

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: HB 3040 - A8**81st Oregon Legislative Assembly – 2021 Regular Session
Legislative Fiscal Office*Only Impacts on Original or Engrossed
Versions are Considered Official*

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Measure Description:

Directs Housing and Community Services Department, in consultation with Department of Land Conservation and Development, Department of Environmental Quality, Department of Revenue and Oregon Business Development Department, to conduct comprehensive study of system development charges.

Government Unit(s) Affected:

Department of Environmental Quality (DEQ), Department of Revenue (DOR), Oregon Business Development Department (OBDD), Housing and Community Services Department (HCSD), Department of Land Conservation and Development (DLCD), Counties, Cities, Special Districts

Summary of Fiscal Impact:

Costs related to the measure may require budgetary action - See analysis.

Summary of Expenditure Impact:**Housing and Community Services Department**

General Fund	2021-23 Biennium	2023-25 Biennium
Personal Services	86,171	
Services and Supplies	825,433	
Total Funds	\$911,604	\$0
Positions	1	
FTE	0.46	

Analysis:

House Bill 3040, as amended by the -A8 amendments, directs the Housing and Community Services Department (HCSD), in consultation with the Department of Land Conservation and Development, the Department of Environmental Quality, the Department of Revenue and the Oregon Business Development Department, to conduct a comprehensive study of system development charges. The scope of the study shall include the role that system development charges play as both cost drivers and sources of revenue; the full range of factors that contribute to system development charge fee rates; and all types of market-rate housing. HCSD may contract with a third party to complete the study. HCSD must submit a preliminary report to interim legislative committees related to housing and economic recovery and prosperity by December 31, 2021 and a final report by June 1, 2022. The measure appropriates \$911,604 General Fund to HCSD in the 2021-23 biennium.

The measure also requires any city, county or special district that maintains a public website to include information on its website, in a manner that is readily accessible to the general public, relating to its system development charges. If a city, county or special district does not maintain a website, it shall make the information available to the general public free of charge upon request. The measure takes effect on passage.

Housing and Community Services Department

Based on the statutory deadline for completion of the final report (i.e., June 1, 2022), the fiscal impact of this measure is estimated to be \$911,604 General Fund in 2021-23, including \$86,171 in personal services for a

limited duration Operations and Policy Analyst 2 position (0.46 FTE), and \$825,433 in services and supplies to contract for administrative support, data collection and data analysis.

Information submitted by HCSD suggests that the department would be unable to complete the stakeholder engagement activities and conduct the analysis needed to complete the study by the statutory deadline. As a result, HCSD estimates total General Fund expenditures approximately 10% higher than indicated in this fiscal impact statement, presuming that additional time would be needed to complete the study in order to submit the final report on time. Given the broad scope of the study, HCSD anticipates engaging a wide variety of stakeholders, including public works developers, public works departments, long-range planners, as well as cities, counties, special districts, realtors and the general public.

In either case, HCSD would need additional position authority and a general fund appropriation to conduct this study. The measure warrants a subsequent referral to the Joint Committee on Ways and Means for consideration of its impact on the State's General Fund and HCSD's biennial budget.

Other Impacted Agencies and Local Governments

The measure is anticipated to have a minimal fiscal impact on the Department of Land Conservation and Development, the Oregon Business Development Department, the Department of Environmental Quality, the Department of Revenue, as well as cities, counties and special districts.