



Oregon

Tina Kotek, Governor

Parks and Recreation Department

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Chair Golden, Vice-Chair Nash and Members of the Committee:

For the record I am Lisa Sumption, Director of Oregon Parks and Recreation Department. OPRD has no position on SB 565.

As Senator Anderson said SB 565 started as a bill to require the agency to study the availability of campgrounds within 25 miles of the Oregon Coast, including the feasibility of expanding existing campgrounds and establishing new ones.

It may surprise you to learn that only 3 of Oregon's 52 overnight campgrounds make money. The majority don't break even. The park system is not designed to fully recover costs.

Oregon State Parks are integral to the state's tourism economy, recreation, and preservation of natural, cultural, historical and scenic recreational resources. It is currently funded by three main sources: state lottery funds, user fees and recreational vehicle registration dollars.

The agency is not supported by taxpayer's general fund dollars and has tried to meet growing demand and maintenance on the state park system with these limited revenue streams. However, the system faces severe financial constraints due to fixed expenditure limits and reliance on state lottery funds and user fees. Without action, a budget deficit is imminent in the 2027-2029 biennium.

Charged with the upkeep and preservation of over 250 state parks and over 360 miles public coastline, OPRD is facing a perfect storm of financial pressures and systemic limitations.

Parks operate within a fixed budget, with limited flexibility to reallocate funds or seek cost reductions due to state procurement processes that are not designed for 24/7 hospitality services, often located in rural areas.

Reliance on lottery funds and user fees has left parks vulnerable. Current regulations limit alternative revenue streams such as public-private partnerships, expanded concessions, and unique visitor experiences. Fees have already been increased to users in the 23-25 biennium and raised fees alone will not fix this issue.

Many parks are over 50-100 years old, with outdated facilities, historically significant structures and growing maintenance needs that exceed available funding. More than one third of restroom facilities are 50 years old or older, which require more care and maintenance. The cost to replace a restroom/shower building is now more than \$1 million each.

In 2021 the Legislature invested \$50 million General Obligation Bonds to invest in our park properties resulted in less than eight major park projects that costs upwards of \$90 million with inflationary challenges. Operational costs also have inflation increases that are difficult to catch up to.

While flexible fee authority was granted in 2017, and governance models were adjusted slightly in 2019, these measures have not fully addressed the systemic issues. The 23-25 biennium saw an increase in local lottery allocations (12 to 25% to local park providers), reducing the agency's budget by \$17 million amid rising costs due to inflation and unanticipated pay adjustments.

As Senator Anderson said as he learned more about the agency's financial challenges, he requested an amendment to SB 565 that would require we study development of a long-term sustainable funding solution including identifying a revenue potential, maintenance funding and the potential for expanding campgrounds. This type of a study could be beneficial to addressing the critical financial deficit looming in the 2027-29 biennium.

Additionally, he has requested a second amendment that would transfer management of State Capitol State Park back to the Department of Administrative Services (DAS). During the 2007 legislative session, the responsibility for landscaping and grounds maintenance on the State Capitol grounds and a portion of the capitol mall were transferred from DAS to OPRD (SB 632B, 2007). Prior to this, the capitol grounds and capitol mall area were maintained by DAS with funding from assessments charged to adjacent agencies. OPRD does not have the ability to assess other agencies, therefore the full cost for landscaping and maintaining the area comes from our budget—at a cost of two million dollars per biennium.

If this amendment were adopted, OPRD could continue to provide ground maintenance and landscaping through an interagency agreement and funding with DAS or DAS could assume that responsibility. Currently, DAS employees maintain other portions of the capitol mall funded by an assessment charged to adjacent state agencies.

The vision for Oregon State Parks is a financially resilient, visitor-focused system that operates with the agility of a modern economical organization while maintaining our commitment to our mission, conservation, and public service. I look forward to working together to develop a plan that moves us toward that vision.