

A-Engrossed
Senate Bill 719

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

Sponsored by Senators MONNES ANDERSON, STARR, Representative D EDWARDS; Senators GEORGE, SCHRADER, Representatives BAILEY, KAHL, KENNEMER, MATTHEWS, READ, VANORMAN (at the request of City of Gresham, Washington County, Central Oregon Cities organization, City of Wilsonville)

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.

Establishes Urban Growth Boundary Expansion Area Revolving Loan Fund. Continuously appropriates moneys from fund to Economic and Community Development Department to provide no-interest loans to finance eligible infrastructure projects in urban growth boundary expansion areas. Declares emergency, effective July 1, 2009.

A BILL FOR AN ACT

1
2 Relating to Urban Growth Boundary Expansion Area Revolving Loan Fund; appropriating money;
3 and declaring an emergency.

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

5 **SECTION 1. (1) The Legislative Assembly finds that issuing lottery bonds to provide loans**
6 **to local governments to assist in the improvement and construction of infrastructure**
7 **projects in areas in which the urban growth boundary has expanded since 1997 is essential**
8 **to promoting economic development in Oregon.**

9 **(2) The use of lottery bond proceeds is authorized based on the following findings:**

10 **(a) Properly preparing areas within newly expanded urban growth boundaries is of vital**
11 **concern to the state.**

12 **(b) There are currently inadequate tools and resources to pay for infrastructure neces-**
13 **sary to begin development in many areas in which the urban growth boundary has recently**
14 **been expanded.**

15 **(c) Local governments are often unable to undertake necessary infrastructure projects**
16 **to accommodate development in urban growth boundary expansion areas, because resources**
17 **necessary to begin infrastructure improvements necessary to accommodate development are**
18 **not collected until after development actually occurs.**

19 **(d) Development of urban growth boundary expansion areas would increase industrial job**
20 **creation and foster economic development in this state.**

21 **(e) The use of net proceeds from the operation of the Oregon State Lottery to pay debt**
22 **service on lottery bonds issued under this section to finance infrastructure loans for urban**
23 **growth boundary expansion areas is an authorized use of state lottery funds under section**
24 **4, Article XV of the Oregon Constitution, and ORS 461.510.**

25 **SECTION 2. (1) There is established in the State Treasury, separate and distinct from the**
26 **General Fund, the Urban Growth Boundary Expansion Area Revolving Loan Fund. Interest**

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 earned on the fund shall be credited to the fund. All moneys in the Urban Growth Boundary
2 Expansion Area Revolving Loan Fund are continuously appropriated to the Economic and
3 Community Development Department.

4 (2) The Economic and Community Development Department shall administer the Urban
5 Growth Boundary Expansion Area Revolving Loan Fund.

6 (3) The Urban Growth Boundary Expansion Area Revolving Loan Fund shall consist of:

7 (a) Moneys transferred to the fund by the federal government, other state agencies or
8 local governments.

9 (b) Moneys transferred to the fund by the Legislative Assembly or the Oregon Economic
10 and Community Development Commission.

11 (c) Proceeds from the sale of lottery bonds.

12 (d) Repayment of financial assistance provided with moneys from the fund.

13 (e) Interest and other earnings on moneys in the fund.

14 (4) Moneys in the Urban Growth Boundary Expansion Area Revolving Loan Fund shall
15 be used for providing no-interest loans to local governments for areas in which the urban
16 growth boundaries have been expanded since December 31, 1997, for infrastructure improve-
17 ment projects, including but not limited to projects to improve transportation, water treat-
18 ment, water service, sewer facilities, storm water management, parks and public safety
19 facilities in the urban growth area.

20 (5) The governing body of a municipality that has expanded the urban growth boundary
21 area since 1997, or a municipality that provides or will provide services to such an area, may
22 borrow moneys for infrastructure projects in such urban growth boundary expansion areas
23 from the Urban Growth Boundary Expansion Area Revolving Loan Fund by entering into a
24 loan agreement with the Economic and Community Development Department. The governing
25 body of a qualified municipality may enter into a loan agreement with the department
26 notwithstanding any restriction on indebtedness in the charter or bylaws of the municipality
27 or any other provision of law. Moneys owed to the department by the borrower under a loan
28 agreement may be paid from:

29 (a) Revenue from any infrastructure project of the borrower in the urban growth
30 boundary expansion area, including special assessment revenue;

31 (b) Amounts withheld under subsection (10) of this section;

32 (c) The general fund of the borrower;

33 (d) Any combination of sources listed in paragraphs (a) to (c) of this subsection; or

34 (e) Any other source.

