

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2480 - A6

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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Measure Description:

Exempts subsequent change in use of facility constructed, in whole or part, with specified proceeds of county general obligation bonds from provision that requires repayment of proceeds spent improperly.

Government Unit(s) Affected:

Department of Administrative Services (DAS), Counties

Summary of Expenditure Impact:

Please 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 measure creates a legal exemption for the proposed change in the use of Multnomah County's Wapato Jail. The jail was financed with a portion of a general obligation bonding issuance in which Multnomah County and the State of Oregon participated. The general obligation bonds originally issued were tax-exempt bonds that typically bear a lower rate of interest than taxable bonds. The change in the proposed use of the jail facility will require that the portion of the remaining state and county debt attributable to facility will need to be refinanced using taxable bonds. The difference in the interest expense between these bond types will result in increased debt service costs for both Multnomah County and the state.

Multnomah County estimates that the additional debt service cost on the county bonds will total \$1.1 million for the remaining \$15 million county portion of the debt. The Department of Administrative Services notes that the additional interest expense associated with the defeasance of the current financing mechanism would be \$348,788. There is \$4.5 million in outstanding state debt remaining related to the financing of the facility. State debt service for the project is paid by the Department of Corrections.