

**77<sup>th</sup> OREGON LEGISLATIVE ASSEMBLY – 2013 Session  
BUDGET REPORT AND MEASURE SUMMARY**

**JOINT COMMITTEE ON WAYS AND MEANS**

**MEASURE: SB 813-B**

**Carrier – House: Rep. McKeown**

**Carrier – Senate: Sen. Hansell**

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**Action:** Do Pass the A-Engrossed Measure as Amended and as Printed B-Engrossed

**Vote:** 25 – 0 – 1

House

**Yeas:** Barker, Buckley, Frederick, Freeman, Huffman, Jenson, Komp, McLane, Nathanson, Read, Richardson, Smith, Tomei, Williamson

**Nays:**

**Exc:** Hanna

Senate

**Yeas:** Bates, Devlin, Edwards, Girod, Hansell, Johnson, Monroe, Steiner Hayward, Thomsen, Whitsett, Winters

**Nays:**

**Exc:**

**Prepared By:** Tamara Brickman, Department of Administrative Services  
Art Ayre, Department of Administrative Services

**Reviewed By:** Steve Bender, Legislative Fiscal Office  
John Borden, Legislative Fiscal Office

**Meeting Date:** June 21, 2013

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Agency

Oregon Military Department

Oregon Business Development Department

Biennium

2013-15

**Budget Summary\***

	2011-13 Legislatively	2013-15 Current Service	2013-15 Committee	Committee Change from 2011-13	
	Approved Budget <sup>(1)</sup>	Level	Recommendation	Leg. Approved	
				\$ Change	% Change
<u>Oregon Military Department</u>					
General Fund	\$ 0	\$ 0	\$ (288,418)	\$ (288,418)	-100.0%
General Fund Debt Service	\$ 0	\$ 0	\$ (3,180,973)	\$ (3,180,973)	-100.0%
Total	\$ 0	\$ 0	\$ (3,469,391)	\$ (3,469,391)	-100.0%
 <u>Oregon Business Development Department</u>					
General Fund Debt Service	\$ 0	\$ 0	\$ 3,180,972	\$ 3,180,972	100.0%
Lottery Funds	\$ 0	\$ 0	\$ 281,076	\$ 281,076	100.0%
Other Funds	\$ 0	\$ 0	\$ 1,458,768	\$ 1,458,768	100.0%
Total	\$ 0	\$ 0	\$ 4,920,816	\$ 4,920,816	100.0%

**Position Summary**

<u>Oregon Military Department</u>					
Authorized Positions	\$ 0	\$ 0	0	0	
Full-time Equivalent (FTE) positions	\$ 0	\$ 0	-1.50	-1.50	
 <u>Oregon Business Development Department</u>					
Authorized Positions	\$ 0	\$ 0	2	2	
Full-time Equivalent (FTE) positions	\$ 0	\$ 0	1.50	1.50	

<sup>(1)</sup> Includes adjustments through December 2012

\* Excludes Capital Construction expenditures

**Summary of Transportation and Economic Development Subcommittee Action**

Senate Bill 813 transfers responsibility for the Seismic Rehabilitation Grant Program from the Oregon Military Department (OMD) to the Oregon Business Development Department (OBDD). The bill directs the Oregon Infrastructure Finance Authority established in OBDD to administer the grant program. The measure has an emergency clause and is effective on passage. The transfer of the program is operative January 1, 2014.

## Oregon Military Department

### **Oregon Emergency Management**

The Legislative Fiscal Office notes that one of the three currently budgeted positions in the Seismic Rehabilitation Grant Program is slated to be abolished. During the 2011-13 biennium, the Emergency Board (May 2012, Item #52) approved OMD's proposed elimination of an Administrative Specialist 1 position in the current program as part of a plan to make permanent changes to restructure state government business operations. The position was vacant and funded with 100 percent General Fund at a cost of \$109,174. According to the Department the remaining two positions in the program would be able to handle current and anticipated workload. The 2013-15 Governor's Budget eliminates the Administrative Specialist 1 position as directed by the Emergency Board (\$115,453 General Fund). The Subcommittee approved the transfer of the Seismic Rehabilitation Grant Program from OMD to OBDD on January 1, 2014, which eliminates 18 months of OMD's current program operating costs in the Emergency Management program totaling \$288,418 General Fund and 1.50 FTE associated with the program's remaining two positions.

