

A-Engrossed Senate Bill 62

Ordered by the Senate May 13
Including Senate Amendments dated May 13

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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.

Revises provisions governing investment of moneys by State Treasurer. Creates Oregon Short Term Fund.

Declares emergency, effective on passage.

A BILL FOR AN ACT

Relating to administration of public funds; creating new provisions; amending ORS 192.502, 200.180, 237.490, 238.660, 243.411, 246.590, 276.015, 276.110, 278.425, 286A.025, 286A.560, 289.130, 291.003, 293.353, 293.701, 293.716, 293.718, 293.721, 293.723, 293.726, 293.731, 293.736, 293.741, 293.746, 293.751, 293.761, 293.771, 293.776, 293.778, 293.780, 293.790, 293.812, 293.875, 294.035, 294.135, 294.730, 294.745, 294.810, 294.831, 294.865, 294.882, 294.895, 295.001, 295.004, 295.006, 295.008, 295.013, 295.015, 295.018, 295.031, 295.034, 295.037, 295.041, 295.046, 295.048, 295.053, 295.061, 295.073, 311.780, 327.320, 346.270, 346.540, 348.570, 359.405, 366.505, 391.800, 407.495, 407.515, 411.575, 442.570, 461.510, 530.280, 656.632, 657.513, 657.822 and 705.145; repealing ORS 293.756, 293.766, 293.820, 293.822, 293.824 and 295.087; and declaring an emergency.

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

SECTION 1. ORS 293.701 is amended to read:

293.701. As used in ORS 293.701 to 293.820, unless the context requires otherwise:

(1) "Council" means the Oregon Investment Council.

[(2) "*Investment funds*" means:]

[(a) *Public Employees Retirement Fund referred to in ORS 238.660;*]

[(b) *Industrial Accident Fund referred to in ORS 656.632;*]

[(c) *Consumer and Business Services Fund referred to in ORS 705.145;*]

[(d) *Employment Department Special Administrative Fund referred to in ORS 657.822;*]

[(e) *Insurance Fund referred to in ORS 278.425;*]

[(f) *Funds under the control and administration of the Department of State Lands;*]

[(g) *Oregon Student Assistance Fund referred to in ORS 348.570;*]

[(h) *Moneys made available to the Commission for the Blind under ORS 346.270 and 346.540 or rules adopted thereunder;*]

[(i) *Forest rehabilitation bonds sinking fund referred to in ORS 530.280;*]

[(j) *Oregon War Veterans' Fund referred to in ORS 407.495;*]

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 [(k) Oregon War Veterans' Bond Sinking Account referred to in ORS 407.515;]

2 [(L) World War II Veterans' Compensation Fund;]

3 [(m) World War II Veterans' Bond Sinking Fund;]

4 [(n) Savings and loan association funds in the hands of the Director of the Department of Con-
5 sumer and Business Services;]

6 [(o) Funds in the hands of the State Treasurer that are not required to meet current demands;]

7 [(p) State funds that are not subject to the control and administration of officers or bodies specif-
8 ically designated by law;]

9 [(q) Funds derived from the sale of state bonds;]

10 [(r) Social Security Revolving Account referred to in ORS 237.490;]

11 [(s) Investment funds of the State Board of Higher Education lawfully available for investment or
12 reinvestment;]

13 [(t) Local Government Employer Benefit Trust Fund referred to in ORS 657.513;]

14 [(u) Elderly and Disabled Special Transportation Fund established by ORS 391.800;]

15 [(v) Education Stability Fund established by ORS 348.696;]

16 [(w) Deferred Compensation Fund established under ORS 243.411; and]

17 [(x) Trust for Cultural Development Account established under ORS 359.405.]

18 **(2) "Investment moneys" means moneys invested by the State Treasurer under ORS**
19 **293.701 to 293.820.**

20 **(3) "Investment officer" means the State Treasurer in the capacity as investment officer for the**
21 **council.**

22 **SECTION 2. Sections 3 and 4 of this 2009 Act are added to and made a part of ORS 293.701**
23 **to 293.820.**

24 **SECTION 3. When investing moneys under ORS 293.701 to 293.820, the State Treasurer**
25 **may:**

26 **(1) Subject to ORS 293.723, invest moneys separately or on a commingled basis with other**
27 **investment moneys, in individual or commingled investment vehicles, including the Oregon**
28 **Short Term Fund established under section 4 of this 2009 Act; and**

29 **(2) Subject to federal law and ORS 293.726, purchase debt obligations issued by the State**
30 **of Oregon without the obligations being cancelled or extinguished.**

31 **SECTION 4. (1) The Oregon Short Term Fund is established in the State Treasury as a**
32 **commingled investment vehicle for the moneys described in subsection (2) of this section.**
33 **Interest earned by the Oregon Short Term Fund shall be credited to the participating in-**
34 **vestor funds or accounts in the fund in proportion to the amount invested.**

35 **(2) Unless a federal law, court order, settlement or similar agreement or business prac-**
36 **tice requires otherwise, moneys received by the State Treasurer that may not be discretely**
37 **invested as provided in ORS 293.723 shall be deposited in the fund. Moneys that may be**
38 **discretely invested as provided in ORS 293.723 may be deposited in the fund.**

39 **(3) Moneys in the fund may be transferred as provided in ORS 293.205 to 293.225. The**
40 **State Treasurer is the officer in charge of the fund for purposes of ORS 293.220 and shall**
41 **determine the interest rate to be charged until the moneys are retransferred to the fund.**
42 **The interest rate may not be less than the rate specified in ORS 293.220.**

43 **SECTION 5. ORS 293.716 is amended to read:**

44 293.716. (1) The State Treasurer is the investment officer for the Oregon Investment Council,
45 and shall perform functions in that capacity as authorized or required by law and, consistent with

1 law, by the council.

2 (2) The bond of the State Treasurer required from the State Treasurer by law [*shall be*
3 *deemed*] **is considered** to extend to the faithful performance of all functions of the office of invest-
4 ment officer.

5 (3) The investment officer may:

6 (a) Subject to any applicable provision of the State Personnel Relations Law, employ, prescribe
7 the functions and fix the compensation of personnel necessary to facilitate and assist in carrying
8 out the functions of the council and investment officer.

9 (b) Require a fidelity bond of any person employed by the investment officer who has charge of,
10 handles or has access to any [*investment funds*] **investment moneys**, state money or property. The
11 amounts of the bonds shall be fixed by the investment officer, except as otherwise provided by law,
12 and the sureties [*shall*] **must** be approved by the investment officer. The premiums on the bonds
13 [*shall be*] **are** an expense of the State Treasurer.

14 **SECTION 6.** ORS 293.718 is amended to read:

15 293.718. [*As payment for expenses of the investment officer, the State Treasurer may deduct*
16 *monthly a maximum of 0.25 basis points of the most recent market value of assets under management*
17 *for each of the investment funds. However, for the funds described in ORS 293.701 (2)(o), a maximum*
18 *of 0.435 basis points may be deducted monthly. Amounts so deducted shall be deposited into the Mis-*
19 *cellaneous Receipts Account established in the General Fund for the State Treasurer, and are contin-*
20 *uously appropriated for payment of the expenses of the State Treasurer as investment officer.*]

21 **(1) The State Treasurer may deduct an amount each month from the investment moneys**
22 **for the reasonable fees and expenses of the State Treasurer in connection with the services,**
23 **duties and activities of the State Treasurer related to the investment and cash management**
24 **functions of the State Treasurer.**

25 **(2) The State Treasurer shall deposit moneys deducted under this section in the Miscel-**
26 **laneous Receipts Account established in the General Fund for the State Treasurer. Moneys**
27 **deposited under this section are continuously appropriated to the State Treasurer for the**
28 **payment of the reasonable expenses of the State Treasurer in connection with the invest-**
29 **ment and cash management functions of the State Treasurer.**

30 **SECTION 7.** ORS 293.721 is amended to read:

31 293.721. [*Moneys in the investment funds shall be invested and reinvested to achieve the investment*
32 *objective of the investment funds, which is to make the moneys as productive as possible, subject to the*
33 *standard set forth in ORS 293.726.*] **Subject to the standard set forth in ORS 293.726, investment**
34 **moneys shall be invested, reinvested and managed in a manner designed to make the moneys**
35 **as productive as possible.**

36 **SECTION 8.** ORS 293.723 is amended to read:

37 293.723. (1) Moneys in a fund established by law may not be discretely invested unless the law
38 establishing the fund specifically indicates that the moneys may be invested. A provision in a law
39 establishing a fund that requires interest earned by the fund to be retained by the fund is not, by
40 itself, a specific indication that the moneys in the fund may be discretely invested.

41 (2) As used in this section, "discretely invested" means invested in something other than the
42 [*state investment fund established under ORS 293.701 (2)(o)*] **Oregon Short Term Fund established**
43 **under section 4 of this 2009 Act.**

44 **SECTION 9.** ORS 293.726 is amended to read:

45 293.726. (1) [*The investment funds shall be invested and the investments of those funds*] **Invest-**

1 **ment moneys shall be invested, reinvested and** managed as a prudent investor would do, under
 2 the circumstances then prevailing and in light of the purposes, terms, distribution requirements and
 3 laws governing *[each investment fund]* **particular investment moneys.**

4 (2) The standard stated in subsection (1) of this section requires the exercise of reasonable care,
 5 skill and caution, and is to be applied to investments not in isolation but in the context of each
 6 *[investment fund's]* investment portfolio and as a part of an overall investment strategy, which should
 7 incorporate risk and return objectives reasonably suitable to the particular investment *[fund]*
 8 **moneys.**

9 (3) In making and implementing investment decisions, the Oregon Investment Council and the
 10 investment officer have a duty to diversify the investments *[of the investment funds]* **made under**
 11 **ORS 293.701 to 293.820** unless, under the circumstances, it is not prudent to do so.

12 (4) In addition to the duties stated in subsection (3) of this section, the council and the invest-
 13 ment officer must:

14 (a) Conform to the fundamental fiduciary duties of loyalty and impartiality;

15 (b) Act with prudence in deciding whether and how to delegate authority and in the selection
 16 and supervision of agents; and

17 (c) Incur only costs that are reasonable in amount and appropriate to the investment responsi-
 18 bilities imposed by law.

19 (5) The duties of the council and the investment officer under this section are subject to con-
 20 trary provisions of privately created public trusts the assets of which by law are made *[investment*
 21 *funds]* **moneys to be invested as provided in ORS 293.701 to 293.820.** Within the limitations of the
 22 standard stated in subsection (1) of this section and subject to subsection (6) of this section, there
 23 may be acquired, retained, managed and disposed of *[as investments of the investment funds]* every
 24 kind of investment which persons of prudence, discretion and intelligence acquire, retain, manage
 25 and dispose of for their own account.

26 (6) Notwithstanding subsection (1) of this section, not more than 50 percent of the moneys con-
 27 tributed to the Public Employees Retirement Fund or the Industrial Accident Fund may be invested
 28 in common stock, and not more than 65 percent of the moneys contributed to the other trust and
 29 endowment funds managed by the Oregon Investment Council or the State Treasurer may be in-
 30 vested in common stock.

31 (7) Subject to the standards set forth in this section, moneys held in the Deferred Compensation
 32 Fund may be invested in the stock of any company, association or corporation, including but not
 33 limited to shares of a mutual fund. Investment of moneys in the Deferred Compensation Fund is not
 34 subject to the limitation imposed by subsection (6) of this section.

35 **SECTION 10.** ORS 293.731 is amended to read:

36 293.731. (1) Subject to the objective set forth in ORS 293.721 and the standards set forth in ORS
 37 293.726, the Oregon Investment Council shall formulate policies for the investment and reinvestment
 38 of **investment** moneys *[in the investment funds]* and the acquisition, retention, management and
 39 disposition of investments *[of the investment funds]*.

40 (2) The council, from time to time, shall review *[those]* **its** policies and make changes *[therein]*
 41 as it considers necessary or desirable. The council may formulate separate policies for any *[fund*
 42 *included in the investment funds]* **of the investment moneys.**

43 (3) This section does not apply to the Oregon Growth Account, the Oregon Growth Account
 44 Board, the Oregon Commercialized Research Fund, the Oregon Innovation Fund or the Oregon In-
 45 novation Council.

1 **SECTION 11.** ORS 293.736 is amended to read:

2 293.736. (1) Except as provided in ORS 293.741, in amounts available for investment purposes
3 and subject to the policies formulated by the Oregon Investment Council, the investment officer
4 shall invest and reinvest [*moneys in the investment funds*] **the investment moneys** and acquire, re-
5 tain, manage, including exercise of any voting rights, and dispose of investments [*of the investment*
6 *funds*].

7 (2) Subject to the direction of the council, the investment officer shall perform the functions
8 described in subsection (1) of this section with respect to the investment in mutual funds of moneys
9 in the Deferred Compensation Fund. [*The council must approve all mutual funds in which Deferred*
10 *Compensation Fund moneys are invested.*]

11 **SECTION 12.** ORS 293.741 is amended to read:

12 293.741. (1) The Oregon Investment Council may enter into contracts with one or more persons
13 whom the council determines to be qualified, whereby the persons undertake, in lieu of or in addi-
14 tion to the investment officer, to perform the functions specified in ORS 293.736 to the extent pro-
15 vided in the contract.

16 (2) Performance of functions under a contract shall be paid for out of the gross interest or other
17 income of the investments with respect to which the functions are performed[, *and*]. The net interest
18 or other income of the investments after [*that*] **the payment [*shall be*] is** considered income of the
19 [*investment funds*] **moneys invested as provided in ORS 293.701 to 293.820.**

20 (3) The council may require a person contracted with to give to the state a fidelity bond in a
21 penal sum as may be fixed by law or, if not [*so*] fixed **by law**, as may be fixed by the council, with
22 **a corporate surety authorized to do business in this state.**

23 (4) Contracts entered into under this section and functions performed under the contracts are
24 not subject to [*ORS chapter 240 or ORS 279A.140*] **the State Personnel Relations Law or the**
25 **Public Contracting Code.**

26 **SECTION 13.** ORS 293.746 is amended to read:

27 293.746. (1) In the acquisition or disposition of bonds with which approving legal opinions ordi-
28 narily are furnished, the investment officer may require an original or certified copy of the written
29 opinion of a reputable bond attorney or attorneys, or the written opinion of the Attorney General,
30 certifying to the legality of the bonds.

31 (2) The Oregon Investment Council may arrange for the furnishing to the investment officer of
32 investment counseling services. The furnishing and acquisition of those services are not subject to
33 the State Personnel Relations Law or [*ORS 279A.140*] **the Public Contracting Code.**

34 (3) The investment officer, with the approval of the council, may arrange for services with re-
35 spect to mortgages in which [*moneys in the investment funds*] **investment moneys** are invested.
36 Those services shall be paid for out of the gross interest of the mortgages with respect to which the
37 services are furnished, and the net interest of the mortgages after that payment shall be considered
38 income of the [*investment funds*] **investment moneys.** The furnishing and acquisition of those ser-
39 vices are not subject to the State Personnel Relations Law or [*ORS 279A.140*] **the Public Con-**
40 **tracting Code.**

41 **SECTION 14.** ORS 293.751 is amended to read:

42 293.751. (1) Except as provided in ORS 293.741 and this subsection, all instruments of title of
43 all investments [*of the investment funds*] **made under ORS 293.701 to 293.820** shall remain in the
44 custody of the investment officer. The investment officer may deposit with one or more custodial
45 agents or banks those instruments of title that the State Treasurer considers advisable, to be held

1 in safekeeping by the agents or banks for collection of the principal and interest or other income,
 2 or of the proceeds of sale or maturity. For purposes of this section, instruments of title of invest-
 3 ments [*of the investment funds*] may include such evidence of title as the investment officer shall
 4 consider secure and consistent with modern investment, banking and commercial practices, and may
 5 include book entry and automated recordation of such title.

6 (2) Except as provided in ORS 293.741 and 293.746 (3) and subsections (1) and (3) of this section,
 7 the investment officer shall collect the principal and interest or other income of investments [*of the*
 8 *investment funds*] **made under ORS 293.701 to 293.820**, title of which is in the investment officer's
 9 custody, when due and payable, and shall pay the principal and interest or other income, when so
 10 collected, into the appropriate fund. [*Except as otherwise provided by law, interest or other income*
 11 *of investments of funds in the hands of the State Treasurer that are not required to meet current de-*
 12 *mands shall be paid into the General Fund to be available for the payment of general governmental*
 13 *expenses.*]

14 (3) In the event of default in the payment of principal or interest or other income of any in-
 15 vestment [*of the investment funds*] **made under ORS 293.701 to 293.820**, the investment officer, with
 16 the approval of the Oregon Investment Council, may:

17 (a) Institute the proper proceedings to collect the matured principal or interest or other income.

18 (b) Accept for exchange purposes refunding bonds or other evidences of indebtedness at interest
 19 rates to be agreed upon by the investment officer and obligor.

20 (c) Make compromises, adjustments or disposition of the matured principal or interest or other
 21 income as the investment officer considers advisable for the purpose of protecting the moneys in-
 22 vested.

23 (d) Make compromises or adjustments as to future payments of principal or interest or other
 24 income as the investment officer considers advisable for the purposes of protecting the moneys in-
 25 vested.

26 **SECTION 15.** ORS 293.761 is amended to read:

27 293.761. (1) [*The investment officer shall report quarterly to the officer or body having control and*
 28 *administration of each fund included in the investment funds the changes in investments made during*
 29 *the preceding month for the fund. If requested by the officer or body, the investment officer shall fur-*
 30 *nish to the officer or body the details on the investment transactions for any fund*] **The investment**
 31 **officer shall follow generally accepted accounting practices and provide to the officer or body**
 32 **having control and administration of any investment moneys any information necessary for**
 33 **financial reporting required by law.**

34 (2) The investment officer shall separately identify investments held in the Oregon Growth Ac-
 35 count established in ORS 348.702, the Oregon Resource and Technology Development Subaccount
 36 established in ORS 348.706 and the Oregon Commercialized Research Fund created in ORS 284.725
 37 as part of the [*report*] **information provided under this section** on the Education Stability Fund
 38 [*required by this section*].

39 **SECTION 16.** ORS 293.771 is amended to read:

40 293.771. The Oregon Investment Council shall report to the Governor and Legislative Assembly
 41 on the investment [*funds investment program*] **moneys** at each regular session of the Legislative
 42 Assembly and at other times as the council considers in the public interest.

43 **SECTION 17.** ORS 293.776 is amended to read:

44 293.776. (1) The Oregon Investment Council shall provide for an examination and audit of the
 45 investment [*funds investment program*] **moneys**, and for submission to the council of a report based

1 on the examination and audit, at least once every four years and at other times as the council may
2 require.

3 (2) The examination, **audit and report** [*and audit, and the report based thereon,*] shall include:

4 (a) An evaluation of current investment [*funds investment*] policies and practices and of specific
5 investments [*of the investment funds*] in relation to the objective set forth in ORS 293.721, the
6 standard set forth in ORS 293.726 and other criteria as may be appropriate[.]; and

7 (b) Recommendations relating to the investment [*funds investment*] policies and practices and to
8 specific investments [*of the investment funds*] as are considered necessary or desirable.

9 (3) The council shall make copies of the report or a summary [*thereof*] **of the report** available
10 for distribution to interested persons.

11 **SECTION 18.** ORS 293.778 is amended to read:

12 293.778. (1) **When appropriate under the standard prescribed in ORS 293.726**, the investment
13 officer singly, or jointly with other public or institutional investors, may authorize establishment of
14 investment holding companies[, *which may be corporations, partnerships or limited liability companies,*
15 *and placement of investment funds or investments in such companies, when it is appropriate to do so*
16 *under the investment standard prescribed in ORS 293.726*] **and placement of investment moneys**
17 **in the companies. The companies may be corporations, partnerships or limited liability**
18 **companies.** An investment holding company authorized by this section has the powers and authority
19 granted by the laws of the jurisdiction in which the company is established.

20 (2) Any person qualified under the laws of the jurisdiction in which an investment holding
21 company is established may serve as an officer, director, member or manager of the company. **Sub-**
22 **ject to subsection (3) of this section**, officers and employees of the office of the State Treasurer
23 may serve as directors, officers and members of investment holding companies authorized by this
24 section.

25 (3) [*However,*] If a conflict arises between the duties of the officer or employee of the office of
26 the State Treasurer under state law and the duties of the officer or employee of the office of the
27 State Treasurer as a director, officer or member of the investment holding company, the officer or
28 employee shall abstain from acting on behalf of the company. If the conflict cannot be avoided by
29 abstention, the officer or employee shall immediately resign from the company.

