

SB 5506
Bonding Limits

Senate Bill 5506 limits the maximum amount of bonds and third party financing agreements that state agencies may issue and the amount of revenue state agencies may raise from such issuance. The proceeds from the issuance of bonds are included as revenues in agency budgets. This bill also allocates the federal tax-exempt private activity bond volume cap.

The Capital Construction Subcommittee recommends allowing the Oregon University System to issue up to \$117.9 million, and the Community Colleges and Workforce Development Department \$125.1 million, in article XI-G bonds for projects.

The subcommittee recommends total Lottery Bonds of \$157.6 million for the biennium. The lottery projects are contained in Senate Bill 5533. There are no Lottery Funds debt service costs in the current biennium. The 2015-17 costs are estimated to be \$26.9 million.

The subcommittee also recommends \$426.1 million in Article XI-Q bonds. About \$369 million of those bonds will be paid with General Fund. A detailed list of projects and their amounts can be found in the budget report.

Total General Fund debt service for all of the projects approved in the bill is estimated to cost \$7.3 million in 2013-15 and \$119.3 million in 2015-17.

The subcommittee made significant reductions to most of the bond limits the Governor had proposed with the understanding that they may be revisited in February 2014.

The Capital Construction Subcommittee recommends Senate Bill 5506 be amended and reported out “do pass” as amended.

**77th OREGON LEGISLATIVE ASSEMBLY – 2013 Regular Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: SB 5506-A

JOINT COMMITTEE ON WAYS AND MEANS

Carrier – House: Rep. Kotek

Carrier – Senate: Sen. Girod

Action: Do Pass as Amended and be Printed A-Engrossed

Vote:

House

Yeas:

Nays:

Exc:

Senate

Yeas:

Nays:

Exc:

Prepared By: Jack Kenny, Department of Administrative Services

Reviewed By: Daron Hill, Legislative Fiscal Office

Meeting Date: July 7, 2013

Agency

Various

Biennium

2013-15

Summary of Subcommittee Action

Senate Bill 5506 limits the maximum amount of bonds and third party financing agreements state agencies may issue and the amount of revenue state agencies may raise from such issuance. The proceeds from the issuance of bonds are included as revenues in agency budgets. This bill also allocates the federal tax-exempt private activity bond volume cap allowed under the Internal Revenue Code of 1986, as amended, to certain state agencies and the Private Activity Bond Committee established in ORS 286A.615.

The Subcommittee reviewed amendments to Senate Bill 5506 for the following purposes:

- 1) The Subcommittee increased the Oregon University System (OUS), Article XI-G general obligation bond authorization to \$117,861,000 for eight newly approved projects and two projects approved during previous legislative sessions. Amendments identify maximum amounts for specifically identified projects. Projects are described later in this report.
- 2) The Subcommittee increased the Department of Community Colleges and Workforce Development Article XI-G general obligation bond authorization to \$125,081,600. The Subcommittee approved the XI-G general obligation bond authorization for capital construction financing for 16 Oregon Community College projects approved in Senate Bill 5507 totaling \$108,581,600 and to reauthorize \$16,500,000 for two projects approved during previous legislative sessions.

The Subcommittee approved the establishment of certain limits on future requests for state-funded projects.

- 3) The Subcommittee increased the Oregon University System, Article XI-F general obligation authorization to \$390,977,500 to provide the bond financing for the University System's self-supporting capital construction projects including \$316,800,000 for 12 new projects, as well as reauthorization of certain projects approved during previous legislative sessions. Amendments identify maximum amounts for specifically identified projects. The Oregon University System was also provided \$50,000,000 in direct revenue bond authority. Projects are described later in this report.
- 4) The Subcommittee amended the issuing agency reference for Article XI-M and Article XI-N Seismic Rehabilitation Bonds to the Oregon Business Development Department reflecting changes made in Senate Bill 813. The Subcommittee authorized \$15,000,000 for Article XI-M (Seismic Rehabilitation of Public Education Buildings) and \$15,000,000 for Article XI-N (Seismic Rehabilitation of Emergency Services Buildings) bonds.
- 5) The Subcommittee approved the Department of Environmental Quality, Article XI-H general obligation authority of \$10,000,000.
- 6) The Subcommittee increased the Department of Administrative Services Article XI-Q general obligation authority to \$426,052,000 to reflect net changes in funding for projects owned or operated by the state. Increases include the following: various university system projects, the Linn County Veterans' Home, Gilchrist Forest acquisition, detailed planning and design for the State Capitol renovation, and the Multnomah County Courthouse. A table listing all projects comprising the XI-Q authorization is included later in this report.

The Subcommittee approved amendments directing an amount not to exceed \$15 million in Article XI-Q bond proceeds be deposited to the Oregon Courthouse Capital Construction and Improvement Fund, and identified allowable uses of bond proceeds in that fund. Prior to issuance of bonds for such purposes, there are a number of triggers that must occur. There are also amendments to make this project an allowable use of Article XI-Q bonds.

- 7) The Subcommittee increased the Department of Transportation's Article XI, Section 7 general obligation authority to \$453,725,000 to provide Oregon's share of the initial contribution for construction of the Interstate 5 Bridge Replacement Project. The Subcommittee also approved an authorization to the Department of Transportation of \$663,000,000 in Toll-backed revenue bonds for the Interstate-5 Bridge Replacement Project. The bill prohibits the State Treasurer from issuing any bonds for the Interstate 5 Bridge Replacement Project until the conditions set forth in section 3 (4), chapter 4, Oregon Laws 2013 (Enrolled House Bill 2800), including commitment of sufficient funds by the State of Washington by September 30, 2013. The bill permits substitution of Highway User Tax Bonds for Article XI, Section 7 bonds (with corresponding and offsetting changes in amounts approved for each bond type).