Additionally, OMD's budget includes \$7,293,839 of Other Funds expenditure limitation for reimbursement of grant project costs that are associated with previously-issued 2012 Series XI-M Bonds. These expenditures represent the outstanding project costs from the previously-issued bonds. OMD expects to disburse 80 percent of this amount in the first six months of the 2013-15 biennium, prior to the transfer of the program to OBDD. However, the Subcommittee left the full expenditure limitation amount in OMD's budget, thereby allowing OMD to fully expend this amount on reimbursements during the first six months of the biennium. The Subcommittee added the expected 20 percent of this expenditure limitation (\$1,458,768 Other Funds) to OBDD's budget to allow OBDD to continue providing these reimbursements if not fully expended by OMD during the first six months of the biennium. The actual bond proceed amount transferred to OBDD January 1, 2014, along with the associated expenditure limitation, may be adjusted if OMD does not achieve the 80 percent objective.

### **Capital Debt Service and Related Costs**

Total General Fund debt service in the 2013-15 biennium on previously sold Seismic Rehabilitation Grant Program bond sales is projected to be \$3,710,464. This amount is included in the Oregon Military Department (OMD) Current Service Level budget. A transfer of the program on January 1, 2014 would require OMD to pay the biennium's first payment in December 2013 in the amount of \$529,491 General Fund and OBDD to pay the remainder (\$3,180,972) of the biennium's debt service payments. (There is a \$1 difference due to rounding). The Subcommittee approved the transfer of the program on January 1, 2014, reduced OMD's budget by \$3,180,973 General Fund, and increased OBDD's budget by \$3,180,972 General Fund.

## Oregon Business Development Department

The transfer of this program to the Oregon Business Development Department (Department) is set to occur January 1, 2014. The Subcommittee's recommendation includes two positions (1.50 FTE) to provide the Department with the resources necessary to distribute the remaining grants (\$1.5 million Other Funds), which the Military Department and the Department anticipate will be the amount left to distribute in January 2014, and permanently administer the Seismic Rehabilitation program into the future. The Subcommittee's recommendation also includes a General Fund appropriation of \$3.2 million for debt service payments on previously-issued bonds.

**DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION**

**SB 813-B**

**Oregon Military Department**  
**Art Ayre - 503-378-3108**

**Oregon Business Development Department**  
**Tamara Brickman - 503-378-4709**

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
<u>SUBCOMMITTEE RECOMMENDATION</u>									
<u>Oregon Military Department</u>									
SCR 003 - Oregon Emergency Management									
Personal Services	\$ (258,410)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (258,410)	0	-1.50
Services and Supplies	\$ (30,008)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (30,008)		
SCR 087 - Debt Service									
Debt Service	\$ (3,180,973)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (3,180,973)		
<u>Oregon Business Development Department</u>									
SCR 110 - Shared Services/Central Pool									
Personal Services	\$ 0	\$ 120,655	\$ 0	\$ 0	\$ 0	\$ 0	\$ 120,655	1	0.75
SCR 210 - Business, Innovation, Trade									
Personal Services	\$ 0	\$ 130,413	\$ 0	\$ 0	\$ 0	\$ 0	\$ 130,413	1	0.75
Services and Supplies	\$ 0	\$ 30,008	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,008		
SCR 300 - Infrastructure Finance Authority									
Special Payments - Dist to Local School Districts (6040)	\$ 0	\$ 0	\$ 1,458,768	\$ 0	\$ 0	\$ 0	\$ 1,458,768		
SCR 900 - Lottery Bond Debt Service									
Debt Service	\$ 3,180,972	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,180,972		
<u>SUBCOMMITTEE RECOMMENDATION</u>									
	\$ (288,419)	\$ 281,076	\$ 1,458,768	\$ 0	\$ 0	\$ 0	\$ 1,451,425	2	0.00