30 **SECTION 19.** ORS 293.780 is amended to read:

31 293.780. (1) The Oregon Investment Council, for and on behalf of the Public Employees Retirement
32 System and Public Employees Retirement Board, may enter into group annuity contracts with
33 one or more insurance companies authorized to do business in this state.

34 (2) In lieu of any investment of moneys in the Public Employees Retirement Fund as provided
35 in ORS 293.701 to 293.820, the council may pay, from time to time under contracts [*so*] entered into
36 **under this section**, any moneys in [*that fund*] **the Public Employees Retirement Fund** available
37 for investment purposes.

38 (3) Contracts [*so*] entered into **under this section** are not subject to [*ORS 279A.140*] **the Public**
39 **Contracting Code.**

40 **SECTION 20.** ORS 293.790 is amended to read:

41 293.790. (1) Under authority of section 6, Article XI of the Oregon Constitution, [*the state,*] **and**
42 **subject to subsection (2) of this section, the state:**

43 (a) May hold and dispose of the stock of any company, association or corporation, including
44 stock already received, that is donated or bequeathed [*and the state,*]; **and**

45 (b) Acting by and through the State Board of Higher Education, [*subject to subsection (2) of this*

1 *section,*] may invest and reinvest in the stock of any company, association or corporation, any funds
2 or moneys of the State Board of Higher Education that:

3 [(a)] (A) Are or have been donated or bequeathed for higher education purposes;

4 [(b)] (B) Are the proceeds from the disposition of stock that is donated or bequeathed for higher
5 education purposes, including stock already received; or

6 [(c)] (C) Are dividends paid with respect to stock that is donated or bequeathed for higher edu-
7 cation purposes, including stock already received.

8 (2) The state, including any of its agencies having control of, or authority to invest and reinvest
9 in, any stock described in subsection (1) of this section, in holding, disposing of or investing and
10 reinvesting in [*such*] stock, [*shall be*] **is** governed by ORS 130.750 to 130.775, notwithstanding the
11 date of acquisition of [*such*] **the** stock. Moneys received from the disposition of [*such*] stock, in-
12 cluding dividends, shall be maintained separate and distinct from the General Fund, and those
13 moneys, including interest earned thereon, are appropriated continuously for the purposes of the
14 donation or bequest and of the investments and reinvestments authorized by subsection (1) of this
15 section and by ORS 351.130. Except as specifically authorized by law, the state or any of its agencies
16 may not purchase stock.

17 (3)(a) This section does not apply to investment and reinvestment of moneys in the Public Em-
18 ployees Retirement Fund, the Industrial Accident Fund, the Deferred Compensation Fund and the
19 Education Stability Fund or to acquisition, retention, management and disposition of investments of
20 those funds as provided in ORS 293.701 to 293.820.

21 (b) This section does not apply to investment or reinvestment of moneys or stock resulting from
22 the holding and disposing of stock by the state as allowed under section 6 (2), Article XI of the
23 Oregon Constitution.

24 **SECTION 21.** ORS 293.812 is amended to read:

25 293.812. As used in ORS 293.811 to 293.817:

26 (1) “Company” means any sole proprietorship, organization, firm, association, corporation, util-
27 ity, partnership, venture, public franchise, franchisor, franchisee or its wholly owned subsidiary that
28 exists for profit-making purposes or otherwise to secure economic advantage.

29 (2) “Doing business” means maintaining equipment, facilities, personnel or any other apparatus
30 of business or commerce [*in Sudan*], including the ownership or possession of real or personal
31 property [*located in Sudan*].

32 (3) “Investment” or “invest” means the commitment of funds or other assets to a company, in-
33 cluding a loan or other extension of credit made to that company, or the ownership or control of a
34 share or interest in that company or of a bond or other debt instrument issued by that company.

35 (4) “Subject investment funds” means:

36 (a) The Public Employees Retirement Fund referred to in ORS 238.660;

37 (b) The Industrial Accident Fund referred to in ORS 656.632;

38 (c) The Common School Fund referred to in ORS 327.405;

39 (d) The Oregon War Veterans’ Fund referred to in ORS 407.495; and

40 (e) [*Investment*] Funds of the State Board of Higher Education available for investment or rein-
41 vestment by the Oregon Investment Council.

42 (5) “Sudan” means the Republic of the Sudan and any territory under the administration, legal
43 or illegal, of Sudan, including but not limited to the Darfur region.

44 **SECTION 22.** ORS 293.875 is amended to read:

45 293.875. (1) The State Treasurer is designated the **sole banking and** cash management officer

1 for the state and may review, establish and modify procedures for the efficient handling of [*cash and*
 2 *cash equivalents*] **moneys** under the control of the State Treasury, the Secretary of State, the Judi-
 3 cial Department, the Legislative Assembly, the Public Defense Services Commission and state
 4 agencies[,] as defined in ORS 291.002. **The State Treasurer shall perform all activities necessary**
 5 **or desirable to fulfill the duties of the treasurer as the banking and cash management offi-**
 6 **cer. The activities may include, but are not limited to, entering into contracts for the pro-**
 7 **vision of services related to the management, deposit and transfer of, or payment from,**
 8 **moneys deposited with the State Treasurer through banks and other financial institutions.**
 9 **The deposit, transfer or payment may be through physical presentation or drafting of an**
 10 **instrument or document by electronic or other means.**

11 (2) The State Treasurer shall continuously review the effectiveness of **the** cash management of
 12 state agencies, the Secretary of State, the Judicial Department and the Legislative Assembly, and
 13 when the State Treasurer considers it appropriate shall report in writing to the subject agency the
 14 findings of this review, along with any recommendations. A copy of the report shall be provided to
 15 the Legislative Fiscal Officer and to the Secretary of State.

16 (3) **This section controls over any other law that gives another state agency general re-**
 17 **sponsibility for, or control over, the accounting, fiscal or electronic commerce affairs of the**
 18 **State Treasury, the Secretary of State, the Judicial Department, the Legislative Assembly,**
 19 **the Public Defense Services Commission and state agencies as defined in ORS 291.002.** State
 20 agencies shall employ the principles, standards and related requirements for cash management
 21 **prescribed by the State Treasurer, including:**

22 (a) **Practices related to the use of credit, debit or similar cards or devices;**

23 (b) The use of secure disbursing and receiving **instruments**, documents and systems[, *prescribed*
 24 *by the State Treasurer.*]; **and**

25 (c) **The use of secure information resources, information technology and networks that**
 26 **meet the requirements of the State Treasurer for the electronic management, deposit or**
 27 **transfer of, or payment from, moneys deposited with the State Treasurer.**

28 (4) **As used in this section, “information resources” and “information technology” have**
 29 **the meanings given those terms in ORS 291.038.**

30 **SECTION 23.** ORS 293.353 is amended to read:

31 293.353. (1) [*As payment for expenses of processing banking-related transactions, the State Treas-*
 32 *urer may charge each state agency having such transactions involving the State Treasury. The amount*
 33 *so charged shall be determined by the number of transactions processed by the State Treasurer and]*
 34 **The State Treasurer may charge each state agency reasonable fees and expenses in con-**
 35 **nection with the services, duties and activities of the State Treasurer related to banking**
 36 **transactions processed by the State Treasurer for the agency. The amount charged shall be**
 37 **paid in the manner determined by the State Treasurer to be most efficient and cost effective. The**
 38 **proceeds from [*such charges*] fees and expenses shall be deposited in the Miscellaneous Receipts**
 39 **Account established in the General Fund for the State Treasurer, and [*such proceeds*] are contin-**
 40 **uously appropriated to the State Treasurer for payment of expenses of the office of the State**
 41 **Treasurer in connection with processing banking-related transactions.**

42 (2) When the State Treasurer transfers the assets of the local government investment pool to
 43 the [*state investment fund established under ORS 293.701 (2)(o)*] **Oregon Short Term Fund created**
 44 **under section 4 of this 2009 Act** as authorized by ORS 294.882, “state agency,” as used in this
 45 section, includes local government participants in the [*state investment fund*] **Oregon Short Term**

1 **Fund.**

2 **SECTION 24.** ORS 291.003 is amended to read:

3 291.003. *[In all cases where federal granted funds are involved, the federal laws, rules and regu-*
4 *lations applicable thereto shall govern]* Notwithstanding any provision *[to the contrary in]* **of ORS**
5 **291.001 to 291.034, 291.201 to 291.222, 291.232 to 291.260, 291.261, 291.307 and 291.990, but subject**
6 **to any applicable judgment or settlement agreement, in all cases where federal funds are**
7 **involved, the federal laws, rules and regulations applicable to the federal funds shall govern.**

8 **SECTION 25.** ORS 294.035 is amended to read:

9 294.035. (1) Subject to ORS 294.040 and 294.135 to 294.155, the custodial officer may invest any
10 sinking fund, bond fund or surplus funds in the custody of the custodial officer in the bank accounts,
11 classes of securities at current market prices, insurance contracts and other investments listed in
12 this section, but only after obtaining from the governing body of the county, municipality, political
13 subdivision or school district a written order that has been entered in the minutes or journal of the
14 governing body.

15 (2) This section does not:

16 (a) Limit the authority of the custodial officer to invest surplus funds in other investments when
17 the investment is specifically authorized by another statute.

18 (b) Apply to a sinking fund or a bond fund established in connection with conduit revenue bonds
19 issued by a county, municipality, political subdivision or school district for private business entities
20 or nonprofit corporations.

21 (3) Investments authorized by this section are:

22 (a) Lawfully issued general obligations of the United States, the agencies and instrumentalities
23 of the United States or enterprises sponsored by the United States Government **and obligations**
24 **whose payment is guaranteed by the United States, the agencies and instrumentalities of the**
25 **United States or enterprises sponsored by the United States Government.**

26 (b) Lawfully issued debt obligations of the agencies and instrumentalities of the State of Oregon
27 and its political subdivisions that have a long-term rating of A or an equivalent rating or better or
28 are rated on the settlement date in the highest category for short-term municipal debt by a na-
29 tionally recognized statistical rating organization.

30 (c) Lawfully issued debt obligations of the States of California, Idaho and Washington and poli-
31 tical subdivisions of those states if the obligations have a long-term rating of AA or an equivalent
32 rating or better or are rated on the settlement date in the highest category for short-term municipal
33 debt by a nationally recognized statistical rating organization.

34 (d) Time deposit open accounts, certificates of deposit and savings accounts in insured insti-
35 tutions as defined in ORS 706.008, in credit unions as defined in ORS 723.006 or in federal credit
36 unions, if the institution or credit union maintains a head office or a branch in this state.

37 (e) Share accounts and savings accounts in credit unions in the name of, or for the benefit of,
38 a member of the credit union pursuant to a plan of deferred compensation.

39 (f) Fixed or variable life insurance or annuity contracts as defined by ORS 731.170 and guaran-
40 teed investment contracts issued by life insurance companies authorized to do business in this state.

41 (g) Trusts in which deferred compensation funds from other public employers are pooled, if:

42 (A) The purpose is to establish a deferred compensation plan;

43 (B) The trust is a public instrumentality of such public employers and described in section (2)(b)
44 of the Investment Company Act of 1940, 15 U.S.C. 80a-2(b), as amended, in effect on September 20,
45 1985, or the trust is a common trust fund described in ORS 709.170;

1 (C) Under the terms of the plan the net income from or gain or loss due to fluctuation in value
2 of the underlying assets of the trust, or other change in such assets, is reflected in an equal increase
3 or decrease in the amount distributable to the employee or the beneficiary thereof and, therefore,
4 does not ultimately result in a net increase or decrease in the worth of the public employer or the
5 state; and

6 (D) The fidelity of the trustees and others with access to such assets, other than a trust com-
7 pany, as defined in ORS 706.008, is insured by a surety bond that is satisfactory to the public em-
8 ployer, issued by a company authorized to do a surety business in this state and in an amount that
9 is not less than 10 percent of the value of such assets.

10 (h)(A) Banker's acceptances, if the banker's acceptances are:

11 (i) Guaranteed by, and carried on the books of, a qualified financial institution;

12 (ii) Eligible for discount by the Federal Reserve System; and

13 (iii) Issued by a qualified financial institution whose short-term letter of credit rating is rated
14 in the highest category by one or more nationally recognized statistical rating organizations.

15 (B) For the purposes of this paragraph, "qualified financial institution" means:

16 (i) A financial institution that is located and licensed to do banking business in the State of
17 Oregon; or

18 (ii) A financial institution that is wholly owned by a financial holding company or a bank hold-
19 ing company that owns a financial institution that is located and licensed to do banking business in
20 the State of Oregon.

21 (C) A custodial officer shall not permit more than 25 percent of the moneys of a local govern-
22 ment that are available for investment, as determined on the settlement date, to be invested in
23 banker's acceptances of any qualified financial institution.

24 (i)(A) Corporate indebtedness subject to a valid registration statement on file with the Securities
25 and Exchange Commission or issued under the authority of section 3(a)(2) or 3(a)(3) of the Securities
26 Act of 1933, as amended. Corporate indebtedness described in this paragraph does not include
27 banker's acceptances. The corporate indebtedness must be issued by a commercial, industrial or
28 utility business enterprise, or by or on behalf of a financial institution, including a holding company
29 owning a majority interest in a qualified financial institution.

30 (B) Corporate indebtedness must be rated on the settlement date P-1 or Aa or better by Moody's
31 Investors Service or A-1 or AA or better by Standard & Poor's Corporation or equivalent rating by
32 any nationally recognized statistical rating organization.

33 (C) Notwithstanding subparagraph (B) of this paragraph, the corporate indebtedness must be
34 rated on the settlement date P-2 or A or better by Moody's Investors Service or A-2 or A or better
35 by Standard & Poor's Corporation or equivalent rating by any nationally recognized statistical rat-
36 ing organization when the corporate indebtedness is:

37 (i) Issued by a business enterprise that has its headquarters in Oregon, employs more than 50
38 percent of its permanent workforce in Oregon or has more than 50 percent of its tangible assets in
39 Oregon; or

40 (ii) Issued by a holding company owning not less than a majority interest in a qualified financial
41 institution, as defined in paragraph (h) of this subsection, located and licensed to do banking busi-
42 ness in Oregon or by a holding company owning not less than a majority interest in a business en-
43 terprise described in sub-subparagraph (i) of this subparagraph.

44 (D) A custodial officer may not permit more than 35 percent of the moneys of a local govern-
45 ment that are available for investment, as determined on the settlement date, to be invested in

1 corporate indebtedness, and may not permit more than five percent of the moneys of a local gov-
 2 ernment that are available for investment to be invested in corporate indebtedness of any single
 3 corporate entity and its affiliates or subsidiaries.

4 *[(j) Securities of any open-end or closed-end management investment company or investment trust,*
 5 *if the securities are of the types specified in paragraphs (a) to (c), (h) and (i) of this subsection and if*
 6 *the investment does not cause the county, municipality, political subdivision or school district to become*
 7 *a stockholder in a joint company, corporation or association. A trust company or trust department of*
 8 *a national bank while acting as indenture trustee may invest funds held by it as indenture trustee in*
 9 *any open-end or closed-end management investment company or investment trust for which the trust*
 10 *company or trust department of a national bank or an affiliate of the trust company or trust department*
 11 *of a national bank acts as investment adviser or custodian or provides other services. However, the*
 12 *securities of the investment company or investment trust in which the funds are invested must be of the*
 13 *types specified in paragraphs (a) to (c), (h) and (i) of this subsection and the investment must not cause*
 14 *the county, municipality, political subdivision or school district whose funds are invested to become a*
 15 *stockholder in a joint company, corporation or association. For purposes of this paragraph, companies*
 16 *are affiliated if they are members of the same affiliated group under section 1504 of the Internal Re-*
 17 *venue Code of 1986 (26 U.S.C. 1504).]*

18 *[(k)]* (j) Repurchase agreements whereby the custodial officer purchases securities from a finan-
 19 cial institution or securities dealer subject to an agreement by the seller to repurchase the securi-
 20 ties. The repurchase agreement must be in writing and executed in advance of the initial purchase
 21 of the securities that are the subject of the repurchase agreement. Only securities described in
 22 paragraph (a) of this subsection may be used in conjunction with a repurchase agreement and such
 23 securities shall have a maturity of not longer than three years. The price paid by the custodial of-
 24 ficer for such securities may not exceed amounts or percentages prescribed by written policy of the
 25 Oregon Investment Council or the Oregon Short Term Fund Board created by ORS 294.885.

26 *[(L)]* (k) Shares of stock of any company, association or corporation, including but not limited
 27 to shares of a mutual fund, but only if the moneys being invested are funds set aside pursuant to a
 28 local government deferred compensation plan and are held in trust for the exclusive benefit of par-
 29 ticipants and their beneficiaries.

30 **SECTION 26.** ORS 294.730 is amended to read:

31 294.730. (1) There is created a Local Government Employer Benefit Trust Fund, separate and
 32 distinct from the General Fund. **Moneys in the fund may be invested as provided in ORS 293.701**
 33 **to 293.820.** The State Treasurer shall be the custodian of such fund and the fund shall consist of:

34 (a) All moneys received from political subdivisions under the provisions of ORS [293.701,] 294.725
 35 to 294.755 and 657.513;

36 (b) Interest earned upon any moneys in the fund;

37 (c) Moneys transferred from other funds to cover shortages in the fund; and

38 (d) All other moneys received from a political subdivision to be applied against benefit payment
 39 charges for any period the political subdivision has requested the Employment Department to reim-
 40 burse the Unemployment Compensation Trust Fund on its behalf.

41 (2) Moneys in the fund are continuously appropriated to the department and, notwithstanding
 42 ORS 657.505, shall be the sole source of funds for payment to the Unemployment Compensation
 43 Trust Fund for benefits attributable to a political subdivision during its period of participation in
 44 the fund and repayment of advances and the interest thereon due to any shortages in the fund.

45 (3) Interest earned upon any moneys in the fund is continuously appropriated to the department

1 for the payment of:

2 (a) Administrative expenses of ORS [293.701,] 294.725 to 294.755 and 657.513 and expenses in-
3 curred in the investment of the fund in the amount authorized by ORS 293.718;

4 (b) Erroneous benefit payments determined during the period in which a political subdivision is
5 a participant in the fund; and

6 (c) Benefits attributed to a political subdivision that has ceased to exist, has no positive account
7 balance and has no successor.

8 (4) When insufficient interest exists to pay obligations under subsection (3) of this section, such
9 amounts may be paid from the fund. When the fund again begins earning interest, all obligations
10 paid pursuant to this subsection shall be repaid to the fund before any allocation is made under
11 subsection (5) of this section.

12 (5) As soon as possible after the end of each calendar quarter, the State Treasurer shall review
13 the applicable quarterly interest earnings and payments made therefrom and distribute any excess
14 interest earnings to the political subdivision accounts that had a positive balance on the last day
15 of the applicable quarter. Such allocation shall be in a ratio that the political subdivision positive
16 account balance on the last day of the calendar quarter bears to the total balance of all political
17 subdivisions with positive account balances on the last day of the calendar quarter. The amounts
18 distributed for the quarter ending June 30 shall be included in the account reserve ratio determi-
19 nation for such June 30.

20 (6) The Director of the Employment Department is authorized to requisition from the fund such
21 amounts determined to be necessary for the payment of benefits attributable to wages of political
22 subdivisions.

23 (7) Interest accrued each quarter on advances pursuant to subsection (2) of this section shall
24 be allocated each quarter to those political subdivision accounts with a negative balance on the last
25 day of such calendar quarter. The allocation shall be in a ratio that the political subdivision nega-
26 tive account balance on the last day of the calendar quarter bears to the total balance of all poli-
27 tical subdivisions with negative account balances on the last day of the calendar quarter. The
28 amounts allocated for the quarter ending June 30 shall be included in the account reserve ratio
29 determination for such June 30.

30 **SECTION 27.** ORS 294.745 is amended to read:

31 294.745. The Employment Department shall investigate the experience of political subdivision
32 participation in operations of the fund, including the relationship of fund receipts to fund expen-
33 ditures and report the results of the investigation to the legislature at least 30 days prior to the date
34 a regular session of the legislature is scheduled to convene. The report shall include any recom-
35 mended changes in the provisions of ORS 293.701 **to 293.820**, 294.725 to 294.755 and 657.513.

