

A-Engrossed House Joint Resolution 13

Ordered by the House April 23
Including House Amendments dated April 23

Sponsored by Representative HUNT, Senator DEVLIN; Representatives BAILEY, BARTON, BOONE, CANNON, DEMBROW, C EDWARDS, D EDWARDS, GALIZIO, HOLVEY, JENSON, KAHL, KOMP, READ, RILEY, ROBLAN, STIEGLER, THATCHER, VANORMAN, WEIDNER, Senator PROZANSKI

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Proposes [*amendment to*] **revision of Oregon Constitution** to exempt local taxing districts from certain limitations on bonded indebtedness if bonded indebtedness is incurred to finance capital costs.

Allows state to loan credit and incur specified amount of indebtedness to provide funds to school districts to finance capital costs. Specifies that indebtedness must be incurred in form of general obligation bonds. Specifies sources for repaying bonds.

Creates school capital matching fund for purposes of financing school district capital costs and repaying bonds. Deletes provisions relating to school matching subaccount in education stability fund and outdated provision relating to transference of moneys from education stability fund. Transfers moneys in subaccount to school capital matching fund on specified date.

Sunsets provision transferring moneys on January 2, 2011.

Refers proposed [*amendment*] **revision** to people for their approval or rejection at next [*regular general*] **primary** election.

JOINT RESOLUTION

1
2 **Be it Resolved by the Legislative Assembly of the State of Oregon, two-thirds of all the**
3 **members of each house concurring:**

4 **PARAGRAPH 1.** The Constitution of the State of Oregon is revised by creating a new section
5 11L to be added to and made a part of Article XI, such section to read:

6 **SECTION 11L. (1) The limitations of sections 11 and 11b of this Article do not apply to**
7 **bonded indebtedness incurred by local taxing districts if the bonded indebtedness was in-**
8 **curred on or after January 1, 2011, to finance capital costs as defined in subsection (5) of this**
9 **section.**

10 **(2) Bonded indebtedness described in subsection (1) of this section includes bonded**
11 **indebtedness issued to refund bonded indebtedness described in subsection (1) of this section.**

12 **(3) Notwithstanding subsection (1) of this section, subsection (8) of section 11 of this**
13 **Article, as limited by section 11k of this Article, applies to measures that authorize bonded**
14 **indebtedness described in subsection (1) of this section.**

15 **(4) The weighted average life of bonded indebtedness incurred on or after January 1, 2011,**
16 **to finance capital costs may not exceed the weighted average life of the capital costs that**
17 **are financed with that indebtedness.**

18 **(5)(a) As used in this section, "capital costs" means costs of land and of other assets**
19 **having a useful life of more than one year, including costs associated with acquisition, con-**
20 **struction, improvement, remodeling, furnishing, equipping, maintenance or repair.**

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 (b) "Capital costs" does not include costs of routine maintenance or supplies.

2 PARAGRAPH 2. The Constitution of the State of Oregon is revised by creating a new Article
3 to be known as Article XI-P, such Article to read:

4
5 **ARTICLE XI-P**
6

7 **SECTION 1. (1) In the manner provided by law and notwithstanding the limitations con-**
8 **tained in section 7, Article XI of this Constitution, the State of Oregon may loan its credit**
9 **and incur indebtedness, in an aggregate outstanding principal amount not to exceed, at any**
10 **one time, one-half of one percent of the real market value of the real property in this state,**
11 **to provide funds to be advanced by grant or loan to school districts to finance the capital**
12 **costs of the school districts. Bonds issued under this section may not be paid from ad**
13 **valorem property taxes.**

14 (2) Indebtedness incurred under this section must be in the form of general obligation
15 bonds of the State of Oregon containing a direct promise to pay the principal, interest and
16 premium, if any, of the bonds in an aggregate outstanding principal amount not to exceed
17 the amount authorized in subsection (1) of this section. The bonds are the direct obligation
18 of the State of Oregon and must be in such form, run for such periods of time, have such
19 terms and bear such rates of interest as may be provided by statute. The State of Oregon
20 shall pledge its full faith and credit and taxing power to the payment of the principal, interest
21 and premium, if any, of the bonds. However, the State of Oregon may not pledge its ad
22 valorem taxing power to the payment of the bonds.

