

**75th OREGON LEGISLATIVE ASSEMBLY – 2009 Regular Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: SB 5505-A

JOINT COMMITTEE ON WAYS AND MEANS

**Carrier – House: Rep. Galizio
Carrier – Senate: Sen. Nelson**

Action: Do Pass as Amended and Be Printed A-Engrossed

Vote: 20 – 2 – 0

House – Yeas: Buckley, C. Edwards, D. Edwards, Galizio, Garrard, Gilman, Jenson, Kotek, Nathanson, G. Smith

– Nays: Richardson, Shields

– Exc:

Senate – Yeas: Bates, Carter, Girod, Johnson, Monroe, Nelson, Verger, Walker, Whitsett, Winters

– Nays:

– Exc:

Prepared By: Jack Kenny, Department of Administrative Services

Reviewed By: Daron Hill, Legislative Fiscal Office

Meeting Date: June 24, 2009

Agency

Various Agencies

Budget Page

LFO Analysis Page

Biennium

2009-11
2011-13

Summary of Capital Construction and Information Technology Subcommittee Action

Senate Bill 5505 limits the maximum amount of bonds and Certificates of Participation (COPs) or third party financing agreements state agencies may issue and the amount of revenue state agencies may raise from such issuance. The proceeds from the issuance of bonds and COPs are included as revenues in agency budgets. This bill also allocates the federal tax-exempt private activity bond volume cap allowed under the Internal Revenue Code of 1986, as amended, to certain state agencies and the Private Activity Bond Committee established in ORS 286A.615.

The Subcommittee reviewed amendments to Senate Bill 5505 for the following purposes:

- 1) The Subcommittee approved the Department of Higher Education, Article XI-G general obligation bond authorization of \$144,900,479 based on the bond financing needed for the Department's qualifying capital construction projects approved in Senate Bill 5506 and to authorize financing for certain continuing projects approved during previous legislative sessions.
- 2) The Subcommittee approved the Department of Community Colleges and Workforce Development Article XI-G general obligation bond authorization for capital construction financing of \$63,233,000 for Oregon Community College projects approved in Senate Bill 5506 and to authorize financing for certain continuing projects approved during previous legislative sessions.
- 3) The Subcommittee approved the Department of Higher Education, Article XI-F(1) general obligation amount of \$488,401,244 to provide the bond financing needed for the Department's capital construction projects approved in Senate Bill 5506, and to authorize financing for certain continuing projects approved during previous legislative sessions.
- 4) The Subcommittee approved the Department of Water Resources, Article XI-I (1) general obligation amount of \$10,000,000 to provide the bond financing needed for water development projects in the Columbia River Basin through the Water Development Fund as authorized in House Bill 3369. In addition, \$15,000,000 of Article XI-I(1) general obligation bonds were authorized for the 2011-13 biennium.
- 5) The Subcommittee increased the Department of Energy, Article XI-J general obligation authority to \$250,000,000 to enable the Department to take advantage of opportunities including energy efficiency and renewable energy projects in public buildings, new construction, loan guarantees and expanded abilities made available through the American Recovery and Reinvestment Act of 2009.
- 6) The Subcommittee reduced the Department of Administrative Services, Lottery Revenue Bond limit to \$274,300,000. The change is a result of several factors including a reduced amount of Lottery Bond debt capacity and newly identified priorities. This amount provides funding for projects including those authorized in Senate Bill 5535 and House Bill 2001. Authorized projects to be financed during 2009-11 include: \$100 million for *Connect Oregon* multi-modal transportation infrastructure projects; \$19.5 million for the National Oceanic and Atmospheric Administration (NOAA) project in Newport; \$19,400,334 for Housing and Community Services projects to preserve federally-assisted Section 8 housing and Manufactured Dwelling Parks; \$17,526,252 for Economic and Community Development's infrastructure loan program; \$15 million for Department of Forestry land acquisition; \$11,271,656 for County Court Facilities Infrastructure projects; \$7.8 million for the Federal Emergency Management Agency (FEMA) project in Tillamook; \$5 million for the Department of Energy for purposes described in House Bill 2626; \$3,552,399 for the Coos Bay Railway project; \$3.5 million for water

development projects and related administration; \$2 million for the Port of Morrow Education Center; \$1.6 million for Lane Transit's West Eugene EmX project; \$1 million for infrastructure improvements at the Pendleton Round-Up; plus \$22,355,000 for Higher Education and \$13,700,000 for Community College projects approved in Senate Bill 5506. Bond limit amounts include required cost of issuance and reserves.

