

**76TH OREGON LEGISLATIVE ASSEMBLY  
STAFF MEASURE SUMMARY  
HOUSE REVENUE COMMITTEE**

**MEASURE: SB 19-1  
CARRIER:**

**REVENUE: No  
FISCAL: Minimal**

**PRELIMINARY**

**Action:**

**Vote:**

**Yeas:**

**Nays:**

**Exc.:**

**Prepared By:** Mazen Malik, Economist  
**Meeting Dates:** Feb-9, Feb-28, March-2, March-04

**WHAT THE BILL DOES:** Authorizes State Treasurer to issue Article XI-Q bonds, subject to biennial budget authorization for bond issuance, to finance costs associated with real or personal property that is or will be owned or operated by State of Oregon. Authorizes State Treasurer to refinance costs associated with real or personal property that was financed by outstanding borrowings. Establishes Article XI-Q Bond Fund and Article XI-Q Bond Administration Fund. Continuously appropriates moneys from funds.

**ISSUES DISCUSSED:**

- Time of maturity for COPs verses XI-Q bonds.
- COP s has no explicit commitment to be paid, thus higher rates as a result of presumption of obligation.
- Savings on interest paid on all existing COPS (\$72 million).
- ODOT projects might see up to \$18 million in savings.
- COP market is currently having difficult circumstances, which means the availability of XI-Q bonds is most opportune.
- Need the measure to be able to use the authority to sell X1-Q in the near future, and to be able to realize savings essential for the budget balance.
- Need for amendments to reach the intended purpose.
- The language to preserve the tax exempt statues and the BAB's federal tax grants.
- The level of authorization \$343 million from COP to XI-Q and reduction of the XI-G authorization by \$3 million.

**EFFECT OF COMMITTEE AMENDMENTS:** The "1" amendment specify the authorization change for the bond levels moving from COP's to XI-Q. It also prescribes the procedure for requesting the bonds in the future and preserving the tax exempt statues.

**BACKGROUND:**

Measure 72 of the 2010 general election authorized the creation of article XI-Q Bonds in the constitution. This measure was introduced as an alternative to borrowing and financing some government needs with COP's (Certificate of Participation). This bill facilitates the use of XI-Q bonds by establishing legal language, which includes definitions, permission to issue the bonds (predicated on budget or bond bill authorization), and creation of funds (Bond Fund (sec 4), and Bond administration fund (sec 5))

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