

Senate Bill 7

Sponsored by Senator COURTNEY; Senators ATKINSON, BROWN, BURDICK, CARTER, GORDLY, MONNES
ANDERSON, MONROE, MORSE, WINTERS

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 revenue bonds to be paid from moneys deposited in Oregon State Capitol Foundation Fund. Specifies that bond proceeds are to be used to pay for remodel of Senate and House wings of Oregon State Capitol.

Appropriates moneys to Legislative Administration Committee from General Fund to pay bond-related costs incurred in biennium.

Limits expenditures of committee from specific funds.

A BILL FOR AN ACT

1
2 Relating to revenue bonds for wing remodel of Oregon State Capitol; creating new provisions;
3 amending ORS 276.003; appropriating money; and limiting expenditures.

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

5 **SECTION 1. As used in sections 1 to 5 of this 2007 Act, "bond-related costs" means:**

6 (1) **The costs and expenses of issuing and administering bonds under sections 1 to 5 of**
7 **this 2007 Act, including but not limited to:**

8 (a) **Paying or redeeming the bonds;**

9 (b) **Paying amounts due in connection with credit enhancement or a reserve instrument;**

10 (c) **Paying the administrative costs and expenses of the State Treasurer and the Legis-**
11 **lative Assembly, including the cost of consultants, attorneys and advisers retained by the**
12 **State Treasurer or the Legislative Assembly for the bonds; and**

13 (d) **Any other costs or expenses that the State Treasurer or the Legislative Adminis-**
14 **tration Committee determines are necessary or desirable in connection with issuing and ad-**
15 **ministering the bonds;**

16 (2) **The cost of funding bond reserves;**

17 (3) **Capitalized interest for the bonds; and**

18 (4) **Rebates or penalties due to the United States in connection with the bonds.**

19 **SECTION 2. (1) At the request of the Legislative Administration Committee, the State**
20 **Treasurer shall issue, sell and deliver revenue bonds in one or more series at different times**
21 **during the biennium beginning July 1, 2007, under this section and the applicable provisions**
22 **of ORS chapters 286 and 288 for the purpose of paying for the remodel of the Senate and**
23 **House wings of the Oregon State Capitol. The State Treasurer shall determine the terms and**
24 **conditions of revenue bonds issued under this section.**

25 (2) **The State Treasurer may issue the revenue bonds authorized by this section on one**
26 **or more dates selected by mutual agreement of the State Treasurer and the Legislative Ad-**
27 **ministration Committee for the purpose described in subsection (8) of this section.**

28 (3) **In connection with the issuance of revenue bonds under this section, the State**

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 Treasurer, or the Legislative Administration Committee as requested by the State Treasurer,
2 may:

3 (a) Establish maturity schedules, interest rates, including fixed or adjustable interest
4 rate terms, tender or redemption provisions, provisions for capitalized interest and any other
5 terms consistent with the requirements for revenue bonds issued under this section;

6 (b) Provide that revenue bonds be issued in different series and that each series be se-
7 cured by a lien on and pledge of all or a portion of the moneys deposited in the Oregon State
8 Capitol Foundation Fund that are:

9 (A) Superior to, subordinate to or on parity with the lien of the pledge securing other
10 series of revenue bonds issued under this section; and

11 (B) Superior to subsequent claims and liens in the moneys deposited in the Oregon State
12 Capitol Foundation Fund;

13 (c) Obtain credit enhancement to provide additional security or liquidity for revenue
14 bonds issued under this section or to provide funding for all or a portion of any debt service
15 reserve account established with respect to the bonds. The state's obligations under any
16 credit enhancement are payable from the moneys deposited in the Oregon State Capitol
17 Foundation Fund that are pledged to secure payment of the revenue bonds;

18 (d) Appoint and enter into appropriate contracts with bond or disclosure counsel in ac-
19 cordance with ORS 288.523 and a bond trustee and retain the services of and enter into ap-
20 propriate contracts for financial consultants, underwriters, paying agents and other
21 professional service providers in connection with the issuance and administration of the re-
22 venue bonds;

