

House Bill 2003

Sponsored by Representative SHEEHAN; Representatives CONGER, ESQUIVEL, GARRARD, HUFFMAN, KRIEGER, LINDSAY, PARRISH, WHISNANT

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Requires state agency that owns real property or operates facilities to establish dedicated account to pay expenses of maintaining, repairing and replacing state agency's real property or facilities.

Requires state agency that owns real property or operates facilities to contract each year with private contractor to conduct reserve study or to review existing reserve study to determine requirements for reserve account established to maintain, repair and replace state agency's real property or facilities. Specifies requirements for reserve study.

Specifies priorities for state agency's deposit of revenues from rental or sale of state agency real property or facilities. Specifies dates by which state agency must establish account, begin funding account and fully fund account.

Becomes operative 91 days after effective date of Act.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to funds for maintaining state agency property; creating new provisions; amending ORS
3 276.285; and declaring an emergency.

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

5 **SECTION 1.** ORS 276.285 is amended to read:

6 276.285. (1) [*It is*] The policy of the State of Oregon, in keeping with the benchmark relating to
7 public infrastructure and development adopted by the Oregon Progress Board, **is** to facilitate and
8 encourage state agencies that own real property [*and*] **or** operate facilities to manage and develop
9 [*these*] **the real** [*properties*] **property or facilities** in an effective and businesslike manner. [*The*
10 *maintenance, preservation and development of*] **Maintaining, preserving and developing** state-owned
11 real property and facilities, including, but not limited to, educational institutions, hospitals, parks,
12 roads, libraries and fish hatcheries is essential to enable the State of Oregon to meet the needs of
13 [*its*] **the state's** citizens now and in the future. The purpose of chapter 452, Oregon Laws 1995, is
14 to maintain and protect the investment of the State of Oregon in [*its*] **the state's** public
15 infrastructure.

16 (2)(a) [*Any*] **A** state agency that owns [*and operates*] real property or **operates** facilities is au-
17 thorized to establish a separate dedicated account in the State Treasury for the purpose of paying
18 the expenses of constructing, operating, [*maintaining, repairing, replacing,*] equipping, improving,
19 acquiring and disposing of [*such*] **the** real property [*and*] **or** facilities.

20 (b)(A) **A state agency that owns real property or operates facilities shall establish a**
21 **dedicated account in the State Treasury separate and distinct from the General Fund, and**
22 **separate from and in addition to any account the state agency may establish under para-**
23 **graph (a) of this subsection, for the purpose of paying the expenses of maintaining and re-**
24 **pairing the state agency's real property or facilities and replacing components or portions**
25 **of the state agency's facilities that are damaged beyond maintenance or repair. The state**

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 agency shall set as a limit for the amount of funds that may be kept in the account an
 2 amount that is sufficient to pay the expenses of maintenance, repair and replacement for the
 3 state agency's real property or facilities during a period of at least one year and not more
 4 than 30 years.

5 (B) The state agency shall establish the account in accordance with the requirements set
 6 forth in a reserve study conducted under subsection (3) of this section.

7 (c) [All] Moneys in an account established pursuant to this subsection are appropriated contin-
 8 uously to the agency for the purposes described in this subsection. [All] Interest earned on moneys
 9 in the account shall be retained in and credited to the account.

10 (3)(a) A state agency that owns real property or operates facilities shall contract each
 11 year with a private contractor to conduct a reserve study or to review an existing reserve
 12 study to determine requirements for the account described in subsection (2)(b) of this sec-
 13 tion. The contractor must have expertise and experience in conducting reserve studies of the
 14 type and scale necessary to set requirements for the account described in subsection (2)(b)
 15 of this section.

16 (b) The reserve study or the review of an existing reserve study must:

17 (A) Identify the real property or facilities for which the state agency must establish an
 18 account under subsection (2)(b) of this section;

19 (B) Estimate the remaining useful life, as of the date of the reserve study, of the real
 20 property or facilities;

21 (C) Estimate the cost, as of the date of the reserve study, of maintaining, repairing and
 22 replacing the real property or facilities; and

23 (D) Specify the amounts that the state agency must deposit in or credit to the account
 24 described in subsection (2)(b) of this section in order to meet the requirements specified in
 25 subsection (2)(b) of this section and section 2 of this 2011 Act. The reserve study may specify
 26 amounts that the state agency must deposit on a monthly, quarterly, annual or biennial basis
 27 to meet the requirements.

