
MEMORANDUM

Legislative Fiscal Office
900 Court St. NE, Room H-178
Salem, Oregon 97301
Phone 503-986-1828
FAX 503-373-7807

To: Natural Resources Subcommittee

From: Paul Siebert, Legislative Fiscal Office
(503) 986-1843

Date: 6/7/2015

Subject: HB 5002 & HB 5003 – Department of Agriculture
Work Session Recommendations

Department of Agriculture – Agency Totals

	2011-13 Actuals	2013-15 Legislatively Approved	2015-17 Current Service Level	2015-17 LFO Recommended
General Fund	12,134,881	19,460,351	20,362,282	23,131,196
Lottery Funds	7,199,518	6,473,272	6,518,078	6,313,974
Other Funds	50,402,029	55,589,067	57,832,722	58,375,366
Federal Funds	11,285,459	15,320,730	14,994,510	15,564,128
Total Funds	81,021,887	96,843,420	99,707,592	103,384,664
Positions	471	480	475	520
FTE	343.64	352.92	348.97	372.08

Attached are the recommendations from the Legislative Fiscal Office for the Department of Agriculture.

Adjustments to Current Service Level:

See attached "Work Session Presentation Report"

Accept LFO Recommendation

Move the LFO recommendation to HB 5002.

OR

Change LFO recommendation

Move the LFO recommendation to HB 5002, with modifications.

Performance Measures

See attached "Legislatively Proposed 2015-17 Key Performance Measures" form.

Accept LFO Recommendation

Move the LFO recommendation on Key Performance Measures

OR

Change LFO recommendation

Move the LFO recommendation on Key Performance Measures, with modifications.

Budget Notes

#1 Grants for Agricultural Water Quality Improvement Grants in Strategic Implementation Initiatives Areas

“The Oregon Department of Agriculture (ODA) shall coordinate with the Oregon Watershed Enhancement Board (OWEB) to implement an initiative to direct conservation investments for water quality improvement and watershed restoration projects associated with working agricultural lands. To achieve this, the OWEB Board shall include a minimum of \$1,000,000 Lottery Funds in the Board’s 2015-17 spending plan to work in collaboration with ODA to provide grants to Soil and Water Conservation Districts, Watershed Councils, and other local stewardship organizations, for technical assistance and projects to restore riparian function, improve watershed health and increase water quality in Strategic Implementation Initiatives Areas identified by the ODA Agriculture Water Quality program. ODA staff shall be primarily responsible for supporting this grant program.”

Accept LFO Recommendation

Move the LFO recommended budget note

OR

Change LFO recommendation – any changes must be approved by the co-chairs

Move the LFO recommended budget note, with modifications.

Recommended Changes to HB 5002:

The Legislative Fiscal Office recommends a budget of \$23,131,196 General Fund, \$6,313,974 Lottery Funds, \$58,375,366 Other Funds, \$15,564,128 Federal Funds, and 520 positions (372.08 FTE), which is reflected in the –1 amendment.

Move adoption of the -1 amendment to HB 5002

HB 5002 Final Subcommittee Action:

Final Motion:

Move HB 5002, as amended, to the full committee with a Do Pass recommendation.

LFO Recommendations for HB 5003 (Fee Ratification Bill):

House Bill 5003 is the fee ratification measure for fees adopted or adjusted during the 2013-15 biennium that were not authorized in the 2013-15 legislatively approved budget for the Department of Agriculture.

The Legislative Fiscal Office recommends adopting the -1 amendment to House Bill 5003 which corrects errors in the previous version and includes fees for the Industrial Hemp program which were adopted too late in the current biennium to be included in the initial draft of HB 5003.

Accept LFO Recommendation

Move the LFO recommendation to HB 5003.

OR

Change LFO recommendation

Move the LFO recommendation to HB 5003, with modifications.

HB 5003 Final Subcommittee Action:

Final Motion:

Move HB 5003, as amended, to the Full Committee with a Do Pass recommendation.

