

**75TH OREGON LEGISLATIVE ASSEMBLY  
STAFF MEASURE SUMMARY  
HOUSE REVENUE COMMITTEE**

**MEASURE: HB 2105 A  
CARRIER: Rep. Bailey**

**REVENUE: Revenue Impact issued**

**FISCAL: Fiscal Impact issued**

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**Action:** Do Pass as Amended and be Printed B-Engrossed

**Vote:** 10-0-0

**Yeas:** Bailey, Bentz, Berger, Bruun, Gelser, Kahl, Read, Riley, Sprenger, Barnhart

**Nays:** 0

**Exc.:** 0

**Prepared By:** **Mazen Malik**, Economist

**Meeting Dates:** 02/04, 04/08, 04/24, 04/28

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**WHAT THE BILL DOES:** Authorizes state agencies and public bodies to purchase and hold bonds issued by state agency or public body, respectively, without causing automatic cancellation or extinguishment of bonds. Authorizes state agencies and public bodies to use bond proceeds or moneys available for debt service to purchase bonds of state agency or public body. Prevents agencies from buying other agency bonds. Requires a report within two days when the authority is exercised, and an annual report on level of use of the authority to legislature. Authorizes State Treasurer explicitly to buy state government bonds as investment. Declares emergency, effective on passage.

**ISSUES DISCUSSED:**

- Why is it a good thing to do, and why is it needed.
- A tool in the toolbox. Investment standards.
- Market stress, credit freeze, and liquidity crisis.
- Federal Reserve, US Treasury, and unfreezing of the credit markets.
- How we establish side boards, and a reporting mechanism.
- Impacts on Local governments, and difficulties of collecting reports on their debt.

**EFFECT OF COMMITTEE AMENDMENTS:** Amendment prevents agencies from buying each other debts. Adds some definitional language, Allows the state treasurer buying bonds as an investment officer prospectively and retrospectively. Requires an immediate report when the authority is exercised, as well as an annual report to legislature.

**BACKGROUND:**

The State Treasury office, and the municipal debt advisory counsel are asking for a new authority to allow the purchase of variable rate bonds by the same agency or the state treasurer without the bonds being considered bought back. Additionally, the Investment function (of the treasury office) wants the explicit authority to invest in Oregon state bonds without being considered as a repurchase of the debt.

This is the result of the temporary variable rate auction market last fall. With the freezing of the credit markets, some agencies that had these bonds, were left exposed to higher interest payments, and reduced ability with their bonds.

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State Capitol Building  
900 Court St NE, Room 143  
Salem, OR 97301-1347

Phone: 503-986-1266  
Fax: 503-986-1770  
<http://www.leg.state.or.us>