- 7) The Subcommittee decreased the Department of Administrative Services' authority to issue COPs and enter into Other Financing Agreements to \$764,780,000. A summary of the projects for which use of COP authority is anticipated in 2009-11 is listed below:

<u>Project</u>	<u>COP Authority</u>
<u>Department of Administrative Services</u>	
Mill Creek Infrastructure	\$ 5,110,000
Subtotal:	\$ 5,110,000
 <u>Department of Forestry</u>	
John Day Unit Relocation (Apr. 2007)	\$ 520,000
Agency Business System Modernization (Apr. 2007)	\$ 1,420,000
Sisters Subunit Relocation (Apr. 2007)	\$ 270,000
Subtotal:	\$ 2,210,000
 <u>Oregon University System</u>	
Sys - Capital Renewal	\$ 20,835,000
EOU - Pierce Library	\$ 4,095,000
OSU - Strand Hall – Def. Maintenance	\$ 4,945,000
OSU - Warehouse Acquisition	\$ 1,040,000
OSU - Sonpark/EPA acquisition	\$ 1,955,000
PSU - City Tower Acquisition	\$ 27,670,000
PSU - Market Center Acquisition	\$ 28,180,000
SOU - Churchill Hall – Def. Maintenance	\$ 3,265,000
UO - Straub Hall – Def. Maintenance	\$ 4,410,000
UO - Power Station – Ph. 2 (Waste Gasif.)	\$ 3,740,000
Technology	
Sys - Communications Infrastructure Upgrades	\$ 2,038,636
PSU - Storage and Server Expansion	\$ 611,590
PSU - Creation of Virtual Server Environment	\$ 407,728
PSU - Upgrade Back-up and Recovery Systems	\$ 407,728
PSU - Desktop Replacement and Upgrades	\$ 407,728
UO - Classroom and Laboratory Upgrades	\$ 3,057,954
UO - Info. Tech. Equipment and Software	\$ 2,038,636
Subtotal:	\$ 109,105,000

Project

COP Authority

Oregon Military Department

The Dalles Readiness Center	\$	3,155,000
Milton Freewater Armory	\$	3,410,000
Hood River Armory	\$	1,630,000
Woodburn Armory (Appr. 2007)	\$	1,680,000
Gresham Armory(Appr. 2007)	\$	1,030,000
Camp Withycombe (Appr. 2007)	\$	930,000
Subtotal:	\$	11,835,000

Oregon Judicial Department

e-Court System	\$	20,345,000
Subtotal:	\$	20,345,000

Department of Human Services

Mental Health Facilities	\$	316,660,000
Case Management System	\$	14,485,000
OR Kids (Child Welfare System)	\$	12,510,000
Subtotal:	\$	343,655,000

Corrections

Junction City Site	\$	45,795,000
Deferred Maintenance (Appr. 2007)	\$	10,530,000
Subtotal:	\$	\$56,325,000

Oregon Youth Authority

MacLaren Infrastructure Rep. & Improve (Appr. 2007)	\$	1,435,000
Deferred Maintenance (Appr. 2007)	\$	2,040,000
Corvallis House (Appr. 2007)	\$	1,025,000
Subtotal:	\$	4,500,000

State Police

Wireless Interoperability Network (OWIN)	\$	191,695,000
Subtotal:	\$	191,695,000

Unidentified Financing Needs:

	\$	20,000,000
	\$	764,780,000

Senate Bill 5505, SECTION 1.

