

## Legislative Fiscal Office

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## Joint Committee on Ways and Means

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Tom MacDonald, Deputy Legislative Fiscal Officer (Budget)  
Paul Siebert, Deputy Legislative Fiscal Officer (Audit/IT)

**To:** Capital Construction Subcommittee

**From:** Tom MacDonald, Legislative Fiscal Office

**Date:** June 20, 2023

**Subject:** HB 5029 - Revenue Allocations  
Work Session Recommendations

HB 5029 allocates Lottery Funds and revenue from the Criminal Fine Account, Oregon Marijuana Account, Fund for Student Success, Polychlorinated Biphenyls Remediation and Restitution Account, and Tobacco Settlement Funds Account for programs approved in the 2023-25 budget. The revenue allocations are within available resources forecasted in the May 2023 state revenue forecast or otherwise known or projected available balances.

The -1 amendment replaces the bill and makes the following allocation adjustments:

- **Lottery Revenue:** The measure includes lottery allocations of \$1.28 billion for veterans' services, county economic development, Outdoor School, gambling addiction prevention and treatment, the State School Fund, and debt service on outstanding lottery revenue bonds, among other distributions.
- **Criminal Fine Account:** Forecasted revenue totals \$118.3 in 2023-25. HB 5029 allocates a total of \$102.8 million, leaving \$15.5 million to be deposited into the General Fund.
- **Oregon Marijuana Account:** Available marijuana tax revenue totals \$298.5 million in 2023-25. Of this, the Department of Revenue will distribute \$20.4 million to cities and counties. HB 5029 allocates the remaining \$278.1 million for statutory distributions, including the Drug Treatment and recovery Services Fund, State School Fund, Mental Health Alcoholism and Drug Services Account, Department of State Police, and alcohol and drug abuse prevention and treatment services.
- **Fund for Student Success:** Based on the May 2023 state revenue forecast and estimated beginning balances in each account, the following allocations are made from the Fund for Student Success to support expenditures in the 2023-25 legislatively adopted budget:
  - \$1.1 billion to the Student Investment Account
  - \$557.4 million to the Statewide Education Initiatives Account

- \$529.8 million to the Early Learning Account
- **Polychlorinated Biphenyls Remediation and Restitution Account (PBRRA):** SB 1049 (2023) creates the PBRRA for depositing net proceeds of the Monsanto Settlement Agreement into the account (an estimated \$565 million). Moneys in the account are continuously appropriated to the Department of Administrative Services for distribution as directed by the Legislative Assembly. The intended purpose of allocations from the account is to support environmental remediation or restitutionary projects or for purposes having a nexus with environmental harms to air, water, soil, or other natural resources. HB 5029 allocates \$18.8 million from the account to the Department of State Lands for deposit into the Oregon Abandoned and Derelict Vessel Fund for environmental remediation or restitutionary projects.
- **Tobacco Settlement Funds Account:** Payments under the Master Settlement Agreement are deposited in the Tobacco Settlement Funds Account administered by the Department of Administrative Services. HB 5029 allocates \$148.4 million from the account for purposes consistent in prior biennia, including \$121.7 million for the Oregon Health Plan; \$14.2 million for community mental health programs; \$7.3 million to pay debt service and administrative fees on Oregon Opportunity Bonds; \$3.7 million for physical education related grants; and \$1.6 million for enforcement activities by the Department of Justice.

Allocations from the Economic Development Fund, Veterans’ Services Fund, Criminal Fine Account, Oregon Marijuana Account, and Fund for Student Success are provided in the attached tables.

**Recommended Changes**

LFO recommends adoption of the -1 amendment.

**MOTION:** I move adoption of the –1 amendment to HB 5029. (VOTE)

**Final Subcommittee Action**

LFO recommends that HB 5029, as amended by the –1 amendment, be moved to the Ways and Means Full Committee.

