

Senate Bill 696

Sponsored by Senator WALKER

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**.

Authorizes State Treasurer to issue Article XI-D bonds subject to bond amounts issuance limitation. Establishes Article XI-D Bond Fund, Article XI-D Bond Administration Fund and Renewable Energy Fund. Authorizes bond proceeds or interest to be deposited in funds and expended to finance state acquisition and operation of renewable energy electricity generation facilities and transmission facilities.

Establishes procedures for transfer and appropriation of amounts in funds and for debt service.

A BILL FOR AN ACT

1
2 Relating to electricity; and appropriating money.

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

4 **SECTION 1. Sections 2 to 8 of this 2007 Act are added to and made a part of ORS chapter**
5 **286.**

6 **SECTION 2. As used in sections 2 to 8 of this 2007 Act:**

7 (1) **"Article XI-D bonds" means general obligation bonds or other general obligation**
8 **indebtedness issued or incurred under the authority of Article XI-D of the Oregon Consti-**
9 **tution.**

10 (2) **"Bond administration fund" means the Article XI-D Bond Administration Fund es-**
11 **established under section 5 of this 2007 Act.**

12 (3) **"Bond fund" means the Article XI-D Bond Fund established under section 4 of this**
13 **2007 Act.**

14 (4) **"Bond-related costs" means:**

15 (a) **The costs of paying the principal of, the interest on and the premium, if any, on Ar-**
16 **article XI-D bonds;**

17 (b) **The costs and expenses of issuing, administering and maintaining Article XI-D bonds**
18 **including, but not limited to, redeeming Article XI-D bonds and paying amounts due in con-**
19 **nection with bond insurance, other credit enhancements or the administrative costs and ex-**
20 **penses of the State Treasurer and the Oregon Department of Administrative Services,**
21 **including costs of consultants or advisers retained by the State Treasurer or the department**
22 **for the purpose of issuing, administering or maintaining Article XI-D bonds;**

23 (c) **Capitalized interest on Article XI-D bonds;**

24 (d) **Costs of funding reserves for Article XI-D bonds, including costs of surety bonds and**
25 **similar instruments;**

26 (e) **Rebates or penalties due the United States Government in connection with Article**
27 **XI-D bonds; and**

28 (f) **Other costs or expenses that the Director of the Oregon Department of Administra-**
29 **tive Services determines are necessary or desirable in connection with issuing, administering**

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 or maintaining Article XI-D bonds.

2 **SECTION 3.** (1) Article XI-D bonds are a general obligation of the State of Oregon and
3 must contain a direct promise on behalf of the State of Oregon to pay the principal of, the
4 interest on and the premium, if any, on the Article XI-D bonds. The State of Oregon shall
5 pledge its full faith and credit and taxing power to pay Article XI-D bonds, except that the
6 ad valorem taxing power of the State of Oregon may not be pledged to pay Article XI-D
7 bonds.

8 (2) The State Treasurer, with the concurrence of the Director of the Oregon Department
9 of Administrative Services, may issue Article XI-D bonds:

10 (a) Subject to the limit on bond issuance established for the particular biennium in ORS
11 286.505 to 286.545 and at the request of the Director of the State Department of Energy, for
12 the purpose of financing the acquisition and operation of renewable energy electricity gen-
13 eration facilities and transmission facilities, plus an amount determined by the State Treas-
14 urer to pay estimated bond-related costs.

15 (b) To refund Article XI-D bonds. The amount of Article XI-D bonds issued under this
16 paragraph may not exceed the estimated costs of paying, redeeming or defeasing the re-
17 funded bonds, plus an amount determined by the State Treasurer to pay estimated bond-
18 related costs.

19 (3) The State Treasurer shall transfer the net proceeds of Article XI-D bonds issued for
20 the purpose described in subsection (2)(a) of this section to the State Department of Energy
21 for deposit in the Renewable Energy Fund established under section 6 of this 2007 Act.

22 **SECTION 4.** (1) The Article XI-D Bond Fund is established in the State Treasury, sepa-
23 rate and distinct from the General Fund. Amounts in the bond fund may be invested as
24 provided in ORS 293.701 to 293.820, and interest earned on the bond fund must be credited
25 to the bond fund. Amounts credited to the bond fund are continuously appropriated to the
26 Oregon Department of Administrative Services for the purpose of paying, when due, the
27 principal of, the interest on and the premium, if any, on outstanding Article XI-D bonds. The
28 department shall deposit in the bond fund:

29 (a) Capitalized or accrued interest on Article XI-D bonds;

30 (b) Amounts appropriated or otherwise provided by the Legislative Assembly for deposit
31 in the bond fund; and

32 (c) Reserves established for the payment of Article XI-D bonds.

