79th OREGON LEGISLATIVE ASSEMBLY--2017 Regular Session

A-Engrossed
House Bill 3435

Ordered by the House June 19
Including House Amendments dated June 19

Sponsored by Representatives SMITH DB, RESCHKE; Representative WILSON

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.

Authorizes moneys in county road fund **of Curry County, Klamath County or Yamhill County** to be loaned to taxing district within county**, another county or taxing district within another county,** only pursuant to legally binding intergovernmental agreement or loan agreement. **Provides maximum limit on loan amount. Provides that rate of interest may not be less than average rate of return earned over immediately preceding 12-month period by county moneys in local government investment pool. Requires intergovernmental agreement or loan agreement to establish remedies in favor of lender county if borrower taxing district or county defaults on debt service obligations. Requires lender county to disclose loan to Oregon Municipal Debt Advisory Commission.**

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

Relating to county road fund moneys; and prescribing an effective date.

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

SECTION 1. (1) Notwithstanding ORS 294.060, 294.468 and 368.705, moneys in the county road fund of Curry County, Klamath County or Yamhill County may be loaned to:

(a) Any taxing district located within the county;

(b) Another county; or

(c) Any taxing district located in another county.

(2) The amount of the loan may not exceed the lesser of:

(a) The amount of operating taxes estimated to be collected by the taxing district or the county to which the moneys are to be loaned, plus interest, for a period of 20 consecutive years; or

(b) The estimated annual debt service amounts that can reasonably be estimated to be available for the term of the loan to the taxing district or the county to which the moneys are to be loaned, after subtracting any other financial or legal obligations of the borrower taxing district or county.

(3)(a) Moneys may be loaned under this section only pursuant to a legally binding intergovernmental agreement or loan agreement entered into by the governing bodies of the borrower taxing district or the county and the lender county.

(b) The intergovernmental agreement or loan agreement must contain provisions that:

(A) Fix the principal amount of the loan and state the method of determining the rate of interest. The rate of interest may not be less than the average rate of return earned over the immediately preceding 12-month period by moneys of the lender county placed in the

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.

investment pool as defined in ORS 294.805.

(B) Fix the term of the loan and the schedule of the payments of principal and interest.

(C) Pledge the operating tax revenues of the borrower taxing district or county as security for repayment of the loan, plus interest.

(D) Identify the purpose for which the taxing district or the county is borrowing the moneys.

(E) Establish remedies in favor of the lender county if the borrower taxing district or county is unable to meet the annual debt service obligations.

(4) The governing bodies of the borrower taxing district or county and the lender county shall account for the loan and the repayment obligation, including interest, in their annual budgets for the term of the loan.

(5) A county that makes a loan under this section shall disclose the loan to the Oregon Municipal Debt Advisory Commission.

SECTION 2. **This 2017 Act takes effect on the 91st day after the date on which the 2017 regular session of the Seventy-ninth Legislative Assembly adjourns sine die.**