

**FISCAL IMPACT OF PROPOSED LEGISLATION**

**Measure: HB 2345 - 1**

81st Oregon Legislative Assembly – 2021 Regular Session  
Legislative Fiscal Office

*Only Impacts on Original or Engrossed  
Versions are Considered Official*

Prepared by: Kim To  
Reviewed by: Matt Stayner, Doug Wilson, Laurie Byerly  
Date: June 15, 2021

**Measure Description:**

Requires Oregon Business Development Department to distribute moneys in Oregon Rural Capacity Fund to Oregon's Economic Development Districts for purpose of assisting rural jurisdictions to apply for and administer grants and other forms of funding available from any source.

**Government Unit(s) Affected:**

Oregon Business Development Department (OBDD), League of Oregon Cities, Association of Oregon Counties, Oregon School Boards Association, Special Districts Association of Oregon

**Summary of Fiscal Impact:**

Costs related to the measure may require budgetary action - See analysis.

**Summary of Expenditure Impact:**

	<b>2021-23 Biennium</b>	<b>2023-25 Biennium</b>
General Fund		
Special Payments	500,000	
<b>Total General Fund</b>	<b>\$500,000</b>	<b>\$0</b>
Other Funds		
Personal Services	\$25,000	
Special Payments	475,000	
<b>Total General Fund</b>	<b>\$500,000</b>	<b>\$0</b>

**Analysis:**

HB 2345 establishes the Oregon Rural Capacity Fund for the Oregon Business Development Department (OBDD) to provide resources to Oregon’s Economic Development Districts to assist rural jurisdictions to learn about, apply for, and administer grants from public and private sources. The measure requires rural jurisdictions to use resources solely for staffing and building capacity necessary for workforce, infrastructure, economic, and community development. The measure requires districts to file quarterly reports with OBDD about assistance given to rural jurisdictions.

The measure directs OBDD to develop a policy for this assistance program and to determine the amount of moneys for distribution to districts. By September 15th of each year, OBDD is required to submit an annual report about the assistance program to an interim committee of the Legislative Assembly related to economic development. OBDD must operationalize this assistance program by January 1, 2022. The measure authorizes OBDD to retain 5% of moneys credited to the Oregon Rural Capacity Fund to pay administrative and operational expenses. While the establishment of an additional position in the upcoming biennium may not be warranted for this program alone, the workload may consume up to 0.25 FTE of existing staff. Additional, compounding workload due to other legislation in addition to this measure may require increased staffing capacity.

The -1 amendment reduces the onetime General Fund appropriation to OBDD from \$918,750 to \$500,000. OBDD notes that the 5% administrative cap may not fully cover the costs of the program.

The Legislative Fiscal Office (LFO) notes that although the measure creates a new ongoing program and establishes a new Fund that is continuously appropriated to OBDD, the measure provides a onetime appropriation for the 2019-21 biennium. LFO assumes that funding for this program for 2021-23 and future biennium will be addressed through the biennial budgeting process for the agency.

Passage of this measure is anticipated to have minimal impact on the League of Oregon Cities, the Association of Oregon Counties, the Oregon School Boards Association, and the Special Districts Association of Oregon. The measure requires OBDD to consult these entities in the implementation of the provisions of this measure. These entities will use existing staff and resources to collaborate with OBDD.