23 (e) Enter into security documents with a bond trustee and deposit funds with the bond
24 trustee for the benefit of bondholders and the providers of credit enhancement;

25 (f) Enter into covenants for the benefit of bondholders or the providers of credit en-
26 hancement or to improve the security of bondholders or providers of credit enhancement.
27 Covenants may include, but are not limited to, covenants regarding the issuance of additional
28 revenue bonds and the priority of payment of the revenue bonds;

29 (g) Establish one or more debt service reserve accounts, funded with proceeds from the
30 issuance and sale of the revenue bonds or from moneys deposited in the Oregon State Capitol
31 Foundation Fund;

32 (h) Establish funds or accounts that are necessary or desirable to secure and pay for the
33 revenue bonds or for other reasonably related purposes; and

34 (i) Apply the proceeds of the revenue bonds to pay bond-related costs.

35 (4) Revenue bonds issued under this section are payable from the moneys deposited in
36 the Oregon State Capitol Foundation Fund. The State Treasurer, with the approval of the
37 Legislative Administration Committee, may irrevocably pledge and assign all or a portion of
38 the moneys deposited in the Oregon State Capitol Foundation Fund, to secure revenue bonds
39 or credit enhancements.

40 (5) Revenue bonds issued under this section do not constitute a debt or general obligation
41 of this state, the Legislative Assembly or a political subdivision of this state but are secured
42 solely by the moneys deposited in the Oregon State Capitol Foundation Fund, by amounts in
43 a debt service reserve account established with respect to revenue bonds issued under this
44 section or by a credit enhancement obtained for the revenue bonds issued under this section.

45 (6) The State Treasurer and the Legislative Assembly have no obligation to pay bond-

1 related costs except as provided in this section. A holder of revenue bonds or other similar
2 obligations issued under this section does not have the right to compel the exercise of the
3 taxing power of the state to pay bond-related costs.

4 (7)(a) The holders of revenue bonds issued under this section, upon the issuance of the
5 revenue bonds, have a perfected lien on the moneys deposited in the Oregon State Capitol
6 Foundation Fund that are pledged and assigned to the payment of the revenue bonds. The
7 lien and pledge are valid and binding from the date of issuance of the first series of revenue
8 bonds and are automatically perfected without physical delivery, filing or other act. The lien
9 and pledge are superior to subsequent claims or liens on the moneys deposited in the Oregon
10 State Capitol Foundation Fund.

11 (b) Notwithstanding paragraph (a) of this subsection, the State Treasurer shall establish,
12 in the security documents for a series of revenue bonds issued under this section, the pri-
13 ority of the related series among the liens perfected under paragraph (a) of this subsection
14 on the moneys deposited in the Oregon State Capitol Foundation Fund.

15 (8) Revenue bonds may be issued under this section during the biennium beginning July
16 1, 2007, in an aggregate principal amount that produces net proceeds in the amount of
17 \$_____ million to pay for the remodel of the Senate and House wings of the Oregon State
18 Capitol, plus an amount of proceeds, determined by the State Treasurer, to pay bond-related
19 costs. A series of revenue bonds issued under this section may not mature more than 30
20 years from the date of issuance of the series of bonds.

21 (9) As long as any revenue bonds issued under this section are outstanding, the pro-
22 visions of this section and the provisions of a security document related to the revenue bonds
23 are deemed to be contracts between the state and holders of the revenue bonds. The state:

24 (a) May not create a lien, encumbrance or any other obligation on the moneys deposited
25 in the Oregon State Capitol Foundation Fund that are pledged and assigned to the payment
26 of the revenue bonds that is superior to the liens of the pledges authorized by subsection (7)
27 of this section; and

28 (b) May not give force or effect to a statute or initiative or referendum measure ap-
29 proved by the electors of the state, if doing so would unconstitutionally impair existing
30 covenants made with the holders of existing revenue bonds or would unconstitutionally im-
31 pair other obligations or agreements regarding the security of revenue bonds to which the
32 moneys deposited in the Oregon State Capitol Foundation Fund are pledged and assigned.

