

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 634

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

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Date: February 28, 2023

Measure Description:

Authorizes issuance of lottery bonds for deposit in Levee Project Grant Fund.

Government Unit(s) Affected:

State Treasurer, Department of Administrative Services, Oregon Business Development Department, Bonding

Summary of Fiscal Impact:

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

Analysis:

SB 634 authorizes the issuance of lottery bonds in an amount that produces \$15 million in net proceeds and interest earnings, plus bond related costs, no later than June 30, 2024. Net proceeds are to be transferred to the Oregon Business Development Department (OBDD) for deposit in the Levee Project Grant Fund for uses allowed for moneys in this Fund, including grants for investigating the adequacy of levees and improving levees so they may be certified and accredited. Grants from the fund have the following restrictions:

- Planning projects are limited to a maximum of \$2 million per applicant per biennium.
- Construction project grants may not exceed 80% of the total cost of the project.
- Applicants must pledge 20% of the grant amount as matching funds.
- 60% of grant awards must provide assistance with levee projects in rural or distressed areas.

The measure declares an emergency and takes effect on July 1, 2023.

This measure will have a fiscal impact related to the issuance of lottery revenue bonds, including costs of issuance, debt service reserves, and Lottery Funds debt service. In addition to the Lottery revenue bond issuance authority, expenditure limitation will need to be established for project proceeds, as well as costs of issuance and debt service reserves. Estimated Lottery Funds debt service in the 2023-25 and 2025-27 biennia will be dependent on timing of the issuance, but assuming a sales date of May 2024, debt service is estimated at \$1,504,780 in the 2023-25 biennium and \$3,010,248 in the 2025-27 biennium. Costs of issuance are estimated at \$191,893. The impact on the 2023-25 biennium lottery bond debt capacity is \$16.7 million, including the project amount, cost of issuance and reserve.

Lottery bonds for levees totaling \$15 million are also included in the OBDD Governor's Budget in Policy Option Package 102, though a spring 2025 bond sale was assumed so no debt service was included for the 2023-25 biennium.