

Senate Joint Resolution 20

Sponsored by Senator EDWARDS; Senators BATES, BEYER, DEVLIN, Representatives BARNHART, BEYER, HARKER, HOLVEY, HOYLE, NATHANSON (at the request of University of Oregon Foundation) (Pre-session filed.)

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**.

Proposes amendment to Oregon Constitution to allow state to loan credit and incur specified amount of indebtedness to provide moneys to partially fund endowments at public universities.

Refers proposed amendment to people for their approval or rejection at next regular general election.

JOINT RESOLUTION

Be It Resolved by the Legislative Assembly of the State of Oregon:

PARAGRAPH 1. The Constitution of the State of Oregon is amended by creating a new Article to be known as Article XI-R, such Article to read:

SECTION 1. (1) In the manner provided by law and notwithstanding the limitations contained in section 7, Article XI of this Constitution, the credit of the State of Oregon may be loaned and indebtedness incurred to finance up to half of the cost of funding endowment funds for public universities in Oregon.

(2) At the request of a public university and subject to subsections (6) and (7) of this section, the State of Oregon shall incur indebtedness under this section in an amount not to exceed \$1 billion, in 2011 dollars, to partially fund the endowment fund of the public university.

(3) The maximum indebtedness that may be incurred by the State of Oregon under sections 1 and 2 of this Article is \$1 billion, in 2011 dollars, for each public university that requests to establish an endowment fund with moneys borrowed under this section.

(4) A public university that establishes an endowment fund that is partially funded with moneys borrowed pursuant to this section shall either:

(a) Manage the endowment fund; or

(b) Have the endowment fund managed by agreement with a nonprofit foundation affiliated with the public university and created solely for the purpose of supporting the public university.

(5) An endowment fund that is partially funded with moneys borrowed pursuant to this section must be used for the operation of the public university and for the benefit of students of the public university.

(6) On or before the date the State of Oregon incurs indebtedness under this section to partially fund an endowment fund, the public university must demonstrate to the satisfaction of the State Treasurer that the public university has moneys from contributions and other sources available for deposit in the endowment fund to match, at a one-to-one or higher ratio, moneys borrowed pursuant to this section.

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 (7) For the purposes of managing the indebtedness of the State of Oregon and accom-
2 plishing the objective of this section, the State of Oregon may stagger the issuance of gen-
3 eral obligations over time.

4 (8) Indebtedness incurred under section 1 or 2 of this Article is a general obligation of
5 the State of Oregon and must contain a direct promise on behalf of the State of Oregon to
6 pay the principal, premium, if any, and interest on the indebtedness. The State of Oregon
7 shall pledge its full faith and credit and taxing power to pay the indebtedness; however, the
8 State of Oregon may not pledge the ad valorem taxing power to pay the indebtedness.

9 **SECTION 2.** In the manner provided by law and notwithstanding the limitations con-
10 tained in section 7, Article XI of this Constitution, the credit of the State of Oregon may be
11 loaned and indebtedness incurred to refund bonds issued under section 1 of this Article with
12 like obligations.

13 **SECTION 3.** The principal, interest and premium, if any, of the bonds issued under sec-
14 tion 1 of this Article must be repaid as determined by the Legislative Assembly from the
15 following sources:

16 (1) Amounts appropriated for repayment by the Legislative Assembly from the General
17 Fund, including taxes levied to pay the bonds except ad valorem property taxes;

18 (2) Amounts appropriated or allocated for repayment by the Legislative Assembly from
19 other sources of revenue; or

20 (3) Any other available moneys.

21 **SECTION 4.** As used in sections 1 to 5 of this Article, “public university” means:

22 (1) An institution of higher education within the Oregon University System.

23 (2) An independent public corporation in the State of Oregon that provides higher edu-
24 cation in the State of Oregon.

25 **SECTION 5.** The Legislative Assembly may enact legislation to carry out the provisions
26 of sections 1 to 5 of this Article.

27 **SECTION 6.** This Article supersedes any conflicting provision of this Constitution.

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29 **PARAGRAPH 2.** The amendment proposed by this resolution shall be submitted to the
30 people for their approval or rejection at the next regular general election held throughout
31 this state.