

PRELIMINARY STAFF MEASURE SUMMARY

House Committee On Revenue

Fiscal: May have fiscal impact, but no statement yet issued

Revenue: May have revenue impact, but no statement yet issued

Action Date:

Action:

Meeting Dates: 03/23

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WHAT THE MEASURE DOES:

Makes Ad valorem property taxes a security pledge for bonded indebtedness, and the property tax levy subject to a lien.

ISSUES DISCUSSED:

- The background for the Municipal Debt Advisory Commission (MDAC)
- MDAC chairperson described the changes as just adjustment and surface changes (check another box)
- The debt manger at the state Treasurer office, described the changes as significant enough to push bond rating up one notch. Example (b++to a).

EFFECT OF COMMITTEE AMENDMENT:

No amendment.

BACKGROUND:

Oregon local government general obligations (GO) bonds are voter-approved and secured by a statutorily dedicated property tax levy that is not subject to property tax limitations. However, the property tax levy is not subject to a lien. Recent events across the country have left investors and rating agencies questioning the security of GO bonds, such as Oregon local government GO bonds, because the courts may offer more protection to bondholders of bonds that are secured by a lien on taxes or revenues. This measure makes the statutory commitment of that revenue as secured pledge by law and creates a lien on the property.