory Commission must report to the Legislature from January 15 to February 15 of each odd-numbered year.	No fiscal impact

Section/Gov't Unit	Program Change	Fiscal Impact
§28  Department of Education Department of Administrative Services	Sale or lease of excess School for the Deaf property; proceeds would be used to offset deferred maintenance cost. The fiscal for this section is indeterminate but will provide resources to address multiple deferred maintenance needs at the School for the Deaf where General Fund resources in future biennia may have had to be used.	Indeterminate fiscal impact
§29  Oregon Liquor Control Commission	This change results in \$32.4 million in liquor revenue attributable to the \$0.50 per bottle surcharge imposed by the OLCC will be distributed to the General Fund.	No fiscal impact
§30  Employment Department	\$10 million is transferred from the Supplemental Employment Department Administrative Fund to the General Fund for general government purposes.	\$10,000,000 General Fund revenue
§31  Housing and Community Services Department  Department of Energy	\$4.8 million of unexpended Public Purpose Charge revenue is transferred from the Housing and Community Services Department's Energy Conservation Helping Oregonians program to the Oregon Department of Energy's Clean Energy Deployment Fund for coordination of home energy efficiency assessments, financing and contracting activities.	(\$4,800,000) Other Funds Housing and Community Services Department  \$4,800,000 Other Funds Department of Energy
§32  Oregon Health Authority	Conforms Oregon Reinsurance Program eligibility to changes in administration of the federal high risk pool.	No fiscal impact
§32a  Oregon Health Authority	Clarifies that receipt of state funds for providing services, rather than entity making payment, is part of criteria defining "adult foster care home provider" as used in ORS 443.733.	No fiscal impact
§33  Department of Administrative Services	Transfers funds from the Insurance Fund to the General Fund for general governmental purposes. Following the transfer, the projected fund balance will be about \$96 million. The transfer does increase the program's unfunded liability, as liabilities are currently estimated to be \$118 million.	\$10,000,000 General Fund revenue

Section/Gov't Unit	Program Change	Fiscal Impact
§34 Department of Justice	Transfers Department of Justice Protection and Education Fund monies to the General Fund for general governmental purposes.	\$5,000,000 General Fund revenue
§35 Military Department	Expands the eligible use of the Oregon Local Disaster Assistance Loan and Grant Account to include non-federally declared disasters as determined by the Legislature or the Emergency Board.	No fiscal impact
§36 Department of Human Services	Allows use of the Quality Care Fund established under ORS 443.001, on a one-time basis, for operating expenses of fund-related programs.	\$1,250,000 Other Funds
§37 to §39 Department of Administrative Services Department of Education	School Capital Matching Fund – repeals transfer of Lottery Funds ending balance to the School Capital Matching Fund.	No fiscal impact
§40 Secretary of State	Transfers Secretary of State business registration fee revenues to the General Fund for general governmental purposes.	\$4,000,000 General Fund revenue
§41 to §44a Oregon Judicial Department	Judicial Salaries – increases salaries of judges by \$5,000 per year, beginning on January 1, 2014 and January 1, 2015. The cost will be \$2,579,812 General Fund in the 2015-17 biennium.	\$1,934,859 General Fund
§45 Office of the Governor Secretary of State State Treasurer Attorney General Commissioner of Bureau of Labor and Industries	Elected State Officer Salaries – increase salary by \$5,000 per year, beginning on January 1, 2014. The cost of salaries totals \$37,500 with \$8,370 of other payroll expenses.	\$45,870 All Funds

Section/Gov't Unit	Program Change	Fiscal Impact
§45a  Judicial Department Office of the Governor Secretary of State State Treasurer Attorney General Commissioner of Bureau of Labor and Industries	Specifies the operative date(s) of statutory judgeship and elected state officer salary increase(s).	No fiscal impact
§46 to §48  Legislative Fiscal Office	Modify distribution of Central Government Service Charge.	(\$3,000,000) General Fund \$3,000,000 Other Funds
§46(3)(e)  Secretary of State	Removes Archives Division from Central Government Service Charge.	(\$1,519,471) Other Funds (\$1,519,471) General Fund
§49 to §54  Department of Administrative Services Department of Revenue Oregon Business Development Department	Shared Services Fund technical adjustments and establishes a payment schedule.	No fiscal impact
§55 to §63  Oregon Judicial Department	Provides for the development of rules for electronic applications and modifies fees.	No fiscal impact
§64  Oregon Judicial Department - County Law Libraries and Family Mediation programs	Permits counties to reallocate up to one- half of monies appropriated for county law libraries and law library services to conciliation and mediation services in circuit courts. The maximum amount that could potentially be reallocated equals \$3,534,068.	Indeterminate fiscal impact
§65  Department of Administrative Services	Pay-line exception review by Legislative Fiscal Office and Joint Committee on Ways and Means.	No fiscal impact

