

Enrolled
Senate Bill 605

Sponsored by JOINT COMMITTEE ON WAYS AND MEANS

CHAPTER

AN ACT

Relating to state financial administration; creating new provisions; amending ORS 286A.576 and section 9, chapter 121, Oregon Laws 2014; repealing section 40, chapter 722, Oregon Laws 2013, and section 17, chapter 107, Oregon Laws 2014; and declaring an emergency.

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

SECTION 1. ORS 286A.576 is amended to read:

286A.576. (1) Subject only to the availability of unobligated net lottery proceeds, in each fiscal [year] **period established by the Oregon Department of Administrative Services** in which lottery bonds are outstanding, there shall be allocated, **in accordance with a schedule determined by the department**, from the Administrative Services Economic Development Fund created by ORS 461.540 or, if unobligated net lottery proceeds in that fund are insufficient, from any other fund or account of this state that contains unobligated net lottery proceeds, an amount of unobligated net lottery proceeds that is sufficient:

(a) To pay all lottery bond principal, interest and premium, if any, that is scheduled to be paid in that fiscal [year] **period**;

(b) To restore the balance in any reserve account for lottery bonds to the level the state has covenanted to maintain in the account under ORS 286A.580 (6), including any amounts due under an instrument authorized by ORS 286A.580 (6); and

(c) To pay bond-related costs that will be due in that fiscal [year] **period**.

(2) The amounts of unobligated net lottery proceeds allocated pursuant to subsection (1) of this section shall be transferred to the following funds and accounts in the following order of priority:

(a) First, there shall be transferred to the Lottery Bond Fund an amount of unobligated net lottery proceeds that, when added to any amounts credited to the Lottery Bond Fund that are available for such purpose, will be sufficient to pay all amounts of lottery bond principal, interest and premium scheduled to be paid in that fiscal [year] **period**;

(b) Second, if the balances in any reserve accounts for lottery bonds are less than the amounts the state has covenanted to maintain in those reserve accounts, there shall be transferred to the Lottery Bond Fund for credit to those reserve accounts amounts of unobligated net lottery proceeds sufficient to restore the balances in those reserve accounts to the levels the state has covenanted to maintain; and

(c) Third, any remaining amount shall be transferred to the Lottery Bond Administrative Fund.

(3) Notwithstanding any other provision of law, in accordance with [section 4 (4),] Article XV, **section 4 (4)**, of the Oregon Constitution, the annual allocations of unobligated net lottery proceeds made by this section and the transfers of unobligated net lottery proceeds required to be made by this section shall be satisfied and credited from the first unobligated net lottery proceeds received

by this state before any other allocation, appropriation or disbursement of the earnings of the unobligated net lottery proceeds is made in [*such fiscal year*] **the fiscal period**.

(4) The percentages of revenues of the Oregon State Lottery that are dedicated for particular purposes under [*section 4 (4),*] Article XV, **section 4 (4)**, of the Oregon Constitution, shall be calculated without deducting from the total lottery revenues the amount of unobligated net lottery proceeds that are required to pay lottery bonds.

(5) If there are not sufficient revenues of the Oregon State Lottery to pay lottery bonds and to satisfy the percentage dedications set forth in the Oregon Constitution, the State Treasurer shall, before issuing any series of lottery bonds, cause a projection of unobligated net lottery proceeds and lottery bond debt service to be prepared. The State Treasurer shall not issue a series of lottery bonds if the projection indicates that there will not be sufficient proceeds of the Oregon State Lottery to satisfy the percentage dedications of [*section 4 (4),*] Article XV, **section 4 (4)**, of the Oregon Constitution, and to leave unobligated net lottery proceeds in amounts at least equal to the debt service on all lottery bonds, including the series proposed to be issued. However, if at some time in the future a conflict arises because of a decline in revenues of the Oregon State Lottery, unobligated net lottery proceeds shall be allocated and applied first to pay lottery bonds, and the remaining net revenues of the Oregon State Lottery shall be divided pro rata among the constitutionally dedicated uses.

(6) Notwithstanding any other provision of law, when the Legislative Assembly enacts laws granting pledges, making dedications or making appropriations of net proceeds of the Oregon State Lottery for purposes other than payment of lottery bonds, all such pledges, dedications and appropriations, whenever granted or made, shall be subordinate to the pledges and dedications of unobligated net lottery proceeds for lottery bonds.

SECTION 2. Section 9, chapter 121, Oregon Laws 2014, is amended to read:

Sec. 9. (1) For the biennium beginning July 1, 2013, at the request of the Oregon Department of Administrative Services, after the department consults with the Mid-Columbia [*Medical Center*] **Health Foundation**, the State Treasurer is authorized to issue lottery bonds pursuant to ORS 286A.560 to 286A.585 in an amount that does not exceed \$1 million in net proceeds for the purpose described in subsection (2) of this section, plus an additional amount estimated by the State Treasurer to be necessary to pay bond-related costs.

(2) Net proceeds of lottery bonds issued under this section in an amount sufficient to provide \$1 million in net proceeds and interest earnings must be transferred to the department for deposit in the ODAS Economic Development Distributions Fund established in ORS 461.553 for distribution as a grant to the Mid-Columbia [*Medical Center*] **Health Foundation** for the purpose of a capital construction project to improve or expand the medical center.

(3) The Legislative Assembly finds that the use of lottery bond proceeds will create jobs, further economic development, finance public education or restore and protect parks, beaches, watersheds and native fish and wildlife, and is authorized based on the finding that the capital construction project creates jobs and facilitates and encourages long-term economic development in the region.

SECTION 3. (1) **Notwithstanding ORS 221.770, 471.805 and 471.810, for the biennium beginning July 1, 2013, and the biennium beginning July 1, 2015, the Oregon Liquor Control Commission may expend moneys in the Oregon Liquor Control Commission Account to pay any expenses incurred by the commission in implementing and carrying out sections 3 to 70, chapter 1, Oregon Laws 2015 (Control, Regulation and Taxation of Marijuana and Industrial Hemp Act). Any expenditure made under this subsection is considered a loan and must be repaid from the Oregon Marijuana Account established by section 44, chapter 1, Oregon Laws 2015. Expenditures made under this subsection shall be made from moneys in the Oregon Liquor Control Commission Account before the distributions required by ORS 471.810 are made.**

(2) **Notwithstanding sections 43 and 44, chapter 1, Oregon Laws 2015, not later than June 30, 2017, the commission shall transfer from the Oregon Marijuana Account to the Oregon Liquor Control Commission Account an amount equal to the total amount expended by the**

commission under subsection (1) of this section plus two percent of the total amount expended. The commission shall make the transfer required by this subsection before making any other withholding, distribution or expenditure from the Oregon Marijuana Account for purposes described in sections 43 and 44, chapter 1, Oregon Laws 2015.

SECTION 4. Section 40, chapter 722, Oregon Laws 2013, and section 17, chapter 107, Oregon Laws 2014, are repealed.

SECTION 5. This 2015 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2015 Act takes effect on its passage.

Passed by Senate March 11, 2015

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Lori L. Brocker, Secretary of Senate

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Peter Courtney, President of Senate

Passed by House March 20, 2015

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Tina Kotek, Speaker of House

Received by Governor:

.....M,....., 2015

Approved:

.....M,....., 2015

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Kate Brown, Governor

Filed in Office of Secretary of State:

.....M,....., 2015

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Jeanne P. Atkins, Secretary of State