

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
75th Oregon Legislative Assembly
2009 Regular Session
Legislative Revenue Office

Bill Number:	SB 719-A
Revenue Area:	Lottery Bonds
Economist:	Mazen Malik
Date:	4/22/09

Measure Description:

Establishes Urban Growth Boundary Expansion Area Revolving Loan Fund. Authorizes State Treasurer to issue \$50 million in lottery bonds. Directs that moneys raised from sale of bonds be deposited in the fund. Directs that moneys in fund be used for no-interest loans to local governments for infrastructure improvements in designated urban growth boundary areas. Limits repayment by local government of loan to revenues raised inside the urban growth boundary expansion area.

Revenue Impact (in \$Millions):

	2009-11 Biennium	2011-13 Biennium	2013-15 Biennium
Lottery Bonds			
Proceeds	\$ 50.00		
Debt Reserves	\$ 5.12		
Costs	\$ 1.28		
Gross Revenue (Par bond value)	\$ 56.40		
Debt service Payments (Lottery)	(\$5.99)	(\$10.23)	(\$10.23)
Cost of Issuance	(\$1.28)		
Total Net Revenue	\$ 49.13	(\$10.23)	(\$10.23)

Impact Explanation:

The Urban Growth Boundary Expansion Area Loan program is to be funded by issuing two \$25 million tax-exempt bond series. The first letting is assumed to occur on October 2009, and the second on May 2010.

The cost of issuance and reserves are added to the bond value and figured into the payments. Uses of lottery funds are constitutionally restricted, however, this use is assumed to be allowable as economic development. The lottery revenue bonds are subject to a debt capacity recommendation by the Debt Policy Advisory Commission. The more bonds backed by lottery the faster the coverage ratio starts reaching the ceiling at which concern and interest rates might be affected.

Requires borrowers to indemnify the state government and not accept General Fund moneys to pay for projects supported by loans. Requires the Economic and Community Development Department to determine that borrowing municipalities have sufficient financing to complete projects.

Creates, Extends, or Expands Tax Expenditure: Yes No