

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2785 - A

81st Oregon Legislative Assembly – 2021 Regular Session
Legislative Fiscal Office*Only Impacts on Original or Engrossed
Versions are Considered Official*Prepared by: Haylee Morse-Miller
Reviewed by: John Terpening, Doug Wilson
Date: March 12, 2021**Measure Description:**

Directs State Department of Agriculture to establish grant program to fund upgrades to establishments expected to operate under program of state meat inspection.

Government Unit(s) Affected:

Public Universities, Oregon Department of Agriculture (ODA)

Summary of Fiscal Impact:

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

Summary of Expenditure Impact:

| | 2021-23 Biennium | 2023-25 Biennium |
|---|---------------------|------------------|
| Oregon Department of Agriculture - General Fund | \$9,700,000 | \$0 |
| Higher Education Coordinating Commission - General Fund | 300,000 | 0 |
| Total Funds | \$10,000,000 | \$0 |
| Positions | 0 | 0 |
| FTE | 0.00 | 0.00 |

Analysis:

HB 2785 - A directs the Oregon Department of Agriculture (ODA) to establish a grant program by rule. The grant program is to fund construction and upgrades to establishments that will operate under the State Meat Inspection Program authorized by HB 4206 (2020 1st Special Session); and expansion of establishments that operate under the federal inspection program and will increase processing of meat from animals raised in Oregon.

The measure appropriates \$9.7 million General Fund to ODA for grant program funding. These funds are to be available continuously until expended as part of the grant program, or until this measure sunsets on January 2, 2027. The measure also appropriates \$300,000 General Fund to Oregon State University (OSU) to fund upgrades to the facilities and equipment at the Clark Meat Science Center, consistent with inspection requirements.

The Legislative Fiscal Office (LFO) notes that General Fund appropriations cannot be carried across biennia. Any General Fund monies appropriated by this measure and unused by the end of the 2021-23 biennium will need to revert to the General Fund, and additional grant program expenditures must be approved as part of the 2023-25 agency budget development process or by future legislative action. LFO also notes that appropriations are generally not made directly to public universities such as Oregon State University but to the Higher Education Coordinating Commission for distribution to a public university.

In terms of the grant program, the fiscal impact is indeterminate in that demand for the grants and the number of grants that may be issued is unknown. It is also unknown if \$9.7 million would be a sufficient level for grants or if there would be a need for additional funding.

ODA notes that it is not clear from the text of this measure whether the funds provided for the grant program can also be used for costs of program administration. Administration costs are estimated to be three to five percent of the total grant amount, or approximately \$291,000 to \$485,000 over the course of the grant program, but would be variable based on demand, which will impact grant application review and approval and ultimately volume of distribution of available funds. If funds appropriated by this measure cannot be used for administration, ODA may need to hold a position vacant in the State Meat Inspection Program in order to cover administrative costs.