

REVENUE: Revenue statement issued

FISCAL: Fiscal statement issued

Action:	Do Pass as Amended and Be Printed Engrossed and Be Referred to the Committee on Ways and Means
Vote:	5 - 0 - 0
Yeas:	George, Monnes Anderson, Prozanski, Telfer, Rosenbaum
Nays:	0
Exc.:	0
Prepared By:	Jeremy Sarant, Administrator
Meeting Dates:	3/30, 4/15

WHAT THE MEASURE DOES: 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 continuously appropriated to the Economic and Community Development Department (ECDD) 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. Authorizes ECDD to secure repayment of amounts borrowed. Authorizes State of Oregon to withhold any moneys due to a borrower in default.

Declares emergency, effective July 1, 2009.

ISSUES DISCUSSED:

- Purpose of amendment
- Likely creation of employment
- Restrictions of amounts of individual loans
- Distribution and allocation of available funds among qualifying municipalities
- Possible department rules and guidelines
- Effect of borrowing on bond rate
- Impact of loans on small cities
- Inapplicability to growth areas designated prior to 1997

EFFECT OF COMMITTEE AMENDMENT: Expands the definition of which municipalities may borrow moneys. Requires borrowers to indemnify the state government and to 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. Clarifies procedures for issuing and depositing lottery bonds into loan fund.

BACKGROUND: Local governments have limited funding available to build infrastructure. Lack of infrastructure in designated urban growth expansion areas limits development in those areas. The Oregon Constitution authorizes the use of lottery funds for economic development.