

A-Engrossed
Senate Bill 605

Ordered by the Senate March 9
Including Senate Amendments dated March 9

Sponsored by JOINT COMMITTEE ON WAYS AND MEANS

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.

Directs Oregon Department of Administrative Services to set schedule for allocation of lottery moneys to pay lottery bond principal, interest and premium due.

Modifies name of recipient of lottery bonds to Mid-Columbia Health Foundation.

Allows Oregon Liquor Control Commission to use moneys in Oregon Liquor Control Commission Account during biennia beginning July 1, 2013, and July 1, 2015, to administer Control, Regulation and Taxation of Marijuana and Industrial Hemp Act. Directs commission to repay moneys from Oregon Marijuana Account plus two percent of amount expended not later than June 30, 2017.

Repeals transfers from Operating Account to General Fund.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to state financial administration; creating new provisions; amending ORS 286A.576 and
3 section 9, chapter 121, Oregon Laws 2014; repealing section 40, chapter 722, Oregon Laws 2013,
4 and section 17, chapter 107, Oregon Laws 2014; and declaring an emergency.

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

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

7 286A.576. (1) Subject only to the availability of unobligated net lottery proceeds, in each fiscal
8 *[year]* **period established by the Oregon Department of Administrative Services** in which lot-
9 tery bonds are outstanding, there shall be allocated, **in accordance with a schedule determined**
10 **by the department**, from the Administrative Services Economic Development Fund created by ORS
11 461.540 or, if unobligated net lottery proceeds in that fund are insufficient, from any other fund or
12 account of this state that contains unobligated net lottery proceeds, an amount of unobligated net
13 lottery proceeds that is sufficient:

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

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

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

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

22 (a) First, there shall be transferred to the Lottery Bond Fund an amount of unobligated net
23 lottery proceeds that, when added to any amounts credited to the Lottery Bond Fund that are

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 available for such purpose, will be sufficient to pay all amounts of lottery bond principal, interest
2 and premium scheduled to be paid in that fiscal [year] **period**;

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

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

9 (3) Notwithstanding any other provision of law, in accordance with [section 4 (4),] Article XV,
10 **section 4 (4)**, of the Oregon Constitution, the annual allocations of unobligated net lottery proceeds
11 made by this section and the transfers of unobligated net lottery proceeds required to be made by
12 this section shall be satisfied and credited from the first unobligated net lottery proceeds received
13 by this state before any other allocation, appropriation or disbursement of the earnings of the un-
14 obligated net lottery proceeds is made in [such fiscal year] **the fiscal period**.

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

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

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

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

37 **Sec. 9.** (1) For the biennium beginning July 1, 2013, at the request of the Oregon Department
38 of Administrative Services, after the department consults with the Mid-Columbia [Medical Center]
39 **Health Foundation**, the State Treasurer is authorized to issue lottery bonds pursuant to ORS
40 286A.560 to 286A.585 in an amount that does not exceed \$1 million in net proceeds for the purpose
41 described in subsection (2) of this section, plus an additional amount estimated by the State Treas-
42 urer to be necessary to pay bond-related costs.

43 (2) Net proceeds of lottery bonds issued under this section in an amount sufficient to provide
44 \$1 million in net proceeds and interest earnings must be transferred to the department for deposit
45 in the ODAS Economic Development Distributions Fund established in ORS 461.553 for distribution

1 as a grant to the Mid-Columbia [*Medical Center*] **Health Foundation** for the purpose of a capital
2 construction project to improve or expand the medical center.

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

7 **SECTION 3. (1) Notwithstanding ORS 221.770, 471.805 and 471.810, for the biennium be-**
8 **ginning July 1, 2013, and the biennium beginning July 1, 2015, the Oregon Liquor Control**
9 **Commission may expend moneys in the Oregon Liquor Control Commission Account to pay**
10 **any expenses incurred by the commission in implementing and carrying out sections 3 to 70,**
11 **chapter 1, Oregon Laws 2015 (Control, Regulation and Taxation of Marijuana and Industrial**
12 **Hemp Act). Any expenditure made under this subsection is considered a loan and must be**
13 **repaid from the Oregon Marijuana Account established by section 44, chapter 1, Oregon Laws**
14 **2015. Expenditures made under this subsection shall be made from moneys in the Oregon**
15 **Liquor Control Commission Account before the distributions required by ORS 471.810 are**
16 **made.**

17 (2) Notwithstanding sections 43 and 44, chapter 1, Oregon Laws 2015, not later than June
18 30, 2017, the commission shall transfer from the Oregon Marijuana Account to the Oregon
19 Liquor Control Commission Account an amount equal to the total amount expended by the
20 commission under subsection (1) of this section plus two percent of the total amount ex-
21 pended. The commission shall make the transfer required by this subsection before making
22 any other withholding, distribution or expenditure from the Oregon Marijuana Account for
23 purposes described in sections 43 and 44, chapter 1, Oregon Laws 2015.

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

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