Section/Gov't Unit	Program Change	Fiscal Impact
§66 Multiple agencies	Transfers occur on the effective date, unless otherwise noted.	No fiscal impact
§67 to §75 State Treasurer	Repeals current law on divesture of state investments in Sudan; State Treasurer to adopt policy statement related to engagement of private investment managers with investments in the Sudan.	No fiscal impact
§76 to §79 State Treasurer	Allows the State Treasurer to establish conditions by which a school district may qualify or maintain qualification for state guaranty of its school bonds.	Indeterminate fiscal impact
§80 Oregon University System	Universities with a government board subject to statute related to art work acquisitions under ORS 276.090, if Senate Bill 270 becomes law.	No fiscal impact
§81 Department of Education	Provide additional resources for Portland Public Schools relating to non-Portland resident students who receive services from the Providence long-term care facility and educational related services from Portland Schools. The resources would be from a separate distribution from the State School Fund of \$500,000. There would not be any additional resources appropriated or provided to the State School Fund. There would be an impact to school districts and educational service districts since there would be \$500,000 less available for general distribution through the state school formula.	No fiscal impact
§82 and §83 Department of Education	Establishes a grant program for the 2013-15 biennium only which provides funding to add one licensed teacher for schools that are in the bottom five percent of schools serving K-8 students based on the rating system used to measure performance. At least two schools per congressional district are to receive these grants. HB 5508 includes \$1.5 million General Fund for these grants.	No fiscal impact

Section/Gov't Unit	Program Change	Fiscal Impact
§84  Department of Transportation	Modifies previously approved allocations from the State Highway Fund: \$650,000 for project development of the Cornelius Pass Road; \$3.6 million to the City of Portland for project development and construction of sidewalks and other pedestrian facilities on South East 136th Avenue; and \$4.9 million to the Department of Transportation for the development of the Outer Powell Boulevard project.	No fiscal impact
§85  Department of Transportation	Modifies previously approved allocation from Transportation Program Development: \$1.5 million for Westside Transportation Solutions Study.	No fiscal impact
§86 and §87  Department of Administrative Services State agencies with Ballot Measure 76 funding	Reverts unexpended Lottery Funds (non-Ballot Measure 76) back to the Department of Administrative Services – Economic Development Fund, with the exception of allocations for capital construction, continuing contracts, contested claims, or other specifically identified allocations.	No fiscal impact
§88  State agencies	Repeals ORS 297.075 reporting requirements of state agencies to the Legislature of responses to Secretary of State audit recommendations.	No fiscal impact
§89 and §90	Captions and emergency clause.	No fiscal impact



Joint Committee on Ways and Means

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

**Revenue:** Fiscal impact statement issued

**Fiscal:** Revenue impact statement issued

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**Action:**

**Vote:**

House

Yeas:

Nays:

Exc:

Senate

Yeas:

Nays:

Exc:

**Prepared By:** Ken Rocco, Legislative Fiscal Office

**Meeting Date:** June 7, 2013

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**WHAT THE MEASURE DOES:** This measure implements statutory changes necessary to support the legislatively approved budget 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 2013-15 biennium. The measure is effective on passage.

The fiscal or budgetary impacts of provisions of this measure are contained in HB 5008, which is the budget reconciliation bill for the 2013-15 biennium, or in other specific agency budget measures. The major provisions, by program area, are:

Education Program Area: Allows for sale of excess School for the Deaf property with proceeds used to offset deferred maintenance cost; provides additional resources for Portland Public Schools relating to non-Portland resident students who receive services from the Providence long-term care facility and educational related services from Portland Schools; Authorizes the Department of Education to make grants to certain schools to improve student achievement; Universities with a government board subject to statute related to art work acquisitions under ORS 276.090, if Senate Bill 270 becomes law.

