

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
83rd Oregon Legislative Assembly
2025 Regular Session
Legislative Revenue Office

Bill Number: HB 2306 - A7
Revenue Area: CFA/GF
Economist: Mazen Malik
Date: 05-20-2025

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

Measure Description:

Allows the Marion County board of county commissioners to establish a justice of the peace district that includes the county seat.

Revenue Impact (in \$Millions):

	2025-27	2027-29	2029-31
State CFA deposits (Circuit Courts)	(\$5.23)	(\$6.56)	(\$7.05)
CFA payments by Justice Courts	\$2.55	\$3.21	\$3.54
Net Change to CFA	(\$2.69)	(\$3.35)	(\$3.51)

Impact Explanation:

Oregon law currently prohibits a county from establishing a justice court district, with exceptions for some rural counties, that includes the county seat or a city in which an Oregon circuit court regularly holds court. Removing the geographical boundaries of justice court districts, may affect whether prosecutors and law enforcement officers decide to charge violation and misdemeanor offenses in the justice court versus the circuit court. When a court orders a defendant to pay a fine, the money collected by the court is disbursed based on, among other things, (1) whether the law enforcement officer who made the initial arrest or citation is employed by the state, county, or other local government, and (2) which type of court (e.g., circuit, justice, municipal) entered the judgment and imposed the fine. Depending on the number of cases filed, justice courts could see an increase in cases filed, which would increase local government revenue. Conversely, there could be a decrease in circuit courts cases that would reduce their revenues. Those revenues are currently deposited directly into the state Criminal Fines Account. Since CFA transfers are dependent on citing officers and the court that the violation is referred to, Justice courts retain a greater percentage of revenue generated from violation and misdemeanor fines, and their likely transfer to the CFA would be around half of that of circuit courts. Although a peculiar example, the Clackamas County justice court was reestablished in 2009 and became operational by 2010. Prior to 2010, violations for traffic offenses were cited to the Clackamas County Circuit

Court. As a result, annual revenue sent to the state Criminal Fine Account (CFA) from the circuit court vs the justice court was about \$2.5 million less. However, if we remove the COVID effect, the new transfer amount would represent about 50% of what the circuit court previously transferred.

Although the overall revenue to the broader court system in Oregon might not be different, the direction of where that revenue goes might experience a change (Local Vs State courts). Almost 80% of all current court operations would not be impacted by this change. However, the remaining portion might experience a redirection in revenue and switch in the transfers to the CFA. The switch will gradually occur as more cases gravitate towards Justice courts and away from circuit courts. The impact table is based on the forecast that OJD is expected to deposit about \$35 million a year in the coming biennium growing by about 4.5% a year, while the local transfers are about \$16 million growing by 3.5% per year.

Creates, Extends, or Expands Tax Expenditure: Yes ☐ No ☒