An authorization of \$846,690,000 in Department of Transportation Highway User Tax revenue bonds was approved for eligible construction projects. Oregon Transportation Infrastructure revenue bonds were authorized at \$20,400,000.

- 8) The Subcommittee reduced the State Department of Energy Article XI-J general obligation authority to \$60,000,000 from \$100,000,000 in the Governor's Budget to reflect recent activity history with the understanding the agency can return to request additional authority in the 2014 Session if necessary. The Subcommittee reduced the State Department of Energy's direct revenue bond authority to \$20,000,000 from \$25,000,000 with the understanding the agency can return to request additional authority in the 2014 Session, if necessary.
- 9) The Subcommittee reduced the Department of Veterans' Affairs' Article XI-A general obligation authority to \$60,000,000 from \$100,000,000 in the Governor's Budget to reflect recent activity history with the understanding the agency can return to request additional authority in the 2014 Session if necessary.
- 10) The Subcommittee approved a \$10,235,000 authorization to the Water Resources Department for issuance of Article XI-I (1) General Obligation bonds.
- 11) The Subcommittee reduced Housing and Community Services Department, Article XI-I (2) general obligation authority to \$25,000,000 from \$50,000,000 in the Governor's Budget to reflect recent activity history with the understanding the agency can return to request additional authority in the 2014 Session if necessary. The Subcommittee reduced Housing and Community Services Department's direct revenue bond authority to \$150,000,000 from \$300,000,000 and pass-through revenue bond authority to \$150,000,000 from \$200,000,000 to reflect recent activity history with the understanding the agency can return to request additional authority in the 2014 Session.
- 12) The Subcommittee increased the Department of Administrative Services, Lottery Revenue Bond limit to \$157,557,715. The increase reflects reauthorization of funding for the Roseburg Veterans' Home approved in the 2011 Session. Other increases include funding for

the following projects: Coos Bay Rail Link; Salem-Keizer Transit Center; Oregon Convention Center hotel, Umatilla Industrial Park Road Extension; North Central Education Service District digital switch infrastructure; and grants to maintain affordable housing, Connect Oregon V; and the Lane Transit EmX extension. Amounts for regional planning grants and for Oregon Business Development Department's Special Public Works Fund were reduced from levels in the Governor's Budget. The Subcommittee also funded a Willamette Falls property acquisition, certain arts projects, funding for home energy efficiency programs, and grants for water development and infrastructure.

Budget Note:

If the local and/or regional public sponsors acquire the portion of the property immediately adjacent to Willamette Falls, the partners will work with the State Parks and Recreation Commission to designate the site as a State Historic Site to be managed by Oregon Parks and Recreation Department and developed in partnership with the public sponsors.

If the local and/or regional public sponsors do not acquire the property adjacent to Willamette Falls, the State Parks and Recreation Commission will seek to acquire the property necessary for public access to that property.

- 13) The Subcommittee reduced Oregon Business Development Department's direct revenue bond authority from \$60,000,000 in the Governor's Budget to \$35,000,000, and its pass-through revenue bond authority for industrial development bonds from \$125,000,000 to \$65,000,000 to reflect recent activity history with the understanding the agency can return to request additional authority in the 2014 Session.
- 14) The Subcommittee reduced the Oregon Facilities Authority pass-through revenue bond authority from \$750 million in the Governor's Budget to \$450 million to reflect recent activity history with the understanding the agency can return to request additional authority in the 2014 Session.

Detail of projects authorized for the Oregon University System through bond financing is included below.

Oregon University System

System-wide projects

The Subcommittee approved the following four system-wide projects and financing authorizations totaling \$85,000,000 total funds:

- Capital renewal, code compliance, and safety: approved \$30,000,000 Article XI-Q bonds to maintain facilities throughout the Oregon University System and keep the deferred maintenance backlog from growing. These projects do not involve acquisition of buildings, structures, or land. Debt service on the Article XI-Q bonds will be paid with General Fund.

- Miscellaneous Student Building Fee projects: approved \$20,000,000 Article XI-F (1) bonds for small planning, code compliance, acquisition, additions, remodels, and other projects. Student building fees constitute the source for debt service on the Article XI-F (1) bonds.
- Commercial Paper: approved \$15,000,000 Article XI-F (1) bonds to provide short-term financing for capital projects. Debt service on the Article XI-F (1) bonds will be repaid with revenues from long-term project financing or other campus revenues.
- Financing Agreements: approved \$20,000,000 to provide system-wide capacity to enter into leases or other arrangements that contractually result in ownership of land, improvements, structures, or other property.

Eastern Oregon University

The Subcommittee approved the following project for Eastern Oregon University:

- Eastern Learning Commons planning and design development: approved \$2,000,000 Article XI-Q bonds for the development of plans for a multi-building complex for on-campus and distance education, including a classroom building with a data center and information technology space and a separate residence hall. Following completion of the planning process, EOU is expected to request authorization of approximately \$26 million in state bonds to execute the project over two phases. Debt service on the bonds will be paid with General Fund.

Oregon Institute of Technology

The Subcommittee approved the following two projects for the Oregon Institute of Technology, totaling \$12,000,000 total funds.

