

**77th OREGON LEGISLATIVE ASSEMBLY – 2013 Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: HB 5025-A

JOINT COMMITTEE ON WAYS AND MEANS

**Carrier – House: Rep. Unger
Carrier – Senate: Sen. Thomsen**

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

Vote: 23 – 0 – 3

House

Yeas: Barker, Buckley, Frederick, Freeman, Hanna, Huffman, Jenson, Komp, McLane, Nathanson, Richardson, Tomei, Williamson

Nays:

Exc: Read, Smith

Senate

Yeas: Devlin, Edwards, Girod, Hansell, Monroe, Rosenbaum, Steiner Hayward, Thomsen, Whitsett, Winters

Nays:

Exc: Bates

Prepared By: Lisa Pearson, Department of Administrative Services

Reviewed By: Susie Jordan, Legislative Fiscal Office

Meeting Date: May 24, 2013

Agency

Oregon State Marine Board

Biennium

2013-15

Budget Summary*

	2011-13 Legislatively Approved Budget ⁽¹⁾	2013-15 Current Service Level	2013-15 Committee Recommendation	Committee Change from 2011-13 Leg. Approved	
				\$ Change	% Change
Other Funds	\$ 23,287,102	\$ 21,984,696	\$ 25,812,847	\$ 2,525,745	10.8%
Federal Funds	\$ 6,683,394	\$ 6,759,893	\$ 7,443,149	\$ 759,755	11.4%
Total	\$ 29,970,496	\$ 28,744,589	\$ 33,255,996	\$ 3,285,500	11.0%

Position Summary

Authorized Positions	40	40	40	0	0.0%
0.0% Full-time Equivalent (FTE) positions	39.50	39.50	39.50	0	0.0%

(1) Includes adjustments through December 2012.

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Oregon State Marine Board is supported by motorboat fuel taxes, federal grants, and fees. The 2003 Legislature authorized a restructure of registration and title fees charged by the Marine Board which continue to address the Marine Board revenue requirements. The recommended budget assumes the passage of Senate Bill 25, which relates to the Charter Boat program. Senate Bill 25 changes the definition of a charter boat. The impact of the bill is to decrease the revenues for the Charter Boat program. Decreased revenue projections, especially for motorboat fuel tax and boat registrations and titling, result in packages to reduce revenue and expenditures while leaving sufficient ending balances for operating cash flow.

Summary of Natural Resources Subcommittee Action

The Marine Board promotes the safe and enjoyable use of state waters for recreational boating. The agency provides boat registration and titling, marine law enforcement, boating facilities, public access, and boating safety education services. The Joint Subcommittee on Natural Resources approved a total funds budget of \$33,255,996 and 39.50 FTE. The total funds budget is an increase of 11.0 percent from the 2011-13 legislatively approved budget through December 2012 and an increase of 15.7 percent from the 2013-15 Current Service Level. The budget includes \$25,812,847 Other Funds expenditure limitation and \$7,443,149 Federal Funds expenditure limitation. The approved budget maintains the service level of the 2011-13 legislatively approved budget and provides an estimated ending balance of \$5,459,157, the equivalent of 5 months operating expenditures.

Administration and Education

The Administration and Education unit supports the work of the five-member Marine Board and performs several other agency program functions. This program includes registration, licensing, or titling over 184,000 motor boats, sailboats, floating homes, boathouses, ocean charter boats, personal watercraft, outfitters, and guides. This program also develops educational materials, safety guidelines, waterway management plans, and boating regulations. This program includes the administration of the statewide mandatory boater education program. The Natural Resources Subcommittee approved a total funds budget of \$6,250,697 and 23.80 FTE. This budget includes \$6,040,802 Other Funds and \$209,895 Federal Funds.

The Subcommittee recommended package 091: Statewide Administrative Savings, eliminating \$73,528 Other Funds expenditure limitation. This package is a placeholder for administrative efficiencies in finance, information technology, human resources, accounting, payroll, and procurement expenditures. The Department of Administrative Services will continue to work on details of these reductions with agencies and report back during the 2014 session.

Package 092: PERS Taxation Policy eliminating \$9,247 Other Funds expenditure limitation was approved. This package reflects the policy change in SB 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments if the person receiving the payments does not pay Oregon income tax on those benefits and is not an Oregon resident. This change reduces state employer contribution rates by approximately 0.30 percent.