33 (10) The State Treasurer, in consultation with the Legislative Administrator, on behalf
34 of the Legislative Administration Committee, may issue, sell and deliver refunding bonds in
35 the manner provided for revenue bonds in this section.

36 (11) The State Treasurer and the Legislative Administrator, on behalf of the Legislative
37 Administration Committee, shall consult with the Oregon Department of Administrative
38 Services regarding the issuance, sale and administration of the revenue bonds issued under
39 this section.

40 **SECTION 3.** (1) The Wing Remodel Bond Fund is established in the State Treasury sep-
41 arate and distinct from the General Fund. The net proceeds from the sale of revenue bonds
42 issued under section 2 (8) of this 2007 Act must be credited to the Wing Remodel Bond Fund.
43 Investment earnings received on moneys in the Wing Remodel Bond Fund must be credited
44 to the fund.

45 (2) Moneys in the Wing Remodel Bond Fund are continuously appropriated to the Legis-

1 **lative Administration Committee for the purpose of paying for the remodel of the Senate and**
 2 **House wings of the Oregon State Capitol.**

3 **SECTION 4. (1) The Wing Remodel Bond Debt Service Fund is established in the State**
 4 **Treasury separate and distinct from the General Fund. The Wing Remodel Bond Debt Service**
 5 **Fund consists of:**

6 **(a) An amount from the moneys deposited in the Oregon State Capitol Foundation Fund**
 7 **credited by the State Treasurer that is necessary in a fiscal year, as determined by the**
 8 **Legislative Administration Committee in consultation with the State Treasurer, to pay the**
 9 **bond-related costs scheduled to be paid in that fiscal year on the revenue bonds issued under**
 10 **section 2 of this 2007 Act;**

11 **(b) Any funds appropriated or allocated to the Wing Remodel Bond Debt Service Fund;**
 12 **and**

13 **(c) Investment earnings received on moneys in the Wing Remodel Bond Debt Service**
 14 **Fund.**

15 **(2) Moneys in the Wing Remodel Bond Debt Service Fund are continuously appropriated**
 16 **to the Legislative Administration Committee for the purpose of paying, when due, the bond-**
 17 **related costs on outstanding revenue bonds, for funding revenue bond reserves and for pay-**
 18 **ing amounts due in connection with any instrument authorized by section 2 (3)(c) of this 2007**
 19 **Act.**

20 **(3) The Legislative Administration Committee, in consultation with the State Treasurer,**
 21 **shall use amounts in the Wing Remodel Bond Debt Service Fund to pay, when due, the**
 22 **bond-related costs on the revenue bonds, to fund reserves and to pay amounts due under**
 23 **instruments authorized by section 2 (3)(c) of this 2007 Act.**

24 **(4) If the moneys deposited in the Oregon State Capitol Foundation Fund are not suffi-**
 25 **cient to pay the bond-related costs due to be paid in a fiscal year, the Legislative Adminis-**
 26 **tration Committee, in consultation with the State Treasurer, shall make payments in that**
 27 **fiscal year according to the relative priority of revenue bonds secured by the moneys depos-**
 28 **ited in the Oregon State Capitol Foundation Fund.**

29 **SECTION 5. (1) The Wing Remodel Bond Administration Fund is established in the State**
 30 **Treasury separate and distinct from the General Fund. The Wing Remodel Bond Adminis-**
 31 **tration Fund consists of:**

32 **(a) The amount of revenue bond proceeds remaining after depositing the net proceeds in**
 33 **the Wing Remodel Bond Fund;**

34 **(b) The proceeds of revenue bonds issued to pay bond-related costs;**

35 **(c) Any funds appropriated or allocated to the Wing Remodel Bond Administration Fund;**
 36 **and**

37 **(d) Investment earnings received on moneys in the Wing Remodel Bond Administration**
 38 **Fund.**