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2013-15 Agy. Leg. Adopted	18,720,616	6,333,815	53,980,931	15,168,522	-	-	94,203,884	477	351.17
2013-15 Ebds, SS & Admin Act	739,735	139,457	1,608,136	152,208	-	-	2,639,536	3	1.75
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2013-15 Leg Approved Budget	19,460,351	6,473,272	55,589,067	15,320,730	-	-	96,843,420	480	352.92
2013-15 Leg Approved Budget (Base)	19,460,351	6,473,272	55,589,067	15,320,730	-	-	96,843,420	480	352.92
Summary of Base Adjustments	617,140	(61,936)	498,642	(449,358)	-	-	604,488	(5)	(3.95)
2015-17 Base Budget	20,077,491	6,411,336	56,087,709	14,871,372	-	-	97,447,908	475	348.97
010: Non-PICS Pers Svc/Vacancy Factor	107,820	(1,076)	407,032	27,038	-	-	540,814	-	-
020: Phase In / Out Pgm & One-time Cost	(266,010)	-	206,000	(189,215)	-	-	(249,225)	-	-
030: Inflation & Price List Adjustments	442,981	107,818	1,131,981	285,315	-	-	1,968,095	-	-
2015-17 Current Service Level	20,362,282	6,518,078	57,832,722	14,994,510	-	-	99,707,592	475	348.97
070: Revenue Reductions/Shortfall	-	-	(480,206)	-	-	-	(480,206)	(2)	(1.72)
Adjusted 2015-17 Current Service Level	20,362,282	6,518,078	57,352,516	14,994,510	-	-	99,227,386	473	347.25
Total LFO Recommended Packages	2,768,914	(204,104)	1,022,850	569,618	-	-	4,157,278	47	24.83
2015-17 Legislative Actions	23,131,196	6,313,974	58,375,366	15,564,128	-	-	103,384,664	520	372.08
Net change from 2013-15 Leg Approved Budget	3,670,845	(159,298)	2,786,299	243,398	-	-	6,541,244	40	19.16
Percent change from 2013-15 Leg Approved Budget	18.9%	(2.5%)	5.0%	1.6%	0.0%	0.0%	6.8%	8.3%	5.4%
Net change from 2015-17 Current Service Level	2,768,914	(204,104)	1,022,850	569,618	-	-	4,157,278	47	24.83
Percent change from 2015-17 Current Service Level	13.6%	(3.1%)	1.8%	3.8%	0.0%	0.0%	4.2%	9.9%	7.2%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2013-15 Agy. Leg. Adopted	1,648,791	-	8,554,023	-	-	-	10,202,814	38	38.00
2013-15 Ebds, SS & Admin Act	165,441	-	331,148	-	-	-	496,589	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2013-15 Leg Approved Budget	1,814,232	-	8,885,171	-	-	-	10,699,403	38	38.00
2013-15 Leg Approved Budget (Base)	1,814,232	-	8,885,171	-	-	-	10,699,403	38	38.00
Summary of Base Adjustments	(2,449)	-	(155,158)	-	-	-	(157,607)	(1)	(1.00)
2015-17 Base Budget	1,811,783	-	8,730,013	-	-	-	10,541,796	37	37.00
010: Non-PICS Pers Svc/Vacancy Factor	27,626	-	61,203	-	-	-	88,829	-	-
020: Phase In / Out Pgm & One-time Cost	(222,000)	-	-	-	-	-	(222,000)	-	-
030: Inflation & Price List Adjustments	14,207	-	68,891	-	-	-	83,098	-	-
2015-17 Current Service Level	1,631,616	-	8,860,107	-	-	-	10,491,723	37	37.00
Adjusted 2015-17 Current Service Level	1,631,616	-	8,860,107	-	-	-	10,491,723	37	37.00
Total LFO Recommended Packages	642,463	-	(642,463)	-	-	-	-	-	-
2015-17 Legislative Actions	2,274,079	-	8,217,644	-	-	-	10,491,723	37	37.00
Net change from 2013-15 Leg Approved Budget	459,847	-	(667,527)	-	-	-	(207,680)	(1)	(1.00)
Percent change from 2013-15 Leg Approved Budget	25.4%	0.0%	(7.5%)	0.0%	0.0%	0.0%	(1.9%)	(2.6%)	(2.6%)
Net change from 2015-17 Current Service Level	642,463	-	(642,463)	-	-	-	-	-	-
Percent change from 2015-17 Current Service Level	39.4%	0.0%	(7.3%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 110 Administrative Overhead Parity

Package Description This package shifts \$642,463 from Other Funds to General Fund in administrative and support services to pay the state portion of overhead costs associated with programs supported by Ballot Measure 76 Lottery Funds. General Fund was added instead of Lottery Funds due to constraints on Ballot Measure 76 Lottery Funds.

