
MEMORANDUM

Legislative Fiscal Office
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To: *Capital Construction Subcommittee*

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

Date: July 3, 2015

Subject: *Program Change – SB 501*
Work Session Recommendations

Senate Bill 501 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 2015-17 legislatively adopted 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 2015-17 biennium. The budgetary impacts of provisions of this measure are contained in SB 5507, which is the budget reconciliation bill for the 2015-17 biennium, HB 5029, the Lottery and Criminal Fines Account allocation(s) bill, or 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 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 –2 amendment to SB 501.

Measure as Modified

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

Motion #2: Move SB 501 to the full committee with a “do pass” recommendation, as modified.

Chair to assign carriers:

Full: _____

Second Chamber: _____

PRELIMINARY STAFF MEASURE

SUMMARY Joint Committee On Ways and Means

Fiscal: Fiscal impact issued
Revenue: May have revenue impact, statement not yet issued

Action

Date:

Action:

Meeting

Dates:

Prepared By: John Borden, Budget Analyst

WHAT THE MEASURE DOES:

This measure implements statutory changes necessary to support the 2015-17 legislatively adopted 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 2015-17 biennium. The measure has an emergency clause and is effective on passage.

The fiscal or budgetary impacts of provisions of this measure are contained in SB 5507 (budget reconciliation) and HB 5029 (Lottery Fund allocation) for the 2015-17 biennium, or in other specific agency budget measures.

Other Funds transfers provided in this measure are one-time in nature and only apply to the 2015-17 biennium, unless otherwise noted, and are to be made on the effective date of the measure, unless otherwise noted.

The major provisions, by program area, are:

Education Program Area: Authorizes Education Stability Fund earnings dedicated to pay lottery bond debt service to be used for Oregon Opportunity Grants when those earnings are not needed to pay debt service (\$7.7 million Lottery Funds); repeals language requiring that 40% of the increase in General Fund revenue for the 2015-17 biennium (between the February and May 2015 revenue forecasts) be for the State School Fund; makes changes to the Farm-to-School grant program; and directs a report if a public university increases either resident undergraduate tuition and mandatory enrollment fees by more than three percent for the 2016-2017 academic year.

Human Services Program Area: Transfers Public Employees Revolving Fund revenues to the General Fund for general governmental purposes (\$120 million); and modifies the ability to make guardianship payments.

Economic and Community Development Program Area: Transfers liquor surcharge revenue (\$14.8 million), Supplemental Employment Department Administrative Fund revenue (\$13 million), and Connecting Oregon Communities Fund (\$88,000) to the General Fund for general governmental purposes; removes reference to "bank card fees" from the Oregon Liquor Control Commission budget measure; and modifies SB 605 (2015) to specify that the Department of Revenue is to transfer marijuana tax revenues to the Oregon Liquor Control Commission to repay initial recreational marijuana program startup costs.

Natural Resources Program Area: Changes repeal date in SB 779 [Relating to the State Department of Fish and Wildlife] from January 2, 2016 to January 2, 2017.

Transportation Program Area: Directs allocation of existing funding to the Cornelius Pass Road (Multnomah County) and Verboort and Purdin Roads (Washington County).

Administration Program Area: Transfers business registration fee revenues to the General Fund for general governmental purposes (\$6.2 million); excludes Lottery debt service allocations from amounts subject to reversion to the Administrative Services Economic Development Fund; and allows State Library Donation Fund to be discretely invested in intermediate term investment pool.

Legislative Branch: Extends the sunset on the Task Force on Capital Construction; extends current law related to legislator and other elected official salary; modifies the Central Government Service Charge; and directs review of intermediate term investment statutes.

Judicial Branch: Increases state judge salaries by the same percentage increases granted to management service employees in the executive department for cost of living adjustments; and allows counties to reallocate up to one-half of General Fund appropriated for county law libraries to conciliation and mediation services in circuit courts.

ISSUES DISCUSSED:

- Need for program change measure
- Fiscal impact
- Relation to SB 5507, the budget reconciliation measure, and HB 5029, the Lottery Funds allocation measure
- Transfers of funds from agency accounts to the General Fund and the specific timing of such transfers

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 and become law each legislative session. This measure, relating to state financial administration, is not an appropriation bill and therefore does not include the appropriation of funds.

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 501 - 2

Seventy-Eighth Oregon Legislative Assembly – 2015 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; Steve Bender; Laurie Byerly; Linda Ames; Doug Wilson; Paul Siebert; Michelle Deister; and Julie Neburka
Date: July 3, 2015

Measure Description:

Implements the statutory changes necessary to support the 2015-17 legislatively adopted budget and to clarify the application of statutes.

Government Unit(s) Affected:

Legislative Assembly; Legislative Fiscal Office; Legislative Counsel; Department of Administrative Services; Secretary of State; Liquor Control Commission; Employment Department; Department of Education; State School Fund; Department of Transportation; Oregon Health Authority; Department of Human Services; Department of Fish and Wildlife; Oregon Judicial Department; Counties; Oregon Business Development Department; State Library; Oregon University System; and the Higher Education Coordinating Commission.

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 2015-17 biennium. The measure has an emergency clause and is effective on passage.

The budgetary impacts of provisions of this measure are contained in SB 5507, which is the budget reconciliation bill for the 2015-17 biennium, HB 5029, the Lottery and Criminal Fines Account allocation(s) bill, or specific agency budget measures.

Other Funds transfers provided in this measure are one-time in nature and only apply to the 2015-17 biennium, unless otherwise noted, and are to be made on the effective date of the measure, unless otherwise noted.

