

**REVENUE:** Revenue statement issued

**FISCAL:** Fiscal statement issued

---

**Action:** Be adopted as amended and be printed engrossed.  
**Vote:** 8-0-1  
**Yeas:** Berger, Bruun, Gelser, Olson, Read, Rosenbaum, Witt, Barnhart  
**Nays:**  
**Exc.:** Butler  
**Prepared By:** Steve Meyer, Economist  
**Meeting Dates:** 3/9, 4/13

---

**WHAT THE BILL DOES:** Revises the Oregon constitution subject to voter approval. Allows the State to issue general obligation bonds up to 0.5% of the market value of real property. Requires that bond proceeds be used to match school district general obligation bonds approved by voters for capital costs. Provides for repayment of state bonds from (1) General Fund appropriations, (2) appropriations or allocations from other funds or (3) other available moneys. Prohibits use of property taxes for the repayment of state bonds. Creates a school capital matching fund. Repeals the school capital matching subaccount in the Education Stability Fund. Transfers any subaccount ending balance to the new fund. Directs 15% of net lottery proceeds to the new fund when the Education Stability Fund is capped out. Requires new fund to be used to provide matching funds to school districts for capital costs and to repay state bonds issued for capital matching grants. Defines capital costs as costs associated with the acquisition, construction, improvement, remodeling, maintenance or repair of preK-12 public school buildings. Submits revision resolution to the voters at the May 2008 primary election.

**ISSUES DISCUSSED:**

Legislative votes for a revision of the Oregon Constitution  
Definition of capital costs  
School need for capital matching funds  
Ability of school districts to get voter approval for bonds

**EFFECT OF COMMITTEE AMENDMENTS:** Transfers any ending balance in the school capital matching subaccount to the new school capital matching fund.

**BACKGROUND:**

Similar bills were introduced in the 2001, 2003 and 2005 legislative sessions to address the need for school capital. School districts have traditionally had to rely on local voter approval of bonds for capital requirements. After the passage of Measure 50, the 1997 Legislature added a facility grant to the school equalization formula to help with the cost of new classroom equipment and furnishings that cannot be bonded.