

**74<sup>th</sup> OREGON LEGISLATIVE ASSEMBLY – 2007 Regular Session  
BUDGET REPORT AND MEASURE SUMMARY**

**MEASURE: HB 5005-A**

**JOINT COMMITTEE ON WAYS AND MEANS**

**Carrier – House: Rep. Nolan  
Carrier – Senate: Sen. Schrader**

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**Action:** Do Pass as Amended and Be Printed A-Engrossed

**Vote:** 18 – 0 – 4

House – Yeas: D. Edwards, Galizio, Garrard, Hanna, Nathanson, Nolan, Shields

– Nays:

– Exc: Jenson, Morgan

Senate – Yeas: Bates, Brown, Courtney, Devlin, Johnson, Morse, Nelson, Schrader, Verger, Westlund, Whitsett

– Nays:

– Exc: Gordly, Winters

**Prepared By:** Jack Kenny, Department of Administrative Services

**Reviewed By:** Daron Hill, Legislative Fiscal Office

**Meeting Date:** 6/23/07

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**Agency**

Various

**Budget Page**

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**LFO Analysis Page**

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**Biennium**

2007-09

**Senators:** Bates, Carter, Devlin, Gordly, Johnson, Morse, Nelson,  
Schrader, Verger, Westlund, Whitsett, Winters

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Senator Kurt Schrader, Co-Chair

**Representatives:** D. Edwards, Galizio, Garrard, Hanna, Jenson,  
Morgan, Nathanson, Nolan, Shields

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Representative Mary Nolan, Co-Chair

Capital Construction and Bonding Subcommittee

## Summary of Subcommittee Action

House Bill 5005 limits the maximum amount of bonds and Certificates of Participation (COP's) or third party financing agreements state agencies may issue and the amount of revenue state agencies may raise from such issuance. The proceeds from the issuance of bonds and COP's are included as revenues in agency budgets. This bill also allocates the federal tax-exempt private activity bond volume cap allowed under the Internal Revenue Code of 1986, as amended, to certain state agencies and the Private Activity Bond Committee established in ORS 286.615.

The Subcommittee reviewed amendments to House Bill 5005 for the following purposes:

- 1) The Subcommittee approved the Department of Higher Education, Article XI-G general obligation bond authorization of \$131,604,535 based on the bond financing needed for the Department's qualifying capital construction projects approved in Senate Bill 5516 and to authorize financing for certain continuing projects approved during previous legislative sessions.
- 2) The Subcommittee approved the Department of Community Colleges and Workforce Development Article XI-G general obligation bond authorization for capital construction financing of \$52,640,500 for Oregon Community College projects approved in Senate Bill 5516 and to authorize financing for certain continuing projects approved during previous legislative sessions.
- 3) The Subcommittee reduced the Department of Environmental Quality, Article XI-H general obligation bond to \$9,300,000 to reflect the current needs of the Department.
- 4) The Subcommittee approved the Department of Higher Education, Article XI-F general obligation amount of \$409,356,360 to provide the bond financing needed for the Department's capital construction projects approved in Senate Bill 5516, and to authorize financing for certain continuing projects approved during previous legislative sessions.
- 5) The Subcommittee reduced the Department of Transportation Highway User Tax Revenue bond authorization by \$75 million based on changes in implementation plans for the Oregon Wireless Interoperability Network (OWIN). OWIN will be funded in its development phase with a combination of General Fund and Certificates of Participation.
- 6) The Subcommittee increased the Department of Administrative Services, Lottery Revenue Bond limit to \$485,725,000. The change is a result of additional projects to be financed during 2007-09 that were authorized in House Bill 5036. \$5 million was provided beginning a project to both deepen and widen the deep draft navigation channel in the Port of Coos Bay; \$250 million was authorized to assist TriMet in its South Corridor Project Phase 2 extending the light rail system from downtown Portland; \$20 million was approved for the manufacture of streetcars for the Eastside Streetcar Line in Portland; \$3 million allocated to Oregon Public Broadcasting to facilitate their efforts in responding to a federal mandate to switch to digital from analog television broadcasting; and \$7 million granted for a parking structure associated with a medical facility in Hillsboro. Reductions were made in other program areas.
- 7) The Subcommittee decreased the Department of Administrative Services' authority to issue COP's and enter into Other Financing Agreements to \$271,595,000 from \$519,115,000. A summary of the projects for which use of COP authority is anticipated in 2007-09 is listed below:

