

# House Bill 3265

Sponsored by COMMITTEE ON REVENUE (at the request of Oregon Law Commission)

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Revises public finance laws and procedures.  
Appropriates moneys collected for bond services provided by State Treasurer to State Treasurer.

## A BILL FOR AN ACT

1  
2 Relating to public borrowing; creating new provisions; amending ORS 190.080, 190.083, 190.265,  
3 223.235, 223.262, 238.692, 238.694, 238.695, 238.696, 238.698, 261.371, 264.280, 266.512, 267.345,  
4 267.400, 267.630, 268.520, 268.620, 271.390, 276.429, 279A.025, 280.075, 280.450, 283.085, 283.087,  
5 283.092, 285B.323, 285B.344, 285B.347, 285B.350, 285B.473, 285B.479, 285B.533, 285B.548, 285B.575,  
6 286.025, 286.555, 286.560, 286.563, 286.566, 286.580, 286.585, 286.605, 286.615, 286.645, 286.750,  
7 286.762, 286.770, 286.782, 286.790, 287.030, 287.032, 287.034, 287.040, 289.005, 289.200, 289.205,  
8 293.175, 293.177, 293.824, 294.052, 294.326, 294.386, 294.443, 294.483, 294.820, 295.005, 295.011,  
9 310.140, 327.705, 328.230, 328.280, 328.295, 328.321, 328.346, 328.351, 328.565, 341.616, 341.681,  
10 341.685, 341.697, 341.702, 341.715, 341.721, 341.739, 348.665, 351.315, 351.345, 351.350, 351.450,  
11 351.455, 351.460, 351.470, 352.790, 352.800, 352.805, 353.340, 353.350, 353.360, 354.685, 358.380,  
12 367.010, 367.015, 367.025, 367.030, 367.105, 367.166, 367.555, 367.565, 367.620, 367.635, 367.670,  
13 367.715, 367.812, 370.140, 370.160, 383.023, 383.027, 390.063, 391.140, 401.844, 407.415, 407.425,  
14 440.390, 450.640, 450.690, 450.915, 450.925, 451.545, 456.185, 456.190, 456.230, 456.519, 456.543,  
15 456.615, 456.645, 456.650, 456.661, 456.670, 458.720, 468.195, 468.437, 468.439, 470.225, 478.420,  
16 478.845, 478.850, 478.855, 523.490, 530.130, 530.230, 541.780, 543.670, 545.519, 545.541, 552.660,  
17 553.670, 565.095, 568.803, 777.410, 777.447, 777.570, 777.943, 778.036, 778.155 and 838.065; repealing  
18 ORS 223.905, 223.910, 223.915, 223.920, 223.925, 286.010, 286.020, 286.031, 286.033, 286.036, 286.038,  
19 286.041, 286.051, 286.056, 286.058, 286.061, 286.063, 286.066, 286.071, 286.078, 286.105, 286.115,  
20 286.125, 286.135, 286.145, 286.505, 286.507, 286.515, 286.525, 286.535, 286.545, 286.635, 286.700,  
21 286.705, 286.710, 286.715, 286.720, 287.001, 287.003, 287.004, 287.006, 287.007, 287.008, 287.012,  
22 287.014, 287.016, 287.018, 287.020, 287.022, 287.025, 287.028, 287.029, 287.033, 287.036, 287.038,  
23 287.042, 287.045, 287.049, 287.052, 287.053, 287.054, 287.055, 287.056, 287.058, 287.062, 287.064,  
24 287.066, 287.069, 287.070, 287.072, 287.074, 287.075, 287.140, 287.142, 287.144, 287.146, 287.202,  
25 287.204, 287.206, 287.208, 287.210, 287.212, 287.214, 287.216, 287.218, 287.220, 287.252, 287.254,  
26 287.256, 287.258, 287.260, 287.262, 287.264, 288.010, 288.020, 288.030, 288.040, 288.050, 288.060,  
27 288.070, 288.090, 288.100, 288.110, 288.120, 288.150, 288.155, 288.160, 288.162, 288.165, 288.410,  
28 288.420, 288.430, 288.435, 288.440, 288.450, 288.460, 288.500, 288.505, 288.513, 288.515, 288.517,  
29 288.518, 288.520, 288.523, 288.525, 288.530, 288.535, 288.540, 288.545, 288.550, 288.560, 288.570,  
30 288.580, 288.590, 288.592, 288.594, 288.596, 288.598, 288.600, 288.605, 288.610, 288.615, 288.620,  
31 288.625, 288.630, 288.635, 288.637, 288.640, 288.645, 288.650, 288.655, 288.660, 288.665, 288.670,

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 288.675, 288.677, 288.680, 288.685, 288.690, 288.695, 288.805, 288.815, 288.825, 288.835, 288.845,  
2 288.855, 288.865, 288.875, 288.885, 288.895, 288.915, 288.925, 288.935, 288.945, 288.950, 293.173,  
3 293.292, 328.235, 358.395, 358.400 and 450.935; and appropriating money.

4 **Be It Enacted by the People of the State of Oregon:**

5  
6 **STATE BONDS**

7  
8 **SECTION 1. Sections 2 to 5, 7 to 12, 16 to 27 and 34 of this 2007 Act are added to and**  
9 **made a part of ORS chapter 286.**

10  
11 **(Definitions)**

12  
13 **SECTION 2. As used in this chapter:**

14 **(1) "Agreement for exchange of interest rates" means a contract, or an option or forward**  
15 **commitment to enter into a contract, for the exchange of interest rates that provides for:**

16 **(a) Payments based on levels or changes in interest rates; or**

17 **(b) Provisions to hedge payment, rate, spread or similar exposure including, but not**  
18 **limited to, an interest rate floor or cap or an option, put or call.**

19 **(2) "Bond":**

20 **(a) Means:**

21 **(A) A general obligation bond or a revenue bond; or**

22 **(B) Any of the following that exceeds \$100,000:**

23 **(i) A certificate of participation.**

24 **(ii) A financing agreement.**

25 **(iii) A note.**

26 **(iv) A line of credit that is executed to borrow money.**

27 **(v) A contractual undertaking of the State of Oregon to repay borrowed moneys that is**  
28 **authorized by law.**

29 **(b) Does not include a credit enhancement device.**

30 **(3) "Certificate of participation" means a financing agreement entered into by the State**  
31 **of Oregon, an agency or institution of the State of Oregon under ORS 283.085 to 283.092 or**  
32 **a public corporation under ORS chapter 353, or any certificate of participation issued under**  
33 **such financing agreement.**

34 **(4) "Conduit revenue bonds" means bonds:**

35 **(a) The proceeds from which are administered and used by an entity that is not a state**  
36 **agency or public body;**

37 **(b) For which the moneys pledged, and from which the bonds are payable, are moneys**  
38 **generated by an entity that is not a state agency or public body; and**

39 **(c) That are issued by the State Treasurer.**

40 **(5) "Counterparty" means an entity with whom the State of Oregon enters into an**  
41 **agreement for exchange of interest rates.**

42 **(6) "Credit enhancement device":**

43 **(a) Means a letter of credit, standby bond purchase agreement, bond insurance policy or**  
44 **other device or facility used to enhance the creditworthiness or marketability of bonds; and**

45 **(b) Does not include a bond.**

1 (7) "Credit enhancement device fee" means a payment required to be made to the pro-  
2 vider of a credit enhancement device securing a bond.

3 (8) "Debt service" means payment of:

4 (a) Principal, interest, premium or purchase price of a bond;

5 (b) Credit enhancement device fees;

6 (c) Amounts necessary to fund bond debt service reserves; and

7 (d) Regularly scheduled amounts due under an agreement for exchange of interest rates.

8 (9) "Financing agreement" means a lease purchase agreement, an installment sale  
9 agreement, a loan agreement or any other agreement to finance real or personal property  
10 that is or will be owned and operated by a public body, or to refinance previously executed  
11 financing agreements.

12 (10) "General obligation bond" means a borrowing of the State of Oregon that is secured  
13 by the full faith and credit of the state and the taxing powers of the state.

14 (11) "Proceeds" means moneys derived from the sale and issuance of bonds.

15 (12) "Public body" means:

16 (a) A county;

17 (b) A city;

18 (c) A local service district as defined in ORS 174.116;

19 (d) A special government body as defined in ORS 174.117;

20 (e) Oregon Health and Science University; or

21 (f) Any other political subdivision of this state that is authorized by the Legislative As-  
22 sembly to issue bonds.

23 (13) "Refunding bond" means a bond of the State of Oregon that is issued to refund a  
24 bond on a current, advance or forward delivery basis.

25 (14) "Related bond" means a bond for which the State of Oregon enters into an agree-  
26 ment for exchange of interest rates.

27 (15) "Revenue" means the tax revenues, fees and other moneys of the State of Oregon.

28 (16) "Revenue bond" means a borrowing that is solely secured by a pledge of specific re-  
29 venues of the State of Oregon.

30 (17) "State agency":

31 (a) Means a statewide elected officer or a board, commission, department, division, au-  
32 thority or other entity, without regard to the designation given to the entity, that is within  
33 state government, as defined in ORS 174.111; and

34 (b) Does not include:

35 (A) A statewide elected judge or the State Treasurer;

36 (B) A local government, as defined in ORS 174.116, or a special government body, as de-  
37 fined in ORS 174.117, except to the extent a special government body must be considered a  
38 state agency in order to achieve the purposes of Article XI-K of the Oregon Constitution;  
39 or

40 (C) A semi-independent state agency listed in ORS 182.451, 182.454, 377.835 or 674.305, or  
41 any other state agency denominated by statute a semi-independent state agency.

42 (18) "Termination payment" means the amount payable under an agreement for exchange  
43 of interest rates by one party to another party as a result of the termination, in whole or  
44 part, of the agreement prior to the expiration of the stated term.

45

(Duties of State Treasurer)

**SECTION 3. (1) The State Treasurer shall issue all bonds.**

**(2) The State Treasurer may issue bonds only if:**

**(a) Unless otherwise expressly authorized by law, a state agency has authorized the issuance of the bonds; and**

**(b) The State Treasurer approves issuance of the bonds.**

**(3) In determining whether to issue bonds, the State Treasurer shall consider:**

**(a) The bond market for the type of bonds proposed for issuance;**

**(b) The terms and conditions of the proposed issue; and**

**(c) Any other relevant factors that the State Treasurer considers necessary to protect the financial integrity of the State of Oregon.**

**(4) The State Treasurer may combine bonds for more than one program into a combined bond issue. The State Treasurer may sell bonds from more than one program in a single sale or in combination with the sale of other bonds if the combination is consistent with the authority under which the bonds are issued.**

**SECTION 4. A state agency, when requested by the State Treasurer, shall provide the State Treasurer with all information that the State Treasurer considers to be necessary to determine whether to approve the issuance of bonds and, after the bonds are issued, to oversee the administration of the bonds, protect the tax-exempt status of bonds that are issued as tax-exempt bonds and monitor:**

**(1) Compliance with federal and state securities laws and applicable bond covenants;**

**(2) The adequacy of assumptions underlying cash flow projections associated with the bonds; and**

**(3) The ability to repay outstanding bonds.**

**SECTION 5. (1) The State Treasurer may charge a state agency for reasonable expenses of the State Treasurer in connection with the services, duties and activities of the State Treasurer related to the bond programs or other obligations, as defined in section 18 of this 2007 Act, of the State of Oregon.**

**(2) The State Treasurer may charge a public body for reasonable expenses of the State Treasurer in connection with:**

**(a) The services, duties and activities of the State Treasurer related to the bond programs or other obligations, as defined in section 51 of this 2007 Act, of the public body; or**

**(b) Providing assistance to the Oregon Municipal Debt Advisory Commission.**

**(3) The reasonable expenses of the State Treasurer may include, but are not limited to, costs of performing fiscal or paying agent or other administrative services related to bonds that the state agency is authorized to issue or the costs of any agreement entered into by the State Treasurer with others to provide the services to the State Treasurer.**

**(4) The State Treasurer shall deposit all moneys received under this section in the Miscellaneous Receipts Account established under ORS 286.025.**

**(5) The State Treasurer shall adopt rules to implement the provisions of this section, including but not limited to rules identifying the services, duties and activities for which charges are to apply.**

**(6) A state agency or other public body shall pay to the State Treasurer all fees and other amounts charged under this section or under rules adopted pursuant to this section.**

**SECTION 6.** ORS 286.025 is amended to read:

286.025. All moneys received by the State Treasurer under [ORS 286.020] section 5 of this 2007 Act shall be deposited in the Miscellaneous Receipts Account established in the General Fund for the State Treasurer. [The State Treasurer may draw warrants in payment of vouchers and drawn against the account in payment of costs of the State Treasurer or of costs of the financial institution appointed registrar as provided for in ORS 286.010 for printing, postage, postal insurance, and for all other expenses connected with the registration, reregistration or conversion to bearer form of bonds of the State of Oregon.] Moneys received under section 5 of this 2007 Act are continuously appropriated to the State Treasurer for the payment of any costs of the State Treasurer in the direct provision of fiscal or paying agent or other administrative services or through an agreement to provide fiscal or paying agent or other administrative services.

(Authority for Borrowing)

**SECTION 7.** (1) The State Treasurer may, at the request of any state agency:

(a) Issue bonds when any law of the State of Oregon specifically authorizes bonds to be issued; and

(b) Issue bonds to refund previously issued bonds.

(2) In consultation with the state agency responsible for authorizing issuance of the bonds and administering the bond proceeds, the State Treasurer may:

(a) Sell bonds at a public, competitive sale, in a private negotiated sale or in any other manner determined by the State Treasurer;

(b) Issue bonds the interest of which is exempt from federal income taxes or is not exempt from federal income taxes;

(c) Establish the maturity dates, principal amounts, redemption provisions, optional or mandatory tender provisions, interest rates or method for determining a variable or adjustable interest rate, denominations and other terms and conditions of the bonds;

(d) Determine the form and content of any bond, offering or disclosure document;

(e) Structure, market and issue bonds in the manner that the State Treasurer determines is in the best interest of the people of the State of Oregon; and

(f) Invest moneys derived from the sale of bonds and moneys held by the State of Oregon to secure or pay the debt service on bonds without regard to the fund or account to which the moneys are credited under other provisions of law. Moneys described in this paragraph may be invested and accounted for separately, pooled with other moneys derived from the sale of bonds, held to secure or pay bonds or to be pooled with any other moneys invested by the State Treasurer. The State Treasurer may:

(A) Establish funds and accounts separate and distinct from the General Fund in order to invest the bond proceeds as provided in ORS 293.701 to 293.820, and to arrange for redemption of the bonds; and

(B) Segregate or pool funds in order to promote financial and administrative efficiency and prudence in the management of bond proceeds, debt service funds and other moneys and in the administration of bond programs.

(3)(a) Subject to the approval of the State Treasurer, moneys described in subsection (2)(f) of this section may be held by a trustee under a trust agreement, indenture, bond declaration or similar instrument and may be invested by the trustee at the direction of the

1 state agency for which the moneys are held by the trustee, including but not limited to in-  
 2 vesting in the Short Term Borrowing Account established under ORS 293.175.

3 (b) At the option of the state agency for which moneys are being held by the trustee,  
 4 interest earned on any investment held by the trustee shall be:

5 (A) Credited to accounts held by the trustee;

6 (B) Applied to pay debt service on the bonds; or

7 (C) Otherwise used for any other lawful purpose for which the state agency may spend  
 8 moneys.

9 (4)(a) The State Treasurer or a state agency may:

10 (A) Execute and deliver bond purchase agreements, indentures, trust agreements, auc-  
 11 tion agent agreements, broker dealer agreements, tender agent agreements, bond declara-  
 12 tions or similar instruments and any other contracts related to the sale, issuance, security  
 13 for or administration of the bonds;

14 (B) Enter into agreements with bond trustees and deposit funds with trustees for the  
 15 benefit of bond owners and the providers of credit enhancement devices for bonds; and

16 (C) Enter into covenants for the benefit of bond owners or the providers of credit en-  
 17 hancement devices for bonds.

18 (b) The State Treasurer may delegate any action described in paragraph (a) of this sub-  
 19 section to the state agency for whose benefit the indenture, agreement, contract or covenant  
 20 is executed.

21 (5) The covenants authorized by subsection (4)(a)(C) of this section:

22 (a) May include, but are not limited to, covenants regarding the issuance of additional  
 23 bonds, the imposition and collection of revenues that secure the bonds, and the priority of  
 24 payment of bonds; and

25 (b) Are intended to:

26 (A) Improve the security of bond owners or providers of credit enhancement devices; or

27 (B) Maintain the tax exempt status of interest payable on bonds or credit enhancement  
 28 devices.

29 (6) In consultation with the state agency responsible for authorizing issuance of the  
 30 bonds under section 3 of this 2007 Act and administering the bond proceeds, the State  
 31 Treasurer may establish a debt service reserve for the purpose of paying when due all  
 32 amounts owing on the bonds for which the debt service reserve is established. The debt  
 33 service reserve may be funded out of the proceeds derived from the issuance and sale of the  
 34 bonds for which the debt service reserve is being established or from other lawfully available  
 35 revenues.

36 **SECTION 8.** The State Treasurer may issue bonds to provide temporary or short-term  
 37 financing for long-term bonds that are authorized by law if the State Treasurer determines  
 38 that it is desirable to obtain temporary or short-term financing. If bonds are issued to pro-  
 39 vide temporary or short-term financing, the State Treasurer or a state agency may pledge  
 40 or otherwise secure the bonds issued under this section with lawfully available revenues,  
 41 contract rights or other assets that may be used to secure the long-term bonds.

42 **SECTION 9.** (1) With the approval of the State Treasurer, a state agency responsible for  
 43 administering bond proceeds may with respect to those bonds enter into a credit enhance-  
 44 ment device agreement in order to provide liquidity or security for the bonds. The credit  
 45 enhancement device shall be secured solely from the same sources of funds that the State

1 of Oregon may legally commit to secure payment of the bonds.

2 (2) With the approval of the State Treasurer, a state agency responsible for administer-  
 3 ing bond proceeds may obtain a credit enhancement device providing additional security for  
 4 the payment of all or any portion of the amounts owing under the bonds or for the purpose  
 5 of funding, in lieu of cash, all or a portion of any debt service reserve established with re-  
 6 spect to the bonds. The State Treasurer, after consultation with the state agency, may  
 7 pledge as security for the obligations of the State of Oregon arising under or with respect  
 8 to a credit enhancement device all or a portion of revenues pledged to the payment of the  
 9 related bonds or from which the related bonds are payable. The obligations arising under or  
 10 with respect to a credit enhancement device shall be payable from the same lawfully avail-  
 11 able revenues from which the related bonds are payable, unless the State Treasurer, or the  
 12 state agency with the approval of the State Treasurer, further limits the revenues from  
 13 which credit enhancement devices or credit enhancement device fees are payable.

14 (3) The State Treasurer may:

15 (a) Take any action a state agency is authorized to take under subsection (1) or (2) of this  
 16 section.

17 (b) Issue a bond to the provider of a credit enhancement device to secure the obligations  
 18 of the State of Oregon to pay amounts due to the provider.

19  
 20 (Bond Budget Authorization)

21  
 22 **SECTION 10.** (1) Each state agency for which the State Treasurer is authorized to issue  
 23 bonds shall report the plans of the agency for the issuance of bonds during the next  
 24 biennium. Each agency shall submit the agency's report to the Governor by a date deter-  
 25 mined by the Governor. The agency shall include in the report a description of any bonds  
 26 that the agency intends to retire or defease during the next biennium.

27 (2) On or before a date determined by the Governor, the State Treasurer shall advise the  
 28 Governor on the amount of bonds to be issued for each bond program. The State Treasurer  
 29 shall consider available economic and financial data in preparing advice to be given to the  
 30 Governor.

31 (3) As part of the Governor's budget report described in ORS 291.216, the Governor shall:

32 (a) Recommend to the Legislative Assembly the total amount of bonds the State Treas-  
 33 urer may issue for each bond program for a biennium; and

34 (b) Include the amounts advised by the State Treasurer pursuant to subsection (2) of this  
 35 section.

36 (4) The Legislative Assembly shall determine the total amount of bonds the State  
 37 Treasurer may issue for each bond program for a biennium. If the Legislative Assembly fails  
 38 to make the determination described in this subsection by the first day of the biennium, the  
 39 authorization the Legislative Assembly made for the preceding biennium shall be deemed to  
 40 authorize bonds for the current biennium at the amount authorized for the preceding  
 41 biennium until the earlier of:

42 (a) The date on which legislation authorizing the total amount of bonds for the current  
 43 biennium is enacted; or

44 (b) The date on which the Legislative Assembly adjourns sine die.

45 (5)(a) This section applies to:

- 1 (A) General obligation bonds;
- 2 (B) Revenue bonds;
- 3 (C) Conduit revenue bonds;
- 4 (D) Appropriation credits; and
- 5 (E) Except as provided in paragraph (b) of this subsection, all other bonds.
- 6 (b) This section does not apply to refunding bonds.

7  
8 (Agreements for Exchange of Interest Rates)

9  
10 **SECTION 11.** (1) A state agency with the approval of the State Treasurer, or the State  
11 Treasurer on behalf of a state agency, may enter into an agreement for exchange of interest  
12 rates with a counterparty. An agreement may be made to manage payment, interest rate,  
13 spread or similar exposure undertaken in connection with a related bond upon a finding by  
14 the state agency, or by the State Treasurer on behalf of a state agency, that the agreement  
15 benefits the State of Oregon.

16 (2) To the extent the treatment is consistent with constitutional authority, upon entering  
17 into an agreement for exchange of interest rates under this section and continuing until the  
18 agreement is satisfied, terminated or otherwise no longer in effect, provided a payment de-  
19 fault has not occurred, the state agency, or the State Treasurer acting on behalf of the state  
20 agency, may treat the amount or rate of interest on the related bond as the amount or rate  
21 of interest payable after giving effect to the agreement for the purpose of calculating:

- 22 (a) Taxes imposed to pay regularly scheduled bond debt service; and
- 23 (b) Other amounts that are based on the rate of interest of the bond.

24 (3) Subject to covenants applicable to a related bond and the limitations of this section,  
25 payments required under an agreement for the exchange of interest rates by the state  
26 agency, or the State Treasurer on behalf of the state agency, may:

- 27 (a) Be treated as interest payments on the related bond;
- 28 (b) Be made from revenues or other moneys contributed to pay or lawfully available to  
29 pay the related bond; and

30 (c) Rank in an order of priority of payment relative to the payment of the related bond  
31 as the state agency, or the State Treasurer on behalf of the state agency, determines.

32 (4) In connection with entering into an agreement under this section, a state agency, or  
33 the State Treasurer acting on behalf of a state agency, may enter into an agreement that  
34 enhances or supports the credit of the State of Oregon in the agreement or enhances or  
35 supports the liquidity of the agreement.

36 (5) An agreement entered into under this section:

37 (a) Is not a debt or other obligation of the State of Oregon for purposes of any limitation  
38 upon the indebtedness of the State of Oregon; and

39 (b) Is subject only to the limitations of this section and is not subject to any limitation  
40 applicable to the related bond.

41 (6) With the approval of the State Treasurer, a state agency responsible for administer-  
42 ing bond proceeds may use moneys derived from the issuance and sale of bonds to pay ter-  
43 mination payments due under any agreement entered into under this section.

44 (7) The State Treasurer may adopt rules:

- 45 (a) Establishing required terms, conditions, annual or periodic reporting requirements

1 and other requirements for an agreement for exchange of interest rates entered into by the  
 2 State of Oregon.

3 (b) Requiring the following to meet specific credit rating standards or other conditions:

4 (A) A party to an agreement.

5 (B) The guarantor of the party.

6 (C) The collateral securing the obligation of the party or the guarantor of the party.

7 (c) To protect the interests of the State of Oregon, if the State Treasurer determines  
 8 that conditions and restrictions are necessary or appropriate to protect those interests.

9  
 10 (Tax Anticipation Notes)

11  
 12 **SECTION 12.** (1) The State Treasurer may issue notes to finance all or a portion of the  
 13 current expenses of this state. The amount of notes issued under this section at any time  
 14 may not exceed the State Treasurer's estimate of the cash flow deficit in revenues available  
 15 to pay the expenses that are financed with the notes, plus amounts for reasonable reserves  
 16 and costs.

17 (2) To estimate the amount of cash flow deficit, the State Treasurer shall take into ac-  
 18 count the most recent cash flow forecast made by the Oregon Department of Administrative  
 19 Services and any other information the State Treasurer determines is reliable and relevant.

20 (3) When the State Treasurer issues notes under this section:

21 (a) The Oregon Department of Administrative Services shall account for and administer  
 22 the proceeds of the notes and the repayment of the notes. The State Treasurer, in consul-  
 23 tation with the Oregon Department of Administrative Services, shall determine the appro-  
 24 priate investment strategy for the proceeds of the notes. The State Treasurer shall notify  
 25 the Director of the Oregon Department of Administrative Services, the Legislative Fiscal  
 26 Officer and the Legislative Revenue Officer before issuing notes under this section.

27 (b) The State Treasurer may pledge all or any portion of revenue to pay notes issued  
 28 under this section. The State Treasurer may pledge the full faith and credit of the State of  
 29 Oregon to pay notes issued under this section if the notes are payable from the Short Term  
 30 Borrowing Account established under ORS 293.175 and if the notes mature not later than the  
 31 end of the biennium in which the notes are issued.

32 (c) A state agency may use the proceeds of notes issued under this section:

33 (A) For any purpose for which the revenues that are pledged to pay the notes may be  
 34 used;

35 (B) To pay principal, interest and any premium on the notes, and any rebate or penalty  
 36 due to the United States in connection with the notes;

37 (C) To pay the cost of credit enhancement devices with respect to the notes; or

38 (D) To pay the cost to the State Treasurer and the Oregon Department of Administrative  
 39 Services of issuing, administering or maintaining the notes, including but not limited to the  
 40 cost of a consultant or adviser retained by the State Treasurer or the Oregon Department  
 41 of Administrative Services.

42 (d) The State Treasurer may determine maturity dates, principal amounts, redemption  
 43 provisions, interest rates or methods for determining variable or adjustable interest rates,  
 44 denominations and any other term or condition of the notes.

45 (e) Proceeds of notes issued under this section may be used only to pay current expenses

1 for which the Legislative Assembly has made appropriations, to pay the costs of issuing the  
 2 notes and to fund reserves. The appropriations to pay those expenses authorize the expend-  
 3 iture of state funds to pay the notes and authorize the expenditure of note proceeds to pay  
 4 the current expenses for which the Legislative Assembly has made appropriations.

5 (4) This section constitutes complete and independent authority for the State Treasurer  
 6 to issue notes described in this section.

7 (5) The requirements and limitations that apply to certificates of indebtedness issued  
 8 under ORS 293.165 do not apply to notes issued by the State Treasurer under this section.

9 (6) This section and ORS 293.175 constitute complete authorization by the Legislative  
 10 Assembly for the use and expenditure of the proceeds of the notes and the revenues pledged  
 11 to pay those notes for the purposes described in subsection (3)(c) of this section. No addi-  
 12 tional appropriation or authorization is necessary. The authorization contained in this sec-  
 13 tion and ORS 293.175 to spend moneys for the purposes described in subsection (3)(c) of this  
 14 section does not constitute an appropriation for purposes of ORS 291.357. The proceeds of  
 15 notes issued by the State Treasurer under this section do not constitute revenues received  
 16 by the General Fund for purposes of section 14, Article IX of the Oregon Constitution, and  
 17 ORS 291.349.

18 **SECTION 13.** ORS 293.175 and 293.177 are added to and made a part of ORS chapter 286.

19 **SECTION 14.** ORS 293.175 is amended to read:

20 293.175. (1) The Short Term Borrowing Account is created in the General Fund.

21 (2) The State Treasurer shall credit the proceeds of [*obligations*] **notes** issued by the State  
 22 Treasurer under [*ORS 288.165*] **section 12 of this 2007 Act** to the Short Term Borrowing Account.  
 23 The State Treasurer shall, in addition, transfer to the Short Term Borrowing Account any amounts  
 24 that are pledged to pay [*obligations*] **notes** issued by the State Treasurer under [*ORS 288.165*] **sec-**  
 25 **tion 12 of this 2007 Act** and that are required to pay those [*obligations*] **notes**.

26 (3) Amounts in the Short Term Borrowing Account are continuously appropriated **to the re-**  
 27 **spective state agencies for which the revenues that are pledged to pay the notes were ap-**  
 28 **propriated**, for the purposes described in [*ORS 293.173 (3)(c)*] **section 12 (3)(c) of this 2007 Act.**  
 29 **Amounts appropriated under this subsection may not be taken into account in preparing**  
 30 **budget estimates, plans or reports required to be prepared under ORS 291.201 to 291.222.**

31 [*(4) This section and ORS 293.173 constitute complete authorization by the Legislative Assembly*  
 32 *for the use and expenditure of the proceeds of the obligations and the taxes and revenues pledged to*  
 33 *pay those obligations for the purposes described in ORS 293.173 (3)(c). No additional appropriation or*  
 34 *authorization is necessary. The authorization contained in this section and ORS 293.173 to spend*  
 35 *moneys for the purposes described in ORS 293.173 (3)(c) does not constitute an appropriation for pur-*  
 36 *poses of ORS 291.357. The proceeds of obligations issued by the State Treasurer under ORS 288.165*  
 37 *do not constitute revenues received by the General Fund for purposes of section 14, Article IX of the*  
 38 *Oregon Constitution, and ORS 291.349.]*

39 **SECTION 15.** ORS 293.177 is amended to read:

40 293.177. Within 90 days following the end of a biennium, the State Treasurer shall report in  
 41 writing to the Legislative Fiscal Officer and the Legislative Revenue Officer on the amount of [*ob-*  
 42 *ligations*] **notes** issued by the State Treasurer under [*ORS 288.165*] **section 12 of this 2007 Act**, the  
 43 amount spent in repayment of those [*obligations*] **notes**, the issuance costs and interest costs of  
 44 those [*obligations*] **notes** and the interest revenues earned by the proceeds of those [*obligations*]  
 45 **notes**.

(Debt Limitations)

**SECTION 16.** When calculating compliance with a constitutional or statutory debt limit:

(1) If the debt limit is measured as a percentage of the true cash value of property, the true cash value of the property is equal to the real market value of property subject to ad valorem property taxation, as real market value is defined in section 11b (2)(a), Article XI of the Oregon Constitution, as further modified by section 11 (11), Article XI of the Oregon Constitution;

(2) The amount of interest to be paid on bonds, whether paid currently or deferred, may not be taken into account;

(3) Only the accreted value of a zero coupon or other original discount bond on which periodic interest payments are not made, on the date the bond is issued, shall be taken into account; and

(4) If a bond is issued to a provider of credit enhancement for an obligation that is subject to a debt limit, the bond shall be taken into account only to the extent to which the amount of the bond issued to the provider of credit enhancement exceeds the amount of the obligations that the credit enhancement device secures.

(Bond Issuance Requirements)

**SECTION 17.** (1) The State Treasurer may adopt rules providing for the procedural or administrative requirements for the issuance of bonds.

(2) The State Treasurer or the designee of the State Treasurer shall sign all issued bonds or related bond documents by manual or facsimile signature.

(Payment of Bonds: Pledges,  
Liens and Collateral)

**SECTION 18.** As used in sections 18 to 20 of this 2007 Act:

(1) "Obligation" means:

(a) A bond, a lease purchase or installment purchase obligation of the State of Oregon, or any other contractual undertaking of the State of Oregon, however denominated, to pay the purchase price of property acquired by the State of Oregon;

(b) An agreement for exchange of interest rates; or

(c) A credit enhancement device given as additional security for an instrument described in paragraph (a) of this subsection or for an intergovernmental agreement entered into under ORS chapter 190.

(2) "Operative document" means a declaration, trust indenture, security agreement or other document in which the State of Oregon pledges property as security for an obligation.

(3) "Pledge" means to create a security interest in or a lien on property to secure payment or performance of an obligation, by mortgaging, assigning or encumbering property or by creating a security interest in property by any other manner.

(4) "Pledgee" means:

(a) A trustee for the holder of an obligation; or

(b) The holder of an obligation if a trustee was not appointed in the operative document

1 or if the operative document authorizes the holder of an obligation to foreclose the lien of  
 2 a pledge and enforce the remedies consequent to the pledge in lieu of the trustee.

3 (5) "Property" means:

4 (a) Real or personal property, tangible or intangible, whether owned when the pledge is  
 5 made or acquired subsequently to the time the pledge is made; and

6 (b) Revenues, contract rights, receivables or securities.

7 (6) "Related property" means any tangible personal or real property comprising a part  
 8 of a system such as an electric, water, sewer or other public utility system of which the fi-  
 9 nanced property is a part, and also includes any tangible personal or real property that is  
 10 functionally related to or used in connection with the property financed.

11 **SECTION 19.** (1) The Uniform Commercial Code does not apply to the creation, per-  
 12 fection, priority or enforcement of a lien of a pledge made by a state agency or the State  
 13 Treasurer.

14 (2) When authorized by law to issue obligations, a state agency that authorizes the is-  
 15 suance of obligations or the State Treasurer may pledge all or a portion of the property of  
 16 the State of Oregon as security for payment of the obligations and for performance of a  
 17 covenant or agreement entered into in relation to the issuance of the obligations.

18 (3) Notwithstanding subsection (2) of this section, if the authorizing law authorizes the  
 19 issuance of an obligation that is secured by only specifically identified property, a state  
 20 agency or the State Treasurer may pledge only the specifically identified property.

21 (4) The lien created by a pledge described in subsection (2) or (3) of this section is valid  
 22 and binding from the time the pledge is made. Pledged property is subject immediately to the  
 23 lien of the pledge without physical delivery, filing or any other act.

24 (5) Except as otherwise expressly provided in an operative document, the lien of the  
 25 pledge is superior to and has priority over all other claims and liens of any kind.

26 (6) When property subject to a pledge is acquired by the State of Oregon after the pledge  
 27 is made:

28 (a) The property is subject to the lien upon acquisition by the State of Oregon without  
 29 physical delivery, filing or any other act; and

30 (b) The lien relates back to the time the pledge was originally made.

31 (7)(a) The State Treasurer, or the state agency that authorized issuance of the bonds  
 32 with the approval of the State Treasurer, may reserve the right to pledge a pledged property  
 33 as security for an obligation subsequently issued by the State Treasurer.

34 (b) If the State Treasurer or state agency reserves the right described in paragraph (a)  
 35 of this subsection, subject to the terms of the operative document that created the previous  
 36 pledge, the lien of the subsequent pledge may be on a parity or pari passu basis with the lien  
 37 of the previous pledge, on a prior and superior basis with the lien of the previous pledge or  
 38 on a subordinate basis with the lien of the previous pledge, as specified in the operative  
 39 document creating the subsequent pledge. The lien of the subsequent pledge:

40 (A) Has the priority specified in the operative document creating the subsequent pledge;  
 41 and

42 (B) Is superior to and has priority over other claims and liens of any kind except the lien  
 43 of a pledge with which the lien of the subsequent pledge is on a parity or subordinate basis,  
 44 as specified in the operative document.

45 (8) Except as provided in subsection (9) of this section, a pledgee may commence an

1 action in a court of competent jurisdiction to foreclose the lien of the pledge and exercise  
 2 rights and remedies available to the pledgee under the operative document.

3 (9) When pledged property consists of moneys or property that is in a fund for debt ser-  
 4 vice reserves or payments, a pledgee may foreclose the lien of the pledge by applying the  
 5 moneys or property in the fund to the payment of obligations subject to the terms, condi-  
 6 tions and limitations in the operative document.

7 (10) Any initiative or referendum measure approved by the electors of the State of  
 8 Oregon that purports to change statutory provisions affecting rates, fees, tolls, rentals or  
 9 other charges may not be given any force or effect if to do so would impair existing  
 10 covenants made with holders of existing obligations regarding the imposition, levy or col-  
 11 lection of the rates, fees, tolls, rentals or other charges pledged to secure outstanding obli-  
 12 gations.

13 (11) The State Treasurer, or a state agency that has the approval of the State Treasurer,  
 14 may enter into rate covenants. Rate covenants authorized by this subsection may obligate  
 15 a state agency or the State Treasurer to periodically set the rates and charges:

16 (a) That generate pledged revenues at specific levels including, but not limited to, a spe-  
 17 cific monetary charge for each unit of commodity or service provided or a schedule of rates  
 18 and charges that includes fixed and variable components;

19 (b) At levels sufficient to maintain underlying credit ratings assigned to obligations by  
 20 one or more nationally recognized credit rating services without regard to any improvement  
 21 in credit ratings due to the provision of additional security for the obligations by a credit  
 22 enhancement device;

23 (c) That generate pledged revenues each year in amounts at least equal to operations and  
 24 maintenance expenses of the state agency that produces the pledged revenues, plus debt  
 25 service on obligations, plus an additional amount that is reasonably required to obtain fa-  
 26 vorable terms for the obligations; or

27 (d) In accordance with a formula established in the operative document governing obli-  
 28 gations. The formula may provide for rates to be determined by reference to factors includ-  
 29 ing, but not limited to:

30 (A) Historical operating expenses;

31 (B) Projected future operating expenses;

32 (C) The funding of depreciation;

33 (D) The costs of capital improvements;

34 (E) The costs of complying with contractual requirements and covenants;

35 (F) The costs of complying with regulatory requirements;

36 (G) Reports of independent consultants regarding the required level of pledged revenues;

37 (H) Debt service on the obligations; and

38 (I) The funds needed to establish or maintain reserves required by law or contract and  
 39 the funds needed to maintain an unencumbered carryforward fund balance or working capital  
 40 to meet unanticipated expenses or fluctuations in revenues that may arise.

41 (12) A rate covenant authorized by this section is a contract that binds the State of  
 42 Oregon and is enforceable against the State of Oregon in accordance with the terms of the  
 43 rate covenant.

44  
 45 (Credit Enhancement)



1 interest rates, a credit enhancement device or a similar document necessary or desirable to  
2 sell bonds;

3 (e) Advising a state agency or the State Treasurer concerning the maintenance of the  
4 tax status of specific bonds, compliance with any requirements for representations or dis-  
5 closures relating to the bonds, compliance with any documents executed as part of the is-  
6 suance of the bonds and federal laws related to bond programs that may be available to a  
7 state agency;

8 (f) Advising a state agency or the State Treasurer concerning accounting, investment or  
9 administrative procedures recommended or required for compliance with federal or state  
10 securities, tax or rebate requirements relating to bonds that were issued for the agency or  
11 that the agency expects to issue; and

12 (g) Advising and assisting a state agency or the State Treasurer in responding to an in-  
13 quiry received from or an audit by a federal or state regulatory body concerning:

14 (A) The tax status of interest paid on the bonds;

15 (B) The marketing of the bonds;

16 (C) Requirements of federal law related to the use of bond proceeds or the program for  
17 which the bonds were issued; or

18 (D) Other matters within the jurisdiction of the federal or state regulatory body relating  
19 to outstanding bonds that were issued by the agency.

20 (4) The state agency authorized to use bond proceeds shall pay the expenses incurred in  
21 providing the services provided under a bond counsel agreement and may use bond proceeds  
22 to pay those expenses.

23 (5) The Public Contracting Code does not apply to a bond counsel agreement entered into  
24 under this section.

25 **SECTION 22.** (1) The State Treasurer may, or a state agency authorized to use bond  
26 proceeds may, with the approval of the State Treasurer, enter into an agreement with and  
27 retain the services of one or more:

28 (a) Providers of financial advisory services, investment advisory services or advisory  
29 services related to agreements for exchange of interest rates;

30 (b) Underwriters;

31 (c) Providers of banking services;

32 (d) Tender agents or providers of auction agent services;

33 (e) Escrow agents;

34 (f) Providers of fiscal or paying agent services;

35 (g) Collateral custodians;

36 (h) Bond trustees;

37 (i) Providers of investment contracts; or

38 (j) Other bond-related or credit enhancement device-related agents or service profes-  
39 sionals, or other persons with relevant expertise to assist the State Treasurer or the state  
40 agency in the performance of the duties of the State Treasurer or the state agency under  
41 this chapter.

42 (2) An agreement described in this section that is entered into by a state agency must  
43 be approved by the State Treasurer.

44 (3) When considering whether to enter into or approve an agreement with a provider of  
45 financial advisory services, before approving the agreement, the State Treasurer shall con-

1 sider:

2 (a) The reputation, experience and credentials of the adviser, including the individuals  
3 expected to actually fulfill the contract work; and

4 (b) The willingness of the adviser to consider the impact of the agency's bond program  
5 on overall state resources, levels of outstanding bonds, and statewide bond issuance proce-  
6 dures and policies.

7 (4) An agreement entered into under this section may:

8 (a) Provide for the powers, duties, functions, compensation or limitation of liability of the  
9 agent or other party to the agreement; and

10 (b) Prescribe methods for resignation, removal, merger or consolidation of agents or  
11 other parties to the agreement, appointment of a successor or transfer of right and proper-  
12 ties to a successor.

13 (5) The state agency authorized to use bond proceeds shall pay the expenses incurred in  
14 providing the services described in this section.

15 (6) The Public Contracting Code does not apply to an agreement entered into under this  
16 section.

17 (7) When the Oregon Constitution or a law of this state authorizes bond proceeds to be  
18 spent for a particular purpose, the authorization also includes authorization to spend bond  
19 proceeds for bond counsel, attorney, consultant, fiscal or paying agent, trustee or other  
20 professional fees and other expenses incurred to authorize, issue, administer and repay the  
21 bonds, including fees payable to the State Treasurer.

22  
23 (State Taxation of Bond Interest)

24  
25 SECTION 23. Interest on all bonds of the State of Oregon is exempt from personal in-  
26 come tax under ORS chapter 316.

27  
28 (Federal Taxation of Bond Interest)

29  
30 SECTION 24. The State Treasurer and a state agency for which the State Treasurer is-  
31 sues bonds may enter into covenants for the benefit of owners of bonds that are intended  
32 to allow the bonds to bear interest that is excludable from gross income under the federal  
33 Internal Revenue Code or that is otherwise exempt from taxation by the United States. The  
34 State Treasurer or a state agency for which the State Treasurer is authorized to issue bonds  
35 may adopt rules or procedures that are intended to facilitate compliance with those  
36 covenants, and may take any action that is required to comply with those covenants.  
37 Covenants authorized by this section include, but are not limited to, covenants to:

38 (1) Pay any rebates of earnings or penalties to the United States;

39 (2) Invest proceeds at rates that are below current market rates; or

40 (3) Restrict the operation of, or otherwise limit the use of, facilities that are financed  
41 with bonds.

