2009 Regular Legislative Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: SB 274 **STATUS:** B Engrossed
SUBJECT: Relating to the Office of Administrative Hearings
GOVERNMENT UNIT AFFECTED: Secretary of State, Employment Department, Department of Justice
PREPARED BY: Robin LaMonte
REVIEWED BY: Michelle Deister, Daron Hill, Doug Wilson, Monica Brown
DATE: June 3, 2009

	2009-2011	2011-2013
EXPENDITURES:		
See Analysis		

EFFECTIVE DATE: The bill contains an emergency clause and is effective on passage.

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: SB 274 makes a number of changes to the operations and oversight of the Office of Administrative Hearings (Office). The bill states that the Chief Administrative Law Judge Serves at the pleasure of the Governor, and clarifies the relationship between the Office and the Employment Department (OED) where it is currently administratively housed. The bill also requires the Attorney General to consult with an advisory group in developing rules for the administrative hearings.

Section 10 adds the Secretary of State to the agencies required to use administrative law judges assigned from the Office. The Employment Department estimates that adding Secretary of State hearings could add 66 hearings per year. Based on an estimate of the number of hours that would be required for these hearings, the cost to the Secretary of State could be $49,567. OED would receive $49,567 Other Funds in revenue, and would expend the equivalent amount for Office costs.

The Department of Justice (DOJ) anticipates additional workload due to the 1) increasing the standard to "clear and convincing" when changing a finding of fact, and 2) disclosure of communications between and an ALJ and DOJ staff. DOJ estimates the workload will require two new attorney positions (1.25 FTE). LFO recognizes the potential for the additional workload but the actual amount is hard to determine since in large part it is due to an agency's need for the service and DOJ's advice to that agency of the level of service required. If the additional workload is significant DOJ can return to the current Legislature, the Emergency Board, or a future Legislature, if the agency's budgeted resources prove insufficient to cover the actual cost of this measure.

The Water Resources Department estimates that the provisions of this bill could increase its hearings costs by requiring Attorney General representation at contested case hearings. LFO recognizes the potential for the additional cost but the actual amount is hard to determine. The department will need to monitor the effect of this bill on its costs, and can return to the current Legislature, the Emergency Board, or a future Legislature, if the agency's budgeted resources prove insufficient to cover the actual cost of this measure.