- Cornett Hall renovation study, design and planning: approved \$2,000,000 Article XI-Q bonds for the development of plans for renovation or replacement of a 1960's era building. Following completion of the planning process, OIT is expected to request authorization of approximately \$30 million in state bonds to execute the project. Debt service on the planning bonds will be paid with General Fund.
- Wilsonville Campus Renovation: approved \$10,000,000 Article XI-F (1) bonds to complete the purchase of the In-Focus building and make tenant improvements. OIT will pay debt service on the bonds with tuition and building lease revenues.

Oregon State University

The Subcommittee approved the following seven projects, totaling \$98,920,000 total funds.

- Classroom building and quad: approved the sale of \$32,500,000 Article XI-G bonds to construct a new classroom building with space for the University Honors College and an integrated resource center. OSU intends to use OUS revenue bonds as match for the Article XI-G bonds; debt service on the revenue bonds will be repaid with forecasted growth in non-resident tuition revenue. Debt service on the Article XI-G bonds will be paid with General Fund.
- Cascades Campus Expansion: approved \$4,000,000 Article XI-G bonds, \$12,000,000 Article XI-Q bonds and \$4,000,000 Article XI-F (1) bonds to acquire and renovate several buildings to expand the campus in Bend to offer a four-year undergraduate program. The number and

location of buildings to be acquired have not been determined. The Article XI-G bonds will be matched with donations. Debt service on the Article XI-G and Article XI-Q bonds will be paid with General Fund. Debt service on the Article XI-F (1) bonds will be paid with tuition revenue.

- Chemical, Biological, and Environmental Engineering Building: approved \$20,000,000 Article XI-G bonds to construct an instructional and research building intended to promote collaboration among OSU researchers, start-up companies, and established businesses in the science and engineering of sustainable energy and materials. Match for the Article XI-G bonds will come from gifts and donations. Debt service on the Article XI-G bonds will be paid with General Fund.
- Modular Data Center: approved \$7,000,000 Article XI-Q bonds to create small data centers throughout campus intended to support research, instructional and administrative activities. Debt service on the Article XI-Q bonds will be paid with tuition revenue.
- Underground communications infrastructure: approved \$10,000,000 Article XI-Q bonds to expand OSU's communications system to increase internet and other communications capacity. Debt service on the Article XI-Q bonds will be paid with tuition.
- Housing and dining upgrades: approved \$9,500,000 Article XI-F (1) bonds to make improvements in five residence halls. Debt service on the Article XI-F (1) bonds will be paid with housing and dining fees.

Portland State University

The Subcommittee approved the following three projects, totaling \$74,000,000 total funds:

- School of Business Administration addition, renovation, and deferred maintenance: approved \$10,000,000 Article XI-G bonds and \$30,000,000 Article XI-Q bonds to expand and modernize an existing building housing the School of Business Administration and the Graduate School of Education. Gifts and donations will be used as match for the Article XI-G bonds. Debt service on the Article XI-G bonds and Article XI-Q bonds will be paid with General Fund.
- Stott Center Educational Facility renovations and deferred maintenance: approved \$20,000,000 Article XI-G bonds, \$2,000,000 Article XI-Q bonds, and \$2,000,000 Article XI-F (1) bonds to renovate and expand a 1960s facility for athletics, health and physical education classes, student recreation, and inter-mural sports. The project will add a new 5,000 seat basketball arena, athletics sports courts and practice courts that will also be used for credit bearing classes and offices. It will also replace outdated building systems and address deferred maintenance needs. Gifts and donations will be used to fund the Article XI-G bond match. Debt service on the Article XI-G and Article XI-Q bonds will be paid with General Fund. Debt service on the Article XI-F (1) bonds will be paid with revenues from ticket sales and concession sales received during events held at the arena.
- Land acquisition: approved \$10,000,000 Article XI-F (1) bonds for purchase of land under the university-owned University Center building. Debt service on the Article XI-F (1) bonds will be paid with savings from lease payments that will no longer be owed.

Southern Oregon University

The Subcommittee approved the following three projects totaling \$38,000,000 total funds:

- Theatre Arts Building expansion and remodel: approved \$11,000,000 Article XI-Q bonds to expand and remodel of the Theatre Arts Building. This replaces a \$5.5 million allocation of Article XI-G bonds approved in 2009 but not sold because the university was unable to raise matching funds. Debt service on the Article XI-Q bonds will be paid with General Fund.
- Student Recreation Center: approved \$20,000,000 Article XI-F (1) bonds to create a new student fitness center. Debt service on the Article XI-F (1) bonds will be paid with student building fee revenues.
- Cascades Hall replacement: approved \$7,000,000 Article XI-F (1) bonds to construct a new dining facility that will serve as a space for campus meetings and events. Food service revenues will be used to pay debt service on the Article XI-F (1) bonds.