36 **SECTION 28.** ORS 294.810 is amended to read:

37 294.810. (1) With the consent of the governing body, a local government official may place in the
38 aggregate up to \$30 million of its funds in the investment pool, or, if the assets of the investment
39 pool have been transferred pursuant to ORS 294.882, in the [*state investment fund established pursu-*
40 *ant to ORS 293.721*] **Oregon Short Term Fund established under section 4 of this 2009 Act**, for
41 investment and reinvestment by the investment officer as provided under ORS 293.701 to 293.820 or
42 294.805 to 294.895, as the case may be. The \$30 million limitation stated in this section [*shall*] **does**
43 not apply either to funds of a governing body [*which*] **that** are placed in the investment pool on a
44 pass-through basis or to funds invested on behalf of another government unit. Local governments
45 must remove pass-through funds [*which*] **that** result in an account balance in the pool in excess of

1 \$30 million within 10 business days. County governments must remove such excess funds within 20
 2 business days. *[The investment officer shall promptly report each instance of noncompliance with, or*
 3 *apparent abuse of, the limitations of this section to the Secretary of State and to the governing body*
 4 *of the local government involved.]*

5 (2) The \$30 million limitation contained in subsection (1) of this section shall increase in pro-
 6 portion to the increase occurring after September 9, 1995, in the Consumer Price Index for All Ur-
 7 ban Consumers of the Portland, Oregon, *[Standard]* Metropolitan Statistical Area, as compiled by
 8 the United States Department of Labor, Bureau of Labor Statistics.

9 **SECTION 28a.** Section 28b of this 2009 Act is added to and made a part of ORS 294.805
 10 to 294.895.

11 **SECTION 28b.** In addition to funds that may be invested as provided in ORS 294.810, a
 12 local government official, with the consent of the State Treasurer, may invest moneys in
 13 commingled investment vehicles described in section 3 of this 2009 Act. The placement of
 14 funds under this section must comply with a written investment policy adopted under ORS
 15 294.135 (1)(a).

16 **SECTION 29.** ORS 294.831 is amended to read:

17 294.831. (1) The local government investment pool shall seek to obtain a competitive return on
 18 investments subject to the standards set forth in ORS 294.835 and consistent with the liquidity re-
 19 quirements demanded by the short term nature of local government deposits in the pool.

20 (2) The investment officer shall at all times hold investments which mature in three years or
 21 less, in an amount not less than an amount equal to the aggregate of all funds placed with the in-
 22 vestment officer by local governments under ORS 294.805 to 294.895, *which investments shall be from*
 23 *the funds defined in ORS 293.701 (2)(p)].*

24 (3) Notwithstanding subsection (2) of this section, the investment officer may purchase legally
 25 issued general obligations of the United States and of the agencies and instrumentalities of the
 26 United States if the seller of the obligations agrees to repurchase the obligations within 90 days
 27 following the date on which the investment officer makes the investment. The price paid by the in-
 28 vestment officer for *[such]* **the** obligations may not exceed amounts or percentages prescribed by
 29 written policy of the Oregon Investment Council or the Oregon Short Term Fund Board created by
 30 ORS 294.885.

31 (4) Investments and commitments of the investment pool which do not conform to the quality
 32 or maturity requirements set forth in ORS 294.805 to 294.895 shall be liquidated by the investment
 33 officer once the market value of such investments and commitments reaches book value, or as soon
 34 as is practicable thereafter.

35 **SECTION 30.** ORS 294.865 is amended to read:

36 294.865. *[The State Treasurer may deduct monthly a maximum of 0.435 basis points of the most*
 37 *recent market value of assets under the management of the investment pool. Amounts so deducted shall*
 38 *pay the State Treasurer for expenses of the State Treasurer as investment officer and to the extent the*
 39 *amounts deducted are so used shall be deposited into the Miscellaneous Receipts Account established*
 40 *in the General Fund for the State Treasurer, and are continuously appropriated for payment of the*
 41 *expenses of the State Treasurer as investment officer.]*

42 (1) **The State Treasurer may deduct each month an amount from the investment pool for**
 43 **the reasonable fees and expenses of the State Treasurer in connection with the services,**
 44 **duties and activities of the State Treasurer related to the investment and cash management**
 45 **functions of the State Treasurer.**

1 **(2) The State Treasurer shall deposit moneys deducted under this section in the Miscel-**
 2 **laneous Receipts Account established in the General Fund for the State Treasurer. Moneys**
 3 **deposited under this section are continuously appropriated to the State Treasurer for the**
 4 **payment of the reasonable expenses of the State Treasurer in connection with the invest-**
 5 **ment and cash management functions of the State Treasurer.**

6 **SECTION 31.** ORS 294.882 is amended to read:

7 294.882. (1) It is recognized that a time may come when the interest of local governments di-
 8 minishes to the extent that participation in the local government investment pool no longer war-
 9 rants its operation as a separate fund. If the local government investment pool decreases to a level
 10 below \$125 million, the State Treasurer may transfer the assets of the pool to the [*state investment*
 11 *fund established under ORS 293.701 (2)(o)*] **Oregon Short Term Fund created under section 4 of**
 12 **this 2009 Act.** In that event, the local government investment pool participant accounts will be
 13 treated as are other state funds and accounts in receiving a proportionate share of the earnings of
 14 [*that investment fund*] **the Oregon Short Term Fund.** Notwithstanding ORS [294.860, 294.865,
 15 294.870, 294.875 or 294.880] **294.805 to 294.895, but subject to ORS 294.810,** when the State Treas-
 16 urer transfers the assets of the local government investment pool to the [*state investment*] **Oregon**
 17 **Short Term Fund,** the distributions of income to local governments, payment of related expenses
 18 and the reporting, program examination and audit functions with respect to the investment pool
 19 participant accounts shall be administered in accordance with ORS [293.718, 293.751, 293.756,
 20 293.761, 293.766, 293.771, 293.776 and] **293.353 and 293.701 to 293.820.**

21 (2) The State Treasurer, at the discretion of the treasurer may reestablish the local government
 22 investment pool as a separate fund, if the participant accounts increase to over \$125 million and in
 23 the State Treasurer's judgment, sufficient interest by local government exists to insure the local
 24 government investment pool will remain over \$125 million. Prior to reestablishing the pool as a
 25 separate fund, the State Treasurer shall first present a plan for operation, including the reasons for
 26 such action, to the Oregon Investment Council at a regularly scheduled meeting for its review and
 27 comment. The State Treasurer shall publish notice in the Secretary of State's administrative rules
 28 bulletin of the treasurer's intent to reestablish the pool as a separate fund at least 30 days prior to
 29 the meeting at which the Oregon Investment Council shall review the proposal, and notice of the
 30 meeting time and location of the Oregon Investment Council at which the proposal will be discussed.

31 **SECTION 32.** ORS 294.895 is amended to read:

32 294.895. The Oregon Short Term Fund Board shall:

33 (1) Advise the Oregon Investment Council and the investment officer in the management of the
 34 investment pool and in the investment of [*all funds defined in ORS 293.701 (2)(p)*] **moneys deposited**
 35 **in the Oregon Short Term Fund established under section 4 of this 2009 Act** and invested
 36 pursuant to ORS [293.721] **293.701 to 293.820.**

37 (2) Review the rules promulgated by the investment officer as authorized under ORS 294.825 (4).

38 (3) Consult with the council and the investment officer on any matter relating to the investment
 39 and reinvestment of funds in the investment pool and on any matter relating to the investment or
 40 reinvestment of [*funds defined in ORS 293.701 (2)(p)*] **moneys deposited in the Oregon Short Term**
 41 **Fund** and invested [*pursuant to ORS 293.721*] **by the State Treasurer.**

42 **SECTION 33.** ORS 238.660 is amended to read:

43 238.660. (1) The Public Employees Retirement Fund is declared to be a trust fund, separate and
 44 distinct from the General Fund, for the uses and purposes set forth in this chapter and ORS chapter
 45 238A and ORS 237.950 to 237.980, and for no other use or purpose, except that this provision shall

1 not be deemed to amend or impair the force or effect of any law of this state specifically authorizing
2 the investment of moneys from the fund. Interest earned by the fund shall be credited to the fund.
3 Except as otherwise specifically provided by law, the Public Employees Retirement Board estab-
4 lished by ORS 238.630 is declared to be the trustee of the fund. Consistent with the legislative intent
5 expressed in ORS 238.601, and to the extent it is consistent with the board's fiduciary duties, the
6 board shall give equal consideration to the interests of participating public employers and the in-
7 terests of members. Nothing in this subsection shall be construed to impose a fiduciary duty on the
8 board to consider the interests of public employers, and the board shall consider the interests of
9 public employers only with respect to matters unrelated to the board's fiduciary duties as trustee
10 of the fund.

11 (2) Until all liabilities to members and their beneficiaries are satisfied, assets of the fund may
12 not be diverted or otherwise put to any use that is not for the exclusive benefit of members and
13 their beneficiaries. This subsection does not limit return of employer contributions for health bene-
14 fits in the manner provided by ORS 238.410, 238.415 and 238.420 upon satisfaction of all liabilities
15 for health benefits under those sections.

16 (3) The State of Oregon and other public employers that make contributions to the fund have
17 no proprietary interest in the fund or in the contributions made to the fund by them. The state and
18 other public employers disclaim any right to reclaim those contributions and waive any right of
19 reclamation they may have in the fund. This subsection does not prohibit alteration or refund of
20 employer contributions if the alteration or refund is authorized under this chapter or ORS chapter
21 238A and is due to erroneous payment or decreased liability for employer contributions under the
22 system.

23 (4) The board may accept gifts of money or other property from any source, given for the uses
24 and purposes of the system. Money so received shall be paid into the fund. Money or other property
25 so received shall be used for the purposes for which received. Unless otherwise prescribed by the
26 source from which the money or other property is received, the money shall be considered as income
27 of the fund and the other property shall be retained, managed and disposed of as are investments
28 of the fund.

29 (5) All moneys paid into the fund shall be deposited with the State Treasurer, who shall be
30 custodian of the fund and pay all warrants drawn on it in compliance with law. **Moneys in the fund**
31 **may be invested as provided in ORS 293.701 to 293.820.** *[No such warrant shall]* **A warrant may**
32 **not** be paid until the claim for which it is drawn is first approved by the director or designee and
33 otherwise audited and verified as required by law. Monthly, each beneficiary's gross benefit shall
34 be calculated; applicable deductions made for taxes, insurance and other withholdings; and the net
35 amount paid to the beneficiary, by check or by electronic funds transfer (EFT) to the beneficiary's
36 bank. A deduction summary shall be made, by type, and a check issued for the aggregate of each
37 type for transmittal to the appropriate taxing jurisdiction, vendor or institution. A voucher shall be
38 prepared and transmitted to the Oregon Department of Administrative Services for reimbursement
39 of the checking account, and the department shall draw a warrant on the State Treasurer, payable
40 to the Public Employees Retirement System, for the amount thereof.

41 (6) Any warrant, check or order for the payment of benefits or refunds under the system out of
42 the fund issued by the board which is canceled, declared void or otherwise made unpayable pursuant
43 to law because it is outstanding and unpaid for a period of more than two years, may be reissued
44 by the board without bond if the payee is located after such warrant, check or order is canceled,
45 declared void or otherwise made unpayable pursuant to law.

1 (7) All references in this chapter to checks or warrants are subject to the provisions of ORS
2 291.001.

3 (8) The board shall provide for an annual audit of the retirement fund and for an annual report
4 to the Legislative Assembly and to all members of, retirees of, and all employers participating in,
5 the system. The annual report must contain financial statements prepared in accordance with gen-
6 erally accepted accounting principles. The financial statements must include the report of any in-
7 dependent auditor.

8 (9) The board may review legislative proposals for changes in the benefits provided under this
9 chapter and ORS chapter 238A and may make recommendations to committees of the Legislative
10 Assembly on those proposed changes. In making recommendations under this subsection, the board
11 acts as a policy advisor to the Legislative Assembly and not as a fiduciary. In making recommen-
12 dations under this subsection on the Oregon Public Service Retirement Plan established by ORS
13 chapter 238A, the board shall seek to maintain the balance between benefits and costs, and the
14 relative risk borne by employers and employees with respect to investment performance, reflected
15 in ORS chapter 238A as in effect on January 1, 2004.

16 (10) The board shall appoint a committee to advise the board on legislative proposals for
17 changes in the benefits provided under this chapter and ORS chapter 238A. The committee must
18 have an equal number of members representing labor and management. No costs of reviewing leg-
19 islative proposals and making recommendations under this subsection may be charged to the fund.
20 Any member of the committee who is an active member of the system shall be released by the par-
21 ticipating public employer who employs the member for the purpose of conducting the official busi-
22 ness of the committee, and the wages or salary of the member may not be reduced by the employer
23 during periods that the member is released from duty for the purpose of conducting the official
24 business of the committee.

25 **SECTION 34.** ORS 656.632 is amended to read:

26 656.632. (1) The Industrial Accident Fund is continued. This fund shall be held by the State
27 Treasurer and by the State Treasurer deposited in such banks as are authorized to receive deposits
28 of general funds of the state. **Moneys in the fund may be invested as provided in ORS 293.701**
29 **to 293.820. Interest earned by the fund shall be credited to the fund.**

30 (2) All moneys received by the State Accident Insurance Fund Corporation for workers' com-
31 pensation purposes under this chapter, shall be paid forthwith to the State Treasurer and shall be-
32 come a part of the Industrial Accident Fund. However, any assessments collected for the Director
33 of the Department of Consumer and Business Services under this chapter and deposited in the In-
34 dustrial Accident Fund may thereafter be transferred to the director and deposited in the Consumer
35 and Business Services Fund.

36 (3) All payments authorized to be made by the State Accident Insurance Fund Corporation for
37 workers' compensation purposes by this chapter, including all salaries, clerk hire and all other ex-
38 penses, shall be made from the Industrial Accident Fund.

39 **SECTION 35.** ORS 656.632, as amended by section 13, chapter 781, Oregon Laws 2003, is
40 amended to read:

41 656.632. (1) The Industrial Accident Fund is continued. This fund shall be held by the State
42 Treasurer and by the State Treasurer deposited in such banks as are authorized to receive deposits
43 of general funds of the state. **Moneys in the fund may be invested as provided in ORS 293.701**
44 **to 293.820. Interest earned by the fund shall be credited to the fund.**

45 (2) All moneys received by the State Accident Insurance Fund Corporation under this chapter,

1 shall be paid forthwith to the State Treasurer and shall become a part of the Industrial Accident
 2 Fund. However, any assessments collected for the Director of the Department of Consumer and
 3 Business Services under this chapter and deposited in the Industrial Accident Fund may thereafter
 4 be transferred to the director and deposited in the Consumer and Business Services Fund.

5 (3) All payments authorized to be made by the State Accident Insurance Fund Corporation by
 6 this chapter, including all salaries, clerk hire and all other expenses, shall be made from the In-
 7 dustrial Accident Fund.

8 **SECTION 36.** ORS 705.145 is amended to read:

9 705.145. (1) There is created in the State Treasury a fund to be known as the Consumer and
 10 Business Services Fund, separate and distinct from the General Fund. All moneys collected or re-
 11 ceived by the Department of Consumer and Business Services, except moneys collected pursuant to
 12 ORS 735.612 and those moneys required to be paid into the Workers' Benefit Fund, shall be paid into
 13 the State Treasury and credited to the Consumer and Business Services Fund. Moneys in the fund
 14 may be invested [*in the same manner as other state moneys*] **as provided in ORS 293.701 to 293.820**
 15 and any interest earned shall be credited to the fund.

16 (2) The department shall keep a record of all moneys deposited in the Consumer and Business
 17 Services Fund that shall indicate, by separate account, the source from which the moneys are de-
 18 rived, the interest earned and the activity or program against which any withdrawal is charged.

19 (3) If moneys credited to any one account are withdrawn, transferred or otherwise used for
 20 purposes other than the program or activity for which the account is established, interest shall ac-
 21 crue on the amount withdrawn from the date of withdrawal and until such funds are restored.

22 (4) Moneys in the fund are continuously appropriated to the department for its administrative
 23 expenses and for its expenses in carrying out its functions and duties under any provision of law.

24 (5) Except as provided in ORS 705.165, it is the intention of the Legislative Assembly that the
 25 performance of the various duties and functions of the department in connection with each of its
 26 programs shall be financed by the fees, assessments and charges established and collected in con-
 27 nection with those programs.

28 (6) There is created by transfer from the Consumer and Business Services Fund a revolving ad-
 29 ministrative account in the amount of \$100,000. The revolving account shall be disbursed by checks
 30 or orders issued by the director or the Workers' Compensation Board and drawn upon the State
 31 Treasury, to carry on the duties and functions of the department and the board. All checks or orders
 32 paid from the revolving account shall be reimbursed by a warrant drawn in favor of the department
 33 charged against the Consumer and Business Services Fund and recorded in the appropriate subsid-
 34 iary record.

35 (7) For the purposes of ORS chapter 656, the revolving account created pursuant to subsection
 36 (6) of this section may also be used to:

37 (a) Pay compensation benefits; and

38 (b) Refund to employers amounts paid to the Consumer and Business Services Fund in excess
 39 of the amounts required by ORS chapter 656.

40 (8) Notwithstanding subsections (2), (3) and (5) of this section and except as provided in ORS
 41 455.220 (1), the moneys derived pursuant to ORS 446.003 to 446.200, 446.210, 446.225 to 446.285,
 42 446.395 to 446.420, 446.566 to 446.646, 446.666 to 446.756 and 455.220 (1) and deposited to the fund,
 43 interest earned on those moneys and withdrawals of moneys for activities or programs under ORS
 44 446.003 to 446.200, 446.210, 446.225 to 446.285, 446.395 to 446.420, 446.566 to 446.646 and 446.666 to
 45 446.756, or education and training programs pertaining thereto, must be assigned to a single account

1 within the fund.

2 (9) Notwithstanding subsections (2), (3) and (5) of this section, the moneys derived pursuant to
 3 ORS 455.240 or 460.370 or from state building code or specialty code program fees for which the
 4 amount is established by department rule pursuant to ORS 455.020 (2) and deposited to the fund,
 5 interest earned on those moneys and withdrawals of moneys for activities or programs described
 6 under ORS 455.240 or 446.566 to 446.646, 446.666 to 446.756 and 460.310 to 460.370, structural or
 7 mechanical specialty code programs or activities for which a fee is collected under ORS 455.020 (2),
 8 or programs described under subsection (10) of this section that provide training and education for
 9 persons employed in producing, selling, installing, delivering or inspecting manufactured structures
 10 or manufactured dwelling parks or recreation parks, must be assigned to a single account within the
 11 fund.

12 (10) Notwithstanding ORS 279.835 to 279.855 and ORS chapters 279A and 279B, the department
 13 may, after consultation with the appropriate specialty code advisory boards established under ORS
 14 446.280, 455.132, 455.138, 480.535 and 693.115, contract for public or private parties to develop or
 15 provide training and education programs relating to the state building code and associated licensing
 16 or certification programs.

17 **SECTION 37.** ORS 657.822 is amended to read:

18 657.822. (1) There is established in the State Treasury, separate and distinct from the General
 19 Fund, the Employment Department Special Administrative Fund. The Employment Department Spe-
 20 cial Administrative Fund shall consist of moneys collected or received by the Employment Depart-
 21 ment as follows:

22 (a) All interest collected under ORS 657.515.

23 (b) All fines and penalties collected pursuant to this chapter, except as provided in ORS 657.400.

24 (c) All gifts to or interest on or profits earned by the Employment Department Special Admin-
 25 istrative Fund.

26 (2) The moneys in the [*Employment Department Special Administrative*] fund are continuously
 27 appropriated to the department, and may not be transferred or otherwise made available to any
 28 other state agency, to pay the expenses of the Secretary of State incurred in performing the audit
 29 of the department and such other expenses as may be included in the biennial budget of the de-
 30 partment and approved by the Legislative Assembly for payment from the fund. On July 1 of every
 31 odd-numbered year, any amounts in the [*Employment Department Special Administrative*] fund that
 32 have not been appropriated in the biennial budget of the department approved by the Legislative
 33 Assembly shall be transferred to the Unemployment Compensation Trust Fund.

34 **(3) Moneys in the fund may be invested as provided in ORS 293.701 to 293.820. Interest**
 35 **earned by the fund shall be credited to the fund.**

36 **SECTION 38.** ORS 278.425 is amended to read:

37 278.425. (1) There is established an Insurance Fund as a separate fund in the State Treasury,
 38 separate and distinct from the General Fund, which shall be used to provide insurance and self-
 39 insurance for the State of Oregon under this chapter, and for participating local public bodies under
 40 ORS 30.282 and 278.125 to 278.215. The moneys in the Insurance Fund may be invested as provided
 41 in ORS 293.701 to 293.820 [*in "investment funds" as defined in ORS 293.701 which includes the In-*
 42 *surance Fund*]. Interest earned by the fund shall be credited to the fund.

