

A-Engrossed House Bill 5005

Ordered by the House July 6
Including House Amendments dated July 6

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of Oregon Department of Administrative Services)

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.

Establishes amounts authorized for issuance of general obligation bonds, revenue bonds, certificates of participation and other financing agreements for biennium.

Establishes amounts allocated for private activity bonds.

Makes legislative findings regarding benefits to higher education institutions and community colleges from issuance of bonds under Article XI-F(1) and Article XI-G of Oregon Constitution.

[Increases] **Modifies description of amount of Article XI-G bonds that may be issued for Oregon Health and Science University Cancer Institute.**

Declares emergency, effective July 1, 2015.

A BILL FOR AN ACT

Relating to state financial administration; creating new provisions; amending sections 20, 21 and 22, chapter 121, Oregon Laws 2014; and declaring an emergency.

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

SECTION 1. The amounts authorized, as provided by ORS 286A.035, for issuance of general obligation bonds of the state during the 2015-2017 biennium are as follows:

GENERAL OBLIGATION BONDS

General Fund Obligations

- (1) Oregon Department of
Administrative Services,
Oregon Health and Science
University, Cancer
Institute (Art. XI-G)..... \$ 200,035,000**
- (2) Higher Education Coordinating
Commission (Art. XI-G):**
 - (a) Oregon State University:**
 - (A) Forest Science Complex..... \$ 30,140,000**
 - (B) Marine Studies Campus
Phase I..... \$ 25,155,000**
 - (b) Portland State University,
Neuberger Hall Renovation
and Deferred Maintenance.... \$ 10,220,000**

Note: For budget, see 2015-2017 Biennial Budget

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	(c) University of Oregon:		
2	(A) Klamath Hall Renovation.....	\$	6,325,000
3	(B) College and Careers Building	\$	17,275,000
4	(C) Chapman Hall Renovation.....	\$	2,550,000
5	(d) Oregon Institute of		
6	Technology, Center for		
7	Excellence in Engineering		
8	and Technology	\$	785,000
9	(e) Blue Mountain Community		
10	College, Animal Science		
11	Education Center	\$	3,331,350
12	(f) Columbia Gorge Community		
13	College, Advanced Technology		
14	Center	\$	7,320,000
15	(g) Klamath Community College,		
16	Student Success and		
17	Career/Technical Center	\$	7,850,000
18	(h) Mt. Hood Community		
19	College, Technology		
20	Innovation Center	\$	8,000,000
21	(i) Rogue Community College,		
22	Health and Science Center....	\$	8,000,000
23	(j) Southwestern Oregon		
24	Community College, Health		
25	and Science Building.....	\$	8,000,000
26	(k) Treasure Valley Community		
27	College, Workforce Vocational		
28	Center	\$	2,830,250
29	(L) Umpqua Community College,		
30	Industrial Arts Center	\$	8,000,000
31	(3) Oregon Business Development		
32	Department (Art. XI-M)	\$	176,870,000
33	(4) Oregon Business Development		
34	Department (Art. XI-N).....	\$	30,440,000
35	(5) Department of		
36	Education (Art. XI-P)	\$	126,210,000
37	(6) Oregon Department of		
38	Administrative		
39	Services (Art. XI-Q).....	\$	369,640,000
40	(7) Department of		
41	Transportation (Art. XI,		
42	section 7).....	\$	35,475,000
43	<u>Dedicated Fund Obligations</u>		
44	(8) Department of Veterans'		
45	Affairs (Art. XI-A).....	\$	100,000,000

1	(9) Higher Education Coordinating	
2	Commission (Art. XI-F(1)):	
3	(a) Portland State University:	
4	(A) Land Acquisition for University	
5	Center Building.....	\$ 10,220,000
6	(B) Broadway Housing Purchase	\$ 53,680,000
7	(b) Oregon State University	
8	Modular Data Center	\$ 7,085,000
9	(10) Department of Environmental	
10	Quality (Art. XI-H)	\$ 10,000,000
11	(11) Water Resources Department	
12	(Art. XI-I(1))	\$ 30,520,000
13	(12) Housing and Community	
14	Services Department	
15	(Art. XI-I(2))	\$ 25,000,000
16	(13) State Department of Energy	
17	(Art. XI-J).....	\$ 25,000,000
18	<u>Total General Obligation</u>	
19	<u>Bonds</u>	\$ 1,345,956,600