University of Oregon

The Subcommittee approved the following six projects, totaling \$239,665,000 total funds:

- Straub and Earl Halls classrooms expansion: approved \$11,000,000 Article XI-G bonds to expand and remodel two existing buildings to add classroom capacity and address deferred maintenance needs. Gift and grant revenues will be used as match for the Article XI-G bonds. Debt service on the bonds will be paid with General Fund.
- Science Commons and Research Library expansion and remodel: approved \$8,375,000 Article XI-G bonds to remodel the existing underground library and construct an above ground expansion for instruction and research. UO will match the Article XI-G bonds with gifts and donations. Debt service on the bonds will be paid with General Fund.
- Museum of Natural and Cultural History library shelving project: \$990,000 Article XI-Q bonds for equipment and exhibition space needs. Debt service on the Article XI-G bonds will be paid with General Fund.
- Student Recreation Center expansion and renovation: approved \$50,250,000 Article XI-F (1) bonds to renovate and expand the existing student recreation center. Debt service on the Article XI-F (1) bonds will be paid with a new \$38 per term student building fee approved in a fall 2012 student referendum.
- Erb Memorial Student Union expansion and renovation: approved \$84,300,000 Article XI-F (1) bonds to renovate and expand the existing Erb Memorial Union that houses student organization and programs, student government, multi-cultural programs, and food and other retail operations. Debt service on the Article XI-F (1) bonds will be paid with a new \$69 per term student building fee approved in a fall 2012 student referendum.

- University Housing expansion: approved \$84,750,000 Article XI-F (1) bonds to construct four separate housing facilities with approximately 800 beds. Revenues from housing rents and retail food service will be used to pay debt service on the Article XI-F (1) bonds.

Western Oregon University

The Subcommittee approved the following project at \$17,200,000 total funds:

- New College of Education Facility: approved \$1,400,000 Article XI-G bonds and \$15,800,000 Article XI-Q to construct a new building for the College of Education. The Article XI-G bonds will be matched with donations. Debt service on the bonds will be paid with General Fund.

Reauthorized projects: The Subcommittee reauthorized the sale of bonds for the following six projects totaling \$89,610,500 total funds, approved in prior biennia:

- Oregon University System Capital Renewal, Code, and Safety, originally approved in 2007: \$3,300,000 Article XI-F (1) bonds;
- Oregon State University Strand Agricultural Hall deferred maintenance, originally approved in 2009: \$6,586,000 Article XI-G bonds and \$4,847,000 Article XI-Q bonds;
- Oregon State University Biofuels Demonstration Project, originally approved in 2009: \$4,000,000 Article XI-G bonds;
- Oregon State University Student Experience Center, originally approved in 2011: \$42,700,000 Article XI-F (1) bonds;
- Oregon State University New Residence Hall, originally approved in 2011: \$19,000,000 Article XI-F (1) bonds; and
- Oregon State University Memorial Union Renovation, originally approved in 2011: \$9,177,500 Article XI-F (1) bonds.

Article Xi-Q Authority

<u>Oregon Health Authority</u>		
State Hospital Replacement Project	\$	<u>86,860,000</u>
<u>Department of Human Services</u>		
Self-Sufficiency Modernization System	\$	<u>14,360,000</u>
<u>Department of Corrections</u>		
Deferred Maintenance	\$	<u>5,050,000</u>
<u>Oregon Youth Authority</u>		
Electronic Security & Deferred Maint.	\$	<u>5,165,000</u>
<u>Military Department</u>		
Scharff Hall Armory	\$	2,870,000
Roseburg Armory		2,280,000
Medford Armory		2,445,000
Baker County Readiness Center		<u>1,235,000</u>
Subtotal	\$	<u>8,830,000</u>
<u>Department of Justice</u>		
Support Enforcement System	\$	<u>14,410,000</u>
<u>Judicial Department</u>		
e-Court System	\$	24,855,000
Supreme Court Building		4,465,000
Multnomah County Courthouse		<u>15,270,000</u>
Subtotal	\$	<u>44,590,000</u>
<u>Oregon University System</u>		
Stott Center PSU	\$	2,000,000
School of Business PSU		30,000,000
Theater Arts SOU		11,000,000
New College of Ed WOU		15,800,000
Cornett Hall OIT		2,000,000
Learning Commons EOU		2,000,000
Strand Hall OSU (auth in 2009)		4,847,000
Cascades Campus OSU		12,000,000
Modular Data Center OSU		7,000,000
Underground Commun. Infrastructure OSU		10,000,000
Library Shelving		990,000
Capital Renewal, Code and Safety		<u>30,000,000</u>
Subtotal	\$	<u>127,637,000</u>
<u>Department of Revenue</u>		
Core System Replacement	\$	<u>27,050,000</u>
<u>Legislative Administration</u>		
Capitol Master Plan	\$	<u>35,115,000</u>
<u>Department of Transportation</u>		
State Radio Project	\$	<u>40,730,000</u>
<u>Department of Forestry</u>		
Gilchrist Forest Acquisition	\$	5,275,000
Eastern Lane Headquarters		<u>1,795,000</u>
Subtotal	\$	<u>7,070,000</u>
<u>Department of Veterans' Affairs</u>		
Linn County (Lebanon) Veterans' Home	\$	<u>4,065,000</u>
<u>Oregon Business Development Dept</u>		
Innovation Infrastructure	\$	<u>5,120,000</u>
TOTAL	\$	<u>426,052,000</u>

Senate Bill 5506, SECTIONS 1 - 3.