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

Section/Gov't Unit	Program Change	Fiscal Impact
§1-3 Legislative Assembly/ Department of Administrative Services	Extend sunset on the Task Force on Capital Construction.	No Fiscal
§4 Legislative Fiscal Office	Modifies Central Government Service Charge under ORS 291.278(1)(a).	\$1 million Other Funds
§5-6 Legislative Assembly	Extends current law related to legislator and other elected official salary under ORS 171.072.	No Fiscal
§7 Secretary of State	Transfers business registration fee revenues to the General Fund for general governmental purposes on June 15, 2017.	\$6.2 million General Fund Revenue
§8 Oregon Liquor Control Commission	Transfers liquor surcharge revenue to the General Fund for general governmental purposes.	\$14.8 million General Fund Revenue
§9 Oregon Liquor Control Commission	Removes "...and bank card fees" from SB 5520 [Relating to the financial administration of the Oregon Liquor Control Commission].	No Fiscal
§10 Oregon Liquor Control Commission/ Department of Revenue	Modifies SB 605 (2015) and specifies that Department of Revenue is to transfer marijuana tax revenues to the Oregon Liquor Control Commission to repay initial recreational marijuana program startup costs.	No Fiscal
§11 Employment Department	Transfers Supplemental Employment Department Administrative Fund revenues to the General Fund for general governmental purposes on May 1, 2017.	\$13 million General Fund Revenue
§12 Oregon Department of Education/State School Fund	Repeals language requiring that 40% of the increase in General Fund for 2015-17 between the February and May 2015 revenue forecasts be for the State School Fund. SB 5507 directly appropriates this increase.	No Fiscal
§13 Oregon Department of Education	Makes changes to the Farm-to-School grant program under ORS 336.431. Provides for both competitive and non-competitive grants.	No Fiscal

Section/Gov't Unit	Program Change	Fiscal Impact
§14 Oregon Department of Transportation	Within the approved Other Funds expenditure limitation for Highway Maintenance, allocates \$3.9 million to Multnomah County for the construction of operational improvements on Cornelius Pass Road, and allocates \$5 million for the construction of safety improvement projects located on OR 47 at Verboort and Purdin Roads in Washington County.	No Fiscal
§15 Oregon Health Authority	Transfers Public Employees Revolving Fund revenues to the General Fund for general governmental purposes on May 1, 2017.	\$120 million General Fund Revenue
§16-18 Department of Human Services	Modifies ability to make guardianship payments under ORS 418.330; 418.335; and 418.340.	<\$1,894,462> General Fund
§19 Department of Fish and Wildlife	Changes repeal date in SB 779 [Relating to the State Department of Fish and Wildlife] from January 2, 2016 to January 2, 2017.	No Fiscal
§20 Oregon Judicial Department/ Counties	Allows counties to reallocate up to one-half of General Fund appropriated for county law libraries to conciliation and mediation services in circuit courts. The maximum amount that could potentially be reallocated totals \$3,714,378.	Indeterminate Fiscal Impact
§21 Oregon Business Development Department	Transfers the remaining balance in the Connecting Oregon Communities Fund to the General Fund for general governmental purposes.	\$88,000 General Fund Revenue
§22 Education Stability Fund	Authorizes Education Stability Fund earnings dedicated in ORS 348.696 to pay lottery bond debt service, to be used for Oregon Opportunity Grants when those earnings are not needed to pay debt service.	\$7,660,324 Lottery Funds
§23-24 State Library	Allows State Library Donation Fund to be discretely invested in intermediate term investment pool.	No Fiscal
§25-26 Legislative Counsel/ Legislative Fiscal Office	Directs review of intermediate term investment statutes.	No Fiscal
§27-28 Judicial Department	Increases state judge salaries by the same percentage increases granted to management service employees in the executive department for cost of living adjustments.	Indeterminate Fiscal Impact
§29 Statewide	Excludes Lottery debt service allocations from amounts subject to reversion to the Administrative Services Economic Development Fund.	No Fiscal

Section/Gov't Unit	Program Change	Fiscal Impact
§30 Oregon University System/Higher Education Coordinating Commission	If a public university listed in ORS 352.002 increases either resident undergraduate tuition and mandatory enrollment fees by more than three percent for the 2016-2017 academic year, the public university must report the justification for the increase to the Higher Education Coordinating Commission and the Joint Ways and Means Committee of the legislative assembly.	No Fiscal
§31	Transfer effective date(s).	--
§32	Captions.	--
§33	Emergency Clause.	--

**PROPOSED AMENDMENTS TO
SENATE BILL 501**

1 In line 2 of the printed bill, after the semicolon delete the rest of the line
2 and insert “creating new provisions; amending ORS 291.278, 293.701, 336.431,
3 348.696, 357.195, 418.330, 418.335, 418.340, 461.559 and 471.810 and section 4,
4 chapter 578, Oregon Laws 2013, section 3, chapter 20, Oregon Laws 2015
5 (Enrolled Senate Bill 605), section 2, chapter 459, Oregon Laws 2015 (En-
6 rolled Senate Bill 779), and section 2, chapter 600, Oregon Laws 2015 (En-
7 rolled Senate Bill 5520); repealing sections 7, 8 and 9, chapter 25, Oregon
8 Laws 2015 (Enrolled House Bill 5017); and declaring an emergency.”.

9 Delete lines 4 through 10 and insert:
10

11 **“TASK FORCE ON THE CAPITAL
12 CONSTRUCTION BUDGET PROCESS**

13
14 **“SECTION 1. (1) The Task Force on the Capital Construction
15 Budget Process is established. The task force shall consist of:**

16 **“(a) The cochairs of the Joint Committee on Ways and Means;**

17 **“(b) One member of the Senate appointed by the President of the
18 Senate and who is a member of a different political party from the
19 Senate cochair of the joint committee;**

20 **“(c) One member of the House of Representatives appointed by the
21 Speaker of the House of Representatives and who is a member of a
22 different political party from the House cochair of the joint commit-**

1 tee;

2 “(d) The Legislative Fiscal Officer; and

3 “(e) The Director of the Oregon Department of Administrative
4 Services or a designee of the Director of the Oregon Department of
5 Administrative Services.

