

# Enrolled House Bill 5020

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of Oregon Department of Administrative Services)

CHAPTER .....

## AN ACT

Relating to state financial administration; creating new provisions; amending ORS 286A.712, 286A.762, 286A.782, 286A.798, 286A.802, 286A.804, 286A.830, 286A.848, 286A.851, 286A.863, 291.445, 341.721, 341.725 and 341.728 and section 5, chapter 786, Oregon Laws 2013, section 1, chapter 685, Oregon Laws 2015, and section 26, chapter 812, Oregon Laws 2015; repealing ORS 341.731, 341.735, 341.751, 341.753, 341.755, 341.757, 341.759, 341.762, 341.764, 341.766, 341.768, 341.771, 341.773, 341.775, 341.777, 341.779, 341.782, 341.784 and 341.787; and declaring an emergency.

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

**SECTION 1.** Section 1, chapter 685, Oregon Laws 2015, as amended by section 1, chapter 66, Oregon Laws 2016, is amended to read:

**Sec. 1.** The amounts authorized, as provided by ORS 286A.035, for issuance of general obligation bonds of the state during the 2015-2017 biennium are as follows:

#### GENERAL OBLIGATION BONDS General Fund Obligations

- (1) Oregon Department of Administrative Services, Oregon Health and Science University, Cancer Institute (Art. XI-G)..... \$ 200,035,000
- (2) Higher Education Coordinating Commission (Art. XI-G):
  - (a) Oregon State University:
    - (A) Forest Science Complex ..... \$ 30,140,000
    - (B) Marine Studies Campus Phase I..... \$ 25,155,000
  - (b) Portland State University, Neuberger Hall Renovation and Deferred Maintenance ..... \$ 10,220,000
  - (c) University of Oregon:
    - (A) Klamath Hall Renovation ..... \$ 6,325,000
    - (B) College and Careers Building ... \$ 17,275,000
    - (C) Chapman Hall Renovation ..... \$ 2,550,000

(d)	Oregon Institute of Technology, [ <i>Center for Excellence in Engineering and Technology</i> ] <b>Cornett Hall Renovation</b> .....	\$	785,000
(e)	Blue Mountain Community College, Animal Science Education Center .....	\$	3,331,350
(f)	Columbia Gorge Community College, Middle College Prototype Facility .....	\$	7,320,000
(g)	Klamath Community College, Student Success and Career/Technical Center .....	\$	7,850,000
(h)	Mt. Hood Community College, Technology Innovation Center .....	\$	8,000,000
(i)	Portland Community College, American Manufacturing Innovation District Building .....	\$	5,070,000
(j)	Rogue Community College, Health and Science Center .....	\$	8,000,000
(k)	Southwestern Oregon Community College, Health and Science Building .....	\$	8,000,000
(L)	Treasure Valley Community College, Workforce Vocational Center .....	\$	2,830,250
(m)	Umpqua Community College, Industrial Arts Center .....	\$	8,000,000
(3)	Oregon Business Development Department (Art. XI-M) .....	\$	176,870,000
(4)	Oregon Business Development Department (Art. XI-N) .....	\$	30,440,000
(5)	Department of Education (Art. XI-P) .....	\$	126,210,000
(6)	Oregon Department of Administrative Services (Art. XI-Q) .....	\$	450,735,000
(7)	Department of Transportation (Art. XI, section 7) .....	\$	35,475,000
<u>Dedicated Fund Obligations</u>			
(8)	Department of Veterans' Affairs (Art. XI-A) .....	\$	100,000,000
(9)	Higher Education Coordinating Commission (Art. XI-F(1)):		
(a)	Portland State University:		
(A)	Land Acquisition for University Center Building .....	\$	10,220,000
(B)	Broadway Housing Purchase .....	\$	48,580,000

(C) Corbett Building Purchase.....	\$	5,100,000
(b) Oregon State University Modular Data Center.....	\$	7,085,000
(c) Southern Oregon University: (A) Jefferson Public Radio Addition.....	\$	1,545,000
(B) Science Building Deferred Maintenance.....	\$	1,695,000
(10) Department of Environmental Quality (Art. XI-H).....	\$	10,000,000
(11) Water Resources Department (Art. XI-I(1)).....	\$	30,520,000
(12) Housing and Community Services Department (Art. XI-I(2)).....	\$	25,000,000
(13) State Department of Energy (Art. XI-J).....	\$	25,000,000
<u>Total General Obligation</u>		
Bonds .....	\$	1,435,361,600

**SECTION 2.** Section 26, chapter 812, Oregon Laws 2015, is amended to read:

**Sec. 26.** (1) For the biennium beginning July 1, 2015, at the request of the Oregon Department of Administrative Services, after the department consults with the Oregon Business Development Department, the State Treasurer is authorized to issue lottery bonds pursuant to ORS 286A.560 to 286A.585 in an amount that produces \$4.5 million in net proceeds and interest earnings for transfer to the Oregon Business Development Department for deposit in the Cultural Resources Economic Fund, established in section 6, chapter 786, Oregon Laws 2013, to provide grants described in subsection (2) of this section, plus an additional amount estimated by the State Treasurer to be necessary to pay bond-related costs.

