

**A-Engrossed**  
**Senate Bill 827**

Ordered by the Senate April 19  
Including Senate Amendments dated April 19

Sponsored by Senator MONNES ANDERSON (at the request of City of Gresham)

**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.

Establishes Urban Growth Boundary Expansion Area Revolving Loan Fund. Continuously appropriates moneys from fund to Economic and Community Development Department to provide no-interest loans to finance eligible infrastructure projects in urban growth boundary expansion areas. Declares emergency, effective July 1, 2007.

**A BILL FOR AN ACT**

1  
2 Relating to Urban Growth Boundary Expansion Area Revolving Loan Fund; appropriating money;  
3 and declaring an emergency.

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

5 **SECTION 1. (1) The Legislative Assembly finds that issuing lottery bonds to provide loans**  
6 **to local governments to assist in the improvement and construction of infrastructure**  
7 **projects in areas in which the urban growth boundary has expanded since 1997 is essential**  
8 **to promoting economic development in Oregon.**

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

10 **(a) Properly preparing areas within newly expanded urban growth boundaries is of vital**  
11 **concern to the state.**

12 **(b) There are currently inadequate tools and resources to pay for infrastructure neces-**  
13 **sary to begin development in many areas in which the urban growth boundary has recently**  
14 **been expanded.**

15 **(c) Local governments are often unable to undertake necessary infrastructure projects**  
16 **to accommodate development in urban growth boundary expansion areas, because resources**  
17 **necessary to begin infrastructure improvements necessary to accommodate development are**  
18 **not collected until after development actually occurs.**

19 **(d) Development of urban growth boundary expansion areas would increase industrial job**  
20 **creation and foster economic development in this state.**

21 **(e) The use of net proceeds from the operation of the Oregon State Lottery to pay debt**  
22 **service on lottery bonds issued under this section to finance infrastructure loans for urban**  
23 **growth boundary expansion areas is an authorized use of state lottery funds under section**  
24 **4, Article XV of the Oregon Constitution, and ORS 461.510.**

25 **SECTION 2. (1) There is established in the State Treasury, separate and distinct from the**  
26 **General Fund, the Urban Growth Boundary Expansion Area Revolving Loan Fund. Interest**  
27 **earned on the fund shall be credited to the fund. All moneys in the Urban Growth Boundary**

**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 **Expansion Area Revolving Loan Fund are continuously appropriated to the Economic and**  
2 **Community Development Department.**

3 **(2) The Economic and Community Development Department shall administer the Urban**  
4 **Growth Boundary Expansion Area Revolving Loan Fund.**

5 **(3) The Urban Growth Boundary Expansion Area Revolving Loan Fund shall consist of:**

6 **(a) Moneys transferred to the fund by the federal government, other state agencies or**  
7 **local governments.**

8 **(b) Moneys transferred to the fund by the Legislative Assembly or the Oregon Economic**  
9 **and Community Development Commission.**

10 **(c) Proceeds from the sale of lottery bonds.**

11 **(d) Repayment of financial assistance provided with moneys from the fund.**

12 **(e) Interest and other earnings on moneys in the fund.**

13 **(4) Moneys in the Urban Growth Boundary Expansion Area Revolving Loan Fund shall**  
14 **be used for providing no-interest loans to local governments for areas in which the urban**  
15 **growth boundaries have been expanded since December 31, 1997, for infrastructure improve-**  
16 **ment projects, including but not limited to projects to improve transportation, water treat-**  
17 **ment, water service, sewer facilities, storm water management, parks and public safety**  
18 **facilities in the urban growth area.**

19 **(5) The governing body of a municipality that has expanded the urban growth boundary**  
20 **area since 1997 may borrow moneys for infrastructure projects in such urban growth**  
21 **boundary expansion areas from the Urban Growth Boundary Expansion Area Revolving Loan**  
22 **Fund by entering into a loan agreement with the Economic and Community Development**  
23 **Department. The governing body of a qualified municipality may enter into a loan agreement**  
24 **with the department notwithstanding any restriction on indebtedness in the charter or by-**  
25 **laws of the municipality or any other provision of law. Moneys owed to the department by**  
26 **the borrower under a loan agreement may be paid from:**

27 **(a) Revenue from any infrastructure project of the borrower in the urban growth**  
28 **boundary expansion area, including special assessment revenue;**

29 **(b) Amounts withheld under subsection (7) of this section;**

30 **(c) The general fund of the borrower;**

31 **(d) Any combination of sources listed in paragraphs (a) to (c) of this subsection; or**

32 **(e) Any other source.**

33 **(6) Notwithstanding subsection (5) of this section, a borrower may not use revenues**  
34 **raised outside the urban growth boundary expansion area to repay a loan from the Urban**  
35 **Growth Boundary Expansion Area Revolving Loan Fund, except to repay that portion of a**  
36 **project's cost that is attributable to an existing deficiency or is necessary to accommodate**  
37 **development in areas outside the urban growth boundary expansion area.**

38 **(7) If a borrower fails to comply with a loan agreement entered into under subsection (5)**  
39 **of this section, the Economic and Community Development Department may seek appropri-**  
40 **ate legal remedies to secure any repayment due the Urban Growth Boundary Expansion Area**  
41 **Revolving Loan Fund. If a borrower defaults on repayment due the fund, the State of Oregon**  
42 **may withhold any amounts otherwise due to the borrower. Any amounts withheld under this**  
43 **subsection shall be credited toward repayment of the borrower's indebtedness to the fund.**

44 **SECTION 3. The aggregate principal amount of lottery bonds issued pursuant to section**  
45 **4 of this 2007 Act to provide funds for loans to local governments for infrastructure projects**

1 in urban growth boundary expansion areas may not exceed the sum of \$25 million and an  
2 additional amount estimated by the State Treasurer to be necessary to pay bond-related  
3 costs. Lottery bonds issued pursuant to section 4 of this 2007 Act shall be issued only at the  
4 request of the Director of the Economic and Community Development Department.

5 **SECTION 4.** (1) For the biennium beginning July 1, 2007, the State Treasurer is author-  
6 ized to issue lottery bonds pursuant to ORS 286.560 to 286.580 and 348.716 in the amount of  
7 \$25 million for payment to the Economic and Community Development Department for the  
8 Urban Growth Boundary Expansion Area Revolving Loan Fund, plus an additional amount  
9 estimated by the State Treasurer for payment of bond-related costs of the Economic and  
10 Community Development Department and the State Treasurer.

11 (2) Net proceeds of lottery bonds issued under subsection (1) of this section, in the  
12 amount of \$25 million, shall be deposited in the Urban Growth Boundary Expansion Area  
13 Revolving Loan Fund established by section 3 of this 2007 Act not later than December 31,  
14 2007.

15 **SECTION 5.** If the state has not deposited an aggregate amount of \$25 million in the  
16 Urban Growth Boundary Expansion Area Revolving Loan Fund by June 30, 2009, the state  
17 shall allocate to the Economic and Community Development Department an amount equal  
18 to the difference between \$25 million and the aggregate deposits to the fund as of June 30,  
19 2009, from the first available residual lottery revenues.

20 **SECTION 6.** This 2007 Act being necessary for the immediate preservation of the public  
21 peace, health and safety, an emergency is declared to exist, and this 2007 Act takes effect  
22 July 1, 2007.  
23

---