<u>Program Designation</u>	<u>2011-13 Legislatively Approved</u>	<u>2013-15 Governor's Budget</u>	<u>2013-15 Committee Recommendations</u>	<u>Changes from Governor's Budget</u>
<u>GENERAL OBLIGATION BONDS</u>				
General Fund Obligations				
Oregon University System (Art. XI-G)	\$ 17,608,000	\$ 17,608,000	\$ 117,861,000	\$ 100,253,000
Dept of Com. Col. & Workforce Dev. (Art. XI-G)	\$ 24,500,000	\$ 16,500,000	\$ 125,081,600	\$ 108,581,600
Dept of Environmental Quality (Art. XI-H)	\$ 16,740,000	\$ 10,000,000	\$ 10,000,000	\$ 0
Oregon Business Development Dept. (Art. XI-M)	\$ 7,614,000	\$ 15,000,000	\$ 15,000,000	\$ 0
Oregon Business Development Dept. (Art. XI-N)	\$ 0	\$ 15,000,000	\$ 15,000,000	\$ 0
Dept of Administrative Services (Art. XI-Q)	\$ 200,645,000	\$ 332,265,000	\$ 426,052,000	\$ 93,787,000
Dedicated Fund Obligations				
Dept. of Transportation (Art. XI, Sec. 7)	\$ 0	\$ 453,320,000	\$ 453,725,000	\$ 405,000
Dept of Veterans' Affairs (Art. XI-A)	\$ 100,000,000	\$ 100,000,000	\$ 60,000,000	\$ (40,000,000)
Oregon University System (Art. XI-F(1))	\$ 166,722,070	\$ 348,222,070	\$ 390,977,500	\$ 42,755,430
Water Resources Department (Art. XI-I(1))	\$ 15,000,000	\$ 10,235,000	\$ 10,235,000	\$ 0
Housing and Com. Services Dept (Art. XI-I(2))	\$ 50,000,000	\$ 50,000,000	\$ 25,000,000	\$ (25,000,000)
Department of Energy (Art. XI-J)	\$ 150,000,000	\$ 100,000,000	\$ 60,000,000	\$ (40,000,000)
Total General Obligation Bonds	\$ <u>748,829,070</u>	\$ <u>1,468,150,070</u>	\$ <u>1,708,932,100</u>	\$ <u>240,782,030</u>
<u>REVENUE BONDS</u>				
Direct Revenue Bonds				
Housing and Com. Services Department	\$ 300,000,000	\$ 300,000,000	\$ 150,000,000	\$ (150,000,000)
Department of Transportation				0
Infrastructure Fund	\$ 18,360,000	\$ 20,400,000	\$ 20,400,000	\$ 0
Highway User Tax	\$ 663,000,000	\$ 846,690,000	\$ 846,690,000	\$ 0
Toll-Backed Revenue Bonds	\$ 0	\$ 0	\$ 663,000,000	\$ 663,000,000
Oregon Business Development Department	\$ 100,000,000	\$ 60,000,000	\$ 35,000,000	\$ (25,000,000)
Department of Energy	\$ 25,000,000	\$ 25,000,000	\$ 20,000,000	\$ (5,000,000)
Oregon University System	\$ 0	\$ 5,880,000	\$ 50,000,000	\$ 44,120,000
Department of Administrative Services Lottery				0
Revenue Bonds	\$ 233,330,000	\$ 155,380,000	\$ 157,557,715	\$ 2,177,715
Total Direct Revenue Bonds	\$ <u>1,339,690,000</u>	\$ <u>1,413,350,000</u>	\$ <u>1,942,647,715</u>	\$ <u>529,297,715</u>

Pass Through Revenue Bonds

Oregon Business Development Department				
Industrial Development Bonds	\$ 125,000,000	\$ 125,000,000	\$ 65,000,000	\$ (60,000,000)
Oregon Facilities Authority	\$ 550,000,000	\$ 750,000,000	\$ 450,000,000	\$ (300,000,000)
Housing and Com. Services Department	\$ 125,000,000	\$ 200,000,000	\$ 150,000,000	\$ (50,000,000)
Total Revenue Bonds	\$ 2,139,690,000	\$ 2,488,350,000	\$ 2,607,647,715	\$ 119,297,715

OTHER FINANCING AGREEMENTS

Department of Administrative Services	\$ 12,500,000	\$ 103,975,000	\$ 40,000,000	\$ (63,975,000)
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**Senate Bill 5006, SECTION 4.
Private Activity Bond Allocation for 2014 and 2015 Calendar Years.**

Allocation For:	2011-13 Legislatively Approved Budget		Subcommittee Recommendation	
	2012 Calendar Year	2013 Calendar Year	2014 Calendar Year	2015 Calendar Year
Oregon Business Development Department:	\$ 40,000,000	\$ 40,000,000	\$ 40,000,000	\$ 40,000,000
Housing & Community Services Department:	\$125,000,000	\$125,000,000	\$125,000,000	\$125,000,000
State Department of Energy:	\$ 15,000,000	\$ 15,000,000	\$ 10,000,000	\$ 10,000,000
Private Activity Bond Committee:	\$183,952,030	\$183,952,030	\$195,438,535	\$195,438,535
TOTAL:	\$363,952,030	\$363,952,030	\$370,438,535	\$370,438,535

**PROPOSED AMENDMENTS TO
SENATE BILL 5506**

1 On page 1 of the printed bill, delete lines 4 through 29 and delete pages
2 2 through 5 and insert:

3 **“SECTION 1. The amounts authorized, as provided by ORS 286A.035,**
4 **for issuance of general obligation bonds of this state during the**
5 **2013-2015 biennium are as follows:**

6 **GENERAL OBLIGATION BONDS**

7 **General Fund Obligations**

8 (1) **Oregon University System**

9 (Art. XI-G):

