

W.9.b.

Memorandum Date: January 27, 2010

TO: Board of County Commissioners
DEPARTMENT: Administration, Intergovernmental Relations
PRESENTED BY: Alex Cuyler, Intergovernmental Relations Manager
AGENDA ITEM TITLE: Legislative Committee Report in Advance of the Special Session of the 75th Oregon Legislature.

I. MOTION

Move to adopt the positions recommended by the Legislative Committee outlined on Attachment A.

II. AGENDA ITEM SUMMARY

The Special Session of the 75th Oregon Legislature is scheduled to begin on February 1 and will last one month. With the special election for Measures 66 and 67 scheduled for January 26, 2010, there is much unknown as to the entirety of the scope of this session.

Each Representative has been able to develop one "member" bill. Each Senator is allowed two member bills. Committee bills had to have been approved by leadership. In advance of the session, the Legislature set up a website to see the bills and legislative concepts in advance. There are approximately 90 Senate bills and approximately 50 House bills listed on the site.

Intergovernmental Relations staff assigned pertinent bills to Directors to review and make recommendations on. These recommendations are contained in attachment A.

Given the short time frame, committees will work extremely quickly. There is little opportunity for amendments, although many bills already have amendments to them waiting in the wings.

III. BACKGROUND/IMPLICATIONS OF ACTION

A. Board Action and Other History

- The Board of County Commissioners regularly takes positions on specific legislation.
- On January 7, 2009, the Board of County Commissioners adopted the Good Governance Board Order which adjusted membership on the Legislative Committee and allowed it to meet separately from the Board of County Commissioners.
- On November 4, 2009, the Board of County Commissioners adopted four legislative priorities for the special session and directed the Intergovernmental Relations Manager to pursue drafting bills and seeking sponsorship for those bills.

B. Policy Issues

The Intergovernmental Relations Manager was unsuccessful in attaining a sponsor for any of the County's priority issues for the February session. However, each issue did advance slightly:

- The Justice Court collections issue was intriguing for our local delegation. It is expected that a meeting will occur in Salem during February to discuss a strategy to put it into the queue for the January, 2011 session.
- The Secretary of State has developed language relating to the "fix" for contiguous precincts in Lane County. It will amend SB 998.
- Tort law provisions remain an issue. Lane County's advocacy interest in this issue did coincide with the Association of Oregon County's leadership meeting with the Attorney General. As a result, AOC staff has held two meetings with the AG's office to attempt to rectify this situation. The AG's office is now attempting to find a paying "client" for the work necessary to undertake a fix.
- There has been no discussion about revitalizing the Progress Board in light of the budgetary uncertainty in Oregon.

In seeking to identify bills for Directors to analyze, the Intergovernmental Relations Manager relies on his initial reading of the bill to identify those bills that may impact the operations or service delivery ability of the organization. He may also prioritize bills that have an expected impact on the County's budget. He sometimes identifies bills that address a community value, or are related to a statewide issue.

C. Board Goals

Proposed legislation may impact the ability of the Board to reach a variety of its vocalized goals.

D. Financial and/or Resource Considerations

The lobbying effort during the Special Session will take up the majority of the Intergovernmental Manager's time during February. There is no assistant available for the Manager during the Special Session. Lane County Directors or key staff may travel to Salem during the session if testimony is necessary.

There are several bills relating to the State's budget that were not assigned to staff. See attachment B for analysis of these measures. The Board may decide to take a position on these measures, or not.

E. Analysis

See Attachment A and B for a discussion of specific bills.

Depending on the outcome of the special election, the session may evolve in very different ways. If the proposed tax measures fail, it is expected that a re-evaluation of all of the bills will occur and the session will focus on re-balancing the 2009-11 biennium's budget.

F. Alternatives/Options

- 1.) Adopt the entirety of the legislative committee report in a single motion.
- 2.) Adopt a position on each bill individually.
- 3.) Adopt 1.) or 2.) and adopt a position on the measures contained in Attachment B.

IV. RECOMMENDATION

Staff has no recommendation with regard to how the Board chooses to adopt legislative positions.

V. TIMING/IMPLEMENTATION

With the Legislature convening on February 1, 2010 for one month only, it is important for the Board to provide direction today.

VI. FOLLOW-UP

Staff will continue to monitor the session as it evolves and is able to schedule a call in presentation in mid-February if the Board wishes to receive an update.

VII. ATTACHMENTS

Attachment A outlines the legislative committee report and recommendations.

Attachment B is an analysis of non-assigned legislation measures that have an impact on future State budgets.

Attachment C is the draft Board Order outlining the positions the Board takes as a result of this packet and staff presentation.

