

2008 Special Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: HB 3609

STATUS: Original

SUBJECT: Establishment of Marine Reserves

GOVERNMENT UNIT AFFECTED: Department of Land Conservation and Development and
Department of Environmental Quality and Oregon Fish and Wildlife

PREPARED BY: Dawn Farr

REVIEWED BY: Susie Jordan and Paul Siebert

DATE: February 12, 2008

	<u>2007-2009</u>	<u>2009-2011</u>
EXPENDITURES: See Analysis Section.		

EFFECTIVE DATE: Upon passage.

INTERIM JOINT COMMITTEE ON WAYS AND MEANS: The budgetary impact of this bill was not reviewed and approved by the Interim Joint Committee on Ways and Means Committee.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

ANALYSIS: The bill establishes definitions for marine protected area and marine reserves; provides that marine reserves and marine protected areas may be established only by amendment to the Oregon Ocean Resource Management Plan; and limits the number of marine reserves and marine protected areas to no more than nine. The bill establishes conditions for amendments; requires that marine reserves or marine protected areas be small enough to avoid economic or social impacts and large enough to provide scientific analysis of benefits; and directs that members of advisory committees shall be reimbursed for travel expenses.

The bill establishes definitions and conditions for amending the Ocean Resource Management Plan to create a marine reserve; it does not direct that an amendment be developed within a specific timeframe. Based on this, the assumption is that the fiscal impact would be equal to the resources that are currently being invested in activities related to marine reserves. In January 2007, Ocean Policy Advisory Council (OPAC) approved a Preliminary Oregon Marine Reserve Work Plan (Phase 1) and timeline. Given this, the fiscal covers current and projected agency costs associated with OPAC participation for the 2007-09 biennium.

Recent History of OPAC:

The 2003 Legislative Assembly passed HB 3534 which made changes to the make up of the Ocean Policy Advisory Council (OPAC) and directed the council to review the Territory Sea Plan and to conduct an economic analysis if marine reserves were recommended. At that time, the Department of Land Conservation and Development (DLCD) and the Oregon Department of Fish and Wildlife (ODFW) indicated that this additional work could be absorbed within existing resources. On June 30, 2005, Governor Kulongoski sent a letter to OPAC which communicated that his top priority was for OPAC to resume work on the issue of marine reserves. State agencies participating in OPAC indicate that their resource commitment has increased in the last couple years.

Anticipated 2007-09 Biennium Expenditures for OPAC Support Services:

DLCD currently has one part-time FTE dedicated to providing staffing and meeting coordination support to OPAC; provides for travel reimbursements to OPAC members; and, as funding permits, provides contact services monies to pay for meeting facilitators. Total current Federal Fund expenditures for these services are expected to total \$172,000 for the 2007-09 biennium. This expenditure does not include support provided by other DLCD staff to conduct education and outreach or other research activities. These expenditures were not identified separately in the Legislative Adopted Budget for the 2007-09 biennium.

ODFW currently has five positions that work part-time on OPAC related activities. The Department estimates that they will spend approximately \$378,714 of combined Other and Federal Funds to support this work during the 2007-09 biennium. This expenditure was not identified separately as part of the Legislative Adopted Budget for the 2007-09 biennium. Because of this, the Department is delaying other work, such as near shore planning and marine habitat assessments to support OPAC activities.

Other state agency OPAC members include: Department of Environmental Quality; Department of Geology and Mineral Industries; Department of State Lands; Department of Agriculture; Department of Parks and Recreation; and Oregon State University, Sea Grant College. The current investment made by these agencies in OPAC activities is not known at this time; however, these activities are all currently being absorbed within existing resources.

Potential Future Fiscal Impact for Marine Reserve Activities:

While not a direct fiscal impact of the bill, DLCD and ODFW have both expressed concern that passage of the bill creates the expectation that work will begin on developing an assessment of social and economic impacts of marine reserves or procedures for monitoring and evaluating marine reserves; steps which are important initial activities toward the development of an amendment to the Oregon Resource Management Plan. DLCD estimates that supporting these activities along with a participative public process for developing an amendment would cost an additional \$395,000 General Fund.

Another issue raised by state agencies is the costs associated with managing a marine reserve, as these costs are expected to be significant. The potential timing and total costs associated with the creation of a marine reserve are indeterminate at this time.