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WAYS AND MEANS**

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To: Ways and Means Transportation and Economic Development Subcommittee

From: Steve Bender, Legislative Fiscal Office

Date: May 6, 2013

Subject: SB 813-A – Transfer of Seismic Rehabilitation Grant Program

Background

The Seismic Rehabilitation Grant Program is administered by the Office of Emergency Management in the Military Department. The program is a competitive grant program that provides funding for the seismic rehabilitation of critical public buildings, including public schools and emergency services facilities. The state issues General Obligation bonds, authorized under Articles XI-M and XI-N of the Oregon Constitution, to finance these grants.

SB 813-A

SB 813-A transfers the Seismic Rehabilitation Grant Program from the Military Department to the Oregon Business Development Department. The transfer would occur on January 1, 2014.

FISCAL IMPACT OF PROPOSED LEGISLATION

Seventy-Seventh Oregon Legislative Assembly – 2013 Regular Session
 Legislative Fiscal Office

Measure: **SB 813 - A**
REVISED

*Only Impacts on Original or Engrossed
 Versions are Considered Official*

Prepared by: John Terpening
 Reviewed by: Steve Bender, John Borden
 Date: 5-3-2013

Measure Description:

Transfers responsibility for seismic rehabilitation grant program from Director of Office of Emergency Management to Oregon Business Development Department.

Government Unit(s) Affected:

Business Development Department (Business Oregon), Oregon Military Department

Summary of Expenditure Impact:

Agency – Fund Type	2013-2015 Biennium	2015-2017 Biennium
Military Department – General Fund		
Administration Costs	(\$288,418)	--
Debt Service	(\$3,180,973)	--
Military Department – Other Funds		
Special Payments	(\$1,458,768)	--
Total – All Funds	(\$4,928,159)	--

Military Department -- Positions/FTE	(2)/(1.50)	--/--
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Agency – Fund Type	2013-2015 Biennium	2015-2017 Biennium
Business Oregon – General Fund		
Administration Costs	\$288,418	\$298,421
Debt Service	\$3,180,973	\$3,701,263
Business Oregon – Other Funds		
Special Payments	\$1,458,768	--
Total – All Funds	\$4,928,159	\$3,906,810

Business Oregon -- Positions/FTE	2/1.50	2/2.00
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Local Government Mandate:

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis:

The measure transfers the responsibility for the seismic rehabilitation grant program from the Oregon Military Department -- Office of Emergency Management to the Oregon Business Development Department (OBDD). The bill directs the Oregon Infrastructure Finance Authority established in OBDD to administer the grant program. The measure has an emergency clause and is effective on passage. The transfer of the program is operative January 1, 2014.

The Oregon Military Department (OMD) Seismic Rehabilitation Grant Program's 2011-2013 Legislative Approved Budget is \$377,741 General Fund, including three full-time positions (3.00 FTE) with related services and supplies, as well as \$3,180,973 of General Fund Debt Service.

The Legislative Fiscal Office (LFO) notes that one of the three currently budgeted positions is slated to be abolished. During the 2011-13 biennium, the Emergency Board (May 2012: Item #52) approved OMD's proposed elimination of an Administrative Specialist 1 position in the current program as part of a plan to make permanent changes to restructure state government business operations. The position was vacant and funded with 100% General Fund at a cost of \$109,174. According to the Department the remaining two positions in the program would be able to handle current and anticipated workload. The 2013-15 Governor's budget eliminates the Administrative Specialist 1 position as directed by the Emergency Board (\$115,453 General Fund).

The transfer from OMD to OBDD would include 18-months of the current program costs totaling \$283,306 General Fund and the remaining two positions (1.50 FTE).

Additionally, OMD's budget includes \$7,293,839 of Other Funds limitation for reimbursement of grant project costs that were associated with previously issued 2012 Series XI-M Bonds. OMD estimates as much as 80% of project costs could be reimbursed during the first six months of 2013-15. The amount of Other Funds in the table above represents the remaining 20% of the total amount of Other Funds limitation but the actual amount transferred to OBDD January 1, 2014 may be adjusted if OMD does not achieve the 80% objective.

