

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2498 - 1

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

Prepared by: Tim Walker
Reviewed by: Amanda Beitel, Walt Campbell, Matt Stayner
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Measure Description:

Creates Cultural Impact Program.

Government Unit(s) Affected:

Oregon Business Development Department, Counties, Bonding, Confederated Tribes of Grand Ronde, Confederated Tribes of Siletz, Confederated Tribes of Warm Springs, Burns Paiute Tribe, Confederated Tribes of Coos, Lower Umpqua and Siuslaw Indians, Confederated Tribes of Umatilla Indian Reservation, Coquille Indian Tribe, Cow Creek Band of Umpqua Indians, Klamath Tribes

Summary of Fiscal Impact:

Costs related to the measure are indeterminate at this time - See explanatory analysis.

Analysis: The measure creates the Cultural Impact program for advancing, preserving, or stabilizing cultural organizations. The grant program will provide federally recognized Indian tribes and counties with funds to distribute locally. The measure creates the Trust for Cultural Impact Account in the Oregon Business Development Department (OBDD) and appropriates \$200 million in Lottery Bond proceeds for deposit in the fund. The Trust for Cultural Development Board is directed to convene a rules advisory committee to develop rules, including processes, standards, and criteria for awarding grants. Additionally, the Board will oversee the management of the program and provide administrative direction to the Administrator of the Arts Program. The Administrator of the Arts Program will staff the Board, coordinate grant management, manage accounts, and engage stakeholders. All investment earnings, interest, and income are continuously appropriated to the account. The measure replaces distribution of interest and investment earnings to counties and tribes on per capita basis with a process that considers population and the number and size of cultural organizations that serves residents and visitors of the communities.

The measure provides an appropriation to the agency from the fund only the earnings, interest, and other income the new account earns for distribution as grants, provision of technical assistance, and administration of the program. It does not appropriate the initial bond proceeds used to capitalize the fund. Thus, the agency may not meet a three to five-year spend down on bond proceeds to meet IRS arbitrage requirements and might incur associated costs. Further, the use of account earnings is not limited to the acquisition or construction of an asset and may raise issues on the allowable use of bond proceeds. It is not clear whether bond proceeds could be spent on program startup costs. Lottery Bond sales typically happen in March of odd-numbered years. This would indicate that the bonds authorized by the measure would likely not be issued until the spring of 2025, and investment revenues derived from the bond proceeds deposited in the fund would not be realized until sometime after that. Debt service and bond issuance costs are unknown at this time.

OBDD estimates additional staff will be needed for this program, one Program Analyst 3 (1.00 FTE) for outreach, management, and coordination of the program. Additional resources would be needed to manage the trust fund, operational support, information technology procurement and support, and contractor resources for designing, implementing, and training for 36 counties and nine Tribal Cultural Coalitions. Because interest and earnings are the source of funds to support implementation and grants to counties and federally recognized Indian tribes are based on the prior year's earnings, the bond sale date and interest rates will materially affect the timeline for

implementation. The implementation may be lagged by 3-6 months to accumulate account earnings to sustain program cash flow.

The federally recognized tribes do not anticipate a fiscal impact due to this bill. Counties anticipate an impact due to the changes in the distribution of investment and interest earnings. The actual fiscal impact is unknown at this time.

The measure has a subsequent referral to the Joint Committee on Ways and Means.