Human Services Program Area: Continues, for two more years, the suspension of certain Temporary Assistance for Needy Families (TANF) program services; conforms Oregon Reinsurance Program eligibility to changes in administration of the federal high risk pool; clarifies that receipt of state funds for providing services, rather than entity making payment, is part of criteria defining “adult foster care home provider” as used in ORS 443.733; and allows use of Quality Care Fund established under ORS 443.001, on a one-time basis, for operating expenses of fund-related programs.

Public Safety Program Area: Repeals obsolete Military Department revolving fund and payment requirements; expands the eligible use of the Oregon Local Disaster Assistance Loan and Grant Account to include non-federally declared disasters; transfers Department of Justice Protection and Education Fund monies to the General Fund; provides statutory salary increase(s) for statutory judgeships; permits counties to reallocate up to one-half of monies appropriated for county law libraries and law library services to conciliation and mediation services in circuit courts; provides statutory salary increase for Attorney General; and allows the Judicial Department to establish rules for electronic application and modifies fee.

Economic and Community Development Program Area: Transfers Supplemental Employment Department Administrative Fund to the General Fund and transfers Public Purpose Charge revenue from the Housing and

Community Services Department's Energy Conservation Helping Oregonians program to the Oregon Department of Energy's Clean Energy Deployment Fund.

Natural Resources Program Area: Eliminates the County Fair Commission at Department of Agriculture and makes the Department of Administrative Services responsible for payments to county fairs; and transfers Department of Environmental Quality funds in the Assessment Deferral Loan Program Revolving Fund to the General Fund.

Transportation Program Area: Modifies previously approved allocations from the State Highway Fund: \$650,000 for project development of the Cornelius Pass Road; \$3.6 million to the City of Portland for project development and construction of sidewalks and other pedestrian facilities on South East 136<sup>th</sup> Avenue; and \$4.9 million to the Department of Transportation for the development of the Outer Powell Boulevard project; and modifies previously approved allocation from Transportation Program Development: \$1.5 million for Westside Transportation Solutions Study.

Consumer and Business Services Program Area: Provides statutory salary increase for the Commissioner of the Bureau of Labor and Industry

Administration Program Area: Transfers Department of Revenue remaining Tax Amnesty Fund to the General Fund; allows Department of Revenue to continue to use tobacco tax moneys for enforcement purposes; extends statutory date for the Government Ethics Commission to complete an online reporting system; changes the statutory reporting date for the Transparency Oregon Advisory Commission; transforms the Citizen's Initiative Review Commission into a semi-independent state agency; transfers Department of Administrative Services Insurance Fund to the General Fund; modifies distribution of Central Government Service Charge; directs quarterly reporting of state agency pay-line exceptions; specifies that liquor revenue attributable to the \$0.50 per bottle surcharge imposed by the Oregon Liquor Control Commission is distributed to the General Fund; repeals transfer of Lottery Funds ending balance to the School Capital Matching Fund; reverts unexpended Lottery Funds (non-Ballot Measure 76) to the Department of Administrative Services – Economic Development Fund; remedies technical issues with the Strategic Investment Program and establishes a payment schedule; transfers Secretary of State business registration fee revenues to the General Fund; removes Secretary of State Archives Division funding from the Central Government Service Charge; provides statutory salary increase for State Treasurer, Secretary of State, and Governor; modifies statutes related to the state's divestiture of investments in the Sudan; allows the State Treasurer to establish conditions by which a school district may qualify or maintain qualification for state guaranty of its school bonds; and repeals reporting requirements of state agencies to the Legislature of responses to Secretary of State audit recommendations.

**ISSUES DISCUSSED:**

- Need for program change bill
- Transfers of funds from agency accounts to the General Fund
- Relation to HB 5008 the budget reconciliation bill
- Fiscal impact of the measure

**EFFECT OF COMMITTEE AMENDMENT:** Replaces the measure.

**BACKGROUND:** This measure is the Joint Committee on Ways and Means program change bill. Similar measures are introduced each legislative session. This measure, relating to state financial administration, is not an appropriation bill and therefore does not include the appropriation of funds.