39 **(2) Moneys in the Wing Remodel Bond Administration Fund are continuously appropri-**
 40 **ated to the Legislative Assembly for paying bond-related costs during the term of revenue**
 41 **bonds issued under section 2 of this 2007 Act.**

42 **(3) The Legislative Assembly, in consultation with the State Treasurer, may use amounts**
 43 **in the Wing Remodel Bond Administration Fund to pay bond-related costs during the term**
 44 **of revenue bonds issued under section 2 of this 2007 Act. Amounts in the fund must be dis-**
 45 **bursed upon the written request of the Legislative Administrator, on behalf of the Legislative**

1 Administration Committee.

2 **SECTION 6.** Notwithstanding any other law limiting expenditures, the amount of
3 \$_____ million is established for the biennium beginning July 1, 2007, as the maximum limit
4 for the purpose of paying for the remodel of the Senate and House wings of the Oregon State
5 Capitol by the Legislative Administration Committee from the Wing Remodel Bond Fund
6 established in section 3 of this 2007 Act.

7 **SECTION 7.** Notwithstanding any other law limiting expenditures, the amount of \$1 is
8 established for the biennium beginning July 1, 2007, as the maximum limit for payment of
9 expenses by the Legislative Administration Committee from the Wing Remodel Bond Debt
10 Service Fund established in section 4 of this 2007 Act, which expenses are payments of the
11 bond-related costs on outstanding revenue bonds, for funding revenue bond reserves and for
12 paying amounts due in connection with any instrument authorized by section 2 (3)(c) of this
13 2007 Act.

14 **SECTION 8.** Notwithstanding any other law limiting expenditures, the amount of \$1 is
15 established for the biennium beginning July 1, 2007, as the maximum limit for payment of
16 expenses by the Legislative Administration Committee from the Wing Remodel Bond Ad-
17 ministration Fund established in section 5 of this 2007 Act, which expenses are bond-related
18 costs associated with revenue bonds issued under section 2 of this 2007 Act.

19 **SECTION 9.** ORS 276.003 is amended to read:

20 276.003. (1) There is created in the General Fund of the State Treasury a State Capitol Operat-
21 ing Account. Moneys credited to the account are appropriated continuously to the Legislative Ad-
22 ministration Committee to pay the expenses of operating, maintaining, protecting, **remodeling** and
23 insuring the State Capitol and to reimburse the Oregon Department of Administrative Services for
24 a share of the expenses of ground maintenance, utilities and other necessary expenses.

25 (2) There is established the Oregon State Capitol Foundation Fund in the State Capitol Operat-
26 ing Account of the General Fund established under subsection (1) of this section. All moneys re-
27 ceived by the Legislative Administration Committee allocated to the Oregon State Capitol
28 Foundation shall be credited to the Oregon State Capitol Foundation Fund. All moneys credited to
29 the Oregon State Capitol Foundation Fund are continuously appropriated to the foundation for the
30 purposes of ORS 173.500.

31 (3) The Legislative Administration Committee may on behalf of the State of Oregon solicit and
32 accept gifts, grants and donations from public and private sources for the purposes set out in ORS
33 276.002. Such gifts, grants and donations shall be deposited by the committee in separate, appropri-
34 ate trust accounts until such time as required to meet the obligations for which the gifts, grants or
35 donations were intended. When so required, the committee shall deposit the amounts in the Oregon
36 State Capitol Foundation Fund, subject to any limitations imposed by the donors.

37 (4) A gift or donation to the Legislative Administration Committee or to the Oregon State Cap-
38 itol Foundation is a gift or donation to the State of Oregon.

39 **SECTION 10.** In addition to and not in lieu of other appropriation, there is appropriated
40 to the Legislative Administration Committee, for the biennium beginning July 1, 2007, out
41 of the General Fund, the amount of \$_____ for deposit in the Oregon State Capitol Foun-
42 dation Fund for the purpose of paying the bond-related costs of revenue bonds issued under
43 section 2 of this 2007 Act to finance the remodeling of the Senate and House wings of the
44 Oregon State Capitol.