6 “(2) The task force shall:

7 “(a) Create a current inventory of state-owned buildings, including
8 a description of the condition of each building;

9 “(b) Review existing statutory provisions governing the process of
10 developing the capital construction portion of the state budget, in-
11 cluding but not limited to provisions in ORS chapters 291 and 293;

12 “(c) Identify current statutory provisions relating to the capital
13 construction portion of the state budget that are outdated, are un-
14 necessary or need modification;

15 “(d) Identify new provisions that would aid in the development of
16 the capital construction portion of the state budget;

17 “(e) Identify and recommend a long-range process for determining
18 and implementing future capital construction needs and priorities for
19 this state;

20 “(f) Identify and recommend a process for determining how capital
21 construction budget requests relate to overall state budget priorities;

22 “(g) Consider whether capital construction budgets should also in-
23 clude forecasts of the costs of operating and maintaining state
24 buildings upon which capital construction moneys are spent; and

25 “(h) Recommend a comprehensive package of statutory changes
26 that will allow the Legislative Assembly to develop budgets for capital
27 construction projects based on identified long-term goals, using an
28 incremental process that is integrated into the overall state budget
29 each biennium and that provides more transparency for the public.

30 “(3) A majority of the members of the task force constitutes a

1 quorum for the transaction of business.

2 “(4) Official action by the task force requires the approval of a
3 majority of the members of the task force.

4 “(5) The cochairs of the Joint Committee on Ways and Means shall
5 serve as chairpersons of the task force.

6 “(6) If there is a vacancy for any cause in a position appointed by
7 the President of the Senate or the Speaker of the House of Represen-
8 tatives, the appointing authority shall make an appointment to be-
9 come immediately effective.

10 “(7) The task force shall meet at times and places specified by the
11 call of the chairpersons or of a majority of the members of the task
12 force.

13 “(8) The task force may adopt rules necessary for the operation of
14 the task force.

15 “(9) Not later than October 15, 2016, the task force shall submit a
16 report to the Legislative Assembly in the manner provided by ORS
17 192.245, and may include recommendations for legislation.

18 “(10) The Legislative Administrator shall provide staff support to
19 the task force.

20 “(11) Members of the task force who are not members of the Leg-
21 islative Assembly are not entitled to compensation, but may be reim-
22 bursed for actual and necessary travel and other expenses incurred by
23 them in the performance of their official duties in the manner and
24 amounts provided for in ORS 292.495. Claims for expenses incurred in
25 performing functions of the task force shall be paid out of funds ap-
26 propriated to the Legislative Administration Committee for purposes
27 of the task force.

28 “(12) All agencies of state government, as defined in ORS 174.111,
29 are directed to assist the task force in the performance of its duties
30 and, to the extent permitted by laws relating to confidentiality, to

1 furnish such information and advice as the members of the task force
2 consider necessary to perform their duties.

3 **“SECTION 2.** Section 1 of this 2015 Act is repealed on the date of
4 the convening of the 2017 regular session of the Legislative Assembly
5 as specified in ORS 171.010.

6 **“SECTION 3.** The task force established by section 1 of this 2015
7 Act is a continuation of the Task Force on the Capital Construction
8 Budget Process established by section 1, chapter 716, Oregon Laws
9 2013, and not a new task force. The members appointed under section
10 1, chapter 716, Oregon Laws 2013, and serving on the date of the con-
11 vening of the 2015 regular session of the Legislative Assembly shall
12 continue to serve for purposes of the task force established under
13 section 1 of this 2015 Act.

14

15

“LEGISLATIVE BRANCH

16

17 **“SECTION 4.** ORS 291.278 is amended to read:

18 “291.278. (1) Upon completion of the determination by the Oregon De-
19 partment of Administrative Services under ORS 291.274 and 291.276, the de-
20 partment shall:

21 “(a) Transfer to the Legislative Fiscal Office Operating Fund, with ap-
22 propriate notice to the State Treasurer, out of moneys appropriated to each
23 state agency, the amount of [*\$3 million*] **\$4 million**; and

24 “(b) After deducting the amounts specified in paragraph (a) of this sub-
25 section, transfer to the General Fund, with appropriate notice to the State
26 Treasurer, out of moneys appropriated to each state agency, the amount of
27 governmental service expenses certified for the agency.

28 “(2) In the case of a state agency that collects or receives moneys for fees,
29 fines, licenses or taxes not by law made a part of the General Fund available
30 for general governmental purposes, if moneys available to such state agency

1 are not sufficient to permit the transfers under subsection (1) of this section,
2 the department shall notify the state agency of the amount certified with
3 respect to the state agency under ORS 291.274 and 291.276, less any amount
4 transferred out of moneys appropriated to such state agency under subsection
5 (1) of this section. Thereafter, until such balance has been paid into the
6 General Fund, 10 percent of all moneys collected or received by the state
7 agency for fees, fines, licenses or taxes not by law made a part of the General
8 Fund available for general governmental purposes shall be:

9 “(a) Transferred by the department to and made a part of the General
10 Fund available for general governmental purposes if such moneys are paid
11 to the State Treasurer by the state agency; or

12 “(b) Paid to the State Treasurer by the state agency receiving such mon-
13 eys at the time when they are received by the state agency if such moneys
14 are authorized by law to be kept and disbursed other than by and through
15 the State Treasurer, and be credited by the State Treasurer to and made a
16 part of the General Fund available for general governmental purposes.

17 “(3) The transfers and payments to the Legislative Fiscal Office Operating
18 Fund and the General Fund required by this section shall be made notwith-
19 standing any law that appropriates such moneys or any of them to any other
20 purposes, and such portion so paid and transferred is not subject to any
21 special uses thereby provided.

