

**75TH OREGON LEGISLATIVE ASSEMBLY
STAFF MEASURE SUMMARY
SENATE FINANCE & REVENUE COMMITTEE**

**MEASURE: HB 2107 A
CARRIER: Sen. Telfer**

REVENUE: No - Revenue Impact

FISCAL: No - Fiscal Impact

Action: Do Pass with Amendments and be Printed A Engrossed

Vote: 5-0-0

Yeas: Hass, Morse, Rosenbaum, Telfer, Burdick

Nays: 0

Exc.: 0

Prepared By: Mazen Malik, Economist

Meeting Dates: 5/5, 5/20, 5/26

WHAT THE BILL DOES: Modifies maximum limit on amount of bonded indebtedness counties may incur for road improvements in unincorporated areas. Eliminates provision authorizing domestic water supply districts to borrow money without voter approval. Authorizes public body borrowers to use bond proceeds to pay termination payments for agreements to exchange interest rates. Authorizes state borrowers and public body borrowers to lend bond proceeds to borrower of moneys from outstanding conduit revenue bonds for payment of termination payments for agreements for exchange of interest rates. Makes other substantive changes and technical fixes related to revision of bond statutes in 2007 Act. Reintroduce the tax credit bonds and the process of coverage and payments for those bonds. Becomes effective on passage.

ISSUES DISCUSSED:

- The need for the amendment to take advantage of this old bonding, type, particularly with the federal stimulus money
- Impact on local budget law and the response of the Department of Revenue (DOR)
- The response and impact on counties.
- Clarifying and Conforming the statutes
- Who will be impacted

EFFECT OF COMMITTEE AMENDMENTS: Highlights the payments and estimation methods for bond payments.

BACKGROUND:

Current law allows for a water district to bond without the approval of the electorate if the value of the bonds does not exceed one-half of one percent of the total Real Market Value of the property in the district. This measure takes out this allowance.

The measure allows bond proceeds to be used for repayment when conducting an interest rate swap.

The 2007 finance laws rewrite, seem to have erased the tax credit bond. With the introduction of the fiscal stimulus money, that type of bond became needed for local governments again.

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>