42  
43 (Remitting Funds)

44  
45 SECTION 25. (1) The State Treasurer shall adopt rules, or establish by contract or policy,

1 **procedures and requirements for the cancellation or redemption of bonds, the remittance of**  
 2 **funds to pay bonds, or the replacement of lost or destroyed evidence of bonds or interest**  
 3 **coupons.**

4 **(2)(a) In the case of the replacement of lost or destroyed evidence of bonds or coupons,**  
 5 **or payment in lieu of replacement, the State Treasurer may require indemnity, deposit or**  
 6 **other form of assurance or proof of ownership to ensure against conflicting, duplicative or**  
 7 **fraudulent claims. The State Treasurer may charge a fee to the person seeking replacement**  
 8 **or payment in lieu of replacement under this section, in an amount sufficient to reimburse**  
 9 **the State Treasurer for costs incurred in providing replacement or payment under this sub-**  
 10 **section.**

11 **(b) In the case of a determination by the State Treasurer to not replace or make payment**  
 12 **with respect to a lost or destroyed bond or coupon, the person seeking replacement or pay-**  
 13 **ment under this subsection may appeal the determination as a review of an order other than**  
 14 **a contested case under ORS 183.484.**

15  
 16 **(Public Records)**

17  
 18 **SECTION 26. The records of bond ownership are not public records for purposes of ORS**  
 19 **192.410 to 192.505 or other law governing the disclosure of information.**

20  
 21 **(Secretary of State Audits)**

22  
 23 **SECTION 27. (1) The Secretary of State shall conduct a financial audit of the bond pro-**  
 24 **grams of each state agency at least annually. The Secretary of State shall publish the audit**  
 25 **as soon as possible following the end of the audit period.**

26 **(2) The Oregon Department of Administrative Services may, on an annual basis, exempt**  
 27 **a bond program from the requirements of subsection (1) of this section.**

28  
 29 **(State Debt Policy Advisory Commission)**

30  
 31 **SECTION 28. ORS 286.555 is amended to read:**

32 **286.555. (1) The State Debt Policy Advisory Commission shall advise the Governor and the**  
 33 **Legislative Assembly regarding policies and actions that enhance and preserve the state's credit**  
 34 **rating and maintain the future availability of low-cost capital financing. In carrying out this func-**  
 35 **tion, the commission shall periodically prepare a report showing the consolidated bond profile**  
 36 **of this state. The report shall include:**

37 **(a) The total amount of outstanding bonds for the most recently concluded fiscal year.**

38 **[(1) Develop] (b) A six-year forecast of [debt] the state's borrowing capacity targets by [debt]**  
 39 **bond type and repayment source based on the policies and actions established under this section.**

40 **[(2) Convert debt] (c) A calculation of the state's net available capacity at the borrowing**  
 41 **capacity targets to net available capacity estimates by reflecting amounts of capacity currently is-**  
 42 **ssued, the planned issuance of prior authorized [debt] bonds and [estimates of debt] borrowing re-**  
 43 **payment.**

44 **[(3)] (2) The commission shall at least annually report the findings described in this**  
 45 **section, including net [debt] state borrowing capacity[,] and recommendations, to the Governor and**

1 to **members of** the Legislative Assembly *[by April 1 of each even-numbered year]*.

2  
3 **(Private Activity Bond Committee)**

4  
5 **SECTION 29.** ORS 286.605 is amended to read:

6 286.605. As used in ORS 286.605 to 286.645:

7 (1) "Issuer" means an entity that may issue private activity bonds that are qualified bonds on  
8 which the interest is exempt from federal taxation.

9 (2) "Private activity bonds" has the meaning given in section 141 of the Internal Revenue Code  
10 *[of 1986]*, **as amended**.

11 **SECTION 30.** ORS 286.615 is amended to read:

12 286.615. (1) The Private Activity Bond Committee is established. It shall consist of one repre-  
13 sentative each from the Oregon Department of Administrative Services and from the State Treasurer  
14 and one public representative appointed to serve at the pleasure of the Governor.

15 (2) The *[representative from the department]* **State Treasurer, or the designee of the State**  
16 **Treasurer**, shall serve as chair of the committee.

17 (3) The purpose of private activity bonding in this state *[shall be]* **is** to maximize the economic  
18 benefits of *[such]* **private activity** bonding to the citizens of this state. *[To this end,]* The committee  
19 shall adopt by rule standards for amounts *[allotted to it]* **allocated to the committee** for further  
20 allocation for economic development, housing, education, redevelopment, public works, energy, waste  
21 management, waste and recycling collection, transportation and other activities *[which]* **that** the  
22 committee determines will benefit the citizens of this state. In developing standards, the committee  
23 shall:

24 (a) Survey the expected need for private activity bond allocations at least once each year;

25 (b) Develop strategies for reserving and allocating the limit *[which]* **that** are designed to maxi-  
26 mize the availability of tax exempt financing among competing sectors of the Oregon economy; and

27 (c) Ensure that *[such]* **the** standards include but are not limited to **standards that**:

28 (A) Support projects that increase the number of family wage jobs in this state.

29 (B) Promote economic recovery in small cities heavily dependent on a single industry.

30 (C) Emphasize development in underdeveloped rural areas of this state.

31 (D) Utilize educational resources available at institutions of higher education.

32 (E) Support development of the state's small businesses, especially businesses owned by women  
33 and members of minority groups.

34 (F) Encourage use of Oregon's human and natural resources in endeavors *[which]* **that** harness  
35 Oregon's economic comparative advantages.

36 *[(G) Limit assistance to projects that assist businesses selling goods and services in markets for*  
37 *which national or international competition exists.]*

38 (4) The state private activity bond *[limit allotted]* **volume cap allocated** to the Private Activity  
39 Bond Committee as provided in *[ORS 286.635]* **section 32 of this 2007 Act** shall be allocated and  
40 reallocated among issuers by the Private Activity Bond Committee as follows:

41 (a) Any amounts not reserved to an issuer or a class of issuers under the *[limitation]* **authori-**  
42 **zation adopted by the Legislative Assembly** under *[ORS 286.525]* **section 10 of this 2007 Act** shall  
43 be allocated or reallocated by the committee under rules adopted under subsection (3) of this sec-  
44 tion.

45 (b) Any amounts provided for in the *[limitation under ORS 286.525]* **authorization adopted by**

1 **the Legislative Assembly under section 10 of this 2007 Act** that are unused shall be carried  
 2 forward for use as provided by rules adopted under subsection (3) of this section.

3 (c) The rules adopted by the committee shall limit the period of time for which an allocation of  
 4 private activity bonding authority is effective. [*Such*] **The rules shall [*insure*] ensure that** allo-  
 5 cations made during a calendar year [*shall be*] **are** used during that calendar year or **that** the un-  
 6 used amount of the allocation [*shall be*] **is** reallocated during that calendar year.

7 (5) Unused allocations [*shall not be*] **are not** transferable among issuers but [*shall be*] **are**  
 8 available for reallocation.

9 **SECTION 31. Section 32 of this 2007 Act is added to and made a part of ORS 286.605 to**  
 10 **286.645.**

11 **SECTION 32. The Legislative Assembly shall allocate the amount of private activity bond**  
 12 **volume cap among state agencies and the Private Activity Bond Committee for the two cal-**  
 13 **endar years that begin in a biennium. Nothing in this section prohibits the Private Activity**  
 14 **Bond Committee from allocating additional volume cap during a biennium.**

15 **SECTION 33. ORS 286.645 is amended to read:**

16 286.645. The [*office of*] State Treasurer shall maintain the official state private activity bond  
 17 limit records and provide administrative support to the Private Activity Bond Committee [*and the*  
 18 *Advisory Council on the Allocation of the State Private Activity Bond Limit*].

19  
 20 (Baccalaureate Bonds)

21  
 22 **SECTION 34. (1) As used in this section:**

23 (a) **“Oregon Baccalaureate Bonds” means bonds of the State of Oregon issued by the**  
 24 **State Treasurer on behalf of the Oregon University System.**

25 (b) **“Post-secondary education” means training and instruction provided by fully accred-**  
 26 **ited public or private institutions of higher learning, community colleges and post-high-**  
 27 **school career schools.**

28 (2) **The Legislative Assembly encourages citizens of the State of Oregon to avail them-**  
 29 **selves of post-secondary education opportunities.**

30 (3) **The Legislative Assembly finds:**

31 (a) **For the benefit of its citizens, the state supports a system of common schools, insti-**  
 32 **tutions of higher education and community colleges.**

33 (b) **A post-secondary education advances a citizen’s ability to pursue life, liberty and**  
 34 **happiness through a wide range of employment opportunities.**

35 (c) **A well-educated citizenry contributes to the economic well-being of the state and na-**  
 36 **tion.**

37 (d) **A well-trained and skilled citizenry enhances economic development of the state.**

38 (e) **While students have just begun their education upon completion of a formal educa-**  
 39 **tion, a lifetime pursuit of learning contributes to a well-informed citizenry and to Oregon’s**  
 40 **cherished quality of life.**

41 (f) **Citizens educated in Oregon are more likely to pursue careers in Oregon.**

42 (g) **It is in the interest of this state to encourage its citizens to plan and save for a**  
 43 **post-secondary education.**

44 (h) **An Oregon Baccalaureate Bond program that provides citizens an opportunity to save**  
 45 **for a post-secondary education for their children, themselves or any citizen is in the social**

1 **and economic self-interest of the State of Oregon.**

2 (i) **A systematic way to save for post-secondary education can assist all of Oregon’s**  
 3 **higher education, community college and career schools to better project enrollments,**  
 4 **thereby permitting the prudent allocation of scarce resources.**

5 (4) **The State Treasurer may:**

6 (a) **Issue bonds at the request of the Oregon University System as Oregon Baccalaureate**  
 7 **Bonds, to encourage investors to save for post-secondary education opportunities.**

8 (b) **Investigate and implement the means and procedures to facilitate the participation**  
 9 **by the broadest practical range of investors in the Oregon Baccalaureate Bond program. The**  
 10 **means and procedures may include, but are not limited to, adjustments in the denominations**  
 11 **in which the bonds are issued and the frequency with which the bonds are issued.**

12 (5) **The purchase of an Oregon Baccalaureate Bond does not guarantee the purchaser,**  
 13 **owner or beneficiary of the bond admittance to any public or private post-secondary insti-**  
 14 **tution.**

15  
 16 **(Lottery Bonds)**  
 17

18 **SECTION 35. (1) ORS 286.560 to 286.580 are added to and made a part of ORS chapter 286.**

19 **(2) ORS 286.585 is added to and made a part of ORS 286.560 to 286.580.**

20 **SECTION 36. ORS 286.560 is amended to read:**

21 286.560. As used in ORS 286.560 to 286.580[,] **and** 327.700 to 327.711 [*and 348.716*], unless the  
 22 context requires otherwise:

23 (1) “Appropriated funds” for a particular fiscal year means any moneys, other than unobligated  
 24 net lottery proceeds, that are specifically appropriated or otherwise specifically made available by  
 25 the Legislative Assembly or the Emergency Board for a fiscal year to replenish reserves established  
 26 as additional security for lottery bonds pursuant to the authority granted in ORS 286.580 (6).

27 (2) “Bond-related costs” means:

28 (a) The costs and expenses of issuing, administering and maintaining lottery bonds and the lot-  
 29 tery bond program, including but not limited to paying or redeeming lottery bonds, paying amounts  
 30 due in connection with credit enhancements or any instruments authorized by ORS 286.580 (6) and  
 31 paying the administrative costs and expenses of the State Treasurer and the Oregon Department of  
 32 Administrative Services, including costs of consultants or advisors retained by the State Treasurer  
 33 or the Oregon Department of Administrative Services for the lottery bonds or the lottery bond  
 34 program;

35 (b) The costs of funding any lottery bond reserves;

36 (c) Capitalized interest for lottery bonds;

37 (d) Rebates or penalties due to the United States in connection with lottery bonds; and

38 (e) Any other costs or expenses that the State Treasurer or the Director of the Oregon De-  
 39 partment of Administrative Services determines are necessary or desirable in connection with issu-  
 40 ing lottery bonds or maintaining the lottery bond program.

41 (3) “Lottery bonds” means:

42 (a) The state park lottery bonds authorized by ORS 390.060 to 390.067, the infrastructure lottery  
 43 bonds authorized by ORS 285B.530 to 285B.548 and the education lottery bonds authorized by ORS  
 44 327.700 to 327.711;

45 (b) Any other bonds payable from the revenues of the Oregon State Lottery unless the legis-

1 lation authorizing those bonds expressly provides that those bonds [*shall*] **may** not be issued under  
 2 ORS 286.560 to 286.580 [*and 348.716*]; and

3 (c) Any refunding lottery bonds.

4 (4) “Lottery Bond Administrative Fund” means the fund created by ORS 286.573.

5 (5) “Lottery Bond Fund” means the fund created by ORS 286.570.

6 (6) “Lottery bond program” means a financing program authorized by:

7 (a) ORS 285B.530 to 285B.548, 327.700 to 327.711 or 390.060 to 390.067; or

8 (b) Any other Act of the Legislative Assembly authorizing the issuance of bonds that are paya-  
 9 ble from the revenues of the Oregon State Lottery, unless the legislation authorizing those bonds  
 10 expressly provides that those bonds [*shall*] **may** not be issued under ORS 286.560 to 286.580 [*and*  
 11 *348.716*].

12 (7) “Refunding lottery bonds” means any bonds issued for the purpose of refunding any lottery  
 13 bonds.

14 (8) “Unobligated net lottery proceeds” means all revenues derived from the operation of the  
 15 Oregon State Lottery except for:

16 (a) The revenues used for the payment of prizes and expenses of the Oregon State Lottery as  
 17 provided in section 4 (4)(d), Article XV of the Oregon Constitution, and ORS 461.500 and 461.510;

18 (b) The revenues required to be applied, distributed or allocated as provided in ORS 461.543; and

19 (c) The revenues required to be allocated to pay the Westside lottery bonds and any bonds is-  
 20 sued to refund the Westside lottery bonds, to fund reserves for any of those bonds and to pay related  
 21 costs of the Department of Transportation.

22 (9) “Westside lottery bonds” means the bonds issued by this state under the authority granted  
 23 in ORS 391.140 that, notwithstanding ORS 267.334, 285B.419, 285B.422, 285B.482, 285B.530 to  
 24 285B.548, 286.560 to 286.580, 327.700 to 327.711, 348.716 and 390.060 to 390.067, shall have a claim  
 25 on lottery funds that is superior to the claim of the lottery bonds authorized by ORS 286.560 to  
 26 286.580 [*and 348.716*].

27 **SECTION 37.** ORS 286.563 is amended to read:

28 286.563. (1) The Legislative Assembly declares that the purpose of ORS 286.560 to 286.580 [*and*  
 29 *348.716*] is to combine previously enacted legislation authorizing lottery bonds into a single Act that  
 30 provides uniform administrative procedures for all lottery bonds issued by the State of Oregon.

31 (2) The lottery bonds issued under ORS 286.560 to 286.580 [*and 348.716*] shall be special obli-  
 32 gations of the State of Oregon that are payable solely from unobligated net lottery proceeds,  
 33 amounts available in the Lottery Bond Fund and in any reserve accounts established for lottery  
 34 bonds under ORS 286.560 to 286.580 [*and 348.716*] and any appropriated funds. The faith and credit  
 35 of the State of Oregon or any of its taxing power shall not be pledged or committed to the payment  
 36 of lottery bonds or any other commitment of the State of Oregon authorized by ORS 286.560 to  
 37 286.580 [*and 348.716*].

38 **SECTION 38.** ORS 286.566 is amended to read:

39 286.566. (1) Any legislation authorizing issuance of lottery bonds under ORS 286.560 to 286.580  
 40 [*and 348.716*] shall:

41 (a) State the purposes for which the proceeds of lottery bonds may be spent;

42 (b) Contain findings that those uses are lawful uses of lottery revenues;

43 (c) Indicate the amount of lottery bonds that may be issued under the legislation;

44 (d) Specify the fund into which the net proceeds of those lottery bonds shall be deposited; and

45 (e) Provide for the payment of the bond-related costs for the lottery bonds.

(2) Unless specifically prohibited by the legislation authorizing lottery bonds:

(a) Any agency or other entity holding net proceeds of lottery bonds shall, upon the written request of the Director of the Oregon Department of Administrative Services, transfer to the Oregon Department of Administrative Services for deposit in the Lottery Bond Administrative Fund the amounts that the director states in the request are reasonably required to pay for bond-related costs that are allocable to those net proceeds.

(b) The agencies or other entities receiving proceeds of lottery bonds shall, if so directed by the Oregon Department of Administrative Services, take any action specified by the Oregon Department of Administrative Services that is necessary to maintain the excludability of lottery bond interest from gross income under the Internal Revenue Code.

**SECTION 39.** ORS 286.580 is amended to read:

286.580. (1) *[In accordance with any applicable provisions of ORS chapters 286 and 288 and ORS 286.560 to 286.580 and 348.716,]* The State Treasurer, with the concurrence of the Director of the Oregon Department of Administrative Services, may issue lottery bonds from time to time to finance any lottery bond program and to pay costs of issuing lottery bonds and administering the lottery bond program, and the State Treasury may be paid for all bond-related costs the State Treasury incurs.

(2) Lottery bond proceeds and unobligated net lottery proceeds may be used to pay bond-related costs.

(3) In addition to lottery bonds for any lottery bond program, the State Treasurer may, at the request of the affected agency or the Oregon Department of Administrative Services, issue one or more series of refunding lottery bonds. The refunding lottery bonds shall be structured so that the amount required to pay those bonds in each year does not exceed the amount of unobligated net lottery proceeds that could have been committed to pay the lottery bonds that are refunded. Refunding lottery bonds shall be issued in such amount as the State Treasurer determines is necessary or appropriate in order to:

(a) Pay or defease the principal of and the interest and redemption premium, if any, on the bonds to be refunded; and

(b) Pay any bond-related costs related to the refunding lottery bonds.

(4) All lottery bonds issued under this section shall be payable from:

(a) The amount pledged for payment under subsection (7) of this section; and

(b) Any appropriated funds.

(5) The lottery bonds shall not be general obligations of this state and shall not be secured by or payable from any funds or assets of this state other than the amounts pledged for payment or security and any appropriated funds. The Legislative Assembly shall not be under any legal compulsion or obligation to provide any appropriated funds and shall not be liable to any party for any failure to provide appropriated funds. All lottery bonds issued under ORS 286.560 to 286.580 *[and 348.716]* shall contain a statement that this state is not obligated to pay lottery bond principal, interest or premium thereon from any source other than the amounts pledged for payment and any appropriated funds, and that the full faith and credit or the taxing power of the State of Oregon are not pledged to the payment of lottery bond principal, interest or premium.

(6) The State Treasurer may establish reserves for lottery bonds. The reserves may be in the form of cash, investments, surety bonds, municipal bond insurance, lines of credit, letters of credit or other similar instruments. The State Treasurer, on behalf of the State of Oregon, may covenant to maintain the reserves at particular levels, but solely from the amounts that may be pledged to

1 pay lottery bonds under subsection (7) of this section. If the reserves are drawn down below the  
2 level that this state has covenanted to maintain, the Director of the Oregon Department of Admin-  
3 istrative Services shall promptly certify to the Legislative Assembly or, if the Legislative Assembly  
4 is not then in session, to the Emergency Board, the amount needed to restore the reserves to their  
5 required level. The Legislative Assembly or the Emergency Board may provide appropriated funds  
6 in the amount certified by the Director of the Oregon Department of Administrative Services. Any  
7 appropriated funds so provided shall be used immediately to restore the balance in the reserves es-  
8 tablished for the lottery bonds. The State of Oregon may enter into covenants with the owners of  
9 the lottery bonds that specify the timing and content of the director's certification. By enacting this  
10 subsection, the Legislative Assembly acknowledges its current intention to provide appropriated  
11 funds in the amount certified by the director under this subsection. However, the Legislative As-  
12 sembly or the Emergency Board shall not have any legal obligation to provide any appropriated  
13 funds.

14 (7) Notwithstanding any other provision of law, the State Treasurer may pledge all or any por-  
15 tion of the unobligated net lottery proceeds, amounts in the Lottery Bond Fund and any unexpended  
16 lottery bond proceeds to pay lottery bonds and to pay amounts due in connection with any credit  
17 enhancement or any instrument authorized by subsection (6) of this section. The lien of such pledge  
18 shall be valid and binding immediately upon delivery by the state of the lottery bonds, credit en-  
19 hancement agreement or instrument secured by the pledge. The amounts so pledged shall be imme-  
20 diately subject to the lien of the pledge upon receipt of the amounts by this state regardless of when  
21 or whether they are allocated or transferred to the Lottery Bond Fund or the Lottery Bond Ad-  
22 ministrative Fund and regardless of whether there was physical delivery, filing or other act. Except  
23 to the extent provided in the pledge, the lien of the pledge shall be superior to all other claims, liens  
24 and appropriations of any kind. The State Treasurer may provide that lottery bonds may be issued  
25 in different series and that each series may be secured by a lien on, and pledge of, the unobligated  
26 net lottery proceeds that is superior to, subordinate to, or on a parity with, the lien of the pledge  
27 securing other series of lottery bonds. Nothing in this section shall be construed to limit the powers  
28 granted in any other part of ORS 286.560 to 286.580 [and 348.716].

29 (8) Any covenants made under this section for the benefit of owners of lottery bonds shall con-  
30 stitute contracts between the State of Oregon and the owners of lottery bonds. The State Treasurer,  
31 or the Director of the Oregon Department of Administrative Services with the consent of the State  
32 Treasurer, may, on behalf of the State of Oregon and in addition to the covenants authorized by  
33 subsection (6) of this section, make the following covenants for the benefit of the owners of lottery  
34 bonds and any providers of credit enhancement or instruments authorized by subsection (6) of this  
35 section:

36 (a) Except as permitted by a pledge made under subsection (7) of this section, this state shall  
37 not create any lien or encumbrance on the unobligated net lottery proceeds that is superior to the  
38 liens of the pledges authorized by subsection (7) of this section.

39 (b) Subject only to the availability of unobligated net lottery proceeds, the State of Oregon shall  
40 budget and appropriate in each fiscal year an amount of unobligated net lottery proceeds that, when  
41 added to other funds lawfully budgeted and appropriated and available for the purpose, will be suf-  
42 ficient:

43 (A) To pay in full the principal, interest and premium due and to become due on all outstanding  
44 lottery bonds in the fiscal year;

45 (B) To maintain the required balance in any reserves established for lottery bonds; and

1 (C) To pay amounts due to the providers of credit enhancement for lottery bonds or instruments  
 2 authorized by subsection (6) of this section.

3 (c) This state shall apply the unobligated net lottery proceeds and any other amounts so budg-  
 4 eted and appropriated for those purposes.

5 (d) This state shall continue to operate the Oregon State Lottery until all lottery bonds are paid  
 6 or defeased.

7 (9) In connection with the issuance of any lottery bonds, the State Treasurer may establish such  
 8 accounts and subaccounts within the Lottery Bond Fund that the State Treasurer determines are  
 9 necessary or appropriate. In addition, the State Treasurer or the Director of the Oregon Department  
 10 of Administrative Services may, on behalf of this state, enter into any agreements that the State  
 11 Treasurer determines are necessary or appropriate to issue lottery bonds and carry out the pro-  
 12 visions of ORS 286.560 to 286.580 [and 348.716] and all legislation authorizing lottery bond programs.

13 (10) If the State Treasurer determines that the acquisition is cost-effective, the State Treasurer  
 14 may acquire a municipal bond insurance policy, letter of credit, line of credit, surety bond or other  
 15 credit enhancement device for lottery bonds, and may enter into any related agreements.

16 (11) The State Treasurer may provide that all or any portion of the Lottery Bond Fund, the  
 17 Lottery Bond Administrative Fund or any accounts in either fund shall be held by a trustee, may  
 18 enter into agreements with the trustee regarding the use and application of the amounts held in  
 19 those funds and accounts and may transfer amounts credited to those funds and accounts to the  
 20 trustee.

21 **SECTION 40.** ORS 286.585 is amended to read:

22 286.585. (1) Pursuant to ORS 286.560 to 286.580 [and 348.716] and subject to future legislative  
 23 approval, lottery bonds may be issued to make grants or loans to Oregon cities to fund projects for  
 24 the reconstruction, renovation or development of community sports facilities in order to make the  
 25 facilities suitable for use by a major league baseball team if a city is selected as an expansion site  
 26 by major league baseball or if a major league baseball team agrees to relocate to a city.

27 (2) The use of lottery bond proceeds is authorized based on the following findings:

28 (a) The financial assistance to cities will assist in the construction, improvement and expansion  
 29 of infrastructure and community facilities that comprise the physical foundation for commercial ac-  
 30 tivity and provide the basic framework for continued and expanded economic opportunities and  
 31 quality communities throughout Oregon.

32 (b) Such financial assistance to cities will therefore promote economic development within this  
 33 state, and thus the use of net proceeds derived from the operation of the Oregon State Lottery to  
 34 pay debt service on lottery bonds issued under this section to provide such financial assistance to  
 35 cities is an appropriate use of state lottery funds under section 4, Article XV of the Oregon Con-  
 36 stitution, and ORS 461.510.

37 (3) Lottery bonds issued pursuant to this section shall be issued only at the request of the Di-  
 38 rector of the Economic and Community Development Department.

39 (4) The net proceeds of lottery bonds issued pursuant to this section shall be deposited in the  
 40 Economic Infrastructure Project Fund established by ORS 285B.551. The Director of the Economic  
 41 and Community Development Department shall allocate the moneys deposited in the Economic  
 42 Infrastructure Project Fund for the purpose described in this section in accordance with the policies  
 43 developed by the Oregon Economic and Community Development Commission in accordance with  
 44 ORS 285A.045.

45 (5) The proceeds of lottery bonds issued pursuant to this section shall be used only for the

1 purposes set forth in this section and for bond-related costs.

2  
3 **(State Bond Guarantee Intercept Program)**  
4

5 **SECTION 41.** ORS 328.346 is amended to read:

6 328.346. (1)(a) If one or more payments on school bonds are made by the State Treasurer as  
7 provided in ORS 328.341, the State Treasurer shall pursue recovery from the school district of all  
8 moneys necessary to reimburse the state for all amounts paid by the treasurer to the paying agent,  
9 as well as interest, penalties and any additional costs incurred by the treasurer as described in this  
10 section. In seeking recovery, the State Treasurer may:

11 (A) Intercept any payments from the General Fund, the State School Fund, the income of the  
12 Common School Fund and any other source of operating moneys provided by the state to the school  
13 district that issued the school bonds that would otherwise be paid to the school district by the state;  
14 and

15 (B) Apply any intercepted payments to reimburse the state for payments made pursuant to the  
16 state guaranty until all obligations of the school district to the state arising from those payments,  
17 including interest and penalties, and any additional costs incurred by the treasurer as described in  
18 this section are paid in full.

19 (b) The state has no obligation to the school district or to any person or entity to replace any  
20 moneys intercepted under authority of this section.

21 **(c) The authority of the State Treasurer to intercept payments under this subsection has**  
22 **priority over any claim that is based on a funds diversion agreement under ORS 238.698.**

23 (2) The school district that issued school bonds for which the state has made all or part of a  
24 debt service payment shall:

25 (a) Reimburse all moneys drawn or paid by the State Treasurer on its behalf;

26 (b) Pay interest to the state on all moneys paid by the state from the date the moneys were  
27 drawn to the date they are repaid at a rate to be determined by the State Treasurer, in the State  
28 Treasurer's discretion, to be sufficient to cover the costs of funds to the state plus the costs of ad-  
29 ministration of the state guaranty obligation and of collection of reimbursement; and

30 (c) Pay any applicable penalties as described in subsection (3) of this section.

31 (3)(a) The State Treasurer shall establish the reimbursement interest rate after considering the  
32 circumstances of any prior draws by the school district on the state, market interest and penalty  
33 rates and the cost of funds, if any, that were required to be used or borrowed by the state to make  
34 payment on the school bonds. The State Treasurer shall have authority to establish, by negotiations  
35 with the school district or otherwise, any plan of reimbursement by the school district that will re-  
36 sult in full and complete reimbursement to the state. Subject to the requirement for full and com-  
37 plete reimbursement, the State Treasurer may consider incorporating into the reimbursement plan  
38 the means and methods to allow the school district to continue its operations during the time the  
39 reimbursement plan is in effect.

40 (b) The State Treasurer may, after considering the circumstances giving rise to the failure of  
41 the school district to make payment on its school bonds in a timely manner, impose on the school  
42 district a penalty of not more than five percent of the amount paid by the state pursuant to the state  
43 guaranty for each instance in which a payment by the state is made.

44 (4)(a) If the State Treasurer determines that amounts obtained under this section will not reim-  
45 burse the state in full within the time determined by the State Treasurer or incorporated in the

1 reimbursement plan from the state’s payment of a school district’s debt service payment, the State  
2 Treasurer shall pursue any legal action, including but not limited to mandamus, against the school  
3 district or school district board to compel the school district to:

4 (A) Levy and provide property tax revenues to pay debt service on its school bonds and other  
5 obligations when due; and

6 (B) Meet its repayment obligations to the state.

7 (b) With respect to any school bonds for which the State Treasurer has made payment under the  
8 state guaranty, and in addition to any other rights or remedies available at law or in equity, the  
9 state shall have the same substantive and procedural rights as would a holder of the school bonds  
10 of a school district.

11 (c) The Attorney General shall assist the State Treasurer in the discharge of the duties under  
12 this section.

13 (d) The school district shall pay the attorney fees, expenses and costs of the State Treasurer and  
14 the Attorney General.

15 (5)(a) Except as provided in paragraph (c) of this subsection, any school district whose funds  
16 were intercepted under this section may replace those funds from other school district moneys or  
17 from ad valorem property taxes, subject to the limitations provided in this subsection.

18 (b) A school district may use ad valorem property taxes or other moneys to replace intercepted  
19 funds only if the ad valorem property taxes or other moneys were derived from:

20 (A) Taxes originally levied to make the payment, but which were not timely received by the  
21 school district;

22 (B) Taxes from a special levy imposed to make up the missed payment or to replace the inter-  
23 cepted moneys;

24 (C) Moneys transferred from any lawfully available funds of the school district or the undis-  
25 tributed reserves, if any, of the school district; or

26 (D) Any other source of moneys on hand and legally available.

27 (c) Notwithstanding paragraphs (a) and (b) of this subsection, a school district may not replace  
28 operating funds intercepted by the state with moneys collected and held to make payments on school  
29 bonds if that replacement would divert moneys from the payment of future debt service on the  
30 school bonds and increase the risk that the state guaranty would be called upon a second time.

31  
32 **LOCAL BONDS**

33  
34 **SECTION 42. Sections 43 to 60 and 65 to 71 of this 2007 Act are added to and made a part**  
35 **of ORS chapter 287.**

36  
37 **(Definitions)**

38  
39 **SECTION 43. As used in this chapter:**

40 (1) **“Advance refunding bond” means a bond all or part of the proceeds of which are to**  
41 **be used to refund an outstanding bond one year or more after the advance refunding bonds**  
42 **are issued.**

43 (2) **“Agreement for exchange of interest rates” means a contract, or an option or forward**  
44 **commitment to enter into a contract, for an exchange of interest rates for related bonds**  
45 **that provides for:**

- 1 (a) Payments based on levels or changes in interest rates; or  
2 (b) Provisions to hedge payment, rate, spread or similar exposure including, but not  
3 limited to, an interest rate floor or cap or an option, put or call.
- 4 (3) "Bond":  
5 (a) Means a financing agreement, note, line of credit, commercial paper or other con-  
6 tractual undertaking of a public body to repay borrowed moneys.  
7 (b) Does not include a credit enhancement device.
- 8 (4) "Capital construction" has the meaning given that term in ORS 310.140.  
9 (5) "Capital improvements" has the meaning given that term in ORS 310.140.  
10 (6) "Credit enhancement device":  
11 (a) Means a letter of credit, line of credit, bond insurance policy, reserve surety bond or  
12 other device or facility used to enhance the creditworthiness or marketability of related  
13 bonds by providing additional security or liquidity for the related bonds.  
14 (b) Except as provided in paragraph (a) of this subsection, does not include a bond.
- 15 (7) "Current refunding bond" means a bond the proceeds of which are to be used to re-  
16 fund an outstanding bond less than one year after the current refunding bond is issued.
- 17 (8) "Forward current refunding" means execution and delivery of a purchase agreement  
18 or similar instrument under which a public body contracts to sell current refunding bonds  
19 for delivery at a future date that is one year or more after execution of the purchase  
20 agreement or similar instrument.
- 21 (9) "General obligation bond" means a bond that is secured by a commitment to levy ad  
22 valorem taxes that may be levied outside the limits of sections 11 and 11b, Article XI of the  
23 Oregon Constitution.
- 24 (10) "Operative document" means a declaration, trust indenture, security agreement or  
25 other document in which a public body pledges revenue or property as security for a bond.
- 26 (11) "Pledge" means a lien created on property pursuant to section 51 of this 2007 Act.  
27 (12) "Public body" means:  
28 (a) A county of this state;  
29 (b) A city of this state;  
30 (c) A local service district as defined in ORS 174.116 (2);  
31 (d) A special government body as defined in ORS 174.117;  
32 (e) Oregon Health and Science University; or  
33 (f) Any other political subdivision of this state that is authorized by the Legislative As-  
34 sembly to issue bonds.
- 35 (13) "Refunding bond" means an advance refunding bond, a current refunding bond or a  
36 forward current refunding bond.
- 37 (14) "Related bond" means a bond for which the public body enters into an agreement for  
38 exchange of interest rates or obtains a credit enhancement device.
- 39 (15) "Revenue" means the tax revenues, fees and other moneys of a public body.  
40 (16) "Revenue bond" means a bond that is not secured by a commitment to levy ad  
41 valorem taxes that may be levied outside the limits of sections 11 and 11b, Article XI of the  
42 Oregon Constitution.
- 43 (17) "Termination payment" means the amount payable under an agreement for exchange  
44 of interest rates by one party to another party as a result of the termination, in whole or  
45 part, of the agreement prior to the expiration of the stated term.

(City General Obligation Bond Authority)

**SECTION 44.** (1) A city may issue general obligation bonds to finance capital construction or capital improvements upon approval of the electors of the city.

(2) Unless the city charter provides a lesser limitation, a city may not issue or have outstanding at the time of issuance general obligation bonds in a principal amount that exceeds three percent of the real market value of the taxable property within its boundaries, calculated as provided in ORS 308.207.

(3) When computing the amount of general obligation bonds a city may issue under the limitation described in subsection (2) of this section, a city may deduct from outstanding general obligation bonds the cash moneys and sinking funds on deposit that are applicable to the payment of bond principal.

(4) The limitation described in subsection (2) of this section does not apply to general obligation bonds issued to finance the costs of local improvements assessed and paid for in installments under statutory or charter authority or to finance capital construction or capital improvements for:

- (a) Water supply, treatment or distribution;
- (b) Sanitary or storm sewage collection or treatment;
- (c) Hospitals or infirmaries;
- (d) Gas, power or lighting; or
- (e) Off-street motor vehicle parking facilities.

(County General Obligation Bond Authority)

**SECTION 45.** (1) Unless the county charter expressly provides otherwise, a county may issue general obligation bonds to finance capital construction or capital improvements upon approval of the electors of the county.

(2) Unless the county charter provides a lesser limitation upon the issuance of general obligation bonds, a county may not issue or have outstanding at the time of issuance general obligation bonds in a principal amount that exceeds two percent of the real market value of the taxable property in the county, calculated as provided in ORS 308.207.

(3) When computing the amount of general obligation bonds a county may issue under the limitation described in subsection (2) of this section, a county may deduct from outstanding general obligation bonds the cash moneys and sinking funds on deposit that are applicable to the payment of bond principal.

(County Limitation on Bonded Indebtedness)

**SECTION 46.** (1) A county may incur bonded indebtedness within the meaning of section 10, Article XI of the Oregon Constitution, by issuing bonds when a county is expressly authorized to issue bonds by a law other than this section. The amount of bonded indebtedness permitted by this section may not exceed the lesser of:

- (a) One percent of the real market value of all taxable property in the county, calculated as provided in ORS 308.207; or
- (b) A limitation on bonded indebtedness in the county charter.



1 (c) To refund revenue bonds issued pursuant to this section.

2 (2) To secure revenue bonds authorized under this section, a public body may:

3 (a) Pledge all or part of the revenues of the public body that may be lawfully committed  
4 to secure the payment of revenue bonds authorized by this section.

5 (b) Segregate pledged moneys in separate accounts to be held by the public body or a  
6 third party.

7 (c) Obtain credit enhancement devices for the revenue bonds authorized by this section.

8 (d) Establish debt service reserves.

9 (e) Enter into covenants, by ordinance, resolution or agreement, for the protection and  
10 security of the owners of revenue bonds authorized by this section. The covenants constitute  
11 enforceable contracts with the owners of the revenue bonds.

12 (3) Revenue bonds authorized by this section that are issued in anticipation of revenues,  
13 except grant moneys:

14 (a) Must mature within 13 months after they are issued; and

15 (b) May not be issued in a principal amount that exceeds 80 percent of the taxes or other  
16 moneys, except grant moneys, that the public body has budgeted or otherwise reasonably  
17 expects to have available to pay the revenue bonds.

18 (4) Revenue bonds authorized by this section that are issued in anticipation of grant  
19 moneys or to provide interim financing for capital projects must mature not later than five  
20 years after the short-term bonds are issued.

21 (5) The debt limitations imposed by law or the charter of a public body do not apply to  
22 revenue bonds or credit enhancement devices authorized by this section.

23 (6) Subject to the limitations in this section, short-term bonds authorized by this section  
24 may be in a form and contain terms authorized by sections 49 and 52 of this 2007 Act.

25  
26 (Public Body Bond Administration)  
27

28 **SECTION 49.** (1) When a public body is authorized by law to issue bonds, a public body  
29 may:

30 (a) Combine bonds authorized by different laws or actions of the governing body into a  
31 single issue if all bonds in the issue will have the same security.

32 (b) Structure, market and issue bonds in the manner that the public body determines is  
33 in the best interest of the people served by the public body.

34 (c) Sell bonds at a public, competitive sale, in a private negotiated sale or in any other  
35 manner determined by the public body.

36 (d) Issue bonds the interest of which is exempt from federal income taxes or is not ex-  
37 empt from federal income taxes.

38 (e) Establish the maturity dates, principal amounts, redemption provisions, optional or  
39 mandatory tender provisions, interest rates or method for determining a variable or adjust-  
40 able interest rate, denominations and other terms and conditions of the bonds.

41 (f) Determine the form and content of bond disclosure documents.

42 (g) Enter into an agreement with and retain the services of bond counsel and other pro-  
43 viders of bond-related services.

44 (h) Execute and deliver indentures, bond purchase agreements, trust agreements, re-  
45 marketing agreements, auction agent agreements, broker dealer agreements, tender agent

1 agreements and other contracts related to the sale, issuance, security for or administration  
2 of the bonds.

3 (i) Enter into agreements with bond trustees and deposit moneys with trustees for the  
4 benefit of bond owners and the providers of credit enhancement devices for bonds.

5 (j) Enter into covenants, as described in subsection (2) of this section, for the benefit of  
6 bond owners or the providers of credit enhancement devices for bonds.

7 (k) Enter into covenants for the benefit of owners of bonds that are intended to allow  
8 bonds to bear interest that is excludable from gross income under the federal Internal Re-  
9 venue Code or that is otherwise exempt from taxation by the United States.

10 (L) Take action to comply with the covenants.

11 (m) Establish bond debt service reserves.

12 (n) Fund debt service reserves out of bond proceeds or from other revenues.

13 (2) Covenants authorized by subsection (1)(j) of this section may include, but are not  
14 limited to, covenants regarding the issuance of additional bonds, the imposition and col-  
15 lection of revenues that secure the bonds and the priority of payment of bonds.

16 (3) When the Oregon Constitution, a charter, a statute, an ordinance or a resolution  
17 authorizes a public body to spend bond proceeds for a particular purpose, the public body  
18 may also spend bond proceeds to finance costs of issuing the bonds, including costs of the  
19 services of bond counsel or other providers of bond-related services.

20 (4) When a public body redeems bonds, the public body shall give notice of redemption in  
21 the manner directed by the governing body of the public body.

22 **SECTION 50.** A public body may delegate to an elected or appointed official or an em-  
23 ployee the authority to determine the maturity dates, principal amounts, redemption pro-  
24 visions, interest rates or the method for determining a variable or adjustable interest rate,  
25 denominations or other terms and conditions of the bonds issued by the public body.

26 **SECTION 51.** (1) As used in this section:

27 (a) "Obligation" means:

28 (A) A bond;

29 (B) The commitment of a public body in connection with a credit enhancement device;

30 or

31 (C) An agreement for exchange of interest rates.

32 (b) "Property" means:

33 (A) Real or personal property, tangible or intangible, whether owned when a pledge is  
34 made or acquired subsequently to the time the pledge is made; and

35 (B) Revenues, contract rights, receivables or securities.

36 (2) The Uniform Commercial Code does not apply to the creation, perfection, priority or  
37 enforcement of a lien of a pledge made by a public body.

38 (3) When otherwise authorized by charter, statute, ordinance or resolution to issue  
39 bonds, a public body may pledge as security for payment of obligations all or part of the  
40 property of the public body expressly authorized to be pledged by the governing body of the  
41 public body.

42 (4) The lien created by a pledge is valid and binding from the time the pledge is made.  
43 Pledged property is subject immediately to the lien of the pledge without physical delivery,  
44 filing or any other act.

45 (5) Except as expressly provided otherwise in an operative document, the lien of the

1 **pledge is superior to and has priority over all other claims and liens.**

2 **(6) When property subject to a pledge is acquired by a public body after the pledge is**  
 3 **made:**

4 **(a) The property is subject to the lien upon acquisition by the public body without phys-**  
 5 **ical delivery, filing or any other act.**

6 **(b) The lien relates to the time the pledge was originally made.**

7 **(7) A public body may reserve a right to pledge a pledged property as security for bonds**  
 8 **subsequently issued by the public body. If the public body reserves the right, subject to the**  
 9 **terms of the operative document that created a previous pledge, the lien of the subsequent**  
 10 **pledge may be on a parity or pari passu basis with the lien of the previous pledge, on a prior**  
 11 **and superior basis with the lien of the previous pledge or on a subordinate basis with the lien**  
 12 **of the previous pledge, as specified in the operative document creating the subsequent pledge.**

13 **The lien of the subsequent pledge:**

14 **(a) Has the priority specified in the operative document creating the subsequent pledge;**  
 15 **and**

16 **(b) Is superior to and has priority over all other claims and liens except the lien of a**  
 17 **pledge with which the lien of the subsequent pledge is on a parity or subordinate basis, as**  
 18 **specified in the operative document.**

19 **(8) A pledgee may commence an action in a court of competent jurisdiction to foreclose**  
 20 **the lien of the pledge and exercise rights and remedies available to the pledgee under the**  
 21 **operative document.**

22 **(9) When pledged property consists of moneys or property that is in a fund for debt ser-**  
 23 **vice reserves or payments, a pledgee may foreclose the lien of the pledge by applying the**  
 24 **moneys or property in the fund to the payment of the bonds subject to the terms, conditions**  
 25 **and limitations in the operative document.**

26 **SECTION 52. (1) The Legislative Assembly finds that:**

27 **(a) It is a matter of statewide concern that certain covenants made by public bodies re-**  
 28 **garding a pledge of revenues to secure bonds not be impaired by subsequent initiative or**  
 29 **referendum measures.**

30 **(b) These covenants usually are in the form of a promise to charge and collect rates,**  
 31 **fees, tolls, rentals or other charges sufficient to produce moneys to maintain a specified level**  
 32 **of debt service coverage.**

33 **(c) The possibility that the covenants might be rolled back, frozen or otherwise subjected**  
 34 **to subsequently imposed conditions or restrictions negatively affects the ability of public**  
 35 **bodies to market their bonds, to obtain credit enhancement and to obtain satisfactory**  
 36 **ratings on their bonds.**

37 **(2) Therefore, the Legislative Assembly declares that the covenants are material to the**  
 38 **security for the bonds and to investors' expectations regarding timely payment of the bonds.**

39 **(3) An elector-approved initiative or referendum measure that purports to change ordi-**  
 40 **nances or resolutions affecting rates, fees, tolls, rentals or other charges has no force or**  
 41 **effect if giving force and effect to the change would impair existing covenants made with**  
 42 **existing bond owners.**

43 **(4) A public body may enter into rate covenants that obligate the public body to period-**  
 44 **ically set rates and charges:**

45 **(a) That generate pledged revenues at specific levels including, but not limited to, a spe-**

1 cific monetary charge for each unit of commodity or service provided or a schedule of rates  
 2 and charges that includes fixed and variable components;

3 (b) At levels sufficient to maintain underlying credit ratings assigned to bonds by one or  
 4 more nationally recognized credit rating services without regard to improvement in credit  
 5 ratings due to the additional security provided for the bonds by a credit enhancement device;

6 (c) That generate pledged revenues each year in amounts at least equal to operations and  
 7 maintenance expenses of the system that produces the pledged revenues, plus debt service  
 8 on revenue bonds and other borrowings, plus an additional amount that is reasonably re-  
 9 quired to obtain favorable terms for the revenue bonds and other borrowings; or

10 (d) In accordance with a formula established in the operative document governing re-  
 11 venue bonds or other borrowings. The formula may provide for rates and charges to be de-  
 12 termined by reference to factors including, but not limited to:

13 (A) Historical operating expenses;

14 (B) Projected future operating expenses;

15 (C) The funding of depreciation;

16 (D) The costs of capital improvements;

17 (E) The costs of complying with contractual obligations and covenants;

18 (F) The costs of complying with regulatory requirements;

19 (G) Reports of independent consultants regarding the level of pledged revenues required  
 20 to operate and maintain a utility in accordance with prudent utility practice;

21 (H) Debt service on the revenue bonds or other borrowings bonds; and

22 (I) The moneys needed to establish or maintain reserves required by law or contract and  
 23 the moneys needed to maintain an unencumbered carryforward fund balance or working  
 24 capital to meet unanticipated expenses or fluctuations in revenues that may arise.