22 “**SECTION 5.** Section 4, chapter 578, Oregon Laws 2013, is amended to
23 read:

24 “**Sec. 4.** The amendments to ORS 171.072, 292.912 and 292.930 by sections
25 1 to 3 [*of this 2013 Act*], **chapter 578, Oregon Laws 2013**, apply to salaries
26 established for biennia beginning on or after [*July 1, 2015*] **July 1, 2017.**

27 “**SECTION 6.** **If this 2015 Act does not become effective until after**
28 **June 30, 2015, the amendments to section 4, chapter 578, Oregon Laws**
29 **2013, by section 5 of this 2015 Act shall be operative retroactively to**
30 **that date, and the operation and effect of section 4, chapter 578,**

1 Oregon Laws 2013, as amended by section 5 of this 2015 Act, shall
2 continue unaffected from June 30, 2015, to the effective date of this
3 2015 Act. Any otherwise lawful action taken or otherwise lawful obli-
4 gation incurred under the authority of section 4, chapter 578, Oregon
5 Laws 2013, as amended by section 5 of this 2015 Act, after June 30, 2015,
6 and before the effective date of this 2015 Act, is ratified and approved.

7
8 **“SECRETARY OF STATE**

9
10 **“SECTION 7. Notwithstanding ORS 56.041 and in addition to trans-**
11 **fers required by ORS 56.041 (4), the amount of \$6,200,000 is transferred**
12 **from the Operating Account to the General Fund for general govern-**
13 **mental purposes. The transfer shall be made on June 15, 2017.**

14
15 **“OREGON LIQUOR CONTROL COMMISSION**

16
17 **“SECTION 8. ORS 471.810 is amended to read:**

18 “471.810. (1) At the end of each month, the Oregon Liquor Control Com-
19 mission shall certify the amount of moneys available for distribution in the
20 Oregon Liquor Control Commission Account and, after withholding such
21 moneys as it may deem necessary to pay its outstanding obligations, shall
22 within 35 days of the month for which a distribution is made direct the State
23 Treasurer to pay the amounts due, upon warrants drawn by the Oregon De-
24 partment of Administrative Services, as follows:

25 “(a) Fifty-six percent, or the amount remaining after the distribution un-
26 der subsection (4) of this section, credited to the General Fund available for
27 general governmental purposes wherein it shall be considered as revenue
28 during the quarter immediately preceding receipt;

29 “(b) Twenty percent to the cities of the state in such shares as the pop-
30 ulation of each city bears to the population of the cities of the state, as de-

1 terminated by Portland State University last preceding such apportionment,
2 under ORS 190.510 to 190.610;

3 “(c) Ten percent to counties in such shares as their respective populations
4 bear to the total population of the state, as estimated from time to time by
5 Portland State University; and

6 “(d) Fourteen percent to the cities of the state to be distributed as pro-
7 vided in ORS 221.770 and this section.

8 “(2) The commission shall direct the Oregon Department of Administra-
9 tive Services to transfer 50 percent of the revenues from the taxes imposed
10 by ORS 473.030 and 473.035 to the Mental Health Alcoholism and Drug Ser-
11 vices Account in the General Fund to be paid monthly as provided in ORS
12 430.380.

13 “(3) If the amount of revenues received from the taxes imposed by ORS
14 473.030 for the preceding month was reduced as a result of credits claimed
15 under ORS 473.047, the commission shall compute the difference between the
16 amounts paid or transferred as described in subsections (1)(b), (c) and (d) and
17 (2) of this section and the amounts that would have been paid or transferred
18 under subsections (1)(b), (c) and (d) and (2) of this section if no credits had
19 been claimed. The commission shall direct the Oregon Department of Ad-
20 ministrative Services to pay or transfer amounts equal to the differences
21 computed for subsections (1)(b), (c) and (d) and (2) of this section from the
22 General Fund to the recipients or accounts described in subsections (1)(b),
23 (c) and (d) and (2) of this section.

24 “(4) Notwithstanding subsection (1) of this section, no city or county shall
25 receive for any fiscal year an amount less than the amount distributed to the
26 city or county in accordance with ORS 471.350 (1965 Replacement Part),
27 471.810, 473.190 and 473.210 (1965 Replacement Part) during the 1966-1967
28 fiscal year unless the city or county had a decline in population as shown
29 by its census. If the population declined, the per capita distribution to the
30 city or county shall be not less than the total per capita distribution during

1 the 1966-1967 fiscal year. Any additional funds required to maintain the level
2 of distribution under this subsection shall be paid from funds credited under
3 subsection (1)(a) of this section.

4 **“(5) Notwithstanding subsection (1) of this section, amounts to be
5 distributed from the Oregon Liquor Control Commission Account that
6 are attributable to a per bottle surcharge imposed by the Oregon Li-
7 quor Control Commission, shall be credited to the General Fund.**

8 **“SECTION 8a. The amendments to ORS 471.810 by section 8 of this
9 2015 Act apply to moneys attributable to a per bottle surcharge col-
10 lected or received by the Oregon Liquor Control Account on or after
11 the effective date of this 2015 Act.**

12 **“SECTION 9. Section 2, chapter 600, Oregon Laws 2015 (Enrolled Senate
13 Bill 5520), is amended to read:**

14 **“Sec. 2.** For the biennium beginning July 1, 2015, expenditures by the
15 Oregon Liquor Control Commission for liquor purchases [*and bank card
16 fees*] are not limited.