(2) The Oregon Business Development Department shall grant:

(a) \$2 million to the Oregon Shakespeare Festival to finance capital projects.

(b) [*\$1.5 million*] **\$509,256** to the Portland Japanese Garden to expand visitor and educational facilities at the garden.

(c) \$600,000 to Oregon Public Broadcasting to finance renovation of its headquarters and production facility.

(d) \$400,000 to the Aurora Colony Historical Society to finance construction of a storage facility for historical artifacts.

**(e) \$990,744 to the Confluence Project to finance a portion of the costs incurred for the Confluence Project at the Celilo Park site.**

(3) The Legislative Assembly finds that the use of lottery bond proceeds will create jobs, further economic development, finance public education or restore and protect parks, beaches, watersheds and native fish and wildlife, and is authorized based on the following findings:

(a) The grants described in this section will leverage art and cultural resources to create vibrant public spaces that integrate art and cultural and natural amenities, sustain Oregon's rich arts and cultural experiences and enhance a strong sense of place and community identity.

(b) The factors described in paragraph (a) of this subsection have the effect of creating jobs, expanding business and tax revenues and enhancing the economic vitality of Oregon communities.

**SECTION 3.** Section 5, chapter 786, Oregon Laws 2013, is amended to read:

**Sec. 5.** (1) For the biennium beginning July 1, 2013, at the request of the Oregon Department of Administrative Services, after the department consults with the Oregon Business Development Department, the State Treasurer is authorized to issue lottery bonds pursuant to ORS 286A.560 to 286A.585 in an amount that produces \$1.75 million in net proceeds and interest earnings for transfer to the Oregon Business Development Department for deposit in the Cultural Resources Economic

Fund, established in section 6, **chapter 786, Oregon Laws 2013** [of this 2013 Act], to provide grants described in subsection (2) of this section, plus an additional amount estimated by the State Treasurer to be necessary to pay bond-related costs.

(2) The Oregon Business Development Department shall grant:

(a) [*\$1.5 million*] **\$509,256** to the Confluence Project to finance a portion of the costs incurred for the Confluence Project at the Celilo Park site.

(b) \$250,000 to the High Desert Museum to finance programs or projects at the High Desert Museum.

**(c) \$990,744 to the Portland Japanese Garden to expand visitor and educational facilities at the garden.**

(3) The Legislative Assembly finds that the use of lottery bond proceeds will create jobs, further economic development, finance public education or restore and protect parks, beaches, watersheds and native fish and wildlife, and is authorized based on the following findings:

(a) Leveraging art and cultural resources to create vibrant public spaces that integrate art and cultural and natural amenities, to sustain Oregon's rich arts and cultural experiences and to enhance a strong sense of place and community identity.

(b) The factors described in paragraph (a) of this subsection have the effect of creating jobs, expanding business and tax revenues and enhancing the economic vitality of Oregon communities.

**SECTION 4. Section 5 of this 2017 Act is added to and made a part of ORS chapter 286A.**

**SECTION 5. (1) The Oregon Department of Administrative Services may, with respect to bonds described in subsection (2) of this section, administer bond programs and the transfer or disbursement of bond proceeds through intergovernmental agreements or grant or loan agreements containing terms and conditions the department determines are necessary or advisable to:**

**(a) Protect any tax benefit related to the bonds;**

**(b) Protect the State of Oregon from liability due to the failure of grantees or borrowers to comply with legal requirements related to the bonds, including requirements under the Internal Revenue Code;**

**(c) Ensure that bond proceeds are used for authorized or intended purposes;**

**(d) Ensure that adequate funds will be available for repayment of the bonds; or**

**(e) Ensure compliance with state and federal law.**

**(2) The department may exercise powers authorized under subsection (1) of this section with respect to:**

**(a) Bonds issued under ORS 286A.560 to 286A.585 (lottery bonds);**

**(b) Bonds issued under ORS 286A.710 to 286A.720 and Article XI-D of the Oregon Constitution (state power development);**

**(c) Bonds issued under ORS 286A.760 to 286A.772 and Article XI-M of the Oregon Constitution (seismic rehabilitation of public education buildings);**

**(d) Bonds issued under ORS 286A.780 to 286A.792 and Article XI-N of the Oregon Constitution (seismic rehabilitation of emergency services buildings);**