The 2013-15 Governor's budget makes other noteworthy changes to the program: OMD does not transfer one of the two remaining positions within the current program (Accountant 3); two new positions are added within OBDD in addition to the one being transferred from OMD; the new positions in OBDD are funded with bond proceeds rather than General Fund. Currently, all administrative costs of the program are funded with General Fund thereby maximizing the amount of bond proceeds available to grants. Additionally, the Governor's budget adds \$30 million in bonding authority to the program through \$15 million of Article XI-M bonds for schools and \$15 million of Article XI-N bonds for public safety.

REVENUE: No revenue impact
FISCAL: Fiscal statement issued

Action:	Do Pass as Amended and Be Printed Engrossed and Be Referred to the Committee on Ways and Means by Prior Reference
Vote:	3 - 0 - 1
Yeas:	Olsen, President Courtney, Boquist
Nays:	0
Exc.:	Monnes Anderson
Prepared By:	Cheyenne Ross, Administrator
Meeting Dates:	3/21, 3/28

WHAT THE MEASURE DOES: Moves seismic rehabilitation grant program from Office of Emergency Management to Oregon Business Development Department, Infrastructure Finance Authority.

ISSUES DISCUSSED:

- Success of program under Office of Emergency Management
- Negative effect of accounting for grant-related debt management
- Appropriateness of relocation to Infrastructure Finance Authority

EFFECT OF COMMITTEE AMENDMENT: Substitutes Oregon Business Development Department, Infrastructure Finance Authority, for Department of Administrative Services. Adds representative of Confederation of Oregon School Administrators to grant committee.

BACKGROUND: The seismic rehabilitation grant program provides funding for K-12 public schools, community colleges, education service districts, hospitals, fire stations, police stations, sheriff's offices, and other emergency services facilities, to reimburse eligible seismic improvement activities, within certain parameters. It is currently administered by the Office of Emergency Management (OEM), and thus far, \$11.2 million in bond proceeds have financed the seismic rehabilitation of 18 emergency services buildings. Fourteen projects are complete, or nearing completion, and the remaining four are underway; however, the agency is adversely affected during the budget process, due to accounting for debt management that is solely attributable to the program.

For the next biennium, the Governor's budget authorizes the sale of \$15 million general obligation bonds for emergency services buildings and adds two full-time equivalent positions, while transferring the program from OEM to the Oregon Business Development Department (OBDD). The corresponding legislative measures are House Bill 2176 (2013), authorizing Treasury bonds for the next biennium, and Senate Bill 813A, to transfer administrative authority from OEM to OBDD.

A-Engrossed
Senate Bill 813

Ordered by the Senate April 2
Including Senate Amendments dated April 2

Sponsored by COMMITTEE ON VETERANS AND EMERGENCY PREPAREDNESS

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.

Transfers responsibility for seismic rehabilitation grant program from Director of Office of Emergency Management to [*Oregon Department of Administrative Services*] **Oregon Business Development Department**.

Becomes operative on January 1, 2014.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to public safety improvements to public buildings; creating new provisions; amending ORS
3 285A.093, 286A.760, 286A.762, 286A.766, 286A.768, 286A.780, 286A.782, 286A.786, 286A.788,
4 401.092 and 401.910; and declaring an emergency.

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

6
7 **SEISMIC REHABILITATION**

8
9 **SECTION 1.** ORS 401.910 is amended to read:

10 401.910. (1) [*The Director of the Office of Emergency Management, pursuant to the authority to*
11 *administer grant programs for seismic rehabilitation provided in ORS 401.092,*] **The Oregon Business**
12 **Development Department** shall develop a grant program for the disbursement of funds for the
13 seismic rehabilitation of critical public buildings, including hospital buildings with acute inpatient
14 care facilities, fire stations, police stations, sheriffs' offices, other facilities used by state, county,
15 district or municipal law enforcement agencies and buildings with a capacity of 250 or more persons
16 that are routinely used for student activities by kindergarten through grade 12 public schools,
17 community colleges, education service districts and institutions of higher education. **The Oregon**
18 **Infrastructure Finance Authority established in the department by ORS 285A.096 shall ad-**
19 **minister the grant program developed under this section.** The funds for the seismic rehabili-
20 tation of critical public buildings under the grant program are to be provided from the issuance of
21 bonds pursuant to the authority provided in Articles XI-M and XI-N of the Oregon Constitution.