17 **“SECTION 10. If House Bill 2041 becomes law, section 3, chapter 20,
18 Oregon Laws 2015 (Enrolled Senate Bill 605), is amended to read:**

19 **“Sec. 3.** (1) Notwithstanding ORS 221.770, 471.805 and 471.810, for the
20 biennium beginning July 1, 2013, and the biennium beginning July 1, 2015,
21 the Oregon Liquor Control Commission may expend moneys in the Oregon
22 Liquor Control Commission Account to pay any expenses incurred by the
23 commission in implementing and carrying out sections 3 to 70, chapter 1,
24 Oregon Laws 2015 [*(Control, Regulation and Taxation of Marijuana and In-
25 dustrial Hemp Act)*]. Any expenditure made under this subsection is consid-
26 ered a loan and must be repaid from the Oregon Marijuana Account
27 established by section 44, chapter 1, Oregon Laws 2015. Expenditures made
28 under this subsection shall be made from moneys in the Oregon Liquor
29 Control Commission Account before the distributions required by ORS
30 471.810 are made.

1 *[Oregon food products described in subsection (3) of this section]* **food**
2 **produced or processed in this state;** or

3 “(b) **As a competitive grant** to fund food-based, agriculture-based and
4 garden-based educational activities in **the** school *[districts]* **district.**

5 “[*(2) The Department of Education shall distribute grant moneys under this*
6 *section in a manner that ensures that:*]

7 “[*(a) At least 80 percent of the moneys distributed are used for reimburse-*
8 *ments as described in subsection (1)(a) of this section; and]*

9 “[*(b) At least 10 percent of the moneys distributed are used for the educa-*
10 *tional activities described in subsection (1)(b) of this section.*]

11 “**(3)(a) Based on a noncompetitive process, the department shall**
12 **provide grants to school districts to assist in paying for costs incurred**
13 **by the school district to purchase food produced or processed in this**
14 **state. The amount of a grant awarded as provided by this subsection**
15 **shall be determined by the department based on the number of lunches**
16 **served by the school district during the previous school year under the**
17 **United States Department of Agriculture’s National School Lunch**
18 **Program.**

19 “[*(3)(a) (b) [If a school district receives any grant moneys under this sec-*
20 *tion for reimbursements, the school district]* **A school district that receives**
21 **a grant under this subsection** shall use the moneys for the costs incurred
22 by the school district to purchase *[Oregon]* food products that were:

23 “(A) Purchased on or after the date the school district received *[the*
24 *moneys for the grant]* **notification from the Department of Education of**
25 **the amount to be distributed to the school district as provided by this**
26 **subsection;**

27 “(B) Produced or processed in *[Oregon]* **this state;** and

28 “(C) Used *[in]* **for** meals that are **served as** part of the United States
29 Department of Agriculture’s *[National School Lunch Program]* **child nutri-**
30 **tion programs.**

1 “[*b*) For Oregon food products that satisfy the requirements of paragraph
2 (*a*) of this subsection, reimbursements shall be in an amount that equals the
3 lesser of:]

4 “[*A*) The amount paid per meal by the school district to purchase the
5 Oregon food products; or]

6 “[*B*) Fifteen cents for every school lunch that is served as part of the
7 United States Department of Agriculture’s National School Lunch Program
8 and that uses Oregon food products.]

9 “[*c*) A school district that receives moneys for reimbursement as provided
10 by paragraph (*b*) of this subsection:]

11 “[*A*) Must use the moneys to purchase foods produced or processed in
12 Oregon; and]

13 “[*B*) May not use the moneys to supplant purchases of food products with
14 federal moneys, but may use the moneys to pay for the difference in cost be-
15 tween food products that are of higher quality and food products that are al-
16 lowed to be purchased with federal moneys.]

17 **“(4)(a) Based on a competitive process, the department shall provide**
18 **grants to school districts or nonprofit organizations, or commodity**
19 **commissions or councils organized under ORS 576.051 to 576.455 or ORS**
20 **chapter 577 or 578, to assist in paying the costs incurred to provide**
21 **food-based, agriculture-based or garden-based educational activities in**
22 **the school district.**

23 “[*4*) (**b**) [*If a school district receives any moneys under this section for*
24 *educational activities, the school district]* **An entity identified in paragraph**
25 **(a) of this subsection that receives a grant under this subsection** shall
26 use the moneys for costs directly associated with the educational activities,
27 including staff time, travel costs and equipment purchased for the activities.

28 “[*5*) The Department of Education shall consult with the State Department
29 of Agriculture to determine the recipients and amounts of grants awarded
30 under this section.]

1 “[6] *The Department of Education may award a grant to a school district*
2 *under this section only if the school district can demonstrate that the school*
3 *district:*]

4 “[a] *Has a program to purchase Oregon food products and a program to*
5 *provide food-based, agriculture-based or garden-based educational activities;*
6 *or]*

7 “[b] *Is developing the programs described in paragraph (a) of this sub-*
8 *section that the school district does not have at the time of application.]*

9 “[7] (c) When awarding grants under this [section,] **subsection**, prefer-
10 **ence shall be given to [school districts] entities that propose educational**
11 **activities that:**

12 “[a] *Propose farm-to-school projects or school garden projects that:*]

13 “(A) Are well designed;

14 “[B] *Incorporate positive changes in food purchasing;*]

15 “[C] (B) Promote healthy food activities;

16 “[D] (C) Have clear educational objectives;

17 “[E] (D) Involve parents or the community; [and]

18 “[F] *Have high potential for job creation;*]

19 “(E) **Are connected to a school district’s farm-to-school procure-**
20 **ment activities; and**

21 “(F) **Are culturally relevant to the students being served by the**
22 **grant moneys.**

23 “(d) **The department must ensure that the recipients of grants un-**
24 **der this subsection:**

25 “[b] (A) Represent a variety of **school** sizes and geographic locations;
26 **and**

27 “[c] (B) Serve a high percentage of children who qualify for free or re-
28 **duced price school meals under the United States Department of**
29 **Agriculture’s National School Lunch Program.**

30 “[8] (5) The Department of Education shall consult with the State De-

1 department of Agriculture to:

2 “(a) Develop rules and standards related to the grants awarded under this
3 section.