25 (5) Without regard to the date of execution of a rate covenant, a rate covenant author-  
 26 ized by this section is a contract that binds the public body and is enforceable against the  
 27 public body in accordance with the terms of the rate covenant.

28  
 29 (Credit Enhancement)

30  
 31 **SECTION 53.** (1) A public body may obtain a credit enhancement device and enter into  
 32 related agreements.

33 (2) The public body may pay the provider of the credit enhancement device solely from  
 34 the same sources that the public body may lawfully use to pay the related bonds.

35 (3) The public body may issue a bond to the provider of a credit enhancement device to  
 36 secure the obligations of the public body or to pay amounts due to the provider.

37  
 38 (Agreements for Exchange of Interest Rates)

39  
 40 **SECTION 54.** (1) As used in this section, “counterparty” means an entity with whom a  
 41 public body enters into an agreement for exchange of interest rates.

42 (2) Upon a finding by a public body that an agreement for exchange of interest rates  
 43 benefits the public body, the public body may enter into the agreement for exchange of in-  
 44 terest rates with a counterparty. An agreement may be made to manage payment, interest  
 45 rate, spread or similar exposure undertaken in connection with related bonds that:

1 (a) Exist when the agreement is executed;

2 (b) Are reasonably expected to be executed when regularly scheduled payments are due  
3 from the issuer under the agreement; or

4 (c) Are identified after the agreement is executed and substituted for related bonds de-  
5 scribed in paragraph (a) or (b) of this subsection as a result of prepayment, refunding, con-  
6 version, ratings changes, redemption, defeasance or other similar event.

7 (3) Upon entering into an agreement under this section and continuing until the agree-  
8 ment is satisfied, terminated or otherwise no longer in effect, provided a payment default  
9 has not occurred, the public body may treat the amount or rate of interest on the related  
10 bond as the amount or rate of interest payable after giving effect to the agreement for the  
11 purpose of calculating:

12 (a) Tax levies to pay regularly scheduled bond debt service; and

13 (b) Other amounts that are based on the rate of interest of the bond.

14 (4) Subject to covenants applicable to a related bond and the limitations of this section,  
15 payments required under an agreement for exchange of interest rates may:

16 (a) Be treated as interest payments on the related bond;

17 (b) Be made from revenues or other moneys contributed to or legally available to pay the  
18 related bond; and

19 (c) Rank in an order of priority of payment relative to the payment of the related bond  
20 as the public body determines.

21 (5) In connection with entering into an agreement for exchange of interest rates, a public  
22 body may enter into related agreements that enhance or support the credit of the public body  
23 or that enhance or support the liquidity of the agreement for exchange of interest rates.

24 (6) An agreement for exchange of interest rates entered into under this section:

25 (a) Is not a debt or other obligation of the issuer for purposes of any limitation upon the  
26 indebtedness of the issuer.

27 (b) Is subject only to the limitations of this section and is not subject to other limitations  
28 applicable to the related borrowing.

29 (7) A termination payment required to be paid by the public body under an agreement for  
30 exchange of interest rates may not be paid from ad valorem property taxes that the public  
31 body may levy and that are not subject to limitation under section 11 or 11b, Article XI of  
32 the Oregon Constitution.

33 (8) The Oregon Municipal Debt Advisory Commission shall adopt administrative rules  
34 establishing required terms, conditions, annual or periodic reporting requirements and other  
35 requirements for an agreement for exchange of interest rates entered into by a public body,  
36 if the commission determines those requirements are desirable to protect the interests of  
37 the public body.

38  
39 (Refunding Bonds)

40  
41 **SECTION 55.** (1) A public body may issue current refunding bonds to refund its out-  
42 standing bonds.

43 (2) A public body shall designate current refunding bonds as refunding bonds and shall  
44 issue the current refunding bonds with the same class and character as the bonds to be re-  
45 funded. The current refunding bonds constitute a charge upon the same kinds of revenues

1 or funds as were applicable to secure the principal of and the interest on the bonds refunded.

2 (3) A public body may issue:

3 (a) General obligation bonds to refund outstanding general obligation bonds without ob-  
4 taining approval of the electors of the public body.

5 (b) Revenue bonds to refund revenue bonds that were issued in accordance with section  
6 47 of this 2007 Act without complying with the procedures prescribed in section 47 of this  
7 2007 Act.

8 (c) General obligation bonds as current refunding bonds with a maturity date not more  
9 than 30 days after the maturity date of the elector-approved general obligation bonds to be  
10 refunded. If the total debt service on the current refunding general obligation bonds does not  
11 exceed the total debt service on the general obligation bonds to be refunded, the amounts  
12 maturing on a given date may be changed, and the current refunding general obligation  
13 bonds may mature earlier than the bonds to be refunded.

14 (4) A public body may not issue current refunding bonds in an amount that, together with  
15 amounts on deposit in sinking funds or other moneys pledged to payment of the principal,  
16 exceeds the amount that the public body estimates is required to:

17 (a) Pay the refunded bonds;

18 (b) Fund reserves for the current refunding bonds;

19 (c) Pay costs of issuing the current refunding bonds and obtaining credit enhancement  
20 devices; and

21 (d) Pay other costs related to the current refunding bonds.

22 **SECTION 56.** (1) The Legislative Assembly declares that the issuance of advance refund-  
23 ing bonds and the authority to effect a forward current refunding are matters of general  
24 statewide concern and sections 55 to 60 of this 2007 Act preempt all local statutory or char-  
25 ter authority to issue advance refunding bonds or to effect a forward current refunding.

26 (2) A public body may issue advance refunding bonds or enter into forward current re-  
27 fundings in compliance with:

28 (a) Sections 55 to 60 of this 2007 Act; and

29 (b) Rules adopted by the Oregon Municipal Debt Advisory Commission.

30 (3) A public body shall designate advance refunding bonds and forward current refunding  
31 bonds as refunding bonds and shall issue the refunding bonds with the same class and char-  
32 acter as the bonds to be refunded. The refunding bonds constitute a charge upon the same  
33 kinds of revenues or funds as were applicable to secure the principal of and the interest on  
34 the bonds refunded.

35 **SECTION 57.** (1) The Oregon Municipal Debt Advisory Commission shall review the plan  
36 of a public body to issue advance refunding bonds or to enter into a forward current re-  
37 funding as provided in this section.

38 (2) After adoption of an ordinance or resolution approving a plan to issue advance re-  
39 funding bonds or to enter into a forward current refunding, a public body shall submit the  
40 refunding plan to the commission for review and approval.

41 (3) After review of a proposed refunding plan, the commission shall advise the public  
42 body, in writing, whether the sale of refunding bonds is authorized. If the commission does  
43 not notify the public body within 30 business days after receipt of the refunding plan, the  
44 refunding plan is deemed authorized and the public body may proceed.

45 (4) The Oregon Municipal Debt Advisory Commission shall adopt rules to regulate for-

1 ward current refundings and the issuance of advance refunding bonds:

2 (a) As authorized by sections 55 to 60 of this 2007 Act; and

3 (b) That conform to laws and regulations of the United States that pertain to advance  
4 refunding and forward current refunding.

5 (5) In making determinations under this section, the commission shall consider all rele-  
6 vant factors, including:

7 (a) The purposes for which the refunding plan is adopted;

8 (b) The terms of the refunding plan;

9 (c) The effects, if any, of applicable federal laws; and

10 (d) The views of recognized experts in the field.

11 (6) The commission may charge a fee for expenses incurred in reviewing refunding plans.

12 **SECTION 58.** (1) As used in this section, "government obligations" means:

13 (a) Direct obligations of the United States of America or obligations the principal of and  
14 interest on which are unconditionally guaranteed by the United States of America and bank  
15 certificates of deposit secured by the obligations;

16 (b) Bonds, debentures, notes, certificates of participation or other obligations issued by  
17 a federal agency or other instrumentality of the federal government; or

18 (c) Other debt obligations determined by administrative rule of the Oregon Municipal  
19 Debt Advisory Commission to be highly secured and widely accepted in the marketplace as  
20 obligations for a defeasance escrow.

21 (2) A public body shall use the proceeds of advance refunding bonds one year or more  
22 after the issuance of the advance refunding bonds.

23 (3) A public body may not issue advance refunding bonds in a principal amount in excess  
24 of the minimum principal amount estimated to be necessary:

25 (a) To purchase a principal amount of government obligations that is, together with the  
26 interest earnings thereon, sufficient to pay the installments of principal, interest and re-  
27 demption premiums, if any, on the bonds being refunded when due in accordance with the  
28 advance refunding plan; and

29 (b) To pay amounts charged to the issuer as administrative costs, expenses or fees, in  
30 connection with the advance refunding transaction.

31 (4) If the public body that issues advance refunding bonds receives an amount of proceeds  
32 that exceeds the actual amount required under subsection (3) of this section, the public body  
33 must use the excess amount of proceeds to pay interest on the advance refunding bonds.

34 (5) Before applying advance refunding bond proceeds to the purposes for which the re-  
35 funding bonds have been issued, a public body may invest advance refunding bond proceeds,  
36 together with other moneys set aside for the payment of the bonds to be refunded, only in  
37 government obligations.

38 (6) The public body shall make investments pursuant to subsection (5) of this section at  
39 times and in a manner required to provide funds sufficient to pay principal, interest and re-  
40 demption premiums, if any, in accordance with the advance refunding plan. To the extent  
41 incidental expenses have been capitalized, the public body may use the advance refunding  
42 bond proceeds to defray the expenses. The Oregon Municipal Debt Advisory Commission  
43 must approve the governmental obligations used for investment of advance refunding bond  
44 proceeds.

45 **SECTION 59.** When computing indebtedness for the purpose of a constitutional or stat-

1 **utory debt limitation, a public body may deduct from the amount of outstanding indebt-**  
 2 **edness:**

3 **(1) The amount of money and investments credited to or on deposit for the retirement**  
 4 **of general obligation bonds or special revenue bonds.**

5 **(2) The amount of government obligations placed irrevocably in escrow if the amount is**  
 6 **sufficient to pay principal and interest on outstanding bonds issued by the public body as**  
 7 **they mature or are called for prior redemption irrevocably. Bonds for which government**  
 8 **obligations have been deposited irrevocably in escrow are deemed to be defeased to the same**  
 9 **extent as if the bonds had been advance refunded pursuant to sections 55 to 60 of this 2007**  
 10 **Act.**

11 **SECTION 60. (1) Pursuant to section 68 of this 2007 Act, a public body, if necessary or**  
 12 **appropriate, shall annually cause to be levied upon the taxable property within its boundaries**  
 13 **a sum sufficient, with other revenues that are available, to pay the maturing interest and**  
 14 **principal of advance refunding bonds that are general obligation bonds.**

15 **(2) Notwithstanding any other provision of law, a public body may not cause to be levied**  
 16 **upon the taxable property within its boundaries a tax to pay the maturing interest and**  
 17 **principal on bonds being refunded pursuant to sections 55 to 60 of this 2007 Act, if the**  
 18 **amount owed on the bonds being refunded is secured by the investment of the advance re-**  
 19 **funding bond proceeds together with other moneys the governing body of the public body**  
 20 **may set aside for the payment of the bonds to be refunded.**

21  
 22 **(Oregon Municipal Debt Advisory Committee)**  
 23

24 **SECTION 61. ORS 287.030 is amended to read:**

25 **287.030. (1) *[There is created]* The Oregon Municipal Debt Advisory Commission is hereby cre-**  
 26 **ated, consisting of the following seven members<sup>[, selected as follows]:</sup>**

27 **(a) The State Treasurer or *[designate]* the State Treasurer's designee.**

28 **(b) Three *[local government]* public body finance officers<sup>[,]</sup> appointed by the Governor<sup>[, one each</sup>  
 29 ***among persons*]:****

30 **(A) One of whom is an individual recommended by the Association of Oregon Counties<sup>[,]</sup>.**

31 **(B) One of whom is an individual recommended by the League of Oregon Cities<sup>[,]</sup>.**

32 **(C) One of whom is an individual recommended by the Oregon School Boards Association.**  
 33 ***[and]***

34 **(c) One representative of special districts appointed by the Governor.**

35 ***[(c)] (d) Two public members not represented in the other categories of appointment, appointed***  
 36 ***by the Governor.***

37 **(2) The term of office of an appointed member is four years, but appointed members serve at the**  
 38 **pleasure of the Governor. *[Before the expiration of the term of an appointed member, the Governor***  
 39 ***shall appoint a successor to assume the duties of the member on July 1, next following.]* A member is**  
 40 **eligible for reappointment for *[not to exceed]* no more than one additional term.**

41 **(3) Before the expiration of the term of an appointed member, the Governor shall appoint**  
 42 **a successor to assume the duties of the member on July 1 next following. In case of a vacancy**  
 43 **for any cause, the Governor shall make an appointment to become effective immediately for the**  
 44 **unexpired term.**

45 ***[(3)] (4) The Governor shall designate one of the appointed members *[as chairperson]* to serve***

1 a **one-year** term [*of one year*] as **chairperson**, subject to reappointment.

2 [(4)] (5) Appointed members of the commission [*shall be*] **are** entitled to compensation and ex-  
 3 penses as provided in ORS 292.495.

4 **SECTION 62.** ORS 287.032 is amended to read:

5 287.032. (1) The Oregon Municipal Debt Advisory Commission shall meet:

6 (a) At the call of the chairperson; or

7 (b) At the request of:

8 (A) A majority of the members;

9 (B) The State Treasurer; or

10 (C) The Governor.

11 (2) A majority of all members of the advisory commission constitutes a quorum for the trans-  
 12 action of business.

13 (3) [*All*] **The office of the State Treasurer shall provide the commission with** administrative  
 14 and clerical assistance required by the [*advisory*] commission [*shall be furnished by the office of the*  
 15 *State Treasurer*].

16 **SECTION 63.** ORS 287.034 is amended to read:

17 287.034. (1) The Oregon Municipal Debt Advisory Commission may:

18 [(1)] (a) Provide assistance and consultation, upon request of the state or [*of local government*  
 19 *units*] a **public body**, to assist them in the planning, preparation, marketing and sale of new bond  
 20 issues to reduce the cost of the issuance to the issuer and to assist in protecting the issuer's credit.

21 [(2)] (b) Collect, maintain and provide financial, economic and social data on [*local government*  
 22 *units*] **public bodies** pertinent to their ability to assume and service bonded [*obligations*] **indebt-**  
 23 **edness.**

24 [(3)] (c) Collect, maintain and provide information on bonds sold and outstanding and serve as  
 25 a clearinghouse for all local bond issues.

26 [(4)] (d) Maintain contact with municipal bond underwriters, credit rating agencies, investors  
 27 and others to improve the market for [*local government*] **public body** bond issues.

28 [(5)] *Prepare, advertise and distribute, upon request of issuers, preliminary official statements re-*  
 29 *quired by ORS 287.018 and notices of bond sales required by ORS 287.022.]*

30 [(6)] (e) Undertake or commission studies on methods to reduce the costs of state and local **bond**  
 31 issues.

32 [(7)] (f) Recommend changes in state law and local practices to improve the sale and servicing  
 33 of local bonds.

34 [(8)] (g) Perform any other function required or authorized by law.

35 [(9)] (h) Pursuant to ORS chapter 183, adopt rules necessary to carry out its duties.

36 **(2) The commission shall publish:**

37 (a) **A periodic newsletter describing proposed bond issues, bond sales, refundings, credit**  
 38 **rating changes and other information relating to municipal bonds that is pertinent to**  
 39 **issuers, underwriters, investors and the public.**

40 (b) **An annual report describing and evaluating the operations of the commission during**  
 41 **the preceding year.**

42 (3) **The commission may charge reasonable fees for providing services under subsection**  
 43 **(1) of this section.**

44 (4) **The commission shall transfer the amounts received under this section to the State**  
 45 **Treasurer for deposit in an account in the General Fund. The moneys deposited in the Gen-**

1 eral Fund pursuant to this section are continuously appropriated to the State Treasurer for  
2 payment of expenses incurred by the State Treasurer in providing services to the commission  
3 pursuant to ORS 287.032.

4 **SECTION 64.** ORS 287.040 is amended to read:

5 287.040. (1) The Oregon Municipal Debt Advisory Commission, **by rule**, shall require a **public**  
6 **body to provide the commission with** prior notice of proposed issuance of new bonds [*by a public*  
7 *body to be made to the advisory commission in such form and at such times as the advisory commission*  
8 *specifies.*]

9 [(2) *As used in this section:*]

10 [(a) *“Bonds” means general obligation, revenue or tax increment bonds, certificates of participation,*  
11 *special assessment bonds, limited tax obligations or notes of a public body.*]

12 [(b) *“Public body” means the governing body or authorized board, commission or person repre-*  
13 *senting any political subdivision or municipal, quasi-municipal or public corporation in this state au-*  
14 *thorized by law to issue bonds.*] **in a form and at times specified by the commission.**

15 **(2) To assist the commission in carrying out its duties, a public body authorized by law**  
16 **to issue bonds shall verify, with the commission, the information maintained by the com-**  
17 **mission on the public body’s outstanding bonds.**

18  
19 **(Debt Limit Calculation)**

20  
21 **SECTION 65.** When calculating compliance with a debt limit for a public body:

22 **(1) The amount of interest to be paid on bonds, whether paid currently or deferred, is**  
23 **not taken into account;**

24 **(2) For a zero coupon bond or other original discount bond on which periodic interest**  
25 **payments are not made, only the accreted value of the bonds on the date the bonds are is-**  
26 **sued is taken into account; and**

27 **(3) If a bond is issued to a provider of a credit enhancement device for a bond that is**  
28 **subject to a debt limit, the bond issued to the credit enhancement provider is taken into**  
29 **account only to the extent that the amount of the bond issued to the provider of the credit**  
30 **enhancement device exceeds the amount of the bond secured by the credit enhancement de-**  
31 **vice.**

32  
33 **(Taxation)**

34  
35 **SECTION 66.** Interest on bonds of a public body is exempt from personal income tax  
36 under ORS chapter 316.

37  
38 **(Remedies for Misspent Proceeds)**

39  
40 **SECTION 67.** (1) If a court of competent jurisdiction determines that the proceeds of an  
41 issue of general obligation bonds have been used by a public body for expenditures that are  
42 not capital construction or capital improvements, the court may order the public body to:

43 **(a) Replace the misspent proceeds with interest, on a reasonable schedule determined by**  
44 **the court, from moneys other than the tax revenues that the public body levies to pay the**  
45 **debt service; and**

1 (b) Use the replaced moneys for capital construction or capital improvement expen-  
2 ditures or to pay the debt service.

3 (2) If the public body fails to comply with an order to replace the misspent proceeds or  
4 acknowledges that the public body is unable to replace the misspent proceeds, the court may  
5 determine that a portion of the future levies to pay the debt service is subject to the limits  
6 of sections 11 and 11b, Article XI of the Oregon Constitution, by calculating the amount of  
7 the tax revenues that are necessary to pay the principal and interest on the bonds that is  
8 allocable to the misspent proceeds.

9 (3) An action may not be filed or maintained against a public body because of an alleged  
10 expenditure of the bond proceeds of general obligation bonds for purposes other than capital  
11 construction or capital improvements, if the misspent moneys are less than \$5,000.

12  
13 (Tax Levy Authority)

14  
15 **SECTION 68.** (1) In addition to other taxes imposed, a public body shall levy annually an  
16 ad valorem property tax on the taxable property within the boundaries of the public body in  
17 an amount that is sufficient, when added to other amounts available, to pay the principal of  
18 and interest on outstanding general obligation bonds issued by the public body.

19 (2) A public body may:

20 (a) Use the revenues collected under this section and earnings on the revenues only to  
21 pay the principal of and interest on general obligation bonds.

22 (b) Not use or divert revenues pledged to the payment of several obligation bonds for any  
23 other purpose if principal or interest remains outstanding on the bonds.

24 (c) If a surplus amount remains after the principal of and interest on an issue of general  
25 obligation bonds have been paid and the public body has no other expenses related to the  
26 bonds, transfer the surplus moneys to a fund designated by the governing body of the public  
27 body.

28  
29 (Authority Conveyed to Public Bodies)

30  
31 **SECTION 69.** The powers conveyed to public bodies by sections 43 to 60 and 65 to 71 of  
32 this 2007 Act are in addition to any other powers possessed by public bodies and do not limit  
33 those other powers.

34  
35 (Public Records)

36  
37 **SECTION 70.** The records of registered bond ownership, whether maintained by a public  
38 body or otherwise, are not public records within the meaning of ORS 192.410 (4).

39  
40 (Application to Refunding Bonds)

41  
42 **SECTION 71.** (1) ORS 288.605 to 288.695 (2005 or earlier edition) do not apply to or affect  
43 advance refunding bonds issued prior to October 4, 1977.

44 (2) Sections 55 to 60 of this 2007 Act do not apply to or affect refunding bonds issued prior  
45 to the effective date of this 2007 Act.

**CONFORMING CHANGES**

**SECTION 72.** ORS 190.080 is amended to read:

190.080. (1) An intergovernmental entity created by an intergovernmental agreement under ORS 190.010 may, according to the terms of the agreement:

(a) Issue revenue bonds under ORS [288.805 to 288.945] **chapter 287** or enter into financing agreements authorized under ORS 271.390 to accomplish the public purposes of the parties to the agreement, if after a public hearing the governing body of each of the units of local government that are parties to the agreement approves, by resolution or order, the issuance of the revenue bonds or entering into the financing agreement;

(b) Enter into agreements with vendors, trustees or escrow agents for the installment purchase or lease, with option to purchase, of real or personal property if the period of time allowed for payment under an agreement does not exceed 20 years; and

(c) Adopt all rules necessary to carry out its powers and duties under the intergovernmental agreement.

(2) Except as provided in ORS 190.083, an intergovernmental entity may not levy taxes or issue general obligation bonds.

(3) The debts, liabilities and obligations of an intergovernmental entity shall be, jointly and severally, the debts, liabilities and obligations of the parties to the intergovernmental agreement that created the entity, unless the agreement specifically provides otherwise.

(4) A party to an intergovernmental agreement creating an intergovernmental entity may assume responsibility for specific debts, liabilities or obligations of the intergovernmental entity.

(5) Any moneys collected by or credited to an intergovernmental entity shall not accrue to the benefit of private persons. Upon dissolution of the entity, title to all assets of the intergovernmental entity shall vest in the parties to the intergovernmental agreement. The agreement creating the entity shall provide a procedure for:

(a) The disposition, division and distribution of any assets acquired by the intergovernmental entity; and

(b) The assumption of any outstanding indebtedness or other liabilities of the entity by the parties to the intergovernmental agreement that created the entity.

(6) An intergovernmental entity created by intergovernmental agreement under ORS 190.010 may be terminated at any time by unanimous vote of all the parties to the intergovernmental agreement or as provided by the terms of the agreement.

**SECTION 73.** ORS 190.083 is amended to read:

190.083. (1) Before a county enters into an intergovernmental agreement creating an intergovernmental entity to operate, maintain, repair and modernize transportation facilities, the county shall obtain approval of the terms and conditions of the agreement from the governing bodies of a majority of the cities within the county.

(2) Subject to the provisions of this section, an intergovernmental entity created to operate, maintain, repair and modernize transportation facilities may issue general obligation bonds and assess, levy and collect taxes in support of the purposes of the entity.

(3)(a) To carry out the purposes of an intergovernmental agreement under this section, and when authorized at an election described in paragraph (b) of this subsection, an intergovernmental entity created to operate, maintain, repair and modernize transportation facilities may borrow moneys and sell and dispose of general obligation bonds. Approval requires an affirmative vote of a majority of

1 the electors within the intergovernmental entity voting in the election.

2 (b) If the bonds are not subject to the limitations under section 11 or 11b, Article XI of the  
3 Oregon Constitution:

4 (A) The proposition submitted to the electors shall provide that the intergovernmental entity  
5 shall assess, levy and collect taxes each year on the assessed value of all taxable property within  
6 the intergovernmental entity for the purposes of paying the principal and interest on the general  
7 obligation bonds;

8 (B) The election must comply with the voter participation requirements of section 11 (8), Article  
9 XI of the Oregon Constitution; and

10 (C) Outstanding bonds may never exceed in the aggregate two percent of the real market value  
11 of all taxable property within the entity.

12 (4) The governing body of an intergovernmental entity created to operate, maintain, repair and  
13 modernize transportation facilities shall issue the bonds from time to time as authorized by the  
14 electors of the entity. The governing body shall issue the bonds according to the applicable pro-  
15 visions of ORS [*chapters 287 and 288*] **chapter 287**.

16 (5) The electors of an intergovernmental entity created to operate, maintain, repair and mod-  
17 ernize transportation facilities may establish a permanent rate limit for ad valorem property taxes  
18 for the entity pursuant to section 11 (3)(c), Article XI of the Oregon Constitution.

19 (6) An intergovernmental entity created to operate, maintain, repair and modernize transporta-  
20 tion facilities may exercise the powers necessary to carry out the purposes of the intergovernmental  
21 agreement, including but not limited to the authority to enter into agreements and to expend tax  
22 proceeds and other revenues the entity receives.

23 (7) An intergovernmental entity created to operate, maintain, repair and modernize transporta-  
24 tion facilities is not a district as defined in ORS 198.010 and is not subject to the provisions of ORS  
25 chapter 451.

26 (8) An intergovernmental entity described in this section is subject to ORS 294.305 to 294.565  
27 for each fiscal year or budget period in which the entity proposes to impose or imposes ad valorem  
28 property taxes.

29 **SECTION 74.** ORS 190.265 is amended to read:

30 190.265. (1) Pursuant to ORS 190.010, 190.020 and 190.085, counties may establish, by agreement  
31 ratified by the governing body of each county as provided in ORS 190.085, an intergovernmental  
32 corrections entity for the purposes of:

33 (a) Making application under ORS 423.525 to provide local correctional facilities including, but  
34 not limited to, facilities funded under ORS 423.525, including land, structures, equipment, supplies  
35 and personnel necessary to acquire, develop, maintain and operate the local correctional facilities;  
36 and

37 (b) Administering local community corrections programs and services.

38 (2) An intergovernmental corrections entity consists of the entire combined territories of the  
39 counties establishing the entity. Notwithstanding any provision in ORS chapter 190 and subject to  
40 the provisions of this section, an intergovernmental corrections entity may issue general obligation  
41 bonds and assess, levy and collect taxes in support of the purposes of the entity. An intergovern-  
42 mental corrections entity is not a district for purposes of ORS chapter 198 and is not subject to ORS  
43 chapter 451.

44 (3) To carry out the purposes for which the entity was established and when authorized at an  
45 election properly called for that purpose, an intergovernmental corrections entity may borrow

1 money and sell and dispose of general obligation bonds. Approval or denial of the proposition sub-  
2 mitted to the electors of the intergovernmental corrections entity shall be by a majority of the  
3 electors voting in the election. The proposition submitted to the electors shall make provision for  
4 the assessment, levy and collection each year of taxes on the assessed value of all taxable property  
5 within the entity to be applied for the purposes of paying the principal and interest on the general  
6 obligation bonds. Outstanding bonds may never exceed in the aggregate two percent of the real  
7 market value of all taxable property within the entity.

8 (4) The bonds shall be issued from time to time by the governing body of the entity on behalf  
9 of the entity as authorized by the electors of the entity. The bonds shall be issued in accordance  
10 with the applicable provisions of ORS [*chapters 287 and 288*] **chapter 287**.

11 (5) An intergovernmental corrections entity may impose operating taxes by establishing a per-  
12 manent rate limit under section 11 (3)(c), Article XI of the Oregon Constitution, and the laws  
13 adopted thereunder. An intergovernmental corrections entity may impose other ad valorem property  
14 taxes in the manner provided by law.

15 (6) Local correctional facilities provided by or furnished to a county under this section shall be  
16 considered to be jail accommodations of the county for purposes of ORS 135.215, 137.140 and 137.330.

17 (7) An intergovernmental corrections entity may exercise any of the powers granted by this  
18 section, any of the powers of an intergovernmental entity created under ORS 190.010, 190.020 and  
19 190.085 and any powers necessary to effectuate the purposes for which the entity is formed. These  
20 powers include, but are not limited to, the authority to contract or make agreements with third  
21 parties, governmental and private, and the authority to expend, consistent with the purposes for  
22 which the entity is formed, any tax proceeds, general obligation bond proceeds and other revenues  
23 received by the entity. This section and the powers granted by it shall be construed liberally to  
24 effectuate its purposes.

25 **SECTION 75.** ORS 223.235 is amended to read:

26 223.235. (1) When in any local government a bond lien docket is made up, as provided in ORS  
27 223.230, as to the final assessments for any local improvement, the local government shall by ordi-  
28 nance or resolution of the governing body authorize the issue of its bonds pursuant to the applicable  
29 provisions of ORS chapter [288] **287** and in accordance with this section.

30 (2) The bonds authorized to be issued under this section must be issued in an amount that does  
31 not exceed the unpaid balance of all final assessments for the related local improvements, plus the  
32 amounts necessary to fund any debt service reserve and to pay any other financing costs associated  
33 with the bonds.

34 (3)(a) If the question of the issuance of the specific bonds has been approved by the electors of  
35 the local government and the bonds are issued as general obligation bonds, the local government  
36 shall each year assess, levy and collect a tax on all taxable property within its boundaries. The  
37 amount of the tax must be sufficient to pay all principal of and interest on the bonds that are due  
38 and payable in that year and to replenish any debt service reserves required for the bonds. In  
39 computing the amount of taxes to impose, the local government shall:

40 (A) Deduct from the total amount otherwise required the amount of final installment payments  
41 that are pledged to the payment of the bonds and that are due and payable in that year; and

42 (B) Add to this net amount the amount of reasonably anticipated delinquencies in the payments  
43 of the installments or the taxes.

44 (b) The taxes must be levied in each year and returned to the county officer whose duty it is  
45 to extend the tax roll within the time and in the manner provided in ORS 310.060.

1 (c) The taxes become payable at the same time and are collected by the same officer who col-  
 2 lects county taxes and must be turned over to the local government according to law.

3 (d) The county officer whose duty it is to extend the county levy shall extend the levy of the  
 4 local government in the same manner as city taxes are extended. Property may be sold for nonpay-  
 5 ment of the taxes levied by a local government in like manner and with like effect as in the case  
 6 of county and state taxes.

7 *[(4) If the question of the issuance of the specific bonds has not been approved by the electors of*  
 8 *the local government, the local government may issue the bonds as limited tax bonds, as defined in*  
 9 *ORS 288.150.]*

10 [(5)(a)] (4)(a) All bonds issued pursuant to this section, including general obligation bonds, are  
 11 secured by and payable from the installments of final assessments with respect to which the bonds  
 12 were issued.

13 (b) In the ordinance or resolution authorizing the issuance of the bonds, the governing body of  
 14 the issuing local government may:

15 (A) Provide that installments of final assessments levied with respect to two or more local im-  
 16 provements shall secure a single issue of bonds.

17 (B) Reserve the right to pledge, as security for any bonds thereafter issued pursuant to this  
 18 section, any installments of final assessments previously pledged as security for other bonds issued  
 19 pursuant to this section.

20 (c) All bonds must be secured by a lien on the installments of final assessments with respect to  
 21 which they were issued. The lien is valid, binding and fully perfected from the date of issuance of  
 22 the bonds. The installments of final assessments are immediately subject to the lien without the  
 23 physical delivery thereof, the filing of any notice or any further act. The lien is valid, binding and  
 24 fully perfected against all persons having claims of any kind against the local government or the  
 25 property assessed whether in tort, contract or otherwise, and irrespective of whether the persons  
 26 have notice of the lien.

27 [(6)] (5) As additional security for any bonds issued under this section, including general obli-  
 28 gation bonds, the governing body of the issuing local government may pledge or mortgage, or grant  
 29 security interests in, its revenues, assets and properties, and otherwise secure and enter into  
 30 *[covenant] covenants* with respect to the bonds[,], as provided in ORS [288.155] **chapter 287**.

31 [(7)(a)] (6)(a) A local government may, from time to time after the undertaking of a local im-  
 32 provement has been authorized, borrow money and issue and sell notes for the purpose of providing  
 33 interim financing for the actual costs of the local improvement.

34 (b) Notes authorized under this subsection may be issued in a single series for the purpose of  
 35 providing interim financing for two or more local improvements.

36 (c) Notes authorized under this subsection may not mature later than one year after the date  
 37 upon which the issuing local government expects to issue bonds for the purpose of providing per-  
 38 manent financing with respect to installment payments of the final assessments for the local im-  
 39 provements.

40 (d) Any notes authorized under this subsection may be refunded from time to time by the issu-  
 41 ance of additional notes or out of the proceeds of bonds issued pursuant to this section. The notes  
 42 may be made payable from the proceeds of any bonds to be issued under this section to provide  
 43 permanent financing or from any other sources from which the bonds are payable.

44 (e) The governing body of the issuing local government may pledge to the payment of the notes  
 45 any revenues that may be pledged to the payment of bonds authorized to be issued under this section

1 with respect to the local improvements for which the notes provide interim financing.

2 **SECTION 76.** ORS 223.262 is amended to read:

3 223.262. (1) As used in ORS 223.205 and 223.210 to 223.295:

4 (a) "Assessment contract" means the obligation to pay final assessments in installments that  
5 arise when a property owner submits an application to pay assessments in installments under ORS  
6 223.210 or a similar provision of a local charter.

7 (b) "Assessment contract rights" includes the right to receive installment payments of final as-  
8 sessments, with interest, made under an assessment contract, and the right to enforce the lien of the  
9 final assessment.

10 (2) Any local government that receives or expects to receive assessment contracts may:

11 (a) Sell or assign to third parties all or any portion of its assessment contract rights.

12 (b) Create corporations or other business entities to factor assessment contract rights.

13 (c) Create grantor trusts and transfer to the trusts assessment contract rights.

14 (d) Contract to service assessment contracts and assessment liens for the owners of assessment  
15 contract rights, or contract with third parties to service assessment contracts and assessment liens  
16 for the owners of assessment contract rights.

17 (e) Serve as a trustee for the owners of assessment contract rights.

18 (f) Enter into contracts necessary to carry out the provisions of this section.

19 (3) Any trust created under this section may fractionalize and sell assessment contract rights.

20 (4) Assessment contract rights, any interests therein and any interests in trusts secured prima-  
21 rily by assessment contract rights shall be exempt from registration under ORS 59.055.

22 (5) If assessment contract rights that secure outstanding obligations of a local government are  
23 sold or assigned under this section, an amount shall be placed irrevocably in escrow that is calcu-  
24 lated to be sufficient to pay all principal and interest on the outstanding obligations as they mature  
25 or are irrevocably called for prior redemption[, *in accordance with ORS 288.677*]. Any sale proceeds  
26 not required to fund the escrow may be placed in the general fund of the local government. If only  
27 a portion of the contract rights securing outstanding obligations is sold, then the amount of out-  
28 standing obligations that must be defeased pursuant to this subsection shall be that proportion of  
29 the principal amount of the outstanding obligations that the principal amount of the contract rights  
30 that are sold represents to the total principal amount of the contract rights that secure the out-  
31 standing obligations.

32 **SECTION 77. ORS 223.905, 223.910, 223.915, 223.920 and 223.925 are repealed.**

33 **SECTION 78.** ORS 238.692 is amended to read:

34 238.692. As used in ORS 238.692 to 238.698:

35 [(1) "*Governmental unit*" has the meaning given that term in ORS 288.150, and includes an agency  
36 created by two or more political subdivisions pursuant to ORS 190.003 to 190.130 or 190.265.]

37 [(2)] (1) "Pension liability" means:

38 (a) Monetary obligations of a participating public employer for which the employer is or will  
39 be required to transmit amounts to the Public Employees Retirement Board under the provisions of  
40 ORS 238.225, including any obligations arising out of an integration contract under ORS 238.680, or  
41 any other liability of a [*governmental unit*] **public body** that is attributable to an obligation to pay  
42 pensions or other retirement benefits to officers or employees of the [*governmental unit*] **public**  
43 **body**, whether active or retired; and

44 (b) Monetary obligations of a public employer arising out of an integration contract under ORS  
45 238.680 for which the employer is required to transmit amounts to the Public Employees Retirement

1 Board.

2 (2) **“Public body” has the meaning given that term in section 43 of this 2007 Act.**

3 (3) “State agency” means any officer, board, commission, department, division or institution in  
4 the administrative branch of state government.

5 **SECTION 79.** ORS 238.694 is amended to read:

6 238.694. (1) The Legislative Assembly finds that authorizing issuance of [*limited tax bonds or*]  
7 revenue bonds to finance pension liabilities may reduce the cost of public pensions to taxpayers and  
8 that the reduction of those costs to taxpayers is a matter of statewide concern.

9 (2) Notwithstanding the limitation on indebtedness in [*ORS 287.053*] **section 46 of this 2007**  
10 **Act** or any other limitation on indebtedness or borrowing under state or local law, for the purpose  
11 of obtaining funds to pay the pension liability of a [*governmental unit*] **public body**, the governing  
12 body of a [*governmental unit*] **public body** may authorize and cause the issuance of [*limited tax bonds*  
13 *as defined in ORS 288.150,*] revenue bonds [*authorized by charter or pursuant to ORS 288.805 to*  
14 *288.945, or any combination of those bonds*] **under ORS chapter 287.**

15 (3) The governing body of a [*governmental unit*] **public body** may pledge the full faith and credit  
16 and taxing power of the [*governmental unit*] **public body** to the payment of the principal and interest  
17 on bonds issued under ORS 238.692 to 238.698, and any premium on those bonds.

18 [(4) *Except as otherwise provided in this section, limited tax bonds authorized under this section*  
19 *must be issued in the manner prescribed by the applicable provisions of ORS chapters 287 and 288 for*  
20 *the issuance of limited tax bonds.*]

21 [(5) *Unless the charter of a county provides a lower limit, a county may issue limited tax bonds to*  
22 *finance pension liabilities in an amount that does not exceed five percent of the real market value of*  
23 *the taxable property within the boundaries of the county.*]

24 [(6)] (4) Revenue bonds authorized under this section need not comply with the procedure spec-  
25 ified in [*ORS 288.815*] **section 47 of this 2007 Act.**

26 [(7)] (5) A [*governmental unit*] **public body** that issues [*limited tax bonds or*] revenue bonds under  
27 this section may also issue [*limited tax bonds or*] revenue bonds for the purpose of refunding the  
28 bonds.

29 [(8)] (6) A [*governmental unit*] **public body** may enter into indentures or other agreements with  
30 trustees or escrow agents for the issuance, administration or payment of bonds authorized under this  
31 section.

32 **SECTION 80.** ORS 238.695 is amended to read:

33 238.695. (1) [*Governmental units*] **Public bodies** may enter into intergovernmental agreements for  
34 the collective issuance, administration or payment of bonds authorized under ORS 238.694. An  
35 agreement for collective issuance, administration or payment of bonds under this subsection may  
36 provide for the contribution and pooling of the assets of the [*governmental units*] **public bodies** as  
37 security for the bonds, and may make provisions for such other matters as the [*governmental units*]  
38 **public bodies** determine convenient. Notwithstanding ORS 190.080, any intergovernmental entity  
39 created by [*governmental units*] **public bodies** under this section shall have the power to issue bonds  
40 as described in ORS 238.694. The bonds may be issued and sold as parity bonds, issued and sold in-  
41 dividually or issued and sold in such combinations or forms as determined to be appropriate by the  
42 [*governmental units*] **public bodies.**

43 (2) Proceeds of bonds sold under an intergovernmental agreement entered into under this sec-  
44 tion, and any other funds or assets of a [*governmental unit*] **public body**, together with interest or  
45 earnings on the proceeds, funds and assets, may be consolidated into one or more funds or accounts

1 and may be pledged to the holders of the bonds.

2 (3) [*Governmental units*] **Public bodies** may enter into indentures or other agreements with  
 3 trustees or escrow agents for the issuance, administration or payment of bonds pursuant to an  
 4 intergovernmental agreement entered into under this section.

5 (4) The State Treasurer may cooperate with, assist and provide recommendations to [*govern-*  
 6 *mental units*] **public bodies**, and any intergovernmental entity created by [*governmental units*] **public**  
 7 **bodies** under this section, relating to all matters involved in the issuance, administration and pay-  
 8 ment of bonds. Any expenses incurred by the State Treasurer in providing assistance to [*govern-*  
 9 *mental units*] **public bodies** under this section may be paid as an administrative expense of the  
 10 [*governmental unit*] **public body** from the proceeds of the bonds issued with the assistance of the  
 11 State Treasurer.

12 **SECTION 81.** ORS 238.696 is amended to read:

13 238.696. (1) A [*governmental unit*] **public body**, or a group of [*governmental units*] **public bodies**  
 14 that enter into an intergovernmental agreement under ORS 238.695, may establish a debt service  
 15 trust fund for the purpose of paying the principal and interest on bonds issued under ORS 238.692  
 16 to 238.698. The trustee of the debt service trust fund shall hold the moneys paid into the trust fund  
 17 solely for the purpose of paying the principal and interest on bonds issued under ORS 238.692 to  
 18 238.698 and for paying the administrative costs of the trust fund.

19 (2) Moneys held in a debt service trust fund are subject to the limitations on investment imposed  
 20 by ORS 294.033 and 294.035.