22 (2) The grant program shall include the appointment of a grant committee. The grant committee
23 may be composed of any number of persons with qualifications that the [*director*] **authority** deter-
24 mines necessary. However, the [*director*] **authority** shall include persons with experience in admin-
25 istering state grant programs and representatives of entities with responsibility over critical public
26 buildings. The [*director*] **authority** shall also include as permanent members representatives of:

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 (a) The [Department of Human Services] **Office of Emergency Management**;
- 2 (b) The State Department of Geology and Mineral Industries;
- 3 (c) The Seismic Safety Policy Advisory Commission;
- 4 (d) The Oregon Department of Administrative Services;
- 5 (e) The Department of Education;
- 6 (f) The Oregon Health Authority;
- 7 (g) The Oregon Fire Chiefs Association;
- 8 (h) The Oregon Association Chiefs of Police; [and]
- 9 (i) The Oregon Association of Hospitals and Health Systems; **and**
- 10 **(j) The Confederation of Oregon School Administrators.**

11 (3) The [director] **authority** shall determine the form and method of applying for grants from the
12 grant program, the eligibility requirements for grant applicants, and general terms and conditions
13 of the grants. The [director] **authority** shall also provide that the grant committee review grant
14 applications and make a determination of funding based on a scoring system that is directly related
15 to the statewide needs assessment performed by the State Department of Geology and Mineral In-
16 dustries. Additionally, the grant process may:

17 (a) Require that the grant applicant provide matching funds for completion of any seismic re-
18 habilitation project.

19 (b) Provide authority to the grant committee to waive requirements of the grant program based
20 on special circumstances such as proximity to fault hazards, community value of the structure,
21 emergency functions provided by the structure and storage of hazardous materials.

22 (c) Allow an applicant to appeal any determination of grant funding to the [director] **authority**
23 for reevaluation.

24 (d) Provide that applicants release the state, the [director] **authority** and the grant committee
25 from any claims of liability for providing funding for seismic rehabilitation.

26 (e) Provide separate rules for funding rehabilitation of structural and nonstructural building el-
27 ements.

28 (4) Subject to the grant rules established by the [director] **authority** and subject to reevaluation
29 by the [director] **authority**, the grant committee has the responsibility to review and make deter-
30 minations on grant applications under the grant program established pursuant to this section.

31 **SECTION 2.** ORS 401.092 is amended to read:

32 401.092. (1) The Director of the Office of Emergency Management is responsible for coordinating
33 and facilitating exercises and training, emergency planning, preparedness, response, mitigation and
34 recovery activities with the state and local emergency services agencies and organizations, and
35 shall, with the approval of the Adjutant General or as directed by the Governor:

36 (a) Make rules that are necessary and proper for the administration and implementation of this
37 chapter;

38 (b) Coordinate the activities of all public and private organizations specifically related to pro-
39 viding emergency services within this state;

40 (c) Maintain a cooperative liaison with emergency management agencies and organizations of
41 local governments, other states and the federal government;

42 (d) Have such additional authority, duties and responsibilities authorized by this chapter or as
43 may be directed by the Governor;

44 (e) Administer grants relating to emergency program management under ORS 401.305, [seismic
45 rehabilitation,] emergency services for the state and the statewide 2-1-1 system as provided in ORS

1 403.430;

2 (f) Provide for and staff a State Emergency Operations Center to aid the Governor and the Of-
3 fice of Emergency Management in the performance of duties under this chapter;

4 (g) Serve as the Governor's authorized representative for coordination of certain response ac-
5 tivities and managing the recovery process;

6 (h) Establish training and professional standards for local emergency program management per-
7 sonnel;

8 (i) Establish task forces and advisory groups to assist the office in achieving mandated respon-
9 sibilities;

10 (j) Enforce compliance requirements of federal and state agencies for receiving funds and con-
11 ducting designated emergency functions;

12 (k) Oversee the design, implementation and support of a statewide 2-1-1 system as provided un-
13 der ORS 403.415; and

14 (L) Coordinate the activities of state and local governments to enable state and local govern-
15 ments to work together during domestic incidents as provided in the National Incident Management
16 System established by the Homeland Security Presidential Directive 5 of February 28, 2003.

