

**FISCAL IMPACT OF PROPOSED LEGISLATION**

**Measure: SB 266 A**

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

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

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Prepared by: Tim Walker  
Reviewed by: Paul Siebert  
Date: 04/09/2013

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**Measure Description:**

Creates individualized process for Oregon University System to enter into financing agreements.

**Government Unit(s) Affected:**

Oregon University System (OUS)

**Summary of Expenditure Impact:**

See Analysis.

**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 bill makes substantive changes to the system the Oregon University System (OUS) uses to enter into financing agreements. OUS currently must receive Department of Administrative Services approval to enter into financial agreements such as, lease purchase agreements, installment sale agreements, loan agreements and any agreements that will finance real or personal property that is owned or operated by OUS.

The Legislative Fiscal Office believes this bill warrants a subsequent referral to the Joint Committee on Ways and Means to fully understand the fiscal impact on the state's obligations for financing agreements entered into by OUS under this bill, because the definition of available funds includes General Fund appropriations.

**REVENUE IMPACT OF  
PROPOSED LEGISLATION**  
Seventy-Seventh Oregon Legislative Assembly  
2013 Regular Session  
Legislative Revenue Office

<b>Bill Number:</b>	<b>SB266-A</b>
<b>Revenue Area:</b>	<b>Debt and Bonds</b>
<b>Economist:</b>	<b>Mazen Malik</b>
<b>Date:</b>	<b>04/10/2013</b>

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**Measure Description:**

Creates individualized process for Oregon University System to enter into financing agreements.

**Revenue Impact (in \$Millions):** Indeterminate

The financing agreements, effects on cash flow, and the impacts on current obligations for payments on bonds and debt instruments can be impacted as a result of this measure. However, it is not likely to determine all the possible scenarios that can impact the revenue positively and/or negatively.

**Impact Explanation:**

OUS currently requires Department of Administrative Services (DAS) approval when entering into financial agreements. These include lease purchase agreements, installment sale agreements, loan agreements, or any kind of agreement that will finance real or personal property that is owned or operated by OUS. DAS approval is required for any purchases of land, buildings, and equipment that involve financial agreements. This measure authorizes the Chancellor of the Oregon University System to enter into financial agreements without DAS approval. OUS must abide by the State Board of Higher Education (SBHE) policy and not enter into financial agreements if they exceed the maximum debt service allowed.

**Creates, Extends, or Expands Tax Expenditure:**      Yes  No

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**REVENUE:** Revenue statement issued

**FISCAL:** Fiscal statement issued

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<b>Action:</b>	Do Pass as Amended and Be Printed Engrossed and Be Referred to the Committee on Ways and Means
<b>Vote:</b>	5 - 0 - 0
<b>Yeas:</b>	Beyer, Knopp, Kruse, Roblan, Hass
<b>Nays:</b>	0
<b>Exc.:</b>	0
<b>Prepared By:</b>	Alethia Miller, Intern Administrator, and Richard Donovan, Administrator
<b>Meeting Dates:</b>	2/28, 4/9

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**WHAT THE MEASURE DOES:** Creates individualized process for Oregon University System (OUS) to enter into financing agreements. Increases level of oversight by Treasurer's office. Places debt limit-restraint, corresponding to State Board of Higher Education (SBHE) policy. Declares emergency, effective July 1, 2013.

**ISSUES DISCUSSED:**

- Current process for bonding
  - Approval process out of sync with education calendar year
  - Approval process viewed as unnecessarily bureaucratic/slow by OUS
- Concern with removing legislative approval for bond issuance

**EFFECT OF COMMITTEE AMENDMENT:** Increases level of oversight by Treasurer's office. Places debt limit-restraint, corresponding to State Board of Higher Education (SBHE) policy.

**BACKGROUND:** OUS currently requires Department of Administrative Services (DAS) approval when entering into financial agreements. These include lease purchase agreements, installment sale agreements, loan agreements, or any kind of agreement that will finance real or personal property that is owned or operated by OUS. DAS approval is required for any purchases of land, buildings, and equipment that involve financial agreements. Senate Bill 266-A authorizes the Chancellor of the Oregon University System to enter into financial agreements without DAS approval. OUS must abide by SBHE policy and not enter into financial agreements if they exceed the maximum debt service allowed.