43 (2) The Insurance Fund shall be administratively separated to assure individual accountability
 44 of the state and local public body liability insurance programs under ORS 30.282 and 278.125 to
 45 278.215 and the state property insurance program under this chapter.

1 (3) All moneys arising from the operation of this section and ORS 278.405, 278.415 and 278.435
2 and the provisions of this chapter and ORS 30.260 to 30.300 and 278.322 shall be set aside by the
3 State Treasurer and credited to the Insurance Fund. The moneys in the Insurance Fund are con-
4 tinuously appropriated to the Oregon Department of Administrative Services to administer the pro-
5 visions of this chapter and ORS 30.260 to 30.300 and 278.322.

6 **SECTION 39.** ORS 348.570 is amended to read:

7 348.570. (1) There is established in the State Treasury a fund, separate and distinct from the
8 General Fund, to be known as the Oregon Student Assistance Fund [*for investment as provided by*
9 *ORS 293.701 to 293.820 and*] for the payment of the expenses of the Oregon Student Assistance
10 Commission in carrying out the purposes of ORS 348.210 to 348.250, 348.505 to 348.615, 348.696 and
11 348.992. Interest earned by the fund shall be credited to the fund.

12 (2) There is established in the State Treasury a fund, separate and distinct from the General
13 Fund, to be known as the Alternative Student Loan Program Fund [*for investment as provided by*
14 *ORS 293.701 to 293.820 and*] for the payment of expenses of the commission in carrying out the
15 purposes of ORS 348.625 to 348.695. This fund, including the interest earnings on the fund, if any,
16 is continuously appropriated to the commission for those purposes for which such funds were pro-
17 vided to, received or collected by the commission.

18 (3)(a) There is established in the General Fund an account to be known as the Nursing Services
19 Account. Funds in the account shall be used for the payment of expenses of the Nursing Services
20 Program created in ORS 442.540.

21 (b) The account shall consist of:

22 (A) Funds appropriated to the Oregon Student Assistance Commission for deposit into the ac-
23 count;

24 (B) Collections and penalties received by the commission under ORS 442.545; and

25 (C) Any donations or grants received by the commission for purposes of the Nursing Services
26 Program.

27 (c) Any funds in the account that are not expended in any biennium shall be retained in the
28 account and may be expended in the next biennium.

29 (4) There is established in the State Treasury a fund, separate and distinct from the General
30 Fund, to be known as the Former Foster Youth Scholarship Fund. Moneys received from appropri-
31 ations, donations and grants shall be credited to the fund. Moneys in the fund are continuously ap-
32 propriated to the Oregon Student Assistance Commission [*for the purposes of investment, as provided*
33 *by ORS 293.701 to 293.820, and*] for carrying out the provisions of ORS 348.270 (1)(b). Interest earned
34 by the fund shall be credited to the fund.

35 (5) There is established in the State Treasury a fund, separate and distinct from the General
36 Fund, to be known as the ASPIRE Program Fund. Moneys received from donations and grants shall
37 be credited to the ASPIRE Program Fund. Moneys in the fund are continuously appropriated to the
38 Oregon Student Assistance Commission [*for the purposes of investment, as provided by ORS 293.701*
39 *to 293.820, and*] for carrying out the provisions of ORS 348.500. Interest earned by the fund shall be
40 credited to the fund.

41 **(6) Moneys in each fund or account created in this section may be invested as provided**
42 **in ORS 293.701 to 293.820. Interest earned by the fund or account shall be credited to the fund**
43 **or account.**

44 **SECTION 40.** ORS 346.270 is amended to read:

45 346.270. The Commission for the Blind may receive moneys by gift or bequest and expend the

1 moneys for any of the objects and purposes of the commission under ORS 346.120. Moneys received
2 under this section shall be deposited with the State Treasurer in an account separate and distinct
3 from the General Fund. **Moneys in the account may be invested as provided in ORS 293.701 to**
4 **293.820.** Interest earned by the account shall be credited to the account.

5 **SECTION 41.** ORS 346.540 is amended to read:

6 346.540. (1) The Commission for the Blind shall:

7 (a) Make surveys of public buildings or properties to determine their suitability as locations for
8 vending facilities to be operated by persons who are blind and advise the heads of departments or
9 agencies charged with the maintenance of such buildings or properties as to their findings.

10 (b) With the consent of the head of the department or agency charged with the maintenance of
11 the buildings or properties, establish vending facilities in those locations which the Commission for
12 the Blind has determined to be suitable, and may enter into leases or licensing agreements therefor.

13 (c) Select, train, license and install qualified persons who are blind as managers of such vending
14 facilities.

15 (d) Adopt rules as it may from time to time deem necessary to assure the proper and satisfactory
16 operation of such vending facilities, and for the benefit of vending facility operators.

17 (e) Provide for the continued operation of established vending facilities if a qualified person who
18 is blind is not available until a qualified person who is blind is available for assignment as manager.

19 (2) If the head of the department or agency charged with the maintenance of buildings or prop-
20 erties does not consent to the establishment of vending facilities in locations in the building or on
21 the property which were determined suitable by the commission, that person shall inform the com-
22 mission in writing of the reasons why consent is not given.

23 (3) The commission may establish in the State Treasury a fund from the net proceeds of the
24 operation of vending facilities. Moneys so deposited including the interest thereon shall be credited
25 by the State Treasurer to a special checking account, separate and distinct from the General Fund.
26 Disbursement may be made by check signed by the person designated by the commission. The fund
27 shall be used for the purposes of and are continuously appropriated for maintenance and replace-
28 ment of equipment, management services, assuring a fair minimum of return to vendors, or for such
29 other purposes necessary and proper for the benefit of operators of vending facilities. **Moneys in**
30 **the account may be invested as provided in ORS 293.701 to 293.820.** Interest earned by the ac-
31 count shall be credited to the account.

32 **SECTION 42.** ORS 530.280 is amended to read:

33 530.280. (1) There [*hereby*] is created a sinking fund account to provide for the payment of the
34 principal and interest of all bonds issued pursuant to the provisions of ORS 530.210 to 530.280. The
35 fund shall consist of the following:

36 (a) All moneys derived from taxes levied under ORS 291.445;

37 (b) All moneys derived from the sale, exchange or use of land acquired pursuant to ORS 530.240;
38 and

39 (c) Except as provided in ORS 530.115, all moneys received from the disposal of forest products
40 created through expenditures of moneys available under the Oregon Forest Rehabilitation Act for
41 reforestation.

42 (2) The moneys referred to in subsection (1) of this section shall be set aside for sinking fund
43 purposes until the issues of bonds which provided funds for such reforestation have been retired.
44 The State Forester shall designate and keep records of the area of land on which the funds from
45 particular issues of bonds have been expended for such reforestation.

1 (3) Disbursement from the sinking fund shall be made, for the purposes stated, upon the sub-
 2 mission of duly verified claims, approved by the State Board of Forestry, to the Secretary of State,
 3 who shall audit the same in the manner that other claims against the state are audited. The Oregon
 4 Department of Administrative Services thereupon shall draw a warrant on the State Treasurer
 5 against the fund. The money in the sinking fund may be invested as provided in ORS 293.701 to
 6 293.820. **Interest earned by the fund shall be credited to the fund.**

7 **SECTION 43.** ORS 407.495 is amended to read:

8 407.495. (1) The money arising from the sale of each issue of bonds authorized under section 2,
 9 Article XI-A, of the Oregon Constitution, shall be deposited in the State Treasury and be credited
 10 to a special fund separate and distinct from the General Fund, to be known as the Oregon War
 11 Veterans' Fund[; *which fund hereby is appropriated for the purpose of carrying out the provisions of*
 12 *this section and ORS 407.115, 407.125, 407.165, 407.205, 407.275, 407.415 and 407.515 to 407.565 and*
 13 *to purchase bonds issued for the purposes of such provisions. With the approval of the Department of*
 14 *Veterans' Affairs, the moneys in the fund not immediately required for loaning may be invested as*
 15 *provided in ORS 293.701 to 293.820. The earnings from such investments shall inure to the Oregon*
 16 *War Veterans' Fund].*

17 (2) In addition to the money arising from the sale of such bonds, the Oregon War Veterans' Fund
 18 shall also consist of:

19 (a) All moneys received as payments on principal and interest of loans made under ORS 407.125;

20 (b) All moneys received as accrued interest upon bonds sold;

21 (c) All moneys derived from tax levies provided for in ORS 291.445;

22 (d) All moneys derived from the sale, rental or administration of property acquired by foreclo-
 23 sure or other proceeding, or deed;

24 (e) All moneys received as interest earned on the investment of moneys in the Oregon War
 25 Veterans' Fund;

26 (f) All moneys received as proceeds from the sale of refunding bonds; and

27 (g) All other moneys accruing under this section and ORS 407.115, 407.125, 407.165, 407.205,
 28 407.275, 407.415, 407.425, 407.435, 407.555 and 407.565.

29 (3) All moneys in the Oregon War Veterans' Fund are continuously appropriated to the De-
 30 partment of Veterans' Affairs for the following purposes:

31 (a) To carry out the provisions of this section and ORS 407.115, 407.125, 407.165, 407.205, 407.275,
 32 407.415, 407.425, 407.435[~~407.555~~] **407.515 to** and 407.565;

33 (b) To purchase bonds issued for the purposes of such provisions; and

34 (c) Except for moneys derived from the sale of bonds or from tax levies, for payment of expenses
 35 of the administration of this section and ORS 407.115, 407.125, 407.165, 407.205, 407.275, 407.415,
 36 407.425, 407.435, 407.555 and 407.565.

37 (4) With the approval of the department, the moneys in the Oregon War Veterans' Fund not
 38 immediately required [*to provide loans for the acquisition of farms and homes*] **for loaning** may be
 39 invested as provided in ORS 293.701 to 293.820. [*The earnings from such investments shall be credited*
 40 *to the Oregon War Veterans' Fund*] **Interest earned by the fund shall be credited to the fund.**

41 **SECTION 44.** ORS 407.515 is amended to read:

42 407.515. (1) The Oregon War Veterans' Bond Sinking Account is created as a restricted account
 43 within the Oregon War Veterans' Fund. The sinking account shall consist of:

44 (a) All moneys received as payments on principal and interest of loans made under ORS 407.125;

45 (b) All moneys received as accrued interest upon bonds sold;

1 (c) All moneys derived from tax levies provided for in ORS 291.445;

2 (d) All moneys derived from the sale, rental or administration of property acquired by foreclo-
3 sure or other proceeding, or deed;

4 (e) All moneys received as interest upon investments of the account and the Oregon War Vet-
5 erans' Fund;

6 (f) All moneys received as proceeds from the sale of refunding bonds; and

7 (g) All other moneys accruing under ORS 407.115, 407.125, 407.165, 407.205, 407.275, 407.415,
8 407.495 and 407.515 not required to be credited to the Oregon War Veterans' Fund.

9 (2) Disbursements from the sinking account shall be made upon submission of duly verified
10 claims, approved by the Director of Veterans' Affairs, to the Secretary of State, who shall audit the
11 [same] **claims** in the manner that other claims against the state are audited. The moneys in the
12 sinking account, other than those derived from tax levies and from sales of refunding bonds,
13 [hereby] are continuously appropriated for payment of expenses of administration of ORS 407.115,
14 407.125, 407.165, 407.205, 407.275, 407.415, 407.495 and 407.515 to 407.565. The moneys in the sinking
15 account may be invested as provided in ORS 293.701 to 293.820.

16 (3) Amounts in the sinking account shall be held and set aside separately from the amounts in
17 the Oregon War Veterans' Fund and any other funds or assets of this state, but [such] **the** account
18 may be accounted for as part of the Oregon War Veterans' Fund.

19 (4) The debt service reserve account within the sinking account shall be maintained as a sub-
20 account within the sinking account dedicated to provide funds for the payment of bonds issued under
21 authority of Article XI-A of the Oregon Constitution.

22 (5) Nothing in this section [shall] **may** be construed so as to impair any covenant or agreement
23 with the holders of [such] bonds heretofore entered into by the director on behalf of this state with
24 respect to the maintenance of the sinking account as heretofore constituted and any such covenant
25 and agreement shall remain in full force and effect.

26 (6) The director may create subaccounts in the sinking account necessary for appropriate ad-
27 ministration of the director's duties including, but not limited to, providing for the issuance, secu-
28 rity, payment or administration of bonds or to preserve the federally tax exempt status of bonds
29 issued on a federally tax exempt basis. The director may segregate [such] **the** subaccounts from
30 other subaccounts used for other purposes including, but not limited to, the issuance, security, pay-
31 ment or administration of bonds or other obligations, whether previously or subsequently issued.

32 **SECTION 45.** ORS 237.490 is amended to read:

33 237.490. (1) All employer and employee contributions and other moneys received or collected by
34 the Public Employees Retirement Board under ORS 237.410 to 237.515 shall be deposited into the
35 State Treasury to the credit of an account, separate and distinct from the General Fund, to be
36 known as the Social Security Revolving Account, and the moneys in the account are continuously
37 appropriated **to the Public Employees Retirement Board** for the purposes of ORS 237.410 to
38 237.515.

39 (2) All moneys in the account shall be held in trust and invested as provided in ORS 293.701 to
40 293.820. Interest from [such] **the** investments shall be used first for paying the administrative ex-
41 penses described in ORS 237.500 and not later than the 15th day of February, May, August and
42 November, after paying the administrative expenses, as determined by the Public Employees Re-
43 tirement Board, for the preceding calendar quarter, the balance of the interest remaining shall be
44 available for general governmental expenses.

45 (3) The Oregon Department of Administrative Services may review all duly approved claims

1 certified by the Public Employees Retirement Board for the payment of amounts required to be paid
2 to the Secretary of the Treasury pursuant to agreements entered into under ORS 237.410 to 237.515,
3 and for the payment of necessary refunds and may issue warrants therefor payable out of the Social
4 Security Revolving Account.

5 **SECTION 46.** ORS 391.800 is amended to read:

6 391.800. (1) There is established in the State Treasury, separate and distinct from the General
7 Fund, the Elderly and Disabled Special Transportation Fund. All moneys in the Elderly and Disabled
8 Special Transportation Fund are appropriated continuously to the Department of Transportation for
9 payment of the department's administrative costs of the program and payment to mass transit dis-
10 tricts, transportation districts, Indian tribes and counties as provided in ORS 391.810.

11 (2) The Elderly and Disabled Special Transportation Fund shall consist of:

12 (a) Moneys transferred to the fund under ORS 184.642 and 323.455 (3);

13 (b) Other moneys appropriated to the fund by the Legislative Assembly; and

14 (c) Moneys obtained from interest earned on the investment of moneys in the fund.

15 (3) Moneys in the Elderly and Disabled Special Transportation Fund, with the approval of the
16 State Treasurer, may be invested as provided by ORS 293.701 to 293.820, and the earnings from the
17 investments shall be credited to the [*Elderly and Disabled Special Transportation*] fund.

18 **SECTION 47.** ORS 243.411 is amended to read:

19 243.411. (1) The Deferred Compensation Fund is created, separate and distinct from the General
20 Fund, for the purpose of holding and investing assets of the state deferred compensation plan and
21 the assets of the deferred compensation plans of participating local governments. **Moneys in the**
22 **fund may be invested as provided in ORS 293.701 to 293.820.** Interest [*and any other earnings of*
23 *the Deferred Compensation*] **earned by the** fund shall be credited to the fund. Moneys in the fund
24 may be used only for the purposes of implementing and administering ORS 243.401 to 243.507.

25 (2) Subject to rules adopted by the Public Employees Retirement Board under ORS 243.470, the
26 assets of the Deferred Compensation Fund may be commingled with the assets of the Public Em-
27 ployees Retirement Fund for investment purposes in a group trust or by other means.

28 (3) The limitations imposed on the use of the Deferred Compensation Fund by subsection (1) of
29 this section do not affect any law of this state that authorizes the manner in which moneys in the
30 fund may be invested.

31 **SECTION 48.** ORS 359.405 is amended to read:

32 359.405. (1) The Trust for Cultural Development Account is established in the State Treasury,
33 separate and distinct from the General Fund. **Moneys in the fund may be invested as provided**
34 **in ORS 293.701 to 293.820.** Interest earned by the Trust for Cultural Development Account shall
35 be credited to the account. The primary purpose of the account is to serve as a repository for both
36 public and private moneys designated to fund specific arts, heritage and humanities programs.

37 (2) All moneys in the Trust for Cultural Development Account are appropriated continuously to
38 the Economic and Community Development Department for the Arts Program for the purposes of
39 ORS 359.400 to 359.444.

40 **SECTION 49.** ORS 200.180 is amended to read:

41 200.180. (1) The Emerging Small Business Account is established within the State Highway
42 Fund. [*The Emerging Small Business Account is an investment fund for purposes of*] **Moneys in the**
43 **account may be invested as provided in ORS 293.701 to 293.820. Interest earned by the ac-**
44 **count shall be credited to the account.**

45 (2) Moneys in the account are continuously appropriated to the Department of Transportation

1 for the purpose of assisting emerging small businesses under the plans recommended under ORS
2 200.160. [*Interest earnings on moneys in the account are credited to the account.*]

3 **SECTION 50.** ORS 246.590 is amended to read:

4 246.590. (1) The State Treasurer, in the capacity of investment officer for the Oregon Investment
5 Council, may lend moneys [*in the investment funds*] **that may be invested** as provided in ORS
6 293.701 to 293.820 for the acquisition of:

7 (a) The voting machines or vote tally systems that the Secretary of State has contracted to sell
8 to a county.

9 (b) Computers or computer systems for the purpose of maintaining and updating elector regis-
10 tration files or for establishing cross-county elector registration files, including those that the Sec-
11 retary of State has contracted to sell to a county.

12 (2) The Voting Machine Account is established in the General Fund. The account consists of
13 moneys lent to the Secretary of State under this section and payments collected from counties under
14 ORS 246.600. Moneys in the account are continuously appropriated to the secretary for:

15 (a) The purchase of voting machines or vote tally systems or computers or computer systems
16 described in subsection (1) of this section; and

17 (b) Repayment of moneys lent under this section, plus interest.

18 (3) Moneys lent under this section shall be repaid within five years together with interest at a
19 rate agreed upon by the State Treasurer and the Secretary of State.

20 **SECTION 51.** ORS 276.015 is amended to read:

21 276.015. For the purposes of ORS 276.002 to 276.007 and 276.010 to 276.137, [*the State*
22 *Treasurer,*] with the approval of the investing agency[,] as defined in ORS 276.110, **the State**
23 **Treasurer** may invest not to exceed seven percent of the moneys in any [*appropriate fund included*
24 *in the investment funds, as defined in ORS 293.701*] **fund or account that may be invested as**
25 **provided in ORS 293.701 to 293.820**, on [*such*] terms and conditions [*as*] **determined by** the State
26 Treasurer, the investing agency and the Oregon Department of Administrative Services [*determine*].

27 **SECTION 52.** ORS 276.110 is amended to read:

28 276.110. As used in ORS 276.013, 276.015 and 276.110 to 276.137, unless the context requires
29 otherwise:

30 (1) “Cost of acquisition” includes the costs of sites, plans, specifications, architects’ fees, interest
31 on investments of the investing funds and all other costs related to the erection and equipping of
32 office buildings or to the purchase, alteration, repair and equipping of buildings for office purposes.

33 (2) “Investing agency” means the board, commission, department or other agency whose funds
34 [*are defined as investment funds in ORS 293.701*] **may be invested as provided in ORS 293.701 to**
35 **293.820.**

36 (3) “Investing funds” means [*those funds enumerated in ORS 293.701 (2), when invested pursuant*
37 *to ORS 276.013, 276.015 and 276.110 to 276.137*] **moneys that may be invested as provided in ORS**
38 **293.701 to 293.820.**

39 (4) “Office building” means any building in the State of Oregon acquired under ORS 276.013,
40 276.015 and 276.110 to 276.137, by appropriation therefor, or as otherwise provided by law, to provide
41 centralized office quarters for state agencies and may include parking, storage, motor pool and ser-
42 vice facilities.

43 (5) “State Treasurer” means the State Treasurer in the capacity of investment officer for the
44 Oregon Investment Council.