28 [(3)] (4) [Any] A state agency that owns [or operates] real property or **operates** facilities may
 29 establish a rental program for the purpose of recovering and paying for the costs, including debt
 30 service, of constructing, operating, maintaining, repairing, replacing, equipping, improving and dis-
 31 posing of real property [and] **or** facilities consistent with the statutory authority of the state agency.
 32 [All] Revenues from [such] **the** rental programs shall be deposited in the account established pur-
 33 suant to subsection (2) of this section. **The state agency shall credit the revenues from the**
 34 **rental programs to the account established under subsection (2)(b) of this section before**
 35 **crediting the proceeds to any other account established under subsection (2) of this section**
 36 **unless the account established under subsection (2)(b) of this section is fully funded in ac-**
 37 **cordance with the requirements set forth in section 2 of this 2011 Act and the reserve study**
 38 **described in subsection (3) of this section.**

39 [(4)] (5) [Whenever] **If** a state agency that owns [and operates] real property [and] **or operates**
 40 facilities[,] and [that] has [an] established **an** account under subsection (2) of this section sells or
 41 leases real property, the **state agency shall credit the** proceeds from the sale or lease [shall be
 42 credited] to the account established pursuant to subsection (2) of this section, unless disposition of
 43 the proceeds is otherwise provided by law. **The state agency shall credit the proceeds to the**
 44 **account established under subsection (2)(b) of this section before crediting the proceeds to**
 45 **any other account established under subsection (2) of this section unless the account estab-**

1 **lished under subsection (2)(b) of this section is fully funded in accordance with the require-**
 2 **ments set forth in section 2 of this 2011 Act and in the reserve study described in subsection**
 3 **(3) of this section.**

4 [(5)] (6) If a state agency that owns *[and operates]* real property *[and]* **or operates** facilities has
 5 other statutory authority to provide funding for real property and facility operation and manage-
 6 ment, the agency may use *[that]* **the** authority *[in lieu of or]* in addition to the provisions of this
 7 section.

8 [(6)] (7) *[When]* **If** a state agency establishes an account pursuant to subsection (2) of this sec-
 9 tion, the agency shall provide a report of the revenues to and expenditures from the account as part
 10 of *[its]* **the state agency's** budget submission to the Governor and the Legislative Assembly under
 11 ORS chapter 291. *[The establishment by]* State agencies *[of]* **that establish** rental rates for real
 12 property or facilities pursuant to this section shall **establish the rental rates** *[be]* on a biennial
 13 basis as part of the budget development process, but *[modification of]* **may modify** the rates *[may*
 14 *be made]* during the interim between legislative sessions after *[a report to the Emergency Board of]*
 15 **reporting** the proposed rate modification **to the Emergency Board.**

16 (8) **The Director of the Oregon Department of Administrative Services may adopt rules**
 17 **that are necessary to carry out the provisions of this section.**

18 **SECTION 2. (1) A reserve study described in ORS 276.285 (3) must be completed by Jan-**
 19 **uary 31, 2012, for each state agency that owns real property or operates facilities.**

20 (2) **A state agency that owns real property or operates facilities shall establish by March**
 21 **31, 2012, the account described in ORS 276.285 (2)(b) and shall begin depositing into or cred-**
 22 **iting to the account the amounts necessary to fund the account in accordance with the re-**
 23 **quirements set forth in ORS 276.285 (2)(b) and in the reserve study described in ORS 276.285**
 24 **(3).**

25 (3) **A state agency that owns real property or operates facilities shall deposit into or**
 26 **credit to the account described in ORS 276.285 (2)(b) all funds necessary to meet the re-**
 27 **quirements of the reserve study described in ORS 276.285 (3) not later than January 1, 2020.**

28 (4) **The Director of the Oregon Department of Administrative Services may adopt rules**
 29 **that are necessary to carry out the provisions of this section.**

30 **SECTION 3. (1) Section 2 of this 2011 Act and the amendments to ORS 276.285 by section**
 31 **1 of this 2011 Act become operative on the 91st day following the effective date of this 2011**
 32 **Act.**

33 (2) **The Director of the Oregon Department of Administrative Services may take any**
 34 **action before the operative date specified in subsection (1) of this section that is necessary**
 35 **to enable the director to exercise, on and after the operative date specified in subsection (1)**
 36 **of this section, all of the duties, functions and powers conferred on the director by section**
 37 **2 of this 2011 Act and the amendments to ORS 276.285 by section 1 of this 2011 Act.**

38 **SECTION 4. This 2011 Act being necessary for the immediate preservation of the public**
 39 **peace, health and safety, an emergency is declared to exist, and this 2011 Act takes effect**
 40 **on its passage.**