

REVENUE IMPACT OF PROPOSED LEGISLATION

74th Oregon Legislative Assembly
2007 Regular Session
Legislative Revenue Office

Bill Number:	SB 5516 A
Revenue Area:	Bonding & Debt
Economist:	Mazen Malik
Date:	04/16/2007

Measure Description:

Appropriates moneys from General Fund to Department of Higher Education for capital construction. Limits for six-year period beginning July 1, 2007, payment of expenses from bond proceeds and other revenues, including federal funds, collected or received by Department of Higher Education for capital construction within Department of Higher Education and by Department of Community Colleges and Workforce Development for capital construction at community colleges. Establishes accounts related to issuance of general obligation bonds under Article XI-G of Oregon Constitution. Sets upper limit for bonding of general fund and lottery funds for the 2007-09 biennium.

Revenue Impact:

The impact of bonding will be an increase related to bond proceeds, and a negative related to debt service payments. For these bonds, slightly more than \$20 million in debt service a biennium in payments over 10 biennia will support a \$100 million in bond proceeds. When the Ways and Means Committee finalizes the amounts of bonds to be sold, debt service schedule will be formalized

Impact Explanation:

The Senate Committee on Finance and Revenue considered that the best bonding strategy is to use all the limits suggested by the State Debt Advisory Policy Commission (SDAPC). However, it chose to give a higher level to the risk of reduced general fund revenue by taking 90% of the recent forecast. The Lottery limit was set to span only 75% of revenue while considering ¼ of the entire limit on revenue going to debt service. Establishes the rational and sets the upper limit to bonds supported by the general fund to \$685 million. Establishes the rational and sets the limit for the 07-09 bonds backed by lottery funds at \$342.9 million.

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