

**REVENUE:** Revenue statement issued

**FISCAL:** May have fiscal impact; statement not yet issued

---

**Action:** Do pass with amendments; be printed engrossed; be referred to Joint Committee on Ways and Means by prior reference.

**Vote:** 4-1-0

**Yeas:** Burdick, Monroe, Starr, Deckert

**Nays:** G. George

**Exc.:**

**Prepared By:** Mazen Malik, Economist

**Meeting Dates:** 3/19, 3/20, 3/29, 4/11

---

**WHAT THE BILL DOES:** 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. Sets expiration date on project approvals and expenditure limitations. Establishes accounts related to issuance of general obligation bonds under Article XI-G of Oregon Constitution. Authorizes State Treasurer, at request of State Board of Education, to issue bonds under Article XI-G of Oregon Constitution for capital construction at community colleges. Declares emergency, effective July 1, 2007.

**ISSUES DISCUSSED:**

- Projects by different campuses. Higher education needs.
- Economic competitiveness and work force development.
- Multiplier effects of construction. Impacts of an educated work force. Economic stimulus.
- The deliberated buildings (Lincoln hall), water and electric systems.
- Community colleges impacts on state wide educated force, and needs for capital investment.
- Capital spending plans and investment on the long term for higher education.
- Stickier limits and more permissive Capps.
- Debt advisory committee. Role of the treasurer, the Governor Budget request and Co-chairs budget.
- Research dollars and matching funds.
- Types of bonds and the capacity of the state in setting different levels.

**EFFECT OF COMMITTEE AMENDMENTS:** Identifies the policy of the legislature concerning capital investment in the state to maintain a productive and competitive economic atmosphere in the state. 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.

**BACKGROUND:**

The bill known as the capital construction bill, contains usually all the projects planed by the state for the next biennium. This bill contained \$139 million in XI-G bonds for higher education projects, and \$99.7 million for community colleges. Additionally new construction and deferred maintenance are also in planning for about \$200 million in lottery-supported bonds.

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.

4/18/2007 8:25:00 AM

SB 5516-A

*This summary has not been adopted or officially endorsed by action of the committee.*