

STAFF MEASURE SUMMARY

House Committee On Revenue

Fiscal: No Fiscal Impact

Revenue: No Revenue Impact

Action Date: 04/06/15

Action: Do Pass.

Meeting Dates: 03/23, 04/06

Vote:

Yeas: 9 - Barnhart, Bentz, Davis, Johnson, Lininger, Read, Smith Warner, Vega Pederson, Whitsett

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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 technical adjustment (check another box)
- Treasurer's office described the changes as potentially significant enough to push bond rating up half a notch.

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.