

<b>Date:</b>	<b>February 5, 2026</b>
<b>To:</b>	Chair Tran, Vice Chair Lewis, Vice Chair Watanabe, Members of the Emergency Management and Veterans Committee
<b>From:</b>	Association of Oregon Counties Legislative Affairs Manager Tim Dooley
<b>Subject:</b>	<b>HB 4132 – oppose as written</b>

For the record, my name is Tim Dooley, from the Association of Oregon Counties, representing Oregon’s county governments. I am registered as opposed to the bill, but to be clear, that opposition is only for a single section, and I will explain that below. We are in support of all sections of the remainder of the bill.

I want to thank Rep. Evans for bringing this bill and for bringing together a wide variety of stakeholders to draft a large and comprehensive omnibus that will provide significant investments in how Oregon serves our veterans. We negotiated the heck out of this bill until the last minute with the Representative and ODVA and look forward to continuing our conversations.

County Veteran Service Officers are most effective when our state partners at ODVA are well-funded, have appropriate staffing levels, and have positions that they need, such as those working on behavioral health issues, and coordinators focusing on incarcerated veterans, female veterans, LGBT veterans, and grants management and more. Rep. Evans described the functions of the bill in better detail than I ever could, but counties are in support of adding these positions, expanding the educational bridge grant program, and creating an innovative suicide prevention grant program.

Counties are also in support of exploring how access to Veterans’ treatment courts can be expanded across the state. These programs have great value and OJD has some interesting ideas about how to implement a resource intensive treatment court model across rural and frontier Oregon.

All this to say is that this bill does really good things for Oregon veterans. For counties, the sole point of opposition to the bill is **Section 11**. The reasons for our opposition are somewhat technical, but they are key to understanding the concerns AOC has here.

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Base funding for County VSOs comes from county general fund dollars. Measure 96 requires 1.5% of lottery dollars be allocated to veterans – counties receive a portion of those dollars to expand and enhance the services that the VSOs offer. Those dollars are allocated by formula to each county every quarter.

Section 11 penalizes counties who do not spend their general fund dollars on an even quarterly basis throughout the year by tying lottery dollars to expenditures. If, for example, a county spends 20% of their budget in the first quarter, they only get 20% of their lottery funding that quarter instead of 25%. Counties are able to make that spending up in subsequent quarters. Then, at the end of the year, counties that spend less than 90% of their general funds would lose the remaining lottery dollars, which would be swept into a statewide pool and redistributed to counties that have spent more than 90% of their general funds. Lottery dollars and local dollars are spent on different items and have different restrictions on them. It is conceivable that a county could spend both its lottery dollars in full and have a shortfall in general fund expenditures in the same fiscal year and have used those lottery dollars to the fullest extent possible to benefit veterans.

As drafted, Section 11 discourages counties from increasing their local budgets for veterans' services, by tying lottery dollars to a percentage spend of county general fund money. A county that routinely spends all of their local dollars on veterans would get their entire lottery allocation. But if they add money in a new fiscal year and it goes unspent – say a vehicle was less expensive than budgeted for, or a new position could not be hired until partway through the year, then they are spending a lower percentage of the budget – even at a higher dollar amount of local outlay from a previous year – and would lose the corresponding percentage of lottery money, because they tried to do more. We should not penalize counties for investing in veterans.

Similarly, some counties are able to carry forward general fund dollars in veterans' services from year to year. A vacancy in a prior-year would artificially inflate the next year's base budget with rollover funds, triggering a decision – lose a percentage of lottery dollars, or spend the money on one-time costs, as there are not ongoing revenues to support using those rollover dollars on ongoing salary expenditures.

Counties are opposed to this section for several additional reasons – one is that general fund dollars are the rare place that counties are able to discretionarily spend their own money, and placing restrictions on pass-through funding based on local decision-making is something we philosophically oppose from a home rule perspective. The second is that as written, this section does not encourage good budgeting practices. It is rare to spend a local budget in an entirely predictable manner, and the seesawing of the

lottery dollars would be difficult to predict. The unintended consequence of this section may be to encourage spending that is not necessarily prudent, in order to hit a target to receive lottery dollars.

The bulk of the county funds in veterans' services go to personnel. Vacancies, like in all public hiring, take time to fill. Counties are concerned that in scenarios where we have VSOs funded by both county and lottery dollars, if a county funded position becomes vacant, it creates an administrative burden on counties to then move the funding for the remaining position to the general fund, as the lottery dollars would no longer exist to support that position.

I recognize that there is concern among some members about the level and commitment of all counties towards spending the appropriate amount of local general fund dollars on veterans' services. I do not believe that Section 11 gets us to a solution to that problem and I would like to work further with Rep. Evans, ODVA, and all our counties in the interim to hammer out an agreement that gets us to where we need to be, which is a collaborative place that ensures veterans are well served by both counties and the state.