



Legislative Fiscal Office
 83rd Oregon Legislative Assembly
 2025 Regular Session

Prepared by: Twais Broadus
 Reviewed by: April McDonald
 Date: February 11, 2025

Bill Title: Relating to the Oregon Agricultural Heritage Fund; declaring an emergency.

Government Unit(s) Affected: Oregon Watershed Enhancement Board

Summary of Fiscal Impact

2025-27 Biennium	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds	Positions	FTE
Oregon Watershed Enhancement Board	\$ 17,300,000	\$ -	\$ -	\$ -	\$ 17,300,000	3	2.50
Total Fiscal Impact	\$ 17,300,000	\$ -	\$ -	\$ -	\$ 17,300,000	3	2.50

2027-29 Biennium	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds	Positions	FTE
Oregon Watershed Enhancement Board	\$ -	\$ -	\$ -	\$ -	\$ -	-	-
Total Fiscal Impact	\$ -	\$ -	\$ -	\$ -	\$ -	-	-

Measure Description

The Oregon Watershed Enhancement Board (OWEB) is appropriated \$17.3 million General Fund in the 2025-27 biennium for deposit into the Oregon Agricultural Heritage Fund (OAHP), established under ORS 541.978. The measure provides a commensurate amount of Other Fund expenditure limitation to expend monies from the fund and authorizes OWEB to expend up to \$17.3 million for purposes described in ORS 541.979.

Fiscal Analysis

The Oregon Agricultural Heritage Fund (OAHP) provides resources to help farmers and ranchers voluntarily keep their land in the agriculture industry, while maintaining or improving habitat for fish, wildlife, and other natural resources. Grant funding is offered for succession planning; working lands conservation easements and covenants; developing conservation management plans; technical assistance for organizations holding conservation plans; and to assist organizations supporting agricultural owners and operators. The Fund also covers the administrative costs of the Oregon Agricultural Heritage Commission, as well as the Department’s administrative costs related to working lands conservation programs.

The total fiscal impact is estimated at \$17.3 million General Fund in the 2025-27 biennium, including \$15.2 million designated for program activities as described in ORS 541.979 and up to \$2.1 million for OWEB operational costs, consistent with the 12% administrative cost limit outlined in ORS 541.979. OWEB’s administrative costs for managing these grant funds include \$858,953 to extend two existing limited duration positions (2.00 FTE) currently dedicated to the OAHP program, and establish a Fiscal Analyst 3 position for half of the biennium (0.50 FTE) to provide financial oversight. The positions are supported by \$31,740 for related services and supplies, and additional administrative costs include \$1.2 million for legal expenses and contracted due diligence reviews related to land transactions.

Oregon Agricultural Heritage Fund grants are administered on a reimbursement basis, and implementation often spans multiple biennia. As a result, administrative costs will likely continue into the 2027-29 biennium. However, ORS 541.979 states the amount paid from the fund during a biennium for reimbursements and expenses may not exceed 12% of the moneys credited to the fund during that biennium. Therefore, the 12% available to fund administration will only be available to OWEB in the 2025-27 biennium.

The OAHP program was funded with a one-time appropriation of \$5.2 million General Fund in SB 5701 (2024). The General Fund was deposited into the Oregon Agricultural Heritage Fund, and a commensurate amount of Other Funds expenditure limitation was provided to expend monies in the fund. An ending balance of approximately \$455,555, in administrative revenue, is anticipated at the end of the 2023-25 biennium from the SB 5701 appropriation. Through the 2025-27 biennial budget development process, the agency is seeking expenditure limitation, supported by the remaining revenue, to continue two OAHP program limited duration positions for 12 months in the 2025-27 biennium. If this is approved, the additional available funding for OAHP administration would offset the costs captured for HB 3131.

Relevant Dates

The measure declares an emergency and takes effect on passage.