**MOTION:** I move HB 5029, as amended, to the Ways and Means Full Committee with a do pass recommendation. (VOTE)

**Carriers**

Full Committee: \_\_\_\_\_

House Floor: \_\_\_\_\_

Senate Floor: \_\_\_\_\_

## LOTTERY FUNDS CASH FLOW SUMMARY

	2021-23 Legislatively Approved Budget	2023-25 Legislatively Adopted Budget
<b>ECONOMIC DEVELOPMENT FUND</b>		
<b>RESOURCES</b>		
Beginning Balance	\$ 72,369,513	\$ 84,396,435
Lottery Funds Reversions under ORS 461.559	5,258,580	-
<b>REVENUES</b>		
Transfers from Lottery		
Net Proceeds	1,815,092,019	1,832,994,344
Administrative Actions	-	
Other Revenues		
Interest Earnings	2,000,000	2,000,000
Other	-	
Total Revenue	1,817,092,019	1,834,994,344
<b>TOTAL RESOURCES</b>	<b>\$ 1,894,720,112</b>	<b>\$ 1,919,390,779</b>
<b>DISTRIBUTIONS / ALLOCATIONS</b>		
Distribution to Education Stability Fund	(326,714,207)	(329,938,982)
Distribution to Parks and Natural Resources Fund	(272,263,803)	(274,949,152)
Distribution for Veterans' Services Fund	(27,226,380)	(27,494,915)
Distribution for Outdoor School Fund	(49,418,728)	(56,406,064)
Distribution of Video Revenues to Counties	(54,209,527)	(59,982,296)
Distribution for Sports Programs	(16,514,607)	(18,329,943)
Distribution for Gambling Addiction	(16,542,526)	(18,329,825)
Distribution for County Fairs	(3,828,000)	(3,828,000)
Distribution to PERS Employer Incentive Fund	(15,335,236)	(28,186,388)
Allocation to State School Fund	(650,508,965)	(604,125,973)
Debt Service Allocations	(271,357,713)	(342,481,317)
Other Agency Allocations	(106,403,985)	(115,337,924)
<b>TOTAL DISTRIBUTIONS / ALLOCATIONS</b>	<b>\$ (1,810,323,677)</b>	<b>\$ (1,879,390,779)</b>
<b>ENDING BALANCE</b>	<b>\$ 84,396,435</b>	<b>\$ 40,000,000</b>
<b>EDUCATION STABILITY FUND</b>		
(not including the Oregon Growth Account balances)		
<b>RESOURCES</b>		
Beginning Balance	\$ 414,351,706	\$ 708,394,230
<b>Revenues</b>		
Transfer from the Economic Development Fund	294,042,786	296,945,084
Interest Earnings	22,981,427	73,732,015
Oregon Growth Account Earnings Distributions	11,705,102	-
Total Revenue	\$ 328,729,315	\$ 370,677,099
<b>TOTAL RESOURCES</b>	<b>\$ 743,081,021</b>	<b>\$ 1,079,071,329</b>
<b>DISTRIBUTIONS</b>		
Oregon Opportunity Grant Program	(34,686,529)	(73,732,015)
Debt Service Allocations to Department of Education	-	-
Education Stability Fund Withdrawal	-	-
Treasury Account Fees	(262)	-
<b>TOTAL DISTRIBUTIONS</b>	<b>\$ (34,686,791)</b>	<b>\$ (73,732,015)</b>
<b>ENDING BALANCE</b>	<b>\$ 708,394,230</b>	<b>\$ 1,005,339,314</b>

Notes:

1. Oregon Growth Account distributions and transfers to the Oregon Education Fund and Oregon Opportunity Grant Program are included in the Education Stability Fund.
2. Transfers from the Economic Development Fund to the Education Stability Fund (ESF) represent those made only to the main ESF account and do not include the 10% transferred to the Oregon Growth Account.

