

**A-Engrossed**  
**Senate Bill 19**

Ordered by the Senate March 4  
Including Senate Amendments dated March 4

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with pre-session filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of State Treasurer Ted Wheeler)

**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.

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 were financed by outstanding borrowings.

Establishes Article XI-Q Bond Fund and Article XI-Q Bond Administration Fund. Continuously appropriates moneys from funds.

**Creates bond program by which state agency may request financing for real or personal property projects with Article XI-Q bond proceeds or refinancing of borrowings issued before effective date of Article XI-Q of Oregon Constitution that would have qualified for financing under Article XI-Q.**

**Adjusts biennial budget authorization for issuance of bonds in biennium beginning July 1, 2009.**

Declares emergency, effective on passage.

**A BILL FOR AN ACT**

1  
2 Relating to Article XI-Q bonds; creating new provisions; amending sections 6, 9 and 10, chapter 904,  
3 Oregon Laws 2009; repealing section 17, chapter 904, Oregon Laws 2009; appropriating money;  
4 and declaring an emergency.

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

6 **SECTION 1. Sections 2 to 7 of this 2011 Act are added to and made a part of ORS chapter**  
7 **286A.**

8 **SECTION 2. As used in sections 2 to 7 of this 2011 Act:**

9 (1) "Article XI-Q bonds" means general obligation bonds issued under the authority of  
10 Article XI-Q of the Oregon Constitution.

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

12 (a) The costs of paying the principal of, the interest on and the premium, if any, on Ar-  
13 ticle XI-Q bonds.

14 (b) The costs and expenses of issuing, administering and maintaining Article XI-Q bonds  
15 including, but not limited to, the costs and expenses of:

16 (A) Redeeming Article XI-Q bonds.

17 (B) Paying amounts due in connection with credit enhancement devices or agreements  
18 for exchange of interest rates.

19 (C) Paying the fees, administrative costs and expenses of the State Treasurer, the Oregon  
20 Department of Administrative Services or the project agency, including the costs of con-

**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 sultants or advisers retained by the State Treasurer, the department or the project agency.

2 (c) The costs of funding reserves for the Article XI-Q bonds.

3 (d) Capitalized interest for the Article XI-Q bonds.

4 (e) Rebates or penalties due to the United States in connection with the Article XI-Q  
5 bonds.

6 (f) Any other costs or expenses that the State Treasurer, the department or the project  
7 agency determines are necessary or desirable in connection with issuing and maintaining the  
8 Article XI-Q bonds.

9 (3) "Project agency" means a state agency that administers a project that is financed  
10 with Article XI-Q bond proceeds.

11 **SECTION 3.** (1) In accordance with the applicable provisions of this chapter, the State  
12 Treasurer, with the concurrence of the Director of the Oregon Department of Administrative  
13 Services, may issue Article XI-Q bonds:

14 (a) For any of the purposes specified in Article XI-Q of the Oregon Constitution, plus an  
15 amount determined by the State Treasurer to pay estimated bond-related costs; and

16 (b) Subject to the budget authorization for Article XI-Q bond issuance established under  
17 ORS 286A.035 for the biennium.

18 (2) The State Treasurer may issue Article XI-Q bonds for the purpose of:

19 (a) Refunding Article XI-Q bonds.

20 (b) Refinancing borrowings issued before the effective date of Article XI-Q of the Oregon  
21 Constitution to finance or refinance costs described in section 1 (1), Article XI-Q of the  
22 Oregon Constitution.

23 (c) Paying bond-related costs.

24 (3) The State Treasurer shall deposit the net proceeds of Article XI-Q bonds issued in  
25 one or more project funds established in the State Treasury or with a third party approved  
26 by the State Treasurer. Net proceeds must be expended in accordance with procedures es-  
27 tablished by the Oregon Department of Administrative Services for the purposes described  
28 in each project agency's budget authorization.

