

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 19 - B-13

81st Oregon Legislative Assembly – 2021 Regular Session
Legislative Fiscal Office***Only Impacts on Original or Engrossed
Versions are Considered Official***

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Measure Description:

Requires state to transfer title and assets of closed state correctional institution to county.

Government Unit(s) Affected:

Department of Corrections (DOC), Department of Land Conservation and Development (DLCD), Counties, Department of Administrative Services (DAS)

Summary of Fiscal Impact:

Costs related to the measure are indeterminate at this time - See explanatory analysis.

Analysis:

Senate Bill 19 requires that the state transfer the title and assets of the Warner Creek Correctional Facility to Lake County if the institution closes. The measure authorizes Lake County to use the facility for any land use regardless of statewide planning goals or other land use statutes. This measure also requires the Department of Corrections to offer the property adjacent to the Two Rivers Correctional Institution to the Port of Umatilla, allows that the Department of Corrections may partition that property, and provides guidance on that transaction.

For the title and asset transfer of the Warner Creek Correctional Facility, the Department of Corrections (DOC) reports an indeterminate fiscal impact. DOC expects that it would potentially lose Other Funds revenue from the loss of the \$50,610,000 asset plus the land value of \$3,636,000. DOC may also have to pay back \$7.4 million in bond funding since they would no longer own the asset or resolve a private business use of \$13.8 million if the property were subsequently sold to a private entity. Both scenarios are being reviewed by the Department of Administrative Services (DAS) Capital Finance and the Department of Justice (DOJ). DOC would incur additional costs based on the total number of DOJ hours billed; the agency estimates 400 hours of work at a cost of \$90,000 General Fund.

The Department of Corrections also reports an indeterminate fiscal impact for the transfer of the Two Rivers Correctional Institution (TRCI) property. Should the Port of Umatilla accept DOC's offer of the land, DOC estimates needing to spend \$12,050 on DOJ billable hours for the deposition of the asset. DOC would also forgo revenue from the sale of the land, valued at \$2,250,000 (2013 estimate). DOC does not know at this time if it would sell, lease, gift, or dispose of the partitioned TCRI land, and those choices may have a fiscal impact that cannot presently be estimated. Finally, DOC has debt on the TRCI property, which may require defeasance incurring additional expenses that are presently unknown.

The Department of Justice believes that this measure would have a minimal fiscal impact for handling bond-related issues that arise with the transfer of the Warner Creek facilities and land from DOC to the county. There may also be costs associated with providing assistance to DOC for transaction issues that may arise in both property transfers. This work could be absorbed within DOJ's current resources.

DAS would not have a direct fiscal impact from this measure, but the agency may assist in the real estate transaction. DAS notes that there are outstanding bonds related to the Warner Creek Correctional Facility that

will require action to resolve, although that analysis is not yet complete. The agency anticipates that it could absorb this work within existing resources and reports a minimal fiscal impact.

The Department of Land Conservation and Development does not anticipate a fiscal impact from this measure since all requirements to review the future use of the correctional facility site under state law are waived. Counties also report no fiscal impact from this measure.