LFO Recommendation Approve

LFO Recommended	642,463	-	(642,463)	-	-	-	-	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2013-15 Agy. Leg. Adopted	6,359,623	-	19,715,973	1,764,295	-	-	27,839,891	172	113.50
2013-15 Ebds, SS & Admin Act	197,042	-	785,735	26,317	-	-	1,009,094	3	1.75
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2013-15 Leg Approved Budget	6,556,665	-	20,501,708	1,790,612	-	-	28,848,985	175	115.25
2013-15 Leg Approved Budget (Base)	6,556,665	-	20,501,708	1,790,612	-	-	28,848,985	175	115.25
Summary of Base Adjustments	380,670	-	49,230	(483,876)	-	-	(53,976)	(3)	(2.50)
2015-17 Base Budget	6,937,335	-	20,550,938	1,306,736	-	-	28,795,009	172	112.75
010: Non-PICS Pers Svc/Vacancy Factor	27,450	-	184,332	(10,819)	-	-	200,963	-	-
020: Phase In / Out Pgm & One-time Cost	-	-	206,000	(69,215)	-	-	136,785	-	-
030: Inflation & Price List Adjustments	156,048	-	375,884	28,530	-	-	560,462	-	-
2015-17 Current Service Level	7,120,833	-	21,317,154	1,255,232	-	-	29,693,219	172	112.75
Adjusted 2015-17 Current Service Level	7,120,833	-	21,317,154	1,255,232	-	-	29,693,219	172	112.75
Total LFO Recommended Packages	2,036,662	-	125,116	569,618	-	-	2,731,396	10	9.00
2015-17 Legislative Actions	9,157,495	-	21,442,270	1,824,850	-	-	32,424,615	182	121.75
Net change from 2013-15 Leg Approved Budget	2,600,830	-	940,562	34,238	-	-	3,575,630	7	6.50
Percent change from 2013-15 Leg Approved Budget	39.7%	0.0%	4.6%	1.9%	0.0%	0.0%	12.4%	4.0%	5.6%
Net change from 2015-17 Current Service Level	2,036,662	-	125,116	569,618	-	-	2,731,396	10	9.00
Percent change from 2015-17 Current Service Level	28.6%	0.0%	0.6%	45.4%	0.0%	0.0%	9.2%	5.8%	8.0%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 210 Program Funding

Package Description This package increases General Fund \$295,084 in the Animal Health Program to fully support the State Vet position with General Fund and to add one new permanent half-time District Vet position (0.50 FTE). This position is needed to partially restore reductions in the program from previous biennia and to help fill the service void created by the 2012 closure of the only USDA veterinary office in Oregon.

LFO Recommendation Approve

LFO Recommended	295,084	-	(144,884)	-	-	-	150,200	1	0.50
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 220 Laboratory Infrastructure Improvements

Package Description Adds General Fund for Regulatory Lab Infrastructure improvements that includes adding an additional 5 Positions (4.50 FTE), \$420,000 for a modern Lab Information Management System that is compliant with current federal standards (the old one is from 1988 does not connect with new equipment), and funding to replace testing equipment, 50% of which are 5+ years old.

LFO Recommendation Approve

LFO Recommended	1,741,578	-	-	-	-	-	1,741,578	5	4.50
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 230 Motor Fuel Quality Fee

Package Description Adds revenue only from an increase in Motor Fuel Quality program fees. These fees have not been increased since 1997 when the program started and do not support current program operations. The fee increase would be phased in over 5 years and raises \$31,000 Other Funds this biennium. The increased revenue assumes passage of SB 254.

LFO Recommendation Approve

LFO Recommended	-	-	-	-	-	-	-	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 240 Railroad Test Car Replacement

Package Description Adds a \$270,000 one-time Other Funds expenditure limitation increase to replace two antiquated railroad car test units with non-rail bound testing equipment. Such equipment is required to certify the 29 licensed railroad scales in operation in Oregon.

LFO Recommendation Approve

LFO Recommended	-	-	270,000	-	-	-	270,000	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 250 Egg Laying Hen Confinement Inspections

Package Description Adds \$10,020 in Other Funds revenue from cost recovery charges for egg laying hen facility inspections. This is a revenue only package.

LFO Recommendation Approve

LFO Recommended	-	-	-	-	-	-	-	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 260 FDA Grant and LD Position Extension

Package Description This package continues three limited duration NRS 3 positions for on-going activities related to a U.S. Food and Drug Agency grant for implementation of the Manufactured Food Regulatory Program Standards.

The Federal Funds expenditure limitation and positions are added on a one-time basis, as the grant funding is set to expire July 31, 2017.