**(e) Bonds issued under ORS 286A.796 to 286A.806 and Article XI-P of the Oregon Constitution (school district capital costs);**

**(f) Bonds issued under ORS 286A.816 to 286A.826 and Article XI-Q of the Oregon Constitution (property owned or operated by state); and**

**(g) Bonds issued under ORS 286A.830 to 286A.863 and Article XI-F(1) or Article XI-G of the Oregon Constitution (higher education).**

**SECTION 6. ORS 286A.802 is amended to read:**

286A.802. (1) The Article XI-P Bond Fund is established in the State Treasury, separate and distinct from the General Fund. Amounts in the Article XI-P Bond Fund may be invested as provided in ORS 293.701 to 293.857, and interest earned on the bond fund must be credited to the bond fund. Amounts credited to the bond fund are continuously appropriated to the [*Department of Education*] **Oregon Department of Administrative Services** for the purpose of paying, when due, the

principal of, the interest on and the premium, if any, on outstanding Article XI-P bonds. The department shall deposit in the bond fund:

- (a) Capitalized or accrued interest on Article XI-P bonds;
- (b) Amounts appropriated or otherwise provided by the Legislative Assembly for deposit in the bond fund;
- (c) Reserves established for the payment of Article XI-P bonds; and
- (d) Amounts transferred from the School Capital Matching Fund established under ORS 286A.806 as described in section 4, Article XI-P of the Oregon Constitution.

(2) At the request of the department, the State Treasurer may create separate accounts in the bond fund for reserves and debt service for each series of Article XI-P bonds as provided in ORS 286A.025 (2)(g).

**SECTION 7.** ORS 286A.804 is amended to read:

286A.804. (1) The Article XI-P Bond Administration Fund is established in the State Treasury, separate and distinct from the General Fund. Amounts in the Article XI-P Bond Administration Fund may be invested as provided in ORS 293.701 to 293.857, and interest earned on the bond administration fund must be credited to the bond administration fund. Amounts credited to the bond administration fund are continuously appropriated to the *[Department of Education]* **Oregon Department of Administrative Services** for payment of bond-related costs. The department shall credit to the bond administration fund:

- (a) Proceeds of Article XI-P bonds that were issued to pay bond-related costs;
- (b) Amounts appropriated or otherwise provided by the Legislative Assembly for deposit in the bond administration fund; and
- (c) Amounts transferred from the School Capital Matching Fund established under ORS 286A.806 as described in section 4, Article XI-P of the Oregon Constitution.

(2) At the request of the department, the State Treasurer may create separate accounts in the bond administration fund as provided in ORS 286A.025 (2)(g).

**SECTION 8. ORS 286A.796 to 286A.806 are added to and made a part of ORS chapter 286A.**

**SECTION 9.** ORS 286A.830, as amended by section 9, chapter 66, Oregon Laws 2016, is amended to read:

286A.830. As used in ORS 286A.830 to 286A.863:

(1) "Article XI-F(1) bonds" means bonds issued under the authority of Article XI-F(1) of the Oregon Constitution for the benefit of a public university.

(2) "Article XI-G bonds" means bonds issued under the authority of Article XI-G of the Oregon Constitution for the benefit of a public university **or a community college**.

(3) "Bond-related costs" means:

(a) The costs of paying the principal of, the interest on and the premium, if any, on higher education bonds;

(b) The costs and expenses of issuing, administering and maintaining higher education bonds including, but not limited to:

(A) Costs and expenses of redeeming higher education bonds;

(B) Amounts due in connection with credit enhancement devices or agreements for exchange of interest rates; and

(C) Fees, administrative costs and expenses of the State Treasurer, the Oregon Department of Administrative Services or the Higher Education Coordinating Commission, including the costs of consultants or advisers retained by the State Treasurer, the department or the commission;

(c) The costs of funding reserves for the higher education bonds;

(d) Capitalized interest for the higher education bonds;

(e) Rebates or penalties due to the United States in connection with the higher education bonds;

(f) Expenses and liabilities arising from an inquiry, audit or other action relating to the higher education bonds by a federal or state regulatory body, including, but not limited to, legal expenses; and

(g) Any other costs or expenses that the State Treasurer, the department or the commission determines are necessary or desirable in connection with issuing and maintaining the higher education bonds.

(4) **“Community college” means a community college or community college district as defined in ORS 341.005.**

[(4)] (5) “Federal tax benefit” means the excludability of interest on higher education bonds from gross income under the Internal Revenue Code, the qualification of higher education bonds for any federal interest subsidy payment or any other tax-advantaged status granted under the Internal Revenue Code.