The Subcommittee recommended package 093: Other PERS Adjustments, eliminating \$73,884 Other Funds expenditure limitation. This package reflects the policy change in SB 822 that modifies the cost-of-living adjustment under the Public Employees Retirement System. This change reduces state employer contribution rates by approximately 2.2 percent. An administrative action by the PERS Board, as directed by a budget note in the SB 822 budget report, will reduce state employer contribution rates by up to an additional 1.9 percent. However, no employer rate is reduced below its 2011-13 biennium rate.

Package 101: Restore Limitation for Statutory Compliance was approved; it provides \$303,000 permanent expenditure limitation for abandoned boat removal, for the triennial boating survey required by ORS 803.115, and the quadrennial fuel usage survey required by ORS 319.415. The two surveys will be conducted in the 2013-15 biennium and the 2015-17 biennium.

The Subcommittee recommended package 102: Restore SB 5701 February 2012 Limitation. This package provides \$151,000 one-time Other Funds expenditure limitation to complete the replacement of the Marine Board Accounting and Registration System. The February 2012 Legislative Session had provided one-time Federal Funds expenditure limitation for this project. The source of Other Funds is the cash reserve from previous biennia and follows the expenditure plan approved by the 2012 Legislature.

Package 103: One-Time Limitation-Operation Improvements was approved, it provides \$117,000 Other Funds expenditure limitation for discrete projects, including replacing network hardware, purchasing spill kits and bilge socks for the Clean Marina program, implementing the strategic plan, purchasing boating traffic surveillance equipment, improving signs, and standardizing the Aqua-Smart program.

Package 810: LFO Analyst Adjustments was approved, it is a technical adjustment to revenue to reflect reductions of PERS expenses, correct classification for publications sale from Other Income to Other Sales revenue, and to reflect updated revenue estimates based on February 2013 data. The updated information includes a \$0.41 million reduction in fuels tax revenue transfers from the Department of Transportation based on current boat sales information and a \$0.41 million increase in business licenses and fees based on current boater information for a net total decrease of \$0.01 million.

Law Enforcement

The Law Enforcement program contracts with and provides training for county sheriffs and the Oregon State Police to provide on-water marine enforcement patrols. Over 80 percent of the program's budget is spent as Special Payments for law enforcement contracts. The Joint Subcommittee approved a total funds budget of \$14,257,519 and 5.10 FTE. This budget includes \$10,265,550 Other Funds expenditure limitation and \$3,991,969 Federal Funds expenditure limitation.

Package 092: PERS Taxation Policy was approved eliminating \$2,046 Other Funds expenditure limitation; this package reflects the policy change in Senate Bill 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments if the person receiving the payments does not pay Oregon income tax on those benefits and is not an Oregon resident. This change reduces state employer contribution rates by approximately 0.30 percent.

The Subcommittee recommended package 093: Other PERS Adjustments eliminating \$16,351 Other Funds expenditure limitation. This package reflects the policy change in Senate Bill 822 that modifies the cost-of-living adjustment under the Public Employees Retirement System. This change reduces state employer contribution rates by approximately 2.2 percent. An administrative action by the PERS Board, as directed by a budget note in the Senate Bill 822 budget report, will reduce state employer contribution rates by up to an additional 1.9 percent. However, no employer rate is reduced below its 2011-13 biennium rate.

Package 202: Restore Senate Bill 5701 February 2012 Limitation was approved; it provides \$1,050,000 one-time expenditure limitation for restoring funding for county sheriff law enforcement contracts and boat purchases. The funding would bring these expenditures close to their 2008 levels. The Legislative Assembly provided one-time expenditure limitation at its February 2012 session for this purpose.

The Subcommittee recommended package 203: One-time Limitation-Enhanced Patrols Training. This package provides \$422,500 one-time expenditure limitation for enhanced purchases of law enforcement boats, increased on-water patrol hours, a reserve for special-needs enforcement efforts, training for personal watercraft patrols and boating accident reconstruction, and a pilot project to implement electronic boating exam reports.

Package 810: LFO Analyst Adjustments was approved, it is a technical adjustment to revenue to reflect reductions of PERS expenses and to correct revenue categories, including reclassifying sales revenue to general other revenue.

Facility Grants

The Facility Grants program awards grants to federal, state, and local governments to design and construct marine access facilities throughout the state. Over half of the program's budget is distributed to various entities as Special Payments for acquisition, development, and maintenance of these marine facilities. The Subcommittee approved a total funds budget of \$10,836,510 and 9.00 FTE. The budget includes \$7,595,225 Other Funds and \$3,241,285 Federal Funds.