<u>Project</u>	<u>COP Authority</u>
<b><u>Department of Administrative Services</u></b>	
Executive Bldg. Renovation	4,900,000
Cyber Security/Data Center	10,230,000
Human Resource Information System Project	1,285,000
<b>Subtotal:</b>	<b><u>\$ 16,415,000</u></b>
<b><u>Department of Forestry</u></b>	
John Day Unit Relocation	\$ 1,570,000
Agency Business System Modernization	3,355,000
Sisters Subunit Relocation	1,305,000
<b>Subtotal:</b>	<b><u>\$ 6,230,000</u></b>
<b><u>Oregon Dept of Fish and Wildlife</u></b>	
Deferred Maintenance	\$ 1,500,000
<b>Subtotal:</b>	<b><u>\$ 1,500,000</u></b>
<b><u>Oregon University System</u></b>	
EOU – Storage area network and video streaming	\$ 205,000
ETIC – Facilities and equipment	12,065,000
OSU - Enterprise computing systems upgrade	3,065,000
OSU – Building rewiring	5,110,000
PSU - Building access control systems	255,000
PSU - Campus fiber expansion and telecom facility upgrades	1,025,000
PSU - Classroom technology refresh & new building technology	470,000
PSU - Desktop and security upgrades	420,000
PSU - Document imaging and workflow system	870,000
PSU - Network equipment upgrades	470,000
PSU - Research equipment	1,025,000
PSU - Storage and server expansion	620,000
UO - Classroom and laboratory upgrades	5,105,000
<b>Subtotal:</b>	<b><u>\$ 30,705,000</u></b>

**Military Department**

Ontario Readiness Center	\$	2,290,280
Woodburn Armory Addition/Alteration		3,523,653
St. Helens Armory Addition/Alteration		2,584,013
Newport Armory Addition/Alteration		2,231,647
Gresham Armory Addition/Alteration		3,406,198
Salem Airfield Operations Facility		1,025,988
Camp Withycombe		3,988,221
<b>Subtotal:</b>	<b>\$</b>	<b>19,050,000</b>

**Legislative Admin Committee**

Bill Writing Software	\$	1,205,000
Capitol Renovation Project		34,260,000
<b>Subtotal:</b>	<b>\$</b>	<b>35,465,000</b>

**Department of Human Services**

Mental Health Care Facilities-Phase 1	\$	100,370,000
SACWIS (Child Welfare System) Phase II		14,555,000
<b>Subtotal:</b>	<b>\$</b>	<b>114,925,000</b>

**Corrections**

Wireless Communication		6,690,000
Core Construction Staffing		2,625,000
Deferred Maintenance and Assessment		9,930,000
Planning and Design – Next Facility		11,015,000
<b>Subtotal:</b>	<b>\$</b>	<b>30,260,000</b>

**Oregon Youth Authority**

MacLaren Infrastructure Repair & Improvement	\$	2,047,563
Oak Creek Renovation		2,047,562
Whiteaker Hall Planning		209,875
<b>Subtotal:</b>	<b>\$</b>	<b>4,305,000</b>

**State Police**

Wireless Interoperability Network (OWIN)	\$	3,870,000
Video cameras		1,370,000
<b>Subtotal:</b>	<b>\$</b>	<b>5,240,000</b>

**Unidentified Financing Needs:**

	<b>\$</b>	<b>7,500,000</b>
	<b>\$</b>	<b>271,595,000</b>

House Bill 5005, SECTION 1.