17 (2) Notwithstanding subsection (1) of this section, the State Forester shall serve as the
18 Governor's authorized representative for the purpose of initiating the fire management assistance
19 declaration process with the Federal Emergency Management Agency and administering Federal
20 Emergency Management Agency fire management assistance grants.

21 **SECTION 3.** ORS 285A.093 is amended to read:

22 285A.093. The Oregon Infrastructure Finance Authority Board shall:

23 (1) Serve as a body to advise municipalities, state agencies and private persons on the develop-
24 ment and implementation of state policies and programs relating to the infrastructure needs of this
25 state and its communities.

26 (2) Advise the Governor, the Oregon Business Development Commission, the Director of the
27 Oregon Business Development Department and the Oregon Business Development Department on
28 matters identified by the commission as being of interest to the Governor, the commission, the di-
29 rector and the department that relate to infrastructure and public works programs administered, and
30 actions taken, by the Oregon Infrastructure Finance Authority.

31 (3) Provide the commission with the opportunity to comment and provide direction on matters
32 relating to infrastructure and public works programs administered, and actions taken, by the au-
33 thority.

34 (4) Seek and receive the views of all levels of government and the private sector with respect
35 to state policies and programs to address the infrastructure needs of this state.

36 (5) Prepare and submit to the director suggested administrative rules that the board determines
37 are necessary for the operation of the programs under the direction of the authority.

38 (6) Establish policies and procedures for loan and grant programs administered by the
39 authority, **except for the seismic rehabilitation grant program administered under ORS**
40 **401.910.**

41 **SECTION 4.** ORS 286A.760 is amended to read:

42 286A.760. As used in ORS 286A.760 to 286A.772, unless the context requires otherwise:

43 (1) "Article XI-M bonds" means general obligation bonds or other general obligation indebt-
44 edness issued or incurred under the authority of Article XI-M of the Oregon Constitution.

45 (2) "Bond administration fund" means the Article XI-M Bond Administration Fund established

1 under ORS 286A.766.

2 (3) "Bond fund" means the Article XI-M Bond Fund established under ORS 286A.764.

3 (4) "Bond-related costs" means:

4 (a) The costs of paying the principal of, the interest on and the premium, if any, on Article XI-M
5 bonds;

6 (b) The costs and expenses of issuing, administering and maintaining Article XI-M bonds in-
7 cluding, but not limited to, redeeming Article XI-M bonds and paying amounts due in connection
8 with bond insurance, other credit enhancements or the administrative costs and expenses of the
9 State Treasurer and the Oregon Department of Administrative Services, including costs of consult-
10 ants or advisers retained by the State Treasurer or the department for the purpose of issuing, ad-
11 ministering or maintaining Article XI-M bonds;

12 (c) Capitalized interest on Article XI-M bonds;

13 (d) Costs of funding reserves for Article XI-M bonds, including costs of surety bonds and similar
14 instruments;

15 (e) Rebates or penalties due the United States Government in connection with Article XI-M
16 bonds; and

17 (f) Other costs or expenses that the Director of the Oregon Department of Administrative Ser-
18 vices determines are necessary or desirable in connection with issuing, administering or maintaining
19 Article XI-M bonds.

20 (5) "Seismic fund" means the Education Seismic Fund established under ORS 286A.768.

21 (6) "State share of costs" means the total costs and related expenses of the seismic rehabili-
22 tation of public education buildings, minus contributions for seismic rehabilitation from the appli-
23 cants as required by the [*Office of Emergency Management*] **Oregon Business Development**
24 **Department**.

25 **SECTION 5.** ORS 286A.762 is amended to read:

26 286A.762. (1) Article XI-M bonds are a general obligation of the State of Oregon and must con-
27 tain 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-M bonds. The State of Oregon shall pledge its full faith and
29 credit and taxing power to pay Article XI-M bonds, except that the ad valorem taxing power of the
30 State of Oregon may not be pledged to pay Article XI-M bonds.

