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TO: House Committee on Health Care
FROM: Stacy Michaelson, Director of Government Relations & Communications
RE: HB 4075

Chair Nosse, Vice-Chairs Diehl and Nelson, Members of the Committee:

Thank you for the opportunity to provide testimony on HB 4075. While OSBA has great appreciation for the challenges of rural health providers, we must express our opposition to the solution proposed in HB 4075.

The Common School Fund is the original source of funding for Oregon's public education system, still supporting students today. With appropriate management the Fund should exist in perpetuity for all Oregon students. We believe that HB 4075 sets a concerning precedent of the state utilizing the Fund as a band-aid for local funding challenges, without regard for its core purpose.

Per Article VIII Section 2 (1)(b) of the Oregon Constitution, the sources of the Common School Fund include "All the moneys and clear proceeds of all property which may accrue to the state by escheat" (emphasis added). Absent an official ruling or opinion to the contrary, it would be our belief that *all* means *all*, and it is not clear to us that the Legislature has the discretion to provide for alternative uses of moneys or properties in the Unclaimed Property and Estates Fund.

Regardless of the question about what is actually allowable, we believe that the Legislature also has an implicit duty to ensure that any directives for monies that flow into the Common School Fund should be to the benefit of the Fund, in alignment with the Legislature's constitutional obligation to provide sufficient funding for the state's public education system.

HB 4075 allows for loans to be made from the Unclaimed Property and Estates Fund to certain rural hospitals, but it provides very little in the way of terms or protections for the state. For example, there are no guardrails for repayment periods or what should happen in the case of a default. While the bill prescribes that interest on such loans may not be lower than the applicable federal funds rate at the time of issuance, there is no requirement to consider or compare that with expected rates of return if the funds were not loaned out.

HB 4075 identifies the potential need to consult with the Oregon Health Authority but offers no directive on similar collaboration with any education agency or body responsible for public education funding. In 2025, the Common School Fund disbursed \$76.8 million to Oregon's school districts. This money is considered local revenue for purposes of the state school fund equalization formula, meaning any drop in Common School Fund dollars would result in greater demand on the General Fund.

In short:

- We aren't sure this passes constitutional muster
- We are concerned about the lack of protections for the state
- We are concerned about the potential impact on the Common School Fund (and therefore the State School Fund)

To pass HB 4075 would signal that the Unclaimed Property and Estates Fund is open to use as a bank, and we fear this would be the first of many bills of this nature. With so many questions at this time, we don't believe we can risk opening those floodgates. This simply isn't a short session conversation, and we urge the committee not to move HB 4075 forward so long as it allows the use of the Unclaimed Property and Estates Fund for any new purposes.

Thank you.