23 (3) The proceeds from bonds issued under this section may be used only to provide
24 matching funds to finance the capital costs of school districts that have received voter ap-
25 proval for local general obligation bonds and to provide for the costs of issuing bonds and the
26 payment of debt service.

27 (4) The proceeds from bonds issued under this section may not be used to finance the
28 operating costs of school districts.

29 **SECTION 2. The principal, interest and premium, if any, of the bonds issued under sec-**
30 **tion 1 of this Article must be repaid as determined by the Legislative Assembly from the**
31 **following sources:**

32 (1) Amounts appropriated for repayment by the Legislative Assembly from the General
33 Fund, including taxes levied to pay the bonds except ad valorem property taxes;

34 (2) Amounts appropriated or allocated for repayment by the Legislative Assembly from
35 other sources of revenue; or

36 (3) Any other available moneys.

37 **SECTION 3. Bonds issued under section 1 of this Article may be refunded with bonds of**
38 **like obligation.**

39 **SECTION 4. (1) There is created a school capital matching fund. Moneys in the fund may**
40 **be invested and the earnings shall be retained in the fund or expended as provided by the**
41 **Legislative Assembly.**

42 (2) The Legislative Assembly may by law appropriate, allocate or transfer moneys or re-
43 venue to the school capital matching fund.

44 (3) The Legislative Assembly may appropriate, allocate or transfer moneys in the school
45 capital matching fund and earnings on moneys in the fund for the purposes of providing:

1 **(a) State matching funds to school districts to finance capital costs; and**

2 **(b) Payment of debt service for general obligation bonds issued pursuant to this Article.**

3 **SECTION 5. As used in this Article, “capital costs” means costs of land and of other**
4 **assets having a useful life of more than one year, including costs associated with acquisition,**
5 **construction, improvement, remodeling, furnishing, equipping, maintenance or repair.**

6 **SECTION 6. The Legislative Assembly may enact legislation to carry out the provisions**
7 **of this Article.**

8 **SECTION 7. This Article supersedes any conflicting provision of this Constitution.**

9 **PARAGRAPH 3.** Section 4, Article XV of the Constitution of the State of Oregon, is revised to
10 read:

11 **Sec. 4.** (1) Except as provided in subsections (2), (3), (4), [(10)] **(8)** and [(11)] **(9)** of this section,
12 lotteries and the sale of lottery tickets, for any purpose whatever, are prohibited, and the Legisla-
13 tive Assembly shall prevent the same by penal laws.

14 (2) The Legislative Assembly may provide for the establishment, operation, and regulation of
15 raffles and the lottery commonly known as bingo or lotto by charitable, fraternal, or religious or-
16 ganizations. As used in this section, charitable, fraternal or religious organization means such or-
17 ganizations or foundations as defined by law because of their charitable, fraternal, or religious
18 purposes. The regulations shall define eligible organizations or foundations, and may prescribe the
19 frequency of raffles, bingo or lotto, set a maximum monetary limit for prizes and require a statement
20 of the odds on winning a prize. The Legislative Assembly shall vest the regulatory authority in any
21 appropriate state agency.

22 (3) There is hereby created the State Lottery Commission which shall establish and operate a
23 State Lottery. All proceeds from the State Lottery, including interest, but excluding costs of ad-
24 ministration and payment of prizes, shall be used for any of the following purposes: creating jobs,
25 furthering economic development, financing public education in Oregon or restoring and protecting
26 Oregon’s parks, beaches, watersheds and critical fish and wildlife habitats.

27 (4)(a) The State Lottery Commission shall be comprised of five members appointed by the Gov-
28 ernor and confirmed by the Senate who shall serve at the pleasure of the Governor. At least one
29 of the Commissioners shall have a minimum of five years experience in law enforcement and at least
30 one of the Commissioners shall be a certified public accountant. The Commission is empowered to
31 promulgate rules related to the procedures of the Commission and the operation of the State Lot-
32 tery. Such rules and any statutes enacted to further implement this article shall insure the integrity,
33 security, honesty, and fairness of the Lottery. The Commission shall have such additional powers
34 and duties as may be provided by law.

