



KATE BROWN
Governor

September 20, 2020

Honorable Bev Clarno
Secretary of State
900 Court Street NE, Suite 136
Salem, OR 97301

Re: Senate Bill 5723 and House Bill 4304

Dear Secretary Clarno:

Our state faces several unprecedented challenges simultaneously: the COVID-19 pandemic; structural racism resulting in persistent disparities for Black, Indigenous, People of Color, and Tribal communities in our state; widespread unemployment; a significant budget shortfall; and now the worst wildfire season in our lifetimes.

The Legislature and I have worked closely together on all of these challenges. I applaud legislators' recent work during the 2020 Second Special Session. I know it has been incredibly difficult for them to navigate the demands of the Legislature's deliberative nature and the limits that COVID-19 require us to impose for public health and safety. I also want to commend legislators' work on balancing our state budget in response to the economic crisis that COVID-19 has created.

The wildfires are a significant change since the adjournment of the Second Special Session. As we continue to navigate these rapidly changing crises, I know the Legislature will stand ready, again, to help Oregonians and address these challenges. When it became apparent that COVID-19 disproportionately affected Black, Indigenous, People of Color, and Tribal communities in Oregon, the Legislature and I worked together to steer Coronavirus Relief Fund dollars to those communities. Now, we must work together to help Oregonians who have lost everything from these fires.

As a first step, this month the Emergency Board will consider an additional allocation to the Wildfire Damage Housing Relief Program to assist Oregonians who lost their homes in the fires. This program already has a substantial waiting list, and this allocation will provide immediate help to those most in need. As a next step, I have directed agencies to bring another relief proposal for future consideration by the Legislature. This relief package must maximize all federal assistance coming to Oregon. I am also asking the Oregon Department of Forestry to



estimate as quickly as possible the cost of fighting these catastrophic fires, and I am working with our congressional delegation to get substantial reimbursement from FEMA for as many of these costs as possible. Finally, I expect to partner with the Legislature in the future to address the structural and surge capacity needs necessitated by these catastrophic fire seasons, as well as the long term issues of fire cost, prevention, and suppression.

Until we understand the total impacts and costs, we must help Oregonians while being judicious with our funds. In light of the current wildfires state of emergency, which occurred after the adjournment of the Second Special Session, I am exercising my veto authority to ensure that state agencies fighting wildfires have necessary resources for responding to this emergency. In addition to those vetoes, I am also vetoing a small number of single items in these appropriation bills that will ensure that the state budget remains in balance. Taken together, these vetoes increase the state's ending balance by over \$65 million to a total of \$164.3 million in General Fund and \$16.7 million in Lottery Fund. I have asked the Legislature to reserve at least \$150 million in the emergency fund for upcoming requests relating to the fires.

Article V, section 15a of the Oregon Constitution grants me the "power to veto single items in appropriation bills . . . without thereby affecting any other provision of such bill." Both Senate Bill 5723 and House Bill 4304 appropriate funds, and thus are "appropriation bills" that trigger my authority to veto any "single items" within those bills.

In accordance with Article V, section 15a, I hereby disapprove, disallow, and veto the following items of **Enrolled Senate Bill 5723** without affecting the remaining provisions of the bill:

Oregon Department of Forestry (SB 5723, Sections 177–179, 181–185)

Sections 177 to 179 decrease general fund appropriations for agency administration, fire protection, and private forests. Sections 181 to 184 decrease other funds expenditure limitations for agency administration, fire protection, private forests, and the equipment pool. Section 185 decreases the federal funds expenditure limitation for private forests. I am vetoing these provisions to maintain funding for the Oregon Department of Forestry while it responds to the ongoing statewide wildfires state of emergency.

Oregon Military Department (SB 5723, Sections 290–294)

Sections 290, 291, and 293 decrease general fund appropriations for emergency management and operations. Sections 292 and 294 decrease the federal funds expenditure limitation for emergency management and operations. I am vetoing these provisions to maintain funding for the Oregon Military Department while it responds to the ongoing statewide wildfires state of emergency.

Oregon State Police (SB 5723, Sections 297–299, 322)

Sections 297 to 299 decrease general fund appropriations for patrol services, criminal investigations, gaming enforcement, the Office of State Fire Marshal, administrative services, agency support, criminal justice information services, forensic services, and the Chief Medical Examiner. Section 322 decreases the general fund appropriation to the State Department of Fish and Wildlife for state police enforcement. I am vetoing these provisions to maintain funding for the Oregon State Police while it responds to the ongoing statewide wildfires state of emergency.

Special Purpose Appropriation for DHS / OHA (SB 5723, Section 342)

Section 342 establishes a special purpose appropriation for the Emergency Board to be allocated to the Oregon Health Authority or the Department of Human Resources for caseload costs or other budgetary challenges the agencies are unable to mitigate. I am vetoing this provision to maintain balance in the state budget, and to retain vital resources at state agencies responding directly to the fire.

Department of Environmental Quality (SB 5723, Section 273)

Section 273 decreases the general fund allocation to the Department of Environmental Quality, made at the March 9, 2020 Emergency Board meeting, for rulemaking and other actions to reduce greenhouse gas emissions across all emission sources, including point sources, natural gas emissions, and transportation fuels. I am vetoing this provision to preserve agency resources to continue to address the effects of climate change, a key part of our wildfire response.

Department of Education, Early Learning Division (SB 5723, Section 213)

Section 213 decreases the general fund appropriation to the Department of Education, Early Learning Division, relating to the healthy families program, early learning hubs, and focus child care networks. I am vetoing this provision to preserve resources at state agencies that are part of the state's safety net at a time when many Oregonians are struggling with the impacts of wildfire and COVID-19.

In accordance with Article V, section 15a, I also hereby disapprove, disallow, and veto the following items of **Enrolled House Bill 4304** without affecting the remaining provisions of the bill:

Wildfire Damage Housing Relief Account (HB 4304, Sections 38–40a)

Section 38 to 40a repeal the Wildfire Damage Housing Relief Account within the Oregon Housing Fund, resulting in the transfer of the fund balance. I am vetoing these provisions to maintain resources at agencies tasked with responding to the wildfires.

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PERS Revenue Allocation Changes (HB 4304, Sections 15, 15a, 16, 18, 18a, 18b, 18c)

Sections 15, 15a, and 16 repeal the allocation of sports betting lottery funds to the PERS Employer Incentive Fund. Sections 18, 18a, 18b, and 18c repeal the transfer of excess proceeds from capital gains taxes, estate taxes, and debt collection, and the transfer of interest from unclaimed property to the PERS School Districts Unfunded Liability Fund. All of these sections redirect revenue streams. I am vetoing these provisions because they redirect resources away from programs that help relieve budgetary pressures for local governments.

State Treasurer Funds (HB 4304, Section 57)

Section 57 transfers funds from the miscellaneous receipts account for the State Treasurer. I am vetoing this provision because I am concerned that the public was not able to adequately weigh in on this budget decision, and upon further review I do not believe it is appropriate.

Educator Advancement Fund (HB 4304, Section 61)

Section 61 transfers funds from the Educator Advancement Fund. I am vetoing this provision to ensure funding remains in place to aid local school districts during a time of intense strain on their budgets and employees.

I have signed Senate Bill 5723 and House Bill 4304 as to the remaining provisions of those bills, and return each of those signed bills to you with this letter. On each bill, I have lined through the items that I disallow, disapprove, and veto. These provisions are “single items” that are distinct and severable.

Sincerely,



Governor Kate Brown

KB: smg