

Senate Bill 334

Sponsored by Senator WALKER (Presession filed.)

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 **as introduced**.

Authorizes State Treasurer to issue Article XI-D bonds, subject to bond amounts issuance limitation, to finance state acquisition and operation of renewable energy electricity generation facilities and transmission facilities. Establishes Article XI-D Bond Fund, Article XI-D Bond Administration Fund and Renewable Energy Fund.

Continuously appropriates moneys from funds.

A BILL FOR AN ACT

1
2 Relating to bonds for electricity; and appropriating money.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1. Sections 2 to 7 of this 2009 Act are added to and made a part of ORS chapter**
5 **286A.**

6 **SECTION 2. As used in sections 2 to 7 of this 2009 Act:**

7 (1) "Article XI-D bonds" means general obligation bonds issued under the authority of
8 Article XI-D of the Oregon Constitution.

9 (2) "Bond-related costs" means:

10 (a) The costs of paying the principal of, the interest on and the premium, if any, on Ar-
11 ticle XI-D bonds;

12 (b) The costs and expenses of issuing, administering and maintaining Article XI-D bonds
13 including, but not limited to, redeeming Article XI-D bonds and paying amounts due in con-
14 nection with credit enhancements or the administrative costs and expenses of the State
15 Treasurer and the Oregon Department of Administrative Services, including costs of con-
16 sultants or advisers retained by the State Treasurer or the department for the purpose of
17 issuing, administering or maintaining Article XI-D bonds;

18 (c) Capitalized interest on Article XI-D bonds;

19 (d) Costs of funding reserves for Article XI-D bonds;

20 (e) Rebates or penalties due the United States Government in connection with Article
21 XI-D bonds; and

22 (f) Other costs or expenses that the Director of the Oregon Department of Administra-
23 tive Services determines are necessary or desirable in connection with issuing, administering
24 or maintaining Article XI-D bonds.

25 **SECTION 3. (1) Article XI-D bonds are a general obligation of the State of Oregon and**
26 **must contain a direct promise on behalf of the State of Oregon to pay the principal of, the**
27 **interest on and the premium, if any, on the Article XI-D bonds. The State of Oregon shall**
28 **pledge its full faith and credit and taxing power to pay Article XI-D bonds, except that the**
29 **ad valorem taxing power of the State of Oregon may not be pledged to pay Article XI-D**
30 **bonds.**

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 (2) In accordance with the applicable provisions of this chapter, the State Treasurer, with
2 the concurrence of the Director of the Oregon Department of Administrative Services, may
3 issue Article XI-D bonds:

4 (a) At the request of the Director of the State Department of Energy, for the purpose
5 of financing the acquisition and operation of renewable energy electricity generation facilities
6 and transmission facilities, plus an amount determined by the State Treasurer to pay esti-
7 mated bond-related costs; and

8 (b) Subject to the limit on bond issuance established for the particular biennium in ORS
9 286A.035.

10 (3) The amount of Article XI-D refunding bonds may not exceed the estimated costs of
11 paying, redeeming or defeasing the refunded bonds, plus an amount determined by the State
12 Treasurer to pay estimated bond-related costs.

13 (4) The State Treasurer shall transfer the net proceeds of Article XI-D bonds issued for
14 the purpose described in subsection (2)(a) of this section to the State Department of Energy
15 for deposit in the Renewable Energy Fund established under section 6 of this 2009 Act.

16 **SECTION 4.** (1) The Article XI-D Bond Fund is established in the State Treasury, sepa-
17 rate and distinct from the General Fund. Amounts in the bond fund may be invested as
18 provided in ORS 293.701 to 293.820, and interest earned on the bond fund must be credited
19 to the bond fund. Amounts credited to the bond fund are continuously appropriated to the
20 Oregon Department of Administrative Services for the purpose of paying, when due, the
21 principal of, the interest on and the premium, if any, on outstanding Article XI-D bonds. The
22 department shall deposit in the bond fund:

23 (a) Capitalized or accrued interest on Article XI-D bonds;

24 (b) Amounts appropriated or otherwise provided by the Legislative Assembly for deposit
25 in the bond fund; and

26 (c) Reserves established for the payment of Article XI-D bonds.

27 (2) The department may create separate accounts in the bond fund for reserves and debt
28 service for each series of Article XI-D bonds.

29 **SECTION 5.** (1) The Article XI-D Bond Administration Fund is established in the State
30 Treasury, separate and distinct from the General Fund. Amounts in the bond administration
31 fund may be invested as provided in ORS 293.701 to 293.820, and interest earned on the bond
32 administration fund must be credited to the bond administration fund. Amounts credited to
33 the bond administration fund are continuously appropriated to the Oregon Department of
34 Administrative Services for payment of bond-related costs. The department shall credit to
35 the bond administration fund:

36 (a) Proceeds of Article XI-D bonds that were issued to pay bond-related costs;

37 (b) Amounts appropriated or otherwise provided by the Legislative Assembly for deposit
38 in the bond administration fund; and

39 (c) Amounts transferred from the Renewable Energy Fund by the State Department of
40 Energy as provided in section 6 of this 2009 Act.

41 (2) The department may create separate accounts in the bond administration fund.

42 **SECTION 6.** (1) The Renewable Energy Fund is established in the State Treasury, sepa-
43 rate and distinct from the General Fund. Amounts in the fund may be invested as provided
44 in ORS 293.701 to 293.820, and interest earned on the fund must be credited to the fund.
45 Amounts credited to the fund are continuously appropriated to the State Department of

1 Energy for the purpose described in section 3 (2)(a) of this 2009 Act and for the purpose of
2 paying bond-related costs. The department shall deposit in the fund:

3 (a) The net proceeds of Article XI-D bonds transferred pursuant to section 3 (4) of this
4 2009 Act;

5 (b) Amounts appropriated or otherwise provided by the Legislative Assembly for deposit
6 in the fund;

7 (c) Gifts, grants or contributions received by the department for the purpose described
8 in section 3 (2)(a) of this 2009 Act; and

9 (d) Moneys received as repayment of, as a return on or in exchange for the grant or loan
10 of net proceeds of Article XI-D bonds.

11 (2) The State Department of Energy may create separate accounts in the Renewable
12 Energy Fund as appropriate for the management of moneys in the fund.

13 (3) The State Department of Energy and any other state agency or other entity receiving
14 or holding net proceeds of Article XI-D bonds shall, at the direction of the Oregon Depart-
15 ment of Administrative Services, take action necessary to maintain the excludability of in-
16 terest on Article XI-D bonds from gross income under the Internal Revenue Code.

17 (4) The State Department of Energy shall transfer to the Article XI-D Bond Adminis-
18 tration Fund the unexpended and uncommitted amounts remaining in the Renewable Energy
19 Fund if:

20 (a) Unexpended funds that are not contractually committed to a particular purpose re-
21 main in the Renewable Energy Fund on the last day of the biennium; and

22 (b) Article XI-D bonds will be outstanding in the next biennium.

23 (5) The State Department of Energy may adopt rules to carry out this section, including
24 procedures for distributing and monitoring the use of moneys from the Renewable Energy
25 Fund.

26 SECTION 7. For each biennium in which Article XI-D bonds will be outstanding, the
27 Oregon Department of Administrative Services shall include in the Governor's budget re-
28 quest to the Legislative Assembly an amount that, when added to the amount on deposit in
29 the Article XI-D Bond Fund and the Article XI-D Bond Administration Fund, is sufficient to
30 pay the bond-related costs that are scheduled to come due in the biennium.

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