35 (b) The Governor shall appoint a Director subject to confirmation by the Senate who shall serve
36 at the pleasure of the Governor. The Director shall be qualified by training and experience to direct
37 the operations of a state-operated lottery. The Director shall be responsible for managing the affairs
38 of the Commission. The Director may appoint and prescribe the duties of no more than four Assist-
39 ant Directors as the Director deems necessary. One of the Assistant Directors shall be responsible
40 for a security division to assure security, integrity, honesty, and fairness in the operations and ad-
41 ministration of the State Lottery. To fulfill these responsibilities, the Assistant Director for security
42 shall be qualified by training and experience, including at least five years of law enforcement ex-
43 perience, and knowledge and experience in computer security.

44 (c) The Director shall implement and operate a State Lottery pursuant to the rules, and under
45 the guidance, of the Commission. The State Lottery may operate any game procedure authorized

1 by the commission, except parimutuel racing, social games, and the games commonly known in
 2 Oregon as bingo or lotto, whereby prizes are distributed using any existing or future methods among
 3 adult persons who have paid for tickets or shares in that game; provided that, in lottery games
 4 utilizing computer terminals or other devices, no coins or currency shall ever be dispensed directly
 5 to players from such computer terminals or devices.

6 (d) There is hereby created within the General Fund the Oregon State Lottery Fund which is
 7 continuously appropriated for the purpose of administering and operating the Commission and the
 8 State Lottery. The State Lottery shall operate as a self-supporting revenue-raising agency of state
 9 government and no appropriations, loans, or other transfers of state funds shall be made to it. The
 10 State Lottery shall pay all prizes and all of its expenses out of the revenues it receives from the sale
 11 of tickets or shares to the public and turnover the net proceeds therefrom to a fund to be estab-
 12 lished by the Legislative Assembly from which the Legislative Assembly shall make appropriations
 13 for the benefit of any of the following public purposes: creating jobs, furthering economic develop-
 14 ment, financing public education in Oregon or restoring and protecting Oregon's parks, beaches,
 15 watersheds and critical fish and wildlife habitats. Effective July 1, 1997, 15% of the net proceeds
 16 from the State Lottery shall be deposited, from the fund created by the Legislative Assembly under
 17 this paragraph, in an education stability fund. Effective July 1, 2003, 18% of the net proceeds from
 18 the State Lottery shall be deposited, from the fund created by the Legislative Assembly under this
 19 paragraph, in an education stability fund. Earnings on moneys in the education stability fund shall
 20 be retained in the fund or expended for the public purpose of financing public education in Oregon
 21 as provided by law. Except as provided in [*subsections (6) and (8)*] **subsection (6)** of this section,
 22 moneys in the education stability fund shall be invested as provided by law and shall not be subject
 23 to the limitations of section 6, Article XI of this Constitution. The Legislative Assembly may ap-
 24 propriate other moneys or revenue to the education stability fund. The Legislative Assembly shall
 25 appropriate amounts sufficient to pay lottery bonds before appropriating the net proceeds from the
 26 State Lottery for any other purpose. At least 84% of the total annual revenues from the sale of all
 27 lottery tickets or shares shall be returned to the public in the form of prizes and net revenues
 28 benefiting the public purpose.

29 (5) Notwithstanding paragraph (d) of subsection (4) of this section, the amount in the education
 30 stability fund created under paragraph (d) of subsection (4) of this section may not exceed an amount
 31 that is equal to five percent of the amount that was accrued as revenues in the state's General Fund
 32 during the prior biennium. If the amount in the education stability fund exceeds five percent of the
 33 amount that was accrued as revenues in the state's General Fund during the prior biennium:

34 (a) Additional net proceeds from the State Lottery may not be deposited in the education sta-
 35 bility fund until the amount in the education stability fund is reduced to less than five percent of
 36 the amount that was accrued as revenues in the state's General Fund during the prior biennium;
 37 and

