

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2316 - A

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:

Transfers from Housing and Community Services Department to Oregon Health Authority responsibility for administering Housing for Mental Health Fund.

Government Unit(s) Affected:

Bonding, Housing and Community Services Department (HCSD), Oregon Health Authority (OHA)

Summary of Fiscal Impact:

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

Analysis:

HB 2316 A-Engrossed establishes the Behavioral Health Housing Incentive Fund and continuously appropriates moneys in the Fund to the Oregon Health Authority (OHA) to provide funding for the development of community-based housing, including licensed residential treatment facilities, for individuals with mental illness and individuals with substance use disorders; and crisis intervention services, rental subsidies and other housing-related services to help keep individuals with mental illness and individuals with substance use disorders safe and healthy in their communities. The measure repeals, on June 30, 2022, statute establishing the Housing for Mental Health Fund. Any unobligated funds remaining in the Housing for Mental Health Fund on June 30, 2022 are to be transferred to the Behavioral Health Housing Incentive Fund. The measure contains an emergency clause and takes effect on passage.

Housing and Community Services Department (HCSD)

With passage of this bill, HCSD anticipates transferring approximately \$400,000 Other Funds to the Oregon Health Authority before June 30, 2022. HB 5030 (2015) established the Housing for Mental Health Fund and authorized the issuance of \$20 million in lottery bond proceeds for HCSD to provide financial assistance to aid in the development, acquisition, renovation or improvement of affordable housing for Oregonians who have mental illnesses or addiction disorders. To date, all of the bond proceeds have been committed to projects and most of the funds have been expended. The estimated account balance by June 2022 is projected to be \$400,000 in uncommitted interest earnings.

The Legislative Fiscal Office (LFO) notes that interest earnings on the lottery bond proceeds are considered bond proceeds and may only be used for the same legally allowable purposes, including costs that fall within the original authorization or for debt service on the bond series.

Oregon Health Authority (OHA)

With passage of this bill, any remaining proceeds will be transferred to the Behavioral Health Housing Incentive Fund within OHA. The Behavioral Health Housing Incentive Fund is established to provide funding for the development of community-based housing, crisis intervention services, rental subsidies, and other housing-related services to help keep individuals with mental illness and individuals with substance use disorders safe and healthy in their communities. Uses of funding within the Behavioral Health Housing Incentive Fund are broader than the original lottery bond approval. Absent additional legislative action to modify the original bond authorization, interest earnings may only be used for outstanding debt service or to provide financial assistance

to aid in the development, acquisition, renovation or improvement of affordable housing for Oregonians who have mental illnesses or addiction disorders. OHA will need to track these proceeds separately from other funds that may be deposited in the Fund.

At this time, the bill is not expected to have a fiscal impact to OHA related to administering the Fund. However, prior to the utilization of interest earnings or unspent bond proceeds, OHA must request Other Fund expenditure limitation. Expenditure limitation in OHA's budget may also need to be adjusted depending on the amount of other revenue in the Fund and anticipated biennial expenditures from it.

This measure establishes a new continuously appropriated fund. For this reason, the measure warrants a subsequent referral to the Joint Committee on Ways and Means for consideration.