31 (2) The State Treasurer, with the concurrence of the Director of the Oregon Department of
32 Administrative Services, may issue Article XI-M bonds as provided in this chapter, subject to the
33 limit on bond issuance established for the particular biennium pursuant to ORS 286A.035 and at the
34 request of the [*Director of the Office of Emergency Management*] **Director of the Oregon Business**
35 **Development Department**, for the purpose of financing all or a portion of the state share of costs
36 to plan and implement seismic rehabilitation of public education buildings in the amount of the state
37 share of costs, plus an amount determined by the State Treasurer to pay estimated bond-related
38 costs.

39 (3) The State Treasurer shall transfer the net proceeds of Article XI-M bonds issued for the
40 purpose described in subsection (2)(a) of this section to the [*Office of Emergency Management*]
41 **Oregon Business Development Department** for deposit in the Education Seismic Fund established
42 under ORS 286A.768.

43 **SECTION 6.** ORS 286A.766 is amended to read:

44 286A.766. (1) The Article XI-M Bond Administration Fund is established in the State Treasury,
45 separate and distinct from the General Fund. Amounts in the bond administration fund may be in-

1 vested as provided in ORS 293.701 to 293.820, and interest earned on the bond administration fund
2 must be credited to the bond administration fund. Amounts credited to the bond administration fund
3 are continuously appropriated to the Oregon Department of Administrative Services for payment of
4 bond-related costs. The department shall credit to the bond administration fund:

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

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

8 (c) Amounts transferred from the Education Seismic Fund by the [*Office of Emergency Manage-*
9 *ment*] **Oregon Business Development Department** as provided in ORS 286A.768.

10 (2) The **Oregon Department of Administrative Services** may create separate accounts in the
11 bond administration fund.

12 **SECTION 7.** ORS 286A.768 is amended to read:

13 286A.768. (1) The Education Seismic Fund is established in the State Treasury, separate and
14 distinct from the General Fund. Amounts in the seismic fund may be invested as provided in ORS
15 293.701 to 293.820, and interest earned on the seismic fund must be credited to the seismic fund.
16 Amounts credited to the seismic fund are continuously appropriated to the [*Office of Emergency*
17 *Management*] **Oregon Business Development Department** for the purpose described in ORS
18 286A.762 (2) and for the purpose of paying bond-related costs. The [*office*] **department** shall deposit
19 in the seismic fund:

20 (a) The net proceeds of Article XI-M bonds transferred pursuant to ORS 286A.762 (3);

21 (b) Amounts appropriated or otherwise provided by the Legislative Assembly for deposit in the
22 seismic fund;

23 (c) Gifts, grants or contributions received by the [*office*] **department** for the purpose described
24 in ORS 286A.762 (2); and

25 (d) Moneys received as repayment of, as a return on or in exchange for the grant or loan of net
26 proceeds of Article XI-M bonds.

27 (2) The [*office*] **department** may create separate accounts in the seismic fund as appropriate for
28 the management of moneys in the seismic fund.

29 (3) The [*office*] **department** and any other state agency or other entity receiving or holding net
30 proceeds of Article XI-M bonds shall, at the direction of the Oregon Department of Administrative
31 Services, take action necessary to maintain the excludability of interest on Article XI-M bonds from
32 gross income under the Internal Revenue Code.

33 (4) The [*office*] **department** shall transfer to the Article XI-M Bond Administration Fund the
34 unexpended and uncommitted amounts remaining in the seismic fund if:

35 (a) Unexpended funds that are not contractually committed to a particular purpose remain in
36 the seismic fund on the last day of the biennium; and

37 (b) Article XI-M bonds will be outstanding in the next biennium.

38 (5) The [*office*] **department** may adopt rules to carry out this section including, but not limited
39 to, establishing:

40 (a) Required contributions from applicants;

41 (b) Fees;

42 (c) Standards, terms and conditions under which moneys in the seismic fund may be granted,
43 loaned or otherwise made available; and

44 (d) Procedures for distributing and monitoring the use of moneys from the seismic fund.