**2023-25 LOTTERY FUNDS ALLOCATIONS AND EXPENDITURES**

<b>ECONOMIC DEVELOPMENT FUND</b>	<b>New Lottery Funds Allocation</b>	<b>Beginning Lottery Balance</b>	<b>Interest and Other Earnings</b>	<b>2023-25 LAB Expenditure Limitation</b>	<b>Ending Lottery Balance</b>
<b>DEBT SERVICE COMMITMENTS</b>					
Higher Education Coordinating Commission Outstanding bonds	44,554,121	227,765	-	44,781,886	-
Business Development Department Outstanding and Proposed bonds	49,547,114	339,155	-	49,886,269	-
Housing and Community Services Department Outstanding and Proposed bonds	30,406,918	162,965	-	30,569,883	-
Department of Transportation Outstanding bonds	135,257,275	810,875	-	136,068,150	-
Department of Administrative Services Outstanding and Proposed bonds	49,032,524	164,860	-	49,197,384	-
State Forestry Department Outstanding Bonds	2,540,230	16,850	-	2,557,080	-
Department of Energy Outstanding Bonds	1,416,320	22,840	-	1,439,160	-
State Parks and Recreation Department Outstanding bonds	3,949,140	19,910	-	3,969,050	-
Water Resources Department Outstanding and Proposed bonds	15,814,642	42,215	-	15,856,857	-
Department of Veterans' Affairs Outstanding Bonds	548,870	2,130	-	551,000	-
Oregon Health Authority Outstanding Bonds and Proposed bonds	6,186,773	-	-	6,186,773	-
Department of Education Outstanding Bonds	3,227,390	-	-	3,227,390	-
<b>OTHER ALLOCATIONS</b>					
Higher Education Coordinating Commission Collegiate Athletics	18,329,943	-	-	18,329,943	-
Outdoor Schools	56,406,064	-	-	56,406,064	-
Oregon Health Authority Gambling Addiction Treatment	18,329,825	-	-	18,329,825	-
Department of Administrative Services Distribution to County Fairs	3,828,000	-	-	3,828,000	-
Public Employees Retirement System Employer Incentive Fund	28,186,388	341,000	-	28,527,388	-
Department of Education State School Fund	604,125,973	-	-	604,125,973	-
Office of the Governor Regional Solutions	4,639,197	-	-	4,639,197	-
Business Development Department Operations	15,248,370	-	-	15,248,370	-
Business, Innovation, and Trade	75,400,115	8,477,500	-	83,877,615	-
Infrastructure	18,570,779	1,600,000	-	20,170,779	-
Film and Video	1,479,463	-	-	1,479,463	-
<b>TOTAL ECONOMIC DEVELOPMENT FUND</b>	<b>1,187,025,434</b>	<b>12,228,065</b>	<b>-</b>	<b>1,199,253,499</b>	<b>-</b>
<b>EDUCATION STABILITY FUND / OREGON EDUCATION FUND</b>					
Higher Education Coordinating Commission Opportunity Grants	73,732,015	18,540,263	-	84,000,000	8,272,278
<b>TOTAL EDUCATION STABILITY/OREGON EDUCATION FUND</b>	<b>73,732,015</b>	<b>18,540,263</b>	<b>-</b>	<b>84,000,000</b>	<b>8,272,278</b>

## VETERANS' SERVICES FUND

	<b>2021-23</b>		<b>2023-25</b>
	<b>Legislatively Approved</b>		<b>Legislatively Adopted</b>
<b>RESOURCES / REVENUES</b>			
Beginning Balance	\$ 1,982,016	\$	5,528,837
Lottery Funds Reversions under ORS 406.141	1,133,202		-
Lottery Revenue	27,226,380		27,494,915
Interest Earnings	-		-
<b>TOTAL RESOURCES</b>	<b>\$ 30,341,598</b>	<b>\$</b>	<b>33,023,752</b>
<b>ALLOCATIONS</b>			
Department of Veterans' Affairs			
Veterans' Services Program	\$ (12,863,062)	\$	(14,192,356)
County Veteran Service Officers	(7,474,669)		(7,788,605)
National Service Organizations	(497,880)		(541,693)
Total ODVA Allocations	\$ (20,835,611)	\$	(22,522,654)
Bureau of Labor and Industries			
Veterans' Outreach	(270,809)		(297,187)
Criminal Justice Commission			
Veterans' Specialty Courts	(578,865)		(603,177)
Oregon Health Authority			
Veterans Behavioral Health	(2,127,476)		(2,233,850)
Veterans Dental Program	(1,000,000)		(2,730,796)
<b>TOTAL ALLOCATIONS</b>	<b>\$ (24,812,761)</b>	<b>\$</b>	<b>(28,387,664)</b>
<b>ENDING BALANCE</b>	<b>\$ 5,528,837</b>	<b>\$</b>	<b>4,636,088</b>

Note: 2021-23 and 2023-25 amounts are based on the May 2023 revenue forecast.

