

FISCAL IMPACT OF PROPOSED LEGISLATION

79th Oregon Legislative Assembly – 2017 Regular Session
Legislative Fiscal Office

Measure: SB 109 - 3

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

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Measure Description:

Establishes Task Force on Statewide Earthquake Insurance for Residential Property and specifies composition of task force membership.

Government Unit(s) Affected:

Department of Administrative Services (DAS), Department of Consumer and Business Services (DCBS), Legislative Assembly, Office of the Governor

Analysis:

Senate Bill 109 with the - 3 amendment establishes the 17-member Task Force on Statewide Earthquake Insurance for Residential Property charged with exploring options for providing earthquake insurance coverage for residential property owners. Two representatives from the Department of Consumer and Business Services (DCBS), and one representative from the Department of Administrative Services are directed to serve on the task force. DCBS is also required to provide staff support to the task force. The bill takes effect on passage. The task force sunsets on December 1, 2018.

The - 3 amendment: (1) removes the charge to evaluate the possibility of a state-run authority; and (2) adds the State Resilience Officer, a county commissioner, and an emergency manager from a city or county to the list of representatives on the task force. The - 3 amendment does not change the indeterminate fiscal impact.

Department of Consumer and Business Services (DCBS)

The fiscal impact of this bill on DCBS is indeterminate depending on the scope of work undertaken by the task force. Although DCBS anticipates reprioritizing duties and responsibilities of existing staff to support the task force, the bill authorizes the task force to carry out wide-ranging and undefined activities that may require outside expertise and additional resources, including:

- Conducting original research and studies.
- Acquiring research, testimony, advice, consultation, and information from experts in the fields of disaster preparation and management, risk assessment and management, insurance coverage, and related topics.
- Undertaking any activities necessary to carry out the task force's charge.

If the task force determines that it would need to contract these activities to a consultant with specialized expertise, it is assumed that DCBS would be required to fund these activities. These costs cannot be quantified until the task force convenes and defines the scope of these activities.

Legislative Assembly

The bill specifies that non-legislative members of the task force serve as volunteers and are not entitled to compensation and reimbursement. However, four members of the task force will be legislative members who are entitled to per diem and travel reimbursement. Although the 2017-19 Legislative Assembly budget contains funds allocated for interim committee and task force, if the work required by this task force, or if the cumulative enactment of other legislation with interim committees and task forces exceeds expenditure levels beyond those assumed in the 2017-19 budget, additional General

Fund resources may be required. The task force would not incur additional costs to the Legislative Assembly budget if the meetings are held at the Capitol building during Legislative Session, Task force or Legislative Days.

Department of Administrative Services (DAS)

The fiscal impact of this bill to DAS is indeterminate depending on the level of contribution required of the agency. The bill requires DAS to appoint a representative to the task force. DAS anticipates reprioritizing duties and responsibilities of existing staff to allow participation on the task force. However, if DAS is expected to perform additional research and/or data collection, these costs cannot be quantified until the task force convenes and defines the scope of this work. As a point of reference, DAS calculates that if the task force assigns the responsibility of establishing values of residential properties in various at-risk models to identify insurance coverage markets and costs, the agency anticipates this work would require approximately 200 hours each for a Risk Consultant and a Risk Analyst and approximately 80 hours of insurance broker time to research specialized insurance market information resources. The cost of this time is estimated at \$85,300.

Office of the Governor

The -3 amendment adds the State Resilience Officer to the list of representatives on the task force. Participation on the task force is anticipated to have minimal impact on the Office of the Governor. The State Resilience Officer expects to play a role in furnishing the task force with existing available data, information, advice, and other support.