LFO Recommendation Approve

LFO Recommended	-	-	-	569,618	-	-	569,618	3	3.00
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 801 LFO Analyst Adjustments

Package Description Adds a federally funded limited duration Program Analyst 1 position (1.00 FTE) to the Animal Health program to address Avian Influenza threats in the state through education, monitoring, and disease response. The position is funded by the U.S. Department of Agriculture. A shift in Federal Funds expenditure limitation from Capital Outlay to Personal Services will be used to accommodate the new position without an overall increase in expenditure limitation.

LFO Recommendation Approve

LFO Recommended	-	-	-	-	-	-	-	1	1.00
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2013-15 Agy. Leg. Adopted	6,838,508	6,333,815	12,682,998	7,425,501	-	-	33,280,822	134	113.03
2013-15 Ebds, SS & Admin Act	235,117	139,457	204,624	90,760	-	-	669,958	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2013-15 Leg Approved Budget	7,073,625	6,473,272	12,887,622	7,516,261	-	-	33,950,780	134	113.03
2013-15 Leg Approved Budget (Base)	7,073,625	6,473,272	12,887,622	7,516,261	-	-	33,950,780	134	113.03
Summary of Base Adjustments	142,133	(61,936)	103,953	24,306	-	-	208,456	(2)	(1.95)
2015-17 Base Budget	7,215,758	6,411,336	12,991,575	7,540,567	-	-	34,159,236	132	111.08
010: Non-PICS Pers Svc/Vacancy Factor	35,065	(1,076)	51,933	32,583	-	-	118,505	-	-
020: Phase In / Out Pgm & One-time Cost	20,822	-	-	(120,000)	-	-	(99,178)	-	-
030: Inflation & Price List Adjustments	201,612	107,818	436,501	105,839	-	-	851,770	-	-
060: Technical Adjustments	291,182	-	-	-	-	-	291,182	1	1.00
2015-17 Current Service Level	7,764,439	6,518,078	13,480,009	7,558,989	-	-	35,321,515	133	112.08
070: Revenue Reductions/Shortfall	-	-	(436,206)	-	-	-	(436,206)	(2)	(1.72)
Adjusted 2015-17 Current Service Level	7,764,439	6,518,078	13,043,803	7,558,989	-	-	34,885,309	131	110.36
Total LFO Recommended Packages	660,760	(204,104)	735,055	-	-	-	1,191,711	5	4.48
2015-17 Legislative Actions	8,425,199	6,313,974	13,778,858	7,558,989	-	-	36,077,020	136	114.84
Net change from 2013-15 Leg Approved Budget	1,351,574	(159,298)	891,236	42,728	-	-	2,126,240	2	1.81
Percent change from 2013-15 Leg Approved Budget	19.1%	(2.5%)	6.9%	0.6%	0.0%	0.0%	6.3%	1.5%	1.6%
Net change from 2015-17 Current Service Level	660,760	(204,104)	735,055	-	-	-	1,191,711	5	4.48
Percent change from 2015-17 Current Service Level	8.5%	(3.1%)	5.6%	0.0%	0.0%	0.0%	3.4%	3.8%	4.1%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 070 Revenue Shortfalls

Package Description This package balances expenditures to forecasted revenues by making reductions in the Nursery program. These reductions are restored in package 350.

LFO Recommendation Approve

LFO Recommended	-	-	(436,206)	-	-	-	(436,206)	(2)	(1.72)
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 310 Achieve Ag Water Quality Plan water quality goals

Package Description This package would expand the Agriculture Water Quality program by adding \$804,100 General Fund to hire 3 new positions, as well as, reclassify and fund shift an existing NRS 4 supported with Ballot Measure Lottery Funds to a ISS 6 supported by General Fund. The original request would have also added \$1,000,000 General Fund to start a grant program for local ag water quality improvement projects and technical assistance in areas identified through the Department's strategic implementation initiative. Instead, LFO is recommending adoption of a budget note directing ODA to work with OWEB to implement a coordinated grant program funded with \$1,000,000 Lottery Funds from OWEB's Grant program area that is to be included by the OWEB Board when the Board develops it's 2015-17 spending plan.

LFO Recommendation Approve

LFO Recommended	804,100	(204,096)	(16,476)	-	-	-	583,528	3	2.76
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 320 Oregon Invasive Species Council Funding

Package Description This package adds \$100,000 General Fund on a one-time basis to the Invasive Species Council for carrying out the purposes of ORS 570.810 to provide funding for efforts by agencies, organizations and individuals to eradicate or control new infestations and infections of invasive species.