EXHIBIT B
LEGISLATIVE REVIEW OF BILLS WITH STATE/LOCAL GOVERNMENT
FINANCIAL IMPACT

Prepared by Alex Cuyler, Intergovernmental Relations Manager

Background

State Budget

The Oregon Budget is made up of four funds over which the legislature has varying degrees of authority. The General Fund is totally discretionary, and is funded by income tax dollars. The Lottery Fund is somewhat discretionary, though much of its spending is constitutionally prescribed. It is funded through lottery income only. The Federal Fund is funded through pass through dollars Oregon receives from the federal government, and much of the spending from this fund is prescribed by the ability of the legislature to provide matching funds. The Other Fund consists of dollars generally collected by agencies in return for services. The Legislature has limited ability to access these dollars.

Kicker

In 1979, the Oregon Legislature established the so-called personal and corporate “kicker”. At the end of each biennium, if the actual collections in either of these pots of money that contain personal income tax and corporate income tax is more than 2.0 percent higher than was forecast at the close of the regular legislative session, then a refund or credit must be paid. When triggered, all of the money in the pot greater than the forecast must be returned to taxpayers. The Legislature may choose to deposit the corporate kicker into the Rainy Day Fund in lieu of issuing a corporate tax rebate.

Reserve Funds

The 2007 Legislature established the Rainy Day Fund, which is essentially a savings account for state government funded through a provision to transfer one percent of the general fund appropriation. Withdrawals can be made only if at least one of three requirements is met: a decline in employment, a projected budgetary shortfall, or declaration of a state of emergency plus a three-fifths vote. The Education Stability Fund (ESF) was created through a constitutional amendment approved by voters in 2002. The ESF receives 18 percent of lottery earnings, deposited on a quarterly basis. The ESF has similar triggers as the Rainy Day Fund

Related Proposed Bills

HB 3636 (sponsored by Representative Kevin Cameron)

This bill proposes to have agencies return all but 12.5% of the fees they collect (now considered Other Funds) to a “Oregon Other Funds Reserve Account”. There is a provision in the bill for an agency to retain more than 12.5% (through a request to the Emergency Board). Interest from this account would be transferred annually to the State School Fund. The legislature would be able to appropriate other money from the Reserve to agencies through a three-fifths vote of the Legislative Assembly.

HB 3641 (sponsored by Representative Dennis Richardson)

This bill proposes to cap the amount of growth in the state budget. It would limit the Legislative Assembly to appropriate no more than was appropriated in the previous biennium plus a percentage equal to the total of the percent increase in CPI (Portland) plus percent increase in the state population (from PSU Population Research Center). This bill would not affect any revenue increases or sources resulting from approval of money measures voted on after the effective date of the act. Any General Fund Revenues exceeding the proposed limit on appropriations would be then transferred to the Rainy Day Fund. Further, it would direct that Rainy Day Funds be applied toward extinguishing bonds and other long term debt.

SB 1035 (sponsored by Senator Brian Boquist)

This bill proposes to abolish or reduce funding (by at least 10%) a number of public bodies, including the Oregon Liquor Control Commission, the Employment Relations Board, the Department of State Lands, and the Teacher Standards and Practices Commission. It would further require each state agency (individually identified) to reduce its annual appropriation by varying percentages (5-35%). All step increases and cost of living adjustments to state agency employees would be suspended, out of state travel payments would be prohibited, and new positions would not be allowed to be created (unless essential).

SB 1037 (sponsored by Senator Ted Ferrioli)

This bill would require state agencies to rate the programs they provide as a high, medium, or low priority and specify the source of funding for each program.

SB 1051 (sponsored by Senator Brian Boquist)

This bill is essentially the Senate mirror of HB 3636.

SJR 49 (sponsored by Senators Bruce Starr and Jason Atkinson)

This measure proposes an amendment to the Oregon Constitution. It would establish a Oregon Budget Reserve Fund, and prescribe deposits to that fund based on 3% of the general fund revenues estimated to be available for the biennium. It would allow spending from this fund (no more than 2/3 of the fund) through approval of three-fifths majority of the Legislative Assembly.

Other Bills

SJR 41 (sponsored by Senator Richard Devlin)

Proposes constitutional amendment to require annual sessions of the Legislative Assembly.

SB 1058 (sponsored by Senator Rick Metsger)

This bill proposes to set limits on the amount of money that may be received by candidates for public office and related political committees. It would treat all political committees established by substantially the same political party or group of persons to be treated as a single political committee. It would prohibit any organization from making a contribution to a candidate or political committee directly from treasury funds.