

A-Engrossed
Senate Bill 496

Ordered by the Senate April 1
Including Senate Amendments dated April 1

Sponsored by COMMITTEE ON FINANCE AND REVENUE

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.

[Suspends 10 percent diversion from Education Stability Fund to Oregon Growth Account beginning July 1, 2009, and ending July 1, 2011.]

Decreases funds credited to Oregon Growth Account for period beginning July 1, 2009, and ending June 30, 2013.

Removes provision requiring declared earnings from Oregon Growth Account to be transferred to Oregon Commercialized Research Fund.

Declares emergency, effective July 1, 2009.

A BILL FOR AN ACT

1
2 Relating to the Oregon Growth Account; creating new provisions; amending ORS 284.725, 293.761,
3 348.696, 348.716 and 348.702; and declaring an emergency.

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

5 **SECTION 1.** ORS 348.702 is amended to read:

6 348.702. (1) There is created within the Education Stability Fund the Oregon Growth Account,
7 to which shall be credited, in the manner provided in subsection (2) of this section, [10] **five** percent
8 of the funds transferred under section 4, Article XV of the Oregon Constitution, from the Adminis-
9 trative Services Economic Development Fund to the Education Stability Fund. Separate records
10 shall be maintained for moneys in the Oregon Growth Account that are available for the purposes
11 specified in subsection (5) of this section. The account may be credited with unrestricted appropri-
12 ations, gifts, donations, grants or contract proceeds from any source, with investments or funds from
13 any source and with returns on investments made from the account.

14 (2) The Oregon Department of Administrative Services may credit to the Oregon Growth Ac-
15 count from the first funds transferred in a fiscal year to the Education Stability Fund under section
16 4, Article XV of the Oregon Constitution, an amount up to the amount the department estimates to
17 be [10] **five** percent of the funds required to be transferred to the Education Stability Fund for that
18 fiscal year.

19 (3) If at the end of the fiscal year the amount credited to the Oregon Growth Account under
20 subsection (2) of this section is less than or greater than [10] **five** percent of the amount required
21 to be transferred under section 4, Article XV of the Oregon Constitution, to the Education Stability
22 Fund, the amount credited to the Oregon Growth Account shall be adjusted in one of the following
23 ways:

24 (a) The amount credited to the account in the following fiscal year may be adjusted;

25 (b) Any excess may be transferred from the Oregon Growth Account to the Education Stability

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 Fund; or

2 (c) Any shortage may be transferred from the Education Stability Fund to the Oregon Growth
3 Account from funds available for that purpose.

4 (4) Adjustments required by subsection (3) of this section shall be made without consideration
5 of any interest or other earnings that have accrued during the fiscal year.

6 (5) The purpose of the Oregon Growth Account is to earn returns for the Education Stability
7 Fund by making investments in or by providing seed capital for emerging growth businesses.

8 (6) The investment of funds in the Oregon Growth Account shall be governed by the Oregon
9 Growth Account Board.

10 **SECTION 2.** ORS 348.702, as amended by section 1 of this 2009 Act, is amended to read:

11 348.702. (1) There is created within the Education Stability Fund the Oregon Growth Account,
12 to which shall be credited, in the manner provided in subsection (2) of this section, [*five*] **10** percent
13 of the funds transferred under section 4, Article XV of the Oregon Constitution, from the Adminis-
14 trative Services Economic Development Fund to the Education Stability Fund. Separate records
15 shall be maintained for moneys in the Oregon Growth Account that are available for the purposes
16 specified in subsection (5) of this section. The account may be credited with unrestricted appropri-
17 ations, gifts, donations, grants or contract proceeds from any source, with investments or funds from
18 any source and with returns on investments made from the account.

19 (2) The Oregon Department of Administrative Services may credit to the Oregon Growth Ac-
20 count from the first funds transferred in a fiscal year to the Education Stability Fund under section
21 4, Article XV of the Oregon Constitution, an amount up to the amount the department estimates to
22 be [*five*] **10** percent of the funds required to be transferred to the Education Stability Fund for that
23 fiscal year.

24 (3) If at the end of the fiscal year the amount credited to the Oregon Growth Account under
25 subsection (2) of this section is less than or greater than [*five*] **10** percent of the amount required
26 to be transferred under section 4, Article XV of the Oregon Constitution, to the Education Stability
27 Fund, the amount credited to the Oregon Growth Account shall be adjusted in one of the following
28 ways:

29 (a) The amount credited to the account in the following fiscal year may be adjusted;

30 (b) Any excess may be transferred from the Oregon Growth Account to the Education Stability
31 Fund; or

32 (c) Any shortage may be transferred from the Education Stability Fund to the Oregon Growth
33 Account from funds available for that purpose.

34 (4) Adjustments required by subsection (3) of this section shall be made without consideration
35 of any interest or other earnings that have accrued during the fiscal year.