Package 092: PERS Taxation Policy was approved eliminating \$4,557 Other Funds expenditure limitation and \$172 Federal Funds expenditure limitation; this package reflects the policy change in Senate Bill 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments if the person receiving the payments does not pay Oregon income tax on those benefits and is not an Oregon resident. This change reduces state employer contribution rates by approximately 0.30 percent.

The Subcommittee recommended package 093: Other PERS Adjustments eliminating \$35,413 Other Funds expenditure limitation and \$1,372 Federal Funds expenditure limitation. This package reflects the policy change in Senate Bill 822 that modifies the cost-of-living adjustment under the Public Employees Retirement System. This change reduces state employer contribution rates by approximately 2.2 percent. An administrative action by the PERS Board, as directed by a budget note in the Senate Bill 822 budget report, will reduce state employer contribution rates by up to an additional 1.9 percent. However, no employer rate is reduced below its 2011-13 biennium rate.

Package 301: Position Reclassification was approved; this package corrects a work-out-of class situation involving a Procurement and Contract Specialist 2 position which will become a Program Analyst 3 position. The position reclassification request was reviewed and recommended by the Department of Administrative Services Chief Human Resources Office. This package adds \$7,968 Other Funds expenditure limitation.

The Subcommittee recommended package 302: Restore Senate Bill 5701 February 2012 Limitation. This package provides \$509,800 one-time expenditure limitation to restore the one-time increase provided by the February 2012 Legislative Assembly in Senate Bill 5701 for local grants for boating facility maintenance and improvements.

Package 303: One-time Limitation-Enhanced Grant Levels was approved; this package provides \$638,787 Other Funds expenditure limitation and \$520,000 Federal Funds expenditure limitation totaling \$1,158,787 expenditure limitation for an increased level of Boating Facility Grants and to replace field survey instruments that are more than nine years old.

Package 810: LFO Analyst Adjustments was approved, it is a technical adjustment to revenue to reflect reductions of PERS expenses and to correct revenue categories, including reclassifying sales revenue to general other revenue.

Aquatic and Invasive Species

This program started during the 2009-11 biennium following passage of House Bill 2220. It involves a joint effort of the Oregon State Marine Board, the Oregon Department of Fish and Wildlife, and the Oregon State Police to control waterborne non-native species. The source of funding

is the Invasive Aquatic Species Fund, which was established by House Bill 2220. Revenue for the fund comes from aquatic invasive species prevention permits for motorboats and manual boats that are 10 feet or greater in length. During the 2009-11 biennium this program was housed in the Administration and Education program unit. Because of the importance of this program, the 2011 Legislative Assembly approved creating a new budget structure devoted to the program. The Joint Subcommittee approved a total funds budget of \$1,911,270 and 1.60 FTE positions. The budget is all Other Funds.

Package 092: PERS Taxation Policy was approved, eliminating \$637 Other Funds expenditure limitation; this package reflects the policy change in Senate Bill 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments if the person receiving the payments does not pay Oregon income tax on those benefits and is not an Oregon resident. This change reduces state employer contribution rates by approximately 0.30 percent.

The Subcommittee recommended package 093: Other PERS Adjustments eliminating \$5,087 Other Funds expenditure limitation. This package reflects the policy change in Senate Bill 822 that modifies the cost-of-living adjustment under the Public Employees Retirement System. This change reduces state employer contribution rates by approximately 2.2 percent. An administrative action by the PERS Board, as directed by a budget note in the Senate Bill 822 budget report, will reduce state employer contribution rates by up to an additional 1.9 percent. However, no employer rate is reduced below its 2011-13 biennium rate.

Package 401: Restore Limitation for ODFW Inspection Teams was approved; this package restores \$ 1,014,646 Other Funds expenditure limitation for a special payment to the Oregon Department of Fish and Wildlife to operate inspection teams to prevent the spread of aquatic invasive species into and within Oregon. The payment was intended to be permanent but was recorded as one-time for the 2011-13 biennium.

Package 810: LFO Analyst Adjustments was approved, it is a technical adjustment to revenue to reflect updated revenue forecasts based on more current boating data information.

