

**REVENUE IMPACT OF  
PROPOSED LEGISLATION**  
82nd Oregon Legislative Assembly  
2023 Regular Session  
Legislative Revenue Office

<b>Bill Number:</b>	<b>HB 3221 - 2</b>
<b>Revenue Area:</b>	<b>School Finance</b>
<b>Economist:</b>	<b>Dae Baek</b>
<b>Date:</b>	<b>05/25/2023</b>

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

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**Measure Description:**

Removes federal forest reserve revenues to schools from the list of local revenues for the purpose of State School Fund distributions. First applies to the 2023-24 State School Fund distributions. Takes effect on July 1, 2023.

**Revenue Impact:** No impact on the 2023-25 formula revenue available for distribution to school districts and education service districts

**Impact Explanation:**

Local revenues listed in ORS 327.011 are combined with the State School Fund (SSF) to form so-called the formula revenue. This formula revenue will be distributed to school districts and education service districts based on specified formulas in statutes.

The 2018 Consolidated Appropriations Act explicitly states that none of federal forest reserve revenues to schools (or payments from the Secure Rural Schools and Community Self-Determination Act) may be used in lieu of, or to otherwise offset, a state funding source for a local school, facility, or educational purpose. This means such revenues will not be a part of local revenues for the purpose of State School Fund distributions.

Current Oregon law continues to list federal forest reserve revenues as one of local revenues. HB 3221 with -2 amendment removes such revenues to schools from the list of local revenues, thus resolving a conflict between federal and Oregon laws.

In consideration of the SSF budget for the 2023-25 school years, federal forest reserve revenues were not included as local revenues. Consequently, the change in this measure with -2 amendment has no impact on the 2023-25 formula revenue available for distribution to school districts and education service districts.

**Creates, Extends, or Expands Tax Expenditure:** Yes  No