21 (3) A [*governmental unit*] **public body**, or a group of [*governmental units*] **public bodies** that  
 22 enter into an intergovernmental agreement under ORS 238.695, that has established a debt service  
 23 trust fund under this section may not divert or pledge any moneys paid into the trust fund for any  
 24 purpose other than the purpose specified in subsection (1) of this section until the total amount of  
 25 principal and interest on bonds issued by the [*governmental unit*] **public body** or under the inter-  
 26 governmental agreement, and any premium on those bonds, is paid.

27 **SECTION 82.** ORS 238.698 is amended to read:

28 238.698. (1) A [*governmental unit*] **public body**, or a group of [*governmental units*] **public bodies**  
 29 that enter into an intergovernmental agreement under ORS 238.695, that receives funds from any  
 30 state agency may enter into a funds diversion agreement with the state agency for the purpose of  
 31 paying the principal and interest on bonds issued under ORS 238.692 to 238.698, and any premium  
 32 on those bonds. A diversion agreement entered into under this section must provide that:

33 (a) Moneys payable to the [*governmental unit or governmental units*] **public body or group of**  
 34 **public bodies** by the state agency from appropriations from the General Fund or any other source  
 35 of moneys will be paid directly to a debt service trust fund established under ORS 238.696 in  
 36 amounts equal to the debt service owed by the [*governmental unit or governmental units*] **public body**  
 37 **or group of public bodies;**

38 (b) The state agency must pay the amounts required under the funds diversion agreement to the  
 39 debt service trust fund established under ORS 238.696 pursuant to the schedule specified in the  
 40 agreement before paying any other amounts to the [*governmental unit or governmental units*] **public**  
 41 **body or group of public bodies;**

42 (c) The agreement is irrevocable; and

43 (d) The agreement will remain in effect until all the bonds issued by the [*governmental unit*]  
 44 **public body** or under the intergovernmental agreement are mature or redeemed.

45 (2) If for any reason a state agency that has entered into a funds diversion agreement is not able

1 to pay moneys to a debt service trust fund as contemplated by the agreement, the state agency shall  
2 give notice to the [*governmental unit or governmental units*] **public body or group of public bodies**  
3 within 30 days after the state agency is aware that the moneys will not be paid.

4 (3) Nothing in this section, or in any funds diversion agreement entered into by a state agency  
5 under this section, may in any manner obligate the state or any state agency:

6 (a) To pay any amount to a [*governmental unit*] **public body** that the [*governmental unit*] **public**  
7 **body** is not otherwise entitled to receive under law; or

8 (b) To pay any principal or interest on bonds issued under ORS 238.692 to 238.698.

9 **SECTION 83.** ORS 261.371 is amended to read:

10 261.371. (1) Notwithstanding any other provision of law, revenue bonds issued and sold under  
11 this chapter may be sold by any district at public or private sale upon the terms and conditions, at  
12 the rates of interest, for the prices and at the discount or premium that the board of directors  
13 considers most advantageous to the district, with or without public bidding.

14 (2) All legally authorized and issued general obligation bonds shall be sold by public bidding,  
15 except that general obligation bonds may be sold to a state or to the United States or any agency,  
16 corporation or instrumentality of a state or of the United States at private sale in such blocks as  
17 the board of directors may determine.

18 (3) All revenue or general obligation bonds [*to be sold by public bidding shall be advertised and*  
19 *sold in the manner prescribed in ORS 287.014 to 287.022*] **shall be issued as prescribed in ORS**  
20 **chapter 287.**

21 **SECTION 84.** ORS 264.280 is amended to read:

22 264.280. All general obligation and revenue bonds, including refunding bonds, issued under ORS  
23 264.250 to 264.270 shall be [*advertised and sold in the manner prescribed in ORS 287.014 to 287.022*  
24 *for the sale of bonds of cities of this state*] **issued as prescribed in ORS chapter 287.**

25 **SECTION 85.** ORS 266.512 is amended to read:

26 266.512. (1) Whenever authorized by the electors, the district board may issue general obligation  
27 bonds of the district, not exceeding in value the amount stated in the notice of election and for the  
28 purpose therein named, bearing interest at a rate determined by the board, payable semiannually,  
29 redeemable at such time or times as the board may, at the time of providing for the issuance thereof,  
30 determine, but due and payable not to exceed 30 years from date.

31 (2) The aggregate amount of general obligation bonds issued and outstanding at any one time  
32 shall in no case exceed two and one-half percent of the real market value of all taxable property  
33 of the district, computed in accordance with ORS 308.207.

34 (3) General obligation or revenue bonds must recite that they are issued under this chapter. All  
35 bonds shall be signed by the president of the district board, attested by the secretary and registered  
36 by the county treasurer. The interest coupons thereto annexed shall be signed by the president and  
37 secretary, by their original or engraved facsimile signatures.

38 (4) All general obligation and revenue bonds issued, including refunding bonds, shall be [*adver-*  
39 *tised and sold in the manner prescribed by ORS 287.014 to 287.022 for the sale of bonds of cities of*  
40 *this state*] **issued as prescribed in ORS chapter 287.**

41 **SECTION 86.** ORS 267.345 is amended to read:

42 267.345. All general obligation and revenue bonds, including refunding bonds, issued under ORS  
43 267.330 to 267.345 shall be [*advertised and sold in the manner prescribed by ORS 287.014 to 287.022*  
44 *for the sale of bonds of cities of this state*] **issued as prescribed in ORS chapter 287.**

45 **SECTION 87.** ORS 267.400 is amended to read:

1       267.400. (1) A district may borrow moneys by issuing notes, warrants or other obligations:  
2       (a) In anticipation of taxes or other revenues, including but not limited to grants awarded by  
3 the state or federal government; or  
4       (b) To refund obligations authorized under this section.  
5       (2) To secure obligations authorized under this section a district may:  
6       (a) Pledge as primary security for the obligations the taxes and other revenues in anticipation  
7 of which the obligations are issued, including but not limited to grants from the state or federal  
8 government;  
9       (b) Pledge as secondary security for the obligations the taxes and other revenues of the district  
10 other than those in anticipation of which the obligations are issued;  
11       (c) Segregate any pledged funds in separate accounts which may be held by the district or third  
12 parties;  
13       (d) Establish any reserves deemed necessary by the district for the payment of the obligations;  
14 and  
15       (e) Adopt resolutions containing covenants and provisions for protection and security of the  
16 holders of obligations, which shall constitute enforceable contracts with such holders.  
17       (3) Each issue of obligations authorized by this section:  
18       (a) If issued in anticipation of taxes, shall not be issued prior to, and shall mature not later than  
19 the end of, the fiscal year in which the taxes are expected to be received;  
20       (b) If issued in anticipation of other revenues, including grants for operating purposes from the  
21 state or federal government, shall not be issued more than one year prior to the time at which the  
22 district expects to receive the last installment of the revenues or grants in anticipation of which the  
23 obligations are issued, and shall mature not more than one year after the date of issue;  
24       (c) If issued in anticipation of capital improvement grants from the state or federal government,  
25 shall not be issued more than 30 months prior to the time at which the district expects to receive  
26 the last installment of the capital improvement grant in anticipation of which the obligations are  
27 issued, and shall mature no later than 30 months after the date of issue or six months after the time  
28 at which the district expects to receive the last installment of the capital improvement grant in  
29 anticipation of which the obligations are issued, whichever is earlier;  
30       (d) If issued in anticipation of taxes or revenues other than grants from the state or federal  
31 government, shall not be issued in an amount greater than 80 percent of the amount of taxes or such  
32 other revenues budgeted to be received by the district and in anticipation of which such obligations  
33 are issued; and  
34       (e) If issued in anticipation of grants from the state or federal government, shall not be issued  
35 in an amount greater than 80 percent of the amount of such grants.  
36       (4) Except as this section otherwise specifically provides, obligations authorized by this section  
37 may be in any form and contain any terms, including provisions for the varying of interest rates in  
38 accordance with any index, bankers' loan rate or other standard. A district may issue and sell as  
39 part of a single offering obligations in anticipation of two or more grants from the state or federal  
40 government, in which event the obligations constituting a part of the offering shall be issued as  
41 separate series with one series corresponding to each grant in anticipation of which the obligations  
42 are issued. A district may only pledge as primary security for a series of obligations constituting  
43 part of a single offering the grant in anticipation of which such series is issued. For purposes of  
44 subsection (3) of this section, each series of obligations constituting part of a single offering shall  
45 be a separate issue of obligations.

1 (5) When the taxes or other revenues, including grants from the state or federal government, in  
2 anticipation of which the obligations authorized by this section are issued are not received by the  
3 district at such time or in such amounts as will enable the district to pay the obligations at matu-  
4 rity, the district shall, to the extent available, first apply to the payment of the obligations the taxes  
5 or other revenues in anticipation of which such obligations were issued, and the district may pay  
6 the balance owing under such obligations out of any other taxes or revenues available for such  
7 purpose.

8 (6) The district may contract with third parties to serve as issuing, paying and authenticating  
9 agents for any obligations authorized by this section.

10 (7) Obligations authorized by this section [*may be sold at public or private sale upon such terms*  
11 *as the district finds advantageous, with such disclosure as the district deems appropriate. ORS 287.014*  
12 *to 287.022 shall not apply to obligations authorized by this section. ORS 287.040 shall apply to obli-*  
13 *gations authorized under this section] shall be issued as prescribed in ORS chapter 287.*

14 (8) Any pledge made pursuant to subsection (2) of this section shall be valid and binding from  
15 and after the date of issue of the obligations secured by such pledge and the taxes or other revenues  
16 pledged shall be immediately subject to the lien of such pledge without the physical delivery thereof,  
17 the filing of any notice or any further act. The lien of any pledge made pursuant to subsection (2)  
18 of this section shall be valid and binding against all persons having claims of any kind against the  
19 district whether in tort, contract or otherwise, irrespective of whether such persons have notice  
20 thereof.

21 (9) The district shall deposit, when received, a portion of the taxes or other revenues in antic-  
22 ipation of which the obligations authorized by this section are issued in a separate account. Deposits  
23 to the account shall be made according to a schedule which requires that not less than 100 percent  
24 of such taxes or other revenues received by the district after the estimated date of the district's  
25 maximum cumulative cash flow deficit be placed in the account until sufficient amounts are in the  
26 account to pay principal and interest due on the obligations at maturity. The schedule shall be es-  
27 tablished by the district in its proceedings to issue the obligations. Moneys in the account shall be  
28 used only to pay principal and interest on the obligations, and may be pledged by the district for  
29 such purpose.

30 **SECTION 88.** ORS 267.630 is amended to read:

31 267.630. (1) For the purpose of performing any service that the district has power to perform,  
32 the district, when authorized at any properly called election held for such purpose, shall have the  
33 power to borrow money by the issuance and sale of general obligation bonds. Such bonds shall never  
34 exceed in the aggregate 10 percent of the real market value of all taxable property within the dis-  
35 trict computed in accordance with ORS 308.207. The bonds shall be so conditioned that the district  
36 shall promise and agree therein to pay the bearer at a place named therein payable semiannually  
37 in accordance with the tenor and terms of the interest coupons attached. The bonds shall mature  
38 serially not to exceed 30 years from the date of issue.

39 (2) For the purpose of performing any of the powers conferred by ORS 267.510 to 267.650 a dis-  
40 trict, when authorized at any properly called election held for such purpose, shall have the power  
41 to borrow money by the issuance and sale also of revenue bonds and to pledge as security therefor,  
42 all or any part of the unobligated net income or revenue of the district. The revenue bonds shall  
43 be issued in the same manner and form as are general obligation bonds of the district but they shall  
44 be payable both as to principal and interest from revenues only. The revenue bonds shall not be  
45 subject to the percentage limitation applicable to general obligation bonds and shall not be a lien

1 on any of the taxable property within the corporate limits of the district and shall be payable solely  
 2 from such part of revenues of the corporation as remains after the payment of obligations having a  
 3 priority and of all expenses of operation and maintenance of the corporation. All revenue bonds  
 4 shall contain a provision that both the principal and interest are payable solely from the operating  
 5 revenues of the district remaining after paying such obligations and expenses.

6 (3) All general obligation bonds and revenue bonds shall be [*advertised for sale and sold in the*  
 7 *manner prescribed in ORS 287.014 to 287.022 for the sale of bonds of cities*] **issued as prescribed in**  
 8 **ORS chapter 287.**

9 **SECTION 89.** ORS 268.520 is amended to read:

10 268.520. (1) For the purpose of performing any service that the district has power to perform,  
 11 the district, when authorized at any properly called election held for such purpose, shall have the  
 12 power to borrow money by the issuance and sale of general obligation bonds. Such bonds shall never  
 13 exceed in the aggregate 10 percent of the real market value of all taxable property within the dis-  
 14 trict computed in accordance with ORS 308.207. The bonds shall be so conditioned that the district  
 15 shall promise and agree therein to pay the bearer at a place named therein, the principal sum with  
 16 interest at a rate named therein payable semiannually in accordance with the tenor and terms of  
 17 the interest coupons attached. The bonds shall mature serially not to exceed 30 years from the date  
 18 of issue.

19 (2) All general obligation bonds shall be [*advertised for sale and sold in the manner prescribed*  
 20 *in ORS 287.014 to 287.022 for the sale of bonds of cities*] **issued as prescribed in ORS chapter**  
 21 **287.**

22 **SECTION 90.** ORS 268.620 is amended to read:

23 268.620. The revenue bonds [*issued and sold under*] **authorized by ORS 268.600 to 268.660 shall**  
 24 **be issued as prescribed in ORS chapter 287.[:]**

25 [(1) *Shall be deemed to be for all purposes negotiable instruments, subject only to the provisions*  
 26 *of the bonds for registration, and need not comply with requirements of the Uniform Commercial*  
 27 *Code.*]

28 [(2) *May be issued in one or more series, bear such date or dates, mature at such times and in such*  
 29 *amounts, be in such denomination or denominations, be payable at a designated place or places within*  
 30 *or without the State of Oregon or at the fiscal agency of the State of Oregon, be equally and ratably*  
 31 *secured without priority or be entitled or subject to such priorities on all or any portion of the revenues*  
 32 *of the district and, notwithstanding any other provision of law to the contrary, bear such rate or rates*  
 33 *of interest, including a variable rate of interest to be determined at such times, in such manner and*  
 34 *by such agent appointed for such purpose or according to such formula as the governing body may*  
 35 *determine, and contain such other terms, conditions and covenants, all as the governing body may de-*  
 36 *termine.*]

37 [(3) *Shall contain a recital that principal of and interest on and premium, if any, on the revenue*  
 38 *bonds are payable solely out of revenues and property of the district pledged to the payment thereof*  
 39 *by the ordinance of the governing body authorizing the issue of which the bonds are a part.*]

40 [(4) *May be in coupon form with or without privilege of registration or may be in registered form,*  
 41 *or both, with the privilege of converting and reconverting from one form to another.*]

42 [(5) *May contain covenants of the district to protect and safeguard the security and rights of*  
 43 *holders of any such bonds and such other terms and conditions, in conforming with ORS 268.600 to*  
 44 *268.660 which the governing body in its discretion determines are necessary or desirable to protect the*  
 45 *district or increase the marketability of the bonds. ORS 268.600 to 268.660 and any such ordinance*

1 *which constitutes a contract with the holders of the bonds and the provisions thereof shall be enforce-*  
 2 *able by any holder or any number of holders of the bonds, as the governing body may determine.]*

3 *[(6) Shall be in the form prescribed by the governing body and the bonds and the coupons, if any,*  
 4 *attached to the bonds shall be signed by the presiding officer of the governing body and by the execu-*  
 5 *tive officer of the district, either manually or by means of their printed, engraved or lithographed sig-*  
 6 *nature, with the seal of the district or a facsimile thereof printed, engraved or lithographed thereon or*  
 7 *affixed thereto. However, in the event the bonds are to be signed by means of the printed, engraved or*  
 8 *lithographed facsimile signatures of both the presiding officer of the governing body and the executive*  
 9 *officer of the district, the ordinance authorizing the issuance of such bonds shall provide that no bond*  
 10 *shall be valid or obligatory for any purpose or be entitled to the benefits of or security provided by the*  
 11 *ordinance unless and until such bond has been authenticated by means of the manual signature of a*  
 12 *duly authorized officer of the bond trustee, paying agent, registrar or other agent appointed for such*  
 13 *purpose. Pending the preparation and delivery of definitive bonds, a district may issue interim certif-*  
 14 *icates or temporary bonds, exchangeable for definitive bonds when such bonds shall have been executed*  
 15 *and are available for delivery. Such interim certificates or temporary bonds may contain such terms*  
 16 *and conditions as the governing body may determine.]*

17 *[(7) May be issued with the right reserved to the governing body to redeem the bonds at par or*  
 18 *at par plus a premium, in such order, and at such time or times prior to the final maturity date or*  
 19 *dates of the bonds, as the ordinance may provide or as otherwise determined by the governing body.*  
 20 *Notice of redemption shall be given in the manner specified in the bonds, as provided in ORS 288.520.*  
 21 *Newspaper publication of notice of redemption is not required for bonds that are in registered form.]*

22 **SECTION 91.** ORS 271.390 is amended to read:

23 271.390. (1) As used in this section:

24 (a) “Council of governments” means a council of governments or other similar entity created  
 25 prior to the enactment of ORS 190.010 (5) on September 29, 1991.

26 (b) [“Governmental unit”] **“Public body”** has the meaning given that term in [ORS 288.150]  
 27 **section 43 of this 2007 Act.**

28 (c) “Real or personal property” means land, improvements to land, structures, fixtures, personal  
 29 property, including furnishings, equipment and computer software purchases and licenses, and any  
 30 costs that may be capitalized under generally accepted accounting principles and treated as costs  
 31 of personal property.

32 (2) A [governmental unit] **public body** or a council of governments may enter into contracts for  
 33 the leasing, rental or financing of any real or personal property that the governing body of the  
 34 [governmental unit] **public body** or council of governments determines is needed, including contracts  
 35 for rental, long term leases under an optional contract for purchase, financing agreements with  
 36 vendors, financial institutions or others, or for purchase of any property. Contracts made by a  
 37 [governmental unit] **public body** or a council of governments are subject to the terms of its charter,  
 38 intergovernmental agreement or other organizing document, if applicable. If authorized by the gov-  
 39 erning body, the contracts may:

40 (a) Provide that the obligations of the [governmental unit] **public body** or council of governments  
 41 under the contract is secured by a mortgage on or other security interest in the property to be  
 42 leased, rented, purchased or financed under the contract.

43 (b) Provide that the obligations of the [governmental unit] **public body** or council of governments  
 44 under the contract are payable out of all or any portion of [the] lawfully available funds[, as defined  
 45 in ORS 288.162, of the governmental unit] **of the public body** or council of governments, and lawfully

1 available funds may be pledged to the payment of those obligations.

2 (c) If authorized by the charter, intergovernmental agreement or other organizing document of  
 3 the *[governmental unit]* **public body** or council of governments, contain a covenant on the part of  
 4 the *[governmental unit]* **public body** or council of governments to budget and appropriate in each  
 5 fiscal year, in accordance with law, sums sufficient to pay when due the amounts owing under the  
 6 contract.

7 (d) Provide for the issuance of certificates of participation in the payment obligations of the  
 8 *[governmental unit]* **public body** or council of governments under the contract and contain other  
 9 covenants, agreements and provisions determined to be necessary or appropriate in order to better  
 10 secure the obligations of the *[governmental unit]* **public body** or council of governments.

11 (3) The lien of the pledge, mortgage or security interest is valid and binding from the time of  
 12 entering into the contract. The revenue or property is immediately subject to the lien without  
 13 physical delivery, filing or other act, and the lien is superior to all other claims and liens of any  
 14 kind whatsoever. Subject to the terms, provisions and limitations of the contract, the lien may be  
 15 foreclosed by a proceeding brought in the circuit court of the county in which the *[governmental*  
 16 *unit]* **public body**, or the greater part thereof, or the main office of the council of governments is  
 17 located, and any tangible real or personal property subject to the lien may be sold upon the order  
 18 of the court. The proceeds of the sale must be applied first to the payment of the costs of foreclosure  
 19 and then to the amounts owing under the contract, with any balance being paid to the *[governmental*  
 20 *unit]* **public body** or council of governments. The authority granted by this section is in addition to,  
 21 and not in lieu of, any other statutory or charter authority.

22 (4) A *[governmental unit]* **public body** or council of governments that has entered into a lease  
 23 purchase or installment purchase agreement may enter into a financing agreement to refinance the  
 24 obligations of the *[governmental unit]* **public body** or council of governments under the lease pur-  
 25 chase or installment purchase agreement.

26 (5) The estimated weighted average life of a financing contract executed under this section may  
 27 not exceed the estimated dollar weighted average life of the real or personal property that is fi-  
 28 nanced with the contract.

29 **SECTION 92.** ORS 276.429 is amended to read:

30 276.429. (1) The Oregon Department of Administrative Services may enter into, as appropriate,  
 31 leases, including lease with option to purchase, installment purchases and rental agreements, as  
 32 lessee, for office quarters for state agencies. In determining which method of acquiring office quar-  
 33 ters is most appropriate under the circumstances, the department shall consider cost and the long-  
 34 term best interests of the state. It is the policy of the state, in fulfilling the objectives set forth in  
 35 ORS 276.426, to acquire office quarters in the most cost-effective manner feasible.

36 (2) The costs to the department incurred for the purpose of making such office space ready for  
 37 occupancy, including professional services, remodeling, equipment acquisition and other similar  
 38 costs paid to others or incurred by the department, may be advanced out of the Oregon Department  
 39 of Administrative Services Operating Fund. The fund shall be reimbursed for costs so advanced from  
 40 charges paid to the department by the agency leasing the space as a tenant. Where more than one  
 41 agency occupies the space, the charges shall be assessed and collected from the agencies in the  
 42 manner determined by the department.

43 (3) Immediately following each monthly rental period, the department shall bill each state  
 44 agency occupying office quarters leased under subsection (1) of this section, a sum equal to such  
 45 part of the total amount required for the rent of such quarters as the rental value of the space oc-

1 cupied by each of the state agencies bears to the whole amount of the rental value of such space  
 2 so leased by the state. Such sums and rental values shall be determined by the department. Moneys  
 3 collected therefor shall be placed in the Oregon Department of Administrative Services Operating  
 4 Fund established in ORS 283.076 and used for the payment of the rental and operating expenses of  
 5 such office quarters.

6 (4) Prior to entering into any lease purchase or installment purchase agreement or before ex-  
 7 exercising any purchase option in agreements made under subsection (1) of this section, the depart-  
 8 ment shall report to the legislative review agency established in ORS 291.371. However, the  
 9 department shall not enter into any lease purchase or installment purchase agreement under any  
 10 provision of law other than ORS 283.085 to 283.092[, 286.515 and 286.525].

11 (5) The title to properties acquired through lease-purchase options authorized in subsection (1)  
 12 of this section shall vest automatically in the Oregon Department of Administrative Services in the  
 13 name of the state. Properties so acquired shall be operated as office buildings as provided in ORS  
 14 276.004.

15 **SECTION 93.** ORS 279A.025 is amended to read:

16 279A.025. (1) Except as provided in subsections (2) to (4) of this section, the Public Contracting  
 17 Code applies to all public contracting.

18 (2) The Public Contracting Code does not apply to:

19 (a) Contracts between contracting agencies or between contracting agencies and the federal  
 20 government;

21 (b) Insurance and service contracts as provided for under ORS 414.115, 414.125, 414.135 and  
 22 414.145 for purposes of source selection;

23 (c) Grants;

24 (d) Contracts for professional or expert witnesses or consultants to provide services or testi-  
 25 mony relating to existing or potential litigation or legal matters in which a public body is or may  
 26 become interested;

27 (e) Acquisitions or disposals of real property or interest in real property;

28 (f) Sole-source expenditures when rates are set by law or ordinance for purposes of source se-  
 29 lection;

30 (g) Contracts for the procurement or distribution of textbooks;

31 (h) Procurements by a contracting agency from an Oregon Corrections Enterprises program;

32 (i) The procurement, transportation or distribution of distilled liquor, as defined in ORS 471.001,  
 33 or the appointment of agents under ORS 471.750 by the Oregon Liquor Control Commission;

34 (j) Contracts entered into under ORS chapter 180 between the Attorney General and private  
 35 counsel or special legal assistants;

36 (k) Contracts for the sale of timber from lands owned or managed by the State Board of Forestry  
 37 and the State Forestry Department;

38 (L) Contracts for forest protection or forest related activities, as described in ORS 477.406, by  
 39 the State Forester or the State Board of Forestry;

40 (m) Sponsorship agreements entered into by the State Parks and Recreation Director in ac-  
 41 cordance with ORS 565.080 (4);

42 (n) Contracts entered into by the Housing and Community Services Department in exercising the  
 43 department's duties prescribed in ORS chapters 456 and 458, except that the department's public  
 44 contracting for goods and services, as defined in ORS 279B.005, is subject to ORS chapter 279B;

45 (o) Contracts entered into by the State Treasurer in exercising the powers of that office pre-

1 scribed in ORS chapters 178, 286, 287, [288,] 289, 293, 294 and 295, including but not limited to in-  
 2 vestment contracts and agreements, banking services, clearing house services and collateralization  
 3 agreements, bond documents, certificates of participation and other debt repayment agreements, and  
 4 any associated contracts, agreements and documents, regardless of whether the obligations that the  
 5 contracts, agreements or documents establish are general, special or limited, except that the State  
 6 Treasurer’s public contracting for goods and services, as defined in ORS 279B.005, is subject to ORS  
 7 chapter 279B;

8 (p) Contracts, agreements or other documents entered into, issued or established in connection  
 9 with:

10 (A) The incurring of debt by a public body, including but not limited to the issuance of bonds,  
 11 certificates of participation and other debt repayment obligations, and any associated contracts,  
 12 agreements or other documents, regardless of whether the obligations that the contracts, agreements  
 13 or other documents establish are general, special or limited;

14 (B) The making of program loans and similar extensions or advances of funds, aid or assistance  
 15 by a public body to a public or private body for the purpose of carrying out, promoting or sustaining  
 16 activities or programs authorized by law; or

17 (C) The investment of funds by a public body as authorized by law, and other financial trans-  
 18 actions of a public body that by their character cannot practically be established under the com-  
 19 petitive contractor selection procedures of ORS 279B.050 to 279B.085;

20 (q) Contracts for employee benefit plans as provided in ORS 243.105 (1), 243.125 (4), 243.221,  
 21 243.275, 243.291, 243.303 and 243.565; or

22 (r) Any other public contracting of a public body specifically exempted from the code by another  
 23 provision of law.

24 (3) The Public Contracting Code does not apply to the public contracting activities of:

25 (a) The Oregon State Lottery Commission;

26 (b) The Oregon University System and member institutions, except as provided in ORS 351.086;

27 (c) The legislative department;

28 (d) The judicial department;

29 (e) Semi-independent state agencies listed in ORS 182.451 and 182.454, except as provided in ORS  
 30 279.835 to 279.855 and 279A.250 to 279A.290;

31 (f) Oregon Corrections Enterprises;

32 (g) The Oregon Film and Video Office, except as provided in ORS 279A.100 and 279A.250 to  
 33 279A.290;

34 (h) The Travel Information Council, except as provided in ORS 279A.250 to 279A.290;

35 (i) The Oregon 529 College Savings Network and the Oregon 529 College Savings Board;

36 (j) The Oregon Innovation Council; or

37 (k) Any other public body specifically exempted from the code by another provision of law.

38 (4) ORS 279A.200 to 279A.225 and 279B.050 to 279B.085 do not apply to contracts made with  
 39 qualified nonprofit agencies providing employment opportunities for disabled individuals under ORS  
 40 279.835 to 279.855.

41 **SECTION 94.** ORS 280.075 is amended to read:

42 280.075. (1) Notwithstanding any other law and when not inconsistent with or otherwise pro-  
 43 vided for in the Oregon Constitution, whenever a proposed local option tax is submitted to a vote  
 44 of the people by any subdivision, the statement in the ballot title for the measure that explains the  
 45 chief purpose of the measure and gives reasons for the measure shall state the total amount of

1 money to be raised by the proposed local option tax, in dollars and cents. If the statement in the  
 2 ballot title for the measure submitted includes an estimated tax impact, it shall be based on the most  
 3 current estimate of assessed value from the county assessor. The measure shall bear the statement:  
 4 “The estimated tax cost for this measure is an ESTIMATE ONLY based on the best information  
 5 available from the county assessor at the time of estimate.”

6 (2) Subsection (1) of this section does not apply to a local option tax described in ORS 280.060  
 7 (1)(b). For a levy described in ORS 280.060 (1)(b), an estimate of the total amount of money to be  
 8 raised for each year of the proposed local option tax shall be stated in dollars and cents. If the levy  
 9 described in ORS 280.060 (1)(b) raises more money than estimated, the excess collections above that  
 10 estimate shall be considered a budget resource for the levy fund in the next fiscal year of the sub-  
 11 division. This section [*has no application to elections and levies with respect to bonds, for which pro-  
 12 vision is made in ORS 287.004 to 287.022 and 287.052 to 287.488 or other laws*] **does not apply to  
 13 an election authorizing bonds or authorizing tax levies to repay bonds.**

14 (3) The statement or statements required by subsections (1) and (2) of this section shall be added  
 15 to and made a part of the 175-word statement required by ORS 250.035. The number of words con-  
 16 tained in the statements described in subsections (1) and (2) of this section shall not be included in  
 17 the 175-word limitation.

18 **SECTION 95.** ORS 280.450 is amended to read:

19 280.450. Bonds authorized under ORS 280.410 to 280.485 shall be issued in accordance with the  
 20 provisions of the charter of the city relating to bonds payable from income of revenue producing  
 21 facilities. Bond issues may mature at any time within 40 years from the date of issue[, *may be sold  
 22 at public or private sale and shall be sold in accordance with the provisions of ORS 288.515 to  
 23 288.600*]. **Bonds shall be issued as prescribed in ORS chapter 287.**

24 **SECTION 96.** ORS 283.085 is amended to read:

25 283.085. As used in ORS 283.085 to 283.092[, *286.515 and 286.525*]:

26 (1) “Available funds” means funds appropriated or otherwise made available by the Legislative  
 27 Assembly to pay amounts due under a financing agreement for the fiscal period in which the pay-  
 28 ments are due, together with any unexpended proceeds of the financing agreement, and any reserves  
 29 or other amounts which have been deposited in trust to pay amounts due under the financing  
 30 agreement.

31 (2) “Credit enhancement agreement” means any agreement or contractual relationship between  
 32 the state and any bank, trust company, insurance company, surety bonding company, pension fund  
 33 or other financial institution providing additional credit on or security for a financing agreement  
 34 or certificates of participation authorized by ORS 283.085 to 283.092[, *286.515 and 286.525*].

35 (3) “Director” means the Director of the Oregon Department of Administrative Services.

36 (4)(a) “Financing agreement” means a lease purchase agreement, an installment sale agreement,  
 37 a loan agreement or any other agreement:

38 (A) To finance real or personal property that is or will be owned and operated by the state or  
 39 any of its agencies;

40 (B) To finance infrastructure related to a facility that is owned and operated by the state;

41 (C) To finance infrastructure components that are owned or operated by a local government  
 42 agency of this state if the director determines that financing the infrastructure will facilitate the  
 43 construction or operation of an adult or juvenile corrections facility or a public safety training fa-  
 44 cility owned and operated by the state or any of its agencies;

45 (D) To finance all or a portion of the state’s pension liabilities for retirement, health care or

1 disability benefits, in an amount that produces net proceeds that do not exceed the State Treasurer's  
 2 estimate of those liabilities based on information provided to the State Treasurer by the Public  
 3 Employees Retirement System; or

4 (E) To refinance previously executed financing agreements.

5 (b) As used in this subsection, "infrastructure" includes, but is not limited to, sewer and water  
 6 systems and road improvements.

7 (5) "Personal property" means tangible personal property, software and fixtures.

8 (6) "Property rights" means, with respect to personal property, the rights of a secured party  
 9 under ORS chapter 79, and, with respect to real property, the rights of a trustee or lender under a  
 10 lease authorized by ORS 283.089 (5).

11 (7) "Software" means software and training and maintenance contracts related to the operation  
 12 of computing equipment.

13 (8) "Treasurer" means the State Treasurer.

14 **SECTION 97.** ORS 283.087 is amended to read:

15 283.087. With the approval of the State Treasurer, the Director of the Oregon Department of  
 16 Administrative Services may enter into financing agreements in accordance with ORS 283.085 to  
 17 283.092[, 286.515 and 286.525], upon such terms as the director and the treasurer find to be advan-  
 18 tageous to the state. Financing agreements shall be subject to the following limitations:

19 (1) Amounts payable by the state under a financing agreement shall be limited to available  
 20 funds. In no circumstance shall the state be obligated to pay amounts due under a financing agree-  
 21 ment from any source other than available funds. If there are insufficient available funds to pay  
 22 amounts due under a financing agreement, the lender may exercise any property rights which the  
 23 state has granted to it in the financing agreement, against the property which was purchased with  
 24 the proceeds of the financing agreement, and apply the amounts so received toward payments  
 25 scheduled to be made by the state under the financing agreement.

26 (2) No property rights may be granted in property unless the property is being acquired, sub-  
 27 stantially improved or refinanced with the proceeds of a financing agreement, or is land on which  
 28 such property is located.

29 (3) [*For periods after June 30, 1989,*] The principal amount of financing agreements entered into  
 30 by the state pursuant to ORS 283.085 to 283.092[, 286.515 and 286.525] shall be treated as an amount  
 31 of bonds and [*shall be*] **is** subject to [*the provisions of ORS 286.505 to 286.545*] **section 10 of this**  
 32 **2007 Act.**

33 (4) The limitations of subsection (3) of this section shall not apply to financing agreements which  
 34 are used to refinance previously executed financing agreements. The expenditure of funds used to  
 35 finance previously executed financing agreements and pay the costs incurred to issue the new fi-  
 36 nancing agreements shall be recorded using administrative budget limitations.

37 (5) The state or any state agency shall not enter into financing agreements under any provision  
 38 of law other than ORS 283.085 to 283.092[, 286.515 and 286.525] if the principal amount of the fi-  
 39 nancing agreement, together with the principal amount of any financing agreement previously issued  
 40 by the state or a state agency for the same project, exceeds \$100,000.

41 (6) Upon the request and with the approval of the Chief Justice of the Supreme Court or the  
 42 State Court Administrator, the Director of the Oregon Department of Administrative Services may  
 43 enter into financing agreements in accordance with ORS 283.085 to 283.092[, 286.515 and 286.525],  
 44 on behalf of the Judicial Department.

45 (7) Financing agreements may bear interest that is includable in, or is excludable from, gross

1 income under the Internal Revenue Code.

2 **SECTION 98.** ORS 283.092 is amended to read:

3 283.092. A lease or financing agreement authorized by ORS 283.085 to 283.092[, 286.515 and  
4 286.525] shall not cause property to be subject to property taxation and shall be disregarded in de-  
5 termining whether property is exempt from taxation under ORS chapter 307.

6 **SECTION 99.** ORS 285B.323 is amended to read:

7 285B.323. As used in ORS 285B.320 to 285B.371, unless the context requires otherwise:

8 (1) “Bond” or “**revenue bond**” means [*any evidence of indebtedness, including but not limited to*  
9 *any bond, note, obligation, loan agreement, financing agreement, contracts for leasing, rental or fi-*  
10 *nanancing of real or personal property, including contracts for rental, long term leases under an optional*  
11 *contract for purchase, financing agreements with vendors, financial institutions or others or for pur-*  
12 *chase of any property secured by revenues or from other financing sources as provided in ORS*  
13 *285B.320 to 285B.371. A bond, as defined in this subsection and issued under ORS 285B.320 to*  
14 *285B.371, shall be considered a revenue bond for purposes of ORS 286.031] **a revenue bond, as de-**  
15 **defined in section 2 of this 2007 Act.***

16 (2) “Economic development project” includes any properties, real or personal, used or useful in  
17 connection with a revenue producing enterprise or any solid waste disposal facilities and related  
18 vehicles, rolling stock or equipment. “Economic development project” shall not include any facility  
19 or facilities designed primarily for the generation, transmission, sale or distribution of electrical  
20 energy.

21 (3) “Eligible project” means an economic development project found by the Oregon Economic  
22 and Community Development Commission to meet standards of the commission adopted under ORS  
23 285A.110. The commission may treat as a single eligible project for bonding purposes any number  
24 of economic development projects determined to be eligible projects.

25 **SECTION 100.** ORS 285B.344 is amended to read:

26 285B.344. (1) If the State Treasurer determines that bonds should be issued **under ORS 285B.320**  
27 **to 285B.371:**

28 (a) The State Treasurer may authorize and issue in the name of the State of Oregon bonds se-  
29 cured by revenues from eligible economic development projects or from other financing sources to  
30 finance or refinance in whole or part the cost of acquisition, construction, reconstruction, improve-  
31 ment or extension of projects. The bonds shall be identified by project. [*and issued in the manner*  
32 *prescribed by ORS 286.010, 286.020 and 286.105 to 286.135, and] Refunding bonds may be issued to*  
33 *refinance such bonds.*

34 (b) The State Treasurer shall designate the underwriter, vendor, lender or other financing party,  
35 if any, and enter into appropriate agreements with each to carry out the provisions of ORS 285B.320  
36 to 285B.371. The Economic and Community Development Department, with the approval of the State  
37 Treasurer, shall designate the trustee and enter into appropriate agreements with the trustee to  
38 carry out the provisions of ORS 285B.320 to 285B.371. The department **or the State Treasurer** may  
39 appoint bond counsel as [*authorized by ORS 288.523, or the State Treasurer may enter into an*  
40 *agreement with bond counsel if the services provided under the agreement comply with the provisions*  
41 *of ORS 288.523 and the appointment is approved by the Attorney General as required by ORS 288.523.*  
42 *The department may not make an appointment or enter into an agreement under this paragraph unless*  
43 *the State Treasurer has reviewed and approved the terms and conditions of the appointment or agree-*  
44 *ment. ORS 279A.140 does not apply to any appointment or agreement described in this paragraph]*  
45 **prescribed under section 21 of this 2007 Act.**

1 (2) Any escrow agent, bond registrar, paying agent or trustee, if any, designated by the State  
 2 Treasurer to carry out all or part of the powers specified in ORS 285B.335 must agree to furnish  
 3 financial statements and audit reports for each bond issue.

4 **SECTION 101.** ORS 285B.347 is amended to read:

5 285B.347. In determining whether to issue bonds under ORS 285B.320 to 285B.371, the State  
 6 Treasurer shall consider:

7 (1) The market for the [*types of*] bonds proposed for issuance.

8 (2) The terms and conditions of the proposed issue.

9 (3) [*Such*] Other relevant factors as the State Treasurer considers necessary to protect the fi-  
 10 nancial integrity of the State **of Oregon**.

11 **SECTION 102.** ORS 285B.350 is amended to read:

12 285B.350. Bonds authorized under ORS 285B.320 to 285B.371 shall be issued in accordance with  
 13 the provisions of ORS [*288.515 to 288.550*] **chapter 286**.

14 **SECTION 103.** ORS 285B.473 is amended to read:

15 285B.473. If the State Treasurer determines that revenue bonds should be issued **under ORS**  
 16 **285B.467 to 285B.479**:

17 (1) The State Treasurer may authorize and issue in the name of the State of Oregon revenue  
 18 bonds secured by moneys paid to the Special Public Works Fund pledged therefor to finance or re-  
 19 finance in whole or part the cost of acquisition, construction, reconstruction, improvement or ex-  
 20 tension of development projects. The bonds shall be issued in the manner prescribed by ORS  
 21 chapter 286, and refunding bonds may be issued to refinance the revenue bonds.

22 (2) The State Treasurer shall designate the underwriter and enter into appropriate agreements  
 23 with the underwriter to carry out the provisions of ORS 285B.467 to 285B.479. The Economic and  
 24 Community Development Department, with the approval of the State Treasurer, shall designate the  
 25 trustee and enter into appropriate agreements with the trustee to carry out the provisions of ORS  
 26 285B.467 to 285B.479. The department **or the State Treasurer** may appoint bond counsel as [*au-*  
 27 *thorized by ORS 288.523, or the State Treasurer may enter into an agreement with bond counsel if the*  
 28 *services provided under the agreement comply with the provisions of ORS 288.523 and the appointment*  
 29 *is approved by the Attorney General as required by ORS 288.523. The department may not make an*  
 30 *appointment or enter into an agreement under this subsection unless the State Treasurer has reviewed*  
 31 *and approved the terms and conditions of the appointment or agreement. ORS 279A.140 does not apply*  
 32 *to any appointment or agreement described in this subsection*] **prescribed in section 21 of this 2007**  
 33 **Act**.

34 **SECTION 104.** ORS 285B.479 is amended to read:

35 285B.479. (1) Revenue bonds issued under ORS 285B.467 to 285B.479:

36 (a) [*Shall*] **May** not be payable from nor charged upon any funds other than the revenue pledged  
 37 to the payment thereof, except as provided in this section, nor shall the state be subject to any li-  
 38 ability thereon. No holder or holders of such bonds shall ever have the right to compel any exercise  
 39 of the taxing power of the state to pay any such bonds or the interest thereon, nor to enforce pay-  
 40 ment thereof against any property of the state except those moneys pledged therefor in the Special  
 41 Public Works Fund, under the provisions of ORS 285B.467 to 285B.479.

42 (b) [*Shall*] **May** not constitute a charge, lien or encumbrance, legal or equitable, upon any  
 43 property of the state, except those moneys paid to the Special Public Works Fund.

44 (2) A **revenue bond** [*shall*] **issued under ORS 285B.467 to 285B.479 does** not constitute a debt  
 45 of the State **of Oregon** or a lending of the credit of [*the*] **this** state within the meaning of any

1 constitutional or statutory limitation.

2 **SECTION 105.** ORS 285B.533 is amended to read:

3 285B.533. (1) Infrastructure lottery bonds shall be issued under ORS 286.560 to 286.580 [*and*  
4 *348.716*] only at the request of the Director of the Economic and Community Development Depart-  
5 ment. Infrastructure lottery bonds may be issued in an amount sufficient to provide no more than  
6 \$6 million of net proceeds to pay costs of infrastructure projects, plus the amounts required to pay  
7 bond-related costs.

8 (2) The net proceeds from the sale of the infrastructure lottery bonds shall be allocated to the  
9 Economic and Community Development Department for the State of Oregon's match of federal  
10 moneys under the Safe Drinking Water Act.

11 (3) The net proceeds from the sale of the infrastructure lottery bonds that are available to pay  
12 costs of infrastructure projects shall be credited to the Water Fund created by ORS 285B.563. All  
13 such net proceeds are appropriated continuously to the Economic and Community Development De-  
14 partment only for payment of costs of infrastructure projects described in subsection (2) of this  
15 section and for payment of bond-related costs that are allocable to infrastructure lottery bonds.

16 (4) The Economic and Community Development Department and any municipality receiving  
17 proceeds of infrastructure lottery bonds shall, if so directed by the Oregon Department of Adminis-  
18 trative Services, take any action specified by the Oregon Department of Administrative Services  
19 that is necessary to maintain the excludability of lottery bond interest from gross income under the  
20 United States Internal Revenue Code.

