

**FISCAL IMPACT OF PROPOSED LEGISLATION**

**Measure: HB 3410 - 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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**Measure Description:**

Appropriates \$25.7 million General Fund and \$6.5 million in Lottery Funds for purposes related to the outdoor recreation economy; a grant to the Rural Revitalization Strategies Consortium to plan for and develop housing; grants to county fair operators; distribution to the Oregon Coast Visitors Association; grants to establishments that process and sell meat products; formation, improvement and operation of small business development centers; and strategic investments in maritime workforce development programs and activities.

**Government Unit(s) Affected:**

Department of Agriculture, Oregon Business Development Department, Department of Administrative Services, Higher Education Coordinating Commission

**Summary of Fiscal Impact:**

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

**Summary of Expenditure Impact:**

	2023-25 Biennium	2025-27 Biennium
<b>Oregon Department of Agriculture</b>		
General Fund	\$9,000,000	
<b>Total Funds</b>	\$9,000,000	\$0
Positions	0	
FTE	0.00	
<b>Department of Administrative Services</b>		
General Fund	\$11,190,000	
<b>Total Funds</b>	\$11,190,000	\$0
Positions	0	
FTE	0.00	
<b>Higher Education Coordinating Commission</b>		
General Fund	\$5,500,000	\$2,057,010
<b>Total Funds</b>	\$5,500,000	\$2,057,010
Positions	1	1
FTE	0.75	1.00
<b>Oregon Business Development Department</b>		
Lottery Funds	\$6,500,000	
Other Funds*	\$20,000	
<b>Total Funds</b>	\$6,520,000	\$0
Positions	1	
FTE	0.50	
<b>Total General Fund</b>	25,690,000	2,057,010
<b>Total Lottery Funds</b>	6,500,000	
<b>TOTAL FISCAL IMPACT</b>	<b>\$32,210,000</b>	<b>\$2,057,010</b>
<b>Total Positions</b>	2	1
<b>Total FTE</b>	1.25	1.00

**Analysis:** The measure appropriates \$25.7 million General Fund and provides \$6.5 million in Lottery Funds for investments in the outdoor recreation economy; a grant to the Rural Revitalization Strategies Consortium to plan for and develop housing; grants to county fair operators impacted by the COVID-19 pandemic; distribution to the Oregon Coast Visitors Association for projects supporting Oregon’s coastal seafood and terrestrial food system; grants to establishments that process and sell meat products; the Small Business Development Center program; and strategic investments in maritime workforce development programs and activities.

### Department of Agriculture

The measure appropriates \$9 million General Fund on a one-time basis to the Oregon Department of Agriculture (ODA) to continue a grant program that provides infrastructure and capacity building grants for establishments that sell and process meat. The program was established in HB 2785 (2021) to support establishments expected to operate under the new State Meat Inspection Program and was scheduled to sunset on June 30, 2023. This measure extends the program's sunset date to June 30, 2025. ODA anticipates utilizing existing staff time to support grant program administration.

### Department of Administration Services

The measure appropriates \$11.19 million of one-time General Fund to the Department of Administrative Services (DAS) for the following distributions:

- \$10 million General Fund for a grant to the Regional Rural Revitalization Strategies Consortium to provide planning, infrastructure, capital equipment, and predevelopment costs for housing, to award grants and loans to capacity builders and developers of housing and to enter into public-private partnerships for the development of housing. Housing supported with money appropriated may be located in any area of the state except for within the urban growth boundary of a city with a population greater than 50,000.
- \$1.19 million General Fund to the Oregon Coast Visitors Association to be expended as follows:
  - \$190,000 to develop a geographic information system tool for food systems with blue economy layers.
  - \$700,000 to fill gaps in regional food system aggregation and production infrastructure, including development of coastal ports mariculture and coculture facility in partnership with the Oregon Kelp alliance; installation of a shared-use certified commercial kitchen, processing center and cold storage at the Newport Seafood Analytical Lab of the Coastal Oregon Marine Experiment Station; and development of a mobile processing unit to be shared across multiple port districts.
  - \$300,000 to support existing businesses connected to the projects above, as well as businesses identified in a technical assistance survey for rural seafood businesses that is currently being conducted and coproduced by the Oregon Coast Visitors Association, the Oregon State University Food Innovation Center and the Oregon State University Seafood Research and Education Center.

Costs associated with distributions of funds are anticipated to be minimal.

### Oregon Business Development Department

The measure provides \$6.5 million in Lottery Funds expenditure limitation on a one-time basis to the Oregon Business Development Department (OBDD) for the following purposes:

- \$500,000 to award matching grants to membership organizations and business accelerators for the purpose of capacity building and technical assistance in the outdoor gear and apparel industry.
- \$3 million to develop and implement a program for awarding grants directly to county fair operators for the operation of county fairs and the maintenance and repair of county fairgrounds. OBDD may use up to 5% of the total appropriation (or \$150,000) to cover actual administrative costs. OBDD will require one position (0.50 FTE) to coordinate with stakeholders, design application materials and administrative processes, oversee implementation, request grant contracts, and draft reports to the Legislature.
- \$3 million for the existing Small Business Development Centers program that provides services and training to small businesses and entrepreneurs.

OBDD is allowed to charge an application fee for the outdoor gear and apparel capacity building and technical assistance matching grant program, commensurate with cost of the program administration. OBDD reports that the majority of these expenses will be legal costs which are estimated to be up to \$20,000. These costs are represented in the Other Funds section of table above.

Administration of the county fairgrounds grant program is estimated to be \$145,975, including the addition of a Program Analyst 3 position (0.50 FTE) to act as staff lead on the program. These costs are within the allowed 5% of the total \$3 million appropriation and leaves an estimated \$2.8 million for grants.

No additional costs are associated with the increased funding for Small Business Development Centers as that program is sufficiently staffed to absorb the additional funding.

#### Higher Education Coordinating Commission

The measure also appropriates \$3.5 million of one-time General Fund the Higher Education Coordinating Commission (HECC) for distribution as follows:

- \$2 million to Oregon State University (OSU) Extension Service to distribute to OSU's Center for the Outdoor Recreation Economy for professional and workforce development programs.
- \$1 million to Oregon State University Extension Service to distribute to OSU's Center for the Outdoor Recreation Economy for facilitation and technical assistance in communities affected by wildfire for community engagement in the planning and construction of outdoor recreation facilities to support the communities' economic recovery.
- \$500,000 to Oregon State University-Cascades to equip a fabrication and maker space to support new product prototyping by outdoor recreation entrepreneurs in rural and central Oregon.

A total of \$2 million is also appropriated for HECC to implement and administer a new maritime workforce development program to support strategic investments in maritime workforce development programs and activities. HECC anticipates that it will need on Program Analyst 3 position (0.75 FTE) to manage and monitor the maritime workforce grant process to the local workforce development boards, community colleges, school districts, and other community organization; work with any program consultant contracted for data collection and analysis; and oversee other program activities to promote growth and development of the maritime workforce sector. The estimated cost of this position, including related services and supplies, is \$194,557 in the 2023-25 biennium and \$251,567 in the 2025-27 biennium. HECC also anticipates needing to contract with a consultant to study maritime sector workforce issues at an estimate cost of \$50,000. The remaining \$1.8 million will be distributed as special payments.