45 **SECTION 53.** ORS 286A.025 is amended to read:

- 1 286A.025. (1) The State Treasurer may, at the request of a related agency:
- 2 (a) Issue bonds when a law of the State of Oregon authorizes bonds to be issued; and
- 3 (b) Issue refunding bonds without additional authorization.
- 4 (2) In consultation with the related agency, the State Treasurer may:
- 5 (a) Sell bonds at a competitive sale or a negotiated sale or in any other manner determined by
- 6 the State Treasurer;
- 7 (b) Issue bonds the interest of which is exempt from federal income taxation or is not exempt
- 8 from federal income taxation;
- 9 (c) Establish the principal amounts, redemption provisions, optional or mandatory tender pro-
- 10 visions, interest rates or methods for determining variable or adjustable interest rates, denomi-
- 11 nations and other terms and conditions of the bonds;
- 12 (d) Establish maturity dates for bonds to provide for short-term, interim or long-term borrowing;
- 13 (e) Determine the form and content of a bond offering or disclosure document;
- 14 (f) Structure, market and issue bonds in the manner that the State Treasurer determines is in
- 15 the best interest of the people of the State of Oregon; and
- 16 (g) Invest moneys held in connection with or derived from obligations, as defined in ORS
- 17 286A.100, without regard to the fund or account to which the moneys are credited under other
- 18 provisions of law, alone or with other invested moneys. In addition, the State Treasurer may:
- 19 (A) Establish funds and accounts separate and distinct from the General Fund in order to invest
- 20 the moneys as provided in ORS 293.701 to 293.820 and to arrange for redemption or purchase of
- 21 bonds; and
- 22 (B) Segregate or pool moneys in order to promote financial and administrative efficiency and
- 23 prudence in the management of moneys derived from obligations, as defined in ORS 286A.100, mon-
- 24 eys available for bond repayment and other moneys, and in the administration of bond programs.
- 25 (3) Subject to the approval of the State Treasurer, moneys described in subsection (2)(g) of this
- 26 section may be held by a trustee under a trust agreement, indenture, bond declaration or similar
- 27 instrument and may be invested by the trustee at the direction of the related agency for which the
- 28 moneys are held by the trustee. If consistent with the trust agreement, indenture, bond declaration
- 29 or similar instrument, a related agency may authorize a trustee to invest on behalf of the agency
- 30 [*in the investment funds or*] with other moneys invested by the State Treasurer under ORS 293.701
- 31 to 293.820 and may authorize a transfer of the moneys from the State Treasurer to the trustee.
- 32 (4) In addition to authority conferred by law other than this section, the State Treasurer or,
- 33 with the approval of the State Treasurer, a related agency may:
- 34 (a) Execute and deliver indentures, trust agreements, auction agent agreements, broker-dealer
- 35 agreements, tender agent agreements, bond declarations or similar instruments and other contracts
- 36 related to the sale, issuance or security of the bonds;
- 37 (b) Deposit funds with trustees for the benefit of bond owners and the providers of credit en-
- 38 hancement devices; and
- 39 (c) Enter into covenants for the benefit of bond owners or the providers of credit enhancement
- 40 devices.
- 41 (5) The covenants authorized by subsection (4)(c) of this section:
- 42 (a) May include, but are not limited to, covenants regarding the issuance of additional bonds,
- 43 the priority of payment of bonds and, if authorized by law other than this section, the imposition
- 44 and collection of rates, fees or other charges; and
- 45 (b) Are intended to:

1 (A) Improve the security of bond owners or providers of credit enhancement devices; or

2 (B) Maintain the tax-exempt status of interest payable on bonds.

3 (6) In addition to authority conferred by law other than this section, in consultation with the
4 related agency, the State Treasurer may establish a debt service reserve for the purpose of paying
5 when due the amounts owing on the bonds for which the debt service reserve is established. The
6 debt service reserve may be funded out of the proceeds derived from the issuance and sale of the
7 bonds for which the debt service reserve is being established or from other lawfully available funds.

8 (7) In consultation with the related agency, the State Treasurer shall select the underwriters for
9 the sale of the bonds requested by the related agency. An agreement with the underwriters may be
10 executed by the State Treasurer alone or with the related agency. An agreement with underwriters
11 is not subject to the Public Contracting Code.

12 **SECTION 54.** ORS 289.130 is amended to read:

13 289.130. The Oregon Facilities Authority Account is created separate and distinct from the
14 General Fund. [*The account is an investment account for purposes of*] **Moneys in the account may**
15 **be invested as provided in** ORS 293.701 to 293.820. Interest on the account shall be credited to and
16 deposited in the account. The account is continuously appropriated to the Oregon Facilities Au-
17 thority and may be used to meet administrative expenses of the authority.

18 **SECTION 55.** ORS 311.780 is amended to read:

19 311.780. (1) Upon receipt of the notification from the Department of Revenue of the amount de-
20 ferred on tax deferred property under ORS 311.740 to 311.780, the [*State Treasurer*] **Oregon De-**
21 **partment of Administrative Services** shall pay to the respective county tax collectors an amount
22 equivalent to the full amount of tax listed by the department less three percent thereof.

23 (2) The Department **of Revenue** shall maintain accounts for each deferred property and shall
24 accrue interest **at the rate earned by the Oregon Short Term Fund established under section**
25 **4 of this 2009 Act** on the gross amount of taxes advanced.

26 (3) [*The funds provided for the payment made pursuant to subsection (1) of this section shall be*
27 *made as investments from the excess funds mentioned in ORS 293.701 (2)(o)*] **The payment described**
28 **in subsection (1) of this section shall be made only if there are moneys available in the**
29 **General Fund for the payment because they are not appropriated or otherwise allocated for**
30 **other purposes. Any moneys paid from the General Fund under this section shall be repaid**
31 **to the General Fund with interest accrued at the rate described in subsection (2) of this**
32 **section.**

33 **SECTION 56.** ORS 327.320 is amended to read:

34 327.320. [*There is hereby created*] The School Facility Improvement Fund **is created**, separate
35 and distinct from the General Fund. [*The fund shall be an investment fund for purposes of*] **Moneys**
36 **in the fund may be invested as provided in** ORS 293.701 to 293.820. Moneys in the fund are [*ap-*
37 *propriated*] continuously **appropriated to the Superintendent of Public Instruction** for the pur-
38 pose of carrying out ORS 327.330. Interest earned by the fund shall be credited to the fund.

39 **SECTION 57.** ORS 411.575 is amended to read:

40 411.575. (1) In addition to other funds made available for education and training of public as-
41 sistance recipients, the Department of Human Services may accept gifts and grants from private
42 sources for the purpose of providing the scholarships or grants authorized under ORS 411.580.

43 (2) **The Department of Human Services Scholarship Account is established, separate and**
44 **distinct from the General Fund.** The moneys received under subsection (1) of this section shall
45 be deposited in [*a special account, separate and distinct from the General Fund, to be named the De-*

1 *partment of Human Services Scholarship Account, which account is established] the account.* All
 2 moneys in the account and all earnings [*thereon*] **on moneys in the account** are continuously ap-
 3 propriated to the Department of Human Services to be used together with any federal funds that
 4 may be available to provide scholarships or grants under ORS 411.580.

5 (3) [*The amount in the Department of Human Services Scholarship Account that is available after*
 6 *scholarships and grants under ORS 411.580 have been awarded for any period shall be reported to the*
 7 *Oregon Investment Council by the Department of Human Services and shall be considered investment*
 8 *funds within the meaning of ORS 293.701 to 293.820 and shall be invested in accordance with the*
 9 *standards of ORS 293.726.] **Moneys in the account may be invested as provided in ORS 293.701***

10 **to 293.820. Interest earned by the account shall be credited to the account.** [*All earnings on*
 11 *such investments shall be credited to the Department of Human Services Scholarship account.*]

12 **SECTION 58.** ORS 442.570 is amended to read:

13 442.570. (1) [*There is established in the State Treasury a fund*] **The Rural Health Services Fund**
 14 **is established,** separate and distinct from the General Fund[, *to be known as the Rural Health Ser-*
 15 *vices Fund, for investments*]. **Moneys in the Rural Health Services Fund may be invested** as
 16 provided by ORS 293.701 to 293.820[.]. **Moneys in the fund are continuously appropriated to the**
 17 **Oregon Student Assistance Commission** for the payment of expenses of the [*Oregon Student As-*
 18 *istance*] commission in carrying out the purposes of ORS 315.613, 315.616, 315.619, 353.450, 442.470,
 19 442.503 and 442.550 to 442.570. Interest earned by the [*account*] **fund** shall be credited to the
 20 [*account*] **fund.**

21 (2) The Office of Rural Health shall seek matching funds from communities that benefit from
 22 placement of practitioners under ORS 442.550 to 442.570. The office shall establish a program to
 23 enroll interested communities in this program and deposit money proceeds from this effort in the
 24 Rural Health Services Fund. In addition, the office shall explore other funding sources including
 25 federal grant programs.

26 **SECTION 59.** ORS 192.502 is amended to read:

27 192.502. The following public records are exempt from disclosure under ORS 192.410 to 192.505:

28 (1) Communications within a public body or between public bodies of an advisory nature to the
 29 extent that they cover other than purely factual materials and are preliminary to any final agency
 30 determination of policy or action. This exemption shall not apply unless the public body shows that
 31 in the particular instance the public interest in encouraging frank communication between officials
 32 and employees of public bodies clearly outweighs the public interest in disclosure.

33 (2) Information of a personal nature such as but not limited to that kept in a personal, medical
 34 or similar file, if public disclosure would constitute an unreasonable invasion of privacy, unless the
 35 public interest by clear and convincing evidence requires disclosure in the particular instance. The
 36 party seeking disclosure shall have the burden of showing that public disclosure would not consti-
 37 tute an unreasonable invasion of privacy.

38 (3) Public body employee or volunteer addresses, Social Security numbers, dates of birth and
 39 telephone numbers contained in personnel records maintained by the public body that is the em-
 40 ployer or the recipient of volunteer services. This exemption:

41 (a) Does not apply to the addresses, dates of birth and telephone numbers of employees or vol-
 42 unteers who are elected officials, except that a judge or district attorney subject to election may
 43 seek to exempt the judge's or district attorney's address or telephone number, or both, under the
 44 terms of ORS 192.445;

45 (b) Does not apply to employees or volunteers to the extent that the party seeking disclosure

1 shows by clear and convincing evidence that the public interest requires disclosure in a particular
2 instance;

3 (c) Does not apply to a substitute teacher as defined in ORS 342.815 when requested by a pro-
4 fessional education association of which the substitute teacher may be a member; and

5 (d) Does not relieve a public employer of any duty under ORS 243.650 to 243.782.

6 (4) Information submitted to a public body in confidence and not otherwise required by law to
7 be submitted, where such information should reasonably be considered confidential, the public body
8 has obliged itself in good faith not to disclose the information, and when the public interest would
9 suffer by the disclosure.

10 (5) Information or records of the Department of Corrections, including the State Board of Parole
11 and Post-Prison Supervision, to the extent that disclosure would interfere with the rehabilitation of
12 a person in custody of the department or substantially prejudice or prevent the carrying out of the
13 functions of the department, if the public interest in confidentiality clearly outweighs the public in-
14 terest in disclosure.

15 (6) Records, reports and other information received or compiled by the Director of the Depart-
16 ment of Consumer and Business Services in the administration of ORS chapters 723 and 725 not
17 otherwise required by law to be made public, to the extent that the interests of lending institutions,
18 their officers, employees and customers in preserving the confidentiality of such information out-
19 weighs the public interest in disclosure.

20 (7) Reports made to or filed with the court under ORS 137.077 or 137.530.

21 (8) Any public records or information the disclosure of which is prohibited by federal law or
22 regulations.

23 (9)(a) Public records or information the disclosure of which is prohibited or restricted or other-
24 wise made confidential or privileged under Oregon law.

25 (b) Subject to ORS 192.423, paragraph (a) of this subsection does not apply to factual information
26 compiled in a public record when:

27 (A) The basis for the claim of exemption is ORS 40.225;

28 (B) The factual information is not prohibited from disclosure under any applicable state or fed-
29 eral law, regulation or court order and is not otherwise exempt from disclosure under ORS 192.410
30 to 192.505;

31 (C) The factual information was compiled by or at the direction of an attorney as part of an
32 investigation on behalf of the public body in response to information of possible wrongdoing by the
33 public body;

34 (D) The factual information was not compiled in preparation for litigation, arbitration or an
35 administrative proceeding that was reasonably likely to be initiated or that has been initiated by
36 or against the public body; and

37 (E) The holder of the privilege under ORS 40.225 has made or authorized a public statement
38 characterizing or partially disclosing the factual information compiled by or at the attorney's di-
39 rection.

40 (10) Public records or information described in this section, furnished by the public body ori-
41 ginally compiling, preparing or receiving them to any other public officer or public body in con-
42 nection with performance of the duties of the recipient, if the considerations originally giving rise
43 to the confidential or exempt nature of the public records or information remain applicable.

44 (11) Records of the Energy Facility Siting Council concerning the review or approval of security
45 programs pursuant to ORS 469.530.

1 (12) Employee and retiree address, telephone number and other nonfinancial membership records
2 and employee financial records maintained by the Public Employees Retirement System pursuant to
3 ORS chapters 238 and 238A.

4 (13) Records of or submitted to the State Treasurer, the Oregon Investment Council or the
5 agents of the treasurer or the council relating to active or proposed publicly traded investments
6 under ORS chapter 293, including but not limited to records regarding the acquisition, exchange or
7 liquidation of the investments. For the purposes of this subsection:

8 (a) The exemption does not apply to:

9 (A) Information in investment records solely related to the amount paid directly into an invest-
10 ment by, or returned from the investment directly to, the treasurer or council; or

11 (B) The identity of the entity to which the amount was paid directly or from which the amount
12 was received directly.

13 (b) An investment in a publicly traded investment is no longer active when acquisition, exchange
14 or liquidation of the investment has been concluded.

15 (14)(a) Records of or submitted to the State Treasurer, the Oregon Investment Council, the
16 Oregon Growth Account Board or the agents of the treasurer, council or board relating to actual
17 or proposed investments under ORS chapter 293 or 348 in a privately placed investment fund or a
18 private asset including but not limited to records regarding the solicitation, acquisition, deployment,
19 exchange or liquidation of the investments including but not limited to:

20 (A) Due diligence materials that are proprietary to an investment fund, to an asset ownership
21 or to their respective investment vehicles.

22 (B) Financial statements of an investment fund, an asset ownership or their respective invest-
23 ment vehicles.

24 (C) Meeting materials of an investment fund, an asset ownership or their respective investment
25 vehicles.

26 (D) Records containing information regarding the portfolio positions in which an investment
27 fund, an asset ownership or their respective investment vehicles invest.

28 (E) Capital call and distribution notices of an investment fund, an asset ownership or their re-
29 spective investment vehicles.

30 (F) Investment agreements and related documents.

31 (b) The exemption under this subsection does not apply to:

32 (A) The name, address and vintage year of each privately placed investment fund.

33 (B) The dollar amount of the commitment made to each privately placed investment fund since
34 inception of the fund.

35 (C) The dollar amount of cash contributions made to each privately placed investment fund since
36 inception of the fund.

37 (D) The dollar amount, on a fiscal year-end basis, of cash distributions received by the State
38 Treasurer, the Oregon Investment Council, the Oregon Growth Account Board or the agents of the
39 treasurer, council or board from each privately placed investment fund.

40 (E) The dollar amount, on a fiscal year-end basis, of the remaining value of assets in a privately
41 placed investment fund attributable to an investment by the State Treasurer, the Oregon Investment
42 Council, the Oregon Growth Account Board or the agents of the treasurer, council or board.

43 (F) The net internal rate of return of each privately placed investment fund since inception of
44 the fund.

45 (G) The investment multiple of each privately placed investment fund since inception of the fund.

1 (H) The dollar amount of the total management fees and costs paid on an annual fiscal year-end
2 basis to each privately placed investment fund.

3 (I) The dollar amount of cash profit received from each privately placed investment fund on a
4 fiscal year-end basis.

5 (15) The [*monthly*] **information or** reports prepared and **provided** [*submitted*] under ORS 293.761
6 [*and 293.766*] concerning the Public Employees Retirement Fund and the Industrial Accident Fund
7 may be uniformly treated as exempt from disclosure for a period of up to 90 days after the end of
8 the calendar quarter.

9 (16) Reports of unclaimed property filed by the holders of such property to the extent permitted
10 by ORS 98.352.

11 (17) The following records, communications and information submitted to the Oregon Economic
12 and Community Development Commission, the Economic and Community Development Department,
13 the State Department of Agriculture, the Oregon Growth Account Board, the Port of Portland or
14 other ports, as defined in ORS 777.005, by applicants for investment funds, loans or services includ-
15 ing, but not limited to, those described in ORS 285A.224:

16 (a) Personal financial statements.

17 (b) Financial statements of applicants.

18 (c) Customer lists.

19 (d) Information of an applicant pertaining to litigation to which the applicant is a party if the
20 complaint has been filed, or if the complaint has not been filed, if the applicant shows that such
21 litigation is reasonably likely to occur; this exemption does not apply to litigation which has been
22 concluded, and nothing in this paragraph shall limit any right or opportunity granted by discovery
23 or deposition statutes to a party to litigation or potential litigation.

24 (e) Production, sales and cost data.

25 (f) Marketing strategy information that relates to applicant's plan to address specific markets
26 and applicant's strategy regarding specific competitors.

27 (18) Records, reports or returns submitted by private concerns or enterprises required by law
28 to be submitted to or inspected by a governmental body to allow it to determine the amount of any
29 transient lodging tax payable and the amounts of such tax payable or paid, to the extent that such
30 information is in a form which would permit identification of the individual concern or enterprise.
31 Nothing in this subsection shall limit the use which can be made of such information for regulatory
32 purposes or its admissibility in any enforcement proceedings. The public body shall notify the tax-
33 payer of the delinquency immediately by certified mail. However, in the event that the payment or
34 delivery of transient lodging taxes otherwise due to a public body is delinquent by over 60 days, the
35 public body shall disclose, upon the request of any person, the following information:

36 (a) The identity of the individual concern or enterprise that is delinquent over 60 days in the
37 payment or delivery of the taxes.

38 (b) The period for which the taxes are delinquent.

39 (c) The actual, or estimated, amount of the delinquency.

40 (19) All information supplied by a person under ORS 151.485 for the purpose of requesting ap-
41 pointed counsel, and all information supplied to the court from whatever source for the purpose of
42 verifying the financial eligibility of a person pursuant to ORS 151.485.

43 (20) Workers' compensation claim records of the Department of Consumer and Business Services,
44 except in accordance with rules adopted by the Director of the Department of Consumer and Busi-
45 ness Services, in any of the following circumstances:

1 (a) When necessary for insurers, self-insured employers and third party claim administrators to
2 process workers' compensation claims.

3 (b) When necessary for the director, other governmental agencies of this state or the United
4 States to carry out their duties, functions or powers.

5 (c) When the disclosure is made in such a manner that the disclosed information cannot be used
6 to identify any worker who is the subject of a claim.

7 (d) When a worker or the worker's representative requests review of the worker's claim record.

8 (21) Sensitive business records or financial or commercial information of the Oregon Health and
9 Science University that is not customarily provided to business competitors.

10 (22) Records of Oregon Health and Science University regarding candidates for the position of
11 president of the university.

12 (23) The records of a library, including:

13 (a) Circulation records, showing use of specific library material by a named person;

14 (b) The name of a library patron together with the address or telephone number of the patron;
15 and

16 (c) The electronic mail address of a patron.

17 (24) The following records, communications and information obtained by the Housing and Com-
18 munity Services Department in connection with the department's monitoring or administration of
19 financial assistance or of housing or other developments:

20 (a) Personal and corporate financial statements and information, including tax returns.

21 (b) Credit reports.

22 (c) Project appraisals.

23 (d) Market studies and analyses.

24 (e) Articles of incorporation, partnership agreements and operating agreements.

25 (f) Commitment letters.

26 (g) Project pro forma statements.

27 (h) Project cost certifications and cost data.

28 (i) Audits.

29 (j) Project tenant correspondence.

30 (k) Personal information about a tenant.

31 (L) Housing assistance payments.

32 (25) Raster geographic information system (GIS) digital databases, provided by private forestland
33 owners or their representatives, voluntarily and in confidence to the State Forestry Department,
34 that is not otherwise required by law to be submitted.

35 (26) Sensitive business, commercial or financial information furnished to or developed by a
36 public body engaged in the business of providing electricity or electricity services, if the information
37 is directly related to a transaction described in ORS 261.348, or if the information is directly related
38 to a bid, proposal or negotiations for the sale or purchase of electricity or electricity services, and
39 disclosure of the information would cause a competitive disadvantage for the public body or its re-
40 tail electricity customers. This subsection does not apply to cost-of-service studies used in the de-
41 velopment or review of generally applicable rate schedules.