29 (4) If at any time the Oregon Department of Administrative Services and the project  
30 agency determine that the net proceeds of Article XI-Q bonds deposited in a project fund  
31 pursuant to subsection (3) of this section exceed the amount necessary for the purpose de-  
32 scribed in the project agency's budget authorization, the department may allocate and  
33 transfer the excess amount as determined by the department to other project funds, the  
34 Article XI-Q Bond Fund established under section 4 of this 2011 Act or the Article XI-Q Bond  
35 Administration Fund established under section 5 of this 2011 Act.

36 (5) Article XI-Q bonds are a general obligation of the State of Oregon and must contain  
37 a direct promise on behalf of the State of Oregon to pay the principal of, the interest on and  
38 the premium, if any, on the Article XI-Q bonds. The State of Oregon shall pledge its full faith  
39 and credit and taxing power to the payment of the principal of, the interest on and the pre-  
40 mium, if any, on Article XI-Q bonds, except that the ad valorem taxing power of the State  
41 of Oregon may not be pledged to pay Article XI-Q bonds.

42 **SECTION 4.** (1) The Article XI-Q Bond Fund is established in the State Treasury, sepa-  
43 rate and distinct from the General Fund. Amounts in the Article XI-Q Bond Fund may be  
44 invested as provided in ORS 293.701 to 293.820, and interest earned on the bond fund must  
45 be credited to the bond fund. Amounts credited to the bond fund are continuously appropri-

1 ated to the Oregon Department of Administrative Services for the purpose of paying, when  
2 due, the principal of, the interest on and the premium, if any, on outstanding Article XI-Q  
3 bonds. The department shall deposit in the bond fund:

4 (a) Capitalized or accrued interest on Article XI-Q bonds;

5 (b) Amounts appropriated or otherwise provided by the Legislative Assembly for deposit  
6 in the bond fund;

7 (c) Reserves established for the payment of Article XI-Q bonds;

8 (d) Amounts transferred from a project fund as provided in section 3 (4) of this 2011 Act;  
9 and

10 (e) Amounts paid by a project agency under section 6 of this 2011 Act.

11 (2) At the request of the department, the State Treasurer may create separate accounts  
12 in the bond fund for reserves and debt service for each series of Article XI-Q bonds as pro-  
13 vided in ORS 286A.025 (2)(g).

14 **SECTION 5.** (1) The Article XI-Q Bond Administration Fund is established in the State  
15 Treasury, separate and distinct from the General Fund. Amounts in the Article XI-Q Bond  
16 Administration Fund may be invested as provided in ORS 293.701 to 293.820, and interest  
17 earned on the bond administration fund must be credited to the bond administration fund.  
18 Amounts credited to the bond administration fund are continuously appropriated to the  
19 Oregon Department of Administrative Services for payment of bond-related costs. The de-  
20 partment shall credit to the bond administration fund:

21 (a) Proceeds of Article XI-Q bonds that were issued to pay bond-related costs;

22 (b) Amounts appropriated or otherwise provided by the Legislative Assembly for deposit  
23 in the bond administration fund;

24 (c) Amounts transferred from a project fund as provided in section 3 (4) of this 2011 Act;  
25 and

26 (d) Amounts paid by a project agency under section 6 of this 2011 Act.

27 (2) At the request of the department, the State Treasurer may create separate accounts  
28 in the bond administration fund as provided in ORS 286A.025 (2)(g).

29 **SECTION 6.** (1) The Oregon Department of Administrative Services shall adopt proce-  
30 dures under which a project agency may request:

31 (a) Financing for real or personal property projects that may be financed with Article  
32 XI-Q bond proceeds; or

33 (b) Refinancing of borrowings issued before the effective date of Article XI-Q of the  
34 Oregon Constitution that financed or refinanced real or personal property projects that  
35 would have been eligible for financing under Article XI-Q. The department may periodically  
36 bill any project agency for an appropriate share of the bond-related costs of the bonds issued  
37 to finance the agency's projects or refinance the agency's bonds. The department may bill  
38 at such intervals as are established in the department's procedures and shall deposit  
39 amounts paid by project agencies in the Article XI-Q Bond Fund or the Article XI-Q Bond  
40 Administration Fund as the department determines is appropriate. A project agency that  
41 receives a bill for bond-related costs shall pay the amount billed by the time and in the  
42 manner designated in the billing statement from amounts budgeted under section 7 of this  
43 2011 Act or, if necessary, from any other amounts lawfully available for expenditure by the  
44 project agency for that purpose.

