

HB 5020 BUDGET REPORT and MEASURE SUMMARY

Joint Committee On Ways and Means

Prepared By: Jean Gabriel, Department of Administrative Services

Reviewed By: Amanda Beitel, Legislative Fiscal Office

**Higher Education Coordinating Commission
2015-17**

**Oregon Youth Authority
2015-17**

**Oregon Business Development Department
2015-17**

PRELIMINARY

Summary of Capital Construction Subcommittee Action

HB 5020 makes changes to previously approved bond authorizations. No new bonds are authorized.

General Fund Obligations

The Subcommittee approved the use of \$785,000 Article XI-G general obligation bonds and \$10,395,000 Article XI-Q general obligation bonds authorized in HB 5005 (2015) to the Higher Education Coordinating Commission for the Oregon Institute of Technology's renovation and upgrading of Cornett Hall. The funds were originally authorized for the Center for Excellence in Engineering and Technology, which was expected to be phase 1 of a \$48 million project for both the renovation of Cornett Hall and the Center for Excellence in Engineering and Technology. Repurposing the funds to begin the project with the renovation of Cornett Hall addresses significant safety and ADA compliance issues. The approved amount includes \$10,920,000 for project costs and \$260,000 for costs of issuing the bonds.

The Subcommittee approved the use of \$277,881 in remaining unused Article XI-Q general obligation bond proceeds authorized in SB 5703 (2014) to the Higher Education Coordinating Commission for the University of Oregon to make emergency repairs to the electrical vault in the East Tunnel utility system. The funds were originally authorized for repairs to the utility tunnel (East Tunnel Structural Improvement Project, under Franklin Blvd.) and the savings are reallocated toward additional work to the East Tunnel utility system due to damage caused by a fire.

The Subcommittee approved the consolidation of seven separate Article XI-Q general obligation bond authorizations detailed in the budget report for HB 5005 (2015) totaling \$7,325,000 to the Oregon Youth Authority for capital improvement projects at Oak Creek, North Coast, Eastern Oregon, Tillamook, Camp River Bend, Camp Florence, and Hillcrest facilities into one deferred maintenance authorization. The single deferred maintenance authorization addresses the high priority projects contemplated for the respective facilities, while allowing for variance in actual costs to complete the projects at each facility. The approved amount includes \$7,058,000 project costs and \$267,000 for costs of issuing bonds.

Direct Revenue Bonds

The Subcommittee approved the use of \$990,744 in lottery bond proceeds authorized in SB 5533 (2013) to the Oregon Business Development Department (OBDD) for the Portland Japanese Garden, and reduced the bond proceeds authorized for the Confluence Project by the same amount. The Subcommittee also modified the uses of lottery bond proceeds authorized in HB 5030 (2015) to allow OBDD to spend \$990,744 on the Confluence Project at the Celilo Park site, and to reduce the lottery bond proceeds authorized for the Portland Japanese Garden by the same amount. The Confluence Project is unable to timely spend this dollar amount from proceeds authorized in 2013 (sold in spring 2015) under federal rules for tax-exempt bonds. The Subcommittee's actions will allow those proceeds to be spent by the Portland Japanese Garden instead. A portion of the lottery bonds approved in 2015 (scheduled to be sold in spring 2017) will be used to replace the Confluence Project funding. Total amounts authorized for each project remain the same.

Other Legislative Changes

The Subcommittee also approved statutory changes to ORS chapters 286A, 291, and 341 related to the administration of the state's bond programs. Amendments clarify the Department of Administrative Services' role as the bond program administrator for Lottery Revenue Bonds, Higher Education Bonds (Article XI-F), and ongoing General Fund-supported general obligation bond programs, including Water Power Bonds (Article XI-D), Higher Education Bonds (Article XI-G), Seismic Rehabilitation Bonds (Articles XI-M and XI-N), School Capital Matching Bonds (Article XI-P), and State Real and Personal Property Bonds (Article XI-Q). The statutory provisions related to the Article XI-G bond program for financing public university projects have been amended to apply to community colleges. Obsolete community college facilities accounts are repealed.