21 **SECTION 106.** ORS 285B.548 is amended to read:

22 285B.548. [*(1) Notwithstanding ORS 286.505 to 286.545, infrastructure lottery bonds may be issued*  
23 *during the 1997-1999 biennium in an aggregate principal amount that produces net proceeds for*  
24 *infrastructure projects that shall not exceed \$6 million, plus an amount that the State Treasurer esti-*  
25 *mates will be required to pay bond-related costs.]*

26 [*(2) In future biennial periods,*] The amount of infrastructure lottery bonds that may be issued  
27 shall be authorized [*under ORS 286.505 to 286.545*] **as prescribed in section 10 of this 2007 Act.**

28 **SECTION 107.** ORS 285B.575 is amended to read:

29 285B.575. If the State Treasurer determines that revenue bonds shall be issued:

30 (1) The State Treasurer may authorize and issue in the name of the State of Oregon revenue  
31 bonds secured by moneys paid to the Water Fund and pledged to finance or refinance in whole or  
32 in part the cost of a water project. The revenue bonds issued under this section shall be issued in  
33 the manner prescribed by ORS chapter 286, and refunding bonds may be issued to refinance the re-  
34 venue bonds.

35 (2) The State Treasurer shall designate and enter into agreements with the underwriter to carry  
36 out the provisions of ORS 285B.560 to 285B.599. The Economic and Community Development De-  
37 partment, with the approval of the State Treasurer, shall designate the trustee and enter into ap-  
38 propriate agreements with the trustee to carry out the provisions of ORS 285B.560 to 285B.599. The  
39 department **or the State Treasurer** may appoint bond counsel as [*authorized by ORS 288.523, or*  
40 *the State Treasurer may enter into an agreement with bond counsel if the services provided under the*  
41 *agreement comply with the provisions of ORS 288.523 and the appointment is approved by the Attorney*  
42 *General as required by ORS 288.523. The department may not make an appointment or enter into an*  
43 *agreement under this subsection unless the State Treasurer has reviewed and approved the terms and*  
44 *conditions of the appointment or agreement. ORS 279A.140 does not apply to any appointment or*  
45 *agreement described in this subsection*] **prescribed in section 21 of this 2007 Act.**

**SECTION 108.** ORS 286.750 is amended to read:

286.750. (1) In accordance with the applicable provisions of this chapter [*and ORS chapter 288*], the State Treasurer, after consulting with the Director of the Oregon Department of Administrative Services, may issue Article XI-O bonds from time to time for the purposes described in ORS 286.735 (2).

(2) Article XI-O bonds may:

(a) Be sold at a competitive or negotiated sale;

(b) Bear interest that is includable in or excludable from gross income under the Internal Revenue Code; and

(c) Be sold on terms approved by the State Treasurer, including terms related to the time of sale, the issuance of bonds in series, the maturity of each series and the interest borne by each series of bonds.

(3) Subject to the approval of the State Treasurer, the Director of the Oregon Department of Administrative Services may:

(a) Acquire municipal bond insurance, a letter of credit, a line of credit, surety bonds or another credit enhancement device for Article XI-O bonds; and

(b) Enter into related agreements.

(4) Subject to the approval of the State Treasurer, the Director of the Oregon Department of Administrative Services may:

(a) Enter into agreements with a trustee or escrow agent regarding the use and application of the amounts held in the Article XI-O Bond Fund or the Article XI-O Bond Administration Fund; and

(b) Transfer amounts credited to the bond fund or the bond administration fund to a trustee or escrow agent.

**SECTION 109.** ORS 286.762 is amended to read:

286.762. (1) Article XI-M bonds are a general obligation of the State of Oregon and must contain a direct promise on behalf of the State of Oregon to pay the principal of, the interest on and the premium, if any, on the Article XI-M bonds. The State of Oregon shall pledge its full faith and credit and taxing power to pay Article XI-M bonds, except that the ad valorem taxing power of the State of Oregon may not be pledged to pay Article XI-M bonds.

(2) The State Treasurer, with the concurrence of the Director of the Oregon Department of Administrative Services, may issue Article XI-M bonds:

(a) Subject to the limit on bond issuance established for the particular biennium [*in ORS 286.505 to 286.545*] **pursuant to section 10 of this 2007 Act** and at the request of the Director of the Office of Emergency Management, for the purpose of financing all or a portion of the state share of costs to plan and implement seismic rehabilitation of public education buildings in the amount of the state share of costs, plus an amount determined by the State Treasurer to pay estimated bond-related costs.

(b) To refund Article XI-M bonds. The amount of Article XI-M bonds issued under this paragraph may not exceed the estimated costs of paying, redeeming or defeasing the refunded bonds, plus an amount determined by the State Treasurer to pay estimated bond-related costs.

(3) The State Treasurer shall transfer the net proceeds of Article XI-M bonds issued for the purpose described in subsection (2)(a) of this section to the Office of Emergency Management for deposit in the Education Seismic Fund established under ORS 286.768.

**SECTION 110.** ORS 286.770 is amended to read:

286.770. (1) In accordance with the applicable provisions of this chapter [*and ORS chapter*

1 288], Article XI-M bonds may:

2 (a) Be sold at a competitive or negotiated sale;

3 (b) Bear interest that is includable or excludable from gross income under the Internal Revenue  
4 Code; and

5 (c) Be sold on terms approved by the State Treasurer, including terms related to the time of  
6 sale, the issuance of Article XI-M bonds in series, the maturity of each series and the interest borne  
7 by each series of Article XI-M bonds.

8 (2) Subject to the approval of the State Treasurer, the Director of the Oregon Department of  
9 Administrative Services may:

10 (a) Acquire municipal bond insurance, a letter of credit, a line of credit, surety bonds or another  
11 credit enhancement device for Article XI-M bonds; and

12 (b) Enter into related agreements.

13 **SECTION 111.** ORS 286.782 is amended to read:

14 286.782. (1) Article XI-N bonds are a general obligation of the State of Oregon and must contain  
15 a direct promise on behalf of the State of Oregon to pay the principal of, the interest on and the  
16 premium, if any, on the Article XI-N bonds. The State of Oregon shall pledge its full faith and credit  
17 and taxing power to pay Article XI-N bonds, except that the ad valorem taxing power of the State  
18 of Oregon may not be pledged to pay Article XI-N bonds.

19 (2) The State Treasurer, with the concurrence of the Director of the Oregon Department of  
20 Administrative Services, may issue Article XI-N bonds:

21 (a) Subject to the limit on bond issuance established for the particular biennium [*in ORS 286.505*  
22 *to 286.545*] **pursuant to section 10 of this 2007 Act** and at the request of the Director of the Office  
23 of Emergency Management, for the purpose of financing all or a portion of the state share of costs  
24 to plan and implement seismic rehabilitation of emergency services buildings in the amount of the  
25 state share of costs, plus an amount determined by the State Treasurer to pay estimated bond-  
26 related costs.

27 (b) To refund Article XI-N bonds. The amount of Article XI-N bonds issued under this paragraph  
28 may not exceed the estimated costs of paying, redeeming or defeasing the refunded bonds, plus an  
29 amount determined by the State Treasurer to pay estimated bond-related costs.

30 (3) The State Treasurer shall transfer the net proceeds of Article XI-N bonds issued for the  
31 purpose described in subsection (2)(a) of this section to the Office of Emergency Management for  
32 deposit in the Emergency Services Seismic Fund established under ORS 286.788.

33 **SECTION 112.** ORS 286.790 is amended to read:

34 286.790. (1) In accordance with the applicable provisions of this chapter [*and ORS chapter*  
35 *288*], Article XI-N bonds may:

36 (a) Be sold at a competitive or negotiated sale;

37 (b) Bear interest that is includable or excludable from gross income under the Internal Revenue  
38 Code; and

39 (c) Be sold on terms approved by the State Treasurer, including terms related to the time of  
40 sale, the issuance of Article XI-N bonds in series, the maturity of each series and the interest borne  
41 by each series of Article XI-N bonds.

42 (2) Subject to the approval of the State Treasurer, the Director of the Oregon Department of  
43 Administrative Services may:

44 (a) Acquire municipal bond insurance, a letter of credit, a line of credit, surety bonds or another  
45 credit enhancement device for Article XI-N bonds; and

1 (b) Enter into related agreements.

2 **SECTION 113.** ORS 289.005 is amended to read:

3 289.005. As used in this chapter, unless the context requires otherwise:

4 (1) "Authority" means the Oregon Facilities Authority created by this chapter.

5 (2) "Bonds" or "revenue bonds" means *[revenue bonds, notes, bond anticipation notes and any*  
 6 *other evidence of indebtedness of the authority issued under the provisions of this chapter, including*  
 7 *revenue refunding bonds, notwithstanding that the same may be secured by any federally guaranteed*  
 8 *security, whether acquired by the authority or by a participating institution, or by mortgage, the full*  
 9 *faith and credit or by any other lawfully pledged security of one or more participating institutions]*  
 10 **revenue bonds, as defined in section 2 of this 2007 Act.**

11 (3) "Cost" means the cost of:

12 (a) Construction, acquisition, alteration, enlargement, reconstruction and remodeling of a  
 13 project, including all lands, structures, real or personal property, rights, rights of way, air rights,  
 14 franchises, easements and interests acquired or used for or in connection with a project;

15 (b) Demolishing or removing any buildings or structures on land as acquired, including the cost  
 16 of acquiring any lands to which such buildings or structures may be moved;

17 (c) All machinery and equipment;

18 (d) Financing charges, interest prior to, during and for a period after completion of construction  
 19 and acquisition, reasonably required amounts to make the project operational, provisions for re-  
 20 serves for principal and interest and for extensions, enlargements, additions, replacements, reno-  
 21 vations and improvements;

22 (e) Architectural, actuarial engineering, financial and legal services, plans specifications,  
 23 studies, surveys, estimates of costs and of revenues, administrative expenses, expenses necessary or  
 24 incident to determining the feasibility or practicability of constructing the project; and

25 (f) Such other expenses as may be necessary or incident to a project, the financing of such  
 26 project and the placing of the project in operation.

27 (4) "Cultural institution" means a public or nonprofit institution within this state which engages  
 28 in the cultural, intellectual, scientific, environmental, educational or artistic enrichment of the peo-  
 29 ple of this state. "Cultural institution" includes, without limitation, aquaria, botanical societies,  
 30 historical societies, land conservation organizations, libraries, museums, performing arts associations  
 31 or societies, scientific societies, wildlife conservation organizations and zoological societies. "Cul-  
 32 tural institution" does not mean any school or any institution primarily engaged in religious or  
 33 sectarian activities.

34 (5) "Health care institution" means a public or nonprofit organization that provides health care  
 35 and related services, including but not limited to the provision of inpatient and outpatient care, di-  
 36 agnostic or therapeutic services, laboratory services, medicinal drugs, nursing care, assisted living,  
 37 elderly care and housing, including retirement communities, and equipment used or useful for the  
 38 provision of health care and related services.

39 (6) "Housing institution" means a public or nonprofit organization that provides decent, afford-  
 40 able housing to low income persons.

41 (7) "Institution" means an institution for housing, higher education or prekindergarten through  
 42 grade 12 education, a school for the handicapped, a health care institution or a cultural institution  
 43 within this state.

44 (8) "Institution for higher education" means a public or nonprofit educational institution within  
 45 this state authorized by law to provide a program of education beyond the high school level, in-

1 cluding community colleges and associate degree granting institutions. “Institution for higher edu-  
2 cation” does not mean any school or any institution primarily engaged in religious or sectarian  
3 activities.

4 (9) “Institution for prekindergarten through grade 12 education” means an Oregon  
5 prekindergarten as defined in ORS 329.170, a public educational institution within this state au-  
6 thorized by law to provide a program of education for kindergarten through grade 12 or a nonprofit  
7 educational institution within this state registered as a private school under ORS 345.545 that pro-  
8 vides a program of education for prekindergarten through grade 12. “Institution for prekindergarten  
9 through grade 12 education” does not mean a school or institution primarily engaged in religious  
10 or sectarian activities.

11 (10) “Nonprofit” means an institution, organization or entity exempt from taxation under section  
12 501(c)(3) of the Internal Revenue Code as amended and in effect on the effective date of this chapter.

13 (11) “Participating institution” means a participating institution for health care, housing, higher  
14 education, a participating school for the handicapped or a participating cultural institution.

15 (12)(a) “Project” means the financing or refinancing, including without limitation, acquisition,  
16 construction, enlargement, remodeling, renovation, improvement, furnishing or equipping, of the fol-  
17 lowing:

18 (A) In the case of a participating institution that is an institution for higher education, an in-  
19 stitution for prekindergarten through grade 12 education or a school for the handicapped, a struc-  
20 ture or structures suitable for use as a dormitory or other multiunit housing facility for students,  
21 faculty, officers or employees, or a dining hall, student union, administration building, academic  
22 building, library, laboratory, research facility, classroom, athletic facility, health care facility,  
23 maintenance, storage or utility facility and other structures or facilities related to any of the  
24 structures required or used for the instruction of students, the conducting of research or the oper-  
25 ation of an institution for higher education, an institution for prekindergarten through grade 12  
26 education or a school for the handicapped. It shall also include landscaping, site preparation, furni-  
27 ture, equipment and machinery and other similar items necessary or convenient for the operation  
28 of a particular facility or structure in the manner for which its use is intended and shall further  
29 include any furnishings, equipment, machinery and other similar items necessary or convenient for  
30 the operation of an institution of higher education, an institution for prekindergarten through grade  
31 12 education or a school for the handicapped, whether or not such items are related to a particular  
32 facility or structure financed under this chapter;

33 (B) In the case of a participating institution that is a housing institution, a structure or struc-  
34 tures suitable for use as housing, including residences or multiunit housing facilities, administration  
35 buildings, maintenance, storage or utility facilities and other structures or facilities related to any  
36 of the structures required or used for the operation of the housing, including parking and other fa-  
37 cilities or structures essential or convenient for the orderly provision of such housing. It shall also  
38 include landscaping, site preparation, furniture, equipment and machinery and other similar items  
39 necessary or convenient for the particular housing facility or structure in the manner for which its  
40 use is intended and shall further include any furnishings, equipment, machinery and other similar  
41 items necessary or convenient for the provision of housing, whether or not such items are related  
42 to a particular facility or structure financed under this chapter;

43 (C) In the case of a participating institution that is a cultural institution, a structure or struc-  
44 tures suitable for its purposes, whether or not to be used to provide educational services, or re-  
45 search resources, including use as or in connection with an administrative facility, aquarium,

1 assembly hall, auditorium, botanical garden, exhibition hall, gallery, greenhouse, library, museum,  
 2 scientific laboratory, theater or zoological facility. It shall also include supporting facilities, land-  
 3 scaping, site preparation, furniture, equipment, machinery and other similar items necessary or  
 4 convenient for the operation of a cultural institution, whether or not such items are related to a  
 5 particular facility or structure financed under this chapter, including books, works of art or other  
 6 items for display or exhibition; and

7 (D) In the case of a participating institution that is a health care institution, a structure or  
 8 structures suitable for its purposes, including hospital facilities, inpatient and outpatient clinics,  
 9 doctors' offices, administration buildings, parking, maintenance, storage or utility facilities, nursing  
 10 care or assisted living facilities, elderly care and housing facilities, including retirement communi-  
 11 ties, and other structures or facilities related to any of the structures required or used for the op-  
 12 eration of the health care institution, including other facilities or structures essential or convenient  
 13 for the orderly provision of such health care. It shall also include landscaping, site preparation,  
 14 furniture, equipment and machinery and other similar items necessary or convenient for the partic-  
 15 ular health care facility or structure in the manner for which its use is intended and shall further  
 16 include any working capital, furnishings, equipment, machinery and other similar items necessary  
 17 or convenient for the provision of health care, whether or not such items are related to a particular  
 18 facility or structure financed under this chapter, including borrowings needed to alleviate interim  
 19 cash flow deficits of a health care institution.

20 (b) "Project" also includes any combination of one or more of the projects undertaken jointly  
 21 by one or more participating institutions with each other or with other parties.

22 (c) "Project" does not include any facility used or to be used for sectarian instruction or as a  
 23 place of religious worship or any facility which is used or to be used primarily in connection with  
 24 any part of the program of a school or department of divinity for any religious denomination.

25 (13) "School for the handicapped" means a public or nonprofit primary, secondary or post-  
 26 secondary school within this state which serves students at least 70 percent of whom are hand-  
 27 icapped as determined by one or more appropriate education, rehabilitation, medical or mental  
 28 health authorities; is accredited by a recognized accrediting body; and is determined by the author-  
 29 ity to be a major resource of benefit to the handicapped. "School for the handicapped" does not  
 30 mean any school or any institution primarily engaged in religious or sectarian activities.

31 **SECTION 114.** ORS 289.200 is amended to read:

32 289.200. (1) If the State Treasurer determines that revenue bonds should be issued:

33 (a) The State Treasurer may authorize and issue in the name of the State of Oregon revenue  
 34 bonds secured by revenues from eligible projects to finance or refinance in whole or part the cost  
 35 of acquisition, purchase, construction, reconstruction, installations improvement, betterment or ex-  
 36 tension of projects. The bonds shall be identified by project and issued in the manner prescribed  
 37 by ORS [286.010, 286.020 and 286.105 to 286.135, and] **chapter 286**. Refunding bonds may be issued  
 38 to refinance [*such*] **the** revenue bonds.

39 (b) The State Treasurer shall designate the underwriter, trustee and bond counsel, if any, and  
 40 enter into appropriate agreements with each to carry out the provisions of this chapter. An  
 41 agreement with bond counsel designated by the State Treasurer under this section is subject to the  
 42 provisions related to services provided by bond counsel under [ORS 288.523, and the appointment  
 43 must be approved by the Attorney General as required by ORS 288.523] **section 21 of this 2007**  
 44 **Act**.

45 (2) Any trustee designated by the State Treasurer to carry out all or part of the powers specified

1 in ORS 289.110 must agree to furnish financial statements and audit reports for each bond issue.

2 (3) The State Treasurer shall be the applicable elected representative for purposes of approving  
 3 the issuance of revenue bonds under this chapter as to the extent such approval is required under  
 4 section 147(f) of the Internal Revenue Code [of 1986], as amended[, or any successor provision  
 5 thereto].

6 (4) The State Treasurer shall collect data from the Oregon Facilities Authority regarding the  
 7 amount and nature of bonded indebtedness in Oregon health care institutions financed through the  
 8 authority.

9 **SECTION 115.** ORS 289.205 is amended to read:

10 289.205. (1) In determining whether to issue revenue bonds under this chapter, the State Treas-  
 11 urer shall consider:

12 (a) The bond market for the types of bonds proposed for issuance.

13 (b) The terms and conditions of the proposed issue.

14 (c) Such other relevant factors as the State Treasurer considers necessary to protect the finan-  
 15 cial integrity of the state.

16 (2) Bonds authorized under this chapter shall be issued in accordance with the provisions of  
 17 ORS [288.515 to 288.550] **chapter 286.**

18 (3) Reasonable administrative expenses of the State Treasurer shall be charged against bond  
 19 proceeds or project revenues.

20 **SECTION 116. ORS 293.173 is repealed.**

21 **SECTION 117.** ORS 293.824 is amended to read:

22 293.824. (1) As used in this section:

23 (a) "Council" means the Oregon Investment Council.

24 [(b) "Governmental unit" has the meaning given the term under ORS 288.150.]

25 [(c)] (b) "Investor" means an entity which deposits proceeds with the State Treasurer for in-  
 26 vestment in a pool.

27 [(d)] (c) "Pool" means a fund or account established by the State Treasurer for the investment  
 28 of proceeds for one or more investors, pursuant to this section.

29 (d) "Public body" has the meaning given that term in section 43 of this 2007 Act.

30 (e) "Proceeds" means funds obtained from the sale of tax-exempt obligations, and other funds  
 31 which secure, or are held to pay debt service on, tax-exempt obligations.

32 (f) "Tax-exempt obligations" means bonds, notes, certificates or other obligations, the interest  
 33 on which is excluded from gross income under the United States Internal Revenue Code.

34 (2) In addition to the other powers granted to the State Treasurer, the State Treasurer may  
 35 create one or more pools for the investment of proceeds. The pools shall be separate and distinct  
 36 from the General Fund. Amounts in a pool shall be invested under the standards for investment of  
 37 state funds which are provided in ORS 293.701 to 293.820. However, the investment objective for the  
 38 pools shall be to make the amounts therein as productive to the investor as is administratively  
 39 reasonable, taking into account restrictions imposed by the United States on the investment of the  
 40 proceeds and the ability of the investor to retain investment earnings for its benefit. Amounts in a  
 41 pool shall be invested according to policies established by the Oregon Investment Council. ORS  
 42 293.820 shall not apply to investments of amounts in a pool. The State Treasurer or the council may  
 43 enter into agreements with investors regarding the investment of proceeds in a pool authorized by  
 44 this section and may take other action reasonably required to establish and operate pools for the  
 45 investment of proceeds in a manner which reduces the burden on investors of complying with federal

1 arbitrage laws.

2 (3) The State Treasurer or the council may contract for trust, investment management, legal,  
 3 accounting, financial advisory and other services with respect to the funds invested in a pool. Costs  
 4 of the services may be paid from earnings on proceeds invested in a pool, from fees charged to in-  
 5 vestors or from any other legally available funds. The State Treasurer may charge investors fees for  
 6 deposit or withdrawal of amounts from a pool. The fees shall not exceed the State Treasurer’s rea-  
 7 sonable estimate of the costs of creating and operating the pool.

8 (4) The State Treasurer shall establish policies and procedures for the allocation of pool ex-  
 9 penses, earnings and losses among investors in a pool, and for the deposit and withdrawal of  
 10 amounts in a pool. Net earnings on amounts in pools shall be distributed among investors in ac-  
 11 cordance with the policies and procedures established by the State Treasurer.

12 (5) The State of Oregon, its agencies, *[governmental units]* **public bodies** and trustees which hold  
 13 proceeds may invest proceeds through the State Treasurer in a pool.

14 **SECTION 118.** ORS 294.052 is amended to read:

15 294.052. (1) As used in this section:

16 (a) “Bond” *[has the meaning given that term in ORS 288.605]* **means:**

17 **(A) A general obligation bond, as defined in section 43 of this 2007 Act;**

18 **(B) A revenue bond, as defined in section 43 of this 2007 Act; or**

19 **(C) A certificate of participation.**

20 (b) “Certificate of participation” *[has the meaning given that term in ORS 288.605.]* **means a fi-**  
 21 **nancing agreement entered into by a municipality authorized by law to enter into financing**  
 22 **agreements, or certificate of participation issued under such financing agreements.**

23 **(c) “Financing agreement” means a lease purchase agreement, an installment sale**  
 24 **agreement, a loan agreement or any other agreement to finance real or personal property**  
 25 **that is or will be owned and operated by a municipality, or to refinance previously executed**  
 26 **financing agreements.**

27 *[(c)]* **(d) “Municipality” means a unit of local government within Oregon including, but not lim-**  
 28 **ited to, cities, counties, school districts, special districts, public corporations and intergovernmental**  
 29 **corporations organized under the authority of ORS 190.010.**

30 (2) Notwithstanding ORS 294.135 or 294.145 or any other law or charter provision, a munici-  
 31 pality may invest proceeds of bonds or certificates of participation and amounts held in a bond or  
 32 certificate of participation payment, reserve or proceeds fund or account in float agreements, debt  
 33 service deposit agreements, forward investment agreements, guaranteed investment contracts or  
 34 other investment agreements if the agreements or contracts:

35 (a) Produce a guaranteed rate of return;

36 (b) Are fully collateralized by direct obligations of, or obligations guaranteed by, the United  
 37 States; and

38 (c) Require that the collateral be held by the municipality, an agent of the municipality or a  
 39 third-party safekeeping agent.

40 **SECTION 119.** ORS 294.326 is amended to read:

41 294.326. (1) Except as provided in subsections (3) to (11) of this section, it is unlawful for any  
 42 municipal corporation to expend money or to certify to the assessor an ad valorem tax rate or es-  
 43 timated amount of ad valorem taxes to be imposed in any year unless the municipal corporation has  
 44 complied with ORS 294.305 to 294.565.

45 (2) To the extent that any of subsections (3) to (11) of this section apply in a given case, the

1 municipal corporation need not comply with ORS 294.305 to 294.565.

2 (3) Subsection (1) of this section does not apply to the expenditure in the year of receipt of  
 3 grants, gifts, bequests or devises transferred to a municipal corporation in trust for specific purposes  
 4 or to other special purpose trust funds at the disposal of municipal corporations. However, sub-  
 5 section (1) of this section does apply to the expenditure of grants, gifts, bequests or devises trans-  
 6 ferred to a municipal corporation for undesignated general purposes or to the expenditure of grants,  
 7 gifts, bequests or devises transferred to a municipal corporation in trust for specific purposes which  
 8 were received in a prior year. Expenditure of grants, gifts, bequests and devises exempt from sub-  
 9 section (1) of this section by this subsection is lawful only after enactment by the governing body  
 10 of the municipal corporation of appropriation ordinances or resolutions authorizing the expenditure.

11 (4) Subsection (1) of this section does not apply whenever the governing body of a municipal  
 12 corporation has declared the existence of an unforeseen occurrence or condition which could not  
 13 have been foreseen at the time of the preparation of the budget for the current year or current  
 14 budget period or could not have foreseen a pressing necessity for the expenditure or has received  
 15 a request for services or facilities, the cost of which is supplied by a private individual, corporation  
 16 or company or by another governmental unit necessitating a greater expenditure of public money  
 17 for any specific purpose or purposes than the amount budgeted in order to provide the services for  
 18 which the governing body of the municipal corporation was responsible. The governing body may  
 19 make excess expenditures for the specific purpose or purposes beyond the amount budgeted and  
 20 appropriated to the extent that maintenance, repair or self-insurance reserves authorized by ORS  
 21 294.366 or nontax funds are available or may be made available. The expenditures are lawful only  
 22 after the enactment of appropriate appropriation ordinances or resolutions authorizing the expen-  
 23 ditures. The ordinance or resolution must state the need for the expenditure, the purpose for the  
 24 expenditure and the amount appropriated.

25 (5) Subsection (1) of this section does not apply to the expenditure during the current year or  
 26 current budget period of the proceeds of the sale of the following bonds or other obligations, or to  
 27 the expenditure during the current year or current budget period of other funds to pay debt service  
 28 on the following bonds or other obligations:

29 (a) Bonds that are issued under [*the Uniform Revenue Bond Act, ORS 288.805 to 288.945,*] **sec-**  
 30 **tion 47 of this 2007 Act and** for which the referral period described in [*ORS 288.815*] **section 47**  
 31 **of this 2007 Act** ended after the preparation of the budget of the current year or current budget  
 32 period;

33 (b) Bonds or other obligations that were approved by the electors during the current year or  
 34 current budget period; or

35 (c) Bonds or other obligations issued during the current year or current budget period to refund  
 36 previously issued bonds or obligations.

37 (6) Subsection (1) of this section does not apply to:

38 (a) Expenditures of funds received from the sale of conduit revenue bonds or other borrowings  
 39 issued for private business entities or nonprofit corporations by cities, counties, county service dis-  
 40 tricts, port districts, special districts, the Port of Portland or the State of Oregon or to pay debt  
 41 service on the bonds;

42 (b) Expenditures of funds that have been irrevocably placed in escrow for the purpose of  
 43 defeasing and paying bonds or other borrowings;

44 (c) Expenditures of assessments or other revenues to redeem bonds or other obligations that are  
 45 payable from the assessments or other revenues, when the assessments or other revenues are re-

1 ceived as a result of prepayments or other unforeseen circumstances; or

2 (d) Expenditures of funds that are held as debt service reserves for bonds or other borrowings  
3 if the expenditures are made to:

4 (A) Pay debt service on the bonds or other borrowings;

5 (B) Redeem the bonds or other borrowings; or

6 (C) Fund an escrow or trust account to defease or pay the bonds or other borrowings.

7 (7) Subsection (1) of this section does not apply to expenditures of funds received from assess-  
8 ments against benefited property for local improvements as defined in ORS 223.001 to the extent that  
9 the cost of the improvements is to be paid by owners of benefited property.

10 (8) Subsection (1) of this section does not apply to the expenditure of funds accumulated to pay  
11 deferred employee compensation.

12 (9) Subsection (1) of this section does not apply to refunds or the interest on refunds granted  
13 by counties under ORS 311.806.

14 (10) Subsection (1) of this section does not apply to refunds received by a municipal corporation  
15 when purchased items are returned after an expenditure has been made. Expenditure of refunded  
16 amounts to which this subsection applies is lawful only after the governing body of the municipal  
17 corporation has enacted, after public hearing, appropriate appropriation ordinances or resolutions  
18 authorizing the expenditure.

19 (11) Subsection (1) of this section does not apply to a newly formed municipal corporation during  
20 the fiscal year in which it was formed. If a new municipal corporation is formed between March 1  
21 and June 30, subsection (1) of this section does not apply to the municipal corporation during the  
22 fiscal year immediately following the fiscal year in which it was formed.

23 **SECTION 120.** ORS 294.386 is amended to read:

24 294.386. Each municipal corporation shall prepare a financial summary. The financial summary  
25 shall include:

26 (1) A summary statement by funds showing the estimate of budget resources and the estimate  
27 of expenditures;

28 (2) A classified statement of outstanding indebtedness, but not including indebtedness that has  
29 been defeased and is no longer considered to be outstanding as provided in [ORS 288.675] **section**  
30 **59 of this 2007 Act;**

31 (3) A classified statement of all indebtedness authorized but not incurred; and

32 (4) A summary statement of the estimate of ad valorem property taxes, stated in dollars and  
33 cents and also stated as an estimated tax rate per thousand dollars of assessed value.

34 **SECTION 121.** ORS 294.443 is amended to read:

35 294.443. In the exercise of the authority granted by ORS [288.165,] 328.565 and 341.715 **and**  
36 **section 48 of this 2007 Act,** specific provision for interest must be contained in duly adopted  
37 budgets. However, reporting of anticipated loan proceeds and related principal repayments within  
38 a particular fiscal year or budget period may be accomplished in narrative form or by footnoted  
39 schedules to the duly adopted budget and need not be included as a budgetary resource or require-  
40 ment. Such narrative or footnoted disclosure must indicate that principal repayments are a liability  
41 of the applicable fund from which they are made.

42 **SECTION 122.** ORS 294.483 is amended to read:

43 294.483. [(1) A municipal corporation that has outstanding limited tax bonds, as defined in ORS  
44 288.150, that were issued pursuant to ORS 287.049 shall budget and appropriate, subject to any appli-  
45 cable covenants or agreements that limit payment of certain obligations to particular sources of funds,

1 amounts sufficient to pay, in each succeeding fiscal year or budget period, debt service on the bonds.  
 2 However, this section does not require the municipal corporation to adopt a supplemental budget to pay  
 3 the principal and interest coming due on limited tax bonds in the fiscal year or budget period in which  
 4 the bonds are authorized and issued.]

5 [(2)] A municipal corporation is not required to adopt a supplemental budget to:

6 [(a)] (1) Expend during the current year or current budget period proceeds of the sale of the  
 7 following bonds or other obligations:

8 [(A)] (a) Bonds that are issued under [*the Uniform Revenue Bond Act, ORS 288.805 to 288.945,*]  
 9 **section 47 of this 2007 Act and** for which the referral period described in [*ORS 288.815*] **section**  
 10 **47 of this 2007 Act** ended after the preparation of the budget for the current year or current budget  
 11 period.

12 [(B)] (b) Bonds or other obligations that were approved by the electors during the current year  
 13 or current budget period.

14 [(C)] (c) Bonds or other obligations issued during the current year or current budget period to  
 15 refund previously issued bonds or obligations.

16 [(b)] (2) Expend during the current year or current budget period other funds to pay the prin-  
 17 cipal and interest coming due on bonds or other obligations listed in [*paragraph (a) of this*] sub-  
 18 section (1) of this section.

19 [(c)] (3) Expend assessments or other revenues to redeem bonds or other obligations that are  
 20 payable from the assessments or other revenues, when the assessments or other revenues are re-  
 21 ceived as a result of prepayments or other unforeseen circumstances.

22 **SECTION 123.** ORS 294.820 is amended to read:

23 294.820. If the State Treasurer and the Oregon Investment Council terminate the operation of  
 24 all investment pools created under ORS 293.824, [*governmental units, as defined in ORS 288.150,*]  
 25 **public bodies, as defined in section 43 of this 2007 Act,** may establish by written agreement under  
 26 ORS chapter 190 one or more pools for the investment of proceeds for the purposes identified in  
 27 ORS 293.822. In establishing one or more such pools, the participating [*governmental units*] **public**  
 28 **bodies** may exercise those powers conferred on the State Treasurer and the Oregon Investment  
 29 Council by ORS 293.824.

30 **SECTION 124.** ORS 295.005 is amended to read:

31 295.005. As used in ORS 295.005 to 295.165, unless the context requires otherwise:

32 (1) "Certificate of participation" or "certificate" means a nonnegotiable document issued by a  
 33 pool manager to a public official.

34 (2) "Custodian bank" or "custodian" means the following institutions designated by the deposi-  
 35 tory bank for its own account:

36 (a) The Federal Reserve Bank designated to serve this state, or any branch of that bank;

37 (b) The Federal Home Loan Bank designated to serve this state, or any branch of that bank;

38 (c) Any insured institution or trust company, as those terms are defined in ORS 706.008, that is  
 39 authorized to accept deposits or transact trust business in this state and that complies with ORS  
 40 295.008; and

41 (d) The fiscal agency of the State of Oregon, duly appointed and acting as such agency pursuant  
 42 to [*ORS 288.010 to 288.110*] **section 22 of this 2007 Act.**

43 (3) "Custodian's receipt" or "receipt" means a document issued by a custodian bank to a pool  
 44 manager describing the securities deposited with it by a depository bank to secure public fund de-  
 45 posits.

1 (4) "Depository bank" or "depository" means an insured institution or trust company, as those  
2 terms are defined in ORS 706.008, a credit union, as defined in ORS 723.006, the shares and deposits  
3 of which are insured by the National Credit Union Share Insurance Fund, or a federal credit union,  
4 if the institution, trust company or credit union:

5 (a) Maintains a head office or a branch in this state in the capacity of an insured institution,  
6 trust company, credit union or federal credit union; and

7 (b) In the case of an insured institution or trust company, complies with ORS 295.008.

8 (5) "Pool manager" means:

9 (a) The State Treasurer;

10 (b) Any insured institution or trust company, as those terms are defined in ORS 706.008, a credit  
11 union, as defined in ORS 723.006, the shares and deposits of which are insured by the National  
12 Credit Union Share Insurance Fund, or a federal credit union, if the institution, trust company or  
13 credit union:

14 (A) Is authorized to accept deposits or transact trust business in this state; and

15 (B) In the case of an insured institution or trust company, complies with ORS 295.008;

16 (c) The Federal Reserve Bank designated to serve this state, or any branch of that bank; or

17 (d) The Federal Home Loan Bank designated to serve this state, or any branch of that bank.

18 (6) "Public funds" or "funds" means funds under the control or in the custody of a public official  
19 by virtue of office.

20 (7) "Security" or "securities" means:

21 (a) Obligations of the United States, including those of its agencies and instrumentalities;

22 (b) Obligations of the International Bank for Reconstruction and Development;

23 (c) Bonds of any state of the United States:

24 (A) That are rated in one of the four highest grades by a recognized investment service organ-  
25 ization that has been engaged regularly and continuously for a period of not less than 10 years in  
26 rating state and municipal bonds; or

27 (B) Having once been so rated are ruled to be eligible securities for the purposes of ORS 295.005  
28 to 295.165, notwithstanding the loss of such rating;

29 (d) Bonds of any county, city, school district, port district or other public body in the United  
30 States payable from ad valorem taxes levied generally on substantially all property within the issu-  
31 ing body and that meet the rating requirement or are ruled to be eligible securities as provided in  
32 paragraph (c) of this subsection;

33 (e) Bonds of any county, city, school district, port district or other public body issued pursuant  
34 to the Constitution or statutes of the State of Oregon or the charter or ordinances of any county  
35 or city within the State of Oregon, if the issuing body has not been in default with respect to the  
36 payment of principal or interest on any of its bonds within the preceding 10 years or during the  
37 period of its existence if that is less than 10 years;

38 (f) Bond anticipation notes issued, sold or assumed by an authority under ORS 441.560;

39 (g) One-family to four-family housing mortgage loan notes related to property situated in the  
40 State of Oregon, which are owned by a depository bank, no payment on which is more than 90 days  
41 past due, and which are eligible collateral for loans from the Federal Reserve Bank of San Francisco  
42 under section 10(b) of the Federal Reserve Act and regulations thereunder;

43 (h) Bonds, notes, letters of credit or other securities or evidence of indebtedness constituting the  
44 direct and general obligation of a federal home loan bank or Federal Reserve bank;

45 (i) Debt obligations of domestic corporations that are rated in one of the three highest grades

1 by a recognized investment service organization that has been engaged regularly and continuously  
 2 for a period of not less than 10 years in rating corporate debt obligations;

3 (j) Collateralized mortgage obligations and real estate mortgage investment conduits that are  
 4 rated in one of the two highest grades by a recognized investment service organization that has been  
 5 engaged regularly and continuously for a period of not less than 10 years in rating corporate debt  
 6 obligations; and

7 (k) One-family to four-family housing mortgages that have been secured by means of a guarantee  
 8 as to full repayment of principal and interest by an agency of the United States Government, in-  
 9 cluding the Government National Mortgage Association, the Federal National Mortgage Association  
 10 and the Federal Home Loan Mortgage Corporation.

11 (8) "Public official" means each officer or employee of this state or any agency, political subdi-  
 12 vision or public or municipal corporation thereof who by law is made the custodian of or has control  
 13 of any public funds.

14 (9) "Value" means the current market value of securities.

15 **SECTION 125.** ORS 295.011 is amended to read:

16 295.011. (1) The following public funds are not subject to the provisions of ORS 295.005 to  
 17 295.165:

18 (a) Funds that are deposited for the purpose of paying principal, interest or premium, if any, on  
 19 bonds, like borrowings and related costs or securing a borrowing related to an agreement for ex-  
 20 change of interest rates entered into under [ORS 287.025] **section 11 or 54 of this 2007 Act.**

21 (b) Funds that are invested in authorized investments under provisions of law other than ORS  
 22 295.005 to 295.165. Funds invested under ORS 293.701 to 293.820 are invested in authorized invest-  
 23 ments for purposes of this subsection from the time the funds are transferred by the State Treasurer  
 24 to a third party under the terms of a contract for investment or administration of the funds that  
 25 requires such a transfer until the time the funds are returned to the treasurer or paid to another  
 26 party under the terms of the contract.

27 (c) Negotiable certificates of deposit purchased by the State Treasurer under ORS 293.736 or  
 28 by an investment manager under ORS 293.741.

29 (2) Notwithstanding subsection (1) of this section, funds deposited by a custodial officer under  
 30 ORS 294.035 (3)(d) are subject to the provisions of ORS 295.005 to 295.165.

31 **SECTION 126.** ORS 310.140 is amended to read:

32 310.140. The Legislative Assembly finds that section 11b, Article XI of the Oregon Constitution,  
 33 was drafted by citizens and placed before the voters of the State of Oregon by initiative petition.  
 34 Section 11b, Article XI of the Oregon Constitution, uses terms that do not have established legal  
 35 meanings and require definition by the Legislative Assembly. Section 11b, Article XI of the Oregon  
 36 Constitution, was amended by section 11 (11), Article XI of the Oregon Constitution. This section is  
 37 intended to interpret the terms of section 11b, Article XI of the Oregon Constitution, as originally  
 38 adopted and as amended by section 11 (11), Article XI of the Oregon Constitution, consistent with  
 39 the intent of the people in adopting these provisions, so that the provisions of section 11b, Article  
 40 XI of the Oregon Constitution, may be given effect uniformly throughout the State of Oregon, with  
 41 minimal confusion and misunderstanding by citizens and affected units of government. As used in the  
 42 revenue and tax laws of this state, and for purposes of section 11b, Article XI of the Oregon Con-  
 43 stitution:

44 (1) "Actual cost" means all direct or indirect costs incurred by a government unit in order to  
 45 deliver goods or services or to undertake a capital construction project. The "actual cost" of pro-

1 viding goods or services to a property or property owner includes the average cost or an allocated  
2 portion of the total amount of the actual cost of making a good or service available to the property  
3 or property owner, whether stated as a minimum, fixed or variable amount. "Actual cost" includes,  
4 but is not limited to, the costs of labor, materials, supplies, equipment rental, property acquisition,  
5 permits, engineering, financing, reasonable program delinquencies, return on investment, required  
6 fees, insurance, administration, accounting, depreciation, amortization, operation, maintenance, re-  
7 pair or replacement and debt service, including debt service payments or payments into reserve ac-  
8 counts for debt service and payment of amounts necessary to meet debt service coverage  
9 requirements.

10 (2) "Assessment for local improvement" means any tax, fee, charge or assessment that does not  
11 exceed the actual cost incurred by a unit of government for design, construction and financing of  
12 a local improvement.

13 (3) "Bonded indebtedness" means any formally executed written agreement representing a  
14 promise by a unit of government to pay to another a specified sum of money, at a specified date or  
15 dates at least one year in the future.

16 (4) "Capital construction":

17 (a) For bonded indebtedness issued prior to December 5, 1996, and for the proceeds of any  
18 bonded indebtedness approved by electors prior to December 5, 1996, that were spent or  
19 contractually obligated to be spent prior to June 20, 1997, means the construction, modification,  
20 replacement, repair, remodeling or renovation of a structure, or addition to a structure, that is ex-  
21 pected to have a useful life of more than one year, and includes, but is not limited to:

22 (A) Acquisition of land, or a legal interest in land, in conjunction with the capital construction  
23 of a structure.

24 (B) Acquisition, installation of machinery or equipment, furnishings or materials that will be-  
25 come an integral part of a structure.

26 (C) Activities related to the capital construction, including planning, design, authorizing, issuing,  
27 carrying or repaying interim or permanent financing, research, land use and environmental impact  
28 studies, acquisition of permits or licenses or other services connected with the construction.

29 (D) Acquisition of existing structures, or legal interests in structures, in conjunction with the  
30 capital construction.

31 (b) For bonded indebtedness issued on or after December 5, 1996, except for the proceeds of any  
32 bonded indebtedness approved by electors prior to December 5, 1996, that were spent or  
33 contractually obligated to be spent before June 20, 1997, has the meaning given that term in para-  
34 graph (a) of this subsection, except that "capital construction":

35 (A) Includes public safety and law enforcement vehicles with a projected useful life of five years  
36 or more; and

37 (B) Does not include:

38 (i) Maintenance and repairs, the need for which could be reasonably anticipated;

39 (ii) Supplies and equipment that are not intrinsic to the structure; or

40 (iii) Furnishings, unless the furnishings are acquired in connection with the acquisition, con-  
41 struction, remodeling or renovation of a structure, or the repair of a structure that is required be-  
42 cause of damage or destruction of the structure.

43 (5) "Capital improvements":

44 (a) For bonded indebtedness issued prior to December 5, 1996, and for the proceeds of any  
45 bonded indebtedness approved by electors before December 5, 1996, that were spent or contractually

1 obligated to be spent before June 20, 1997, means land, structures, facilities, [*as that term is defined*  
 2 *in ORS 288.805,*] machinery, equipment or furnishings having a useful life longer than one year.

