

## ANALYSIS

### Oregon Department of Forestry Cash Flow Repayment Fund

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**Analyst:** Matt Stayner

**Request:** Acknowledge the receipt of a report on specified issues related to the Cash Flow Repayment Fund.

**Analysis:** House Bill 4156 from the 2022 regular session created a mechanism by which monies provided to the Oregon Department of Forestry by the Legislature for temporary cash flow issues could be repaid as the agency no longer needed those monies for current operations. The bill established the Cash Flow Repayment Fund as the receptacle for the agency hold those repayments pending transfer of the monies to the General Fund. A \$50 million General Fund, special purpose appropriation was made to the Emergency Board by House Bill 5202 during the 2022 regular session for cash flow needs of the Department of Forestry. Subsequently, the Emergency Board allocated that \$50 million General Fund to the Department of Forestry during the June 2022 meeting of the Emergency Board.

The report by the agency details that the total amount of funding made available to the agency for cash flow purposes is \$50 million. None of that funding has been transferred to the Cash Flow Repayment Fund and the balance of that fund remains at zero. All \$50 million is still currently in use at the department. Although the report notes that the funding was accessed by the department to cover costs associated with prior fire seasons that are pending reimbursement from the Federal Emergency Management Agency, there was no indication of when those reimbursements are anticipated to be made nor was it discussed if the reimbursements would be sufficient to allow for the full repayment of cash flow funds currently being used by the department.

**Legislative Fiscal Office Recommendation:** The Legislative Fiscal Office recommends acknowledging receipt of the report.

## Department of Forestry Filimoehala

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**Request:** Report by the Department of Forestry on the Cash Flow Repayment Fund.

**Recommendation:** Acknowledge receipt of the report.

**Discussion:** House Bill 4156 (2022) established the State Forestry Department Cash Flow Repayment Fund, which is comprised of moneys the department has deposited into the fund. The bill directs the Department of Forestry to report on any funds that have been deposited into the account as well as the department's progress toward deposits. The bill directs the department to make deposits when moneys available to the department are greater than necessary to serve current cashflow need and requires reports be made each odd numbered year. As of February 2023, the department had not deposited any funding into the State Forestry Department Cash Flow Repayment Fund. The department does, however, report that should reimbursements from the Federal Emergency Management Agency (FEMA) for prior fire seasons arrive, they will be deposited into the fund.

In June 2022, the Emergency Board allocated \$50 million from a Special Purpose Appropriation to the department for cashflow purposes. The report details that the department utilized the \$50 million provided at the June meeting of the Emergency Board in October 2022 to cover costs associated with prior fire seasons that were pending reimbursement from FEMA.



# Oregon

Tina Kotek, Governor

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February 22, 2023

Sen. Elizabeth Steiner Hayward, Co-Chair  
Rep. Tawna Sanchez, Co-Chair  
Joint Committee on Ways and Means  
900 Court St. NE, H-178  
Salem, OR 97301

Re: Oregon Department of Forestry (ODF) – Cash Flow Repayment Fund Report

Dear Co-chairs,

During the 2022 Regular Session, House Bill (HB) 4156 passed, establishing the State Forestry Department Cash Flow Repayment Fund. Section 4 of the legislation, enacted in Oregon Laws 2022 Chapter 76, requires the department to report the following by March 31 of each odd-numbered year:

- Amounts appropriated, allocated or otherwise made available to the department specifically for cash flow purposes, both for the current biennia and cumulatively
- Amounts deposited in the State Forestry Department Cash Flow Repayment Fund
- Current balance of the fund
- Amounts currently in use by the department for cash flow purposes.

This letter serves as the department's first required report under HB 4156 (Table 1).

Table 1 – Cash flow activity through February 22, 2023

	Activity		Cumulative Total
	Prior Biennia	Current Biennium	
Amounts made available for cash flow purposes	\$0	\$50,000,000	\$50,000,000
Amounts deposited in the State Forestry Department Cash Flow Repayment Fund		\$0	\$0
Current balance of the State Forestry Department Cash Flow Repayment Fund			\$0
Amount currently in use by the department for cash flow purposes		\$50,000,000	\$50,000,000

The current biennium's activity represents the use of a \$50 million General Fund special purpose appropriation allocated to the department for cash flow purposes by the Emergency Board in June 2022. This special purpose appropriation was established under HB 5202 (2022), Section 312. In October 2022, the department accessed the full \$50 million from this appropriation to cover costs associated with prior fire seasons that are pending reimbursement from the Federal Emergency Management Agency (FEMA). This appropriation made cash available for fire season 2022 payments and to reimburse other program-specific appropriations (e.g., Forest Resources General Fund) previously used to mitigate cash flow challenges.

Per HB 4156, the department shall deposit moneys in the State Forestry Department Cash Flow Repayment Fund when the department "determines that moneys are available to the department in an amount greater than necessary to satisfy the current cash flow needs of the department." As of February 27, no amounts have been deposited in the State Forestry Department Cash Flow Repayment Fund, resulting in a current fund balance of zero. As possible, dependent upon cash-flow management needs, reimbursements received from FEMA for prior years' fires will be deposited into the fund.

Sincerely,



Cal Mukumoto  
Oregon State Forester

c:  
Legislative Fiscal Office  
Chief Financial Office  
Oregon State Treasury  
Board of Forestry  
Governor's Office