[(5)] (6) “Grant contract” means a contract approved by the department and executed by a public university **or community college** and the commission that establishes the terms and conditions for issuance of Article XI-G bonds and the disbursement of proceeds to the public university **or community college**.

[(6)] (7) “Higher education bonds” means Article XI-F(1) bonds and Article XI-G bonds.

(8) **“Higher Education Coordinating Commission” includes all offices that function under the direction and control of the commission.**

[(7)] (9) “Loan agreement” means a contract approved by the department and executed by a public university and the commission that establishes the terms and conditions for issuance of Article XI-F(1) bonds, lending of bond proceeds and loan repayment.

[(8)] (10) “Loan repayment schedule” means the schedule of repayment of loans made with proceeds of Article XI-F(1) bonds that a public university is obligated to make to the State of Oregon pursuant to a loan agreement.

[(9)] (11) “Matching amount” means moneys unconditionally available to a public university **or community college** for the same or similar purposes as the proceeds of Article XI-G bonds issued for the benefit of the public university **or community college** and meeting the requirements set forth in Article XI-G, section 1 (3), of the Oregon Constitution.

[(10)] (12) “Public university” means any institution established as a public university under ORS 352.002.

[(11)] (13) “Refunding bond” means an Article XI-F(1) bond issued for the purpose of refunding an outstanding Article XI-F(1) bond, or an Article XI-G bond issued for the purpose of refunding an outstanding Article XI-G bond, regardless of whether the refunding is on a current, advance, forward delivery, synthetic or other basis.

[(12)] (14) “Revenue sufficiency” means the condition of having revenues, not including amounts appropriated by the Legislative Assembly from the General Fund, that are conservatively estimated to be lawfully available and sufficient to pay debt service on particular Article XI-F(1) bonds and operate the projects financed with the proceeds of those Article XI-F(1) bonds.

**SECTION 10.** ORS 286A.848 is amended to read:

286A.848. (1) In accordance with the applicable provisions of this chapter, the State Treasurer, with the concurrence of the [*Director of the Oregon Department of Administrative Services*] **Higher Education Coordinating Commission**, may issue Article XI-G bonds **for the benefit of a public university or a community college** if:

(a) The [*Higher Education Coordinating Commission*] **Director of the Oregon Department of Administrative Services** requests that bonds be issued for the purposes specified in Article XI-G of the Oregon Constitution, plus an amount determined by the State Treasurer to pay estimated bond-related costs;

(b) The issuance does not exceed the budget authorization for bond issuance established under ORS 286A.035; and

(c) A grant contract is executed under ORS 286A.851 prior to sale of the bonds.

(2) The State Treasurer may issue Article XI-G bonds for the purpose of refunding Article XI-G bonds without a request from the [*commission*] **director** when the State Treasurer determines it is in the best interests of the State of Oregon to refund Article XI-G bonds.

(3) The State Treasurer shall deposit the net proceeds of Article XI-G bonds in one or more project funds established in the State Treasury or with a third party under contract with the [*Oregon Department of Administrative Services*] **Oregon Department of Administrative Services** and approved by the State Treasurer. Net proceeds of Article XI-G bonds must be expended for the purposes described in the commission's budget authorization.

(4) If at any time the department and the commission jointly determine that the net proceeds of Article XI-G bonds deposited in a project fund pursuant to subsection (3) of this section exceed the cost of the project described in the commission's budget authorization, the department may allocate and transfer the excess amount as determined by the department to other project funds, the Article XI-G Bond Fund established under ORS 286A.854 or the Article XI-G Bond Administration Fund established under ORS 286A.857.

(5) Article XI-G bonds are direct general obligations of the State of Oregon and must contain a direct promise on behalf of the State of Oregon to pay the principal of, the interest on and the premium, if any, on the Article XI-G bonds. The State of Oregon shall pledge its full faith and credit and taxing power to the payment of the principal of, the interest on and the premium, if any, on Article XI-G bonds, and the ad valorem taxing power of the State of Oregon may be pledged to pay Article XI-G bonds.

**SECTION 11.** ORS 286A.851, as amended by section 11, chapter 66, Oregon Laws 2016, is amended to read:

286A.851. (1) Prior to the sale of any Article XI-G bonds, except for refunding bonds, a public university **or a community college** and the Higher Education Coordinating Commission [*shall*] **must** enter into a grant contract [*that includes*].

**(2) The grant contract must include:**

[(1)] (a) A certification that the requirement for a matching amount is satisfied;

[(2)] (b) Terms and conditions obligating the public university **or community college** to maintain any federal tax benefit related to the Article XI-G bonds and to execute and deliver any required tax certificates or agreements in connection with any federal tax benefit related to the Article XI-G bonds; and

[(3)] (c) Terms and conditions indemnifying the State of Oregon against regulatory or bondholder liability due to the action or inaction of the public university **or community college** related to the Article XI-G bonds.

