

**HB 3435 B STAFF MEASURE SUMMARY**

**Carrier:** Sen. Boquist

**Senate Committee On Finance and Revenue**

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**Action Date:** 07/01/17

**Action:** Do pass with amendments to the A-Eng bill. (Printed B-Eng.)

**Vote:** 5-0-0-0

**Yeas:** 5 - Baertschiger Jr, Boquist, Hass, Riley, Taylor

**Fiscal:** No fiscal impact

**Revenue:** Has minimal revenue impact

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**WHAT THE MEASURE DOES:**

Authorizes moneys in county road fund to be loaned to taxing district within county only pursuant to legally binding intergovernmental agreement or loan agreement. The measure restricts the practice to road funds in the counties of Curry, Klamath, and Yamhill. It specifies that the borrowing districts need to accept a number of restricting conditions in order to receive the loan.

**ISSUES DISCUSSED:**

- Potential use of road funds.
- Higher interest earnings for road fund balances.
- Need to limit available funds to those from the federal government.

**EFFECT OF AMENDMENT:**

Specifies that state and local transportation monies may not be loaned.

**BACKGROUND:**

This measure allows for the road fund that originates from state highway fund taxes and other transfers in a county to be used as a loan to other taxing districts. This new practice will allow counties to earn higher interest money from the loaning activity. The money is still subject to the highway fund restrictions by article 9 of the constitution. However, this will be a loan that will be paid back, and the kernel of the money and interest earned will still be subject to the constitutional restrictions. The use of the road funds from the federal revenues have been allowed to loaned and used elsewhere in past sessions. Ordinarily, the federal forest reserve moneys are split 25% for schools and 75% for the county road funds. SB 808 B of the 2007 session Enabled Douglas and Lane Counties to use monies described in ORS 294.060(1), for the purpose of patrolling county roads by law enforcement officials until January 2, 2014. In the 2011 session SB 443 extended the sunset to January 2, 2016. HB 5175 A of the 2012 session made the language applicable to (Coos, Curry, Douglas, Josephine, Klamath, Lane, and Linn) bringing the total to seven counties. This allowed for the federal money to be loaned by the rest of the counties to road patrols, but specifies that it needs to be budgeted and payable in three years after the end of the current year or the current budget. The bills mentioned above from previous session were permissive (enabling) legislation and did not impact state fund, however this proposed measure does allow for state funds to be used in the loaning function.