42 (27) Sensitive business, commercial or financial information furnished to or developed by the
43 City of Klamath Falls, acting solely in connection with the ownership and operation of the Klamath
44 Cogeneration Project, if the information is directly related to a transaction described in ORS 225.085
45 and disclosure of the information would cause a competitive disadvantage for the Klamath

1 Cogeneration Project. This subsection does not apply to cost-of-service studies used in the develop-
2 ment or review of generally applicable rate schedules.

3 (28) Personally identifiable information about customers of a municipal electric utility or a
4 people's utility district or the names, dates of birth, driver license numbers, telephone numbers,
5 electronic mail addresses or Social Security numbers of customers who receive water, sewer or
6 storm drain services from a public body as defined in ORS 174.109. The utility or district may re-
7 lease personally identifiable information about a customer, and a public body providing water, sewer
8 or storm drain services may release the name, date of birth, driver license number, telephone num-
9 ber, electronic mail address or Social Security number of a customer, if the customer consents in
10 writing or electronically, if the disclosure is necessary for the utility, district or other public body
11 to render services to the customer, if the disclosure is required pursuant to a court order or if the
12 disclosure is otherwise required by federal or state law. The utility, district or other public body
13 may charge as appropriate for the costs of providing such information. The utility, district or other
14 public body may make customer records available to third party credit agencies on a regular basis
15 in connection with the establishment and management of customer accounts or in the event such
16 accounts are delinquent.

17 (29) A record of the street and number of an employee's address submitted to a special district
18 to obtain assistance in promoting an alternative to single occupant motor vehicle transportation.

19 (30) Sensitive business records, capital development plans or financial or commercial information
20 of Oregon Corrections Enterprises that is not customarily provided to business competitors.

21 (31) Documents, materials or other information submitted to the Director of the Department of
22 Consumer and Business Services in confidence by a state, federal, foreign or international regulatory
23 or law enforcement agency or by the National Association of Insurance Commissioners, its affiliates
24 or subsidiaries under ORS 646A.250 to 646A.270, 697.005 to 697.095, 697.602 to 697.842, 705.137,
25 717.200 to 717.320, 717.900 or 717.905, ORS chapter 59, 722, 723, 725 or 726, the Bank Act or the
26 Insurance Code when:

27 (a) The document, material or other information is received upon notice or with an under-
28 standing that it is confidential or privileged under the laws of the jurisdiction that is the source of
29 the document, material or other information; and

30 (b) The director has obligated the Department of Consumer and Business Services not to dis-
31 close the document, material or other information.

32 (32) A county elections security plan developed and filed under ORS 254.074.

33 (33) Information about review or approval of programs relating to the security of:

34 (a) Generation, storage or conveyance of:

35 (A) Electricity;

36 (B) Gas in liquefied or gaseous form;

37 (C) Hazardous substances as defined in ORS 453.005 (7)(a), (b) and (d);

38 (D) Petroleum products;

39 (E) Sewage; or

40 (F) Water.

41 (b) Telecommunication systems, including cellular, wireless or radio systems.

42 (c) Data transmissions by whatever means provided.

43 (34) The information specified in ORS 25.020 (8) if the Chief Justice of the Supreme Court des-
44 ignates the information as confidential by rule under ORS 1.002.

45 **SECTION 60.** ORS 294.135 is amended to read:

1 294.135. (1) An investment made by a custodial officer under ORS 294.035 (3)(a) to (f), **(h) and**
2 **(i) [and (h) to (j)]** or 294.125 may not exceed a maturity of 18 months or the date of anticipated use
3 of the funds by the county, municipality, school district or other political subdivision to which the
4 funds belong, whichever period is shorter. However:

5 (a) The custodial officer may make investments having a maturity longer than 18 months when
6 the governing body of the county, municipality, school district or other political subdivision to which
7 the funds belong has adopted a written investment policy that, prior to adoption, was submitted to
8 the Oregon Short Term Fund Board for review and comment to the governing body, that includes
9 guidelines concerning maximum investment maturity dates and that provides by its terms for rea-
10 doption not less than annually; or

11 (b) When the funds in question are being accumulated for an anticipated use that will occur
12 more than 18 months after the funds are invested, then, upon the approval of the governing body
13 of the county, municipality, school district or other political subdivision, the maturity of the in-
14 vestment or investments made with the funds may occur when the funds are expected to be used.

15 (2) The maximum term of any repurchase agreement transaction may not exceed 90 days.

16 **SECTION 61.** ORS 657.513 is amended to read:

17 657.513. (1) A political subdivision required to make payments into the Unemployment Compensa-
18 tion Trust Fund under ORS 657.505 may request the Director of the Employment Department to
19 pay on behalf of the political subdivision such amounts as the political subdivision is required to
20 pay into the fund. The employer may request the director to pay on its behalf such amounts as the
21 political subdivision is required to pay into the fund. This request must be filed with the director
22 by January 31 of any year in order to be effective July 1 of that year.

23 (2) A request shall continue until canceled but shall be for a period of not less than two years.
24 A political subdivision may cancel its request by filing a written notice of its intention to cancel
25 with the director by January 31 of the year in which the cancellation is to be effective. A cancel-
26 lation shall be effective only on June 30 of a year. The political subdivision shall be responsible for
27 paying into the Unemployment Compensation Trust Fund any amounts paid out to claimants after
28 the effective date of a cancellation and attributable to base period wages paid by the political sub-
29 division during a period it was subject to the provisions of ORS [293.701,] 294.725 to 294.755, 657.505
30 or this section.

31 (3) The director may for good cause extend the period within which a request or cancellation
32 of a request must be filed for an additional 30 days.

33 (4) The director shall pay into the Unemployment Compensation Trust Fund from the Local
34 Government Employer Benefit Trust Fund such amounts of benefits that are paid to claimants dur-
35 ing the period the political subdivision is a participant in the Local Government Employer Benefit
36 Trust Fund created by ORS 294.730. Benefits paid to claimants during a period when the political
37 subdivision is not a participant shall be reimbursed directly to the Unemployment Compensation
38 Trust Fund by the political subdivision.

39 **SECTION 62.** ORS 295.001 is amended to read:

40 295.001. As used in ORS 295.001 to 295.108, unless the context requires otherwise:

41 (1) "Adequately capitalized" means a bank depository that is classified as adequately capitalized
42 by its primary federal regulatory authority.

43 (2) "Bank depository" means an insured institution or trust company that:

44 (a) Maintains a head office or branch in this state in the capacity of an insured institution or
45 trust company; and

1 (b) Complies with ORS 295.008.

2 (3) "Business day" means any day other than a federal or State of Oregon legal holiday or a day
3 on which offices of the State of Oregon are otherwise authorized by law to remain closed.

4 (4) "**Closed depository**" means a bank depository that is subject to a loss.

5 [(4)] (5) "Credit union depository" means a credit union as defined in ORS 723.006 or a federal
6 credit union if:

7 (a) The shares and deposits of the credit union or federal credit union are insured by the Na-
8 tional Credit Union Share Insurance Fund; and

9 (b) The credit union or federal credit union maintains a head office or branch in this state in
10 the capacity of a credit union or federal credit union.

11 [(5)] (6) "Custodian bank" or "custodian" means one of the following institutions designated by
12 the bank depository for its own account:

13 (a) The Federal Home Loan Bank designated to serve this state, or any branch of that bank; or

14 (b) Any insured institution or trust company that:

15 (A) Is authorized to accept deposits or transact trust business in this state;

16 (B) Complies with ORS 295.008; and

17 (C) Has been approved by the State Treasurer to serve as a custodian bank, if the State Treas-
18 urer has approved custodians under ORS 295.008.

19 [(6)] (7) "Custodian's receipt" or "receipt" means a document issued by a custodian bank de-
20 scribing the securities deposited with it by a bank depository to secure public fund deposits.

21 [(7)] (8) "Depository" means a bank depository or a credit union depository.

22 [(8)] (9) "Financial institution outside this state" means a financial institution, as defined in ORS
23 706.008, that is not an extranational institution, as defined in ORS 706.008, and is not a bank de-
24 pository or credit union depository, as defined in this section.

25 [(9)] (10) "Insured institution" means an insured institution as defined in ORS 706.008.

26 [(10)] (11) "Loss" means the issuance of an order by a regulatory or supervisory authority or a
27 court of competent jurisdiction:

28 (a) Restraining a bank depository from making payments of deposit liabilities; or

29 (b) Appointing a receiver for a [*public*] depository.

30 (12) "**Maximum liability**" means a sum equal to 10 percent of the greater of:

31 (a) **All uninsured public funds deposits held by the bank depository as shown on the date**
32 **of its most recent treasurer report; or**

33 (b) **The average of the balances of uninsured public funds deposits on the last two im-**
34 **mediately preceding treasurer reports.**

35 [(11)] (13) [*"Maximum liability" of*] "**Minimum collateral requirement**" for a bank depository
36 on any given date means a sum equal to:

37 (a) For a well capitalized bank depository **that has not been required to increase its collat-**
38 **eral pursuant to ORS 295.018**, 10 percent of the greater of:

39 (A) All **uninsured** public funds held by the bank depository, as shown on the most recent
40 treasurer report;

41 (B) The average of the balances of **uninsured** public funds held by the bank depository, as
42 shown on the last [*four*] **two** immediately preceding treasurer reports; or

43 (C) An amount otherwise prescribed in ORS 295.001 to 295.108.

44 (b) For [*an adequately capitalized bank depository, 25 percent of the greater of*] **a well capitalized**
45 **bank depository that has been required to increase its collateral pursuant to ORS 295.018,**

1 **the percentage required by the State Treasurer pursuant to ORS 295.018 multiplied by the**
2 **greater of:**

3 (A) All **uninsured** public funds held by the bank depository, as shown on the most recent
4 treasurer report;

5 (B) The average of the balances of **uninsured** public funds held by the bank depository, as
6 shown on the last *[four]* **two** immediately preceding treasurer reports; or

7 (C) An amount otherwise prescribed in ORS 295.001 to 295.108.

8 (c) For an **adequately capitalized bank depository or an** undercapitalized bank depository, 110
9 percent of the greater of:

10 (A) All **uninsured** public funds held by the bank depository; or

11 (B) The average of the balances of **uninsured** public funds held by the bank depository, as
12 shown on the last *[four]* **two** immediately preceding treasurer reports.

13 *[(12)] (14)* “Net worth” of a bank depository means[:]

14 *[(a)]* the *[equity]* **total risk-based** capital of the bank depository, as shown on the immediately
15 preceding report of condition and income, and may include capital notes and debentures that are
16 subordinate to the interests of depositors[: *or]*

17 *[(b)]* *An amount of equity capital designated by the State Treasurer.*

18 *[(13)] (15)* “Pledge agreement” means a written agreement among an insured institution or trust
19 company, the State Treasurer and a custodian that pledges the securities deposited by the insured
20 institution or trust company with the custodian as collateral for deposits of **uninsured** public funds
21 held by the insured institution or trust company. The agreement must be approved by the board of
22 directors or loan committee of the insured institution or trust company and must be continuously
23 maintained as a written record of the insured institution or trust company.

24 *[(14)] (16)* “Public funds” or “funds” means funds under the control or in the custody of a public
25 official by virtue of office.

26 *[(15)] (17)* “Public official” means each officer or employee of this state or any agency, political
27 subdivision or public or municipal corporation thereof, or any housing authority, who by law is made
28 the custodian of or has control of any public funds.

29 *[(16)] (18)* “Report of condition and income” means the quarterly report submitted to a bank
30 depository’s primary federal regulatory authority.

31 *[(17)] (19)* “Security” or “securities” means:

32 (a) Obligations of the United States, including those of its agencies and instrumentalities and
33 of government sponsored enterprises;

34 (b) Obligations of the International Bank for Reconstruction and Development;

35 (c) Bonds of any state of the United States:

36 (A) That are rated in one of the four highest grades by a recognized investment service organ-
37 ization that has been engaged regularly and continuously for a period of not less than 10 years in
38 rating state and municipal bonds; or

39 (B) Having once been so rated are ruled to be eligible securities for the purposes of ORS 295.001
40 to 295.108, notwithstanding the loss of such rating;

41 (d) Bonds of any county, city, school district, port district or other public body in the United
42 States payable from or secured by ad valorem taxes and that meet the rating requirement or are
43 ruled to be eligible securities as provided in paragraph (c) of this subsection;

44 (e) Bonds of any county, city, school district, port district or other public body issued pursuant
45 to the Constitution or statutes of the State of Oregon or the charter or ordinances of any county

1 or city within the State of Oregon, if the [issuing body has not been in default with respect to the
2 payment of principal or interest on any of its bonds within the preceding 10 years or during the period
3 of its existence if that is less than 10 years] **bonds have a long-term rating of AA or better;**

4 (f) With the permission of the State Treasurer and in accordance with rules adopted by the State
5 Treasurer, loans made to any county, city, school district, port district or other public body in the
6 State of Oregon, if the borrower has not been in default with respect to the payment of principal
7 or interest on any of its loans within the preceding 10 years or during the period of its existence
8 if that is less than 10 years;

9 (g) With the permission of the State Treasurer and in accordance with rules adopted by the
10 State Treasurer, bond anticipation notes issued, sold or assumed by an authority under ORS 441.560;

11 (h) Bonds, notes, letters of credit or other securities or evidence of indebtedness constituting the
12 direct and general obligation of a federal home loan bank or Federal Reserve bank;

13 (i) Debt obligations of domestic corporations that are rated in one of the three highest grades
14 by a recognized investment service organization that has been engaged regularly and continuously
15 for a period of not less than 10 years in rating corporate debt obligations; and

16 (j) Collateralized mortgage obligations and real estate mortgage investment conduits that are
17 rated in one of the two highest grades by a recognized investment service organization that has been
18 engaged regularly and continuously for a period of not less than 10 years in rating corporate debt
19 obligations.

20 [(18)] (20) "Treasurer report" means a written report signed or authenticated by an officer of a
21 bank depository **that has in its possession uninsured public funds deposits** setting forth as of
22 the close of business on a specified date:

23 (a) The total amount of **uninsured** public funds on deposit with the bank depository;

24 (b) **The total amount of public funds on deposit with the bank depository;**

25 [(b)] (c) The net worth of the bank depository;

26 [(c)] (d) The amount and nature of eligible collateral then on deposit with its custodian to
27 collateralize the bank depository's public funds deposits; and

28 [(d)] (e) The identity of its custodian.

29 [(19)] (21) "Treasurer report due date" means a date not less than 10 business days after the
30 date a bank depository's report of condition and income is due to be submitted [to its federal regu-
31 latory authority].

32 [(20)] (22) "Trust company" means a trust company as defined in ORS 706.008.

33 [(21)] (23) "Undercapitalized" means a bank depository that is classified as undercapitalized,
34 **significantly undercapitalized or critically undercapitalized** by its primary federal regulatory
35 authority.

36 (24) **"Uninsured public funds" or "uninsured public funds deposits" means public funds**
37 **deposited in a bank depository that exceed the amounts insured or guaranteed as described**
38 **in ORS 295.002 (1)(a) and (b) and does not include public funds deposited in a certificate of**
39 **deposit or time deposit under ORS 295.004.**

40 [(22)] (25) "Value" means the current market value of securities.

41 [(23)] (26) "Well capitalized" means a bank depository that is classified as well capitalized by
42 its primary federal regulatory authority.

43 **SECTION 63.** ORS 295.004 is amended to read:

44 295.004. (1) A public official may deposit public funds in a bank depository in an amount in ex-
45 cess of the amount allowed in ORS 295.002 without requiring the bank depository to show that it

1 has entered into [*the agreement described in ORS 295.008 (2)(b)*] a **pledge agreement** or deposited
2 securities pursuant to ORS 295.015 (1) if the funds are initially deposited into a bank depository in
3 Oregon and the Oregon bank depository participates in a program through which:

4 (a) The Oregon bank depository arranges for deposit of the funds into one or more certificates
5 of deposit or time deposits issued by other financial institutions in the United States;

6 (b) Each certificate of deposit or time deposit is fully insured by the Federal Deposit Insurance
7 Corporation;

8 (c) The Oregon bank depository administers the funds on behalf of the public official; and

9 (d) Other financial institutions participating in the program place funds into the Oregon depos-
10 itory in an amount at least equal to the amount deposited into the Oregon bank depository by the
11 public official for purposes of the program.

12 (2) Until the Oregon bank depository places public funds into one or more certificates of deposit
13 or time deposits as provided in subsection (1) of this section, any **uninsured** public funds held by
14 the Oregon bank depository pending such placement [*that are in excess of the amounts allowed in*
15 *ORS 295.002*] must be collateralized as provided in ORS 295.001 to 295.108 for other **uninsured**
16 public funds deposits.

17 (3) The provisions of ORS 295.006, 295.013, 295.015, 295.018 and 295.037 do not apply to public
18 funds deposits deposited into a bank depository in Oregon that the bank depository arranges for
19 under the provisions of the program described in this section. The provisions of ORS 294.035 and
20 295.001 requiring deposit of public funds into depositories that have offices or branches in Oregon
21 do not apply to certificates of deposit or time deposits that an Oregon bank depository arranges for
22 under the provisions of the program described in this section.

23 **SECTION 64.** ORS 295.006 is amended to read:

24 295.006. (1) Each bank depository shall keep on file with the State Treasurer the name and ad-
25 dress of its custodian bank.

26 (2) Each public official shall keep on file with the State Treasurer the names, addresses and such
27 other information as the State Treasurer shall prescribe by rule of each depository in which the
28 public official deposits public funds.

29 **(3) If a public official changes a bank depository in which the public official deposits**
30 **public funds, the public official shall report the information required under subsection (2) of**
31 **this section or by rule regarding the change to the State Treasurer within three business**
32 **days after the effective date of the change.**

33 **SECTION 65.** ORS 295.008 is amended to read:

34 295.008. (1)(a) An insured institution or trust company may not be a custodian bank under ORS
35 295.001 to 295.108, unless it certifies in writing to the State Treasurer that it will furnish the reports
36 required under ORS 714.075 to the Director of the Department of Consumer and Business Services.

37 (b) The State Treasurer may approve one or more insured institutions or trust companies to
38 serve as custodians [*for bank depositories*]. The State Treasurer shall promptly notify all bank de-
39 positories of the approval of an insured institution or trust company to serve as a custodian.

40 (2) An insured institution or trust company may not be a bank depository under ORS 295.001 to
41 295.108, unless it:

42 (a) Certifies in writing to the State Treasurer that it will furnish, **by the time specified by the**
43 **Director of the Department of Consumer and Business Services:**

44 **(A)** The reports required under ORS 714.075 to the director [*of the Department of Consumer and*
45 *Business Services*]; **and**

1 **(B) Any other information the director considers necessary to determine whether to ad-**
2 **vice the State Treasurer to order a bank depository to increase its collateral under ORS**
3 **295.018.**

4 (b) Except as provided in subsection (4) of this section, enters into a pledge agreement; and

5 (c) Complies with subsection (3) of this section.

6 (3) [After July 1, 2008,] Any insured institution or trust company [*that is not acting as a bank*
7 *depository on July 1, 2008, and*] that wishes to become a bank depository shall file with the State
8 Treasurer an initial written report signed or authenticated by an officer of the insured institution
9 or trust company setting forth, as of the date the insured institution or trust company intends to
10 commence acting as a bank depository:

11 (a) The estimated total amount of public funds that will be on deposit with the insured institu-
12 tion or trust company;

13 (b) The estimated net worth of the insured institution or trust company;

14 (c) The amount and nature of the collateral that will be deposited with its custodian to
15 collateralize the public funds deposits; and

16 (d) The identity of its custodian.

17 (4) An insured institution or trust company may be a bank depository under ORS 295.001 to
18 295.108 without entering into a pledge agreement or complying with subsection (3) of this section
19 if the insured institution or trust company does not hold any [*funds on deposit for a public official*
20 *that exceed the limits specified in ORS 295.002 for that type of depository*] **uninsured public funds**
21 **deposits**. The provisions of ORS 295.006, 295.013, 295.015, 295.018, 295.037 and 295.061 do not apply
22 to an insured institution or trust company that is a bank depository under this subsection.

23 **(5) An insured institution or trust company that merges with, acquires all the assets of,**
24 **acquires ownership of, or otherwise becomes a successor entity to, a bank depository that**
25 **has entered into a pledge agreement must execute a new pledge agreement or provide evi-**
26 **dence satisfactory to the State Treasurer of the assumption by the successor insured insti-**
27 **tution or trust company of all of the duties and obligations of the bank depository under the**
28 **existing pledge agreement. An insured institution or trust company that fails to enter into**
29 **a pledge agreement or provide evidence of its assumption of the existing pledge agreement**
30 **within the time specified by the State Treasurer shall be treated as a bank depository holding**
31 **uninsured public funds that has failed to pledge adequate collateral under ORS 295.031.**

32 **SECTION 66.** ORS 295.013 is amended to read:

33 295.013. (1) Upon receipt of securities from the bank depository, the custodian bank shall issue
34 to the State Treasurer, with a copy to the bank depository, a custodian's receipt describing the se-
35 curities.

