

## FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 3059 - 2

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

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

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Prepared by: Emily Coates

Reviewed by: Amanda Beitel, Tom MacDonald, John Terpening

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### Measure Description:

Establishes the Oregon Disaster Response Assistance Matching Fund. Directs the Legislative Revenue Office to conduct a study regarding granting tax benefits to emergency management volunteers.

### Government Unit(s) Affected:

Department of Emergency Management, Cities, Legislative Revenue Office, Counties

### Summary of Fiscal Impact:

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

### Analysis:

The measure establishes the Oregon Disaster Response Assistance Matching Fund, separate and distinct from the General Fund, and continuously appropriates monies in the fund to the Oregon Department of Emergency Management (ODEM). The measure requires ODEM to use monies in the fund for matching fund requirements of federal grants or other federal aid received for assisting local governments in disaster response and for providing grants to local governments to assist and support disaster response efforts. The measure authorizes the Department to adopt necessary rules for administering the fund. The Legislative Fiscal Office (LFO) notes that the measure establishes a fund for which revenue sources have yet to be identified.

In addition to creating the fund, the measure includes a new grant program for ODEM, directs the Department to provide technical assistance to local entities, and establishes a Compliance Division within ODEM. Overall, there is an indeterminate fiscal impact to ODEM that is outlined in the sections below. The measure declares an emergency and effective upon passage.

### Tax Credits (Section 2)

The measure directs the Legislative Revenue Office to conduct a study regarding granting tax benefits to emergency management volunteers and report the findings and recommendations to the interim committees of the Legislative Assembly no later than September 15, 2024, and is repealed on January 2, 2025.

There is a minimal fiscal impact for the Legislative Revenue Office.

### Compliance Division (Section 4)

The measure establishes the Compliance Division as an administrative division within ODEM. The measure directs the Director of ODEM to appoint a Compliance Officer to lead the Division and authorizes the Director to appoint additional staff as deemed necessary to fulfill the specified duties of the Division outlined in the measure.

ODEM reports that the agency would need one Compliance Manager, two Compliance Specialist 2 positions, and one Internal Auditor 2 to establish a Compliance Division. With an effective date of July 1, 2023, the estimated costs of these four positions would be \$1.05 million General Fund in 2023-25 and \$1.1 million General Fund in the 2025-27 biennium. However, the requirements of this new division appear to already be part of the duties the Department is required to do as part of being the State Approving Agency for FEMA grants and should have existing positions dedicated to compliance work around federal funding, grantees and subgrantees.

### Support to Local Governments (Section 6 - 9)

The measure provides a one-time, unspecified General Fund appropriation to ODEM for providing technical assistance to local entities, whether public or private, that are active in emergency preparedness, response, or recovery in Oregon. The measure identifies the assistance the agency may provide to local governments and authorizes ODEM to contract with third parties to carry out the requirements of the section. The measure also authorizes the Department to adopt necessary rules for administering the technical assistance provided.

While the measure gives ODEM the option to contract with a third party, ODEM reports that the technical assistance work could be accomplished by two Program Analyst 3 positions, one in the Mitigation and Recovery Services (MARS) Division and one in the Preparedness and Response Division. The Department currently has positions that could provide technical assistance in the manner described in the measure, however those positions are currently budgeted with 100% Federal Funds, limiting the type of work they can do to federal grants that provide state management costs. With an effective date of July 1, 2023, the estimated costs of shifting these positions would be \$495,904 General Fund in the 2023-25 biennium and \$515,248 General Fund in the 2025-27 biennium with a corresponding decrease in Federal Funds if these positions completely transitioned to providing technical assistance.

Finally, the measure provides a second one-time, unspecified General Fund appropriation to ODEM for identifying community organizations that are active in disaster in Oregon and provide grants for their support. The measure directs the Department execute grant agreements and authorizes the Department to adopt necessary rules for administering the grant program.

The Department does not have current resources to absorb the costs of developing and administering a new program. Depending on the amount of funds provided, and the demand for grants under the measure, the Department anticipates needing one Program Analyst 3 position to develop and implement the grant program. With an effective date of July 1, 2023, the estimated costs of the position is \$247,952 General Fund in 2023-25 and \$257,624 General Fund in the 2025-27 biennium.

Counties report there is no fiscal impact for the measure.

This measure requires a subsequent referral to the Joint Committee on Ways and Means for consideration of its budgetary impact on the State's General Fund.