10 (a) **Oregon State University:**

11 (A) **Strand Agricultural Hall**

12 deferred maintenance \$ 6,586,000

13 (B) **Biofuels Demonstration**

14 Project \$ 4,000,000

15 (C) **Classroom Building and Quad \$ 32,500,000**

16 (D) **Cascades Campus Expansion \$ 4,000,000**

17 (E) **Chemistry, Biology and**

18 **Environmental Engineering**

19 **Building..... \$ 20,000,000**

20 (b) **Portland State University:**

21 (A) **School of Business \$ 10,000,000**

22 (B) **Stott Center renovations**

1	and deferred maintenance	\$	20,000,000
2	(c) University of Oregon:		
3	(A) Straub and Earl Halls		
4	classroom expansion	\$	11,000,000
5	(B) Science Commons and		
6	Research Library	\$	8,375,000
7	(d) Western Oregon University		
8	New College of Education		
9	Facility	\$	1,400,000
10	(2) Department of Community		
11	Colleges and Workforce		
12	Development (Art. XI-G)	\$	125,081,600
13	(3) Department of Environmental		
14	Quality (Art. XI-H)	\$	10,000,000
15	(4) Oregon Business Development		
16	Department (Art. XI-M)	\$	15,000,000
17	(5) Oregon Business Development		
18	Department (Art. XI-N)	\$	15,000,000
19	(6) Oregon Department of		
20	Administrative		
21	Services (Art. XI-Q)	\$	426,052,000
22	<u>Dedicated Fund Obligations</u>		
23	(7) Department of Transportation		
24	(Art. XI, section 7)	\$	453,725,000
25	(8) Department of Veterans'		
26	Affairs (Art. XI-A)	\$	60,000,000
27	(9) Oregon University System		
28	(Art. XI-F(1)):		
29	(a) Systemwide:		
30	(A) Capital renewal, code		

1	compliance and safety.....	\$	3,300,000
2	(B) Commercial paper	\$	15,000,000
3	(C) Student building fee		
4	projects	\$	20,000,000
5	(b) Oregon Institute of		
6	Technology In Focus		
7	Building acquisition	\$	10,000,000
8	(c) Oregon State University:		
9	(A) Student Experience Center...	\$	42,700,000
10	(B) New student residence hall...	\$	19,000,000
11	(C) Memorial Union East		
12	Wing renovation	\$	9,177,500
13	(D) Cascades campus expansion..	\$	4,000,000
14	(E) Housing and dining		
15	facility upgrades.....	\$	9,500,000
16	(d) Portland State University:		
17	(A) Stott Center renovations		
18	and deferred maintenance	\$	2,000,000
19	(B) Land acquisition.....	\$	10,000,000
20	(e) Southern Oregon University:		
21	(A) Cascade Hall replacement.....	\$	7,000,000
22	(B) Student Recreation and		
23	Fitness Center	\$	20,000,000
24	(f) University of Oregon:		
25	(A) Erb Memorial Union	\$	84,300,000
26	(B) Student Recreation		
27	Center expansion and		
28	renovation.....	\$	50,250,000
29	(C) Housing expansion	\$	84,750,000
30	(10) Water Resources Department		

1	(Art. XI-I(1))	\$ 10,235,000
2	(11) Housing and Community	
3	Services Department	
4	(Art. XI-I(2))	\$ 25,000,000
5	(12) State Department	
6	of Energy (Art. XI-J).....	\$ 60,000,000
7	<u>Total General Obligation</u>	
8	<u>Bonds</u>	\$ 1,708,932,100

9 **“SECTION 2. The amounts authorized, as provided by ORS 286A.035,**
10 **for issuance of revenue bonds of this state during the 2013-2015**
11 **biennium are as follows:**

12	REVENUE BONDS	
13	<u>Direct Revenue Bonds</u>	
14	Housing and Community	
15	Services Department.....	\$ 150,000,000
16	Department of Transportation,	
17	Oregon Transportation	
18	Infrastructure Fund.....	\$ 20,400,000
19	Highway User Tax Bonds.....	\$ 846,690,000
20	Toll-backed Revenue Bonds ..	\$ 663,000,000
21	Oregon Business Development	
22	Department.....	\$ 35,000,000
23	Oregon Department of	
24	Administrative Services	
25	lottery revenue bonds.....	\$ 157,557,715
26	State Department of Energy	\$ 20,000,000
27	Oregon University System....	\$ 50,000,000
28	<u>Total Direct Revenue</u>	
29	<u>Bonds</u>	\$ 1,942,647,715
30	<u>Pass-Through Revenue Bonds</u>	

1	Oregon Business Development	
2	Department industrial	
3	development bonds.....	\$ 65,000,000
4	Oregon Facilities Authority..	\$ 450,000,000
5	Housing and Community	
6	Services Department.....	\$ 150,000,000
7	<u>Total Pass-Through Revenue</u>	
8	<u>Bonds</u>	\$ 665,000,000
9	<u>Total Revenue Bonds</u>	\$ 2,607,647,715

10 **“SECTION 3. The amount authorized, as provided by ORS 286A.035,**
11 **for issuance of certificates of participation and other financing agree-**
12 **ments of this state during the 2013-2015 biennium for the Oregon De-**
13 **partment of Administrative Services is \$40,000,000.**

14 **“SECTION 4. The amounts allocated for private activity bonds, as**
15 **provided in ORS 286A.615, are as follows:**

- 16 (1) **For calendar year 2014,**
- 17 **the amount of \$370,438,535**
- 18 **is allocated as follows:**
- 19 (a) **Oregon Business**
- 20 **Development Department \$ 40,000,000**
- 21 (b) **Housing and Community**
- 22 **Services Department..... \$ 125,000,000**
- 23 (c) **State Department of Energy \$ 10,000,000**
- 24 (d) **Private Activity Bond**
- 25 **Committee..... \$ 195,438,535**
- 26 (2) **For calendar year 2015,**
- 27 **the amount of \$370,438,535**
- 28 **is allocated as follows:**
- 29 (a) **Oregon Business**
- 30 **Development Department \$ 40,000,000**