LFO Recommendation Approve

LFO Recommended	100,000	-	-	-	-	-	100,000	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 330 State Program Funding

Package Description This package shifts \$100,000 of the Threatened & Endangered Plant program funding from Other Fund grants to General Fund. This state support will provide the program flexibility when addressing concerns involving Threatened and Endangered Plants.

LFO Recommendation Approve

LFO Recommended	100,000	-	(100,000)	-	-	-	-	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 340 Fertilizer Fee Increase

Package Description This package reflects fertilizer program fee increase as proposed in HB 2443. The increased revenues would be combined with existing revenues and used for research special payments involving fertilizers and water. This research funding was requested by fee payers. The Department projects that with this fee increase they would be able to expend up to \$70,000 annually on related research without adversely impacting the base fertilizer program.

LFO Recommendation Approve

LFO Recommended	-	-	51,985	-	-	-	51,985	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 350 Nursery Fee

Package Description Falling or flat revenue required Package 070 Other Funds reductions in the Nursery program. This reduction is restored through ratification of fee increases already implemented administratively during 2013-15 and contained in HB 5003.

LFO Recommendation Approve

LFO Recommended	-	-	436,206	-	-	-	436,206	2	1.72
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 360 Civil Penalty Authority

Package Description Legislation proposes to increase pesticide civil penalties, which under ORS 634.925, are retained by the Department for information and education related expenditures. This package adds Other Funds expenditure limitation to account for increased revenues from civil penalties.

LFO Recommendation Approve

LFO Recommended	-	-	20,000	-	-	-	20,000	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 801 LFO Analyst Adjustments

Package Description This adjustment reflects a one-time fund shift of the Pesticide Analytical Response Center (PARC) from General Fund to Other Funds from pesticide fees to make General Fund available for state-wide uses.

The package also removes \$8 of Ballot Measure 76 Lottery Funds expenditure limitation that was left from previous fund shifts of the Plant Conservation program.

LFO Recommendation Approve

LFO Recommended	(343,340)	(8)	343,340	-	-	-	(8)	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2013-15 Agy. Leg. Adopted	3,873,694	-	13,027,937	5,978,726	-	-	22,880,357	133	86.64
2013-15 Ebds, SS & Admin Act	142,135	-	286,629	35,131	-	-	463,895	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2013-15 Leg Approved Budget	4,015,829	-	13,314,566	6,013,857	-	-	23,344,252	133	86.64
2013-15 Leg Approved Budget (Base)	4,015,829	-	13,314,566	6,013,857	-	-	23,344,252	133	86.64
Summary of Base Adjustments	96,786	-	500,617	10,212	-	-	607,615	1	1.50
2015-17 Base Budget	4,112,615	-	13,815,183	6,024,069	-	-	23,951,867	134	88.14
010: Non-PICS Pers Svc/Vacancy Factor	17,679	-	109,564	5,274	-	-	132,517	-	-
020: Phase In / Out Pgm & One-time Cost	(64,832)	-	-	-	-	-	(64,832)	-	-
030: Inflation & Price List Adjustments	71,114	-	250,705	150,946	-	-	472,765	-	-
060: Technical Adjustments	(291,182)	-	-	-	-	-	(291,182)	(1)	(1.00)
2015-17 Current Service Level	3,845,394	-	14,175,452	6,180,289	-	-	24,201,135	133	87.14
070: Revenue Reductions/Shortfall	-	-	(44,000)	-	-	-	(44,000)	-	-
Adjusted 2015-17 Current Service Level	3,845,394	-	14,131,452	6,180,289	-	-	24,157,135	133	87.14
Total LFO Recommended Packages	(570,971)	-	805,142	-	-	-	234,171	32	11.35
2015-17 Legislative Actions	3,274,423	-	14,936,594	6,180,289	-	-	24,391,306	165	98.49
Net change from 2013-15 Leg Approved Budget	(741,406)	-	1,622,028	166,432	-	-	1,047,054	32	11.85
Percent change from 2013-15 Leg Approved Budget	(18.5%)	0.0%	12.2%	2.8%	0.0%	0.0%	4.5%	24.1%	13.7%
Net change from 2015-17 Current Service Level	(570,971)	-	805,142	-	-	-	234,171	32	11.35
Percent change from 2015-17 Current Service Level	(14.9%)	0.0%	5.7%	0.0%	0.0%	0.0%	1.0%	24.1%	13.0%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 070 Revenue Shortfalls

Package Description This package balances expenditures to expected revenues by making reductions in the Seed program.