45 (2) The State Treasurer may authorize a project agency or the department to act as a

1 related agency under this chapter if necessary or desirable for the issuance or administration  
2 of Article XI-Q bonds, including, without limitation, entering into contracts or covenants as  
3 provided in ORS 286A.025. However, neither a project agency nor the department may re-  
4 quest the State Treasurer to issue Article XI-Q bonds.

5 (3) If Article XI-Q bonds are issued to refinance bonds issued before the effective date  
6 of Article XI-Q of the Oregon Constitution, and the bond-related costs of the refinanced  
7 bonds were paid by state agencies under ORS 283.091, under one of the programs described  
8 in ORS 291.445 (7) or under a revenue bond program of this state, the state agency whose  
9 bonds are refinanced may pay the amounts billed under subsection (1) of this section from  
10 the sources of funds previously used by the agency to pay the refinanced bonds or from any  
11 other funds lawfully available for payment of the Article XI-Q bonds.

12 (4) A project agency that receives or holds proceeds of Article XI-Q bonds shall, at the  
13 direction of the department, take action necessary to obtain and maintain:

14 (a) The excludability of interest on Article XI-Q bonds from gross income under the  
15 Internal Revenue Code; or

16 (b) A federal interest subsidy payment or any other tax-advantaged status granted under  
17 the Internal Revenue Code for the Article XI-Q bonds.

18 **SECTION 7.** A project agency shall request that the Governor include in the Governor's  
19 budget request to the Legislative Assembly for each biennium amounts that are sufficient  
20 to pay:

21 (1) The costs of a project financed or to be financed by the issuance of Article XI-Q bonds  
22 during the biennium;

23 (2) Amounts billed during the biennium by the Oregon Department of Administrative  
24 Services under section 6 of this 2011 Act; and

25 (3) The bond-related costs associated with the projects financed or to be financed with  
26 Article XI-Q bonds.

27 **SECTION 8.** In addition to and not in lieu of amounts previously authorized, as provided  
28 in ORS 286A.035 (4), for issuance of general obligation bonds during the biennium beginning  
29 July 1, 2009, the amount of \$343,320,000 is authorized for Oregon Department of Administra-  
30 tive Services Article XI-Q general obligation bonds.

31 **SECTION 9.** Section 6, chapter 904, Oregon Laws 2009, as amended by section 3, chapter 99,  
32 Oregon Laws 2010, is amended to read:

33 **Sec. 6.** Notwithstanding any other law limiting expenditures, the following amounts are estab-  
34 lished for a six-year period beginning July 1, 2009, as the maximum limit for payment of expenses  
35 under this section from bond proceeds and other revenues, including federal funds, collected or re-  
36 ceived by the Oregon University System, for the acquisition of land, improvements to land and the  
37 acquisition, planning, constructing, altering, repairing, furnishing and equipping of buildings, facili-  
38 ties and other projects within the Oregon University System:

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							Other
							Revenues
	Article	Article	<b>Article</b>				(including
	XI-G	XI-F(1)	<b>XI-Q</b>	Lottery	Energy		Federal
	Bonds	Bonds	<b>Bonds</b>	Bonds	Loans	COPs	Funds)