4 “(b) **Determine the recipients and amounts of grants awarded under**
5 **this section.**

6 “[9] (6) The Department of Education may expend for the administrative
7 costs incurred under this section no more than two percent of all moneys
8 received by the department for the grant program.

9

10 **“DEPARTMENT OF TRANSPORTATION**

11

12 **“SECTION 14. (1) In addition to and not in lieu of any other allo-**
13 **cation, there is allocated to Multnomah County, for the biennium be-**
14 **ginning July 1, 2015, out of moneys described in section 5 (6), chapter**
15 **__, Oregon Laws 2015 (Enrolled House Bill 5040), the amount of**
16 **\$3,900,000 which may be expended for the construction of operational**
17 **improvements on Cornelius Pass Road.**

18 **“(2) In addition to and not in lieu of any other allocation, there is**
19 **allocated to Washington County, for the biennium beginning July 1,**
20 **2015, out of moneys described in section 5 (6), chapter __, Oregon**
21 **Laws 2015 (Enrolled House Bill 5040), the amount of \$5,000,000 which**
22 **may be expended for the construction of safety improvement projects**
23 **located on State Highway 47 at Verboort and Purdin Roads.**

24

25 **“PUBLIC EMPLOYEES BENEFIT BOARD**

26

27 **“SECTION 15. Notwithstanding ORS 243.167, the amount of**
28 **\$120,000,000 is transferred from the Public Employees’ Revolving Fund**
29 **to the General Fund for general governmental purposes. The transfer**
30 **shall be made on May 1, 2017.**

1 **“DEPARTMENT OF HUMAN SERVICES**

2
3 **“SECTION 16.** ORS 418.330 is amended to read:

4 “418.330. (1) As used in this section:

5 “(a) ‘Child’ means:

6 “(A) A person under 18 years of age;

7 “(B) A person under 21 years of age if the Department of Human Services
8 determines that the person has a mental or physical disability that warrants
9 the continuation of assistance; or

10 “(C) A person who has attained 18 years of age and:

11 “(i) On whose behalf payments under this section were received prior to
12 the person attaining 18 years of age, provided the person was at least 16
13 years of age at the time the payments commenced;

14 “(ii) Has not attained 21 years of age; and

15 “(iii)(I) Is completing secondary education or a program leading to an
16 equivalent credential;

17 “(II) Is enrolled in an institution or program that provides post-secondary
18 or vocational education;

19 “(III) Is participating in a program or activity designed to promote, or
20 remove barriers to, employment;

21 “(IV) Is employed for at least 80 hours per month; or

22 “(V) Is incapable of doing any of the activities described in sub-sub-
23 subparagraphs (I) to (IV) of this sub-subparagraph due to a medical condi-
24 tion, which incapability is supported by regularly updated documentation.

25 “(b) ‘Child-caring agency’ means:

26 “(A) A child-caring agency as defined in ORS 418.205; and

27 “(B) For a child who has attained 18 years of age, an independent resi-
28 dence facility established or certified under ORS 418.475 in which the child
29 resides as an enrollee in an independent living program.

30 “(c) ‘Nonrecurring adoption **or guardianship** expenses’ means reasonable

1 and necessary adoption **or guardianship** fees, court costs, attorney fees and
2 other expenses that are directly related to the adoption of, **or establishment**
3 **of a guardianship for**, a child with special needs and that are not incurred
4 in violation of state or federal law.

5 “(2) The department may make payments to adoptive parents **or guardi-**
6 **ans** on behalf of a child placed for adoption **or establishment of a**
7 **guardianship** by the department, or **placed for adoption** by an approved
8 child-caring agency, when the department determines:

9 “(a) The child has special needs because of an impediment to adoptive
10 placement **or establishment of a guardianship** by reason of the child’s
11 physical or mental condition, race, age, or membership in a sibling group;
12 or

13 “(b) The adoptive family **or guardian** is capable of providing the perma-
14 nent family relationships needed by the child in all respects other than fi-
15 nancial, and the needs of the child are beyond the economic ability and
16 resources of the family.

17 “(3) Payments to subsidize adoptions **or guardianships** made under sub-
18 section (2) of this section:

19 “(a) Shall include payment of nonrecurring adoption **or guardianship**
20 expenses incurred by or on behalf of adoptive parents **or guardians** in con-
21 nection with the adoption of, **or establishment of a guardianship for**, a
22 child with special needs;

23 “(b) May include, but are not limited to, the maintenance costs, medical
24 and surgical expenses, and other costs incidental to the care, training and
25 education of the child;

26 “(c) May not exceed the cost of providing comparable assistance in foster
27 care; and

28 “(d) May not be made:

29 “(A) For a child who has not attained 18 years of age, when the adoptive
30 parents **or guardians** are no longer legally responsible for the support of the

1 child; or

2 “(B) When the child is no longer receiving any support from the adoptive
3 parents **or guardians**.

4 “(4) Adoptive parents **or guardians** receiving payments under subsection
5 (2) of this section shall inform the department of circumstances that would
6 make the adoptive parents **or guardians**:

7 “(a) Ineligible to receive the payments; or

8 “(b) Eligible to receive the payments in a different amount.

9 **“SECTION 17. ORS 418.335 is amended to read:**

10 “418.335. (1) Qualification for payments under ORS 418.330 must be de-
11 termined by the Department of Human Services prior to the completion of
12 the adoption **or guardianship** proceeding.

13 “(2) The department shall set the amount of payments under ORS 418.330
14 through negotiations with the prospective adoptive parents **or guardians**,
15 taking into consideration the circumstances of the prospective adoptive par-
16 ents **or guardians** and the needs of the child.