33 (2) The department may create separate accounts in the bond fund for reserves and debt
34 service for each series of Article XI-D bonds.

35 **SECTION 5.** (1) The Article XI-D Bond Administration Fund is established in the State
36 Treasury, separate and distinct from the General Fund. Amounts in the bond administration
37 fund may be invested as provided in ORS 293.701 to 293.820, and interest earned on the bond
38 administration fund must be credited to the bond administration fund. Amounts credited to
39 the bond administration fund are continuously appropriated to the Oregon Department of
40 Administrative Services for payment of bond-related costs. The department shall credit to
41 the bond administration fund:

42 (a) Proceeds of Article XI-D bonds that were issued to pay bond-related costs;

43 (b) Amounts appropriated or otherwise provided by the Legislative Assembly for deposit
44 in the bond administration fund; and

45 (c) Amounts transferred from the Renewable Energy Fund by the State Department of

1 Energy as provided in section 6 of this 2007 Act.

2 (2) The department may create separate accounts in the bond administration fund.

3 **SECTION 6.** (1) The Renewable Energy Fund is established in the State Treasury, sepa-
4 rate and distinct from the General Fund. Amounts in the fund may be invested as provided
5 in ORS 293.701 to 293.820, and interest earned on the fund must be credited to the fund.
6 Amounts credited to the fund are continuously appropriated to the State Department of
7 Energy for the purpose described in section 3 (2)(a) of this 2007 Act and for the purpose of
8 paying bond-related costs. The department shall deposit in the fund:

9 (a) The net proceeds of Article XI-D bonds transferred pursuant to section 3 (3) of this
10 2007 Act;

11 (b) Amounts appropriated or otherwise provided by the Legislative Assembly for deposit
12 in the fund;

13 (c) Gifts, grants or contributions received by the department for the purpose described
14 in section 3 (2)(a) of this 2007 Act; and

15 (d) Moneys received as repayment of, as a return on or in exchange for the grant or loan
16 of net proceeds of Article XI-D bonds.

17 (2) The department may create separate accounts in the Renewable Energy Fund as ap-
18 propriate for the management of moneys in the fund.

19 (3) The department and any other state agency or other entity receiving or holding net
20 proceeds of Article XI-D bonds shall, at the direction of the Oregon Department of Admin-
21 istrative Services, take action necessary to maintain the excludability of interest on Article
22 XI-D bonds from gross income under the Internal Revenue Code.

23 (4) The department shall transfer to the Article XI-D Bond Administration Fund the
24 unexpended and uncommitted amounts remaining in the Renewable Energy Fund if:

25 (a) Unexpended funds that are not contractually committed to a particular purpose re-
26 main in the Renewable Energy Fund on the last day of the biennium; and

27 (b) Article XI-D bonds will be outstanding in the next biennium.

28 (5) The department may adopt rules to carry out this section, including procedures for
29 distributing and monitoring the use of moneys from the Renewable Energy Fund.

30 **SECTION 7.** (1) In accordance with the applicable provisions of this chapter and ORS
31 chapter 288, Article XI-D bonds may:

32 (a) Be sold at a competitive or negotiated sale;

33 (b) Bear interest that is includable or excludable from gross income under the Internal
34 Revenue Code; and

35 (c) Be sold on terms approved by the State Treasurer, including terms related to the time
36 of sale, the issuance of Article XI-D bonds in series, the maturity of each series and the in-
37 terest borne by each series of Article XI-D bonds.

38 (2) Subject to the approval of the State Treasurer, the Director of the Oregon Depart-
39 ment of Administrative Services may:

40 (a) Acquire municipal bond insurance, a letter of credit, a line of credit, surety bonds or
41 another credit enhancement device for Article XI-D bonds; and

42 (b) Enter into related agreements.

43 **SECTION 8.** For each biennium in which Article XI-D bonds will be outstanding, the
44 Oregon Department of Administrative Services shall include in the Governor's budget re-
45 quest to the Legislative Assembly an amount that, when added to the amount on deposit in

1 **the Article XI-D Bond Fund and the Article XI-D Bond Administration Fund, is sufficient to**
2 **pay the bond-related costs that are scheduled to come due in the biennium.**
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