20 **SECTION 2. The amounts authorized, as provided by ORS 286A.035, for issuance of re-**
 21 **venue bonds of the state during the 2015-2017 biennium are as follows:**

22		
23	REVENUE BONDS	
24	<u>Direct Revenue Bonds</u>	
25	Housing and Community	
26	Services Department.....	\$ 300,000,000
27	Highway User Tax Bonds.....	\$ 393,160,000
28	Oregon Business Development	
29	Department	\$ 30,000,000
30	Oregon Department of	
31	Administrative Services,	
32	Lottery Revenue Bonds	\$ 201,795,000
33	State Department of Energy	\$ 20,000,000
34	<u>Total Direct Revenue</u>	
35	<u>Bonds</u>	\$ 944,955,000
36	<u>Pass-Through Revenue Bonds</u>	
37	Oregon Business Development	
38	Department, Industrial	
39	Development Bonds.....	\$ 200,000,000
40	Oregon Business Development	
41	Department, Beginning and	
42	Expanding Farmer Loan	
43	Program	\$ 10,000,000
44	Oregon Facilities Authority..	\$ 950,000,000
45	Housing and Community	

1	Services Department.....	\$ 250,000,000
2	Total Pass-Through Revenue	
3	Bonds	\$ 1,410,000,000
4	Total Revenue	
5	Bonds	\$ 2,354,955,000

6 **SECTION 3.** The amount authorized, as provided by ORS 286A.035, for issuance of cer-
 7 tificates of participation and other financing agreements of the state during the 2015-2017
 8 biennium for the Oregon Department of Administrative Services is \$40,000,000.

9 **SECTION 4.** The amounts allocated for private activity bonds, as provided in ORS
 10 286A.615, are as follows:

- 11 (1) For calendar year 2016,
 12 the amount of \$397,023,900
 13 is allocated as follows:

 - 14 (a) Oregon Business Development
 15 Department, Industrial
 16 Development Bonds..... \$ 40,000,000
 - 17 (b) Oregon Business Development
 18 Department, Beginning and
 19 Expanding Farmer Loan
 20 Program \$ 5,000,000
 - 21 (c) Housing and Community
 22 Services Department..... \$ 125,000,000
 - 23 (d) State Department of Energy \$ 5,000,000
 - 24 (e) Private Activity Bond
 25 Committee..... \$ 222,023,900

- 26 (2) For calendar year 2017,
 27 the amount of \$397,023,900
 28 is allocated as follows:

 - 29 (a) Oregon Business Development
 30 Department, Industrial
 31 Development Bonds..... \$ 40,000,000
 - 32 (b) Oregon Business Development
 33 Department, Beginning and
 34 Expanding Farmer Loan
 35 Program \$ 5,000,000
 - 36 (c) Housing and Community
 37 Services Department..... \$ 125,000,000
 - 38 (d) State Department of Energy \$ 5,000,000
 - 39 (e) Private Activity Bond
 40 Committee..... \$ 222,023,900

- 41 (3) If an increase in this state’s population, a
 42 sufficient increase in the region’s Consumer
 43 Price Index or a change in federal law allows
 44 the private activity bond limit as set by the
 45 Internal Revenue Code of 1986, as amended, to

1 **exceed \$397,023,900 during the 2016 calendar**
2 **year or \$397,023,900 during the 2017 calendar**
3 **year, the increase is allocated to the Private**
4 **Activity Bond Committee.**

5 **SECTION 5. (1) For purposes of Article XI-F(1), section 1, of the Oregon Constitution,**
6 **the Legislative Assembly determines that the projects authorized to be financed pursuant to**
7 **section 1 (9) of this 2015 Act with bonds issued under Article XI-F(1) of the Oregon Consti-**
8 **tution will benefit higher education institutions or activities.**