45 **SECTION 8.** ORS 286A.780 is amended to read:

1 286A.780. As used in ORS 286A.780 to 286A.792, unless the context requires otherwise:

2 (1) "Article XI-N bonds" means general obligation bonds or other general obligation indebt-
3 edness issued or incurred under the authority of Article XI-N of the Oregon Constitution.

4 (2) "Bond administration fund" means the Article XI-N Bond Administration Fund established
5 under ORS 286A.786.

6 (3) "Bond fund" means the Article XI-N Bond Fund established under ORS 286A.784.

7 (4) "Bond-related costs" means:

8 (a) The costs of paying the principal of, the interest on and the premium, if any, on Article XI-N
9 bonds;

10 (b) The costs and expenses of issuing, administering and maintaining Article XI-N bonds in-
11 cluding, but not limited to, redeeming Article XI-N bonds and paying amounts due in connection
12 with bond insurance, other credit enhancements or the administrative costs and expenses of the
13 State Treasurer and the Oregon Department of Administrative Services, including costs of consult-
14 ants or advisers retained by the State Treasurer or the department for the purpose of issuing, ad-
15 ministering or maintaining Article XI-N bonds;

16 (c) Capitalized interest on Article XI-N bonds;

17 (d) Costs of funding reserves for Article XI-N bonds, including costs of surety bonds and similar
18 instruments;

19 (e) Rebates or penalties due the United States Government in connection with Article XI-N
20 bonds; and

21 (f) Other costs or expenses that the Director of the Oregon Department of Administrative Ser-
22 vices determines are necessary or desirable in connection with issuing, administering or maintaining
23 Article XI-N bonds.

24 (5) "Seismic fund" means the Emergency Services Seismic Fund established under ORS 286A.788.

25 (6) "State share of costs" means the total costs and related expenses of the seismic rehabili-
26 tation of emergency services buildings, minus contributions for seismic rehabilitation from the ap-
27 plicants as required by the [*Office of Emergency Management*] **Oregon Business Development**
28 **Department**.

29 **SECTION 9.** ORS 286A.782 is amended to read:

30 286A.782. (1) Article XI-N bonds are a general obligation of the State of Oregon and must con-
31 tain a direct promise on behalf of the State of Oregon to pay the principal of, the interest on and
32 the premium, if any, on the Article XI-N bonds. The State of Oregon shall pledge its full faith and
33 credit and taxing power to pay Article XI-N bonds, except that the ad valorem taxing power of the
34 State of Oregon may not be pledged to pay Article XI-N bonds.

35 (2) The State Treasurer, with the concurrence of the Director of the Oregon Department of
36 Administrative Services, may issue Article XI-N bonds as provided in this chapter, subject to the
37 limit on bond issuance established for the particular biennium pursuant to ORS 286A.035 and at the
38 request of the Director of the [*Office of Emergency Management*] **Oregon Business Development**
39 **Department**, for the purpose of financing all or a portion of the state share of costs to plan and
40 implement seismic rehabilitation of emergency services buildings in the amount of the state share
41 of costs, plus an amount determined by the State Treasurer to pay estimated bond-related costs.

42 (3) The State Treasurer shall transfer the net proceeds of Article XI-N bonds issued for the
43 purpose described in subsection (2)(a) of this section to the [*Office of Emergency Management*]
44 **Oregon Business Development Department** for deposit in the Emergency Services Seismic Fund
45 established under ORS 286A.788.

1 **SECTION 10.** ORS 286A.786 is amended to read:

2 286A.786. (1) The Article XI-N Bond Administration Fund is established in the State Treasury,
3 separate and distinct from the General Fund. Amounts in the bond administration fund may be in-
4 vested as provided in ORS 293.701 to 293.820, and interest earned on the bond administration fund
5 must be credited to the bond administration fund. Amounts credited to the bond administration fund
6 are continuously appropriated to the Oregon Department of Administrative Services for payment of
7 bond-related costs. The department shall credit to the bond administration fund:

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

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

11 (c) Amounts transferred from the Emergency Services Seismic Fund by the [*Office of Emergency*
12 *Management*] **Oregon Business Development Department** as provided in ORS 286A.788.

