

# Senate Bill 1597

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 **as introduced**.

Clarifies provisions relating to issuance of certain Article XI-Q bonds.  
Declares emergency, effective on passage.

## A BILL FOR AN ACT

1  
2 Relating to state financial administration; amending sections 8 and 9, chapter 705, Oregon Laws  
3 2013, section 64, chapter 723, Oregon Laws 2013, and section 10, chapter 685, Oregon Laws 2015;  
4 and declaring an emergency.

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

6 **SECTION 1.** Section 10, chapter 685, Oregon Laws 2015, is amended to read:

7 **Sec. 10.** Out of the amount specified in section 1 (6), **chapter 685, Oregon Laws 2015**, [of this  
8 2015 Act] the State Treasurer may issue Article XI-Q bonds in an amount not to exceed \$27,775,000  
9 of net proceeds for the purposes **and in the manner** specified in section 8 [(3)], chapter 705, Oregon  
10 Laws 2013, plus an amount estimated by the State Treasurer to pay estimated bond-related costs.

11 **SECTION 2.** Section 8, chapter 705, Oregon Laws 2013, as amended by section 6, chapter 121,  
12 Oregon Laws 2014, is amended to read:

13 **Sec. 8.** (1) Out of the amount specified in section 1 (6), chapter 705, Oregon Laws 2013, the State  
14 Treasurer may issue Article XI-Q bonds in an amount not to exceed \$19 million of net proceeds for  
15 the purposes specified in subsection (3) of this section, plus an amount estimated by the State  
16 Treasurer to pay estimated bond-related costs.

17 (2)(a) Bonds may not be issued pursuant to this section **or section 10, chapter 685, Oregon**  
18 **Laws 2015**, unless:

19 (A) The Chief Justice of the Supreme Court has determined that:

20 (i) The courthouse with respect to which the bonds will be issued has significant structural de-  
21 fects, including seismic defects, that present actual or potential threats to human health and safety;

22 (ii) Replacing the courthouse, whether by acquiring and remodeling or repairing an existing  
23 building or by constructing a new building, is more cost-effective than remodeling or repairing the  
24 courthouse; and

25 (iii) Replacing the courthouse creates an opportunity for colocation of the court with other state  
26 offices; and

27 (B) The Oregon Department of Administrative Services has approved the project for which the  
28 bonds will be issued.

29 (b) The Oregon Department of Administrative Services, after consultation with the Judicial De-  
30 partment, shall determine when net proceeds are needed for the purposes described in subsection (3)  
31 of this section and shall consult with the Judicial Department regarding the sale of bonds to be is-

**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 sued pursuant to this section.

2 (3) The State Treasurer shall deposit the net proceeds of bonds issued pursuant to this section  
 3 **and section 10, chapter 685, Oregon Laws 2015**, in the Oregon Courthouse Capital Construction  
 4 and Improvement Fund. The net proceeds and any interest earnings may be used solely to finance  
 5 costs related to acquiring, constructing, remodeling, repairing, equipping or furnishing land, im-  
 6 provements, courthouses or portions of courthouses that are, or that upon completion of a project  
 7 funded under this section will be, owned or operated by the State of Oregon.

8 (4) As used in ORS 286A.816 to 286A.826 with respect to this section:

9 (a) "Project agency" means the Judicial Department.

10 (b) "Project fund" means the Oregon Courthouse Capital Construction and Improvement Fund.

11 **SECTION 3.** Section 9, chapter 705, Oregon Laws 2013, as amended by section 7, chapter 121,  
 12 Oregon Laws 2014, is amended to read:

13 **Sec. 9.** (1)(a) Notwithstanding ORS 1.185, a county and the state, acting by and through the  
 14 Oregon Department of Administrative Services on behalf of the Judicial Department, may enter into  
 15 interim agreements that provide for the funding, acquisition, development and construction of a  
 16 courthouse and require the parties to negotiate in good faith and execute a long-term lease agree-  
 17 ment or a long-term intergovernmental agreement with respect to the ownership or operation of a  
 18 courthouse or portions of a courthouse that the county is required to provide under ORS 1.185,  
 19 pursuant to which the state agrees to provide the property and services described in ORS 1.185  
 20 (1)(a).

21 (b)(A) An agreement entered into pursuant to this subsection may include a requirement that  
 22 the county transfer to the Oregon Courthouse Capital Construction and Improvement Fund an  
 23 amount not less than 50 percent of the total estimated costs of a project funded with bonds issued  
 24 pursuant to section 8, chapter 705, Oregon Laws 2013, **or section 10, chapter 685, Oregon Laws**  
 25 **2015**, with respect to the courthouse or portions of a courthouse that are the subject of the agree-  
 26 ment.

27 (B) The amount transferred by a county pursuant to this paragraph may comprise, singly or in  
 28 any combination and proportion:

29 (i) Property tax revenues, bond proceeds or any other county moneys; and

30 (ii) A credit equal to the higher of the appraised value or the actual purchase price of land  
 31 purchased by the county for the courthouse if the state approves of the land as the site for the  
 32 courthouse.

33 (C) The amount required to be transferred by the county under this subsection may not be less  
 34 than 75 percent of the total estimated costs unless the project includes colocation in the courthouse  
 35 of state offices in addition to the state circuit court facilities.

36 (2) For purposes of section 8, chapter 705, Oregon Laws 2013, **and section 10, chapter 685,**  
 37 **Oregon Laws 2015**, the state shall be considered to operate a courthouse or portions of a court-  
 38 house that are the subject of an agreement entered into pursuant to subsection (1) of this section  
 39 if, as applicable:

40 (a) The lease agreement conveys to the state a full leasehold interest, including exclusive rights  
 41 to control and use the courthouse or portions of the courthouse that are typical of a long-term lease,  
 42 for a term that is at least equal to the term during which the bonds issued pursuant to section 8,  
 43 chapter 705, Oregon Laws 2013, **and section 10, chapter 685, Oregon Laws 2015**, will remain  
 44 outstanding.

45 (b) The intergovernmental agreement grants the state the exclusive right to control and use the

1 courthouse or portions of the courthouse for a term that is at least equal to the term during which  
2 the bonds issued pursuant to section 8, chapter 705, Oregon Laws 2013, **and section 10, chapter**  
3 **685, Oregon Laws 2015**, will remain outstanding.

4 **SECTION 4.** Section 64, chapter 723, Oregon Laws 2013, is amended to read:

5 **Sec. 64.** (1) The Oregon Courthouse Capital Construction and Improvement Fund is established  
6 in the State Treasury, separate and distinct from the General Fund. Interest earned on moneys in  
7 the Oregon Courthouse Capital Construction and Improvement Fund shall be credited to the fund.

8 (2) The fund consists of moneys deposited in the fund pursuant to section 8, chapter 705, Oregon  
9 Laws 2013, **and section 10, chapter 685, Oregon Laws 2015**, and moneys transferred to the fund  
10 by a county pursuant to section 9 (1)(b), chapter 705, Oregon Laws 2013, and may include fees, re-  
11 venues and other moneys appropriated by the Legislative Assembly for deposit in the fund.

12 (3) Moneys in the fund are continuously appropriated to the Judicial Department for:

13 (a) The purposes described in section 8 (3), chapter 705, Oregon Laws 2013;

14 (b) Payment of the costs incurred by the department to administer the fund; and

15 (c) Payment of bond-related costs, as defined in ORS 286A.816.

16 **SECTION 5. This 2016 Act being necessary for the immediate preservation of the public**  
17 **peace, health and safety, an emergency is declared to exist, and this 2016 Act takes effect**  
18 **on its passage.**

19