LFO Recommendation Approve

LFO Recommended	-	-	(44,000)	-	-	-	(44,000)	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 420 Hemp Inspection Program

Package Description Adds one position to monitor industrial hemp licensees and permit holders and conduct compliance inspections. Rules for the industrial hemp program were completed after the Legislature provided a one-time General Fund appropriation to pay program start-up costs like rule making during the February 2014 legislative session.

LFO Recommendation Approve

LFO Recommended	-	-	190,171	-	-	-	190,171	1	1.00
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 430 Program Position Modifications

Package Description This package establishes four full-time Shipping Point Inspector 2 positions and 27 seasonal part-time permanent positions to address workload needs in the Commodity Inspection Program, which is fully supported by fee for service charges. There is no overall expenditure increase because funding for temporary positions is eliminated to pay for the new positions.

LFO Recommendation Approve

LFO Recommended	-	-	-	-	-	-	-	31	10.35
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 440 Wholesale Seed Dealer Fee

Package Description This package restores reductions taken in pkg. 070 due to projected revenue shortfalls in the Seed program. Fees were increased administratively during the 2013-15 and this package would increase Other Funds expenditure limitation to allow expenditure of revenues from the fee increase. The administratively established fees must be ratified in HB 5003

LFO Recommendation Approve

LFO Recommended	-	-	44,000	-	-	-	44,000	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 801 LFO Analyst Adjustments

Package Description This package permanently removes General Fund support for the Plant Health program and modifies the program to be entirely fee supported.

This package also increases fee revenue for the Plant Health program from mandatory field inspections related to Black Leg disease. The Department has established a control district in response to the disease outbreak which requires mandatory inspections. The Department estimates Other Funds revenues from the inspections to be \$262,455.

LFO Recommendation Approve

LFO Recommended	(570,971)	-	570,971	-	-	-	-	-	-
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Legislatively Proposed 2015-2017 Key Performance Measures

Agency: AGRICULTURE, DEPARTMENT of

Mission: The Oregon Department of Agriculture has a threefold mission: 1) Ensure Food Safety and Provide Consumer Protection; 2) Protect Agricultural Natural Resources; and 3) Promote Economic Development in the Agricultural Industry.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2016	Target 2017
1 - Food Safety - Ensure high levels of compliance with each of the ten risk factors identified by Centers for Disease Control in retail stores.		Approved KPM	96.36	95.00	95.00
2 - Weighing and Measuring Devices - Percent of weighing and measuring devices examined found in compliance with Oregon's weights and measures laws.		Approved KPM	85.00	85.00	85.00
3 - Top 100 Exclusions - Percent of plant pests, diseases, or weeds on the Oregon 100 Most Dangerous Invaders list successfully excluded each year.		Approved KPM	100.00	99.00	99.00
4 - Noxious Weed Control - Percentage of state "A" & "T" listed noxious weed populations successfully excluded from the state or kept decreasing or stable.		Approved KPM	87.00	90.00	90.00
5 - T&E Plants - Percent of listed T&E plants with stable or increasing populations as a result of department management and recovery efforts.		Approved KPM	42.00	24.00	24.00
6 - Pesticide Investigations - Percent of pesticide investigations that result in enforcement actions.		Approved KPM	13.00	25.00	25.00
7 - Non-traditional 3rd party certification services - Number of days required to process and issue certification after audit completion.		Approved KPM	84.00	90.00	90.00
8 - Trade Activities - Sales as a result of trade activities with Oregon producers and processors.		Approved KPM	38,000,000.00	32,000,000.00	32,000,000.00
9 - Ag Employment - Number of jobs saved or created as a result of activities to retain or expand existing Oregon agricultural and food processing capacity. Measured in numbers of jobs based on telephone and email surveys of companies assisted.		Approved KPM	113.00	160.00	160.00
10 - CAFOs - Percent of permitted Oregon Confined Animal Feeding Operations (CAFOs) found to be in compliance with their permit during annual inspections.		Approved KPM	96.30	90.00	90.00