35 (6) Subject to subsections (7) to (10) of this section, moneys in the Urban Growth
36 Boundary Expansion Area Revolving Loan Fund are available for immediate distribution to
37 qualified municipalities that have executed loan agreements under this section, to pay the
38 costs incurred to undertake projects described in subsection (4) of this section.

39 (7) A loan agreement executed under this section shall require:

40 (a) A qualified municipality to:

41 (A) Indemnify the state government, as defined in ORS 174.111, to the fullest extent
42 permitted by law for any liability the state government might incur in connection with a
43 borrowing by the qualified municipality; and

44 (B) Refrain from requesting or accepting moneys from the General Fund for the purpose
45 of paying costs of projects for which the loan agreement is being executed; and

1 (b) The Economic and Community Development Department, after receiving the approval
2 of the Oregon Department of Administrative Services, to disburse to qualified municipalities
3 amounts from the Urban Growth Boundary Expansion Area Revolving Loan Fund when:

4 (A) Moneys are available; and

5 (B) The Economic and Community Development Department determines that the quali-
6 fied municipality will have sufficient financing to complete the projects described in sub-
7 section (4) of this section that the municipality undertakes.

8 (8) The State of Oregon is not liable to any lender, vendor or contractor of a qualified
9 municipality for any action or omission under sections 1 to 4 of this 2009 Act.

10 (9) Notwithstanding subsection (5) of this section, a borrower may not use revenues
11 raised outside the urban growth boundary expansion area to repay a loan from the Urban
12 Growth Boundary Expansion Area Revolving Loan Fund, except to repay that portion of a
13 project's cost that is attributable to an existing deficiency or is necessary to accommodate
14 development in areas outside the urban growth boundary expansion area.

15 (10) If a borrower fails to comply with a loan agreement entered into under subsection
16 (5) of this section, the Economic and Community Development Department may seek appro-
17 priate legal remedies to secure any repayment due the Urban Growth Boundary Expansion
18 Area Revolving Loan Fund. If a borrower defaults on repayment due the fund, the State of
19 Oregon may withhold any amounts otherwise due to the borrower. Any amounts withheld
20 under this subsection shall be credited toward repayment of the borrower's indebtedness to
21 the fund.

22 **SECTION 3.** (1) For the biennium beginning July 1, 2009, at the request of the Oregon
23 Department of Administrative Services, after consultation with the Economic and Commu-
24 nity Development Department, the State Treasurer is authorized to issue lottery bonds pur-
25 suant to ORS 286A.560 to 286A.585 in an amount not to exceed net proceeds of \$50 million for
26 the purposes described in subsection (2) of this section, plus an additional amount, to be es-
27 timated by the State Treasurer, for payment of bond-related costs.

28 (2) Proceeds of lottery bonds issued under subsection (1) of this section, in the amount
29 of \$50 million, must be deposited in the Urban Growth Boundary Expansion Area Revolving
30 Loan Fund established by section 2 of this 2009 Act, for the purposes described in section 2
31 of this 2009 Act.

32 (3) Bond-related costs for the lottery bonds authorized by this section must be paid from
33 the gross proceeds of the lottery bonds and from allocations for the purposes of ORS
34 286A.576 (1)(c).

35 **SECTION 4.** If the state has not deposited an aggregate amount of \$50 million in the
36 Urban Growth Boundary Expansion Area Revolving Loan Fund by June 30, 2011, the state
37 shall allocate, from residual lottery revenues that are available after application of the resi-
38 dual lottery revenues to existing debt service requirements, to the Economic and Community
39 Development Department an amount equal to the difference between \$50 million and the
40 aggregate deposits to the fund as of June 30, 2011. The allocation of moneys from the fund
41 under this section is subject to the requirements and priorities set forth in section 4, Article
42 XV of the Oregon Constitution, and ORS 286A.576 and any other amounts required by any
43 other pledges of, or liens on, net proceeds from the Oregon State Lottery.

44 **SECTION 5.** This 2009 Act being necessary for the immediate preservation of the public
45 peace, health and safety, an emergency is declared to exist, and this 2009 Act takes effect

1 **July 1, 2009.**

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