- 1 (b) Housing and Community
- 2 Services Department..... \$ 125,000,000
- 3 (c) State Department of Energy \$ 10,000,000
- 4 (d) Private Activity Bond
- 5 Committee..... \$ 195,438,535
- 6 (3) If an increase in the state’s population, a
- 7 sufficient increase in the region’s Consumer
- 8 Price Index or a change in federal law allows
- 9 the private activity bond limit as set by the
- 10 Internal Revenue Code of 1986, as amended, to
- 11 exceed \$370,438,535 during the 2014 calendar
- 12 year or \$370,438,535 during the 2015 calendar
- 13 year, the increase is allocated to the Private
- 14 Activity Bond Committee.

15 **“SECTION 5. (1) For purposes of Article XI-F(1), section 1, of the**
16 **Oregon Constitution, the Legislative Assembly determines that the**
17 **projects authorized to be financed pursuant to section 1 (9) of this 2013**
18 **Act with bonds issued under Article XI-F(1) of the Oregon Constitu-**
19 **tion, will benefit higher education institutions or activities.**

20 **“(2) For purposes of Article XI-G, section 1, of the Oregon Consti-**
21 **tution, the Legislative Assembly determines that the projects author-**
22 **ized to be financed pursuant to section 1 (1) and (2) of this 2013 Act**
23 **with bonds issued under Article XI-G of the Oregon Constitution, will**
24 **benefit higher education institutions or activities or community col-**
25 **leges authorized by law to receive state aid.**

26 **“SECTION 6. Bonds authorized under section 1 (1) and (2) of this**
27 **2013 Act may not be issued until the constructing authority certifies**
28 **to the State Treasurer that the constructing authority has matching**
29 **funds available for the same or similar purposes as the Article XI-G**
30 **bonds that will fund the grant or loan to the constructing authority,**

1 that the match funds are not proceeds of indebtedness incurred by the
2 state under any article of the Oregon Constitution, and that the match
3 funds are available to the constructing authority in an amount at least
4 equal to the amount of Article XI-G bond proceeds that the con-
5 structing authority will receive.

6 **“SECTION 7. (1) The Department of Transportation may not re-**
7 **quest and the State Treasurer may not issue any bonds for the Inter-**
8 **state 5 Bridge Replacement Project until the conditions set forth in**
9 **section 3 (4), chapter 4, Oregon Laws 2013 (Enrolled House Bill 2800),**
10 **have been satisfied.**

11 **(2) In lieu of the general obligation bonds authorized for the De-**
12 **partment of Transportation under section 1 (7) of this 2013 Act, the**
13 **State Treasurer may issue up to \$453,725,000 of revenue bonds as pro-**
14 **vided in chapter 4, Oregon Laws 2013 (Enrolled House Bill 2800). The**
15 **amount of bonds authorized under section 1 (7) of this 2013 Act for the**
16 **Department of Transportation shall be reduced, and the amount of**
17 **bonds authorized under section 2 of this 2013 Act for the Department**
18 **of Transportation shall be increased, by the amount of any revenue**
19 **bonds issued in lieu of the general obligation bonds authorized under**
20 **section 1 (7) of this 2013 Act.**

21 **“SECTION 8. (1) Out of the amount specified in section 1 (6) of this**
22 **2013 Act, the State Treasurer may issue Article XI-Q bonds in an**
23 **amount not to exceed \$15 million of net proceeds for the purposes**
24 **specified in subsection (3) of this section, plus an amount estimated**
25 **by the State Treasurer to pay estimated bond-related costs.**

26 **“(2)(a) Bonds may not be issued pursuant to this section unless:**

27 **“(A) The Chief Justice of the Supreme Court has determined that:**

28 **“(i) The courthouse with respect to which the bonds will be issued**
29 **has significant structural defects, including seismic defects, that**
30 **present actual or potential threats to human health and safety;**

1 “(ii) Replacing the courthouse, whether by acquiring and remodel-
2 ing or repairing an existing building or by constructing a new building,
3 is more cost-effective than remodeling or repairing the courthouse;
4 and

5 “(iii) Replacing the courthouse creates an opportunity for
6 colocation of the court with other public offices; and

7 “(B) The Oregon Department of Administrative Services has ap-
8 proved the project for which the bonds will be issued.

9 “(b) The Oregon Department of Administrative Services, after con-
10 sultation with the Judicial Department, shall determine when net
11 proceeds are needed for the purposes described in subsection (3) of this
12 section and shall consult with the Judicial Department regarding the
13 sale of bonds to be issued pursuant to this section.

14 “(3) The State Treasurer shall deposit the net proceeds of bonds is-
15 sued pursuant to this section in the Oregon Courthouse Capital Con-
16 struction and Improvement Fund. The net proceeds and any interest
17 earnings may be used solely to finance costs related to acquiring,
18 constructing, remodeling, repairing, equipping or furnishing court-
19 houses or portions of courthouses that are owned or operated by the
20 State of Oregon.

21 “(4) As used in ORS 286A.816 to 286A.826 with respect to this section:

22 “(a) ‘Project agency’ means the Judicial Department.

23 “(b) ‘Project fund’ means the Oregon Courthouse Capital Con-
24 struction and Improvement Fund.