**(3) The grant contract may include:**

(a) **Reporting and accounting requirements or other conditions necessary or advisable to ensure that moneys are expended for intended purposes;**

(b) **Terms and conditions that are necessary or advisable to ensure compliance with applicable laws or regulations; and**

(c) **Provisions for the payment of fees by a community college to cover costs of the commission relating to the execution of the commission's responsibilities under the grant contract.**

**SECTION 12.** ORS 286A.863 is amended to read:

286A.863. (1) The Oregon Department of Administrative Services may, in consultation with the Higher Education Coordinating Commission, adopt rules for the purpose of carrying out ORS 286A.830 to 286A.860 including, but not limited to, establishing:

(a) Fees and costs to be paid by public universities **or community colleges** for administration of higher education bonds, including reasonable fees and expenses of the State Treasurer as provided in ORS 286A.014;

(b) The form, content and timing of information to be submitted by public universities **and community colleges** to be used by the commission and the State Treasurer to evaluate revenue sufficiency for Article XI-F(1) bonds and availability and sufficiency of matching amounts for Article XI-G bonds; and

(c) Standards, terms and conditions for maintaining federal tax benefits related to higher education bonds.

(2) The department or the commission, or both, may periodically bill a public university **or community college**, without duplicating costs billed by contract, for the public university's **or community college's** proportional share of costs incurred by the department, or the commission, in connection with higher education bonds, including, but not limited to:

(a) Bond-related costs of higher education bonds issued or proposed to be issued to finance or refinance projects of the public university **or community college**; and

(b) Costs of legal or financial consultants or advisors, including, without limitation, bond counsel to the State of Oregon, for services that are provided at the request of a public university **or community college** in connection with higher education bonds that are issued or proposed to be issued.

(3) The department and the commission may each bill at such intervals as may be established in the department's or commission's own procedures and shall deposit the moneys [*paid by the public university*] **received** in the applicable bond fund, bond administration fund or other fund relating to higher education bonds, as the department or commission determines is appropriate. A public university **or community college** that receives a bill for bond-related costs shall pay the amount billed by the time and in the manner designated in the billing statement.

(4)(a) The department may enter into agreements with Oregon Health and Science University to:

(A) Receive payments from Oregon Health and Science University of amounts used to pay debt service on bonds issued by the State Treasurer to finance joint projects of Oregon Health and Science University and one or more public universities; or

(B) Administer tax compliance obligations of Oregon Health and Science University [*pursuant to agreements between Oregon Health and Science University and the Oregon University System*].

(b) Solely for the purposes of receiving payments of amounts used to pay debt service and administering tax compliance obligations related to the bonds, the department may be a successor to, or an assignee of, the Oregon University System under agreements between Oregon Health and Science University and the Oregon University System.

(c) The department may not assume any obligations or liability as the successor to, or assignee of, the Oregon University System under any agreements between Oregon Health and Science University and the Oregon University System, except for obligations or liability relating to the receipt of amounts used to pay debt service and the administration of tax compliance obligations.

**SECTION 13.** ORS 341.721 is amended to read:

341.721. [(1)] To provide funds to community college districts for the purposes specified in Article XI-G of the Oregon Constitution, the State Treasurer may issue bonds **under ORS 286A.848**. [*at the request of the Higher Education Coordinating Commission in accordance with the provisions of ORS chapter 286A.*]

[(2) *The State Treasurer may not issue bonds pursuant to Article XI-G of the Oregon Constitution under subsection (1) of this section for a community college project unless a grant agreement has been entered into pursuant to ORS 341.735 between the Office of Community Colleges and Workforce Development and the community college district that is receiving the bond proceeds.*]

**SECTION 14.** ORS 341.725 is amended to read:

341.725. (1) The Community College Capital Construction Fund is established in the State Treasury, separate and distinct from the General Fund. Interest earned on moneys in the Community College Capital Construction Fund shall be credited to the fund.

(2) Moneys in the Community College Capital Construction Fund are continuously appropriated to the Higher Education Coordinating Commission and may be distributed by the commission for the purposes described in Article XI-G, section 1 (2), of the Oregon Constitution, pursuant to grant [*agreements*] **contracts** entered into between the [*Office of Community Colleges and Workforce Development and community college districts under ORS 341.735.*] **commission and community colleges under ORS 286A.851.**

**SECTION 15.** ORS 341.728 is amended to read:



341.728. (1) The Community College Bond Building Fund is established in the State Treasury, separate and distinct from the General Fund.

(2) The Community College Bond Building Fund shall consist of moneys realized from the sale of bonds issued pursuant to Article XI-G of the Oregon Constitution **and ORS 286A.848** for the benefit of community [college] **colleges**. [districts under ORS 341.721.]

