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**AGENDA COVER MEMORANDUM**

AGENDA DATE: September 24, 2003  
TO: **Board of County Commissioners**  
FROM: Anthony S. Bieda, IGR Manager  
AGENDA TITLE: Report -- 2003 End-of-Session Wrap-Up

- 1) **Summary and analysis of substantive (non-budgetary) legislation before the 72<sup>nd</sup> Oregon Legislative Assembly**
- 2) **Summary and analysis of budgetary and revenue-related legislation before the 72<sup>nd</sup> Oregon Legislative Assembly.**

DISCUSSION: On August 27, 2003, the 72<sup>nd</sup> Oregon Legislative Assembly completed its regular session and adjourned sine die. The legislature was in session since mid-January, addressing funding issues for state and local government, reforms of the state retirement system, funding for transportation infrastructure, and a host of other issues. The Board, through its Legislative Standing Committee, reviewed and adopted positions on a number of legislative issues during the past eight months, in an effort to inform the legislative debate from the perspective of county government.

The Board will review the final outcomes of substantive and fiscal bills that were before the Oregon Legislature this year, in order to be fully informed of Lane County's options and the context for policy decisions during the next two years.

ISSUE: **1) Summary and analysis of substantive (non-budgetary) legislation before the 72<sup>nd</sup> Oregon Legislative Assembly**

**In summary...**Lane County and its primary policy partner, the Association of Oregon Counties, tracked or evaluated more than 100 key pieces of legislation this legislative session. Of particular interest to Lane County are the 61 bills that were brought before the BCC Legislative Committee for review and recommendations. About half of those bills were monitored for progress and content changes; the other half received positions of support or opposition by the board and became the core of the legislative portfolio for the lobbying team and Commissioners, who conveyed information and perspective to members of the legislature as appropriate.

Of the 33 bills with adopted Board positions, 11 were passed or failed to pass in conflict with the Board's preference; 22 were passed or failed to pass in concert with the Board's preference. (See Sine Die Grid – attached)

**Of particular concern...**in terms of measures whose fate conflicted with the BCC, the most significant was the passage of SB 470, which prohibits retaliation by a county against a mental health service provider. The measure received strong support in both chambers and was signed by the Governor.

The rest of the issues that the BCC supported but failed to pass dealt with a broad spectrum of general housekeeping issues, including jail inspections, elections, land use planning and rural economic development.

One item the Board opposed but passed the legislature – HB 2267/Transient Lodging – was substantially modified to enable local governments to use a portion of any new locally imposed TLT for general government purposes. Compromise language in the final bill was endorsed by AOC and the League of Cities.

**Of particular relief ...** in terms of measures whose fate was aligned with the BCC's position or the county's interests, the most significant was the passage of legislation to reform the state's public retirement system, and create a new package of retirement benefits for new employees that are more affordable than the imbedded benefit structure.

Also of note was the passage of a major transportation funding package which will finance construction projects on state and county roads and bridges in Lane County, adding construction jobs and enhancing the region's capacity to move goods to market. Legislation was enacted that requires the Association of Oregon Counties to re-visit the distribution method used to allocate state highway funds between counties and bring forward a report and recommendations to the next regular session of the legislature.

Federal funding to replace punchcard ballot counting equipment was ratified by the legislature, making available resources to Lane County for its conversion to optical scan technology.

Legislation to repeal the county's ability to "opt out" of the community corrections partnership with the state was defeated.

Making abandoned mills sites more accessible for alternate industrial uses through rezoning was a statutory change adopted by the legislature and signed into law. Legislation also passed that gives counties greater control over the issuance of building permits in areas susceptible to landslides or other geologically unstable conditions. Legislation to modify the statutes and regulations controlling the mining of aggregate resources was defeated, in alignment with the BCC's adopted position.

Law enforcement personnel now have the legal authority to use voice stress analyzer equipment as an investigative tool, thanks to legislation passed in the waning days of the session. VSA technology is becoming more widely accessible than traditional polygraph equipment and operators.

Also of relief to county government was the defeat of a number of collective bargaining and labor relations proposals that had the potential to increase the cost of government and further constrain the ability of management to direct the work of employees.

Through the efforts of the counties working as a coalition with AOC, changes were made in statute that further protect county government from legal exposure if it curtails or eliminates community mental programs in the wake of funding cuts from its state partner.

## **2) Summary and analysis of budgetary and revenue-related legislation before the 72<sup>nd</sup> Oregon Legislative Assembly.**

**Appropriations for shared services ...** fall short of end of session 2001 levels for county programs, due to the on-going weakness in the Oregon economy and the shortfall in revenue available to the state from income taxes and fees. Overall, the biennium begins with a general fund budget of \$11.49 billion, or 4% less than the 01-03 end of session budget.

Community corrections funding was restored to nearly continuing service levels; however inflation funding is not included in the current appropriation. Funding for Youth Services, Children and Families, Public Health, Community Mental Health and Alcohol and Drug treatment and prevention programs remain below levels the state made available to counties at the beginning of the last biennium.

Funding for all of those shared services is subject to disappropriation on May 1, 2004 if the temporary surtax/revenue package adopted by the legislature is overturned by the voters on Feb. 3, 2004.

Statewide disappropriation amounts are based on two assumptions: 1) Overturning part of the revenue package, or 2) Overturning all of the revenue package. In broad categories, the range of disappropriations for state-county shared services are as follows:

<b>Category:</b>	<b>Partial Disapprop:</b>	<b>Full Disapprop:</b>
Com. Corrections	\$ 17.8 million	\$ 26.0 million
OYA Operations	\$ 5.8 million	\$ 8.5 million
District Attys.	\$ .8 million	\$ 1.1 million
Children & Families	\$ 4.8 million	\$ 7.0 million
Health Services	\$154.0 million	\$224.0 million

**Revenue sources and agreements...**that local government shares with the state were exposed to extreme pressure during the session as the legislature struggled to find ways to build a balanced budget without enacting tax increases or making significant cuts in programs and services. Many of those attempts to reduce revenue from beer, wine, cigarettes and lottery proceeds were rebuffed or minimized through the advocacy of members of the legislature who are loyal to the purpose and funding of local government. However, county government did not come out unscathed. Among the areas of concern:

**Video Lottery:** The \$67 million additional revenue this biennium generated by electronic terminals excludes the 2.5% participation by counties; 100% of the proceeds of the new revenue will go to backfill the state general fund. If the revenue sharing agreement had been honored, the county's share of the additional revenue could have restored some of the cuts in prevention and addiction services.

**Forest Trust Land Revenues:** \$10 million was taken to help balance the state general fund.

**Property Tax Discount (early payment):** 3% discount was reduced to 1.5%, recaptured to fund public education.

**Recreation Vehicle Registration Fees:** \$1.2 million of the increase to backfill funding for the department of forestry.