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MEASURE: SB 1558  
EXHIBIT: E  
HOUSE REVENUE COMMITTEE  
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**February 22, 2012**

**Testimony to the House Committee on Revenue**

**Senate Bill 1558-A**

Chairs Barnhart and Berger, members of the Committee,

For the record, my name is Michael Selvaggio from the Office of the State Treasurer. It's my pleasure today to convey Treasurer Wheeler's endorsement of SB 1558-A. The bill will add flexibility to the state's current Industrial Revenue Bond (IRB) program by expanding the types of projects able to be financed with such bonds.

The Oregon Business Development Department runs the program and is better suited to answer any technical questions about the mechanics of the legislation or the program itself. However, I wanted to clarify a couple of items where the State Treasury's input will be the most relevant.

Firstly, that these IRBs are "conduit" bonds which means that although the State reviews the project and places its imprimatur on the bonds, the obligation to repay does not fall upon the State. The entity for whose benefit the bonds are issued is obligated to repay the bonds. As such, IRBs do not count against the State's debt capacity.

Secondly, even without financial liability, it is vital to protect the good name of the State of Oregon with regard to any marketable securities. In this regard, we feel that SB 1558-A gives a prudent level of oversight to the Business Development Department – and its commission – and allows each potential project to be evaluated appropriately.

In sum, SB 1558-A creates a new tool for the State's economic development efforts that is checked by an appropriate level of oversight. Good bill; should pass.

*Michael Selvaggio*