1	(1) Oregon University							
2	System							
3	(a) Capital renewal,							
4	code compliance							
5	and safety	\$	\$	<b>\$20,286,000</b>	\$	\$	[\$20,286,000]	\$
6	(b) South Waterfront							
7	Life Sciences							
8	Facility	50,000,000	60,000,000	-	-	-	-	90,000,000
9	(c) Oregon Center							
10	for Sustainability	-	80,000,000	-	-	-	-	-
11	(d) Biofuels							
12	demonstration							
13	project	4,000,000	-	-	-	-	-	4,000,000
14	(e) Wind							
15	demonstration							
16	project	-	-	-	-	-	-	4,000,000
17	(2) Eastern Oregon							
18	University							
19	(a) Zabel Hall							
20	deferred							
21	maintenance	1,522,000	-	-	2,215,000	2,706,000	-	-
22	(b) Pierce Library							
23	project	[4,000,000]	-	<b>8,000,000</b>	-	-	[4,000,000]	-
24	(3) Oregon Institute of							
25	Technology geothermal							
26	renewable energy							
27	demonstration							
28	project	2,000,000	2,000,000	-	-	-	-	2,600,000
29	(4) Oregon State							
30	University							
31	(a) Education Hall							
32	additional structural							
33	deficiencies deferred							
34	maintenance	-	-	-	4,000,000	-	-	-
35	(b) Strand Agriculture							
36	Hall deferred							
37	maintenance	6,586,000	-	<b>4,847,000</b>	6,586,000	6,851,000	[4,847,000]	-
38	(c) Bates Hall/							
39	Hallie Ford							
40	Healthy Children							
41	and Families							
42	Center	5,000,000	-	-	-	-	-	5,000,000
43	(d) Student Success							
44	Center	2,054,000	-	-	4,554,000	-	-	7,392,000
45	(e) Cultural Center	-	10,000,000	-	-	-	-	-

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1	(f) International								
2	Residence Hall	-	52,000,000	-	-	-	-	-	-
3	(g) Sports Performance								
4	Center	-	12,000,000	-	-	-	-	-	-
5	(h) CH2M Hill								
6	Alumni Center	-	-	-	-	-	-	-	4,200,000
7	(i) Sonpark/EPA								
8	acquisition,								
9	OF COPs	-	-	-	-	-	-	1,900,000	-
10	(j) Warehouse								
11	acquisition,								
12	OF COPs	-	-	-	-	-	-	1,000,000	-
13	(k) Intramural Outdoor								
14	Sports Complex	-	7,450,000	-	-	-	-	-	300,000
15	(L) McAlexander								
16	Field House	-	3,250,000	-	-	-	-	-	500,000
17	(5) Portland State								
18	University								
19	(a) Science Research								
20	and Teaching Center/								
21	Hazardous Waste								
22	Facility, phase 2	2,500,000	-	-	-	-	-	-	2,500,000
23	(b) City Tower								
24	acquisition	-	-	-	-	-	-	1	-
25	(c) Market Center								
26	acquisition	-	-	-	-	-	-	24,000,000	-
27	(d) Land acquisition	-	8,000,000	-	-	-	-	-	-
28	(e) Lincoln Hall	-	-	-	-	-	-	-	4,500,000
29	(6) Southern Oregon								
30	University								
31	(a) Churchill Hall								
32	deferred maintenance	-	-	<b>3,192,000</b>	-	2,730,000	[3,192,000]	-	-
33	(b) Theatre Arts								
34	building expansion								
35	and remodel	5,500,000	-	-	-	-	-	-	5,500,000
36	(7) University of								
37	Oregon								
38	(a) Allen Hall								
39	expansion								
40	and remodel	7,500,000	-	-	-	-	-	-	7,500,000
41	(b) Straub Memorial								
42	Hall deferred								
43	maintenance	-	-	<b>4,321,000</b>	-	8,998,000	[4,321,000]	-	-
44	(c) Power Station,								
45	phase 2, waste								

1	gasification							
2	demonstration							
3	project	-	29,150,000	<b>3,663,000</b>	5,000,000	13,502,000	[3,663,000]	5,000,000
4	(d) Erb Memorial Union,							
5	partial renovation,							
6	West Lower Level	-	2,260,000	-	-	-	-	300,000
7	(e) Chiles Center							
8	renovations	-	-	-	-	-	-	1,000,000
9	(f) Alumni Center							
10	Project	-	9,975,000	-	-	-	-	6,825,000
11	(g) Riverfront							
12	Research Park,							
13	Technology							
14	Business Incubator	-	-	-	-	-	-	1,500,000
15	(h) Barnhart Hall							
16	building envelope							
17	restoration	-	-	-	-	-	-	900,000
18	(i) Carson Hall							
19	electrical upgrade	-	-	-	-	-	-	560,000
20	(j) Earl Complex							
21	building envelope,							
22	electrical and							
23	mechanical systems	-	2,924,000	-	-	-	-	-
24	(k) New student							
25	housing	-	75,000,000	-	-	-	-	-
26	(8) Reserves	-	11,390,970	-	-	-	-	5,771,710
27	(9) Commercial paper							
28	capitalized interest							
29	pilot project	-	5,000,000	-	-	-	-	-