<u>Program Designation</u>	<u>2007-09 Legislatively Approved Budget</u>	<u>2009-11 Committee Recommendations</u>	<u>Committee Change from 2007-09 Leg. Approved</u>
GENERAL OBLIGATION BONDS			
<u>(Constitutional Authority)</u>			
General Fund Obligations			
Department of Higher Education (Art. XI-G)	\$ 137,048,535	\$ 144,900,479	\$ 7,851,944
Dept of Comm. Colleges and Workforce Dev (Art. XI-G)	66,344,250	63,233,000	-3,111,250
Department of Environmental Quality (Art. XI-H)	9,300,000	10,000,000	700,000
Oregon Military Department (Art. XI-M)	--	15,000,000	15,000,000
Oregon Military Department (Art. XI-N)	--	15,000,000	15,000,000
Dedicated Fund Obligations			
Department of Veteran's Affairs (Art. XI-A)	\$ 100,000,000	\$ 150,000,000	\$ 50,000,000
Department of Higher Education (Art. XI-F(1))	621,356,360	488,401,244	-132,955,116
Water Resources Department (Art. XI-I(1))	--	10,000,000	10,000,000
Housing and Comm. Services Department (Art. XI-I(2))	100,000,000	100,000,000	0
Department of Energy (Art. XI-J)	<u>166,020,000</u>	<u>250,000,000</u>	<u>83,980,000</u>
Total General Obligation Bonds	<u>\$ 1,200,069,145</u>	<u>\$ 1,246,534,723</u>	<u>\$ 46,465,578</u>
<u>REVENUE BONDS</u>			
Direct Revenue Bonds			
Housing and Community Services Department	\$ 600,000,000	\$ 600,000,000	\$ 0
Department of Transportation			
Infrastructure Fund	50,000,000	100,000,000	50,000,000
Highway User Tax	813,725,000	798,514,000	-15,211,000
Economic and Community Development Department	200,000,000	200,000,000	0
Department of Administrative Services Lottery			
Revenue Bonds	<u>571,743,000</u>	<u>274,300,000</u>	<u>-297,443,000</u>
Total Direct Revenue Bonds	<u>\$ 2,235,468,000</u>	<u>\$ 1,972,814,000</u>	<u>\$ -262,654,000</u>

<u>Program Designation</u>	<u>2007-09 Legislatively Approved Budget</u>	<u>2009-11 Committee Recommendations</u>	<u>Committee Change from 2007-09 Leg. Approved</u>
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Pass Through Revenue Bonds

Economic and Community Development Commission

Industrial Development Bonds	\$ 400,000,000	\$ 400,000,000	\$ 0
Oregon Facilities Authority	\$ 500,000,000	\$ 950,000,000	\$ 450,000,000
Housing and Community Services Department	\$ 250,000,000	\$ 250,000,000	\$ 0

Total Revenue Bonds	<u>\$ 3,385,468,000</u>	<u>\$ 3,572,814,000</u>	<u>\$ 187,346,000</u>
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CERTIFICATES OF PARTICIPATION AND OTHER FINANCING AGREEMENTS

Department of Administrative Services	<u>\$ 476,220,000</u>	<u>\$ 764,780,000</u>	<u>\$ 288,560,000</u>
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Senate Bill 5505, SECTION 2.

Private Activity Bond Allocation for 2010 and 2011 Calendar Years.

Allocation For:	2007-09 Legislatively Approved Budget		Subcommittee Recommendation	
	2008 Calendar Year	2009 Calendar Year	2010 Calendar Year	2011 Calendar Year
Oregon Economic & Community Development Commission	\$ 30,000,000	\$ 40,000,000	\$ 40,000,000	\$ 40,000,000
Oregon Facilities Authority	\$ 8,000,000	\$ 8,000,000	\$ --	\$ --
Housing and Community Services Department	\$120,000,000	\$125,000,000	\$125,000,000	\$125,000,000
State Department of Energy	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000
Private Activity Bond Committee	\$141,489,760	\$126,489,760	\$162,270,950	\$162,270,950
TOTAL:	\$309,489,760	\$309,489,760	\$337,270,950	\$337,270,950