3 (b) For bonded indebtedness issued on or after December 5, 1996, except for the proceeds of any  
 4 bonded indebtedness approved by electors prior to December 5, 1996, that were spent or  
 5 contractually obligated to be spent before June 20, 1997, has the meaning given that term in para-  
 6 graph (a) of this subsection, except that “capital improvements”:

7 (A) Includes public safety and law enforcement vehicles with a projected useful life of five years  
 8 or more; and

9 (B) Does not include:

10 (i) Maintenance and repairs, the need for which could be reasonably anticipated;

11 (ii) Supplies and equipment that are not intrinsic to the structure; or

12 (iii) Furnishings, unless the furnishings are acquired in connection with the acquisition, con-  
 13 struction, remodeling or renovation of a structure, or the repair of a structure that is required be-  
 14 cause of damage or destruction of the structure.

15 (6) “Direct consequence of ownership” means that the obligation of the owner of property to pay  
 16 a tax arises solely because that person is the owner of the property, and the obligation to pay the  
 17 tax arises as an immediate and necessary result of that ownership without respect to any other in-  
 18 tervening transaction, condition or event.

19 (7)(a) “Exempt bonded indebtedness” means:

20 (A) Bonded indebtedness authorized by a specific provision of the Oregon Constitution;

21 (B) Bonded indebtedness incurred or to be incurred for capital construction or capital improve-  
 22 ments that was issued as a general obligation of the issuing governmental unit on or before No-  
 23 vember 6, 1990;

24 (C) Bonded indebtedness incurred or to be incurred for capital construction or capital improve-  
 25 ments that was issued as a general obligation of the issuing governmental unit after November 6,  
 26 1990, with the approval of the electors of the issuing governmental unit; or

27 (D) Bonded indebtedness incurred or to be incurred for capital construction or capital improve-  
 28 ments, if the issuance of the bonds is approved by voters on or after December 5, 1996, in an election  
 29 that is in compliance with the voter participation requirements of section 11 (8), Article XI of the  
 30 Oregon Constitution.

31 (b) “Exempt bonded indebtedness” includes bonded indebtedness issued to refund or refinance  
 32 any bonded indebtedness described in paragraph (a) of this subsection.

33 (8)(a) “Incurred charge” means a charge imposed by a unit of government on property or upon  
 34 a property owner that does not exceed the actual cost of providing goods or services and that can  
 35 be controlled or avoided by the property owner because:

36 (A) The charge is based on the quantity of the goods or services used, and the owner has direct  
 37 control over the quantity;

38 (B) The goods or services are provided only on the specific request of the property owner; or

39 (C) The goods or services are provided by the government unit only after the individual property  
 40 owner has failed to meet routine obligations of ownership of the affected property, and such action  
 41 is deemed necessary by an appropriate government unit to enforce regulations pertaining to health  
 42 or safety.

43 (b) For purposes of this subsection, an owner of property may control or avoid an incurred  
 44 charge if the owner is capable of taking action to affect the amount of a charge that is or will be  
 45 imposed or to avoid imposition of a charge even if the owner must incur expense in so doing.

1 (c) For purposes of paragraph (a)(A) of this subsection, an owner of property has direct control  
2 over the quantity of goods or services if the owner of property has the ability, whether or not that  
3 ability is exercised, to determine the quantity of goods or services provided or to be provided.

4 (9)(a) "Local improvement" means a capital construction project, or part thereof, undertaken by  
5 a local government, pursuant to ORS 223.387 to 223.399, or pursuant to a local ordinance or resol-  
6 ution prescribing the procedure to be followed in making local assessments for benefits from a local  
7 improvement upon the lots that have been benefited by all or a part of the improvement:

8 (A) That provides a special benefit only to specific properties or rectifies a problem caused by  
9 specific properties;

10 (B) The costs of which are assessed against those properties in a single assessment upon the  
11 completion of the project; and

12 (C) For which the property owner may elect to make payment of the assessment plus appropriate  
13 interest over a period of at least 10 years.

14 (b) For purposes of paragraph (a) of this subsection, the status of a capital construction project  
15 as a local improvement is not affected by the accrual of a general benefit to property other than the  
16 property receiving the special benefit.

17 (10) "Maintenance and repairs, the need for which could be reasonably anticipated":

18 (a) Means activities, the type of which may be deducted as an expense under the provisions of  
19 the federal Internal Revenue Code, as amended and in effect on December 31, 2004, that keep the  
20 property in ordinarily efficient operating condition and that do not add materially to the value of  
21 the property nor appreciably prolong the life of the property;

22 (b) Does not include maintenance and repair of property that is required by damage, destruction  
23 or defect in design, or that was otherwise not reasonably expected at the time the property was  
24 constructed or acquired, or the addition of material that is in the nature of the replacement of  
25 property and that arrests the deterioration or appreciably prolongs the useful life of the property;  
26 and

27 (c) Does not include street and highway construction, overlay and reconstruction.

28 (11) "Projected useful life" means the useful life, as reasonably estimated by the unit of gov-  
29 ernment undertaking the capital construction or capital improvement project, beginning with the  
30 date the property was acquired, constructed or reconstructed and based on the property's condition  
31 at the time the property was acquired, constructed or reconstructed.

32 (12) "Routine obligations of ownership" means a standard of operation, maintenance, use or care  
33 of property established by law, or if established by custom or common law, a standard that is rea-  
34 sonable for the type of property affected.

35 (13) "Single assessment" means the complete assessment process, including preassessment, as-  
36 sessment or reassessment, for any local improvement authorized by ORS 223.387 to 223.399, or a  
37 local ordinance or resolution that provides the procedure to be followed in making local assessments  
38 for benefits from a local improvement upon lots that have been benefited by all or part of the im-  
39 provement.

40 (14) "Special benefit only to specific properties" shall have the same meaning as "special and  
41 peculiar benefit" as that term is used in ORS 223.389.

42 (15) "Specific request" means:

43 (a) An affirmative act by a property owner to seek or obtain delivery of goods or services;

44 (b) An affirmative act by a property owner, the legal consequence of which is to cause the de-  
45 livery of goods or services to the property owner; or

1 (c) Failure of an owner of property to change a request for goods or services made by a prior  
 2 owner of the property.

3 (16) "Structure" means any temporary or permanent building or improvement to real property  
 4 of any kind that is constructed on or attached to real property, whether above, on or beneath the  
 5 surface.

6 (17) "Supplies and equipment intrinsic to a structure" means the supplies and equipment that  
 7 are necessary to permit a structure to perform the functions for which the structure was con-  
 8 structed, or that will, upon installation, constitute fixtures considered to be part of the real property  
 9 that is comprised, in whole or part, of the structure and land supporting the structure.

10 (18) "Tax on property" means any tax, fee, charge or assessment imposed by any government  
 11 unit upon property or upon a property owner as a direct consequence of ownership of that property,  
 12 but does not include incurred charges or assessments for local improvements. As used in this sub-  
 13 section, "property" means real or tangible personal property, and intangible property that is part  
 14 of a unit of real or tangible personal property to the extent that such intangible property is subject  
 15 to a tax on property.

16 **SECTION 127.** ORS 327.705 is amended to read:

17 327.705. The Legislative Assembly declares that the purpose of ORS 327.700 to 327.711 is to  
 18 authorize lottery bonds for state education projects. The lottery bonds authorized by ORS 327.700  
 19 to 327.711 shall be issued pursuant to ORS 286.560 to 286.580 [*and 348.716*]. The obligation of the  
 20 State of Oregon with respect to the lottery bonds and with respect to any grant agreement or other  
 21 commitment authorized by ORS 327.700 to 327.711, 327.731, 348.696 and 777.277 shall at all times be  
 22 restricted to the availability of unobligated net lottery proceeds, proceeds of lottery bonds and any  
 23 other amounts specifically committed by ORS 286.560 to 286.580 [*and 348.716*]. Neither the faith and  
 24 credit of the State of Oregon nor any of its taxing power shall be pledged or committed to the  
 25 payment of lottery bonds or any other commitment of the State of Oregon authorized by ORS 327.700  
 26 to 327.711.

27 **SECTION 128.** ORS 328.230 is amended to read:

28 328.230. If the electors of the district approve the contracting of bonded indebtedness, the [*board*  
 29 *of directors, without further vote of the electors, shall issue negotiable coupon bonds of the district, at*  
 30 *such time or times as the board directs*] **bonds shall be issued as prescribed in ORS chapter 287.**

31 **SECTION 129. ORS 328.235 is repealed.**

32 **SECTION 130.** ORS 328.280 is amended to read:

33 328.280. (1) Whenever any school district has any outstanding negotiable interest-bearing war-  
 34 rant indebtedness or bonded indebtedness incurred in building or furnishing any schoolhouse, or for  
 35 the purchase of any schoolhouse site, or in refunding bonded indebtedness, or in funding warrant  
 36 indebtedness, which is due or subject at the option of the school district to be paid or redeemed, the  
 37 school district, by and through its district school board, may:

38 (a) Issue and exchange, for any such indebtedness, its bonds bearing interest at a rate deter-  
 39 mined by the district school board; or

40 (b) Issue and sell such bonds and apply the proceeds of such sale in payment of the indebtedness  
 41 for the payment of which the refunding bonds are proposed to be issued.

42 (2) Refunding bonds issued under subsection (1) of this section shall in all respects conform to,  
 43 and be governed, as to their issue, by the provisions of [*ORS 287.008, 328.210 and 328.230 to*  
 44 *328.250*] **ORS chapter 287.**

45 (3) [*The refunding of indebtedness and issuing of bonds for such purpose shall not require an*

1 *election, but may be done by resolution of the district school board at any legally called board*  
 2 *meeting.] The debt limitations imposed by law shall not affect the right of any school district to issue*  
 3 *refunding bonds under authority of this section. The validity of any bonds so issued, or of the*  
 4 *indebtedness thereby refunded, shall not thereafter be open to contest by the school district or by*  
 5 *any person for any reason [whatever].*

6 **SECTION 131.** ORS 328.295 is amended to read:

7 328.295. All school bonds, including funding and refunding bonds, notes and negotiable interest-  
 8 bearing warrants which have been specifically authorized by vote of the electors, shall be [*advertised*  
 9 *for sale and sold in the manner prescribed in ORS 287.014 to 287.022*] **issued as prescribed in ORS**  
 10 **chapter 287.**

11 **SECTION 132.** ORS 328.321 is amended to read:

12 328.321. As used in ORS 328.321 to 328.356:

13 (1) "Common School Fund" means the state school fund described in section 2, Article VIII,  
 14 Oregon Constitution.

15 (2) "General obligation bond" has the meaning given that term in [*ORS 288.150*] **section 43 of**  
 16 **this 2007 Act.**

17 (3) "Paying agent" means the corporate paying agent selected by the school district board for  
 18 a school bond issue who is:

19 (a) Duly qualified; and

20 (b) Acceptable to the State Treasurer.

21 (4) "School bond" means any general obligation bond issued by a school district.

22 (5) "School district" means a common or union high school district, an education service district  
 23 or a community college district.

24 (6) "State bonds" means those general obligation bonds issued by the State of Oregon to meet  
 25 its obligations under the state guaranty as described in ORS 328.351.

26 (7) "State guaranty" means the pledge of the full faith and credit and taxing power of the State  
 27 of Oregon to guarantee payment of eligible school bonds as set forth in ORS 328.321 to 328.356.

28 **SECTION 133.** ORS 328.351 is amended to read:

29 328.351. (1) If, at the time the state is required to make a debt service payment under the state  
 30 guaranty on behalf of a school district, sufficient moneys of the state are not on hand and available  
 31 for that purpose, the State Treasurer may, singly or in any combination:

32 (a) Obtain from the Common School Fund or from any other state funds that qualify to make a  
 33 loan under ORS 293.205 to 293.225, if the loan would satisfy the requirements of ORS 293.205 to  
 34 293.225, a loan sufficient to make the required payment.

35 (b) Borrow money, if economical and convenient, as authorized by [*ORS 288.165*] **section 12 of**  
 36 **this 2007 Act.**

37 (c) Issue state bonds as provided in subsection (2) of this section.

38 (d) With the approval of the Legislative Assembly, or the Emergency Board if emergency funds  
 39 are lawfully available for making the required payment in the interim between sessions of the Leg-  
 40 islative Assembly, pay moneys from the General Fund or any other funds lawfully available for the  
 41 purpose or from emergency funds amounts sufficient to make the required payment.

42 (2) The State Treasurer may issue state bonds to meet the state guaranty obligations under ORS  
 43 328.321 to 328.356, pursuant to Article XI-K of the Oregon Constitution. The issuance of such state  
 44 bonds shall be at the determination of the State Treasurer and is exempt from [*ORS 286.505 to*  
 45 *286.545*] **section 10 of this 2007 Act.**

1 (3) Before issuing or selling any state bonds, the State Treasurer shall prepare a written plan  
2 of financing that shall provide for:

3 (a) The terms and conditions under which the state bonds will be issued, sold and delivered, in  
4 accordance with any applicable provisions of ORS [*chapters 286 and 288*] **chapter 286**;

5 (b) The taxes or revenues to be anticipated;

6 (c) The maximum amount of [*such*] state bonds that may be outstanding at any one time under  
7 the plan of financing;

8 (d) The sources of payment of the state bonds;

9 (e) The rate or rates of interest, if any, on the state bonds or a method, formula or index under  
10 which the interest rate or rates on the state bonds may be determined during the time the state  
11 bonds are outstanding; and

12 (f) Any other details relating to the issuance, sale and delivery of the state bonds, as may be  
13 required by the applicable provisions of ORS [*chapters 286 and 288*] **chapter 286**. For purposes of  
14 ORS [*chapters 286 and 288*] **chapter 286**, the office of the State Treasurer shall be deemed the rel-  
15 evant state agency authorizing the issuance of bonds and for whose benefit the bonds are issued.

16 (4) In identifying the taxes or revenues to be anticipated and the sources of payment of the state  
17 bonds in the financing plan, the State Treasurer may include:

18 (a) The intercepted revenues authorized by ORS 328.346; or

19 (b) Any other source of repayment or lawfully available funds and any combination of this par-  
20 agraph and paragraph (a) of this subsection.

21 (5) The State Treasurer may include in the plan of financing the terms and conditions of ar-  
22 rangements entered into by the State Treasurer on behalf of the state with financial and other in-  
23 stitutions for letters of credit, standby letters of credit, reimbursement agreements and remarketing,  
24 indexing and tender agent agreements to secure the state bonds, including payment from any legally  
25 available source of fees, charges or other amounts coming due under the agreements entered into  
26 by the State Treasurer.

27 (6)(a) When issuing the state bonds, the State Treasurer shall establish the interest, form, man-  
28 ner of execution, payment, manner of sale, prices at, above or below the face value and all details  
29 of issuance of the state bonds in accordance with any applicable provisions of ORS [*chapters 286 and*  
30 *288*] **chapter 286**.

31 (b) Each state bond shall recite that it is a valid obligation of the state and that the full faith,  
32 credit and resources of the state are pledged for the payment of the principal of and interest on the  
33 state bond from the taxes or revenues identified in accordance with its terms and the Oregon Con-  
34 stitution and other laws of this state.

35 (7) Upon the completion of any sale of the state bonds, the State Treasurer shall credit the  
36 proceeds of the sale, other than accrued interest and amounts required to pay costs of issuance of  
37 the state bonds, to the fund or account established by the State Treasurer to be applied to the  
38 purpose for which the state bonds were issued.

39 **SECTION 134.** ORS 328.565 is amended to read:

40 328.565. (1) As used in this section, “qualified zone academy bond” has the meaning given the  
41 term in [26 U.S.C.] **section 1397E of the Internal Revenue Code**, as amended and in effect on  
42 January 1, 2002.

43 (2) A district school board may contract indebtedness as provided under [*ORS 288.165*] **section**  
44 **48 of this 2007 Act**.

45 (3) A district school board may issue qualified zone academy bonds or similar tax credit bonds

1 authorized by resolution of the district school board. Unless the bond issue has been approved by  
 2 electors under ORS 328.205 to 328.304, the district school board must issue the bonds *[as limited tax*  
 3 *bonds under ORS 288.155 or]* as revenue bonds under *[ORS 288.805 to 288.945]* **section 47 of this**  
 4 **2007 Act.**

5 **SECTION 135.** ORS 341.616 is amended to read:

6 341.616. (1) The district board shall ascertain and levy annually, in addition to all other taxes,  
 7 a direct ad valorem tax on all the taxable property within the territory of a service area sufficient  
 8 to pay promptly, when and as such payments become due, the maturing interest and principal of all  
 9 bonds outstanding for the specific benefit of such service area that have been approved at an  
 10 election held pursuant to ORS 341.678 within such service area. The amount of the tax may be in-  
 11 creased by an amount sufficient to retire any bonds that may be callable.

12 (2) Funds derived from a tax levy within a service area specifically for the purpose of paying  
 13 bonded indebtedness shall be applied solely to the payment of the bonds for which such taxes were  
 14 levied and shall not be applied to the payment of any other indebtedness of the district.

15 (3) Bonds authorized pursuant to the terms *[hereof]* **of this section**, and any bonds refunding  
 16 such bonds, shall be *[advertised and sold in accordance with the procedures set forth in ORS 287.028*  
 17 *or 341.702, as determined by the district board]* **issued as prescribed in ORS chapter 287.**

18 **SECTION 136.** ORS 341.681 is amended to read:

19 341.681. *[(1)]* If the electors of the district voting on the question of contracting bonded indebt-  
 20 edness approve the question, the board of the district may issue *[negotiable coupon]* bonds of the  
 21 district.

22 *[(2) The bonds shall:]*

23 *[(a) Bear interest at a rate of interest determined by the board pursuant to ORS 288.520, payable*  
 24 *semiannually.]*

25 *[(b) Bear the original or facsimile signature of the chairperson of the board and be attested by the*  
 26 *district clerk.]*

27 *[(c) Have annexed interest coupons bearing the original or facsimile signatures of the chairperson*  
 28 *of the board and the district clerk.]*

29 *[(3) The principal and interest on district bonds are payable in lawful money of the United States*  
 30 *of America at the office of the paying agent and registrar or at the place the bonds are issued.]*

31 **SECTION 137.** ORS 341.685 is amended to read:

32 341.685. (1) The paying agent and registrar, *[as]* appointed in accordance with *[ORS 288.570]*  
 33 **section 49 of this 2007 Act**, shall register each community college district bond, including refund-  
 34 ing bonds, in a record maintained for that purpose in the office of the paying agent and registrar,  
 35 noting the community college district, amount, date, time and place of payment, rate of interest and  
 36 such other facts as the paying agent and registrar may consider proper. The paying agent and  
 37 registrar shall cause the bonds to be delivered promptly to the purchasers thereof upon payment  
 38 therefor, and if the place of delivery is outside the city in which the paying agent and registrar's  
 39 office is situated, the cost of delivery of the bonds shall be paid by the issuing district.

40 (2) The paying agent and registrar shall hold the proceeds of the sale of all bonds for the com-  
 41 munity college district subject to the order of the board of the district to be used solely for the  
 42 purpose for which the bonds were issued. The paying agent and registrar is authorized to deliver  
 43 the proceeds of the sale of the bonds to the person designated as custodian of the community college  
 44 district funds under ORS 341.703.

45 (3) When the bonds have been so executed, registered and delivered, their legality shall not be

1 open to contest by the community college district, or by any person for or on its behalf, for any  
 2 reason whatever.

3 **SECTION 138.** ORS 341.697 is amended to read:

4 341.697. (1) Whenever any community college district has any outstanding bonded indebtedness,  
 5 which is due or subject at the option of the district to be paid or redeemed, the district, by and  
 6 through the board of the district, may:

7 (a) Issue and exchange, for any such indebtedness, its bonds bearing the rate of interest deter-  
 8 mined by the board pursuant to [ORS 288.520] **section 49 of this 2007 Act**; or

9 (b) Issue and sell such bonds and apply the proceeds of such sale in payment of the indebtedness  
 10 for the payment of which the refunding bonds are proposed to be issued.

11 (2) Refunding bonds issued under subsection (1) of this section shall in all respects conform to,  
 12 and be governed, as to their issue, by ORS [287.008,] 341.675 (3) and [341.681] **the provisions of**  
 13 **sections 55 to 60 of this 2007 Act that are not inconsistent with this section.**

14 (3) The refunding of indebtedness and issuing of bonds for such purpose shall not require an  
 15 election, but may be done by resolution of the board of the district at any legally called board  
 16 meeting. The debt limitations imposed by law shall not affect the right of any district to issue re-  
 17 funding bonds under authority of this section. The validity of any bonds so issued, or of the indebt-  
 18 edness thereby refunded, shall not thereafter be open to contest by the district or by any person for  
 19 any reason whatever.

20 **SECTION 139.** ORS 341.702 is amended to read:

21 341.702. All legally authorized and issued general obligation bonds or revenue bonds shall be  
 22 [advertised and sold in the manner prescribed in ORS 287.014 to 287.022] **issued as prescribed in**  
 23 **ORS chapter 287.**

24 **SECTION 140.** ORS 341.715 is amended to read:

25 341.715. (1) As provided by [ORS 288.165] **section 48 of this 2007 Act**, the board of a community  
 26 college district may contract indebtedness by the issuance of short-term [promissory notes] **bonds** for  
 27 the purpose of meeting current expenses, retiring outstanding bonds or warrants, or paying the in-  
 28 terest thereon.

29 (2) The board of the district in which indebtedness was incurred under this section shall levy  
 30 an annual tax on all taxable property in the district sufficient to meet the interest payments and  
 31 retire the indebtedness, but no tax shall be necessary where other provisions are made for payment  
 32 of the indebtedness.

33 **SECTION 141.** ORS 341.721 is amended to read:

34 341.721. (1) To provide funds to community college districts for the purposes specified in Article  
 35 XI-G of the Oregon Constitution, the State Treasurer may issue bonds at the request of the State  
 36 Board of Education in accordance with the provisions of ORS [286.031 to 286.061] **chapter 286.**

37 (2) The State Treasurer may not issue bonds pursuant to Article XI-G of the Oregon Constitution  
 38 under subsection (1) of this section for a community college project unless a grant agreement has  
 39 been entered into pursuant to ORS 341.735 between the Department of Community Colleges and  
 40 Workforce Development and the community college district that is receiving the bond proceeds.

41 **SECTION 142.** ORS 341.739 is amended to read:

42 341.739. The Department of Community Colleges and Workforce Development may receive bond  
 43 counsel services and financial advisory services through the Department of Higher Education. If the  
 44 Department of Community Colleges and Workforce Development receives services through the De-  
 45 partment of Higher Education, the Department of Community Colleges and Workforce Development

1 is not obligated to obtain *[those services pursuant to ORS 286.066 and 286.071]* **bond counsel ser-**  
 2 **VICES OR FINANCIAL ADVISORY SERVICES AS OTHERWISE PRESCRIBED IN SECTIONS 21 AND 22 OF THIS 2007**  
 3 **Act.**

4 **SECTION 143.** ORS 348.665 is amended to read:

5 348.665. Bonds authorized under ORS 348.570 and 348.625 to 348.695 shall be issued in accord-  
 6 ance with the provisions of ORS *[288.805 to 288.945]* **chapter 286.***[, and]* The State Treasurer, in  
 7 consultation with the Oregon Student Assistance Commission, *[shall have and shall exercise all the*  
 8 *powers of a public body, including, but not limited to, the power to]* **may** establish special accounts  
 9 or subaccounts in the Alternative Student Loan Program Fund created by ORS 348.570 and *[the*  
 10 *power to]* **may** pledge the assets or the revenues, or any portion thereof, of the alternative student  
 11 loan program.

12 **SECTION 144.** ORS 351.315 is amended to read:

13 351.315. In carrying out the power and authority granted by ORS 351.140 **or 351.160**, the State  
 14 Board of Higher Education may borrow money and notes, bonds or other evidences of indebtedness  
 15 may be issued, secured by the pledge of the real property to be acquired and revenues, as provided  
 16 in ORS 351.140 **or 351.160**. Such evidences of indebtedness shall be issued in accordance with the  
 17 provisions of ORS *[286.031 to 286.061]* **chapter 286.**

18 **SECTION 145.** ORS 351.345 is amended to read:

19 351.345. In order to provide funds for the purposes specified in Article XI-G of the Oregon  
 20 Constitution, bonds may be issued in accordance with the provisions of ORS *[286.031 to 286.061]*  
 21 **chapter 286.**

22 **SECTION 146.** ORS 351.350 is amended to read:

23 351.350. In order to provide funds for the purposes specified in Article XI-F(1), Oregon Consti-  
 24 tution, bonds may be issued in accordance with the provisions of ORS *[286.031 to 286.061]* **chapter**  
 25 **286.**

26 **SECTION 147.** ORS 351.450 is amended to read:

27 351.450. (1) The moneys realized from sales of bonds issued to construct, improve, repair, equip  
 28 and furnish buildings and other structures for higher education, and to purchase and improve sites  
 29 therefor, shall be credited to a special fund in the State Treasury separate and distinct from the  
 30 General Fund, to be designated the Higher Education Bond Building Fund.

31 (2) In the Higher Education Bond Building Fund there shall be:

32 (a) A separate subfund for the credit of moneys realized from sales of bonds issued pursuant to  
 33 Article XI-F(1) of the Oregon Constitution and ORS 351.350;

34 (b) A separate subfund for the credit of moneys realized from sales of bonds issued pursuant to  
 35 Article XI-G of the Oregon Constitution and ORS 351.345; and

36 (c) A separate subfund for the credit of moneys realized from the sales of revenue bonds *[issued*  
 37 *pursuant to ORS 288.855].*

38 (3) The moneys received from the issuance of temporary bonds under ORS 351.470 for the pur-  
 39 pose of interim financing pending the sale of the bonds shall also be credited to the appropriate  
 40 subfund of the Higher Education Bond Building Fund.

41 (4) The moneys in the fund are continuously appropriated to defray the costs of the projects to  
 42 be financed through sale of the bonds and for the purpose of retiring temporary bonds issued under  
 43 ORS 351.470 and shall not be used for any other purpose, except that such moneys may, with the  
 44 approval of the State Treasurer, be invested until needed. If a surplus remains after application to  
 45 such purpose, the surplus, and earnings from temporary investments, shall be credited to the Higher

1 Education Bond Sinking Fund by the appropriate subfund.

2 **SECTION 148.** ORS 351.455 is amended to read:

3 351.455. Notwithstanding any other provisions of law, the Department of Higher Education may  
4 expend moneys from the Higher Education Bond Building Fund subfund established by ORS 351.450  
5 including moneys realized from the sale of bonds issued pursuant to Article XI-F(1) of the Oregon  
6 Constitution **and ORS 351.350, and from the sale of** revenue bonds [*issued pursuant to ORS 288.855*  
7 *and 351.350*] **authorized by ORS 351.315,** for the planning, constructing, altering, repairing, fur-  
8 nishing and equipping of buildings and facilities of the kind and character prescribed by Article  
9 XI-F(1) of the Oregon Constitution and for the acquisition of land.

10 **SECTION 149.** ORS 351.460 is amended to read:

11 351.460. (1) The State Board of Higher Education shall maintain with the State Treasurer, a  
12 Higher Education Bond Sinking Fund, separate and distinct from the General Fund. The Higher  
13 Education Bond Sinking Fund shall comprise three separate subfunds to provide for the payment of  
14 the principal of and the interest upon the bonds issued under authority of Article XI-F(1) of the  
15 Oregon Constitution and ORS 351.350, **and** under authority of Article XI-G of the Oregon Constitu-  
16 tion and ORS 351.345, and revenue bonds [*issued under authority of ORS 288.855*] **authorized by**  
17 **ORS 351.315.** The moneys in the sinking fund are continuously appropriated to the board for such  
18 purposes. The fund may be invested by the State Treasurer, and the earnings from such investments  
19 shall be credited to the appropriate subfunds of the fund.

20 (2) The Higher Education Bond Sinking Fund shall consist of all moneys received from ad  
21 valorem taxes levied pursuant to ORS 291.445, all moneys that the Legislative Assembly may provide  
22 in lieu of such taxes, all of the net revenues received from the projects or undertakings for the fi-  
23 nancing of which the bonds were issued, including gifts, grants and building fees, such unpledged  
24 revenues of buildings and projects of like character as shall be allocated by the board, all moneys  
25 received as accrued interest upon bonds sold, all earnings from investments of the fund and the  
26 proceeds of the sale of refunding bonds. Moneys credited to the Higher Education Bond Sinking  
27 Fund shall be credited to the appropriate subfunds of the fund.

28 (3) The board may credit the Higher Education Bond Sinking Fund with moneys received from  
29 either a sale or interfund transfer of land, buildings and facilities. When the land, buildings or fa-  
30 cilities are sold, or the use thereof is rededicated so that a transfer from one subfund to the other  
31 is appropriate, the moneys received shall be credited to the appropriate subfund.

32 (4) The board shall apply student building fees, revenues, gifts and grants for the payment of the  
33 principal of and the interest upon the bonds issued under authority of Article XI-F(1) of the Oregon  
34 Constitution and [*ORS 351.350 and under authority of ORS 288.855*] **upon revenue bonds author-**  
35 **ized by ORS 351.315** until such time as the proper subfund of the sinking fund and investments  
36 thereof, as supplemented by expected future income will, in the judgment of the board, be sufficient  
37 to meet in full the principal of and the interest upon all such outstanding bonds. Except for student  
38 building fees, income not thus required for the sinking fund shall be transferred to such other fund  
39 and account as the board shall designate. Student building fees for buildings constructed from the  
40 proceeds of bonds issued under Article XI-F(1) of the Oregon Constitution [*or ORS 288.855*] **or ORS**  
41 **351.315** shall be applied only to those [*projects*] **bonds** authorized under Article XI-F(1) of the Oregon  
42 Constitution or ORS [*288.855*] **351.315.**

43 (5)(a) The board may not use the sinking fund for any purpose other than the purposes for which  
44 the fund was created.

45 (b) Notwithstanding paragraph (a) of this subsection, the board may transfer any surplus in the

1 sinking fund to other funds designated by the board if a balance remains in the sinking fund from  
 2 sources other than student building fees for buildings constructed from the proceeds of bonds issued  
 3 under Article XI-F(1) of the Oregon Constitution and:

4 (A) The purposes for which the fund was created have been fulfilled; or

5 (B) A reserve sufficient to meet all existing and future obligations and liabilities of the fund has  
 6 been set aside.

7 **SECTION 150.** ORS 351.470 is amended to read:

8 351.470. Pending receipt of the proceeds from the expected sale of bonds [*under the provisions*  
 9 *of ORS 351.345 to 351.460*] **authorized by this chapter**, to the State of Oregon or to the United  
 10 States Government or any agency thereof, the State Board of Higher Education may, with the ap-  
 11 proval of the State Treasurer, procure interim financing from the State of Oregon, the United States  
 12 Government or any agency thereof, or from any private lending agency, by issuing to such private  
 13 or public lending agency temporary bonds, without advertisement of such bonds for sale, in order  
 14 to finance temporarily building projects authorized by the board pursuant to Article XI-F(1) or Ar-  
 15 ticle XI-G of the **Oregon** Constitution [*of the State of Oregon, ORS 288.855 and*] **or ORS 351.160 [(1**  
 16 **or (2))**], if the bond issue to be temporarily financed by the issuance of temporary bonds has been  
 17 authorized by the State Board of Higher Education and a purchase plan has been formulated with  
 18 and is being considered by the State of Oregon or the United States Government or any agency  
 19 thereof. The proceeds from the sale of the bonds shall be deposited in the Higher Education Bond  
 20 Building Fund and credited to the appropriate subfund of such fund, and shall be used to retire the  
 21 temporary bonds issued under this section. The principal amount of temporary bonds issued under  
 22 this section [*shall*] **may** not exceed the principal amount of the bond issue for which a purchase plan  
 23 has been formulated. The temporary bonds may be extended, renewed or refunded but maturity dates  
 24 [*shall in no event*] **may not** be later than two years from the date of issue of the original temporary  
 25 bonds for the related building project.

26 **SECTION 151.** ORS 352.790 is amended to read:

27 352.790. As used in ORS 352.790 to 352.820, unless the context requires otherwise:

28 (1) "Education facilities" means real or personal property owned or operated by an educational  
 29 institution and used to provide post-secondary education. "Education facilities" includes adminis-  
 30 trative offices, student and staff parking and on-campus dormitories, but does not include property  
 31 used for sectarian instruction nor used primarily as a place of religious worship or as a part of a  
 32 program of a school or department of divinity for any religious denomination or for the religious  
 33 training of ministers, priests, rabbis or other similar persons in the field of religion.

34 (2) "Education facilities costs" means all costs of acquiring, constructing and improving educa-  
 35 tion facilities, and capitalized interest, reserves, costs of credit enhancements and costs of issuing  
 36 and paying revenue bonds.

37 (3) "Education facility revenues" means repayments of loans authorized by ORS 352.800 (3), and  
 38 any moneys derived from rights or property which are security for such a loan.

39 (4) "Educational institution" means any nonprofit institution located in this state which grants  
 40 post-secondary degrees and is accredited by the Northwest Association of Schools and Colleges or  
 41 affiliated nonprofit foundations whose role is to further the mission of qualified institutions.

42 (5) "Municipality" means any city or county.

43 (6) "Revenue bond" [*means bonds, notes, loan contracts or other obligations*] **means a revenue**  
 44 **bond as defined in section 43 of this 2007 Act that is** issued by a municipality pursuant to ORS  
 45 352.790 to 352.820.

**SECTION 152.** ORS 352.800 is amended to read:

352.800. Except as otherwise provided in ORS 352.810, a municipality shall have all powers necessary to finance education facilities in accordance with ORS 352.790 to 352.820, including the power:

(1) To borrow money and to issue revenue bonds to finance education facilities costs or to re-fund revenue bonds[, *as provided in ORS 288.815 to 288.945*].

(2) To pledge education facility revenues to pay revenue bonds.

(3) To loan money to educational institutions to finance education facilities and to enter into loan contracts.

(4) To enter into covenants with the owners of revenue bonds which are intended to protect the rights of such owners.

(5) To contract with trustees to hold and administer education facility revenues and the proceeds of revenue bonds.

(6) To take any other action necessary to carry out the powers granted by ORS 352.790 to 352.820.

**SECTION 153.** ORS 352.805 is amended to read:

352.805. (1) Revenue bonds shall be payable solely from that portion of education facility revenues which the municipality pledges therefor in the resolution authorizing issuance of revenue bonds.

(2) A municipality may authorize the issuance of revenue bonds by resolution or nonemergency ordinance under the procedure described in [*ORS 288.815*] **ORS chapter 287**.

(3) The resolution may provide for the establishment of one or more special funds and may place such funds under the control of one or more trustees. The resolution may obligate the municipality to deposit and expend the proceeds of the revenue bonds only into and from such fund or funds, and to set aside and pay into such fund or funds specified education facility revenues.

(4) Any pledge of education facility revenues made by a municipality shall be valid and binding, without physical delivery or additional action, from the time that the pledge is made against any parties having subsequent claims of any kind in tort, contract or otherwise against a municipality or an educational institution, irrespective of whether such parties have actual notice thereof. The pledge shall be noted in the resolution authorizing issuance of revenue bonds, which shall be constructive notice thereof to all parties and the resolution need not be recorded, nor shall the filing of any financing statement under the Uniform Commercial Code be required to perfect such pledge.

(5) The municipality may establish the terms under which its revenue bonds shall be issued and sold.

(6) All revenue bonds issued pursuant to ORS 352.790 to 352.820 shall be legal securities which may be used by any insured institution or trust company, as those terms are defined in ORS 706.008, for deposit with the State Treasurer or a county treasurer or city treasurer as security for deposits in lieu of a surety bond under any law relating to deposits of public moneys. The revenue bond shall constitute legal investments for public bodies, trustees and other fiduciaries, banks, savings and loan associations and insurance companies. All revenue bonds shall constitute negotiable instruments within the meaning of and for all purposes of the law of this state.

**SECTION 154.** ORS 353.340 is amended to read:

353.340. Oregon Health and Science University may from time to time issue and sell revenue bonds in accordance with [*the provisions of the Uniform Revenue Bond Act contained in ORS 288.805 to 288.945*] **ORS chapter 287**. However, the provisions contained in [*ORS 288.815 shall*] **section 47**

1 **(3) to (5) of this 2007 Act do** not apply to revenue bonds issued by the university. Such revenue  
 2 bonds shall not in any manner nor to any extent be a general obligation of the university nor a  
 3 charge upon any revenues or property of the university not specifically pledged thereto. No obli-  
 4 gation of any kind [*incurred under ORS 288.805 to 288.945*] **described in this section** shall be, or  
 5 be considered, an indebtedness of the State of Oregon.

6 **SECTION 155.** ORS 353.350 is amended to read:

7 353.350. Revenue bonds issued by the Oregon Health and Science University [*pursuant to ORS*  
 8 *288.805 to 288.945*] **in accordance with ORS chapter 287** shall be considered to be bonds or obli-  
 9 gations of a political subdivision of the State of Oregon for the purposes of all laws of the state.

10 **SECTION 156.** ORS 353.360 is amended to read:

11 353.360. Refunding bonds [*and advance refunding bonds*] of the same character and tenor as  
 12 those replaced thereby may be issued by the Oregon Health and Science University pursuant to  
 13 [*ORS 288.592 to 288.695 as applicable and in accordance with the laws of the state*] **sections 55 to**  
 14 **60 of this 2007 Act.**

15 **SECTION 157.** ORS 354.685 is amended to read:

16 354.685. When authorized by its electors, a district board may finance the acquisition, purchase,  
 17 lease, operation or maintenance of the district by any of the following methods:

18 (1) Imposition of a service charge upon property within the district for use of the translator  
 19 signals as provided in ORS 354.690. A district created before May 7, 1979, shall be considered to  
 20 have received elector authorization for imposition of the service charge.

21 (2) Issuance of revenue bonds. The revenue bonds shall be issued [*in the same manner and form*  
 22 *as are general obligation bonds under ORS 287.014 to 287.022 but they*] **as prescribed in ORS**  
 23 **chapter 287. The revenue bonds** shall be payable both as to principal and interest from revenues  
 24 only. The revenue bonds shall not be subject to the percentage limitation applicable to general ob-  
 25 ligation bonds and shall not be a lien on any of the taxable property within the limits of the district  
 26 and shall be payable solely from such part of revenues of the district as remains after the payment  
 27 of obligations having a priority and of all expenses of operation and maintenance of the district.  
 28 All revenue bonds shall contain a provision that both the principal and interest are payable solely  
 29 from the operating revenues of the district remaining after paying such obligations and expenses.

30 **SECTION 158.** ORS 358.380 is amended to read:

31 358.380. The provisions of [*general law, including issuance procedures, relating to bond issues of*  
 32 *cities shall*] **ORS chapter 287** apply to bonds issued under ORS 358.375.

33 **SECTION 159.** **ORS 358.395 and 358.400 are repealed.**

34 **SECTION 160.** ORS 367.010 is amended to read:

35 367.010. As used in this chapter:

36 (1) "Agency" means any department, agency or commission of the State of Oregon.

37 (2) "Bond" means an evidence of indebtedness including, but not limited to, a bond, a note, an  
 38 obligation, a loan agreement, a financing lease, a financing agreement or other similar instrument  
 39 or agreement.

40 (3) "Bond debt service" means payment of:

41 (a) Principal, interest, premium, if any, or purchase price of a bond;

42 (b) Amounts due to a credit enhancement provider authorized by this chapter;

43 (c) Amounts necessary to fund bond debt service reserves; and

44 (d) Amounts due under an agreement for exchange of interest rates if designated by the State  
 45 Treasurer or the Department of Transportation.

1 (4) “Credit enhancement” means a [*letter of credit, line of credit, bond insurance policy, standby*  
 2 *purchase agreement, surety bond or other device or facility used to enhance the creditworthiness,*  
 3 *liquidity or marketability of a bond*] **credit enhancement device, as defined in section 2 of this**  
 4 **2007 Act.**

5 (5) “Financial institution” means a banking institution, a financial institution or a non-Oregon  
 6 institution, as those terms are defined in ORS 706.008, and any other institution defined by rule of  
 7 the Oregon Transportation Commission as a financial institution for purposes of ORS 367.010 to  
 8 367.067.

9 (6) “Infrastructure assistance” means any use of moneys in the Oregon Transportation  
 10 Infrastructure Fund, other than an infrastructure loan, to provide financial assistance for transpor-  
 11 tation projects. The term includes, but is not limited to, use of moneys in the infrastructure fund to  
 12 finance leases, fund reserves, make grants, pay issuance costs or provide credit enhancement or  
 13 other security for bonds issued by a public entity to finance transportation projects.

14 (7) “Infrastructure bonds” means bonds authorized by ORS 367.030, 367.555 to 367.600 or 367.605  
 15 to 367.670 that are issued to fund infrastructure loans and the proceeds of which are deposited in  
 16 the infrastructure fund.

17 (8) “Infrastructure fund” means the Oregon Transportation Infrastructure Fund.

18 (9) “Infrastructure loan” means a loan of moneys in the infrastructure fund to finance a trans-  
 19 portation project.

20 (10) “Municipality” means a city, county, road district, school district, special district, metro-  
 21 politan service district, the Port of Portland or an intergovernmental entity organized under ORS  
 22 190.010.

23 (11) “Transportation project” means any project or undertaking that facilitates any mode of  
 24 transportation within this state. The term includes, but is not limited to, a project for highway,  
 25 transit, rail and aviation capital infrastructure, bicycle and pedestrian paths, bridges and ways, and  
 26 other projects that facilitate the transportation of materials, animals or people.

27 **SECTION 161.** ORS 367.015 is amended to read:

28 367.015. (1) There is established in the State Treasury, separate and distinct from the General  
 29 Fund, the Oregon Transportation Infrastructure Fund. All moneys in the infrastructure fund are  
 30 continuously appropriated to the Department of Transportation for the purposes of ORS 367.010 to  
 31 367.067.

32 (2) The infrastructure fund consists of:

33 (a) Moneys appropriated to the infrastructure fund by the Legislative Assembly.

34 (b) Moneys transferred to the infrastructure fund by the department from the State Highway  
 35 Fund or from other funds available to the Oregon Transportation Commission.

36 (c) Moneys from any federal grant, state grant or other grant that are deposited in the  
 37 infrastructure fund.

38 (d) Proceeds of infrastructure bonds.

39 (e) Proceeds of Highway User Tax Bonds issued under ORS 367.615 and 367.670 for the purpose  
 40 of providing infrastructure assistance or an infrastructure loan.

41 (f) Moneys due to a municipality that are withheld pursuant to ORS 367.035 (3) or (5) and, for  
 42 a loan made with proceeds of Highway User Tax Bonds, moneys due to a municipality that are  
 43 withheld pursuant to ORS 367.655 (2)(c).

44 (g) Earnings on the infrastructure fund.

45 (h) Moneys paid to the department in connection with infrastructure loans or infrastructure

1 assistance.

2 (i) Any grants or donations made to the State of Oregon for deposit in the infrastructure fund.

3 (3) A pledge by the department of its revenues or other moneys in the infrastructure fund is  
 4 valid and binding from the time the pledge is made as provided in [ORS 288.594] **ORS chapter**  
 5 **286**.

6 (4) The department shall use moneys in the infrastructure fund solely to:

7 (a) Provide infrastructure loans and infrastructure assistance;

8 (b) Pay the bond debt service for infrastructure bonds and pay the costs of issuance and other  
 9 costs related to infrastructure bonds;

10 (c) Pay the department's costs of administering the infrastructure fund and providing  
 11 infrastructure loans and infrastructure assistance, including any costs of monitoring transportation  
 12 projects and obtaining repayment of infrastructure loans and infrastructure assistance;

13 (d) Pay the department's or another public entity's costs for transportation projects including,  
 14 but not limited to, projects funded with the proceeds of Highway User Tax Bonds; and

15 (e) Ensure repayment of loan guarantees or extensions of credit as provided in ORS 367.816.