**SECTION 10.** Section 9, chapter 904, Oregon Laws 2009, as amended by section 6, chapter 99, Oregon Laws 2010, is amended to read:

**Sec. 9.** (1) Except as provided in subsection (3) of this section, the project approvals and expenditure limitations in chapter 904, Oregon Laws 2009, and the expenditure limitations established by the Emergency Board during the biennium beginning July 1, 2009, for capital construction or acquisition projects of the Oregon University System and of the Department of Community Colleges and Workforce Development for community colleges, expire on June 30, 2015, unless otherwise noted or unless changed by the Legislative Assembly.

(2) The project approvals and expenditure limitations established by section 2 (5)(b), (e) and (i), chapter 725, Oregon Laws 2003, and section 2 (3)(h), chapter 845, Oregon Laws 2001, for capital construction or acquisition projects of the Oregon University System expire on June 30, 2011, unless otherwise changed by the Legislative Assembly.

(3) The project approvals and expenditure limitations in section 6 (4)(c), (k) and (L), (5)(c) and (e) and (7)(k), chapter 904, Oregon Laws 2009, and the expenditure limitations established by the

1 Emergency Board during the biennium beginning July 1, 2009, for capital construction or acquisition  
 2 projects of the Oregon University System described in section 6 (4)(c), (k) and (L), (5)(c) and (e) and  
 3 (7)(k), chapter 904, Oregon Laws 2009, expire on June 30, 2015, unless otherwise noted or unless  
 4 changed by the Legislative Assembly.

5 **(4) The project approvals and expenditure limitations in section 6 (1)(a), (2)(b), (4)(b),**  
 6 **(6)(a) and (7)(b) and (c), chapter 904, Oregon Laws 2009, expire on June 30, 2015, unless pro-**  
 7 **vided otherwise.**

8 **SECTION 11.** Section 10, chapter 904, Oregon Laws 2009, as amended by section 7, chapter 99,  
 9 Oregon Laws 2010, is amended to read:

10 **Sec. 10.** (1) Pursuant to Article XI-G of the Oregon Constitution and ORS 351.345 and ORS  
 11 chapter 286A, the State Board of Higher Education may sell, with the approval of the State Treas-  
 12 urer, general obligation bonds of the State of Oregon of the kind and character and within the limits  
 13 prescribed by Article XI-G of the Oregon Constitution, as the board determines, but in no event may  
 14 the board sell more than the aggregate principal sum of [~~\$143,900,479~~] **\$140,909,479** par value for the  
 15 biennium beginning July 1, 2009. The moneys realized from the sale of the bonds shall be appropri-  
 16 ated and may be expended for the purposes set forth in section 2 (3)(h), chapter 845, Oregon Laws  
 17 2001, section 2 (6)(h) and (p), chapter 787, Oregon Laws 2005, section 2 (4)(a) and (L), (5)(h) and (6)(g)  
 18 and (h), chapter 761, Oregon Laws 2007, **and** section 6 (1)(b) and (d), (2)(a) [~~and (b)~~], (3), (4)(b), (c)  
 19 and (d), (5)(a), (6)(b) and (7)(a), chapter 904, Oregon Laws 2009, and for payment for capitalized in-  
 20 terest and costs incidental to issuance of the bonds.

21 (2) In compliance with the requirements of Article XI-G of the Oregon Constitution, funds  
 22 available under the expenditure limitation for bonds issued pursuant to Article XI-G of the Oregon  
 23 Constitution in section 6 (1)(b), chapter 904, Oregon Laws 2009, are matched with the General Fund  
 24 appropriation made under section 14, chapter 904, Oregon Laws 2009.