13 (2) The **Oregon Department of Administrative Services** may create separate accounts in the
14 bond administration fund.

15 **SECTION 11.** ORS 286A.788 is amended to read:

16 286A.788. (1) The Emergency Services Seismic Fund is established in the State Treasury, sepa-
17 rate and distinct from the General Fund. Amounts in the seismic fund may be invested as provided
18 in ORS 293.701 to 293.820, and interest earned on the seismic fund must be credited to the seismic
19 fund. Amounts credited to the seismic fund are continuously appropriated to the [*Office of Emergency*
20 *Management*] **Oregon Business Development Department** for the purpose described in ORS
21 286A.782 (2) and for the purpose of paying bond-related costs. The [*office*] **department** shall deposit
22 in the seismic fund:

23 (a) The net proceeds of Article XI-N bonds transferred pursuant to ORS 286A.782 (3);

24 (b) Amounts appropriated or otherwise provided by the Legislative Assembly for deposit in the
25 seismic fund;

26 (c) Gifts, grants or contributions received by the [*office*] **department** for the purpose described
27 in ORS 286A.782 (2); and

28 (d) Moneys received as repayment of, as a return on or in exchange for the grant or loan of net
29 proceeds of Article XI-N bonds.

30 (2) The [*office*] **Oregon Business Development Department** may create separate accounts in
31 the seismic fund as appropriate for the management of moneys in the seismic fund.

32 (3) The [*office*] **Oregon Business Development Department** and any other state agency or
33 other entity receiving or holding net proceeds of Article XI-N bonds shall, at the direction of the
34 Oregon Department of Administrative Services, take action necessary to maintain the excludability
35 of interest on Article XI-N bonds from gross income under the Internal Revenue Code.

36 (4) The [*office*] **Oregon Business Development Department** shall transfer to the Article XI-N
37 Bond Administration Fund the unexpended and uncommitted amounts remaining in the seismic fund
38 if:

39 (a) Unexpended funds that are not contractually committed to a particular purpose remain in
40 the seismic fund on the last day of the biennium; and

41 (b) Article XI-N bonds will be outstanding in the next biennium.

42 (5) The [*office*] **Oregon Business Development Department** may adopt rules to carry out this
43 section including, but not limited to, establishing:

44 (a) Required contributions from applicants;

45 (b) Fees;

1 (c) Standards, terms and conditions under which moneys in the seismic fund may be granted,
2 loaned or otherwise made available; and

3 (d) Procedures for distributing and monitoring the use of moneys from the seismic fund.
4

5 **TRANSFER**
6

7 **SECTION 12.** The duties, functions and powers of the Director of the Office of Emergency
8 Management relating to seismic rehabilitation of critical public buildings under the grant
9 program described in ORS 401.910 are imposed upon, transferred to and vested in the Oregon
10 Business Development Department.
11

12 **RECORDS, PROPERTY, EMPLOYEES**
13

14 **SECTION 13.** (1) The Director of the Office of Emergency Management shall:

15 (a) Deliver to the Oregon Business Development Department all records and property
16 within the jurisdiction of the director that relate to the duties, functions and powers trans-
17 ferred by section 12 of this 2013 Act; and

18 (b) Transfer to the department those employees engaged primarily in the exercise of the
19 duties, functions and powers transferred by section 12 of this 2013 Act.

20 (2) The Director of the Oregon Business Development Department shall take possession
21 of the records and property, and shall take charge of the employees and employ them in the
22 exercise of the duties, functions and powers transferred by section 12 of this 2013 Act,
23 without reduction of compensation but subject to change or termination of employment or
24 compensation as provided by law.

