

**FISCAL IMPACT OF PROPOSED LEGISLATION**

**Measure: HB 2140**

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:**

Authorizes discrete investment of funds of political subdivisions in any commingled investment pool established by State Treasurer for investment of funds of state agencies or local governments.

**Government Unit(s) Affected:**

Cities, Counties, Oregon State Treasurer

**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 introduced version of the measure provides express legal authority for local governments (cities, counties, school districts, community colleges, and special districts) to invest in the Oregon Short Term Fund (OSTF) through the Local Government Investment Pool (LGIP). Approximately 900 entities currently participate in the LGIP. The OSTF is a statutory account.

The measure also allows local governments to invest in "...any other commingled investment pool established by the State Treasurer." For example, this would include the Oregon Intermediate Term Pool (OITP), which is a non-statutory account. The Oregon State Treasurer (OST) believes that there is significant interest from local governments to participate in the other investment pools.

By allowing local governments to invest in these additional Treasury products, the local governments would be able to invest amounts beyond the statutory limit provided by ORS 294.810.

Local governments would be required to pay administrative and transactional fees to OST for participation in an investment pool. Custodial accounting fees would be charged as a percentage of total assets and are included in the administrative fees paid by participants to OST.

The measure would have a fiscal impact on the State Treasurer, according to the agency. However, that fiscal impact is indeterminate as OST has yet to develop an estimate of expenditures, including staffing, third-party investment management contracting, and information technology needs. OST also has yet to develop an estimate of the administrative, transactional, and account maintenance fees that could be charged pool participants to fund State Treasurer expenses.