25 (3) In compliance with the requirements of Article XI-G of the Oregon Constitution, funds  
 26 available under the expenditure limitation for bonds issued pursuant to Article XI-G of the Oregon  
 27 Constitution in section 6 (1)(d), chapter 904, Oregon Laws 2009, are matched with the General Fund  
 28 appropriation made under section 15, chapter 904, Oregon Laws 2009.

29 (4) In compliance with the requirements of Article XI-G of the Oregon Constitution, funds  
 30 available under the expenditure limitation for bonds issued pursuant to Article XI-G of the Oregon  
 31 Constitution in section 6 (2)(a), chapter 904, Oregon Laws 2009, are matched with the General Fund  
 32 appropriation made under section 16, chapter 904, Oregon Laws 2009.

33 [~~(5) In compliance with the requirements of Article XI-G of the Oregon Constitution, funds avail-~~  
 34 ~~able under the expenditure limitation for bonds issued pursuant to Article XI-G of the Oregon Consti-~~  
 35 ~~tution in section 6 (2)(b), chapter 904, Oregon Laws 2009, are matched with the General Fund~~  
 36 ~~appropriation made under section 17, chapter 904, Oregon Laws 2009.]~~

37 [(6)] **(5)** In compliance with the requirements of Article XI-G of the Oregon Constitution, funds  
 38 available under the expenditure limitation for bonds issued pursuant to Article XI-G of the Oregon  
 39 Constitution in section 6 (3), chapter 904, Oregon Laws 2009, are matched with the General Fund  
 40 appropriation made under section 18, chapter 904, Oregon Laws 2009.

41 [(7)] **(6)** In compliance with the requirements of Article XI-G of the Oregon Constitution, funds  
 42 available under the expenditure limitation for bonds issued pursuant to Article XI-G of the Oregon  
 43 Constitution in section 6 (4)(b), chapter 904, Oregon Laws 2009, are matched with the General Fund  
 44 appropriation made under section 19, chapter 904, Oregon Laws 2009.

45 [(8)] **(7)** In compliance with the requirements of Article XI-G of the Oregon Constitution, funds



1 available under the expenditure limitation for bonds issued pursuant to Article XI-G of the Oregon  
2 Constitution in section 6 (4)(c), chapter 904, Oregon Laws 2009, are matched with the General Fund  
3 appropriation made under section 20, chapter 904, Oregon Laws 2009.

4 [(9)] (8) In compliance with the requirements of Article XI-G of the Oregon Constitution, funds  
5 available under the expenditure limitation for bonds issued pursuant to Article XI-G of the Oregon  
6 Constitution in section 6 (4)(d), chapter 904, Oregon Laws 2009, are matched with the General Fund  
7 appropriation made under section 21, chapter 904, Oregon Laws 2009.

8 [(10)] (9) In compliance with the requirements of Article XI-G of the Oregon Constitution, funds  
9 available under the expenditure limitation for bonds issued pursuant to Article XI-G of the Oregon  
10 Constitution in section 6 (5)(a), chapter 904, Oregon Laws 2009, are matched with the General Fund  
11 appropriation made under section 22, chapter 904, Oregon Laws 2009.

12 [(11)] (10) In compliance with the requirements of Article XI-G of the Oregon Constitution, funds  
13 available under the expenditure limitation for bonds issued pursuant to Article XI-G of the Oregon  
14 Constitution in section 6 (6)(b), chapter 904, Oregon Laws 2009, are matched with the General Fund  
15 appropriation made under section 23, chapter 904, Oregon Laws 2009.

16 [(12)] (11) In compliance with the requirements of Article XI-G of the Oregon Constitution, funds  
17 available under the expenditure limitation for bonds issued pursuant to Article XI-G of the Oregon  
18 Constitution in section 6 (7)(a), chapter 904, Oregon Laws 2009, are matched with the General Fund  
19 appropriation made under section 24, chapter 904, Oregon Laws 2009.

20 **SECTION 12. Section 17, chapter 904, Oregon Laws 2009, is repealed.**

21 **SECTION 13. This 2011 Act being necessary for the immediate preservation of the public  
22 peace, health and safety, an emergency is declared to exist, and this 2011 Act takes effect  
23 on its passage.**

24