Agency: AGRICULTURE, DEPARTMENT of

Mission: The Oregon Department of Agriculture has a threefold mission: 1) Ensure Food Safety and Provide Consumer Protection; 2) Protect Agricultural Natural Resources; and 3) Promote Economic Development in the Agricultural Industry.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2016	Target 2017
11 - Smoke Management - No increase above 2002 levels in hours of 'significant smoke intrusions' due to field burning in key cities in the Willamette Valley as measured by nephelometer readings.		Approved KPM	9.00	8.00	8.00
12 a - Water Quality - Percent of monitored stream sites associated with predominantly agriculture use with significantly increasing trends in water quality.		Approved KPM	7.00	33.00	33.00
12 b - Water Quality - Percent of monitored stream sites associated with predominantly agriculture use with water quality in good to excellent condition.		Approved KPM	37.00	60.00	60.00
12 c - Water Quality - Percent of monitored stream sites associated with predominantly agriculture use with decreasing trends in water quality.		Approved KPM	10.00	8.00	8.00
13 - Customer Service - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Accuracy	Approved KPM	93.50	90.00	90.00
13 - Customer Service - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Availability of Information	Approved KPM	89.60	90.00	90.00
13 - Customer Service - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Expertise	Approved KPM	93.00	90.00	90.00
13 - Customer Service - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Helpfulness	Approved KPM	94.00	90.00	90.00
13 - Customer Service - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Overall	Approved KPM	94.00	90.00	90.00

Agency: AGRICULTURE, DEPARTMENT of

Mission: The Oregon Department of Agriculture has a threefold mission: 1) Ensure Food Safety and Provide Consumer Protection; 2) Protect Agricultural Natural Resources; and 3) Promote Economic Development in the Agricultural Industry.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2016	Target 2017
13 - Customer Service - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Timeliness	Approved KPM	92.60	90.00	90.00

LFO Recommendation:

Approve the Key Performance Measures with a change to the target for KPM #4 Noxious Weeds.

Sub-Committee Action:

**PROPOSED AMENDMENTS TO
HOUSE BILL 5002**

1 On page 1 of the printed bill, line 9, delete “\$2,273,748” and insert
2 “\$2,274,079”.

3 In line 10, delete “\$8,104,749”. and insert “\$9,157,495”.

4 In line 11, delete “\$9,506,680” and insert “\$8,425,199”.

5 In line 12, delete “\$3,855,020” and insert “\$3,274,423”.

6 In line 20, delete “\$8,215,934” and insert “\$8,217,644”.

7 In line 21, delete “\$21,740,596” and insert “\$21,442,270”.

8 In line 22, delete “\$13,734,786” and insert “\$13,778,858”.

9 In line 23, delete “\$14,853,167” and insert “\$14,936,594”.

10 In line 25, delete “\$6,346,795” and insert “\$6,313,974”.

11 On page 2, line 8, delete “\$6,180,139” and insert “\$6,180,289”.

12

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 5003 - 1

Seventy-Eighth Oregon Legislative Assembly – 2015 Regular Session
Legislative Fiscal Office

***Only Impacts on Original or Engrossed
Versions are Considered Official***

Prepared by: Tim Walker
Reviewed by: Paul Siebert
Date: 05/13/2015

Measure Description:

Approves certain new or increased fees adopted by State Department of Agriculture.

Government Unit(s) Affected:

Department of Agriculture

Summary of Expenditure Impact:

See Analysis.

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: ORS 291.055(1)(e) requires all new state agency fees or fee increases adopted after July 1 of any odd numbered year to be rescinded on July 1 unless authorized by enabling legislation setting forth the approved fees. This bill provides the enabling legislation necessary to approve fees adopted through Administrative Rule by the Department of Agriculture during the 2013-15 Interim. Fees were adjusted for Nursery, Wholesale Seed Dealers, and Industrial Hemp. These fee modifications are anticipated to create \$540,366 Other Funds revenue during the 2015-17 biennium. The 2015-17 Co-Chair budget for the Department of Agriculture assumes the continuation of the revenue from the fees included in this bill.

PRELIMINARY STAFF MEASURE SUMMARY

Joint Committee On Ways and Means

Fiscal: May have fiscal impact, but no statement yet issued

Revenue: No Revenue Impact

Action Date:

Action:

Meeting Dates:

Prepared By: Paul Siebert, Budget Analyst

WHAT THE MEASURE DOES:

Ratifies fee changes adopted by the Department of Agriculture and approved by the Department of Administrative Services. Fees were modified for nurseries, seed dealers and industrial hemp.

ISSUES DISCUSSED:

EFFECT OF COMMITTEE AMENDMENT:

-1 amendment corrects errors in the introduced version and adds industrial hemp fees which were adopted after the legislative concept was submitted.