## CRIMINAL FINE ACCOUNT ALLOCATIONS

	2021-23 Legislatively Approved Budget	2023-25 Current Service Level (CSL)	Percent Change from 2021-23	2023-25 Legislatively Adopted Budget	Percent Change from 2023-25 CSL
<b>Criminal Fine Account Revenues:</b>					
May 2023 State Revenue Forecast Chapter 33, Oregon Laws 2023 (HB 2095)	\$ 100,025,161	\$ 113,105,114	13.1%	\$ 113,105,114 5,200,000	0.0%
Total Revenue:	\$ 100,025,161	\$ 113,105,114	13.1%	\$ 118,305,114	4.6%
<b>Criminal Fine Account Allocations:</b>					
<b>Department of Public Safety Standards and Training</b>					
Operations	\$ 44,416,940	\$ 42,591,455	-4.1%	\$ 51,667,438	21.3%
Public Safety Memorial Fund	279,677	279,677	0.0%	279,677	0.0%
Subtotal:	\$ 44,696,617	\$ 42,871,132	-4.1%	\$ 51,947,115	21.2%
<b>Department of Justice</b>					
Child Abuse Multidisciplinary Intervention Account	\$ 11,694,249	\$ 12,210,883	4.4%	\$ 12,210,883	0.0%
Regional Assessment Centers	883,388	920,490	4.2%	920,490	0.0%
Criminal Injuries Compensation Account	9,846,982	10,272,994	4.3%	10,272,994	0.0%
Child Abuse Medical Assessments	747,739	779,144	4.2%	779,144	0.0%
Subtotal:	\$ 23,172,358	\$ 24,183,511	4.4%	\$ 24,183,511	0.0%
<b>Department of Human Services</b>					
Domestic Violence Fund	\$ 2,320,336	\$ 2,668,697	15.0%	\$ 2,668,697	0.0%
Sexual Assault Victims Fund	556,265	605,216	8.8%	605,216	0.0%
Subtotal:	\$ 2,876,601	\$ 3,273,913	13.8%	\$ 3,273,913	0.0%
<b>Oregon Health Authority</b>					
Emergency Medical Services & Trauma Services	\$ 331,824	\$ 331,824	0.0%	\$ 331,824	0.0%
Alcohol & Drug Abuse Prevention	42,884	42,884	0.0%	42,884	0.0%
Law Enforcement Medical Liability Account (LEMLA)	1,300,000	1,300,000	0.0%	1,300,000	0.0%
Intoxicated Driver Program	4,323,000	4,323,000	0.0%	4,323,000	0.0%
Drug Treatment and Recovery Services Fund Transfer	31,200	31,200	0.0%	31,200	0.0%
Subtotal:	\$ 6,028,908	\$ 6,028,908	0.0%	\$ 6,028,908	0.0%
<b>Oregon Judicial Department</b>					
State court security and emergency preparedness	\$ 4,147,778	\$ 4,493,981	8.3%	\$ 4,493,981	0.0%
County court facilities security	3,057,584	3,326,651	8.8%	3,326,651	0.0%
State Court Technology Fund	3,887,500	3,887,500	0.0%	3,887,500	0.0%
Subtotal:	\$ 11,092,862	\$ 11,708,132	5.5%	\$ 11,708,132	0.0%
<b>Oregon State Police</b>					
Driving Under the Influence Enforcement	\$ 351,572	\$ 351,572	0.0%	\$ 351,572	0.0%
<b>Department of Corrections</b>					
County correction programs and facilities, and alcohol and drug programs	\$ 4,846,812	\$ 5,197,236	7.2%	\$ 5,197,236	0.0%
<b>Department of Revenue</b>					
Administrative Expenses	\$ 100,000	\$ 100,000	0.0%	\$ 100,000	0.0%
<b>Total Allocations:</b>	<b>\$ 93,165,730</b>	<b>\$ 93,714,404</b>	<b>0.6%</b>	<b>\$ 102,790,387</b>	<b>9.7%</b>
<b>Transfer to the General Fund:</b>	<b>\$ 6,859,431</b>	<b>\$ 19,390,710</b>	<b>182.7%</b>	<b>\$ 15,514,727</b>	<b>-20.0%</b>

## 2023-25 Oregon Marijuana Account

	2021-23 Legislatively Approved Budget	2023-25 Legislatively Adopted Budget
Cities	9,000,000	10,187,665
Counties	9,000,000	10,187,665
<b>Subtotal Local</b>	<b>18,000,000</b>	<b>20,375,330</b>
Drug Treatment and Recovery Services Fund	211,668,069	196,609,572
State School Fund	36,000,000	40,750,659
Mental Health Alcoholism & Drug Services Account	18,000,000	20,375,329
State Police Account	13,500,000	15,281,497
Drug and alcohol abuse prevention and treatment	4,500,000	5,093,832
<b>Subtotal State</b>	<b>283,668,069</b>	<b>278,110,889</b>
 <b>Total</b>	<b>301,668,069</b>	<b>298,486,219</b>

Note: 2021-23 and 2023-25 amounts are based on the May 2023 revenue forecast.