36 (2) Each custodian shall:

37 (a) Maintain an accurate inventory of the securities of each bank depository described in the
38 custodian's receipts issued by the custodian to the State Treasurer, and adjust the inventory to re-
39 flect withdrawals and substitutions of securities previously inventoried.

40 (b) Appraise the value of the securities added to and withdrawn from the inventory of the bank
41 depository, and appraise the value of the entire inventory of the bank depository on the last day of
42 each month and at such other times as the State Treasurer directs.

43 (c) Provide a monthly report to the State Treasurer listing the securities pledged by each bank
44 depository and setting forth the value of each security and of the entire inventory of securities
45 pledged by the bank depository.

1 (d) Notify a bank depository in writing [*whenever*] **within one business day after the custo-**
 2 **dian determines that** the value of the securities held by the custodian for the bank depository is
 3 less than **the minimum collateral requirement for the bank depository.**[.]

4 [(A) For a bank depository that is subject to increased collateral requirements under ORS 295.018,
 5 110 percent of the greater of:]

6 [(i) All public funds held by the bank depository; or]

7 [(ii) The average of the balances of public funds held by the bank depository, as shown on the last
 8 four immediately preceding treasurer reports; or]

9 [(B) For a bank depository that is not subject to increased collateral requirements under ORS
 10 295.018, the maximum liability for the bank depository.]

11 (e) Notify the State Treasurer in writing [*if*] **within one business day after the custodian**
 12 **learns that** a bank depository [*fails*] **failed** to increase the value of its securities within [*five busi-*
 13 *ness days after receipt of notice under paragraph (d) of this subsection*] **the time required under**
 14 **ORS 295.015 (3)(b).**

15 (f) Notify the State Treasurer in writing if a bank depository increases the value of its securities
 16 to an adequate amount after receipt of notice under paragraph (d) of this subsection.

17 (g) Notify the State Treasurer [*whenever*] **within one business day after the custodian de-**
 18 **termines that** a bond in the inventory of a bank depository no longer meets the rating requirements
 19 described in ORS 295.001 [(17)(c) or (d)] **(19)(c) or (d).**

20 **SECTION 67.** ORS 295.015 is amended to read:

21 295.015. Except as provided in ORS 295.018:

22 (1)(a) Each bank depository throughout the period of its possession of [*public fund deposits in*
 23 *excess of the amounts insured or guaranteed as described in ORS 295.002 (1)(a) and (b)*] **any**
 24 **uninsured public funds deposits** shall maintain on deposit with its custodian, at its own expense,
 25 securities having a value at least equal to its [*maximum liability*] **minimum collateral requirement**
 26 and as otherwise prescribed in ORS 295.001 to 295.108. Such collateral shall be deposited with the
 27 bank depository's custodian and shall be clearly designated **by the bank depository and the**
 28 **custodian** as security for the benefit of depositors of public funds under ORS 295.001 to 295.108.

29 (b) For purposes of this section, when pledged as collateral for public funds deposits, loans de-
 30 scribed in ORS 295.001 [(17)(f)] **(19)(f)** shall be discounted to 75 percent of the unpaid principal bal-
 31 ance owing on the loan from time to time, or to a lower value determined by the State Treasurer
 32 from time to time.

33 (c) When a bond anticipation note is pledged as collateral for public funds deposits, if there is
 34 no readily determinable market value for the note, it shall be discounted to 75 percent of the unpaid
 35 principal balance owing on the note from time to time, or to a lower value determined by the State
 36 Treasurer from time to time.

37 (2) The bank depository may deposit other eligible securities with its custodian and withdraw
 38 from deposit securities theretofore pledged to secure deposits of public funds, if the remaining se-
 39 curities have a value not less than its [*maximum liability*] **minimum collateral requirement.** The
 40 State Treasurer shall execute such releases and surrender such custodian's receipts as are appro-
 41 priate to effect substitutions and withdrawals of matured and excess pledged securities.

42 (3) If a bank depository's [*maximum liability*] **minimum collateral requirement** increases be-
 43 cause it ceases to be a well capitalized bank depository [*or because it ceases to be an adequately*
 44 *capitalized bank depository,*] **as reflected in the bank depository's last treasurer report, call**
 45 **report or other public filing, or if the bank depository receives notice from the bank deposi-**

1 **tory's custodian under ORS 295.013 (2)(d) or the State Treasurer:**

2 (a) Within *[five]* **three** business days after the date on which the bank depository's *[maximum*
3 *liability]* **minimum collateral requirement** increases, the bank depository shall[:]

4 *[(a)]* notify its custodian, **the Director of the Department of Consumer and Business Ser-**
5 **vices** and the State Treasurer in writing that the bank depository's *[maximum liability]* **minimum**
6 **collateral requirement** has increased, setting forth the bank depository's new *[maximum liability]*
7 **minimum collateral requirement and the bank depository's plan for increasing its pledged**
8 **collateral to the minimum collateral requirement;** and

9 (b) **Within five business days after the date on which the bank depository's minimum**
10 **collateral requirement increases, or within a longer period approved by the State Treasurer**
11 **and the director, the bank depository shall, in accordance with the plan approved by the**
12 **State Treasurer and the director,** tender to its custodian additional securities having sufficient
13 value to increase the total value of its securities pledged as collateral for public funds deposits to
14 the new *[maximum liability]* **minimum collateral requirement** of the bank depository.

15 (4) If a bank depository's *[maximum liability]* **minimum collateral requirement** decreases be-
16 cause it moves from being an undercapitalized bank depository **or an adequately capitalized bank**
17 **depository** to being a well capitalized bank depository *[or an adequately capitalized bank depository,*
18 *or because it moves from being an adequately capitalized bank depository to a well capitalized bank*
19 *depository], or because the State Treasurer no longer requires the bank depository to pledge*
20 **additional collateral under ORS 295.018,** the bank depository may:

21 (a) Notify its custodian and the State Treasurer in writing that the bank depository's *[maximum*
22 *liability]* **minimum collateral requirement** has decreased, setting forth the bank depository's new
23 *[maximum liability]* **minimum collateral requirement;** and

24 (b) With the written approval of the State Treasurer, withdraw from its custodian any securities
25 that exceed the bank depository's new *[maximum liability]* **minimum collateral requirement.**

26 (5) The State Treasurer shall act upon requests for releases and withdrawals of securities under
27 subsections (2) and (4)(b) of this section within three business days after the receipt of each request.

28 **SECTION 68.** ORS 295.018 is amended to read:

29 295.018. (1)(a) The State Treasurer may require any bank depository during any period when it
30 has in its possession *[public fund]* **any uninsured public funds** deposits to maintain on deposit with
31 its custodians securities having a value not less than 110 percent of the greater of:

32 *[(a)]* (A) All **uninsured** public funds held by the bank depository; or

33 *[(b)]* (B) The average of the balances of **uninsured** public funds held by the bank depository,
34 as shown on the last *[four]* **two** immediately preceding treasurer reports.

35 (b) **In consultation with the Director of the Department of Consumer and Business Ser-**
36 **vices, the State Treasurer may permit a bank depository to increase its collateral as required**
37 **under paragraph (a) of this subsection over a period of time specified by the State Treasurer**
38 **or may require a bank depository to increase its collateral to an amount that is less than**
39 **the amount specified in paragraph (a) of this subsection.**

40 (2) An increase in collateral under subsection (1) of this section shall be ordered upon the advice
41 of the Director of the Department of Consumer and Business Services. If the bank depository is a
42 national bank or a federally chartered savings bank or savings and loan association, in giving advice
43 to the State Treasurer the director may rely exclusively on information provided to the director by
44 federal regulatory agencies and by the **bank, savings bank or** association on forms prescribed by
45 the director. As a condition of being analyzed and reviewed by the director, a *[federal association]*

1 **national bank or a federally chartered savings bank or savings and loan association** shall
2 agree and consent to provide the director with accurate, pertinent and timely information.

3 **(3) If the State Treasurer orders a bank depository to increase its collateral under sub-**
4 **section (1) of this section, the State Treasurer shall give notice of the order to the director**
5 **and the custodian of the bank depository within one business day after issuing the order.**

6 [(3)] (4) Failure of the director to inform the State Treasurer of the condition of any bank de-
7 pository does not give any public depositor any right or impose any liability on the director. The
8 State Treasurer shall not be liable to any public depositor or to any bank depository for increasing
9 or not increasing the collateral requirement as authorized in subsection (1) of this section.

10 [(4)] (5) [*Any bank depository notified by the State Treasurer of the increased collateral require-*
11 *ment shall comply with the order within five business days by increasing the collateral in the same*
12 *manner as required for the initial deposit of collateral in ORS 295.015 and, within the same five days,*
13 *shall notify the State Treasurer of its compliance by supplying copies of the custodian's receipts for,*
14 *or statement of activity showing, the increased collateral.] **Any bank depository notified by the***

15 **State Treasurer of the increased collateral requirement shall:**

16 (a) **Within three business days after receiving the notice, submit to the State Treasurer**
17 **and the director, the bank depository's plan for increasing its collateral to the level required**
18 **by the State Treasurer under subsection (1) of this section; and**

19 (b) **Within five business days after receiving approval of its plan submitted under para-**
20 **graph (a) of this subsection, or within a longer period approved by the State Treasurer and**
21 **the director, increase its collateral to the level required by the State Treasurer under sub-**
22 **section (1) of this section and notify the State Treasurer and the director of its compliance**
23 **by supplying copies of the custodian's receipts for, or statement of activity showing, the in-**
24 **creased collateral.**

25 [(5)(a)] (6)(a) If the State Treasurer does not receive the notice required in subsection [(4)] (5)(b)
26 of this section within the [*required five business days*] **applicable period under subsection (5)(b)**
27 **of this section**, the State Treasurer shall immediately [*notify the director of the failure and shall*]
28 send notice to [*all public officials served by*] **each public official who has notified the State**
29 **Treasurer that the public official has public funds on deposit in that bank depository of [its]**
30 **the bank depository's failure to comply.**

31 (b) If, after giving notice as required by paragraph (a) of this subsection, the State Treasurer
32 receives notice that the bank depository is in compliance with the increased collateral requirements,
33 the **State Treasurer shall notify [the public officials served by the bank depository] each public of-**
34 **icial who was notified under paragraph (a) of this subsection** that the bank depository is once
35 again in compliance.

36 [(6)] (7) A bank depository that does not comply with subsection [(4)] (5) of this section [*shall*]
37 *accept no further public funds deposits that are not insured by the Federal Deposit Insurance Corpo-*
38 *ration]* **may not accept additional uninsured public funds deposits.**

39 [(7)] (8) The [*names of financial institutions*] **collateralization requirement for a bank depos-**
40 **itory and the amount of collateral held by a custodian** contained in records received or compiled
41 by the State Treasurer [*pursuant to the provisions of this section shall be*] **is exempt from public**
42 **disclosure unless the public interest requires disclosure in the particular instance.**

43 **(9) The State Treasurer may require a bank depository that is required to increase its**
44 **collateral under subsection (5) of this section to file the reports required under ORS 295.061**
45 **(3).**

1 **SECTION 69.** ORS 295.031 is amended to read:

2 295.031. (1) Within *[five]* **three** business days after the State Treasurer receives notice from a
3 custodian pursuant to ORS 295.013 (2)(e), **receives information from the Director of the De-**
4 **partment of Consumer and Business Services or other sources under ORS 295.071 or 295.073,**
5 **or otherwise receives information** indicating that a bank depository has failed to pledge adequate
6 collateral with its custodian, the **State** Treasurer shall send written notice of the failure to each
7 public official who has **uninsured** public funds on deposit in the bank depository with respect to
8 which the notice *[under ORS 295.013 (2)(e)]* was given **or the information was received.**

9 (2) Within five business days after the State Treasurer receives notice from a custodian pursuant
10 to ORS 295.013 (2)(f) indicating that a bank depository has once again pledged adequate collateral
11 with its custodian, the **State** Treasurer shall send written notice to each public official who was
12 notified under subsection (1) of this section stating that the bank depository once again has ade-
13 quate collateral.

14 **SECTION 70.** ORS 295.034 is amended to read:

15 295.034. (1) Within *[20]* **15** business days after a public official receives a notice from the State
16 Treasurer pursuant to ORS 295.018 *[(5)(a)]* **(6)(a)**, *[or]* 295.031 (1) **or 295.061 (4)(a)**, the public official
17 shall withdraw from the bank depository to which the notice applies all **uninsured** public funds
18 deposits *[except those deposits that are insured by the Federal Deposit Insurance Corporation]*.

19 (2) If a public official receives a notice from the State Treasurer pursuant to ORS 295.018
20 *[(5)(a)]* **(6)(a)**, *[or]* 295.031 (1) **or 295.061 (4)(a)**, beginning *[20]* **15** business days after the public of-
21 ficial receives the notice, the public official may not deposit into the bank depository to which the
22 notice applies any public funds *[deposits if, as a result of such a deposit, the total public funds of the*
23 *public official on deposit with the bank depository exceed the deposit insurance limit of the Federal*
24 *Deposit Insurance Corporation]* **that, as a result of such a deposit, would be uninsured public**
25 **funds deposits.** The prohibition on deposits continues until the public official receives notice under
26 ORS 295.018 *[(5)(b)]* **(6)(b)**, *[or]* 295.031 (2) **or 295.061 (4)(b)** indicating that the bank depository is
27 in compliance with ORS 295.013, *[or]* 295.018 **or 295.061**, as applicable.

28 (3) Except as required by any applicable law or regulation, a bank depository may not impose
29 any early withdrawal penalty or any forfeiture of interest with respect to a withdrawal made by a
30 public official pursuant to this section.

31 **SECTION 71.** ORS 295.037 is amended to read:

32 295.037. (1) The deposit of securities by a bank depository with its custodian pursuant to ORS
33 295.001 to 295.108 constitutes consent by the bank depository to the disposition of the securities in
34 accordance with this section.

35 (2) When a loss has occurred in a bank depository, the bank depository shall as soon as possible
36 make payment to the proper public officials of all funds subject to the loss, pursuant to the following
37 procedures:

38 (a) **Immediately upon occurrence of the loss, the State Treasurer shall take possession**
39 **of the securities segregated as collateral for uninsured public funds deposits held by the**
40 **closed depository and begin to liquidate as much of the collateral as the State Treasurer**
41 **estimates is necessary, based upon the most recent information available to the State**
42 **Treasurer on the amount of uninsured public funds deposits held by the closed depository,**
43 **for distribution of the proceeds among public officials entitled to the proceeds as provided in**
44 **this section.**

45 *[(a)]* (b) The Director of the Department of Consumer and Business Services or the receiver **for**

1 **the closed depository** shall, within 20 days after the issuance of a restraining order or taking
 2 possession of any bank depository, ascertain the amount of public funds on deposit in the bank de-
 3 pository as disclosed by its records and the amount of the public funds covered by deposit insurance
 4 **or deposit guaranty bonds** and certify the amounts to the State Treasurer and to each public of-
 5 ficial who has public funds on deposit in the bank depository.

6 [(b)] (c) Each public official who has **uninsured** public funds on deposit in the bank depository
 7 shall, within 10 days after receipt of the certification from the Director of the Department of Con-
 8 sumer and Business Services or the receiver, furnish to the State Treasurer verified statements of
 9 the **uninsured** public funds that the public official has on deposit in the bank depository.

10 (3) Upon receipt of the certification from the Director of the Department of Consumer and
 11 Business Services or the receiver and the verified statements from the public officials who have
 12 **uninsured** public funds on deposit in the bank depository, the State Treasurer shall ascertain and
 13 fix the amount of public funds on deposit in the bank depository, plus interest to the date the funds
 14 are distributed to the public official at the rate the bank depository agreed to pay on the funds,
 15 minus any amount covered by deposit insurance **or deposit guaranty bonds**.

16 (4) After making the calculation described in subsection (3) of this section, the State Treasurer
 17 shall assess the [net] amount of **uninsured** public funds against all bank depositories, as follows:

18 (a) First, against the [bank] **closed** depository [that suffered the loss], to the extent of the full
 19 value of [its collateral deposited with its custodian pursuant to ORS 295.001 to 295.108] **the proceeds**
 20 **realized from the liquidation of its collateral by the State Treasurer under subsection (2) of**
 21 **this section, plus the treasurer's estimate of the amount of proceeds expected to be received**
 22 **from the collateral still to be liquidated by the State Treasurer;** and

23 (b) Second, against [the collateral of all] **all of the** other bank depositories, on a proportionate
 24 basis determined as provided in subsection (5) of this section. **The amount assessed against each**
 25 **other bank depository under this paragraph may not exceed the maximum liability of the**
 26 **bank depository.**

27 (5) For purposes of subsection (4) of this section, the proportionate share of each of the other
 28 bank depositories shall be determined by:

29 (a) Averaging the **total** amounts of [the total] **all uninsured** public funds deposits reported on
 30 the bank depository's last [four] **two** treasurer reports;

31 (b) Averaging the **aggregate** total amounts of [the total] **all uninsured** public funds deposits
 32 reported on the last [four] **two** treasurer reports of all of the bank depositories; and

33 (c) Dividing the result of the calculation performed under paragraph (a) of this subsection by the
 34 result of the calculation performed under paragraph (b) of this subsection.

35 (6) Notwithstanding the assessment provisions of subsection (4) of this section, the State Treas-
 36 urer shall assess the [net] amount of **uninsured** public funds deposits of a public official only against
 37 the [bank] **closed** depository [that suffered the loss], and not against [the collateral of] other bank
 38 depositories, if the public official:

39 (a) Was given appropriate notice about the [bank] **closed** depository by the State Treasurer
 40 under ORS 295.018 [(5)(a)] **(6)(a)**, [or] 295.031 (1) **or 295.061 (4)(a) and did not comply with ORS**
 41 **295.034; [and] or**

42 (b) [The public official did not comply with ORS 295.034] **Failed to timely comply with the**
 43 **requirements of ORS 295.006 and, as a result of the failure to timely comply, did not receive**
 44 **appropriate notice about the closed depository from the State Treasurer under ORS 295.018**
 45 **(6)(a), 295.031 (1) or 295.061 (4)(a).**

1 **(7) The assessment by the State Treasurer against the closed depository shall be payable**
 2 **immediately from the proceeds of the collateral delivered to the State Treasurer.** Assessments
 3 made by the State Treasurer **against the other bank depositories** are payable on the fifth business
 4 day following demand. If any bank depository fails to pay its assessment, the State Treasurer shall
 5 take possession of **and liquidate** the securities segregated as collateral **for uninsured public funds**
 6 **deposits held** by the bank depository [*and liquidate the securities for the purpose of paying the as-*
 7 *essment*] **or so much of the securities as is needed to pay the bank depository's assessment.**

8 (8) The State Treasurer shall distribute the [*net proceeds of the assessments and of any liquidated*
 9 *collateral*] **amounts received by the State Treasurer from the assessments**, to the extent that
 10 they do not exceed the total [*net*] amount of **uninsured** public funds deposits and accrued interest
 11 claimed by the public officials, among the public officials entitled to the proceeds in proportion to
 12 the public officials' respective claims.

13 (9) If the [*net proceeds of the assessments and of any liquidated collateral*] **amounts received by**
 14 **the State Treasurer from the assessments** are inadequate, after all other available sources are
 15 applied, to meet the total claims of the public officials [*entitled to the proceeds*] **for the amount of**
 16 **their uninsured public funds deposits**, the public officials may make claims against the closed
 17 [*bank*] depository as general creditors, **but not against any bank depository other than the**
 18 **closed depository.**

19 **(10)(a) If the final amount of proceeds from the liquidation of collateral received by the**
 20 **State Treasurer from a closed depository exceeds the amount of the assessment against the**
 21 **closed depository under subsection (4)(a) of this section, the State Treasurer shall pay the**
 22 **amount of the excess to the closed depository.**

23 **(b) If the final amount of proceeds from the liquidation of collateral received by the State**
 24 **Treasurer from other bank depositories exceeds the amount of the assessment against the**
 25 **other bank depositories under subsection (4)(b) of this section, the State Treasurer shall pay**
 26 **the excess to the other bank depositories in proportion to the amounts paid to the State**
 27 **Treasurer under their assessments.**

28 **(c) If the final amount of proceeds from the liquidation of collateral received by the State**
 29 **Treasurer from a bank depository, other than the closed depository, under subsection (7) of**
 30 **this section exceeds the amount of the assessment against the bank depository, the State**
 31 **Treasurer shall pay the excess to the bank depository.**

32 [(10)] (11) The prohibition on transfers of assets set forth in ORS 711.410 does not apply to as-
 33 sessments, payments, transfers or sales of securities made pursuant to this section.