(3) Moneys in the Community College Bond Building Fund are continuously appropriated to the Higher Education Coordinating Commission and may be distributed by the commission [for the purposes described in Article XI-G, section 1 (2), of the Oregon Constitution, including payment of costs related to issuing bonds and payment of debt service on bonds,] pursuant to grant [agreements] **contracts** entered into between the [Office of Community Colleges and Workforce Development and community college districts under ORS 341.735.] **commission and community colleges under ORS 286A.851**.

(4) Moneys in the Community College Bond Building Fund may be invested as provided in ORS 286A.025 until needed for distribution under subsection (3) of this section. If a surplus remains in the fund after disbursement, the surplus and earnings from temporary investments shall be credited to the [Community College Bond Sinking Fund.] **Article XI-G Bond Fund established under ORS 286A.854**.

**SECTION 16. ORS 341.731 and 341.735 are repealed.**

**SECTION 17. ORS 341.751, 341.753, 341.755, 341.757, 341.759, 341.762, 341.764, 341.766, 341.768, 341.771, 341.773, 341.775, 341.777, 341.779, 341.782, 341.784 and 341.787 are repealed.**

**SECTION 18.** ORS 286A.712 is amended to read:

286A.712. (1) Article XI-D bonds are a general obligation of the State of Oregon and must contain a direct promise on behalf of the State of Oregon to pay the principal of, the interest on and the premium, if any, on the Article XI-D bonds. The State of Oregon shall pledge its full faith and credit and taxing power to pay Article XI-D bonds, except that the ad valorem taxing power of the State of Oregon may not be pledged to pay Article XI-D bonds.

(2) In accordance with the applicable provisions of this chapter, the State Treasurer, with the concurrence of the [Director of the Oregon Department of Administrative Services] **Director of the State Department of Energy**, may issue Article XI-D bonds:

(a) At the request of the [Director of the State Department of Energy] **Director of the Oregon Department of Administrative Services** for any of the purposes specified in Article XI-D of the Oregon Constitution, plus an amount determined by the State Treasurer to pay estimated bond-related costs; and

(b) Subject to the limit on bond issuance established for the particular biennium in ORS 286A.035.

(3) The State Treasurer may issue Article XI-D bonds for the purpose of financing the refund of Article XI-D bonds.

(4) The State Treasurer shall transfer the net proceeds of Article XI-D bonds issued for the purpose described in subsection (2)(a) of this section to the State Department of Energy for deposit in the Renewable Energy Fund established under ORS 286A.718.

**SECTION 19.** ORS 286A.762 is amended to read:

286A.762. (1) Article XI-M bonds are a general obligation of the State of Oregon and must contain a direct promise on behalf of the State of Oregon to pay the principal of, the interest on and the premium, if any, on the Article XI-M bonds. The State of Oregon shall pledge its full faith and credit and taxing power to pay Article XI-M bonds, except that the ad valorem taxing power of the State of Oregon may not be pledged to pay Article XI-M bonds.

(2) The State Treasurer, with the concurrence of the [Director of the Oregon Department of Administrative Services] **Director of the Oregon Business Development Department**, may issue Article XI-M bonds as provided in this chapter, subject to the limit on bond issuance established for the particular biennium pursuant to ORS 286A.035 and at the request of the [Director of the Oregon Business Development Department] **Director of the Oregon Department of Administrative Services**, for the purpose of financing all or a portion of the state share of costs to plan and implement

seismic rehabilitation of public education buildings in the amount of the state share of costs, plus an amount determined by the State Treasurer to pay estimated bond-related costs.

(3) The State Treasurer shall transfer the net proceeds of Article XI-M bonds issued for the purpose described in subsection (2)(a) of this section to the Oregon Business Development Department for deposit in the Education Seismic Fund established under ORS 286A.768.

**SECTION 20.** ORS 286A.782 is amended to read:

286A.782. (1) Article XI-N bonds are a general obligation of the State of Oregon and must contain a direct promise on behalf of the State of Oregon to pay the principal of, the interest on and the premium, if any, on the Article XI-N bonds. The State of Oregon shall pledge its full faith and credit and taxing power to pay Article XI-N bonds, except that the ad valorem taxing power of the State of Oregon may not be pledged to pay Article XI-N bonds.

(2) The State Treasurer, with the concurrence of the [*Director of the Oregon Department of Administrative Services*] **Director of the Oregon Business Development Department**, may issue Article XI-N bonds as provided in this chapter, subject to the limit on bond issuance established for the particular biennium pursuant to ORS 286A.035 and at the request of the [*Director of the Oregon Business Development Department*] **Director of the Oregon Department of Administrative Services**, for the purpose of financing all or a portion of the state share of costs to plan and implement seismic rehabilitation of emergency services buildings in the amount of the state share of costs, plus an amount determined by the State Treasurer to pay estimated bond-related costs.

