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# MEMORANDUM

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**To:** Capital Construction Subcommittee of the Joint Committee on Ways and Means

**From:** Julie Neburka, Legislative Fiscal Office  
503-986-1839

**Date:** February 25, 2016

**Subject:** SB 5702  
Work Session Recommendations

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SB 5702 ratifies fee changes approved by the Department of Administrative Services and adopted administratively by the Department of Aviation, the Real Estate Agency, the Oregon Liquor Control Commission, the Department of Consumer and Business Services, the Board of Accountancy, and the Board of Medical Imaging. The measure provides the enabling legislation necessary to approve fees adopted through administrative rule. The fee changes proposed for ratification, below, were discussed and approved in the Transportation and Economic Development, General Government, and Education subcommittees of the Joint Committee on Ways and Means between February 2nd and February 17th, 2016.

## **Department of Aviation**

As required by its federal grant assurances, the Department of Aviation collects tie-down fees from airport tenants at state-owned airports. Current administrative rules require the agency to collect these fees at fair market value, calculated as a percentage (30%) of the total tie-down fees charged. This fee structure results in fees that are variable from airport to airport, and that are difficult to administer and collect. The agency proposed to change the fee structure from the current percentage basis to a \$10 flat amount per month, thus simplifying the fee structure and supporting revenue collection. The change is estimated to increase Other Funds fee revenue to the Department of Aviation by \$7,560 during the 2015-17 biennium and by \$10,080 during the 2017-19 biennium.

House Bill 2710 (2013) created the statutory framework regulating the public use of Unmanned Aerial Systems (UAS) in Oregon. This legislation requires public bodies to register all UAS with the Department of Aviation and authorizes the department to administratively establish registration fees sufficient to defray the costs of maintaining the registry. These statutory provisions take effect on January 2, 2016, and the agency estimates that annual fees of \$25 for UAS weighing less than 55 pounds and \$50 for UAS weighing more than 55 pounds will be adequate to cover the costs of registry. The UAS fee is estimated to increase Other Funds fee revenue to the Department of Aviation by \$9,000 during the 2015-17 biennium and by \$21,000 during the 2017-19 biennium. The proposed fees do not apply to private recreational or commercial use of UAS, which will require registration by the Federal Aviation Administration pending the adoption of federal rules.

### **Real Estate Agency**

After an analysis of agency activity, fees, and costs, the Real Estate Agency administratively increased the Land Development fee from \$46 to \$200 per hour. This fee has not been increased in approximately two decades. It is associated with the Agency's review of condominium filings and is paid primarily by developers looking to develop condominium projects. The fee is expected to generate \$169,708 Other Funds per biennium; the increase will ensure that other licensees of the agency are not subsidizing this activity.

### **Oregon Liquor Control Commission**

Pursuant to House Bill 3400 (2015), the Oregon Liquor Control Commission has established nineteen fees associated with the regulation of marijuana. Fees are assessed for the following: application for licensure; issuance of producer, processor, wholesaler and retailer licenses; change requests; required background checks; and late fees. Fees are also assessed for regulated laboratories, researchers, and marijuana handlers. Fees must recover costs of the program, which include expenses for management and policy personnel, inspectors, associated services and supplies, and a share of agency overhead to cover the program's share of facilities, the director's office, and commission expenses. Fees are expected to generate \$5.9 million in the current biennium; the difference between fee revenue and current biennium expenses are authorized to be funded by a transfer of marijuana tax revenue pursuant to SB 605 (2015), after the Department of Revenue recovers its expenses for tax collection, and before distribution to statutorily designated tax beneficiaries. For the 2017-19 biennium, these fees are likely to be updated as actual program operating costs will be available.

### **Department of Consumer and Business Services**

Senate Bill 1 (2015) allowed the Department of Consumer and Business Services (DCBS) to establish by rule an administrative charge against all insurers participating in the Oregon Health Insurance Marketplace. These fees were set during the interim following the close of the 2015 legislative session. The rates set by DCBS for both the 2015 and 2016 plan years mirrored the rate that had been established by Cover Oregon of \$9.66 per-member, per-month for insurers offering qualified health plans; and \$0.97 per-member, per-month for insurers offering stand-alone dental plans.

### **Oregon Board of Accountancy**

The Oregon Board of Accountancy (OBOA) made changes in fees for application for, renewal of, and permit to practice accountancy for individuals and firms. These changes were driven primarily by a no-growth licensee base against a backdrop of rising costs. OBOA has been working since fall 2014 with the Oregon Society of Certified Public Accountants, the Oregon Association of Independent Accounts (OAIA), and its Board to negotiate fee increases in statute and rule that will help the Board maintain an adequate cash flow and ending fund balance. The fee increases are anticipated to generate an additional \$157,400 Other Funds revenue during the 2015-17 biennium.

### **Oregon Board of Medical Imaging**

House Bill 2880 (2015) created a provision for physician assistants to perform fluoroscopy after passing a national exam and receiving a limited permit from the Board of Medical Imaging. The bill authorized the Board to adopt rules to establish fees and requirements for the permit. The Board adopted rules to establish fees as directed and administratively implemented the fees January 1, 2016. The fee changes are expected to generate approximately \$9,450 Other Funds revenue in 2015-17, with \$5,250 of that being passed through to the agency providing the national exam.

The -1 amendment removes Oregon Department of Agriculture fees from the bill, as these fees are not being implemented by the agency at this time.

**MOTION:**

*Move the dash one amendment into SB 5702.*

LFO recommends the measure be moved to the full Joint Committee on Ways and Means, as amended.

**MOTION:**

*Move SB 5702, as amended, to the full committee with a “do pass” recommendation.*

**Carriers:**

Full: \_\_\_\_\_

House: \_\_\_\_\_

Senate: \_\_\_\_\_