17 “(3) The department may change the amount of payments under ORS
18 418.330:

19 “(a) Through renegotiation with the adoptive parents **or guardians**, based
20 upon a showing that there has been a change in the circumstances of the
21 adoptive parents **or guardians** or the needs of the child; or

22 “(b) When the department has reduced or increased the amount of com-
23 parable assistance in foster care under ORS 418.647.

24 “(4) The department may suspend or terminate payments when one or
25 more of the following conditions exist:

26 “(a) The child [*attains 18 years of age*] **no longer meets the definition**
27 **of ‘child’ under ORS 418.330.**

28 “(b) The adoptive parents **or guardians** are no longer legally responsible
29 for the support of the child.

30 “(c) The child is no longer receiving any support from the adoptive par-

1 ents **or guardians.**

2 “(5) If a payment under ORS 418.330 is suspended or terminated for a
3 reason not related to the age of the child **or because a guardianship has**
4 **been vacated by the court,** the adoptive parents **or guardians** of the child
5 may petition the department for a review of the case. The department shall
6 afford the petitioner an opportunity for a hearing, which must be held in the
7 county the petitioner elects.

8 **“SECTION 18.** ORS 418.340 is amended to read:

9 “418.340. The Department of Human Services shall make all necessary
10 rules for payments to subsidize adoptions **or guardianships.**

11

12 **“STATE DEPARTMENT OF FISH AND WILDLIFE**

13

14 **“SECTION 19.** Section 2, chapter 459, Oregon Laws 2015 (Enrolled Senate
15 Bill 779), is amended to read:

16 **“Sec. 2.** Section 1, chapter 459, Oregon Laws 2015 (Enrolled Senate
17 **Bill 779),** *[of this 2015 Act]* is repealed on January 2, *[2016]* **2017.**

18

19 **“CONCILIATION AND MEDIATION SERVICES**
20 **AND LAW LIBRARIES**

21

22 **“SECTION 20.** Notwithstanding section 8 (1), chapter __, Oregon
23 **Laws 2015 (Enrolled Senate Bill 5514),** the governing body of a county
24 **may, after consulting with the presiding judge of the circuit court, use**
25 **up to one-half of the amount distributed to the county under section**
26 **8 (2), chapter __, Oregon Laws (Enrolled Senate Bill 5514), for the**
27 **purpose of providing conciliation and mediation services in circuit**
28 **courts.**

29

30 **“CONNECTING OREGON COMMUNITIES FUND**

1 **“SECTION 23.** ORS 357.195, as amended by section 20, chapter 328,
2 Oregon Laws 2015, is amended to read:

3 “357.195. (1) The State Library Donation Fund is established in the State
4 Treasury, separate and distinct from the General Fund. The following mon-
5 eys shall be placed in the fund:

6 “(a) Gifts and donations to the State Library;

7 “(b) The interest, income, dividends or profits received on any property
8 or funds of the State Library derived from gifts, legacies, devises, bequests,
9 endowments or other donations;

10 “(c) Other interest earned by the fund; and

11 “(d) Any other moneys placed in the fund as provided by law.

12 “(2) Moneys in the fund that are derived from profits, interest or other
13 earnings traceable to a specific gift, legacy, devise, bequest, endowment or
14 other donation shall be used in the same manner as the principal or corpus
15 of the gift, legacy, devise, bequest, endowment or other donation.

16 **“(3) Moneys in the fund, including moneys in the Talking Book and
17 Braille Library Endowment Fund subaccount if established pursuant
18 to subsection (5) of this section, may, at the discretion of the State
19 Library Board, be invested as provided in ORS 293.701 to 293.857.**

20 “[(3)] (4) The State Treasurer shall credit monthly to the fund any inter-
21 est or other income derived from the fund or the investing thereof.

22 “[(4)] (5) The [*State Library*] board may establish a Talking Book and
23 Braille Library Endowment Fund as a subaccount of the State Library Do-
24 nation Fund.

25 “[(5)] (6) Moneys in the State Library Donation Fund are continuously
26 appropriated to the State Library for use by, and support and maintenance
27 of, the State Library. Claims against the fund shall be approved and warrants
28 issued in the manner provided by law.

29 **“SECTION 24.** ORS 293.701 is amended to read:

30 “293.701. As used in ORS 293.701 to 293.857, unless the context requires

1 otherwise:

2 “(1) ‘Council’ means the Oregon Investment Council.

3 “(2) ‘Investment funds’ means:

4 “(a) Public Employees Retirement Fund referred to in ORS 238.660;

5 “(b) Industrial Accident Fund referred to in ORS 656.632;

6 “(c) Consumer and Business Services Fund referred to in ORS 705.145;

7 “(d) Employment Department Special Administrative Fund referred to in
8 ORS 657.822;

9 “(e) Insurance Fund referred to in ORS 278.425;

10 “(f) Funds under the control and administration of the Department of
11 State Lands;

12 “(g) Oregon Student Assistance Fund referred to in ORS 348.570;

13 “(h) Moneys made available to the Commission for the Blind under ORS
14 346.270 and 346.540 or rules adopted thereunder;

15 “(i) Forest Development Revenue Bond Fund referred to in ORS 530.147
16 and State Forestry General Obligation Bond Fund referred to in ORS 530.280;

17 “(j) Oregon War Veterans’ Fund referred to in ORS 407.495;

18 “(k) Oregon War Veterans’ Bond Sinking Account referred to in ORS
19 407.515;

20 “(L) World War II Veterans’ Compensation Fund;

21 “(m) World War II Veterans’ Bond Sinking Fund;

22 “(n) Funds in the hands of the State Treasurer that are not required to
23 meet current demands and that are invested in the Oregon Short Term Fund
24 established under ORS 293.728 or in another commingled investment vehicle;