34 **SECTION 71a.** ORS 295.041 is amended to read:

35 295.041. Upon the distribution of the proceeds of assessments and liquidated collateral pursuant
 36 to ORS 295.037 by the State Treasurer to any public official, the State Treasurer shall be subrogated
 37 to all of the right, title and interest of the public official against the closed [*bank*] depository, and
 38 shall share in any distribution of its assets ratably with other depositors. Any sums received from
 39 any distribution shall be paid to the public officials to the extent of any unpaid net deposit liability
 40 and the balance remaining shall be paid to the bank depositories against which the assessments
 41 were made, pro rata in proportion to the assessments actually paid by each bank depository. How-
 42 ever, the closed [*bank*] depository may not share in any distribution of the balance remaining. If the
 43 State Treasurer incurs expenses in enforcing the treasurer's rights under this section, the expenses
 44 may be charged as provided in ORS 295.106. The State Treasurer shall submit a claim for expenses
 45 to the bank depository, and if the charges are thereafter paid to the treasurer, they shall be treated

1 as a liquidation expense of the closed [*bank*] depository.

2 **SECTION 71b.** ORS 295.046 is amended to read:

3 295.046. (1) A bank depository may not accept a deposit of public funds if the deposit would
4 cause the aggregate of public funds deposits made by any one public official in the bank depository
5 to exceed at any time the net worth of the bank depository. If a bank depository's net worth is re-
6 duced, the bank depository may allow public funds on deposit in excess of the reduced net worth to
7 remain if the bank depository deposits with its custodian eligible securities valued at market value
8 in an amount at least equal to the amount of the excess public funds deposits. If the additional se-
9 curities required by this section are not deposited with the custodian, the bank depository shall
10 permit the public official to withdraw deposits prior to maturity, including accrued interest, in ac-
11 cordance with applicable statutes and governmental regulations.

12 (2) The limitations of subsection (1) of this section do not apply to public funds deposits held
13 by a bank depository in a certificate of deposit or time deposit under [*the program described in*] ORS
14 295.004.

15 **SECTION 72.** ORS 295.048 is amended to read:

16 295.048. (1) Notwithstanding ORS 295.046, a bank depository may not permit the aggregate of
17 public funds deposits on deposit with the bank depository from all public officials to exceed at any
18 time:

19 (a) 100 percent of the value of the bank depository's net worth, if the bank depository is an
20 undercapitalized bank depository;

21 (b) 150 percent of the value of the bank depository's net worth, if the bank depository is an
22 adequately capitalized bank depository;

23 (c) 200 percent of the value of the bank depository's net worth, if the bank depository is a well
24 capitalized bank depository; or

25 (d) 30 percent of the total aggregate **uninsured** public funds deposits of all public officials in
26 all bank depositories as reported in the most recent notice received by the bank depository from the
27 State Treasurer.

28 (2) The State Treasurer shall notify each bank depository and its custodian of the total aggre-
29 gate **uninsured** public funds deposits of all public officials in all bank depositories, based on the
30 most recently submitted treasurer reports. The treasurer shall give the notification required by this
31 subsection by the last day of the month in which bank depositories are required to submit a treas-
32 urer report.

33 (3) If a bank depository's aggregate of **uninsured** public funds deposits exceeds the amount set
34 forth in subsection (1) of this section, the bank depository shall, [*not later than 20*] **within three**
35 business days after receipt of notice from the State Treasurer, cease accepting deposits of
36 **uninsured** public funds.

37 (4) Notwithstanding subsections (1) and (3) of this section:

38 (a) A bank depository may accept and hold **uninsured** public funds deposits in excess of the
39 limits provided in subsection (1) of this section if the State Treasurer, upon good cause shown, ap-
40 proves the request of the bank depository to hold **uninsured** public funds in excess of the limits
41 provided in subsection (1) of this section for a period not exceeding 90 days **and eligible securities**
42 **are deposited with the bank depository's custodian as collateral in an amount at least equal**
43 **to the amount of the uninsured public funds deposits in excess of the limits provided in**
44 **subsection (1) of this section.**

45 (b) The limitations of subsection (1) of this section do not apply to public funds deposits held

1 by a bank depository in a *[program described in]* **certificate of deposit or time deposit under ORS**
 2 **295.004.**

3 (c) A well capitalized bank depository or an adequately capitalized bank depository may accept
 4 and hold public funds deposits in excess of the limit provided in subsection (1)(d) of this section if
 5 eligible securities are deposited with the bank depository's custodian as collateral in an amount at
 6 least equal to the amount of the public funds deposits in excess of the *[limitation]* **limit** prescribed
 7 in subsection (1)(d) of this section.

8 **SECTION 73.** ORS 295.053 is amended to read:

9 295.053. (1) If a bank depository ceases holding **uninsured** public funds deposits, the bank de-
 10 pository's custodian shall continue to hold the pledged securities of the bank depository as collateral
 11 pursuant to ORS 295.001 to 295.108. Unless the State Treasurer directs that the bank depository's
 12 securities be held for a longer period, the custodian shall hold the bank depository's pledged secu-
 13 rities for a period of **30 days**.[:]

14 *[(a) 30 days, in the case of a bank depository that was well capitalized as of the date the bank*
 15 *depository ceased holding any public funds deposits;]*

16 *[(b) 90 days, in the case of a bank depository that was adequately capitalized as of the date the*
 17 *bank depository ceased holding any public funds deposits; or]*

18 *[(c) One year, in the case of a bank depository that was undercapitalized as of the date the bank*
 19 *depository ceased holding any public funds deposits.]*

20 (2) If any of a bank depository's pledged securities mature during the *[periods]* **period** described
 21 in subsection (1) of this section, the bank depository shall pledge substitute securities that shall be
 22 held by its custodian until the expiration of the period.

23 (3) At the end of the *[applicable holding]* period **described in subsection (1) of this section**,
 24 if the bank depository has not, during that period, *[had on deposit]* **held** any **uninsured** public funds
 25 deposits, the custodian shall tender the bank depository's securities to the bank depository.

26 *[(4) Notwithstanding the release of a bank depository's securities pursuant to subsection (3) of this*
 27 *section, the bank depository shall continue to be treated as a bank depository and shall be subject to*
 28 *assessment under ORS 295.037 until one year after the bank depository ceased holding any public*
 29 *funds deposits. If the bank depository no longer has pledged collateral that may be used to pay the*
 30 *assessment, the bank depository shall remain liable for payment of the assessment from its other*
 31 *assets.]*

32 **SECTION 74.** ORS 295.061 is amended to read:

33 295.061. (1) On or before each treasurer report due date, each bank depository that has in its
 34 possession **uninsured** public funds deposits of one or more public officials *[that exceed the limits*
 35 *specified in ORS 295.002]* shall file its treasurer report with its custodian bank and with the State
 36 Treasurer.

37 (2) Each bank depository that files reports with the State Treasurer under subsection (1) of this
 38 section shall notify the State Treasurer in writing or by electronic means within *[10]* **three** business
 39 days of:

40 (a) The date on which the bank depository's net worth is reduced by an amount greater than
 41 10 percent of the amount shown as its net worth on the most recent report submitted pursuant to
 42 subsection (1) of this section; or

43 (b) The date on which the bank depository ceases to be well capitalized and becomes adequately
 44 capitalized or undercapitalized, or ceases to be adequately capitalized and becomes undercapitalized.

45 (3) An **adequately capitalized bank depository or an** undercapitalized bank depository shall

1 report the actual amount of **uninsured** public funds deposits held by it at least weekly to its
2 custodian bank and to the State Treasurer.

3 **(4)(a) If a bank depository fails to file any of the reports or provide any of the notices**
4 **required under this section or fails to file any of the notices or reports required under ORS**
5 **295.018, the State Treasurer may send a notice to each public official who has uninsured**
6 **public funds on deposit in the bank depository of the bank depository's failure to comply.**

7 **(b) If, after giving notice under paragraph (a) of this subsection, the State Treasurer**
8 **receives notice that the bank depository has filed the required reports or provided the re-**
9 **quired notices, the State Treasurer shall notify each public official who was notified under**
10 **paragraph (a) of this subsection that the bank depository is once again in compliance.**

11 **(5) If a bank depository fails to comply with this section, the bank depository shall,**
12 **within three business days after receipt of notice from the State Treasurer, cease accepting**
13 **deposits of uninsured public funds.**

14 **SECTION 75.** ORS 295.073 is amended to read:

15 295.073. The Director of the Department of Consumer and Business Services shall advise the
16 State Treasurer **in writing** of any action the director takes or directs any bank depository to take
17 that will result in a reduction of greater than 10 percent of the net worth of the bank depository
18 as shown on the most recent treasurer report submitted pursuant to ORS 295.061.

19 **SECTION 76.** ORS 286A.560 is amended to read:

20 286A.560. As used in ORS 286A.560 to 286A.585 and 327.700 to 327.711, unless the context re-
21 quires otherwise:

22 (1) "Appropriated funds" for a particular fiscal year means any moneys, other than unobligated
23 net lottery proceeds, that are specifically appropriated or otherwise specifically made available by
24 the Legislative Assembly or the Emergency Board for a fiscal year to replenish reserves established
25 as additional security for lottery bonds pursuant to the authority granted in ORS 286A.580 (6).

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

27 (a) The costs and expenses of issuing, administering and maintaining lottery bonds and the lot-
28 tery bond program, including but not limited to paying or redeeming lottery bonds, paying amounts
29 due in connection with credit enhancements or any instruments authorized by ORS 286A.580 (6) and
30 paying the administrative costs and expenses of the State Treasurer and the Oregon Department of
31 Administrative Services, including costs of consultants or advisors retained by the State Treasurer
32 or the Oregon Department of Administrative Services for the lottery bonds or the lottery bond
33 program;

34 (b) The costs of funding any lottery bond reserves;

35 (c) Capitalized interest for lottery bonds;

36 (d) Rebates or penalties due to the United States in connection with lottery bonds; and

37 (e) Any other costs or expenses that the State Treasurer or the Director of the Oregon De-
38 partment of Administrative Services determines are necessary or desirable in connection with issu-
39 ing lottery bonds or maintaining the lottery bond program.

40 (3) "Lottery bonds" means:

41 (a) The state park lottery bonds authorized by ORS 390.060 to 390.067, the infrastructure lottery
42 bonds authorized by ORS 285B.530 to 285B.548 and the education lottery bonds authorized by ORS
43 327.700 to 327.711;

44 (b) Any other bonds payable from the revenues of the Oregon State Lottery unless the legis-
45 lation authorizing those bonds expressly provides that those bonds may not be issued under ORS

1 286A.560 to 286A.585; and

2 (c) Any refunding lottery bonds.

3 (4) "Lottery Bond Administrative Fund" means the fund created by ORS 286A.573.

4 (5) "Lottery Bond Fund" means the fund created by ORS 286A.570.

5 (6) "Lottery bond program" means a financing program authorized by:

6 (a) ORS 285B.530 to 285B.548, 327.700 to 327.711 or 390.060 to 390.067; or

7 (b) Any other Act of the Legislative Assembly authorizing the issuance of bonds that are paya-
8 ble from the revenues of the Oregon State Lottery, unless the legislation authorizing those bonds
9 expressly provides that those bonds may not be issued under ORS 286A.560 to 286A.585.

10 (7) "Refunding lottery bonds" means any bonds issued for the purpose of refunding any lottery
11 bonds.

12 (8) "Unobligated net lottery proceeds" means all revenues derived from the operation of the
13 Oregon State Lottery except for:

14 (a) The revenues used for the payment of prizes and expenses of the Oregon State Lottery as
15 provided in section 4 (4)(d), Article XV of the Oregon Constitution, and ORS 461.500 and 461.510;
16 **and**

17 *[(b) The revenues required to be applied, distributed or allocated as provided in ORS 461.543;*
18 *and]*

19 *[(c)]* (b) The revenues required to be allocated to pay the Westside lottery bonds and any bonds
20 issued to refund the Westside lottery bonds, to fund reserves for any of those bonds and to pay re-
21 lated costs of the Department of Transportation.

22 (9) "Westside lottery bonds" means the bonds issued by this state under the authority granted
23 in ORS 391.140 that, notwithstanding ORS 267.334, 285B.419, 285B.422, 285B.482, 285B.530 to
24 285B.548, 286A.560 to 286A.585, 327.700 to 327.711 and 390.060 to 390.067, shall have a claim on
25 lottery funds that is superior to the claim of the lottery bonds authorized by ORS 286A.560 to
26 286A.585.

27 **SECTION 77.** ORS 366.505 is amended to read:

28 366.505. (1) The State Highway Fund shall consist of:

29 (a) All moneys and revenues derived under and by virtue of the sale of bonds, the sale of which
30 is authorized by law and the proceeds thereof to be dedicated to highway purposes.

31 (b) All moneys and revenues accruing from the licensing of motor vehicles, operators and
32 chauffeurs.

33 (c) Moneys and revenues derived from any tax levied upon gasoline, distillate, liberty fuel or
34 other volatile and inflammable liquid fuels, except moneys and revenues described in ORS 184.642
35 (2)(a) that become part of the Department of Transportation Operating Fund.

36 (d) Moneys and revenues derived from or made available by the federal government for road
37 construction, maintenance or betterment purposes.

38 (e) All moneys and revenues received from all other sources which by law are allocated or
39 dedicated for highway purposes.

40 (2) The highway fund shall be deemed and held as a trust fund, separate and distinct from the
41 General Fund, and may be used only for the purposes authorized by law and is continually appro-
42 priated for such purposes.

43 (3) **Moneys in the State Highway Fund may be invested as provided in ORS 293.701 to**
44 **293.820.** All interest earnings on any of the funds designated in subsection (1) of this section shall
45 be placed to the credit of the highway fund.

1 **SECTION 78.** ORS 461.510 is amended to read:

2 461.510. (1) All money payable to the commission shall be deposited in [*an account*] **a fund**
3 known as the State Lottery Fund. The State Lottery Fund shall receive all proceeds from the sale
4 of lottery tickets or shares, the temporary loan for initial start-up costs[, *interest*] and all other
5 moneys credited to the Oregon State Lottery from any other lottery-related source. The State Lot-
6 tery Fund is continuously appropriated for the purpose of administering and operating the commis-
7 sion and the state lottery.

8 (2) Disbursements shall be made from the State Lottery Fund for any of the following purposes:

9 (a) The payment of prizes to the holders of valid winning lottery tickets or shares;

10 (b) Expenses of the commission and the state lottery;

11 (c) Repayment of any funds advanced from the temporary loan for initial start-up costs and the
12 interest on any such funds advanced; and

13 (d) Transfer of funds from the State Lottery Fund to the benefit of the public purpose described
14 in section 4, Article XV of the Constitution of the State of Oregon.

15 (3) As nearly as practical, at least 50 percent of the total projected revenue, computed on a
16 year-round basis, accruing from the sales of all state lottery tickets or shares shall be apportioned
17 for payment of prizes.

18 (4) Expenses of the state lottery shall include all costs incurred in the operation and adminis-
19 tration of the state lottery and all costs resulting from any contracts entered into for the purchase
20 or lease of goods or services required by the commission including, but not limited to, the costs of
21 supplies, materials, tickets, independent audit services, independent studies, data transmission, ad-
22 vertising, promotion, incentives, public relations, communications, compensation paid to lottery
23 game retailers, bonding for lottery game retailers, printing, distribution of tickets and shares, reim-
24 bursing other governmental entities for services provided to the state lottery, transfers to a con-
25 tingency reserve, and for any other goods and services necessary for effectuating the purposes of
26 this chapter. No more than 16 percent of the total annual revenues accruing from the sale of all
27 lottery tickets and shares from all lottery games shall be allocated for the payment of the expenses
28 of the state lottery. The commission shall determine the amount necessary for a reasonable contin-
29 gency reserve within the amount allocated for payment of expenses.

30 (5) The state lottery shall pay all prizes and all of its expenses out of the revenues it receives
31 from the sale of tickets and shares to the public and turn over the net proceeds therefrom to a fund
32 to be established by the Legislative Assembly from which the Legislative Assembly shall make ap-
33 propriations for the benefit of the public purpose described in section 4, Article XV of the Consti-
34 tution of the State of Oregon.

35 **(6) Moneys in the State Lottery Fund may be invested as provided in ORS 293.701 to**
36 **293.820. Interest earned by the fund shall be credited to the fund.**

37 **SECTION 79.** ORS 293.713 and 293.714 are added to and made a part of ORS 293.701 to
38 **293.820.**

39 **SECTION 80.** ORS 293.756, 293.766, 293.820, 293.822, 293.824 and 295.087 are repealed.

40 **SECTION 81.** (1) **The Oregon Short Term Fund established in section 4 of this 2009 Act**
41 **is intended to be a continuation of any similar funds or accounts established by the State**
42 **Treasurer prior to the effective date of this 2009 Act and that contain moneys described in**
43 **ORS 293.701 (2)(o) on the day prior to the effective date of this 2009 Act. Moneys in any**
44 **similar fund or account are considered to be contained in the Oregon Short Term Fund es-**
45 **tablished in section 4 of this 2009 Act.**

1 (2) The amendments to ORS 293.718 and 294.865 by sections 6 and 30 of this 2009 Act apply
2 to expenses incurred by the State Treasurer on or after the effective date of this 2009 Act.

3 (3) The amendments to ORS 293.761 by section 15 of this 2009 Act apply to reports issued
4 on or after the effective date of this 2009 Act.

5 (4) The amendments to ORS 294.035 by section 25 of this 2009 Act apply to investments
6 made on or after the effective date of this 2009 Act.

7 (5) The amendments to ORS 295.001 by section 62 of this 2009 Act apply to bonds pur-
8 chased and to activities occurring on or after the effective date of this 2009 Act.

9 (6) The amendments to ORS 311.780 by section 55 of this 2009 Act:

10 (a) Are intended to transfer responsibility for making payments of amounts described in
11 ORS 311.780 from the State Treasurer to the Department of Revenue;

12 (b) Are intended to require that the payments be made from the General Fund; and

13 (c) Apply to payments made on or after the effective date of this 2009 Act.

14 (7) The amendments to ORS 295.004 by section 63 of this 2009 Act apply to deposits made
15 on or after the effective date of this 2009 Act and deposits pending placement on the effective
16 date of this 2009 Act.

17 (8) The amendments to ORS 295.006 by section 64 of this 2009 Act apply to changes made
18 on or after the effective date of this 2009 Act.

19 (9) The amendments to ORS 295.013 by section 66 of this 2009 Act apply to insured insti-
20 tutions or trust companies that are custodian banks prior to, on or after the effective date
21 of this 2009 Act.

22 (10) The amendments to ORS 295.015 by section 67 of this 2009 Act apply to activities
23 occurring on or after the effective date of this 2009 Act.

24 (11) The amendments to ORS 295.018 by section 68 of this 2009 Act apply to deposits held
25 on or after the effective date of this 2009 Act.

26 (12) The amendments to ORS 295.031 by section 69 of this 2009 Act apply to notices or
27 information received by the State Treasurer on or after the effective date of this 2009 Act.

28 (13) The amendments to ORS 295.034 by section 70 of this 2009 Act apply to notices re-
29 ceived and deposits made by public officials on or after the effective date of this 2009 Act.

30 (14) The amendments to ORS 295.037 by section 71 of this 2009 Act apply to losses oc-
31 ccurring on or after the effective date of this 2009 Act.

32 (15) The amendments to ORS 295.048 by section 72 of this 2009 Act apply to deposits held
33 on or after the effective date of this 2009 Act.

34 (16) The amendments to ORS 295.053 by section 73 of this 2009 Act apply to bank deposi-
35 tories that cease holding uninsured public funds deposits on or after the effective date of this
36 2009 Act.

37 (17) The amendments to ORS 295.061 by section 74 of this 2009 Act apply to reports and
38 notices required to be filed on or after the effective date of this 2009 Act.

39 (18) The repeal of ORS 295.087 by section 80 of this 2009 Act applies to investments or
40 disposals of funds made on or after the effective date of this 2009 Act.

41 **SECTION 82.** This 2009 Act being necessary for the immediate preservation of the public
42 peace, health and safety, an emergency is declared to exist, and this 2009 Act takes effect
43 on its passage.