16 (5) The department may establish separate accounts in the infrastructure fund for infrastructure  
 17 loans, infrastructure assistance, the funding of infrastructure bond reserves, bond debt service pay-  
 18 ments for infrastructure bonds and related costs, administrative and operating expenses or any other  
 19 purpose necessary or desirable for carrying out the purposes of ORS 367.010 to 367.067. The com-  
 20 mission may adopt rules that govern how the infrastructure fund and its accounts are used. The  
 21 infrastructure fund or any of its accounts may be held by an escrow agent or bond trustee.

22 (6) The department shall administer the infrastructure fund. Moneys in the infrastructure fund,  
 23 with the approval of the State Treasurer, may be invested as provided by ORS 293.701 to 293.820  
 24 and the earnings from such investments must be credited to the account in the infrastructure fund  
 25 designated by the department.

26 **SECTION 162.** ORS 367.025 is amended to read:

27 367.025. (1) If the Department of Transportation determines that it is necessary or desirable to  
 28 issue infrastructure bonds to provide moneys for the Oregon Transportation Infrastructure Fund, the  
 29 department shall ask the State Treasurer to issue infrastructure bonds.

30 (2) When the department asks the State Treasurer to issue infrastructure bonds, if the State  
 31 Treasurer determines that infrastructure bonds shall be issued:

32 (a) The State Treasurer may authorize and issue infrastructure bonds to provide moneys for the  
 33 infrastructure fund.

34 (b) The State Treasurer may enter into agreements with bond underwriters, trustees, financial  
 35 advisers and other persons to carry out ORS 367.010 to 367.067. The department **or the State**  
 36 **Treasurer** may appoint bond counsel as authorized [by ORS 288.523, or the State Treasurer may  
 37 enter into an agreement with bond counsel if the services provided under the agreement comply with  
 38 the provisions of ORS 288.523 and the appointment is approved by the Attorney General as required  
 39 by ORS 288.523. The department may not appoint bond counsel under this paragraph unless the State  
 40 Treasurer has reviewed and approved the terms and conditions of the appointment. ORS 279A.140 does  
 41 not apply to an appointment or agreement described in this paragraph] **by section 21 of this 2007**  
 42 **Act**.

43 **SECTION 163.** ORS 367.030 is amended to read:

44 367.030. (1) To provide moneys for the Oregon Transportation Infrastructure Fund or to refund  
 45 bonds authorized by this section, the State Treasurer may, in cooperation with the Department of

1 Transportation, issue revenue bonds of the State of Oregon that are payable solely from all or any  
2 portion of the moneys deposited in the infrastructure fund and may pledge such moneys to secure  
3 the revenue bonds. The department or State Treasurer may exercise any power granted [*to a*  
4 *municipality or public body by the Uniform Revenue Bond Act*] by **ORS chapter 286** in connection  
5 with bonds authorized by this section. However, the State Treasurer or the department shall not  
6 pledge or encumber any moneys of the State of Oregon other than those required by ORS 367.010  
7 to 367.067 to be deposited in the infrastructure fund.

8 (2) The department may enter into covenants for the benefit of the owners of bonds authorized  
9 by this section regarding the use of moneys in the infrastructure fund, the providing of  
10 infrastructure assistance and the collection of infrastructure loans. Any such covenants shall be  
11 binding upon the State of Oregon in accordance with their terms and shall be enforceable against  
12 the State of Oregon by owners of the bonds. However, no owner of bonds authorized by this section  
13 shall ever have the right to compel any exercise of the taxing power of the state to pay any such  
14 bonds or the interest thereon, or to enforce payment thereof against any property of the state, ex-  
15 cept those moneys in the infrastructure fund that are pledged to pay the bonds and any moneys the  
16 department or an agency may agree to use to repay infrastructure loans under ORS 367.040. Bonds  
17 authorized by this section shall not constitute a charge, lien or encumbrance, legal or equitable,  
18 upon any property of the state, except moneys in the infrastructure fund that are pledged to pay the  
19 bonds, and any property that the department or agency pledges, mortgages or assigns to secure  
20 infrastructure loans pursuant to ORS 367.040. Revenue bonds authorized by this section shall not  
21 constitute a debt of the state or a lending of the credit of the state within the meaning of any  
22 constitutional or statutory limitation.

23 (3) The total principal amount of revenue bonds that are issued under this section and out-  
24 standing at any time shall not exceed \$200 million.

25 **SECTION 164.** ORS 367.105 is amended to read:

26 367.105. (1) In addition to the authority for short-term borrowing granted in [*ORS 288.165*] **sec-**  
27 **tion 12 of this 2007 Act**, the Department of Transportation, acting through the State Treasurer,  
28 may borrow money by entering into a credit agreement, a line of credit or a revolving line of credit,  
29 or by issuing a note, a warrant, a short-term promissory note, commercial paper or another similar  
30 obligation, for the following purposes:

31 (a) Providing matching funds as set forth in ORS 366.564.

32 (b) Providing funds with which to pay when due the principal or interest of bonded indebtedness  
33 created for highway purposes, the payment of which is necessary to preserve the financial credit  
34 of the state.

35 (c) Meeting emergencies.

36 (d) Providing funds for use by the department during times when expenditures exceed revenues,  
37 whether or not the department anticipated that expenditures would exceed revenues.

38 (e) Providing funds for the payment of current expenses in anticipation of revenue, grants or  
39 other moneys intended for payment of the current expenses.

40 (f) Providing funds for interim financing of a capital asset or project to be undertaken by the  
41 department.

42 (g) Refunding an outstanding obligation.

43 (2) Short-term borrowing under this section may be in such denominations or for such sums as  
44 the department fixes and may draw interest at a negotiated rate.

45 (3) The total outstanding indebtedness created by the short-term borrowing under this section

1 may not exceed \$100 million in outstanding principal amount.

2 (4) All short-term borrowing issued pursuant to this section shall mature within three years from  
3 the date of issuance.

4 (5) The department shall pay for and secure short-term borrowing under this section with funds  
5 from the State Highway Fund or other funds that are legally available to the department for the  
6 purposes for which the moneys were borrowed, including moneys received by the department from  
7 the United States government.

8 **SECTION 165.** ORS 367.166 is amended to read:

9 367.166. (1) A grant anticipation revenue bond issued under ORS 367.161 to 367.181:

10 (a) Must contain on its face a statement that the ad valorem taxing power of this state or any  
11 political subdivision of this state is not pledged to the payment of the principal or the interest on  
12 the revenue bond.

13 (b) May be sold at public competitive bid or at private negotiated sale.

14 (c) May be sold at the price or prices established by the State Treasurer, upon the advice of the  
15 Department of Transportation.

16 (d) Must mature on or before a date determined by calculation of the expected economic life of  
17 the improvements, assets and projects financed with the proceeds of the revenue bonds.

18 (2) The State Treasurer shall determine, upon the advice of the department and consistent with  
19 ORS [288.805 to 288.945] **chapter 286**, all aspects relating to the sale of revenue bonds under ORS  
20 367.161 to 367.181 that are not otherwise specifically provided, including rate of interest and dis-  
21 count, if any.

22 **SECTION 166.** ORS 367.555 is amended to read:

23 367.555. In addition to the authority now vested by any other provision of law, the Department  
24 of Transportation may issue general obligation bonds of the State of Oregon used to provide funds  
25 to defray the costs of building and maintaining permanent roads, including the costs of location,  
26 relocation, improvement, construction and reconstruction of state highways and bridges, in an out-  
27 standing principal amount that is subject to the provisions of [ORS 286.505 to 286.545] **section 10**  
28 **of this 2007 Act.**

29 **SECTION 167.** ORS 367.565 is amended to read:

30 367.565. The Department of Transportation shall issue general obligation bonds under ORS  
31 367.555 to 367.600 in accordance with ORS [286.031 to 286.066] **chapter 286.**

32 **SECTION 168.** ORS 367.620 is amended to read:

33 367.620. (1) The principal amount of Highway User Tax Bonds issued under ORS 367.615 shall  
34 be subject to the provisions of [ORS 286.505 to 286.545] **section 10 of this 2007 Act.**

35 (2) Highway User Tax Bonds may be issued under ORS 367.615 for the purposes described in  
36 ORS 367.622 in an aggregate principal amount sufficient to produce net proceeds of not more than  
37 \$500 million.

38 (3)(a) Highway User Tax Bonds may be issued under ORS 367.615 for bridge purposes described  
39 in section 10 (1), chapter 618, Oregon Laws 2003, in an aggregate principal amount sufficient to  
40 produce net proceeds of not more than \$1.6 billion.

41 (b) Highway User Tax Bonds may be issued under ORS 367.615 for modernization purposes de-  
42 scribed in sections 10 (2) and 11, chapter 618, Oregon Laws 2003, in an aggregate principal amount  
43 sufficient to produce net proceeds of not more than \$300 million.

44 (c) The Department of Transportation may designate the extent to which a series of bonds au-  
45 thorized under this subsection is secured and payable on a parity of lien or on a subordinate basis

1 to existing or future Highway User Tax Bonds.

2 **SECTION 169.** ORS 367.635 is amended to read:

3 367.635. (1) A bond issued under ORS 367.615:

4 (a) Must contain on its face a statement that the ad valorem taxing power of this state or any  
5 political subdivision of this state is not pledged to the payment of the principal or the interest on  
6 the bond.

7 (b) May be sold at public competitive bid or at private negotiated sale.

8 (c) May be sold at the price or prices established by the State Treasurer, upon the advice of the  
9 Department of Transportation.

10 (d) Must mature on or before a date determined by calculation of the expected economic life of  
11 the improvements, assets and projects financed with the proceeds of the bonds. Subject to this par-  
12 agraph, the time bonds mature may be as established by indenture under ORS 367.640.

13 (2) The State Treasurer shall determine, upon the advice of the department and consistent with  
14 ORS [288.805 to 288.945] **chapter 286**, all aspects relating to the sale of bonds under ORS 367.615  
15 that are not otherwise specifically provided, including rate of interest and discount, if any.

16 **SECTION 170.** ORS 367.670 is amended to read:

17 367.670. Outstanding bonds issued under ORS 367.615 may be refunded by the issuance of re-  
18 funding or advance refunding bonds. Refunding and advance refunding bonds issued under this  
19 section are subject to the provisions relating to bonds issued under ORS 367.615 and are subject to  
20 and shall be issued in accordance with the provisions of ORS [286.051 and 288.605 to 288.695]  
21 **chapter 286**.

22 **SECTION 171.** ORS 367.715 is amended to read:

23 367.715. All bonds issued under ORS 367.700 to 367.750 must be issued in accordance with ORS  
24 [286.031 to 286.066] **chapter 286**.

25 **SECTION 172.** ORS 367.812 is amended to read:

26 367.812. (1) In addition to any authority the Department of Transportation has to issue and sell  
27 bonds and other similar obligations, this section establishes continuing authority for the issuance  
28 and sale of bonds and other similar obligations in a manner consistent with this section. To finance  
29 any transportation project in whole or in part, the department may request that the State Treasurer  
30 issue revenue bonds on behalf of the department. Revenue bonds authorized under this section shall  
31 be issued in accordance with the applicable provisions of ORS [chapters 286 and 288] **chapter 286**.  
32 The bonds shall be secured by a pledge of, and a lien on, and shall be payable only from moneys in  
33 the State Transportation Enterprise Fund established by ORS 367.810 and any other revenues spe-  
34 cifically pledged to repayment of the bonds. Such a pledge by the department of its revenues creates  
35 a lien that is valid and binding from the time the pledge is made as provided in [ORS 288.594]  
36 **section 19 of this 2007 Act**. Revenue bonds issued pursuant to this section are not general obli-  
37 gations of the state and are not secured by or payable from any funds or assets of the state other  
38 than the moneys and revenues specifically pledged to the repayment of such revenue bonds.

39 (2) Moneys received from the issuance of revenue bonds or other debt obligations, including any  
40 investment earnings thereon, may be expended:

41 (a) For the purpose of financing the costs of the transportation project for which the bonds are  
42 issued;

43 (b) To pay the costs and other administrative expenses of the bonds;

44 (c) To pay the costs of credit enhancement or to fund any reserves determined to be necessary  
45 or advantageous in connection with the revenue bonds; and

1 (d) To reimburse the department for any costs related to carrying out the purposes of the pro-  
 2 gram established under ORS 367.804.

3 (3) Any transportation project may be financed in whole or in part with:

4 (a) The proceeds of grant anticipation revenue bonds authorized by 23 U.S.C. 122 and applicable  
 5 state law.

6 (b) Grants, loans, loan guarantees, lines of credit, revolving lines of credit or other financing  
 7 arrangements available pursuant to the Transportation Infrastructure Finance and Innovation Act  
 8 under 23 U.S.C. 181 et seq., or any other applicable federal law.

9 (c) Infrastructure loans or assistance from the Oregon Transportation Infrastructure Fund es-  
 10 tablished by ORS 367.015.

11 (4) As security for the payment of financing described in subsection (3) of this section, the re-  
 12 venues from the project may be pledged, but no such pledge of revenues constitutes in any manner  
 13 or to any extent a general obligation of the state. Any financing described in subsection (3) of this  
 14 section may be structured on a senior, parity or subordinate basis to any other financing.

15 **SECTION 173.** ORS 370.140 is amended to read:

16 370.140. [(1)] After having entered the order as provided in ORS 370.130, the county court shall  
 17 cause the bonds to be issued **as prescribed in ORS chapter 287.** [*in denominations of \$50 or mul-*  
 18 *tiples thereof, up to \$1,000, advertise such amount of them for sale as in its judgment is necessary and*  
 19 *thereafter from time to time make such additional sale of bonds so issued as is necessary.*]

20 [(2)] *Bond sales shall be made through bids received upon such advertisement as the county court*  
 21 *deems necessary to afford the best means of procuring the highest prices for the bonds.*]

22 [(3)] *All bids shall be in writing and publicly opened at a time and place specified in the adver-*  
 23 *tisement.*]

24 [(4)] *Whatever other means of advertising the sale of bonds the county court may adopt, it shall*  
 25 *advertise the sale for at least three weeks in two newspapers printed in the county, if there are that*  
 26 *many, and if there is but one such newspaper, then in it.*]

27 [(5)] *The bonds shall be sold to the highest bidder, but preference shall be given to the citizens of*  
 28 *the county.*]

29 [(6)] *If the county court is not satisfied with the bids, it may reject any or all of them.*]

30 [(7)] *The county court shall determine the interest rate.*]

31 **SECTION 174.** ORS 370.160 is amended to read:

32 370.160. In its discretion, the county court further may issue either term bonds or the serial  
 33 bonds mentioned in ORS 370.150 with the option of redeeming them on and after certain interest-  
 34 paying dates specified by the county court in the bonds. [*Notice of redemption shall be given in the*  
 35 *manner specified in the bonds, as provided in ORS 288.520. Newspaper publication of notice of re-*  
 36 *demption is not required for bonds that are in registered form. These callable bonds either may be*  
 37 *called and paid pursuant to the optional redemption privilege or may be called and refunded pursuant*  
 38 *to ORS 287.202 to 287.220.*]

39 **SECTION 175.** ORS 383.023 is amended to read:

40 383.023. (1) In accordance with the applicable provisions of ORS [286.010, 286.020, 286.105 to  
 41 286.135 and ORS chapter 288] **chapter 286**, the State Treasurer, at the request of the Department  
 42 of Transportation, may issue revenue bonds for the purpose of financing a tollway project, provided  
 43 that such bonds shall never constitute a debt or general obligation of the department or of this state  
 44 or any of its political subdivisions, but shall be payable solely from the revenues, amounts, funds  
 45 and accounts described in ORS 383.009 (3).

1 (2) The proceeds of revenue bonds issued under this section may be used by the department or  
 2 loaned to a private entity or a unit of government for the purpose of financing any portion of the  
 3 capital costs related to the construction of a tollway project, including costs of the acquisition of  
 4 interests in land upon which the tollway project will be constructed, to provide a financial reserve  
 5 required under any federal funding agreement and for the payment of the costs of issuing the bonds  
 6 and funding bond reserves.

7 (3) The bonds authorized by this section may be issued by the department as taxable bonds or  
 8 as tax-exempt bonds under the income tax laws of the United States.

9 (4) Notwithstanding the status of the bonds for federal income tax purposes, interest paid to the  
 10 owners of the bonds shall be exempt from personal income taxes imposed by this state.

11 (5) When issuing bonds authorized by this section, the department and the State Treasurer may  
 12 make covenants with bondholders regarding the imposition and regulation of tolls, the making of  
 13 loans and grants funded from the State Tollway Account, the use of amounts required to be depos-  
 14 ited in the State Tollway Account and the issuance of additional bonds.

15 **SECTION 176.** ORS 383.027 is amended to read:

16 383.027. (1) *[In accordance with the provisions of ORS 288.805 to 288.945, a municipality, as de-*  
 17 *defined in ORS 288.805,]* **A public body, as defined in section 43 of this 2007 Act, but not including**  
 18 **a people's utility district organized under ORS chapter 261,** may issue revenue bonds for the  
 19 purpose of financing a tollway project.

20 (2) A nonprofit corporation organized under Oregon law may issue revenue bonds for the pur-  
 21 pose of financing a tollway project.

22 **(3) Revenue bonds authorized by this section shall be issued as prescribed in ORS chapter**  
 23 **287.**

24 **SECTION 177.** ORS 390.063 is amended to read:

25 390.063. The Legislative Assembly declares that the purpose of ORS 390.060 to 390.067 is to  
 26 authorize lottery bonds for state park projects. The lottery bonds authorized by ORS 390.060 to  
 27 390.067 shall be issued pursuant to ORS 286.560 to 286.580 *[and 348.716]*. The obligation of the State  
 28 of Oregon with respect to the bonds and with respect to any grant agreement or other commitment  
 29 authorized by ORS 267.334, 285B.410, 285B.422, 285B.482, 285B.530 to 285B.548 and 390.060 to 390.067  
 30 shall at all times be restricted to the availability of unobligated net lottery proceeds, proceeds of  
 31 lottery bonds and any other amounts specifically committed by ORS 286.560 to 286.580 *[and*  
 32 *348.716]*. Neither the faith and credit of the State of Oregon nor any of its taxing power shall be  
 33 pledged or committed to the payment of lottery bonds or any other commitment of the State of  
 34 Oregon authorized by ORS 390.060 to 390.067.

35 **SECTION 178.** ORS 391.140 is amended to read:

36 391.140. (1) In accordance with *[any applicable provisions of ORS 286.010, 286.020, 286.105 to*  
 37 *286.135 and ORS chapter 288]* **ORS chapter 286,** the State Treasurer, at the request of the Director  
 38 of Transportation, shall issue revenue bonds from time to time in an aggregate amount not to ex-  
 39 ceed:

40 (a) The principal sum of \$115 million;

41 (b) The costs incurred in connection with the issuance of the bonds and other administrative  
 42 expenses of the State Treasurer in connection with the issuance of the bonds; and

43 (c) The amount of any reserves determined to be necessary or advantageous in connection with  
 44 the revenue bonds.

45 (2) The Director of Transportation shall submit to the State Treasurer from time to time written

1 requests to issue the revenue bonds in amounts sufficient to provide in a timely fashion the moneys  
 2 required to fund the obligations of the Department of Transportation under any written agreements  
 3 or commitments entered into under ORS 391.120 (2) for the purpose of financing the state share of  
 4 the costs of the Westside corridor light rail project identified in ORS 391.120 (2)(a).

5 (3) Moneys received from the issuance of revenue bonds, including any investment earnings  
 6 thereon, may be expended only for the purpose of financing the costs of development, acquisition  
 7 and construction of the Westside corridor light rail project identified in ORS 391.120 (2)(a), and to  
 8 pay the costs of issuing the bonds and other administrative expenses of the State Treasurer in car-  
 9 rying out the provisions of ORS 391.120 and this section, including the funding of any reserves de-  
 10 termined to be necessary or advantageous in connection with the revenue bonds.

11 (4) Notwithstanding [*ORS 288.825*] **sections 9 and 18 to 20 of this 2007 Act** or any other pro-  
 12 vision of law, revenue bonds issued under this section, regardless of whether issued in one or more  
 13 issues, shall be secured equally and ratably by the pledge of moneys described in this subsection and  
 14 ORS 391.130. The bonds shall be secured by a pledge of, and a lien on, and shall be secured and  
 15 payable only from, moneys on deposit from time to time in the Regional Light Rail Extension Con-  
 16 struction Fund established by ORS 391.120. The revenue bonds shall not be a general obligation of  
 17 this state, and shall not be secured by or payable from any funds or assets of this state other than  
 18 the moneys on deposit from time to time in the Regional Light Rail Extension Construction Fund.

19 (5) The moneys in the Regional Light Rail Extension Bond Account shall be used and applied  
 20 by the Director of Transportation to pay when due the principal of and interest on any revenue  
 21 bonds issued under this section.

22 (6) The interest on all revenue bonds issued under this section and on any refunding and ad-  
 23 vance refunding bonds [*issued under ORS 286.051*] is exempt from personal income taxation imposed  
 24 by this state under ORS chapter 316.

25 (7) The proceeds derived from the issuance and sale of the revenue bonds, including any pro-  
 26 ceeds required to fund any reserves determined to be necessary or advantageous in connection with  
 27 the revenue bonds, shall be deposited in a special, segregated subaccount of the Regional Light Rail  
 28 Extension Construction Fund. The moneys on deposit from time to time in the subaccount, including  
 29 any investment earnings thereon, shall be disbursed as needed for the purposes described in sub-  
 30 section (3) of this section upon the written request of the Director of Transportation.

31 **SECTION 179.** ORS 401.844 is amended to read:

32 401.844. (1) For the purpose of carrying into effect the powers granted by ORS 401.818 to  
 33 401.857, as well as refunding outstanding obligations, a 9-1-1 communications district, when author-  
 34 ized by a majority of the votes cast at an election by electors of the district, may borrow money and  
 35 sell and dispose of general obligation bonds.

36 (2) The general obligations outstanding at any one time shall never exceed in aggregate princi-  
 37 pal amount one percent of the real market value of all taxable property within the district computed  
 38 in accordance with ORS 308.207.

39 (3) The bonds shall mature serially not more than 30 years from the issue date and shall be is-  
 40 sued [*and sold in the manner*] **as** prescribed in ORS [*287.014 to 287.028*] **chapter 287.**

41 **SECTION 180.** ORS 407.415 is amended to read:

42 407.415. In order to provide funds for the purposes specified in Article XI-A of the Oregon  
 43 Constitution, bonds may be issued in accordance with the provisions of ORS [*286.031 to 286.061*]  
 44 **chapter 286.** Bonds issued under this section may be issued on a federally tax exempt or taxable  
 45 basis. Bonds issued on a federally tax exempt basis may be issued under any applicable provisions

1 of the Internal Revenue Code as may be determined by the Department of Veterans' Affairs. The  
 2 department shall enter into such covenants and agreements with bondholders as may be necessary  
 3 or appropriate to maintain the federally tax exempt status of interest on bonds issued on a federally  
 4 tax exempt basis.

5 **SECTION 181.** ORS 407.425 is amended to read:

6 407.425. *[In issuing bonds under ORS 407.415, the State Treasurer may structure an issue of bonds*  
 7 *with regard to amounts, maturity dates, interest rates and such other terms and conditions of the*  
 8 *bonds.]* **The Department of Veterans' Affairs shall request the State Treasurer to issue bonds**  
 9 **on behalf of the department whenever the department determines that bonds are to be issued**  
 10 **under ORS 407.415.** In order to meet the specific requirements of a selected group of applicants for  
 11 loans under this chapter and before asking the State Treasurer to structure an issue of bonds under  
 12 this authority, the Department of Veterans' Affairs may consider factors including, but not limited  
 13 to, the number of applications and loans on hand, the amount of debt that will be financed or refi-  
 14 nanced by the issue, directly or indirectly, the solvency of the program as a whole, the current value  
 15 of money, the condition of the tax exempt and taxable bond markets and the effect of the issue on  
 16 all veterans.

17 **SECTION 182.** ORS 440.390 is amended to read:

18 440.390. All general obligation bonds issued under ORS 440.375 shall be *[advertised and sold as*  
 19 *provided in ORS 287.014 to 287.022 for the sale of city bonds]* **issued as prescribed in ORS chapter**  
 20 **287.**

21 **SECTION 183.** ORS 450.640 is amended to read:

22 450.640. (1) Except as otherwise provided in this section, a joint water and sanitary authority  
 23 possesses all the duties, functions and powers granted to water authorities and to sanitary authori-  
 24 ties under ORS 450.600 to 450.989.

25 (2) *[Notwithstanding ORS 450.895, a joint water and sanitary authority is a municipality for the*  
 26 *purposes of ORS 288.805 to 288.945, and]* Revenue bonds issued by a joint water and sanitary au-  
 27 thority shall be issued *[in accordance with ORS 288.805 to 288.945]* **as prescribed in ORS chapter**  
 28 **287.**

29 **SECTION 184.** ORS 450.690 is amended to read:

30 450.690. A water authority is a *[municipality]* **public body** for the purposes of ORS *[288.805 to*  
 31 *288.945]* **chapter 287**, and revenue bonds issued by a water authority shall be issued in accordance  
 32 with ORS *[288.805 to 288.945]* **chapter 287.**

33 **SECTION 185.** ORS 450.915 is amended to read:

34 450.915. *[(1)]* If, at the bond election, a majority of the votes cast is in favor of the issuance of  
 35 bonds, the board may issue *[and sell the bonds as provided in this section]* **the bonds as prescribed**  
 36 **in ORS chapter 287.**

37 *[(2) The bonds shall be in such denominations of \$500 or \$1,000, or multiples thereof, as the board*  
 38 *determines.]*

39 *[(3) All bonds shall be payable in lawful money of the United States at the office of the county*  
 40 *treasurer of the county in which the authority, or the largest area thereof, is situated.]*

41 *[(4) If the bonds are revenue bonds, the bonds shall contain a statement that such bonds are pay-*  
 42 *able solely out of designated revenues of the authority and are not general obligations of the authority*  
 43 *or a charge upon the tax revenues of the authority.]*

44 *[(5) The bonds shall be signed by the chairperson of the board and countersigned by the manager*  
 45 *of the authority. However, the printed or lithographed facsimile signatures of the chairperson and*

1 *manager may be affixed to coupons, if any, on the bonds.]*

2 *[(6) All legally authorized and issued general obligation bonds or revenue bonds shall be adver-*  
 3 *tised and sold in the manner prescribed in ORS 287.014 to 287.022.]*

4 **SECTION 186.** ORS 450.925 is amended to read:

5 450.925. (1) The board may, without authorization from the electors, issue refunding bonds for  
 6 the purpose of refunding outstanding bonds issued under ORS 450.895 to 450.920.

7 (2) The provisions of *[ORS 450.915 (2) to (6)]* **sections 55 to 60 of this 2007 Act** are applicable  
 8 to refunding bonds issued and sold under this section.

9 (3) The refunding bonds may be issued to refund bonds originally issued or to refund bonds  
 10 previously issued for refunding purposes and for no other purpose.

11 **SECTION 187. ORS 450.935 is repealed.**

12 **SECTION 188.** ORS 451.545 is amended to read:

13 451.545. (1) The district may, when authorized by a majority of the votes cast at an election by  
 14 electors of the district, issue general obligation bonds for the purpose of paying the cost of acqui-  
 15 sition or construction of service facilities. Each issue of general obligation bonds shall be the gen-  
 16 eral obligation of the district and the principal and interest on the bonds shall be paid by the  
 17 district by assessments, charges, or ad valorem taxes imposed or levied within the district as may  
 18 be determined by the governing body of the district under ORS 451.490. Bonds authorized by this  
 19 section shall be issued in accordance with ORS *[287.052 to 287.074]* **chapter 287**, except as otherwise  
 20 provided in this section.

21 (2) In addition to the authority to issue general obligation bonds, the district, when authorized  
 22 at any properly called election, shall have the power to sell and dispose of revenue bonds, and to  
 23 pledge as security for the bonds all or any part of the unobligated net revenue of the district to  
 24 purchase, acquire, lay out, construct, reconstruct, extend, enlarge or improve service facilities. The  
 25 revenue bonds shall be issued *[in the same manner and form as are general obligation bonds of the*  
 26 *district]* **as prescribed in ORS chapter 287**, but they are payable, both as to principal and interest  
 27 from revenues only, as specified by this section. The revenue bonds are not subject to the percent-  
 28 age limitation applicable to general obligation bonds and are not a lien upon any of the taxable  
 29 property within the boundaries of such district, but are payable solely from such part of the reven-  
 30 ues of the district as remain after payment of obligations having a priority and of all expenses of  
 31 operation and maintenance of the district. All revenue bonds shall contain a clause reciting that  
 32 both the principal and interest are payable solely from operating revenues of the district remaining  
 33 after paying such obligations and expenses.

34 (3) The district's total outstanding bonds of all kinds, including improvement bonds of the kind  
 35 authorized by ORS 223.205 and 223.210 to 223.295, shall at no time exceed in the aggregate 13 per-  
 36 cent of the real market value of all property by law assessable for state and county purposes within  
 37 the district as reflected in the last roll certified under ORS 311.105.

38 **SECTION 189.** ORS 456.185 is amended to read:

39 456.185. *[(1)]* Bonds of an authority shall be authorized by its resolution adopted by a vote of a  
 40 majority of the commissioners, and *[may]* **shall** be issued *[in one or more series]* **as prescribed in**  
 41 **ORS chapter 287.**

42 *[(2) The bonds shall bear such dates, mature at such times, bear interest at such rates, be in such*  
 43 *denominations, be in such form, either coupon or registered, carry such conversion or registration*  
 44 *privileges, have such rank or priority, be executed in such manner, be payable in such medium of*  
 45 *payments, at such places, and be subject to such terms of redemption, with or without premium, as such*

1 resolution, its trust indenture or mortgage may provide. Bonds of an authority may be issued in zero  
 2 coupon form or subject to federal taxation of interest thereon if the resolution authorizing issuance so  
 3 provides.]

4 [(3) The bonds may be sold at public sale held after notice published once at least five days prior  
 5 to such sale in a newspaper having a general circulation in the area of operation and in a financial  
 6 newspaper published in San Francisco, California, or in New York, New York. However, at the dis-  
 7 cretion of an authority, if the resolution authorizing issuance so provides, the bonds may be sold on a  
 8 negotiated basis or at private sale without any public advertisement.]

9 **SECTION 190.** ORS 456.190 is amended to read:

10 456.190. [(1) In case any of the commissioners or officers of the housing authority whose signatures  
 11 appear on any bonds or coupons cease to be commissioners or officers before the delivery of such bonds,  
 12 the signatures shall, nevertheless, be valid and sufficient for all purposes, the same as if the commis-  
 13 sioners or officers had remained in office until delivery. Any law to the contrary notwithstanding,  
 14 bonds issued pursuant to the Housing Authorities Law are fully negotiable.]

15 [(2)] In any suit, action or proceedings involving the validity or enforceability of any bond of  
 16 an authority or the security therefor, any [such] bond reciting in substance that it has been issued  
 17 by the authority to aid in financing a housing project to provide housing for persons or families of  
 18 lower income is conclusively deemed to have been issued for a housing project of such character  
 19 and said project is conclusively deemed to have been planned, located and constructed in accordance  
 20 with the Housing Authorities Law.

21 **SECTION 191.** ORS 456.230 is amended to read:

22 456.230. Bonds of an authority are declared to be issued for an essential public and govern-  
 23 mental purpose and to be public instrumentalities. The bonds, together with interest thereon and  
 24 income therefrom, are exempt from **personal income taxes under ORS chapter 316.**

25 **SECTION 192.** ORS 456.519 is amended to read:

26 456.519. In order to provide funds for the purposes specified in Article XI-I(2) of the Oregon  
 27 Constitution, including those specified in ORS 456.539, bonds may be issued in accordance with the  
 28 provisions of ORS [286.031 to 286.061] **chapter 286.**

29 **SECTION 193.** ORS 456.543 is amended to read:

30 456.543. (1) The Housing and Community Services Department shall maintain, with the State  
 31 Treasurer, an Elderly and Disabled Housing Sinking Fund, separate and distinct from the General  
 32 Fund. The Elderly and Disabled Housing Sinking Fund shall provide for the payment of the princi-  
 33 pal and interest upon bonds issued under authority of Article XI-I(2), Oregon Constitution, and ORS  
 34 456.515 to 456.725. Moneys in the sinking fund are continuously appropriated to the department for  
 35 such purpose. With the approval of the department, the moneys in the Elderly and Disabled Housing  
 36 Sinking Fund may be invested as provided by ORS 293.701 to 293.820, and earnings from the in-  
 37 vestment shall be credited to the Elderly and Disabled Housing Sinking Fund.

38 (2) The Elderly and Disabled Housing Sinking Fund shall consist of:

- 39 (a) All moneys received from contract or loan proceeds;
- 40 (b) Bond reserves;
- 41 (c) Other funds available for these purposes; and

42 (d) If necessary, state ad valorem taxes provided by Article XI-I(2), Oregon Constitution, and by  
 43 ORS 456.515 to 456.725.

44 (3) The Elderly and Disabled Housing Sinking Fund shall not be used for any purpose other than  
 45 that for which the fund was created provided, however, that amounts on deposit in the fund may

1 be applied to the payment of operating and administrative expenses of the department allocable to  
 2 its elderly and disabled housing program under ORS 456.515 to 456.725, and for transfers under  
 3 subsections (4) and (5) of this section. Should a balance remain therein after the purposes for which  
 4 the fund was created have been fulfilled or after a reserve sufficient to meet all existing obligations  
 5 and liabilities of the fund has been set aside, the surplus remaining may be transferred to the El-  
 6 derly and Disabled Housing Fund at the direction of the department.

7 (4) The Director of the Housing and Community Services Department may transfer moneys from  
 8 the Elderly and Disabled Housing Sinking Fund, with the approval of the State Treasurer, for the  
 9 purpose of financing multifamily housing for the elderly and the disabled. The State Treasurer shall  
 10 approve such request if:

11 (a) The cash flow projection [*required by ORS 286.105*] **associated with the bonds** shows that,  
 12 for the term of the bonds outstanding at the time the director transfers the moneys, remaining  
 13 moneys in the sinking fund, together with expected loan proceeds and fund earnings, will continue  
 14 to be adequate to pay bond principal, interest and administrative costs; and

15 (b) The transfer will not create the need for issuance of any bonds.

16 (5) The director shall deposit loan prepayments in the Elderly and Disabled Housing Fund, and  
 17 lend such prepayments for the purpose of financing multifamily housing for the elderly and the dis-  
 18 abled for a term not exceeding the term of the bonds associated with the loan that was prepaid, if  
 19 the director determines that such a deposit and loan will not adversely affect the ability of the de-  
 20 partment to pay outstanding bonds.

21 **SECTION 194.** ORS 456.615 is amended to read:

22 456.615. As used in ORS 456.550 to 456.725, unless the context requires otherwise:

23 (1) “Bonds” means any bonds, [*notes or*] **as defined in section 2 of this 2007 Act, or any** other  
 24 evidence of indebtedness, [*including notes or other evidence of indebtedness issued in anticipation of*  
 25 *the issuance of bonds and payable from the proceeds of bonds issued,*] issued under ORS 456.515 to  
 26 456.725 **or issued in anticipation of such bonds and payable from the proceeds of bonds**  
 27 **issued.**

28 (2) “Capital reserve account” or “capital reserve accounts” means one or more of the special  
 29 trust accounts that may be established by the Housing and Community Services Department within  
 30 the Housing Finance Fund.

31 (3) “Housing finance bond declaration” means a written instrument signed by the Director of the  
 32 Housing and Community Services Department and on file with and bearing the certificate of ap-  
 33 proval of the State Treasurer **or the designee of the State Treasurer**, and all housing finance  
 34 bond declarations supplemental thereto.

35 (4) “Consumer housing cooperative” means a cooperative corporation formed under ORS chapter  
 36 62 and whose articles of incorporation provide, in addition to the other requirements of ORS chapter  
 37 62, that:

38 (a) The consumer housing cooperative has been organized exclusively to provide housing facili-  
 39 ties for persons and families of lower income and such social, recreational, commercial and com-  
 40 munal facilities as may be incidental to such housing facilities.

41 (b) All income and earnings of the consumer housing cooperative shall be used exclusively for  
 42 consumer housing cooperative purposes and that no unreasonable part of the net income or net  
 43 earnings of the cooperative shall inure to the benefit or profit of any private individual, firm, cor-  
 44 poration, partnership or association.

45 (c) The consumer housing cooperative is in no manner controlled or under the direction of or

1 acting in the substantial interest of any private individual, firm, corporation, partnership or associ-  
2 ation seeking to derive profit or gain therefrom or seeking to eliminate or minimize losses in any  
3 transaction therewith, except that such limitation shall apply to the members of the cooperative only  
4 to the extent provided by rules of the department.

5 (d) The operations of the consumer housing cooperative may be supervised by the department  
6 and that the consumer housing cooperative shall enter into such agreements with the department  
7 as the department may require to provide regulation by the department of the planning, development  
8 and management of any housing project undertaken by the cooperative and the disposition of the  
9 property and other interests of the cooperative.

10 (5) "Development costs" means the costs that have been approved by the department as appro-  
11 priate expenditures and includes, but is not limited to payments for options to purchase property for  
12 the proposed housing project site, deposits on contracts of purchase, payments for the purchase of  
13 property as approved by the department, legal, organizational and marketing expenses including  
14 payment of attorney fees, managerial and clerical staff salaries, office rent and other incidental ex-  
15 penses, payment of fees for preliminary feasibility studies, advances for planning, engineering and  
16 architectural work; expenses for surveys as to need and market analyses; and such other expenses  
17 incurred by the qualified housing sponsor as the department may deem necessary under ORS 456.550  
18 to 456.725.

19 (6) "Elderly" means a person or a family whose head of the household is 58 years of age or  
20 older, residing in the state, whose income is below the level that the department has determined to  
21 be necessary in order to obtain in the open market decent, safe and sanitary housing, including the  
22 costs of utilities and taxes, for 25 percent of the gross income of the household.

23 (7) "Federally insured security" means an evidence of indebtedness insured or guaranteed as to  
24 repayment of principal and interest by the United States or an agency or instrumentality thereof.

25 (8) "Housing development" means a development that contains housing units for persons or  
26 families of lower income and such other incidental elements of residential, commercial, recreational,  
27 industrial, communal or educational facilities as the department determines improve the quality of  
28 the development as it relates to housing for persons or families of lower income and the financial  
29 feasibility of the development. Not more than 50 percent of the total amount of any financing pro-  
30 vided by the department for a particular development may be used to finance commercial, recre-  
31 ational, industrial, communal or educational facilities. Profits from incidental elements shall be  
32 applied to loans due under ORS 456.550 to 456.725.

33 (9) "Housing Finance Fund" means the Housing Finance Fund established in ORS 456.720 (1).

34 (10) "Lending institution" means any bank, mortgage banking company, trust company, savings  
35 bank, savings and loan association, credit union, national banking association, federal savings and  
36 loan association or federal credit unit maintaining an office in this state, or any insurance company  
37 authorized to do business in this state.

38 (11) "Limited dividend housing sponsor" means a corporation, trust, partnership, association,  
39 other entity, or an individual. Such mortgagor shall be restricted as to distribution of income and  
40 shall be regulated as to rents, charges, rate of return and methods of operation as the department  
41 determines necessary to carry out the purposes of ORS 456.550 to 456.725.

42 (12) "Lower income families or persons" means the elderly and families and persons, residing in  
43 this state, whose income is below the level that the department has determined to be necessary in  
44 order to obtain in the open market decent, safe and sanitary housing, including the costs of utilities  
45 and taxes, for 25 percent of the gross income of such family or person. The term may also include

1 other families or persons where the assistance provided is determined by the director to be inci-  
2 dental to the accomplishment of the department's programs for lower income families or persons.  
3 The department, in cooperation with affected local governments, shall determine what constitutes  
4 "decent, safe and sanitary housing."

5 (13) "Manufactured housing" means a dwelling unit manufactured off-site having a minimum  
6 width of 10 feet and a minimum area of 400 square feet built on a permanent chassis and designed  
7 to be used for permanent residential occupancy whether or not on a permanent foundation, and that  
8 contains permanent eating, cooking, sleeping and sanitary facilities and meets such standards as the  
9 department determines, by rule, are reasonable to maintain the quality, safety and durability of the  
10 dwelling, the sanitary requirements of the communities in which they are located and the security  
11 of the loans that the department may finance for the purchase of the dwellings.

12 (14) "Nonprofit housing corporation" means an organization formed under ORS chapter 65 and  
13 whose articles of incorporation provide, in addition to the other requirements of ORS chapter 65,  
14 that:

15 (a) The corporation has been organized exclusively to provide housing facilities for persons and  
16 families of lower income and such other social, recreational, commercial and communal facilities as  
17 may be incidental to such housing facilities.

18 (b) All the income and earnings of the corporation shall be used exclusively for corporation  
19 purposes and that no part of the net income or net earnings of the corporation may inure to the  
20 benefit of any private individual, firm, corporation, partnership or association.

21 (c) The corporation is in no manner controlled or under the direction or acting in the substan-  
22 tial interest of any private individual, firm, partnership or association seeking to derive profit or  
23 gain therefrom or seeking to eliminate or minimize losses in transactions therewith.

24 (d) The operations of the corporation may be supervised by the department and that the corpo-  
25 ration shall enter into such agreements with the department as the department may require to reg-  
26 ulate the planning, development and management of any housing project undertaken by the  
27 corporation and the disposition of the property and other interests of the corporation.

28 (15) "Project cost" or "costs of the project" means the sum of all reasonable expenses incurred  
29 by a qualified housing sponsor in undertaking and completing a housing project approved by the  
30 department. "Project costs" or "costs of the project" include but are not limited to the expenses  
31 incurred by a qualified housing sponsor for:

32 (a) Studies and surveys;

33 (b) Plans, specifications, architectural and engineering services;

34 (c) Legal, organizational and other special services;

35 (d) Financing, acquisition, demolition, construction, equipment and site development of new and  
36 rehabilitated housing units;

37 (e) Movement of existing buildings to new sites; the cost of acquisition, or estimated fair market  
38 value, of land and other interests in real estate;

39 (f) Rehabilitation, reconstruction, repair or remodeling of existing buildings;

40 (g) Estimated carrying charges during construction and for a reasonable period thereafter;

41 (h) Placement of tenants or occupants and relocation services in connection with the housing  
42 project;

43 (i) Reasonable builder's or sponsor's profit and risk allowance; and

44 (j) Development costs not otherwise included in this subsection.

45 (16) "Qualified housing sponsor" includes, subject to the approval of the department, a consumer

1 housing cooperative, a limited dividend housing sponsor, a nonprofit housing corporation, a for-profit  
2 housing sponsor including, but not limited to, an individual operating in compliance with the criteria  
3 adopted by the department under ORS 456.620 (1), a housing authority created by ORS 456.075, an  
4 urban renewal agency created by ORS 457.035 and any city or county governing body or agency or  
5 department designated by the governing body.