9 **(2) For purposes of Article XI-G, section 1, of the Oregon Constitution, the Legislative**
10 **Assembly determines that the projects authorized to be financed pursuant to section 1 (1)**
11 **and (2) of this 2015 Act with bonds issued under Article XI-G of the Oregon Constitution will**
12 **benefit higher education institutions or activities or community colleges authorized by law**
13 **to receive state aid.**

14 **SECTION 6. Bonds authorized under section 1 (1) or (2) of this 2015 Act may not be is-**
15 **sued until the constructing authority certifies to the State Treasurer that the constructing**
16 **authority has matching funds available for the same or similar purposes as the Article XI-G**
17 **bonds that will fund the grant or loan to the constructing authority, that the match funds**
18 **are not proceeds of indebtedness incurred by the state under any article of the Oregon**
19 **Constitution, and that the match funds are available to the constructing authority in an**
20 **amount at least equal to the amount of Article XI-G bond proceeds the constructing au-**
21 **thority will receive.**

22 **SECTION 7.** Section 20, chapter 121, Oregon Laws 2014, is amended to read:

23 **Sec. 20.** As used in sections 19 to 23, **chapter 121, Oregon Laws 2014** [*of this 2014 Act*]:

24 (1) “Article XI-G bonds” means general obligation bonds issued under the authority of Article
25 XI-G of the Oregon Constitution.

26 (2) “Bond-related costs” means:

27 (a) The costs of paying the principal of, the interest on and the premium, if any, on the OHSU
28 Cancer Challenge Article XI-G Bonds.

29 (b) The costs and expenses of issuing, administering and maintaining OHSU Cancer Challenge
30 Article XI-G Bonds, including the costs and expenses of:

31 (A) Redeeming the OHSU Cancer Challenge Article XI-G Bonds.

32 (B) Paying amounts due in connection with credit enhancement devices or agreements for ex-
33 change of interest rates.

34 (C) Paying the fees, administrative costs and expenses of the State Treasurer, the Oregon De-
35 partment of Administrative Services or Oregon Health and Science University, including the costs
36 of consultants or advisers retained by the State Treasurer, the department or the university.

37 (c) The costs of funding reserves for the OHSU Cancer Challenge Article XI-G Bonds.

38 (d) Capitalized interest for the OHSU Cancer Challenge Article XI-G Bonds.

39 (e) Rebates or penalties due to the United States in connection with the OHSU Cancer Chal-
40 lenge Article XI-G Bonds.

41 (f) Any other costs or expenses that the State Treasurer, the department or the university de-
42 termines are necessary or desirable in connection with issuing and maintaining the OHSU Cancer
43 Challenge Article XI-G Bonds.

44 (3) “Matching funds” means moneys in an aggregate amount totaling at least [*\$161,490,000*] **the**
45 **amount of bond proceeds** that are available, as required by Article XI-G, section 1 (3), of the

1 Oregon Constitution, to the university and that are used by the university to pay costs of the
2 project.

3 (4) “OHSU Cancer Challenge Article XI-G Bonds” means general obligation bonds issued or
4 other general obligation indebtedness incurred under the authority of Article XI-G of the Oregon
5 Constitution and sections 19 to 23, **chapter 121, Oregon Laws 2014** [of this 2014 Act].

6 (5) “OHSU Cancer Institute Project” or “project” means the acquisition, construction, improve-
7 ment, repair, equipping and furnishing of buildings, structures or lands that:

8 (a) May be constructed or developed in collaboration with other entities;

9 (b) Are owned, leased or occupied, in whole or in part, by the university; and

10 (c) Contain facilities used directly for or in furtherance of:

11 (A) The purposes of health care, cancer-related research, cancer-related clinical care or
12 cancer-related higher education, including clinical laboratory, clinical trial, wet laboratory, research
13 administration or other research-related purposes; and

14 (B) Any other higher education, administration, research, non-research or ancillary purposes.

15 **SECTION 8.** Section 21, chapter 121, Oregon Laws 2014, is amended to read:

16 **Sec. 21.** (1) In [the biennium beginning July 1, 2013, or in] the biennium beginning July 1, 2015,
17 the State Treasurer, at the request of the Oregon Department of Administrative Services, may issue
18 Article XI-G bonds, as provided in this chapter, [in an amount not to exceed \$161,490,000 in net pro-
19 ceeds] for the purpose of financing the project, plus an amount determined by the State Treasurer
20 to pay estimated bond-related costs.