<u>Program Designation</u>	<b>Governor's Balanced Budget 2007-09</b>	<b>Subcommittee Recommendation 2007-09</b>	<b>Difference from Governor's Balanced Budget</b>
<b><u>GENERAL OBLIGATION BONDS</u></b>			
<b><u>(Constitutional Authority)</u></b>			
<b>General Fund Obligations</b>			
Department of Higher Education (Art. XI-G)	\$ 139,231,035	\$ 131,604,535	\$ (7,626,500)
Dept of Comm. Colleges and Workforce Dev (Art. XI-G)	99,750,000	52,640,500	(47,109,500)
Department of Environmental Quality (Art. XI-H)	12,300,000	9,300,000	(3,000,000)
<b>Dedicated Fund Obligations</b>			
Department of Veteran's Affairs (Art. XI-A)	\$ 100,000,000	\$ 100,000,000	\$ -0-
Department of Higher Education (Art. XI-F(1))	430,511,514	409,356,360	(21,155,154)
Housing and Comm. Services Department (Art. XI-I(2))	100,000,000	100,000,000	-0-
Office of Energy (Art. XI-J)	<u>150,000,000</u>	<u>150,000,000</u>	<u>-0-</u>
<b>Total General Obligation Bonds</b>	<b><u>\$ 1,031,792,549</u></b>	<b><u>\$ 952,901,395</u></b>	<b><u>\$ (78,891,154)</u></b>
<b><u>REVENUE BONDS</u></b>			
<b>Direct Revenue Bonds</b>			
Housing and Community Services Department	\$ 600,000,000	\$ 600,000,000	\$ -0-
Department of Transportation			
Infrastructure Fund	50,000,000	50,000,000	-0-
Highway User Tax	888,725,000	813,725,000	(75,000,000)
Economic and Community Development Department	200,000,000	200,000,000-	-0-
Department of Administrative Services Lottery			
Revenue Bonds	<u>443,390,000</u>	<u>485,725,000</u>	<u>42,335,000</u>
<b>Total Direct Revenue Bonds</b>	<b><u>\$ 2,182,115,000</u></b>	<b><u>\$2,149,450,000</u></b>	<b><u>\$ (32,665,000)</u></b>

**Pass Through Revenue Bonds**

Economic and Community Development Commission			
Industrial Development Bonds	400,000,000	400,000,000	-0-
Oregon Facilities Authority	500,000,000	500,000,000	-0-
Housing and Community Services Department	<u>250,000,000</u>	<u>250,000,000</u>	<u>-0-</u>
<b>Total Revenue Bonds</b>	<b><u>\$ 3,332,115,000</u></b>	<b><u>\$3,299,450,000</u></b>	<b><u>\$ (32,665,000)</u></b>

**CERTIFICATES OF PARTICIPATION AND OTHER FINANCING AGREEMENTS**

Department of Administrative Services	<b><u>\$ 519,115,000</u></b>	<b><u>\$ 271,595,000</u></b>	<b><u>\$ (247,520,000)</u></b>
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**House Bill 5005, SECTION 2.**

**Private Activity Bond Allocation for 2008 and 2009 Calendar Years.**

Allocation For:	Governor's Recommended Budget		Subcommittee Recommendation		Difference	
	2008 Calendar Year	2009 Calendar Year	2008 Calendar Year	2009 Calendar Year	2008 Calendar Year	2009 Calendar Year
Economic & Community Development Commission:	\$ 30,000,000	\$ 40,000,000	\$ 30,000,000	\$ 40,000,000	-0-	-0-
Oregon Facilities Authority:	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	-0-	-0-
Housing & Community Services	\$120,000,000	\$125,000,000	\$120,000,000	\$125,000,000	-0-	-0-
Office of Energy:	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	-0-	-0-
Private Activity Bond Committee:	\$141,489,760	\$126,489,760	\$141,489,760	\$126,489,760	-0-	-0-
<b>TOTAL:</b>	<b>\$309,489,760</b>	<b>\$309,489,760</b>	<b>\$309,489,760</b>	<b>\$309,489,760</b>	<b>-0-</b>	<b>-0-</b>

**Summary of Performance Measure Action**

None.