

REVENUE IMPACT OF PROPOSED LEGISLATION

74th Oregon Legislative Assembly
2007 Regular Session
Legislative Revenue Office

Bill Number: SB 21
Revenue Area: Bonding and Debt
Economist: Mazen Malik
Date: 04/19/2007

Measure Description:

Establishes the Coos Bay Channel Fund for deepening and widening the deep draft navigation channel, Authorizes issuance of \$60 million in lottery bond funds in specified increments: \$5 million on July 1, 2007, \$10 million on July 1, 2009, and \$45 million on July 2, 2011. Specifies that bonds may not be issued for this project after Jun 30, 2013. Requires the project sponsor to indemnify the state in connection with borrowing by the sponsor. Declares an emergency and takes effect July 1, 2007.

Revenue Impact:

Revenue from bond proceeds will be additional positive amounts over two or three biennia. Starting in the next biennium and ending in the 2011-13 biennium. Debt service for those bonds (when they appear) will come out of the lottery revenue stream. These debt service amounts will last from 15 to 25 years depending on the structure of the bonds. Those negative amounts will reduce available revenue for other legislatively discretionary expenditures. A more complete impact of bond proceeds and debt service will be constructed when the bill is further detailed in ways and means.

Impact Explanation:

Authorizes issuance of \$60 million in lottery bond funds in specified increments: \$5 million on July 1, 2007, \$10 million on July 1, 2009, and \$45 million on July 2, 2011. Specifies conditions that must be met by project sponsors for bond issuance to occur: contract with a cargo terminal developer for the first \$5 million, availability of federal funding for the next \$10 million, and contracting for the channel dredging and other projects for the final \$45 million. Specifies that bonds may not be issued for this project after Jun 30, 2013. Requires the project sponsor to indemnify the state in connection with borrowing by the sponsor. The lottery revenues have a number of projects that will use them as a bonding source. Additionally the different amounts of bonding, especially the smaller earlier issuance might need to be bundled with other bonds for the state treasure to make it viable.

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