(3) The State Treasurer shall transfer the net proceeds of Article XI-N bonds issued for the purpose described in subsection (2) of this section to the Oregon Business Development Department for deposit in the Emergency Services Seismic Fund established under ORS 286A.788.

**SECTION 21.** ORS 286A.798 is amended to read:

286A.798. (1) In accordance with the applicable provisions of ORS chapter 286A, the State Treasurer, with the concurrence of the [*Director of the Oregon Department of Administrative Services*] **Superintendent of Public Instruction**, may issue Article XI-P bonds:

(a) At the request of the [*Superintendent of Public Instruction*] **Director of the Oregon Department of Administrative Services** for the purposes specified in Article XI-P of the Oregon Constitution, plus an amount determined by the State Treasurer to pay estimated bond-related costs; and

(b) Subject to the budget authorization for bond issuance established under ORS 286A.035 for the Department of Education for the biennium.

(2) The State Treasurer may issue Article XI-P bonds for the purpose of refunding Article XI-P bonds.

(3) The net proceeds of Article XI-P bonds must be deposited in the School Capital Matching Fund established under ORS 286A.806 as described in section 4, Article XI-P of the Oregon Constitution.

(4) If at any time the superintendent determines that the net proceeds of Article XI-P bonds deposited in the School Capital Matching Fund pursuant to subsection (3) of this section exceed the amount necessary for the purposes described in subsection (1)(a) of this section and the budget authorization, the superintendent, **in consultation with the Oregon Department of Administrative Services**, may transfer the excess amount to the Article XI-P Bond Fund established under ORS 286A.802 or the Article XI-P Bond Administration Fund established under ORS 286A.804.

(5) Article XI-P bonds are a general obligation of the State of Oregon and must contain a direct promise on behalf of the State of Oregon to pay the principal of, the interest on and the premium, if any, on the Article XI-P bonds. The State of Oregon shall pledge its full faith and credit and taxing power to the payment of the principal of, the interest on and the premium, if any, on Article XI-P bonds, except that the ad valorem taxing power of the State of Oregon may not be pledged to pay Article XI-P bonds.

**SECTION 22.** ORS 291.445 is amended to read:

291.445. (1) Before July 1 of each fiscal year, the **Director of the Oregon Department of Administrative Services** shall request from the appropriate state agency **or division** a certificate as prescribed in this section. The request shall be made by letter to the agency **or division**.

(2) Each state agency authorized to issue general obligation bonds that are ordinarily to be repaid from other than General Fund appropriations shall, on or before August 15 of each fiscal year:

(a) Certify to the Director of the Oregon Department of Administrative Services that the amounts available or that will become available during the current year to the bond program debt service fund to pay bond principal and interest that has accrued or will accrue during the current year are sufficient and will be sufficient to pay bond program principal and interest scheduled for payment during the current year; or

(b) Certify to the Director of the Oregon Department of Administrative Services that the amounts available or that will become available during the current year to the bond program debt service fund will not be sufficient to pay bond program principal and interest scheduled for payment during the current year. A certificate issued under this paragraph shall specify the amount of the anticipated current year deficit. The Director of the Oregon Department of Administrative Services shall review and confirm the correctness of each certification made under this paragraph.

(3) On or before August 15 of each fiscal year, the administrative division of the Oregon Department of Administrative Services that has primary responsibility for accounting for each general obligation bond program in which the bond principal and interest is ordinarily to be repaid, **in whole or in part**, from General Fund appropriations shall:

(a) Certify to the Director of the Oregon Department of Administrative Services that the amounts available or that will become available during the current year from General Fund appropriations to defray program bond principal and interest that has accrued or will accrue during the current year are sufficient and will be sufficient to pay program bond principal and interest scheduled for payment during the current year; or

(b) Certify to the Director of the Oregon Department of Administrative Services that the amounts available or that will become available during the current year from General Fund appropriations will not be sufficient to pay program bond principal and interest scheduled for payment during the current year. A certificate issued under this paragraph shall specify the amount of the anticipated current year deficit.

(4)(a) **For a general obligation bond program for which a property tax may be levied under the Oregon Constitution**, if a deficit in funds available to pay principal and interest [*in any general obligation bond program*] is certified and confirmed under subsection (2) or certified under subsection (3) of this section, the amount of the deficit, together with any deficit that is certified for any other general obligation bond program shall upon certification constitute a state tax levy on property that shall be apportioned among and charged to the several counties in that proportion which the total assessed value of all the taxable property in each county bears to the total assessed value of all the taxable property of the state as equalized.