BACKGROUND:

ORS 291.055(1)(e) requires the Legislative Assembly to ratify fees an agency implements during the prior biennium without legislative approval. The fee revenue is anticipated in the budget and is described in the budget binders for the Department of Agriculture which can be found on OLIS.

House Bill 5003

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of Oregon Department of Administrative Services)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Approves certain new or increased fees adopted by State Department of Agriculture.
Declares emergency, effective July 1, 2015.

A BILL FOR AN ACT

Relating to state financial administration; and declaring an emergency.

Be It Enacted by the People of the State of Oregon:

SECTION 1. For the purpose of carrying out the provisions of ORS 291.055 (1)(e), the following new or increased fees, adopted by the State Department of Agriculture and approved by the Oregon Department of Administrative Services, are approved:

(1) License fees for nursery growers and collectors:

- (a) Annual sales up to \$20,000 \$ 129
- (b) Annual sales \$20,001 - \$100,000..... \$ 129 plus 0.004 over \$20,000
- (c) Annual sales \$100,001 - \$200,000 \$ 449 plus 0.0037 over \$100,000
- (d) Annual sales \$200,001 - \$500,000 \$ 819 plus 0.003 over \$200,000
- (e) Annual sales \$500,001 - \$2,000,000 \$ 1,719 plus 0.0018 over \$500,000
- (f) Annual sales \$2,000,001 and above \$ 4,419 plus 0.00052 over \$2,000,000

(2) License fees for greenhouse growers of herbaceous plants:

- (a) Annual sales up to \$20,000 \$ 129
- (b) Annual sales \$20,001 - \$100,000..... \$ 129 plus 0.0016 over \$20,000
- (c) Annual sales \$100,001 - \$200,000 \$ 257 plus 0.0013 over \$100,000
- (d) Annual sales \$200,001 - \$500,000 \$ 387 plus 0.00064 over \$200,000
- (e) Annual sales \$500,001 - \$2,000,000 \$ 579 plus 0.00057 over \$500,000
- (f) Annual sales \$2,000,001 and above \$ 1,434 plus 0.00052 over \$2,000,000

(3) License fees for greenhouse growers of herbaceous plants:

- (a) Annual purchases up to \$20,000 \$ 129
- (b) Annual purchases \$20,001 - \$100,000..... \$ 129 plus 0.0016 over \$20,000
- (c) Annual purchases \$100,001 - \$200,000 \$ 257 plus 0.0013 over \$100,000
- (d) Annual purchases \$200,001 - \$500,000 \$ 387 plus 0.00064 over \$200,000
- (e) Annual purchases \$500,001 - \$2,000,000 \$ 579 plus 0.00057 over \$500,000
- (f) Annual purchases \$2,000,001 and above \$ 1,434 plus 0.00052 over \$2,000,000

(4) Fees for issuance of phytosanitary

Note: For budget, see 2015-2017 Biennial Budget

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

- 1 **and other certificates \$ 25**
- 2 **(5) Inspection and service fees for**
- 3 **unlicensed nursery persons off premises.. \$ 45**
- 4 **(6) Inspection and service fees for**
- 5 **unlicensed nursery persons at a**
- 6 **State Department of Agriculture**
- 7 **facility:**
- 8 **(a) Noncommercial shippers..... \$ 20**
- 9 **(b) Commercial shippers..... \$ 35**
- 10 **(7) Seed dealer wholesaler license fees \$ 500**

11 **SECTION 2. This 2015 Act being necessary for the immediate preservation of the public**
12 **peace, health and safety, an emergency is declared to exist, and this 2015 Act takes effect**
13 **July 1, 2015.**

14

**PROPOSED AMENDMENTS TO
HOUSE BILL 5003**

- 1 On page 1 of the printed bill, delete lines 23 and 24 and insert:
2 “(3) License fees for nursery dealers, florists and landscape contractors.”
3 On page 2, after line 10, insert:
4 “(8) Industrial hemp three-year license fee \$ 1,500
5 “(9) Agricultural hemp three-year production
6 permit fee..... \$ 1,500
7 “(10) Industrial hemp field sampling and inspection fees:
8 “(a) Regular hourly rate..... \$ 92
9 “(b) Overtime hourly rate \$ 30
10 “(c) Mileage, lodging and per diem:
11 Oregon Department of Administrative Services approved rates
12 “(11) Laboratory charges per test..... \$ 350”.
13 _____