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To: Senate Committee on General Government, Consumer and Small Business Protection
Chip Shields, Chair
Larry George, Vice-Chair
Herman Baertschiger Jr.
Laurie Monnes Anderson
Floyd Prozanski

From: Gwendolyn Griffith

Date: April 2, 2013

Subject: SB 785 - Written Testimony

I am the Executive Director of the Oregon Facilities Authority (OFA), one of the state agencies that facilitates the issuance of tax exempt bonds. At OFA, we exclusively assist nonprofit organizations to access lower-cost financing for projects in Oregon. As you know, nonprofits are a critical component of Oregon's employing approximately 13% of Oregon's workforce. Every dollar they can save in financing costs potentially can be used to provide critical services to Oregonians.

I am writing to express OFA's serious concerns with SB 785. As currently written, this bill would place extensive information-gathering and record-keeping obligations on OFA borrowers, many of whom are small Oregon nonprofits with overworked staffs. This bill would also increase the costs of construction to these nonprofit borrowers because the contractors with which they work would be subject to these requirements and this cost would be passed along to the borrower. Many contractors may not be willing or able to collect such extensive information, reducing the pool of available contractors and increasing costs to nonprofits. This, in turn, would reduce needed nonprofit services to Oregonians.

OFA and the Office of the State Treasurer have worked closely to create an innovative program that allows small Oregon nonprofits to enjoy the benefits of tax-exempt financing at a reasonable cost. This is called the "SNAP Bond" program, which stands for "Small Nonprofit Accelerated Program." The average size of a SNAP Bond is \$2.3 million. SNAP Bond borrowers, in particular, are not well equipped to address the information-gathering and record-keeping requirements that would result from enactment of SB 785. The small size of SNAP Bonds also suggests that the Oregon-source labor and materials purchased with SNAP Bond proceeds would not have a material impact on the Oregon economy. I would hope that SNAP Bonds, and perhaps bonds of any type with a face amount less than a particular size (perhaps \$10 million), could be exempted from the provisions of SB 785.

I am enclosing a copy of OFA's most recent annual report to give you a sense of the projects financed through OFA. I would be happy to provide any other information.

GG/th
Attachment