

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: HB 2998 - 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:

Creates Oregon Soil Health Initiative.

Government Unit(s) Affected:

Department of Agriculture, Higher Education Coordinating Commission, Oregon Watershed Enhancement Board, Special Districts Association of Oregon

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
Higher Education Coordinating Commission		
General Fund	\$2,651,780	\$2,798,939
<i>Total Funds</i>	\$2,651,780	\$2,798,939
<i>Positions</i>	0	0
<i>FTE</i>	0.00	0.00
Oregon Watershed Enhancement Board		
General Fund	\$1,227,670	\$0
<i>Total Funds</i>	\$1,227,670	\$0
<i>Positions</i>	2	0
<i>FTE</i>	0.75	0.00
Oregon Department of Agriculture		
General Fund	\$307,234	\$272,234
<i>Total Funds</i>	\$307,234	\$272,234
<i>Positions</i>	1	1
<i>FTE</i>	1.00	1.00
Total Fiscal Impact	\$4,186,684	\$3,071,173
<i>Total Positions</i>	3	1
<i>Total FTE</i>	1.75	1.00

Analysis:

HB 2998 - A creates the Oregon Soil Health Initiative, which is to promote soil health through voluntary and incentive-based soil health strategies. The Oregon State University (OSU) Extension Service and any soil and water conservation districts that voluntarily participate in the Oregon Soil Health Initiative are to provide technical assistance, outreach, and education to agricultural producers. The measure also directs the OSU Extension Service to provide extension specialist capacity to promote soil health, for which the measure appropriates \$480,000; and the OSU College of Agricultural Sciences to train technical service providers in soil sample collection and provide free or low-cost soil health testing to voluntary participants, for which the measure appropriates \$225,000.

The measure further directs the Oregon Watershed Enhancement Board (OWEB) to provide grants from the Oregon Agricultural Heritage Fund for the voluntary implementation of soil health practices, and appropriates \$500,000 for this purpose; and to provide grants to soil and water conservation districts and other technical assistance providers to increase their capacity to provide technical assistance and equipment to agricultural producers to improve soil health, for which the measure appropriates \$480,000.

The measure requires that the Oregon Department of Agriculture (ODA) establish one full-time soil health specialist position to coordinate the efforts of the OSU Extension Service, the OSU College of Agricultural Sciences, OWEB, soil and water conservation districts, federal agencies, tribal governments, nongovernmental organizations and any other organization to support the purpose of the Oregon Soil Health Initiative. The measure appropriates \$272,234 for this purpose.

The measure takes effect on the 91st day after the Legislative Assembly adjourns sine die.

Oregon State University

Oregon State University (OSU) anticipates a fiscal impact of \$2.7 million General Fund in the 2023-25 biennium, and \$2.8 million General Fund in the 2025-27 biennium. Costs for OSU in 2023-25 include:

- \$1.6 million for personal services; OSU would hire six full-time, permanent soil health experts that are assigned regionally to provide educational workshops, technical assistance, and training, and coordinate testing. Positions are not included in the table above as the Legislature does not authorize positions hired at universities.
- \$1 million for services and supplies, which primarily includes soil testing subsidies. This assumes that each test costs \$300 and that 1,500 to 2,000 tests will be run each biennium.
- \$61,225 for travel costs.

Oregon Watershed Enhancement Board

The Oregon Watershed Enhancement Board (OWEB) anticipates a fiscal impact of \$1.2 million General Fund in the 2023-25 biennium, which includes:

- \$194,770 for personal services; OWEB would hire two limited duration part-time positions, including a Business Operations Manager 2 (0.25 FTE) to oversee and administer the new program, and an Operations and Policy Analyst 4 (0.50 FTE) to assist with development of the grant program and manage individual grants awarded.
- \$26,340 for position-related services and supplies and legal costs.
- \$980,000 to disburse as grants.

OWEB will also need increased Other Funds expenditure limitation to disburse grant funding. This expenditure limitation is not included in the table above as the amount of limitation needed is indeterminate at this time and will be dependent on factors such as the demand for grants, amount awarded for each grant, and other similar factors.

This fiscal impact statement does not assume the same level of funding is appropriated for grants in subsequent biennia. If there are additional program needs or grant funds remain to be disbursed in the 2025-27 biennium, OWEB will need to request position authority and/or expenditure limitation through the 2025-27 budget development process.

The Legislative Fiscal Office notes that it is not clear if all funding designated for grants would fall under the allowable uses of the Oregon Agricultural Heritage Fund under ORS 541.984, and further analysis is required.

Oregon Department of Agriculture

The Oregon Department of Agriculture (ODA) reports a fiscal impact of \$307,234 General Fund in the 2023-25 biennium, and \$272,234 General Fund in the 2025-27 biennium. This includes \$223,509 for personal services, \$48,725 for services and supplies, and \$35,000 for a vehicle.

The agency would extend an existing limited-duration Natural Resource Specialist 3 position which focuses on soil health and is currently supported by Federal Funds. This position would transition into a full-time permanent position (1.00 FTE in 2023-25 and 2025-27) to serve as a soil health specialist as directed by this measure. Federal Funds are unavailable to support the position on an ongoing basis.

The Legislative Fiscal Office notes that because this measure does not take effect until the 91st day after the Legislative Assembly adjourns sine die, this position would generally be priced as 0.88 FTE and at step 3 in this fiscal impact statement; because ODA assumes continuation of an existing position, the position is priced at 1.00 FTE at step 5. Under the usual fiscal pricing scenario, costs for ODA would be reduced by approximately \$41,229 General Fund.

Other agencies

There is minimal fiscal impact for the Higher Education Coordinating Commission to distribute funds to Oregon State University, and no fiscal impact for special districts.