36 (5) The purpose of the Oregon Growth Account is to earn returns for the Education Stability
37 Fund by making investments in or by providing seed capital for emerging growth businesses.

38 (6) The investment of funds in the Oregon Growth Account shall be governed by the Oregon
39 Growth Account Board.

40 **SECTION 3.** ORS 348.696 is amended to read:

41 348.696. Pursuant to section 4 (4)(d), Article XV of the Oregon Constitution, the Education Sta-
42 bility Fund is established separate and distinct from the General Fund. Except for earnings on
43 moneys in the school capital matching subaccount, moneys in the fund shall be invested as provided
44 in ORS 293.701 to 293.790. All declared earnings on moneys in the fund shall be transferred and are
45 appropriated continuously as follows:

1 *[(1) All declared earnings from the Oregon Growth Account to the Oregon Commercialized Re-*
2 *search Fund created in ORS 284.725;]*

3 *[(2) (1) 75 percent [of all declared earnings not described in subsection (1) of this section] to the*
4 *Oregon Education Fund established by ORS 348.716; and*

5 *[(3) (2) 25 percent [of all declared earnings not described in subsection (1) of this section] to the*
6 *Oregon Student Assistance Commission for the Oregon Opportunity Grant program under ORS*
7 *348.260.*

8 **SECTION 4.** ORS 284.725 is amended to read:

9 284.725. *[(1)]* There is created within the State Treasury, separate and distinct from the General
10 Fund, the Oregon Commercialized Research Fund. Interest earned by the Oregon Commercialized
11 Research Fund shall be credited to the fund. Moneys in the fund are continuously appropriated to
12 the Oregon Innovation Council for the purpose of making grants and loans under ORS 284.735. **The**
13 **council may accept moneys from any source for deposit in the fund.**

14 *[(2) Any moneys received from the Education Stability Fund for deposit in the Oregon*
15 *Commercialized Research Fund pursuant to ORS 348.696 shall be placed in a separate account within*
16 *the Oregon Commercialized Research Fund and may be used by the council only for public*
17 *education.]*

18 **SECTION 5.** ORS 293.761 is amended to read:

19 293.761. The investment officer shall report quarterly to the officer or body having control and
20 administration of each fund included in the investment funds the changes in investments made dur-
21 ing the preceding month for the fund. If requested by the officer or body, the investment officer shall
22 furnish to the officer or body the details on the investment transactions for any fund. The invest-
23 ment officer shall separately identify investments held in the Oregon Growth Account established
24 in ORS 348.702[,] **and** the Oregon Resource and Technology Development Subaccount established in
25 ORS 348.706 *[and the Oregon Commercialized Research Fund created in ORS 284.725]* as part of the
26 report on the Education Stability Fund required by this section.

27 **SECTION 6.** ORS 348.716 is amended to read:

28 348.716. The Oregon Education Fund is established in the State Treasury, separate and distinct
29 from the General Fund. Moneys in the Oregon Education Fund are continuously appropriated to
30 the Oregon Department of Administrative Services for public education and education lottery bond
31 debt service. Seventy-five percent of the declared earnings of the Education Stability Fund as de-
32 scribed in ORS 348.696 *[(2)]* shall be transferred monthly to the Oregon Education Fund as directed
33 by the Director of the Oregon Department of Administrative Services. Investment earnings on
34 amounts in the Oregon Education Fund shall be credited to the Oregon Education Fund. The Leg-
35 islative Assembly may, but shall be under no legal obligation to, allocate and appropriate amounts
36 in the Oregon Education Fund to pay education lottery bonds. The Director of the Oregon Depart-
37 ment of Administrative Services may specify when during any fiscal year amounts shall be trans-
38 ferred from the Oregon Education Fund to be used for public education or education lottery bonds.

39 **SECTION 7. The amendments to ORS 348.702 by section 2 of this 2009 Act become oper-**
40 **ative on July 1, 2013.**

41 **SECTION 8. Prior to February 1, 2011, the Oregon Growth Account Board shall submit**
42 **a report to the Seventy-sixth Legislative Assembly. The report shall:**

43 **(1) Summarize the performance of the Oregon Growth Account from its inception to the**
44 **date of the report;**

45 **(2) Recommend whether the reduction in the diversion of funds made by ORS 348.702, as**

1 amended by section 1 of this 2009 Act, should be continued or the funds restored, in whole
2 or in part, on July 1, 2013; and

3 (3) Describe the expected benefits of restoring all or a part of the funds diverted by ORS
4 348.702, as amended by section 1 of this 2009 Act.

5 SECTION 9. This 2009 Act being necessary for the immediate preservation of the public
6 peace, health and safety, an emergency is declared to exist, and this 2009 Act takes effect
7 July 1, 2009.

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