25 (3) The Governor shall resolve any dispute between the Director of the Office of Emer-
26 gency Management and the Oregon Business Development Department relating to transfers
27 of records, property or employees under this section, and the Governor's decision is final.
28

29 **UNEXPENDED REVENUES**
30

31 **SECTION 14.** (1) The unexpended balances of amounts authorized to be expended by the
32 Director of the Office of Emergency Management for the biennium beginning July 1, 2013,
33 from revenues dedicated, continuously appropriated, appropriated or otherwise made avail-
34 able for the purpose of administering and enforcing the duties, functions and powers trans-
35 ferred by section 12 of this 2013 Act are transferred to and are available for expenditure by
36 the Oregon Business Development Department for the biennium beginning July 1, 2013, for
37 the purpose of administering and enforcing the duties, functions and powers transferred by
38 section 12 of this 2013 Act.

39 (2) The expenditure classifications, if any, established by Acts authorizing or limiting
40 expenditures by the director remain applicable to expenditures by the department under this
41 section.
42

43 **ACTION, PROCEEDING, PROSECUTION**
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45 **SECTION 15.** The transfer of duties, functions and powers to the Oregon Business De-

1 velopment Department by section 12 of this 2013 Act does not affect any action, proceeding
2 or prosecution involving or with respect to such duties, functions and powers begun before
3 and pending at the time of the transfer, except that the Oregon Business Development De-
4 partment is substituted for the Director of the Office of Emergency Management in the
5 action, proceeding or prosecution.

6
7 **LIABILITY, DUTY, OBLIGATION**

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9 **SECTION 16.** (1) Nothing in sections 12 to 18 of this 2013 Act and the amendments to ORS
10 285A.093, 286A.760, 286A.762, 286A.766, 286A.768, 286A.780, 286A.782, 286A.786, 286A.788, 401.092
11 and 401.910 by sections 1 to 11 of this 2013 Act relieves a person of a liability, duty or obli-
12 gation accruing under or with respect to the duties, functions and powers transferred by
13 section 12 of this 2013 Act. The Oregon Business Development Department may undertake
14 the collection or enforcement of any such liability, duty or obligation.

15 (2) The rights and obligations of the Director of the Office of Emergency Management
16 legally incurred under contracts, leases and business transactions executed, entered into or
17 begun before the operative date of section 12 of this 2013 Act accruing under or with respect
18 to the duties, functions and powers transferred by section 12 of this 2013 Act are transferred
19 to the department. For the purpose of succession to these rights and obligations, the de-
20 partment is a continuation of the director and not a new authority.

21
22 **RULES**

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24 **SECTION 17.** Notwithstanding the transfer of duties, functions and powers by section 12
25 of this 2013 Act, the rules of the Director of the Office of Emergency Management with re-
26 spect to such duties, functions or powers that are in effect on the operative date of section
27 12 of this 2013 Act continue in effect until superseded or repealed by rules of the Oregon
28 Business Development Department. References in such rules of the director to the director
29 or the Office of Emergency Management or to an officer or employee of the office are con-
30 sidered to be references to the department or to an officer or employee of the department.

31 **SECTION 18.** Whenever, in any uncodified law or resolution of the Legislative Assembly
32 or in any rule, document, record or proceeding authorized by the Legislative Assembly, in
33 the context of the duties, functions and powers transferred by section 12 of this 2013 Act,
34 reference is made to the Director of the Office of Emergency Management, to the Office of
35 Emergency Management or to an officer or employee of the office, whose duties, functions
36 or powers are transferred by section 12 of this 2013 Act, the reference is considered to be a
37 reference to the Oregon Business Development Department or to an officer or employee of
38 the department who by this 2013 Act is charged with carrying out such duties, functions and
39 powers.

40
41 **OPERATIVE DATE**

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43 **SECTION 19.** Sections 12 to 18 of this 2013 Act and the amendments to ORS 285A.093,
44 286A.760, 286A.762, 286A.766, 286A.768, 286A.780, 286A.782, 286A.786, 286A.788, 401.092 and
45 401.910 by sections 1 to 11 of this 2013 Act become operative on January 1, 2014.

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UNIT CAPTIONS

SECTION 20. The unit captions used in this 2013 Act are provided only for the convenience of the reader and do not become part of the statutory law of this state or express any legislative intent in the enactment of this 2013 Act.

EMERGENCY CLAUSE

SECTION 21. This 2013 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2013 Act takes effect on its passage.