## FUND FOR STUDENT SUCCESS CASH FLOW SUMMARY

	2021-23 Legislatively Approved Budget (May 2023)	2023-25 Legislatively Adopted Budget (May 2023)	HB 5029 Adjustments and other Revenue Adjustments
<b>FUND FOR STUDENT SUCCESS</b>			
<b>RESOURCES</b>			
Beginning Balance	\$ 200,557,016	\$ 318,527,158	117,970,142
<b>REVENUES</b>			
Transfers from Department of Revenue			
Net Proceeds	2,541,377,030	2,779,097,659	237,720,629
Administrative Actions	(19,200,000)	(21,312,000)	(2,112,000)
Retain as a reserve/cash flow - ORS 327.001(4)(b)	(150,000,000)	(200,000,000)	(50,000,000)
Total Revenue	2,372,177,030	2,557,785,659	185,608,629
<b>TOTAL RESOURCES</b>	<b>\$ 2,572,734,046</b>	<b>\$ 2,876,312,817</b>	<b>\$ 303,578,771</b>
<b>TRANSFERS / ALLOCATIONS</b>			
Transfer to the High Cost Disabilities Account - ORS 327.001(4)(a)(A)	(40,000,000)	(40,000,000)	-
Transfer to the State School Fund - ORS 327.001(4)(a)(B)	(691,770,847)	(661,954,823)	29,816,024
Allocation to the Student Investment Account	(891,938,410)	(1,087,178,997)	(195,240,587)
Allocation to the Statewide Education Initiatives Account	(382,929,904)	(557,396,445)	(174,466,541)
Allocation to the Early Learning Account	(397,567,727)	(529,782,552)	(132,214,825)
<b>TOTAL DISTRIBUTIONS / ALLOCATIONS</b>	<b>\$ (2,404,206,888)</b>	<b>\$ (2,876,312,817)</b>	<b>\$ (472,105,929)</b>
<b>ENDING BALANCE</b>	<b>\$ 168,527,158</b>	<b>\$ 0</b>	<b>\$ (168,527,158)</b>
<b>STUDENT INVESTMENT ACCOUNT - ORS 327.175</b>			
<b>RESOURCES</b>			
Beginning Balance	\$ 338,563	\$ -	(338,563)
Revenues			
Allocation from the Fund for Student Success	891,938,410	1,087,178,997	195,240,587
Total Revenue	\$ 892,276,973	\$ 1,087,178,997	194,902,024
<b>TOTAL RESOURCES</b>	<b>\$ 892,276,973</b>	<b>\$ 1,087,178,997</b>	<b>194,902,024</b>
<b>EXPENDITURES</b>			
Grants to education programs	(892,276,973)	(1,087,178,997)	(194,902,024)
<b>TOTAL STUDENT INVESTMENT ACCOUNT</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>ENDING BALANCE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>STATEWIDE EDUCATION INITIATIVES ACCOUNT - ORS 327.250</b>			
<b>RESOURCES</b>			
Beginning Balance	\$ 15,048,507	\$ 38,450,278	23,401,771
Revenues			
Allocation from the Fund for Student Success	382,929,904	557,396,445	174,466,541
Total Revenue	\$ 397,978,411	\$ 595,846,723	197,868,312
<b>TOTAL RESOURCES</b>	<b>\$ 397,978,411</b>	<b>\$ 595,846,723</b>	<b>197,868,312</b>
<b>EXPENDITURES</b>			
Grants to education programs	(386,819,630)	(595,846,723)	(209,027,093)
<b>TOTAL STATEWIDE EDUCATION INITIATIVES ACCOUNT</b>	<b>\$ 11,158,781</b>	<b>\$ -</b>	<b>\$ (11,158,781)</b>
<b>ENDING BALANCE *</b>	<b>\$ 11,158,781</b>	<b>\$ -</b>	<b>\$ (11,158,781)</b>
<b>EARLY LEARNING ACCOUNT - ORS 327.269</b>			
<b>RESOURCES</b>			
Beginning Balance	\$ 38,657,724	\$ 12,819,816	(25,837,908)
Revenues			
Allocation from the Fund for Student Success	397,567,727	529,782,552	132,214,825
Total Revenue	\$ 436,225,451	\$ 542,602,368	106,376,917
<b>TOTAL RESOURCES</b>	<b>\$ 436,225,451</b>	<b>\$ 542,602,368</b>	<b>106,376,917</b>
<b>EXPENDITURES</b>			
Grants to education programs	(436,225,451)	(542,602,368)	(106,376,917)
<b>TOTAL EARLY LEARNING ACCOUNT</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>ENDING BALANCE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

\*The 2021-23 legislatively approved budget contained a one-time transfer into the School Stabilization Subaccount for Wildfire-impacted School Districts (HB 4026, 2022)