

# Senate Bill 19

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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 **as introduced**.

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.

Declares emergency, effective on passage.

## A BILL FOR AN ACT

1  
2 Relating to Article XI-Q bonds; appropriating money; and declaring an emergency.

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

4 **SECTION 1. Sections 2 to 6 of this 2011 Act are added to and made a part of ORS chapter**  
5 **286A.**

6 **SECTION 2. As used in sections 2 to 6 of this 2011 Act:**

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

9 (2) **"Bond-related costs" means:**

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

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

14 (A) **Redeeming Article XI-Q bonds.**

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

17 (C) **Paying the fees, administrative costs and expenses of the State Treasurer, the Oregon**  
18 **Department of Administrative Services or the related agency that requests issuance of the**  
19 **Article XI-Q bonds, including the costs of consultants or advisers retained by the State**  
20 **Treasurer, the department or the related agency.**

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

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

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

25 (f) **Any other costs or expenses that the State Treasurer, the department or the related**  
26 **agency determines are necessary or desirable in connection with issuing and maintaining the**  
27 **Article XI-Q bonds.**

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

4       (a) At the request of a related agency for any of the purposes specified in Article XI-Q  
5 of the Oregon Constitution, plus an amount determined by the State Treasurer to pay esti-  
6 mated bond-related costs; and

7       (b) Subject to the budget authorization for bond issuance established under ORS 286A.035  
8 for the related agency for the biennium.

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

10      (a) Refunding Article XI-Q bonds.

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

14      (3) The State Treasurer shall transfer the net proceeds of Article XI-Q bonds issued for  
15 purposes described in subsection (1)(a) of this section and the budget authorization to the  
16 related agency for deposit in a project fund. Net proceeds transferred pursuant to this sub-  
17 section are continuously appropriated to the related agency for the purposes described in  
18 subsection (1)(a) of this section and the budget authorization.

19      (4) If at any time the Oregon Department of Administrative Services and the related  
20 agency determine that the net proceeds of Article XI-Q bonds deposited in a project fund  
21 pursuant to subsection (3) of this section exceed the amount necessary for the purposes de-  
22 scribed in subsection (1)(a) of this section and the budget authorization, the related agency  
23 may transfer the excess amount to the department for deposit in the Article XI-Q Bond Fund  
24 established under section 4 of this 2011 Act or the Article XI-Q Bond Administration Fund  
25 established under section 5 of this 2011 Act.

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

32      **SECTION 4.** (1) The Article XI-Q Bond Fund is established in the State Treasury, sepa-  
33 rate and distinct from the General Fund. Amounts in the Article XI-Q Bond Fund may be  
34 invested as provided in ORS 293.701 to 293.820, and interest earned on the bond fund must  
35 be credited to the bond fund. Amounts credited to the bond fund are continuously appropri-  
36 ated to the Oregon Department of Administrative Services for the purpose of paying, when  
37 due, the principal of, the interest on and the premium, if any, on outstanding Article XI-Q  
38 bonds. The department shall deposit in the bond fund:

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

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

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

43      (d) Amounts transferred from a project fund as provided in section 3 (4) of this 2011 Act.

44      (2) At the request of the department, the State Treasurer may create separate accounts  
45 in the bond fund for reserves and debt service for each series of Article XI-Q bonds as pro-

1 vided in ORS 286A.025 (2)(g).

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

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

10 (b) Amounts appropriated or otherwise provided by the Legislative Assembly for deposit  
11 in the bond administration fund; and

12 (c) Amounts transferred from a project fund as provided in section 3 (4) of this 2011 Act.

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

15 **SECTION 6.** For each biennium in which Article XI-Q bonds will be outstanding, the  
16 Oregon Department of Administrative Services shall include in the Governor's budget re-  
17 quest to the Legislative Assembly an amount that, when added to the amount on deposit in  
18 the Article XI-Q Bond Fund and the Article XI-Q Bond Administration Fund, is sufficient to  
19 pay the bond-related costs that are scheduled to come due in the biennium.

20 **SECTION 7.** This 2011 Act being necessary for the immediate preservation of the public  
21 peace, health and safety, an emergency is declared to exist, and this 2011 Act takes effect  
22 on its passage.  
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