25 “SECTION 9. (1)(a) Notwithstanding ORS 1.185, a county and the
26 state, acting by and through the Oregon Department of Administrative
27 Services on behalf of the Judicial Department, may enter into a lease
28 agreement or an intergovernmental agreement with respect to a
29 courthouse or portions of a courthouse that the county is required to
30 provide under ORS 1.185, pursuant to which the state agrees to provide

1 the property and services described in ORS 1.185 (1)(a).

2 “(b)(A) An agreement entered into pursuant to this subsection may
3 include a requirement that the county transfer to the Oregon Court-
4 house Capital Construction and Improvement Fund an amount not less
5 than 50 percent of the total estimated costs of a project funded with
6 bonds issued pursuant to section 8 of this 2013 Act with respect to the
7 courthouse or portions of a courthouse that are the subject of the
8 agreement. The amount transferred by a county pursuant to this par-
9 agraph may comprise property tax revenues, bond proceeds or any
10 other county moneys singly or in any combination and proportion.

11 “(B) The amount required to be transferred by the county under
12 this subsection may not be less than 75 percent of the total estimated
13 costs unless the project includes colocation of state facilities in the
14 courthouse.

15 “(2) For purposes of section 8 of this 2013 Act, the state shall be
16 considered to operate a courthouse or portions of a courthouse that
17 are the subject of an agreement entered into pursuant to subsection
18 (1) of this section if, as applicable:

19 “(a) The lease agreement conveys to the state a full leasehold in-
20 terest, including exclusive rights to control and use the courthouse
21 or portions of the courthouse that are typical of a long-term lease, for
22 a term that is at least equal to the term during which the bonds issued
23 pursuant to section 8 of this 2013 Act will remain outstanding.

24 “(b) The intergovernmental agreement grants the state the exclu-
25 sive right to control and use the courthouse or portions of the court-
26 house for a term that is at least equal to the term during which the
27 bonds issued pursuant to section 8 of this 2013 Act will remain out-
28 standing.

29 **“SECTION 10. Notwithstanding any provision of law:**

30 **“(1) General obligation bonds authorized to be issued under Article**

1 **XI-G of the Oregon Constitution prior to January 1, 2013, for commu-**
2 **nity college projects must be issued not later than June 30, 2015.**
3 **Project approvals for general obligation bonds authorized to be issued**
4 **under Article XI-G of the Oregon Constitution prior to January 1, 2013,**
5 **for community college projects, expire on June 30, 2015.**

6 **“(2) A community college may not have more than one project ap-**
7 **proved for funding with general obligation bonds authorized to be is-**
8 **sued under Article XI-G of the Oregon Constitution that is awaiting**
9 **matching funds, other than projects approved prior to January 1, 2013.**

10 **“(3) A community college for which a project to be funded with**
11 **general obligation bonds authorized to be issued under Article XI-G**
12 **of the Oregon Constitution is approved in this 2013 Act may not re-**
13 **quest approval of an additional project to be funded with general ob-**
14 **ligation bonds authorized to be issued under Article XI-G of the**
15 **Oregon Constitution until the beginning of the regular session of the**
16 **Legislative Assembly held in 2017, unless the community college with-**
17 **draws the project approved under this 2013 Act.**

18 **“(4) For biennia beginning on or after July 1, 2015, the aggregate**
19 **amount authorized for issuance of general obligation bonds under Ar-**
20 **ticle XI-G of the Oregon Constitution for projects at a single commu-**
21 **nity college may not exceed \$8 million.**

22 **“SECTION 11. Notwithstanding section 16, chapter ___, Oregon**
23 **Laws 2013 (Enrolled Senate Bill 5533), the State Treasurer may not is-**
24 **sue the lottery bonds authorized by section 16, chapter ___, Oregon**
25 **Laws 2013 (Enrolled Senate Bill 5533), unless the following conditions**
26 **are met no later than March 31, 2015:**

27 **“(1) The Governor’s office has approved a finance and development**
28 **plan to help prepare the site of the Willamette Falls Legacy Project**
29 **for a public access project;**

30 **“(2) A local or regional public sponsor of the project has secured a**

1 property interest in, or option on, a riverfront portion of the property
2 that was formerly the site of the Blue Heron paper mill; and

3 “(3) A local or regional public sponsor of the project has requested
4 that the State Parks and Recreation Department participate in the
5 planning, development and potential future operation of any public
6 access project on the site to ensure that the statewide significance of
7 Willamette Falls is recognized and interpreted and that the falls are
8 accessible to the public.

9 **“SECTION 12. (1) Notwithstanding any other provision of law, the
10 State Treasurer may not issue any bond to finance the Oregon Con-
11 vention Center hotel project unless the following conditions are met
12 no later than March 31, 2015:**

13 **“(a) An intergovernmental agreement has been signed to dedicate
14 site-specific local transient lodging taxes from the Oregon Convention
15 Center hotel to support debt service on bonds for hotel construction;**

16 **“(b) An agreement has been signed by Metro and a private devel-
17 oper for development of the Oregon Convention Center hotel; and**

18 **“(c) The amount of state bond proceeds used to finance the project
19 is estimated in public documents to be less than 5 percent of total
20 project cost.**

21 **“(2) As used in this section, ‘Metro’ means the metropolitan service
22 district organized under ORS chapter 268.**

23 **“SECTION 13. This 2013 Act being necessary for the immediate
24 preservation of the public peace, health and safety, an emergency is
25 declared to exist, and this 2013 Act takes effect July 1, 2013.”.**

26