6 (17) "Residential housing" means a specific work or improvement within this state undertaken  
7 primarily to provide dwelling accommodations, including land development and acquisition, con-  
8 struction or rehabilitation of buildings and improvements thereto, for residential housing, and such  
9 other nonhousing facilities as may be incidental or appurtenant thereto and as the department de-  
10 termines improve the quality of the development as it relates to housing for persons or families of  
11 lower income and the financial feasibility of the development. Not more than 50 percent of the total  
12 amount of any financing provided by the department for a particular development may be used to  
13 finance nonhousing facilities. "Residential housing" includes, but is not limited to, a specific work  
14 or improvement within this state undertaken to provide mobile home or manufactured dwelling  
15 parks as defined in ORS 446.003. As used in this subsection, "land development" includes, but is not  
16 limited to, the improvement of streets and alleys and the construction of surface drains, sewers,  
17 curbing and sidewalks.

18 (18) "Residential loan" means a loan for the acquisition, construction, improvement or rehabili-  
19 tation of residential housing and, if the loan is for acquisition or construction of residential housing,  
20 that is secured by a first lien on real property located in the state and improved by a newly con-  
21 structed, existing or rehabilitated residential structure for lower income persons or families, or un-  
22 improved if the proceeds of such loan shall be used for the erection of a residential structure  
23 thereon, whether or not such loan is insured or guaranteed by the United States or any  
24 instrumentality or agency thereof. "Residential loan" includes an insured or guaranteed loan for the  
25 acquisition of manufactured housing or for the acquisition of a lot described in ORS 92.840 by a  
26 manufactured dwelling park tenant. The insured or guaranteed loan need not be secured by a first  
27 mortgage on real property but shall be secured by a security interest of first priority. "Residential  
28 loan" also includes a loan for the purchase of a proprietary lease and related cooperative shares in  
29 a housing cooperative formed under ORS chapter 62 secured by a security interest of first priority  
30 and a pledge or an assignment of proprietary leases and related cooperative shares.

31 (19) "Revolving account" means the Housing and Community Services Department Revolving  
32 Account created in ORS 456.574.

33 **SECTION 195.** ORS 456.645 is amended to read:

34 456.645. (1) The State Treasurer, at the request of the Housing and Community Services De-  
35 partment, from time to time, may issue and sell bonds in the name of and on behalf of the State of  
36 Oregon in compliance with the applicable provisions of ORS [286.010, 286.020, 286.031 to 286.061 and  
37 286.105 to 286.135] **chapter 286** in the principal amount the department considers necessary to carry  
38 out the purposes of ORS 456.550 to 456.725, or for paying or refunding any bonds previously issued  
39 by the department for such purposes.

40 (2) All bonds shall be special revenue obligations of the State of Oregon, and, unless paid from  
41 the proceeds of other bonds, shall be payable as to principal, redemption premium, if any, and in-  
42 terest, solely from the revenues, assets or funds in the Housing Finance Fund as may be pledged  
43 therefor, subject to existing agreements with the holders of any bonds, in accordance with any  
44 housing finance bond declaration. Bonds may be paid from any source available under ORS 456.515  
45 to 456.725, including but not limited to:

1 (a) From the income and revenues of the housing project or projects financed with the proceeds  
2 from the sale of such bonds or with such proceeds together with other moneys available to the de-  
3 partment under ORS 456.550 to 456.725 or other moneys or grants from the federal government in  
4 aid of such projects.

5 (b) From the income and revenues of certain designated housing projects, whether or not fi-  
6 nanced with the proceeds from the sale of such bonds, if such housing projects were financed with  
7 moneys available to the department under ORS 456.515 to 456.725.

8 (c) From funds held in a capital or other reserve account.

9 (d) From such other funds as deemed adequate in fulfilling the purposes of ORS 456.515 to  
10 456.725.

11 (e) From the revenues of the department under ORS 456.515 to 456.725, generally.

12 (3) The department shall maintain accounting records and shall prepare annual financial state-  
13 ments for distribution to existing and potential bond purchasers.

14 **SECTION 196.** ORS 456.650 is amended to read:

15 456.650. The State Treasurer, in consultation with the Housing and Community Services De-  
16 partment, may issue refunding bonds, together with other bonds of the department, for the purpose  
17 of refunding outstanding bonds issued under ORS 456.645. The refunding bonds may be sold in the  
18 same manner as other bonds are sold under ORS 456.515 to 456.725. The issuance of the refunding  
19 bonds, the maturity date, and other details thereof shall be governed by the applicable provisions  
20 of ORS [286.010, 286.020, 286.031 to 286.061, 286.105 to 286.135 and] 456.515 to 456.725 **and ORS**  
21 **chapter 286** for the issuance and sale of bonds. The refunding bonds may be issued to refund bonds  
22 originally issued or to refund bonds previously issued for refunding purposes. Pending the use of  
23 moneys obtained from the sale of refunding bonds for the proper purposes, such moneys may be de-  
24 posited by the department as provided in ORS 456.625 (8).

25 **SECTION 197.** ORS 456.661 is amended to read:

26 456.661. (1) The aggregate principal amount of bonds issued under ORS 456.645 that may be  
27 outstanding is \$2.5 billion, excluding bonds issued under and within the limits provided in ORS  
28 456.515 to 456.725 and any [bonds that have been refunded under ORS 456.650 or advance refunded  
29 under ORS 288.605 to 288.690] **refunding bonds, as defined in section 2 of this 2007 Act.** The  
30 amount of \$30 million of the total \$2.5 billion of bonds authorized under this section or proceeds  
31 from the sale of the bonds shall be made exclusively available for making or participating in making  
32 residential loans for single-family homes in cities with a population of 300,000 or more in the manner  
33 specified in ORS 456.593. No more than \$10 million of the bonds authorized under this section or  
34 proceeds from the sale of the bonds shall be made available for residential loans for home improve-  
35 ments.

36 (2) For the purpose of determining the aggregate principal amount of bonds issued or outstand-  
37 ing, the value of bonds shall be calculated as follows:

38 (a) If, upon sale, the initial reoffering price is equal to or more than 98 percent of the maturity  
39 value of the bonds, the value of the bonds shall be the maturity value on the date of the calculation.

40 (b) If, upon sale, the initial reoffering price is an amount less than 98 percent of the maturity  
41 value of the bonds, the value of the bonds shall be the price on any date of the calculation that  
42 would result in a yield-to-maturity equal to the yield-to-maturity at the time the bonds were sold by  
43 the state.

44 (3) For the purposes of the limitation contained in subsection (1) of this section, the aggregate  
45 principal amount of bonds outstanding shall be determined for any date of calculation by subtracting

1 the aggregate value of bonds that would have matured or would have been redeemed through man-  
2 datory sinking fund payments from the aggregate value of bonds issued.

3 **(4) Section 16 of this 2007 Act applies for purposes of determining limitations under this**  
4 **section.**

5 [(4)] (5) The Legislative Assembly finds that:

6 (a) Pursuant to ORS 456.515 to 456.725, the Housing and Community Services Department has  
7 served as the sole department or instrumentality of the state authorized to coordinate and establish  
8 statewide priorities for housing programs and to provide planning and technical assistance to spon-  
9 sors of housing for persons and families of lower income throughout the state.

10 (b) The department's activities have been instrumental in alleviating the serious shortage of  
11 decent, safe and sanitary housing for lower income persons.

12 (c) Continuation of the department's programs for financing owner-occupied residential housing  
13 to the fullest extent practicable under the Internal Revenue Code is a matter of paramount concern  
14 to the state.

15 [(5)] (6) The department shall designate areas of chronic economic distress within the state for  
16 the purpose of issuing qualified mortgage bonds as described in section 143 of the Internal Revenue  
17 Code.

18 **SECTION 198.** ORS 456.670 is amended to read:

19 456.670. Bonds issued by the State Treasurer shall mature at the time or times not exceeding  
20 47 years from the date of issue as shall be stated in the housing finance bond declaration.  
21 *[Notwithstanding ORS 286.056 and 286.058, bonds issued by the State Treasurer may be sold at private*  
22 *or public sale at such price or prices as the State Treasurer, upon the advice of the Housing and*  
23 *Community Services Department, may prescribe.]* Notwithstanding the provisions of any other law, the  
24 rates of interest payable and discount, if any, with respect to bonds issued under ORS 456.550 to  
25 456.725 shall be determined by the State Treasurer, upon the advice of the department. The bonds  
26 shall be executed *[by the Governor, the Secretary of State and the State Treasurer]* in the manner set  
27 forth in ORS *[286.031 to 286.061]* **chapter 286.**

28 **SECTION 199.** ORS 458.720 is amended to read:

29 458.720. (1) Pursuant to ORS 286.560 to 286.580 *[and 348.716]*, lottery bonds may be issued to  
30 make grants or loans to Oregon municipalities, businesses and individuals to encourage real estate  
31 developments that promote downtown and community center areas, provide affordable housing and  
32 other infill developments, and fund projects that promote business opportunities in Oregon's dis-  
33 tressed areas and rural communities.

34 (2) The use of lottery bond proceeds is authorized based on the following findings:

35 (a) The grants and loans made will be used to fund projects that assist Oregon communities in  
36 managing growth, thereby attracting industry and workers and improving Oregon's labor market;  
37 and

38 (b) The projects will bring jobs and economic diversity to Oregon's distressed areas and rural  
39 communities.

40 (3) The aggregate principal amount of lottery bonds issued pursuant to this section may not  
41 exceed the sum of \$25 million and an additional amount estimated by the State Treasurer to be  
42 necessary to pay bond-related costs. Lottery bonds issued pursuant to this section shall be issued  
43 only at the request of the Director of the Housing and Community Services Department.

44 (4) The net proceeds of lottery bonds issued pursuant to this section shall be deposited in the  
45 Community Development Incentive Project Fund, which is hereby established in the State Treasury

1 separate and distinct from the General Fund.

2 (5) The proceeds of lottery bonds issued pursuant to this section shall be used only for the  
3 purposes set forth in subsection (1) of this section and for bond-related costs.

4 (6) Interest earned by the Community Development Incentive Project Fund shall be credited to  
5 the fund or to the Housing Development and Guarantee Account, as determined by the director. In  
6 addition to any other moneys specifically designated by law, the fund shall consist of any amounts  
7 appropriated by the Legislative Assembly and any gifts, grants or donations.

8 **SECTION 200.** ORS 468.195 is amended to read:

9 468.195. In order to provide funds for the purposes specified in Article XI-H of the Oregon  
10 Constitution, bonds may be issued in accordance with the provisions of ORS [286.031 to 286.061]  
11 **chapter 286**. The principal amount of the bonds outstanding at any one time, issued under authority  
12 of this section, shall not exceed \$260 million par value.

13 **SECTION 201.** ORS 468.437 is amended to read:

14 468.437. (1) Any public agency desiring a loan from the Water Pollution Control Revolving Fund  
15 shall submit an application to the Department of Environmental Quality on the form provided by the  
16 department. The department may require an opinion from the State of Oregon bond counsel that the  
17 applicant has the legal authority to borrow from the Water Pollution Control Revolving Fund. If a  
18 public agency relies on borrowing authority granted by charter or law other than ORS 468.439, then  
19 with the consent of the department and notwithstanding any limitation or requirement of the charter  
20 or law, the public agency may borrow directly from the Water Pollution Control Revolving Fund  
21 without publishing a notice of sale, providing an official statement or following any other procedures  
22 designed to provide notice or information to potential lenders. [*The requirements of ORS 288.845*  
23 *shall not apply to revenue bonds that are sold to the department.*]

24 (2) Any public agency receiving a loan from the Water Pollution Control Revolving Fund shall  
25 establish and maintain a dedicated source of revenue or other acceptable source of revenue for the  
26 repayment of the loan.

27 (3) If a public agency defaults on payments due to the Water Pollution Control Revolving Fund,  
28 the state may withhold any amounts otherwise due to the public agency and direct that such funds  
29 be applied to the payments and deposited into the fund. If the department finds that the loan to the  
30 public agency is otherwise adequately secured, the department may waive this right in the loan  
31 agreement or other loan documentation.

32 **SECTION 202.** ORS 468.439 is amended to read:

33 468.439. Notwithstanding any limitation contained in any other provision of law or local charter,  
34 a public agency may:

35 (1) Borrow money from the Water Pollution Control Revolving Fund through the Department  
36 of Environmental Quality;

37 (2) Enter into loan agreements and make related agreements with the department in which the  
38 public agency agrees to repay the borrowed money in accordance with the terms of the loan  
39 agreement;

40 (3) Covenant with the department regarding the operation of treatment works and the imposition  
41 and collection of rates, fees and charges for the treatment works;

42 (4) Pledge all or part of the revenues of the treatment works to pay the amount due under the  
43 loan agreement and notes in accordance with ORS [288.594] **chapter 286 or 287**; and

44 (5) Provide any additional security and exercise any powers permitted to an issuer of revenue  
45 bonds under ORS [288.825] **chapter 286 or 287**.

1       **SECTION 203.** ORS 470.225 is amended to read:

2       470.225. Bonds described in ORS 470.220 to 470.290 shall be issued in accordance with the ap-  
 3 plicable provisions of ORS [*chapters 286 and 288*] **chapter 286.** [*The bonds may be sold at a public*  
 4 *sale or at a private, negotiated sale in accordance with ORS 286.710.*]

5       **SECTION 204.** ORS 478.420 is amended to read:

6       478.420. Bonds authorized under ORS 478.410 shall be issued and sold in the manner prescribed  
 7 in ORS [*287.014 to 287.028*] **chapter 287.** [*They*] **The bonds** shall be so conditioned that the district  
 8 agrees to pay, at the place named, to the bearer the sum named in lawful money of the United States  
 9 with interest at the rate named, payable semiannually each year in accordance with the terms of  
 10 interest coupons attached.

11       **SECTION 205.** ORS 478.845 is amended to read:

12       478.845. (1) Notwithstanding any other provision of law or any restriction on indebtedness con-  
 13 tained in a charter, a city or district may issue and sell revenue bonds under ORS 478.845 to 478.875,  
 14 loan moneys to qualified persons for the installation of fire safety systems and enter into loan con-  
 15 tracts with those persons. Moneys borrowed from the loan fund created by ORS 478.855 shall be  
 16 repaid by the borrowers in accordance with the terms of the loan contract to which the borrower  
 17 and the city or district are parties.

18       (2) In addition to authority granted by other laws to issue revenue bonds, a city or district may  
 19 sell revenue bonds for the purpose of creating a loan fund to finance the installation of fire safety  
 20 systems in structures located within the city or district.

21       (3) Revenue bonds authorized by this section may be issued from time to time and shall be issued  
 22 [*and sold as provided*] **as prescribed** in ORS [*288.805 to 288.945*] **chapter 287.**

23       **SECTION 206.** ORS 478.850 is amended to read:

24       478.850. (1) Revenue bonds issued under ORS 478.845 to 478.875:

25       (a) Shall not be payable from nor charged upon any fund other than the revenue pledged to the  
 26 payment of the revenue bonds [*as provided in ORS 288.825*].

27       (b) Shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of  
 28 the city or district, except those moneys paid to the loan fund created by ORS 478.855.

29       (2) No holder of such revenue bonds shall ever have the right to compel any exercise of the  
 30 taxing power of a city or district to pay the bonds or the interest on the bonds, or to enforce pay-  
 31 ment of the bonds against any property of the city or district except those moneys pledged in the  
 32 loan fund created under ORS 478.855.

33       (3) A revenue bond issued under ORS 478.845 to 478.875 shall not constitute a debt of the city  
 34 or district within the meaning of any statutory limitation.

35       **SECTION 207.** ORS 478.855 is amended to read:

36       478.855. (1) Proceeds of revenue bonds issued and sold under ORS 478.845 to 478.875 that are to  
 37 be used to fund loans to persons for acquisition and installation of fire safety systems in structures  
 38 owned by the borrowers shall be deposited in a loan fund created for the purpose by a city or dis-  
 39 trict.

40       (2) In addition to proceeds from the sale of revenue bonds, the loan fund created by this section  
 41 shall consist of:

42       (a) Moneys repaid to the fund by borrowers who received loans from the fund.

43       (b) Proceeds of the sales of structures acquired by the city or district as a result of loan de-  
 44 faults.

45       (c) Other [*moneys or*] revenues, **as defined in section 43 of this 2007 Act,** as [*described in ORS*

1 288.805 (7) as] determined by the city or district.

2 **SECTION 208.** ORS 523.490 is amended to read:

3 523.490. All general obligation and revenue bonds, including refunding bonds, *[issued]* **author-**  
 4 **ized** under ORS 523.460 to 523.480 shall be *[advertised and sold in the manner prescribed in ORS*  
 5 *287.014 to 287.022 for the sale of bonds of cities of this state]* **issued as prescribed in ORS chapter**  
 6 **287.**

7 **SECTION 209.** ORS 530.130 is amended to read:

8 530.130. (1) In compliance with the applicable provisions of ORS *[286.031 to 286.051 and*  
 9 *286.061]* **chapter 286**, the State Board of Forestry may issue the revenue bonds described in ORS  
 10 530.140 in exchange for lands selected by it in accordance with ORS 530.010, or may sell such bonds  
 11 in such manner as it deems advisable. Should the bonds be sold by the board, the proceeds shall be  
 12 paid into the State Treasury and credited to the State Forestry Department Account and shall be  
 13 expended only by warrant of the Oregon Department of Administrative Services in the payment of  
 14 vouchers bearing the approval of the board in the purchase of lands, as provided in ORS 530.010.

15 (2) Lands proposed to be taken in exchange for bonds shall first be appraised by the board and  
 16 the appraisal approved by the Department of State Lands.

17 **SECTION 210.** ORS 530.230 is amended to read:

18 530.230. In order to provide funds for the purposes specified in Article XI-E of the Oregon Con-  
 19 stitution, bonds may be issued in accordance with the provisions of ORS *[286.031 to 286.061]* **chapter**  
 20 **286**, but the annual issue shall not exceed \$750,000.

21 **SECTION 211.** ORS 541.780 is amended to read:

22 541.780. In order to provide funds for the purposes specified in Article XI-I (1) of the Oregon  
 23 Constitution, bonds may be issued in accordance with the provisions of ORS *[286.031 to 286.061]*  
 24 **chapter 286.**

25 **SECTION 212.** ORS 543.670 is amended to read:

26 543.670. *[Except as provided in ORS 287.028,]* All revenue bonds issued under ORS 543.665 shall  
 27 be *[advertised and sold in the manner prescribed in ORS 287.014 to 287.022 for the sale of bonds of*  
 28 *cities of this state]* **issued as prescribed in ORS chapter 287.**

29 **SECTION 213.** ORS 545.519 is amended to read:

30 545.519. (1) Bonds shall be issued in accordance with ORS *[288.515 to 288.600]* **chapter 287.**

31 (2) Nothing in this section shall inhibit the district from providing for the irrigation or drainage  
 32 in units or portions of units from time to time.

33 (3) The board by resolution entered on its records may cancel any bonds of the district *[which]*  
 34 **that** have not been sold or deposited as security for funds advanced or to be advanced, and *[which*  
 35 *the]* **that this** state, **the** United States or any other person has no claim to or equity in. After the  
 36 cancellation, the bonds shall not be sold or otherwise disposed of. After cancellation, the bonds shall  
 37 be invalid and of no effect. The board may not replace bonds canceled under this subsection without  
 38 authorization of the electors.

39 **SECTION 214.** ORS 545.541 is amended to read:

40 545.541. (1) If, after 10 years from the issuance of bonds, the appropriate fund amounts to  
 41 \$10,000, the board of directors may direct the district treasurer or county treasurer of the principal  
 42 county, as defined in ORS 198.705, if designated in the bonds, to pay that amount of the bonds not  
 43 due as the money in the fund will redeem at the lowest value at which they may be offered for liq-  
 44 uidation, or the board may call bonds at a premium of three percent, as provided in subsection (2)  
 45 of this section.

1 (2) The board may call for payment and retire before maturity any bonds issued in accordance  
 2 with ORS 545.511, 545.513, 545.515, 545.517 and 545.519, by paying principal and accrued interest and  
 3 a premium of three percent upon the principal. Notice of intention to do so shall be given by pub-  
 4 lication in a newspaper published and regularly circulated in the county in which the district lands  
 5 are situated. The notice shall be printed at least once a week for four successive weeks, beginning  
 6 not less than 90 days prior to an interest-paying period. The notice shall state the number and  
 7 amount of the bonds to be retired, the price to be paid, the date of payment and the place where  
 8 payment is to be made. Bonds shall be retired in numerical order in the manner specified in the  
 9 bonds[, *as provided in ORS 288.520*]. Newspaper publication of notice of redemption is not required  
 10 for bonds that are in registered form. Bonds shall not be retired under this section except on a day  
 11 when interest is payable by the terms of the bonds and on and after the date named in the notice.  
 12 Interest on bonds described in the notice shall cease after the date named in the notice.

13 (3) Notwithstanding anything contained in this section, the board may issue bonds with the op-  
 14 tion reserved to the district of redeeming the bonds on and after certain interest-paying dates  
 15 specified by the board in the bonds[, *upon giving notice of the redemption in the manner specified in*  
 16 *the bonds, as provided in ORS 288.520. Newspaper publication of notice of redemption is not required*  
 17 *for bonds that are in registered form*] **in the manner prescribed in ORS chapter 287.**

18 **SECTION 215.** ORS 552.660 is amended to read:

19 552.660. All general obligation bonds, including refunding bonds, issued under ORS 552.645 to  
 20 552.660 shall be [*advertised and sold in the manner prescribed by ORS 287.014 to 287.022 for the sale*  
 21 *of bonds of cities of this state*] **issued as prescribed in ORS chapter 287.**

22 **SECTION 216.** ORS 553.670 is amended to read:

23 553.670. [*Notwithstanding anything contained in this section,*] The board in its discretion may is-  
 24 sue any bonds with the option reserved to the district of redeeming the bonds on and after certain  
 25 interest-paying dates specified by the board in the bonds[, *upon giving notice thereof in the manner*  
 26 *specified in the bonds, as provided in ORS 288.520. Newspaper publication of notice of redemption is*  
 27 *not required for bonds that are in registered form*] **in the manner prescribed in ORS chapter 287.**

28 **SECTION 217.** ORS 565.095 is amended to read:

29 565.095. (1) In accordance with any applicable provisions of ORS [*286.010, 286.020 and 286.105*  
 30 *to 286.135 and ORS chapter 288*] **chapter 286**, the State Parks and Recreation Director, with the  
 31 approval of the State Parks and Recreation Commission and the State Treasurer, may issue revenue  
 32 bonds in an amount not to exceed \$10 million.

33 (2) Moneys received from the issuance of revenue bonds may be expended for land acquisition,  
 34 capital construction and improvements and for paying current operating and other expenses of the  
 35 Oregon State Fair.

36 (3) Revenue bonds issued pursuant to this section shall be secured by revenues received by the  
 37 director from activities conducted at the Oregon State Fair, and shall not be a general obligation  
 38 of the State Parks and Recreation Department or the State of Oregon.

39 **SECTION 218.** ORS 568.803 is amended to read:

40 568.803. (1) When authorized by a majority of electors voting at an election called for that pur-  
 41 pose by the directors of a soil and water conservation district, the directors may issue general ob-  
 42 ligation bonds of the district, not exceeding in value the amount stated in the notice of election and  
 43 for the purpose named in the notice, bearing interest at a rate determined by the directors, payable  
 44 semiannually, redeemable at the time or times as the directors may, at the time of providing for the  
 45 issuance of the bonds, determine, but due and payable not to exceed 30 years from the date of is-

1 suance.

2 (2) The aggregate amount of general obligation bonds issued and outstanding at any one time  
 3 may not exceed two and one-half percent of the real market value of all taxable property of the  
 4 district, computed in accordance with ORS 308.207.

5 (3) General obligation bonds must recite that they are issued under ORS 568.210 to 568.808. All  
 6 bonds shall be signed by the chairperson of the board of directors, attested by the secretary and  
 7 registered by the county treasurer.

8 (4) A soil and water conservation district:

9 (a) Shall issue general obligation bonds authorized under this section as provided in [ORS  
 10 288.010 to 288.110, 288.150 to 288.165 and 288.515 to 288.600 and the applicable provisions of] ORS  
 11 chapter 287 [including, but not limited to, ORS 287.006, 287.007, 287.012 and 287.014 to 287.029]; and

12 (b) May issue refunding bonds as provided in ORS [288.592 and 288.605 to 288.695] **chapter**  
 13 **287**.

14 (5) Taxes [described in ORS 287.006 and 287.007] that are levied by a soil and water conserva-  
 15 tion district to pay principal, interest and premium, if any, on general obligation bonds issued pur-  
 16 suant to this section are separate from and in addition to taxes levied pursuant to ORS 568.806.

17 **SECTION 219.** ORS 777.410 is amended to read:

18 777.410. (1)(a) For the purpose of carrying into effect any of the powers granted by ORS 777.105  
 19 to 777.258, a port may, when authorized so to do by the electors, borrow money and sell and dispose  
 20 of bonds, which shall constitute a general obligation of the port and be secured by the port's full  
 21 faith and credit. The bonds shall be secured by the taxing power of the port as provided in ORS  
 22 777.430 (2). In addition, the port may provide that the bonds shall be payable from and secured by  
 23 a lien and pledge of all or any part of the revenues derived by the port from the facilities con-  
 24 structed from the proceeds of the bonds. Bonds outstanding at any one time shall never exceed in  
 25 the aggregate two and one-half percent of the real market value of all taxable property within the  
 26 port, computed in accordance with ORS 308.207.

27 (b) A port may provide for the creation of special trust funds and may authorize the appointment  
 28 of a trustee to administer such funds. A port may obligate itself to set aside and pay into a special  
 29 trust fund any revenues pledged to the payment of bonds. A port, from available funds, may establish  
 30 and fund debt service, operation and maintenance reserves.

31 (c) Proceeds from the sale of bonds may be used by a port to pay the costs incurred in issuing  
 32 the bonds, to pay the costs of preliminary work incident to issuing and selling the bonds, including  
 33 but not limited to planning, engineering, inspection, accounting, fiscal, legal, trustee and other sim-  
 34 ilar expenses, to pay interest on the bonds for such time as the port may determine, but not ex-  
 35 ceeding six months beyond completion of the facilities financed with the bonds, and to establish  
 36 reserves for debt service on the bonds.

37 (2) Without elector approval the board may, whenever it determines that an emergency exists,  
 38 issue bonds, within the limitation provided by subsection (1) of this section, in an aggregate amount  
 39 not exceeding \$100,000 in any period of 12 months. Bonds shall not be issued under this subsection  
 40 to provide funds for the acquisition of land. Bonds issued under this subsection shall be issued and  
 41 sold in accordance with subsection (3) of this section but shall mature in such length of time, not  
 42 exceeding five years, as the board determines.

43 (3) All bonds issued under this section shall [bear interest at the rate of percent per annum es-  
 44 tablished by ORS 288.515 to 288.600 and shall be issued on such terms and conditions and at such time  
 45 or times as the board shall determine. They shall be sold in the manner and under the conditions

1 *provided by ORS 777.500. Bonds issued under this section and ORS 777.415 shall be executed in behalf*  
 2 *of the port by its president and secretary, shall be in denominations of \$1,000 or multiples thereof, and*  
 3 *shall mature in installments beginning not more than five and ending not more than 30 years from is-*  
 4 *sue date] be issued as prescribed in ORS chapter 287.*

5 **SECTION 220.** ORS 777.447 is amended to read:

6 777.447. In addition to other powers granted a port, a port may, at any time, upon proper re-  
 7 solution adopted by the board, issue promissory notes to assist it in carrying out the powers granted  
 8 the port under this chapter. The promissory notes shall not exceed a term of five years *[and]*, shall  
 9 **be considered bonds for purposes of ORS chapter 287 and shall be issued as prescribed in ORS**  
 10 **chapter 287.** *[bear interest not to exceed the rate established for bonds under ORS 288.515 to*  
 11 *288.600.]* A port *[shall]* **may** not have more than \$1 million in promissory notes outstanding at any  
 12 one time*.[ No tax-derived revenues shall be pledged or used]* **and may not pledge or use tax-derived**  
 13 **revenues** to retire the notes. The notes shall be signed by the president and the treasurer of the  
 14 port and shall state what assets and revenues of the port shall be security for the notes and that  
 15 the notes do not constitute a full faith and credit pledge of the port. No officer or employee of the  
 16 port shall hold promissory notes under this section. Expenditure of note proceeds and payment on  
 17 notes issued under this section shall first be properly budgeted in accordance with the Local Budget  
 18 Law.

19 **SECTION 221.** ORS 777.570 is amended to read:

20 777.570. Revenue bonds issued under ORS 777.560 to 777.590:

21 (1) Shall be negotiable instruments.

22 (2) Shall bear such dates, mature at such times, be payable at a designated place or at the fiscal  
 23 agency of the State of Oregon, as determined by the board, and bear such rate or rates of interest  
 24 either fixed or variable under a formula fixed at the time of issuance as the board may authorize.

25 (3) Shall contain a recital that principal and interest on the revenue bonds are payable solely  
 26 out of revenues and property of the port pledged to the payment thereof by the ordinance of the  
 27 board authorizing the issue of which the bonds are a part.

28 *[(4) May be in registered or coupon form or may be in registered form with the privilege of con-*  
 29 *verting to coupon form.]*

30 *[(5)]* (4) May contain covenants of the port to protect and safeguard the security and rights of  
 31 holders of such bonds and such other terms and conditions, in conformity with ORS 777.560 to  
 32 777.590, which the board determines are necessary or desirable to protect the port or increase the  
 33 marketability of the bonds.

34 *[(6) Shall be in the form prescribed by the board and executed with either the autograph or fac-*  
 35 *simile signature of the president and countersigned by the secretary of the port. However, coupons, if*  
 36 *any, attached to the bonds need bear only the printed or lithographed facsimile signature of the presi-*  
 37 *dent and the secretary.]*

38 *[(7) May be issued with the right reserved to the board to redeem the bonds at par or at par plus*  
 39 *a premium, in numerical order or in inverse numerical order, upon a designated interest-paying date*  
 40 *or dates prior to the final maturity date or dates of the bonds. Notice of redemption shall be given in*  
 41 *the manner specified in the bonds, as provided in ORS 288.520. Newspaper publication of notice of*  
 42 *redemption is not required for bonds that are in registered form.]*

43 **(5) Shall be issued as prescribed in ORS chapter 287.**

44 **SECTION 222.** ORS 777.943 is amended to read:

45 777.943. Bonds authorized by ORS 777.940 **shall be issued as prescribed in ORS chapter**

1 **287.[:]**

2 [(1) *May be issued from time to time in one or more series, bear such date or dates, mature at such*  
 3 *times and in such amounts, be in such denomination or denominations, be payable within or without*  
 4 *the State of Oregon, bear such rate or rates of interest and have such other terms, conditions and*  
 5 *covenants as the board may by ordinance determine.*]

6 [(2) *May be in coupon form with or without privilege of registration or may be in registered form,*  
 7 *or both, with the privilege of converting or reconverting to one form or another.*]

8 [(3) *Shall be signed by the president and by the secretary or an assistant secretary of the port, ei-*  
 9 *ther manually or by their printed, engraved or lithographed signature; provided, however, that at least*  
 10 *one signature is manual. The seal of the port or a facsimile thereof shall be printed, engraved or*  
 11 *lithographed on the bonds. Coupons, if any, attached to the bonds need bear only the printed, engraved*  
 12 *or lithographed facsimile signature of the president and the secretary or an assistant secretary of the*  
 13 *port.*]

14 [(4) *May be issued with the right reserved to the board to redeem the bonds at par or at par plus*  
 15 *a premium, in such order, and at such time or times prior to the final maturity date or dates of the*  
 16 *bonds, as the board by ordinance may provide. Notice of redemption shall be given in the manner*  
 17 *specified in the bonds, as provided in ORS 288.520. Newspaper publication of notice of redemption is*  
 18 *not required for bonds that are in registered form.*]

19 **SECTION 223.** ORS 778.036 is amended to read:

20 778.036. Bonds authorized by ORS 778.030 **shall be issued as prescribed in ORS chapter**  
 21 **287.[:]**

22 [(1) *May be issued from time to time in one or more series, bear such date or dates, mature at such*  
 23 *times and in such amounts, be in such denomination or denominations, be payable within or without*  
 24 *the State of Oregon, bear such rate or rates of interest and have such other terms, conditions and*  
 25 *covenants as the board may by ordinance determine.*]

26 [(2) *May be in coupon form with or without privilege of registration or may be in registered form,*  
 27 *or both, with the privilege of converting or reconverting to one form or another.*]

28 [(3) *Shall be signed by the president and by the secretary or an assistant secretary of the Port of*  
 29 *Portland, either manually or by their printed, engraved, or lithographed signature; provided, however,*  
 30 *that at least one signature is manual. The seal of the port or a facsimile thereof shall be printed, en-*  
 31 *graved, or lithographed on the bonds. Coupons, if any, attached to the bonds need bear only the*  
 32 *printed, engraved or lithographed facsimile signature of the president and the secretary or an assistant*  
 33 *secretary of the port.*]

34 [(4) *May be issued with the right reserved to the board to redeem the bonds at par or at par plus*  
 35 *a premium, in such order, and at such time or times prior to the final maturity date or dates of the*  
 36 *bonds, as the board by ordinance may provide. Notice of redemption shall be given in the manner*  
 37 *specified in the bonds, as provided in ORS 288.520. Newspaper publication of notice of redemption is*  
 38 *not required for bonds that are in registered form.*]

39 **SECTION 224.** ORS 778.155 is amended to read:

40 778.155. The revenue bonds issued and sold under ORS 778.145 to 778.175:

41 (1) Shall be deemed to be for all purposes negotiable instruments, subject only to the provisions  
 42 of the bonds for registration, and need not comply with requirements of the Uniform Commercial  
 43 Code.

44 (2) May be issued in one or more series, bear such date or dates, mature at such times and in  
 45 such amounts, be in such denomination or denominations, be payable at a designated place or places

1 within or without the State of Oregon or at the fiscal agency of the State of Oregon, be equally and  
 2 ratably secured without priority or be entitled or subject to such priorities on all or any portion  
 3 of the revenues of the Port of Portland, and, notwithstanding any other provision of law to the  
 4 contrary, bear such rate or rates of interest either fixed or variable under a formula fixed at the  
 5 time of issuance, and contain such other terms, conditions and covenants as the board may author-  
 6 ize.

7 (3) Shall contain a recital that principal of and interest on and premium, if any, on the revenue  
 8 bonds are payable solely out of revenues and property of the port pledged to the payment thereof  
 9 by the ordinance of the board authorizing the issue of which the bonds are a part.

10 *[(4) May be in coupon form with or without privilege of registration or may be in registered form,  
 11 or both, with the privilege of converting and reconverting from one form to another.]*

12 *[(5)]* (4) May contain covenants of the port to protect and safeguard the security and rights of  
 13 holders of any such bonds and such other terms and conditions, in conformity with ORS 778.145 to  
 14 778.175, which the board in its discretion determines are necessary or desirable to protect the port  
 15 or increase the marketability of the bonds. ORS 778.145 to 778.175 and any such ordinance which  
 16 constitutes a contract with the holders of the bonds, and the provisions thereof shall be enforceable  
 17 by any holder or any number of holders of the bonds, as the board may determine.

18 *[(6) Shall be in the form prescribed by the board and shall be signed by the president and by the  
 19 secretary or an assistant secretary of the port, either manually or by their printed, engraved or  
 20 lithographed signature; provided, however, that at least one signature is manual, with the seal of the  
 21 port or a facsimile thereof printed, engraved or lithographed thereon or affixed thereto. Coupons, if any,  
 22 attached to the bonds need bear only the printed, engraved or lithographed facsimile signature of the  
 23 president and the secretary or an assistant secretary. Pending the preparation and delivery of definitive  
 24 bonds, the port may issue interim certificates or temporary bonds, exchangeable for definitive bonds  
 25 when such bonds shall have been executed and are available for delivery. Such interim certificates or  
 26 temporary bonds may contain such terms and conditions as the board may determine.]*

27 *[(7) May be issued with the right reserved to the board to redeem the bonds at par or at par plus  
 28 a premium, in such order, and at such time or times prior to the final maturity date or dates of the  
 29 bonds, as the ordinance may provide or as otherwise determined by the board. Notice of redemption  
 30 shall be given in the manner specified in the bonds, as provided in ORS 288.520. Newspaper publi-  
 31 cation of notice of redemption is not required for bonds that are in registered form.]*

32 **(5) Shall be issued as prescribed in ORS chapter 287.**

33 **SECTION 225.** ORS 838.065 is amended to read:

34 838.065. (1) For the purpose of performing any service that the district has power to perform,  
 35 the district, when authorized at any properly called election held for such purpose, shall have the  
 36 power to borrow money by the issuance and sale of general obligation bonds. Such bonds shall never  
 37 exceed in the aggregate 10 percent of the real market value of all taxable property within the dis-  
 38 trict computed in accordance with ORS 308.207. The bonds shall be so conditioned that the district  
 39 shall promise and agree therein to pay the bearer at a place named therein payable semiannually  
 40 in accordance with the tenor and terms of the interest coupons attached. The bonds shall mature  
 41 serially not to exceed 30 years from the date of issue[, *in like manner as bonds issued under the  
 42 authority of ORS 287.008*].

43 (2) For the purpose of performing any of the powers conferred by this chapter a district, without  
 44 the necessity of an election held for such purpose, shall have the power to borrow money by the  
 45 issuance and sale also of revenue bonds and to pledge as security therefor, all or any part of the

1 unobligated net income or revenue of the district. The revenue bonds shall be *[issued in the same*  
 2 *manner and form as are general obligation bonds of the district but they shall be]* payable both as to  
 3 principal and interest from revenues only. The revenue bonds shall not be subject to the percentage  
 4 limitation applicable to general obligation bonds and shall not be a lien on any of the taxable  
 5 property within the limits of the district and shall be payable solely from such part of revenues of  
 6 the district as remains after the payment of obligations having a priority and of all expenses of op-  
 7 eration and maintenance of the district. All revenue bonds shall contain a provision that both the  
 8 principal and interest are payable solely from the operating revenues of the district remaining after  
 9 paying such obligations and expenses.

10 (3) All general obligation bonds and revenue bonds shall be *[advertised for sale and sold in the*  
 11 *manner prescribed in ORS 287.014 to 287.022 for the sale of bonds of cities]* **issued as prescribed in**  
 12 **ORS chapter 287.**

13  
 14 **APPLICABILITY DATE**  
 15

16 **SECTION 226. Unless an election is made under section 229 of this 2007 Act:**

17 (1) **Sections 2 to 5, 7 to 12, 16 to 27, 32 and 34 of this 2007 Act and the amendments to**  
 18 **ORS 286.025, 286.555, 286.605, 286.615, 286.645, 286.560, 286.563, 286.566, 286.580, 286.585, 286.750,**  
 19 **286.762, 286.770, 286.782, 286.790, 293.175, 293.177 and 328.346 by sections 6, 14, 15, 28 to 30, 33,**  
 20 **36 to 41 and 108 to 112 of this 2007 Act apply to bonds approved for issuance by the State**  
 21 **Treasurer on or after the effective date of this 2007 Act.**

22 (2) **Sections 43 to 60 and 65 to 71 of this 2007 Act and the amendments to ORS 287.030,**  
 23 **287.032, 287.034 and 287.040 by sections 61 to 64 of this 2007 Act apply to bonds approved for**  
 24 **issuance by the governing body of a public body on or after the effective date of this 2007**  
 25 **Act.**

26 (3) **The amendments to statutes by sections 72 to 76, 78 to 107, 113 to 115, 117 to 128, 130**  
 27 **to 158, 160 to 186 and 188 to 225 of this 2007 Act apply to bonds approved for issuance by the**  
 28 **State Treasurer or the governing body of a public body on or after the effective date of this**  
 29 **2007 Act.**

30  
 31 **REPEALS**  
 32

33 **SECTION 227. ORS 286.010, 286.020, 286.031, 286.033, 286.036, 286.038, 286.041, 286.051,**  
 34 **286.056, 286.058, 286.061, 286.063, 286.066, 286.071, 286.078, 286.105, 286.115, 286.125, 286.135,**  
 35 **286.145, 286.505, 286.507, 286.515, 286.525, 286.535, 286.545, 286.635, 286.700, 286.705, 286.710,**  
 36 **286.715, 286.720, 287.001, 287.003, 287.004, 287.006, 287.007, 287.008, 287.012, 287.014, 287.016,**  
 37 **287.018, 287.020, 287.022, 287.025, 287.028, 287.029, 287.033, 287.036, 287.038, 287.042, 287.045,**  
 38 **287.049, 287.052, 287.053, 287.054, 287.055, 287.056, 287.058, 287.062, 287.064, 287.066, 287.069,**  
 39 **287.070, 287.072, 287.074, 287.075, 287.140, 287.142, 287.144, 287.146, 287.202, 287.204, 287.206,**  
 40 **287.208, 287.210, 287.212, 287.214, 287.216, 287.218, 287.220, 287.252, 287.254, 287.256, 287.258,**  
 41 **287.260, 287.262, 287.264, 288.010, 288.020, 288.030, 288.040, 288.050, 288.060, 288.070, 288.090,**  
 42 **288.100, 288.110, 288.120, 288.150, 288.155, 288.160, 288.162, 288.165, 288.410, 288.420, 288.430,**  
 43 **288.435, 288.440, 288.450, 288.460, 288.500, 288.505, 288.513, 288.515, 288.517, 288.518, 288.520,**  
 44 **288.523, 288.525, 288.530, 288.535, 288.540, 288.545, 288.550, 288.560, 288.570, 288.580, 288.590,**  
 45 **288.592, 288.594, 288.596, 288.598, 288.600, 288.605, 288.610, 288.615, 288.620, 288.625, 288.630,**

1 288.635, 288.637, 288.640, 288.645, 288.650, 288.655, 288.660, 288.665, 288.670, 288.675, 288.677,  
2 288.680, 288.685, 288.690, 288.695, 288.805, 288.815, 288.825, 288.835, 288.845, 288.855, 288.865,  
3 288.875, 288.885, 288.895, 288.915, 288.925, 288.935, 288.945, 288.950 and 293.292 are repealed.

4 **SECTION 228.** Nothing in the repeal of statutes by sections 77, 116, 129, 159, 187 and 227  
5 of this 2007 Act affects any issue of bonds that occurred prior to the effective date of this  
6 2007 Act.

7  
8 **ELECTION TO APPLY PRIOR LAW**

9  
10 **SECTION 229.** (1) Notwithstanding section 226 of this 2007 Act and the repeal of statutes  
11 by sections 77, 116, 129, 159, 187 and 227 of this 2007 Act, or any other provision of law, the  
12 State Treasurer or any public body as defined in section 43 of this 2007 Act may elect, pur-  
13 suant to rules adopted by the State Treasurer, to authorize or issue bonds under the laws  
14 of this state in effect on the day before the effective date of this 2007 Act.

15 (2) The State Treasurer shall by rule prescribe how and when an election may be made  
16 under this section.

17 (3) This section is repealed January 2, 2010.

18  
19 **CAPTIONS**

20  
21 **SECTION 230.** The unit captions used in this 2007 Act are provided only for the conven-  
22 ience of the reader and do not become part of the statutory law of this state or express any  
23 legislative intent in the enactment of this 2007 Act.

24 \_\_\_\_\_