Summary of Performance Measure Action

See attached Legislatively Adopted 2013-15 Key Performance Measures form.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

HB 5025-A

**Oregon State Marine Board
Lisa Pearson -- 503-373-7501**

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2011-13 Legislatively Approved Budget at Dec 2012 *	\$ 0	\$ 0	\$ 23,287,102	\$ 0	\$ 6,683,394	\$ 0	\$ 29,970,496	40	39.50
2013-15 ORBITS printed Current Service Level (CSL)*	\$ 0	\$ 0	\$ 21,984,696	\$ 0	\$ 6,759,893	\$ 0	\$ 28,744,589	40	39.50
<u>SUBCOMMITTEE ADJUSTMENTS (from CSL)</u>									
001 - Administration/Education									
Package 091: Statewide Administrative Savings									
Personal Services	\$ 0	\$ 0	\$ (51,329)	\$ 0	\$ 0	\$ 0	\$ (51,329)	0	0.00
Services and Supplies (Instate Travel)	\$ 0	\$ 0	\$ (22,058)	\$ 0	\$ 0	\$ 0	\$ (22,058)		
Special Payments	\$ 0	\$ 0	\$ (141)	\$ 0	\$ 0	\$ 0	\$ (141)		
Capital Outlay	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0		
Package 092: PERS Taxation Policy									
Personal Services	\$ 0	\$ 0	\$ (9,247)	\$ 0	\$ 0	\$ 0	\$ (9,247)	0	0.00
Package 093: Other PERS Adjustments									
Personal Services	\$ 0	\$ 0	\$ (73,884)	\$ 0	\$ 0	\$ 0	\$ (73,884)	0	0.00
Package 101: Restore Limitation for Statutory									
Services and Supplies	\$ 0	\$ 0	\$ 303,000	\$ 0	\$ 0	\$ 0	\$ 303,000	0	0.00
Package 102: Restore SB 5701 February 2012									
Services and Supplies	\$ 0	\$ 0	\$ 151,000	\$ 0	\$ 0	\$ 0	\$ 151,000	0	0.00
Package 103: One-Time Limitation-Operations									
Services and Supplies	\$ 0	\$ 0	\$ 107,000	\$ 0	\$ 0	\$ 0	\$ 107,000	0	0.00
Capital Outlay	\$ 0	\$ 0	\$ 10,000	\$ 0	\$ 0	\$ 0	\$ 10,000		
002 - Law Enforcement Program									
Package 092: PERS Taxation Policy									
Personal Services	\$ 0	\$ 0	\$ (2,046)	\$ 0	\$ 0	\$ 0	\$ (2,046)	0	0.00
Package 093: Other PERS Adjustments									
Personal Services	\$ 0	\$ 0	\$ (16,351)	\$ 0	\$ 0	\$ 0	\$ (16,351)	0	0.00

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE	
			LIMITED	NONLIMITED	LIMITED	NONLIMITED				
Package 202: Restore SB 5701 February 2012										
Capital Outlay	\$ 0	\$ 0	\$ 105,000	\$ 0	\$ 0	\$ 0	105,000	0	0.00	
Special Payment account 6020	\$ 0	\$ 0	\$ 780,200	\$ 0	\$ 164,800	\$ 0	945,000			
Package 203: One-time Limitation-Enhanced										
Services and Supplies	\$ 0	\$ 0	\$ 55,000	\$ 0	\$ 0	\$ 0	55,000	0	0.00	
Capital Outlay	\$ 0	\$ 0	\$ 154,500	\$ 0	\$ 0	\$ 0	154,500			
Special Payment account 6020	\$ 0	\$ 0	\$ 193,680	\$ 0	\$ 0	\$ 0	193,680			
Special Payment account 6257	\$ 0	\$ 0	\$ 19,320	\$ 0	\$ 0	\$ 0	19,320			
003 - Facility Programs										
Package 092: PERS Taxation Policy										
Personal Services	\$ 0	\$ 0	\$ (4,557)	\$ 0	\$ (172)	\$ 0	(4,729)	0	0.00	
Package 093: Other PERS Adjustments										
Personal Services	\$ 0	\$ 0	\$ (36,413)	\$ 0	\$ (1,372)	\$ 0	(37,785)	0	0.00	
Package 301: Position Reclassification										
Personal Services	\$ 0	\$ 0	\$ 7,968	\$ 0	\$ 0	\$ 0	7,968	0	0.00	
Package 302: Restore SB 5701 February 2012										
Special Payment account 6015	\$ 0	\$ 0	\$ 63,725	\$ 0	\$ 0	\$ 0	63,725	0	0.00	
Special Payment account 6020	\$ 0	\$ 0	\$ 331,370	\$ 0	\$ 0	\$ 0	331,370			
Special Payment account 6025	\$ 0	\$ 0	\$ 114,705	\$ 0	\$ 0	\$ 0	114,705			
Package 303: One-time Limitation-Enhanced Grant										
Services and Supplies	\$ 0	\$ 0	\$ 40,000	\$ 0	\$ 20,000	\$ 0	60,000	0	0.00	
Special Payment account 6015	\$ 0	\$ 0	\$ 74,848	\$ 0	\$ 25,000	\$ 0	99,848			
Special Payment account 6020	\$ 0	\$ 0	\$ 389,212	\$ 0	\$ 300,000	\$ 0	689,212			
Special Payment account 6025	\$ 0	\$ 0	\$ 134,727	\$ 0	\$ 175,000	\$ 0	309,727			
004 - Aquatic and Invasive Species										
Package 092: PERS Taxation Policy										
Personal Services	\$ 0	\$ 0	\$ (637)	\$ 0	\$ 0	\$ 0	(637)	0	0.00	
Package 093: Other PERS Adjustments										
Personal Services	\$ 0	\$ 0	\$ (5,087)	\$ 0	\$ 0	\$ 0	(5,087)	0	0.00	