21 (2) OHSU Cancer Challenge Article XI-G Bonds are a general obligation of the State of Oregon
22 and must contain a direct promise on behalf of the State of Oregon to pay the principal of, the in-
23 terest on and the premium, if any, on the OHSU Cancer Challenge Article XI-G Bonds. The State
24 of Oregon shall pledge its full faith and credit and taxing power, including the ad valorem taxing
25 power, to pay the principal of, the interest on and the premium, if any, on the bonds.

26 (3) The proceeds of bonds issued under this section are appropriated to the State Treasurer for
27 the payment of bond-related costs and for transfer to the department.

28 (4) The State Treasurer shall transfer net proceeds and interest earnings [in an amount equal
29 to \$161,490,000] to the department to be granted to Oregon Health and Science University upon
30 satisfaction of terms and conditions in the grant agreement required by section 22, **chapter 121,**
31 **Oregon Laws 2014** [of this 2014 Act].

32 **SECTION 9.** Section 22, chapter 121, Oregon Laws 2014, is amended to read:

33 **Sec. 22.** (1) Before the State Treasurer may issue the OHSU Cancer Challenge Article XI-G
34 Bonds:

35 (a) The Oregon Department of Administrative Services and Oregon Health and Science Univer-
36 sity must enter into a grant agreement in which the parties:

37 (A) Establish terms and conditions related to the grant, disbursement and use of [\$161,490,000
38 in] net proceeds of the OHSU Cancer Challenge Article XI-G Bonds and interest earnings; and

39 (B) Provide for granting of [\$161,490,000] **net proceeds** to the university upon satisfaction of the
40 terms and conditions imposed in the grant agreement.

41 (b) The department must certify to the State Treasurer that the grant agreement has been en-
42 tered into between the department and the university and that the university has certified to the
43 department that the university has:

44 (A) Satisfied all material conditions precedent to its receipt of the matching funds; and

45 (B) Satisfied all material conditions precedent to its receipt of at least \$800 million in gifts and

1 legally irrevocable pledges.

2 (2) The terms and conditions of the grant agreement may:

3 (a) Impose restrictions on the use of the grant.

4 (b) Require that the [\$161,490,000 in] bond proceeds be granted directly to a trustee or escrow
5 agent.

6 (c) Impose other requirements that the department determines are in the best interest of the
7 State of Oregon as necessary to:

8 (A) Issue, sell or preserve the tax-exempt status, if any, of the OHSU Cancer Challenge Article
9 XI-G Bonds; and

10 (B) Administer the grant.

11 (3) The department shall transfer the grant to the university when the department is satisfied
12 that the university has complied, or will comply, with all of the terms and conditions imposed by
13 Article XI-G of the Oregon Constitution, sections 19 to 23, **chapter 121, Oregon Laws 2014**, [of this
14 2014 Act] and the grant agreement required by this section.

15 (4) Subject to the approval of the State Treasurer, the department may:

16 (a) Enter into agreements with a trustee or escrow agent regarding the disbursement and use
17 of the moneys granted to the university; and

18 (b) Transfer the moneys granted to the university directly to a trustee or escrow agent.

19 (5) ORS 351.450, 351.455 and 351.460 do not apply to OHSU Cancer Challenge Article XI-G Bonds
20 or to Oregon Health and Science University in connection with the bonds.

21 **SECTION 10. Out of the amount specified in section 1 (6) of this 2015 Act, the State**
22 **Treasurer may issue Article XI-Q bonds in an amount not to exceed \$27,775,000 of net pro-**
23 **ceeds for the purposes specified in section 8 (3), chapter 705, Oregon Laws 2013, plus an**
24 **amount estimated by the State Treasurer to pay estimated bond-related costs.**

25 **SECTION 11. This 2015 Act being necessary for the immediate preservation of the public**
26 **peace, health and safety, an emergency is declared to exist, and this 2015 Act takes effect**
27 **July 1, 2015.**

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