38 (b) Fifteen percent of the net proceeds from the State Lottery shall be deposited into the school
 39 capital matching [*subaccount*] **fund** created under [*subsection (8) of this section*] **section 4, Article**
 40 **XI-P of this Constitution.**

41 (6) The Legislative Assembly may by law appropriate, allocate or transfer any portion of the
 42 principal of the education stability fund created under paragraph (d) of subsection (4) of this section
 43 for expenditure on public education if:

44 (a) The proposed appropriation, allocation or transfer is approved by three-fifths of the members
 45 serving in each house of the Legislative Assembly and the Legislative Assembly finds one of the

1 following:

2 (A) That the last quarterly economic and revenue forecast for a biennium indicates that moneys
3 available to the state's General Fund for the next biennium will be at least three percent less than
4 appropriations from the state's General Fund for the current biennium;

5 (B) That there has been a decline for two or more consecutive quarters in the last 12 months
6 in seasonally adjusted nonfarm payroll employment; or

7 (C) That a quarterly economic and revenue forecast projects that revenues in the state's General
8 Fund in the current biennium will be at least two percent below what the revenues were projected
9 to be in the revenue forecast on which the legislatively adopted budget for the current biennium
10 was based; or

11 (b) *[If the]* **The** proposed appropriation, allocation or transfer is approved by three-fifths of the
12 members serving in each house of the Legislative Assembly and the Governor declares an emer-
13 gency.

14 (7) The Legislative Assembly may by law prescribe the procedures to be used and identify the
15 persons required to make the forecasts described in subsection (6) of this section.

16 *[(8)(a) There is created a school capital matching subaccount within the education stability fund
17 created under paragraph (d) of subsection (4) of this section.]*

18 *[(b) The Legislative Assembly may by law appropriate, allocate or transfer moneys or revenue to
19 the school capital matching subaccount.]*

20 *[(c) To the extent funds are available, the Legislative Assembly may appropriate, allocate or
21 transfer moneys in the school capital matching subaccount and earnings on moneys in the subaccount
22 for the purpose of providing state matching funds to school districts for capital costs incurred by the
23 school districts.]*

24 *[(9) Notwithstanding paragraph (d) of subsection (4) of this section, on May 1, 2003, the State
25 Treasurer shall transfer \$150 million from the education stability fund created under paragraph (d) of
26 subsection (4) of this section to a fund created by law and known as the State School Fund. Moneys
27 transferred under this subsection may be used in the manner provided by law for moneys in the State
28 School Fund.]*

29 *[(10)]* **(8)** Effective July 1, 1999, 15% of the net proceeds from the State Lottery shall be depos-
30 ited in a parks and natural resources fund created by the Legislative Assembly. Of the moneys in
31 the parks and natural resources fund, 50% shall be distributed for the public purpose of financing
32 the protection, repair, operation, and creation of state parks, ocean shore and public beach access
33 areas, historic sites and recreation areas, and 50% shall be distributed for the public purpose of fi-
34 nancing the restoration and protection of native salmonid populations, watersheds, fish and wildlife
35 habitats and water quality in Oregon. The Legislative Assembly shall not limit expenditures from
36 the parks and natural resources fund. The Legislative Assembly may appropriate other moneys or
37 revenue to the parks and natural resources fund.

38 *[(11)]* **(9)** Only one State Lottery operation shall be permitted in the State.

39 *[(12)]* **(10)** The Legislative Assembly has no power to authorize, and shall prohibit, casinos from
40 operation in the State of Oregon.

41 **PARAGRAPH 4.** The Constitution of the State of Oregon is revised by creating a new section
42 4e to be added to and made a part of Article XV, such section to read:

43 **SECTION 4e. (1) On the effective date of this section, all of the moneys in the school**
44 **capital matching subaccount formerly created under subsection (8) of section 4 of this Arti-**
45 **cle are transferred to the school capital matching fund created under section 4, Article XI-P**

1 of this Constitution. Moneys transferred under this section may be used as provided in sec-
2 tion 4, Article XI-P of this Constitution.

3 (2) This section is repealed January 2, 2011.

4

5 PARAGRAPH 5. The revision proposed by this resolution shall be submitted to the people
6 for their approval or rejection at the next primary election.

7
