

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2058 A

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:

Directs Oregon Business Development Department to develop and administer loan program to provide financial assistance to eligible employers to mitigate costs associated with compliance with agricultural overtime compensation requirements under section 2, chapter 115, Oregon Laws 2022 (Enrolled House Bill 4002).

Government Unit(s) Affected:

Department of Revenue, Oregon Business Development Department

Summary of Fiscal Impact:

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

Analysis: With the -1 amendments, the measure requires Oregon Business Development Department (OBDD) to administer an award program for certain agricultural employers required to pay overtime wages under HB 4002 (2022). The employers must expect to have less than \$3 million in annual gross income, be eligible for the tax credit for agricultural overtime pay allowed under section 8, chapter 115, Oregon Laws 2022, and expect to pay overtime wages during the year to qualify for an award. Approved applicants must repay the award within two years unless the applicant does not apply for or is ineligible for the tax credit, in which case, the award must be repaid within 60 days. Applicants that fail to repay the award will be found in default and the case will be assigned to the Department of Revenue (DOR) for collection of debt.

The measure includes a General Fund appropriation that is conditional and is defined as the lesser of \$10,150,000 or that amount minus monies allocated to the agency by the Emergency Board for the program. The Emergency Board allocated \$10 million General Fund to the agency for the program at the September 2022 meeting of the Board. The net result, as affected by the bill, will be a \$150,000 General Fund appropriation. The bill requires both the General Fund allocated by the Emergency Board and the new additional \$150,000 General Fund appropriation resulting from the bill to be expended via a deposit into the Agricultural Overtime Award Fund established by the bill. Once deposited in the Agricultural Overtime Award Fund, the monies in the fund are expended as Other Funds. The bill also includes Other Funds expenditure limitation of \$10,150,000 for this purpose.

OBDD indicates that they will need to redirect duties of specific existing staff: one full-time Policy Analyst 3, one full-time Administrative Specialist 1, and one part-time Accounting Tech, for direct program administration. Indirect program support, including finance, contracts, information technology, marketing, and management, will be allocated from existing programs. New positions will not be added due to the short program implementation timeline. This may result in other activities being delayed or result in the agency having to back-fill those programs using overtime or temporary appointments. There are two provisions in the measure for dealing with the administrative costs of the program. Of the total amount of monies either appropriated or allocated to OBDD, the agency can use \$150,000 plus an amount withheld from each award, but not to exceed 1.5% of the award, for administering the program. The total of these two provisions would allow the agency to access a maximum of \$300,000 of the amount appropriated for the program's administration.

The agency has indicated that, depending on the total amount of time that the staff that are being repurposed for direct program administration will be needed to continue working on the program full-time, the administrative costs of the program may exceed the amounts provided for program administration by the bill.

The Department of Revenue anticipates a minimal expenditure impact.

This bill has a subsequent referral to the Joint Committee on Ways and Means.