25 “(o) State funds that are not subject to the control and administration
26 of officers or bodies specifically designated by law;

27 “(p) Funds derived from the sale of state bonds;

28 “(q) Social Security Revolving Account referred to in ORS 237.490;

29 “(r) Oregon University System Fund established by ORS 351.506 and the
30 Higher Education Donation Fund established by ORS 351.130;

1 “(s) Local Government Employer Benefit Trust Fund referred to in ORS
2 657.513;

3 “(t) Elderly and Disabled Special Transportation Fund established by ORS
4 391.800;

5 “(u) Education Stability Fund established by ORS 348.696;

6 “(v) Deferred Compensation Fund established under ORS 243.411; [and]

7 “(w) Trust for Cultural Development Account established under ORS
8 359.405[.]; and

9 **“(x) The State Library Donation Fund and the Talking Book and**
10 **Braille Library Endowment Fund subaccount established under ORS**
11 **357.195.**

12 “(3) ‘Investment officer’ means the State Treasurer in the capacity as in-
13 vestment officer for the council.

14

15 **“STATE TREASURER**

16

17 **“SECTION 25. Notwithstanding ORS 173.240:**

18 **“(1) The Legislative Counsel and the Legislative Fiscal Officer shall**
19 **conduct a review of state law governing the investment by the State**
20 **Treasurer of the funds of this state and of local and tribal govern-**
21 **ments. The purpose of the review is to:**

22 **“(a) Identify deficiencies in current law; and**

23 **“(b) Make recommendations to clarify, simplify, consolidate and**
24 **update the existing statutory framework.**

25 **“(2) For purposes of the review, the Legislative Counsel and the**
26 **Legislative Fiscal Officer may consult with the Department of Justice**
27 **and the State Treasurer and any other officer or employee of this state**
28 **or of any local or tribal government.**

29 **“(3) The Legislative Counsel and the Legislative Fiscal Officer shall**
30 **submit a report in the manner provided in ORS 192.245, and may in-**

1 clude recommendations for legislation, to the Joint Committee on
2 Ways and Means, or the Joint Interim Committee on Ways and Means,
3 no later than December 31, 2016.

4 **“SECTION 26.** Section 28 of this 2015 Act is repealed on January 2,
5 2017.

6
7 **“JUDICIAL SALARIES**
8

9 **“SECTION 27. (1)** Annual salaries of judges of the Supreme Court,
10 the Court of Appeals, circuit courts and the Oregon Tax Court estab-
11 lished under ORS 292.406, 292.411, 292.416 and 292.426 shall be adjusted
12 to reflect the same percentage amount of any positive cost of living
13 adjustment granted to employees in the management service in the
14 executive department.

15 **“(2)** The adjustment described in subsection (1) of this section shall
16 occur at the same time that salaries of employees in the management
17 service in the executive department are adjusted.

18 **“(3)** As used in this section:

19 **“(a)** ‘Executive department’ has the meaning given that term in
20 ORS 174.112.

21 **“(b)** ‘Management service’ means the management service as pro-
22 vided in ORS 240.212.

23 **“SECTION 28.** Section 27 of this 2015 Act applies to any positive cost
24 of living adjustment granted to employees in the management service
25 in the executive department on or after the effective date of this 2015
26 Act.

27
28 **“REVERSION OF LOTTERY ALLOCATIONS**
29

30 **“SECTION 29.** ORS 461.559 is amended to read:

1 “461.559. (1) On December 31 in each odd-numbered year, all amounts re-
2 maining unspent by a state agency from statutory allocations made from the
3 Administrative Services Economic Development Fund to that agency for the
4 prior biennium shall revert to the Administrative Services Economic Devel-
5 opment Fund.

6 “(2) Subsection (1) of this section does not apply to allocations for **debt**
7 **service**, capital construction, continuing contracts, contested claims or spe-
8 cial allocations designated by legislative action.

9
10 **“HIGHER EDUCATION COORDINATING COMMISSION**

11
12 **“SECTION 30. (1) Notwithstanding any law limiting tuition and**
13 **mandatory enrollment fee increases at public universities listed in**
14 **ORS 352.002, if a public university listed in ORS 352.002 increases either**
15 **resident undergraduate tuition or mandatory enrollment fees by more**
16 **than three percent for the 2016-2017 academic year, the public univer-**
17 **sity must report the justification for the increase to the Higher Edu-**
18 **cation Coordinating Commission and the Joint Committee on Ways**
19 **and Means, or the Joint Interim Committee on Ways and Means.**

20 “(2) Subsection (1) of this section does not apply to public univer-
21 sities currently subject to existing financial agreements or plans with
22 the Higher Education Coordinating Commission, or to four-year tui-
23 tion guarantees or high cost, high demand degree programs that cur-
24 rently charge differential tuition.

25 “(3) This section is repealed on December 31, 2018.

26
27 **“TRANSFERS**

28
29 **“SECTION 31. Except as provided in sections 7, 11 and 15 of this 2015**
30 **Act, the transfers described in sections 7, 11, 15 and 21 of this 2015 Act**

1 shall be made on the effective date of this 2015 Act from moneys
2 maintained, on the effective date of this 2015 Act, in the funds or ac-
3 counts from which the transfers are made.

4

5

“CAPTIONS

6

7 **“SECTION 32. The unit captions used in this 2015 Act are provided**
8 **only for the convenience of the reader and do not become part of the**
9 **statutory law of this state or express any legislative intent in the**
10 **enactment of this 2015 Act.**

11

12

“EMERGENCY CLAUSE

13

14 **“SECTION 33. This 2015 Act being necessary for the immediate**
15 **preservation of the public peace, health and safety, an emergency is**
16 **declared to exist, and this 2015 Act takes effect on its passage.”.**

17