(b) If any agency fails to make the certification under subsection (2) or (3) of this section with respect to any general obligation bond fund program, the Oregon Department of Administrative Services shall determine the amount of revenue and other funds that are available and the amount of taxes, if any, that should be levied in addition to the revenues and funds, to pay bond principal and interest under the program for the fiscal year in question. The additional amount so determined shall thereupon constitute a state tax levy on property that shall be apportioned, certified, collected and distributed as if determined and certified as a deficit by the agency. The Oregon Department of Administrative Services shall charge the agency for cost recovery for time spent on that agency's behalf.

(5) Immediately after the department has determined the amount of a state tax levy on property in accordance with subsection (4) of this section, a certificate of levy, signed by the director of the department, shall be filed in the office of the department. If no state levy is required for the fiscal or tax year, a certificate so stating and signed by the director shall be filed in the office of the department.

(6) If, for any reason, after the close of any regular session of the Legislative Assembly, it becomes necessary to reduce General Fund appropriations, General Fund appropriations for a debt service fund of a general obligation bond program described under subsection (3) of this section may not be reduced.

*[(7) For purposes of this section:]*

**[(a)] (7)(a) For purposes of this section, state agencies that are authorized to [issue] finance projects or programs through the issuance of general obligation bonds ordinarily to be repaid from other than General Fund appropriations [include but are not limited to:] are those agencies that have outstanding general obligation bonds, the debt service on which is not the subject of a General Fund appropriation in the current biennium.**

*[(A) The Director of Veterans' Affairs, as authorized by Article XI-A of the Oregon Constitution and ORS chapter 407 (veterans loans).]*

*[(B) The Higher Education Coordinating Commission, for bonds authorized by Article XI-F(1) of the Oregon Constitution and ORS 286A.833 (higher education building projects).]*

*[(C) The Department of Environmental Quality, as authorized by Article XI-H of the Oregon Constitution and ORS 468.195 to 468.260 (pollution control).]*

*[(D) The Water Resources Commission and the Water Resources Director, as authorized by Article XI-I(1) of the Oregon Constitution and ORS 541.700 to 541.855 (water development).]*

*[(E) The Housing and Community Services Department, as authorized by Article XI-I(2) of the Oregon Constitution and ORS 456.515 to 456.725 and 458.505 to 458.515 (housing).]*

*[(F) The Director of the State Department of Energy, as authorized by Article XI-J of the Oregon Constitution and ORS 470.220 to 470.290 (small scale energy projects).]*

*[(G) Other agencies as required by the Oregon Department of Administrative Services by rule adopted using the criterion of this subsection.]*

(b) Each agency authorized to [issue] **finance projects or programs through the issuance of** general obligation bonds that are ordinarily to be repaid from other than General Fund appropriations shall determine the amount of revenues or other funds that are available and the amount of taxes, if any, that should be levied for the ensuing year in the manner required under rules adopted by the Oregon Department of Administrative Services and make the certification required under subsection (2) of this section.

**(8)(a) For purposes of this section, state agencies that are authorized to [issue] finance projects or programs through the issuance of general obligation bonds that are ordinarily to be repaid from General Fund appropriations [include but are not limited to:] are those agencies that have outstanding general obligation bonds, the debt service on which is the subject of a General Fund appropriation in the current biennium.**

*[(A) The State Board of Forestry and the State Forester, as authorized by Article XI-E of the Oregon Constitution and ORS 530.210 to 530.280 (state reforestation).]*

*[(B) The Higher Education Coordinating Commission, for bonds authorized by Article XI-G of the Oregon Constitution and ORS 286A.848 (higher education and community colleges).]*

*[(C) Other agencies as required by the Oregon Department of Administrative Services by rule adopted using the criterion of this subsection.]*

(b) Each agency authorized to [issue] **finance projects or programs through the issuance of** general obligation bonds ordinarily to be repaid from General Fund appropriations shall furnish any data required by the Oregon Department of Administrative Services to determine the amount of revenues or other funds that are available and the amount of taxes, if any, that should be levied for the ensuing year and the administrative division of the Oregon Department of Administrative Services that has primary responsibility for accounting shall make the determination for purposes of the making of the certification required under subsection (3) of this section.

**SECTION 23. This 2017 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2017 Act takes effect on its passage.**

**Passed by House March 9, 2017**

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Timothy G. Sekerak, Chief Clerk of House

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Tina Kotek, Speaker of House

**Passed by Senate March 20, 2017**

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Peter Courtney, President of Senate

**Received by Governor:**

.....M,....., 2017

**Approved:**

.....M,....., 2017

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Kate Brown, Governor

**Filed in Office of Secretary of State:**

.....M,....., 2017

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Dennis Richardson, Secretary of State