

House Bill 2131

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Revenue)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Pledges revenues from ad valorem property taxes as security for general obligation indebtedness of public bodies. Creates lien on revenues.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to security for obligation of a public body; creating new provisions; amending ORS 287A.001
3 and 287A.140; and declaring an emergency.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 287A.140 is amended to read:

6 287A.140. (1) In addition to other taxes imposed, a public body shall levy annually an ad valorem
7 property tax on the taxable property within the boundaries of the public body in an amount that is
8 sufficient, when added to other amounts available, to pay the principal of and interest on outstand-
9 ing general obligation bonds issued by the public body.

10 (2) A public body may:

11 (a) Use the revenues [*collected*] **from a levy** under this section and earnings on the revenues
12 only to pay the principal of and interest on general obligation bonds.

13 (b) Not use or divert taxes levied under subsection (1) of this section for another purpose while
14 principal or interest remains unpaid on the bonds.

15 (c) If a surplus amount remains after the principal of and interest on an issue of general obli-
16 gation bonds have been paid and the public body does not have other expenses related to the bonds,
17 transfer the surplus moneys to a fund designated by the governing body of the public body.

18 **(3) Revenues from a levy by a public body pursuant to this section and earnings on the**
19 **revenues are pledged as security for payment of the principal of and interest on general ob-**
20 **ligation bonds of the public body.**

21 **(4) A pledge under this section has the effect of a pledge under ORS 287A.310.**

22 **SECTION 2.** ORS 287A.001 is amended to read:

23 287A.001. As used in this chapter:

24 (1) "Advance refunding bond" means a bond all or part of the proceeds of which are to be used
25 to pay an outstanding bond one year or more after the advance refunding bond is issued.

26 (2) "Agreement for exchange of interest rates" means a contract, or an option or forward com-
27 mitment to enter into a contract, for an exchange of interest rates for related bonds that provides
28 for:

29 (a) Payments based on levels or changes in interest rates; or

30 (b) Provisions to hedge payment, rate, spread or similar exposure including, but not limited to,

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 an interest rate floor or cap or an option, put or call.

2 (3)(a) "Bond" means a contractual undertaking or instrument of a public body to repay borrowed
3 moneys.

4 (b) "Bond" does not mean a credit enhancement device.

5 (4) "Capital construction" has the meaning given that term in ORS 310.140.

6 (5) "Capital costs" has the meaning given that term in ORS 310.140.

7 (6) "Capital improvements" has the meaning given that term in ORS 310.140.

8 (7)(a) "Credit enhancement device" means a letter of credit, line of credit, standby bond purchase agreement, bond insurance policy, reserve surety bond or other device or facility used to enhance the creditworthiness, liquidity or marketability of bonds or agreements for exchange of interest rates.

9 (b) "Credit enhancement device" does not mean a bond.

10 (8) "Current refunding bond" means a bond the proceeds of which are to be used to pay or purchase an outstanding bond less than one year after the current refunding bond is issued.

11 (9) "Forward current refunding" means execution and delivery of a purchase agreement or similar instrument under which a public body contracts to sell current refunding bonds for delivery at a future date that is one year or more after execution of the purchase agreement or similar instrument.

12 (10) "General obligation bond" means exempt bonded indebtedness, as defined in ORS 310.140, that is secured by a commitment to levy ad valorem taxes outside the limits of sections 11 and 11b, Article XI, of the Oregon Constitution.

13 (11) "Lawfully available funds" means revenues or other moneys of a public body including, but not limited to, moneys credited to the general fund of the public body, revenues from an ad valorem tax and revenues derived from other taxes levied by the public body that are not dedicated, restricted or obligated by law or contract to an inconsistent expenditure or use.

14 (12) "Operative document" means a bond declaration, trust agreement, indenture, security agreement or other document in which a public body pledges revenue or property as security for a bond.

15 (13) "Pledge" means:

16 (a) **To create a lien on property pursuant to ORS 287A.140.**

17 (b) **A lien on property created pursuant to ORS 287A.140.**

18 [(a)] (c) To create a lien on property pursuant to ORS 287A.310.

19 [(b)] (d) A lien **on property** created [*on property*] pursuant to ORS 287A.310.

20 (14) "Public body" means:

21 (a) A county of this state;

22 (b) A city of this state;

23 (c) A local service district as defined in ORS 174.116 (2);

24 (d) A special government body as defined in ORS 174.117;

25 (e) Oregon Health and Science University;

26 (f) A public university with a governing board listed in ORS 352.054; or

27 (g) Any other political subdivision of this state that is authorized by the Legislative Assembly to issue bonds.

28 (15) "Refunding bond" means an advance refunding bond, a current refunding bond or a forward current refunding bond.

29 (16) "Related bond" means a bond for which the public body enters into an agreement for ex-

1 change of interest rates or obtains a credit enhancement device.

2 (17) "Revenue" means all fees, tolls, excise taxes, assessments, property taxes and other taxes,
3 rates, charges, rentals and other income or receipts derived by a public body or to which a public
4 body is entitled.

5 (18) "Revenue bond" means a bond that is not a general obligation bond.

6 (19) "Termination payment" means the amount payable under an agreement for exchange of in-
7 terest rates by one party to another party as a result of the termination, in whole or part, of the
8 agreement prior to the expiration of the stated term.

9 **SECTION 3. The amendments to ORS 287A.140 by section 1 of this 2015 Act apply to re-**
10 **venues from ad valorem property taxes levied on or after the effective date of this 2015 Act.**

11 **SECTION 4. This 2015 Act being necessary for the immediate preservation of the public**
12 **peace, health and safety, an emergency is declared to exist, and this 2015 Act takes effect**
13 **on its passage.**

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