

# REVENUE IMPACT OF PROPOSED LEGISLATION

74th Oregon Legislative Assembly  
2007 Regular Session  
Legislative Revenue Office

<b>Bill Number:</b>	<b>SB 827 A</b>
<b>Revenue Area:</b>	Lottery Bonds
<b>Economist:</b>	Mazen Malik
<b>Date:</b>	05/01/2007

## Measure Description:

Authorizes \$25 million payment from lottery revenues for the Urban Growth Boundary (UGB) Expansion Area Revolving Loan Fund, in addition to amounts necessary to pay for bond costs. Directs the Oregon Economic and Community Development Department to administer the loan program. Specifies that borrowers may not use any revenues raised from outside the UGB expansion area to repay a loan except to pay for the portion of a project's cost attributed to growth or an existing deficiency in a different area.

## Revenue Impact:

\$ Millions	2007-09 Biennium	2009-11 Biennium	2011-13 Biennium
<b>Bond Proceeds</b>	25.0		
<b>Debt reserve &amp; admin</b>	2.73		
<b>Debt service Payments (Lottery)</b>	(\$2.76)	(\$5.53)	(\$5.53)
<b>Total</b>	\$24.97	(\$5.53)	(\$5.53)

## Impact Explanation:

The bill allows for the Economic Development Department to issue, through the state treasurer, \$25 million in bonds. These amounts will be deposited in a fund to be used by local governments (interest free loans) facing UGB expansion. The payments back to the fund will come from fees and other levies by the local government on the newly developed area. The federal regulations governing bonding require that there are definite projects or uses for the bond proceeds, to have bond proceeds in an account for more than three years will potentially be subject to arbitrage penalties and obligations. However, this might be structured in a way that avoids running in contradiction to bonding regulations. This revenue impact assumes that the bill will be amended to build a mechanism that avoids these regulatory issues. Accordingly, Interest gains on the account are not considered as a positive revenue stream. The assumption is for Issuing \$25 million taxable bonds for 20-year duration on May-2008.

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