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
Package 401: Restore Limitation for ODFW Inspection Special Payment account 6635	\$ 0	\$ 0	\$ 1,014,646	\$ 0	\$ 0	\$ 0	1,014,646	0	0.00
TOTAL ADJUSTMENTS	\$ 0	\$ 0	\$ 3,828,151	\$ 0	\$ 683,256	\$ 0	4,511,407	0	0.00
SUBCOMMITTEE RECOMMENDATION *	\$ 0	\$ 0	\$ 25,812,847	\$ 0	\$ 7,443,149	\$ 0	33,255,996	40	39.50
% Change from 2011-13 Leg Approved Budget	0.0%	0.0%	10.8%	0.0%	11.4%	0.0%	11.0%	0.0%	0.0%
% Change from 2013-15 Current Service Level	0.0%	0.0%	17.4%	0.0%	10.1%	0.0%	15.7%	0.0%	0.0%

Legislatively Approved 2013-2015 Key Performance Measures

Agency: MARINE BOARD, OREGON STATE

Mission: The Oregon State Marine Board is Oregon's recreational boating agency, dedicated to safety, education and access in an enhanced environment.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2014	Target 2015
1 - Number of boat patrol hours conducted on the water.		Approved KPM	37,032.00	34,650.00	34,650.00
2 - Number of Boat operators arrested for Boating Under the Influence (BUII).		Approved KPM	54.00	100.00	100.00
3 - Boating fatalities per 100,000 registered boats.		Approved KPM	11.80	6.50	6.50
4 - Percent of inspected boaters who are in compliance with the requirement to carry a Mandatory Boater Education Card		Approved KPM	89.00	86.00	86.00
5 - Number of gallons of human waste sewage not deposited in Oregon waters as a result of Marine Board facilities.		Approved KPM	1,088,194.00	750,000.00	750,000.00
6 - Ratio of matching funds from other sources to Marine Board funds.		Approved KPM	3.33	2.10	2.10
7 - Average number of days it takes to process and award grant funds.		Approved KPM	33.00	25.00	
8 - Average number of days it takes to process requests for grant reimbursements.		Approved KPM	4.00	2.40	2.40
9 - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.		Approved KPM	95.00	95.00	95.00
9 - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Accuracy	Approved KPM	96.90	95.00	95.00
9 - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Availability of Information	Approved KPM	94.50	95.00	95.00
9 - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Expertise	Approved KPM	96.20	95.00	95.00

Agency: MARINE BOARD, OREGON STATE

Mission: The Oregon State Marine Board is Oregon's recreational boating agency, dedicated to safety, education and access in an enhanced environment.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2014	Target 2015
9 - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Helpfulness	Approved KPM	97.00	95.00	95.00
9 - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Overall	Approved KPM	96.10	95.00	95.00
9 - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Timeliness	Approved KPM	95.90	95.00	95.00
10 - Percent of total best practices met by the Board.		Approved KPM	93.30	100.00	100.00
11 - Number of Boat Inspections for Aquatic Invasive Species with actual inspections.		Approved KPM	4,700.00	5,000.00	5,000.00
1 - BOATING SAFETY EXAMINATIONS - Number of boating safety examinations conducted		Legislative Delete	32,380.00	41,500.00	41,500.00

LFO Recommendation:

LFO recommends approval of the Board's Key Performance measures and updated targets and the Boards request to add: KPM #11, Number of Boat Inspections for Aquatic Invasive Species with actual inspections for 2011 of 2,847, 4,616 for 2012 and targets for 2013 of 4,700; FY 2014 5000; and FY 2015 of 5,000. Targets may need to be adjusted in 2015 once the program becomes more mature.

Sub-Committee Action:

The Subcommittee approved the LFO recommendation.