

Senate Bill 107

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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**.

Establishes Oregon Investment Department to be supervised by Chief Executive Officer appointed by Oregon Investment Council. Specifies duties, functions and powers of department. Transfers duties of State Treasurer as investment officer to department.

Establishes Oregon Investment Department Fund. Continuously appropriates moneys in fund to department for expenses of department and council.

Exempts department and council from certain laws regulating governmental entities.

Specifies that moneys expended by department out of Oregon Investment Department Fund are not subject to expenditure limitation.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to public investments; creating new provisions; amending ORS 128.316, 192.502, 238A.050,
3 243.401, 243.421, 243.426, 243.472, 243.474, 243.476, 243.478, 243.482, 244.020, 244.045, 244.047,
4 244.050, 244.055, 246.590, 273.413, 276.013, 276.015, 276.110, 285A.306, 285A.654, 285B.119,
5 286A.025, 286A.145, 293.353, 293.701, 293.708, 293.714, 293.718, 293.726, 293.728, 293.733, 293.734,
6 293.741, 293.746, 293.751, 293.771, 293.776, 293.778, 293.790, 293.793, 293.796, 293.819, 293.825,
7 293.828, 293.832, 293.839, 293.841, 293.843, 293.847, 293.857, 294.035, 294.805, 294.810, 294.820,
8 294.825, 294.840, 294.845, 294.855, 294.860, 294.865, 294.870, 294.875, 294.880, 294.882, 294.895,
9 295.101, 311.701, 327.425, 350.545, 367.015, 390.135, 391.520, 391.605, 391.800, 411.128, 426.506,
10 456.530, 456.535, 456.543, 468.215, 468A.490, 496.350, 516.070, 541.942, 561.144, 696.030 and
11 757.738; repealing ORS 293.706, 293.716, 293.731, 293.736, 293.756, 293.761, 293.766, 293.780,
12 293.861, 293.863, 294.831, 294.847 and 294.850; and declaring an emergency.

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

14 **SECTION 1. Sections 2 to 8 of this 2017 Act are added to and made a part of ORS 293.701**
15 **to 293.857.**

16 **SECTION 2. Oregon Investment Department established; Chief Executive Officer; ap-**
17 **pointment; rules; fees.** (1) **The Oregon Investment Department is established.**

18 (2) **The department shall be under the supervision of a Chief Executive Officer appointed**
19 **by the Oregon Investment Council. The Chief Executive Officer of the Oregon Investment**
20 **Department serves at the pleasure of the council and shall be paid a salary as prescribed by**
21 **the council.**

22 (3) **Before assuming the duties of the office, the Chief Executive Officer shall:**

23 (a) **Give to the state a fidelity bond, with one or more corporate sureties authorized to**
24 **do business in this state, in a penal sum prescribed by the Director of the Oregon Depart-**
25 **ment of Administrative Services, but not less than \$50,000. The premium for the bond shall**
26 **be paid by the Oregon Investment Department.**

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 **(b) Subscribe to an oath that the Chief Executive Officer will faithfully and impartially**
2 **discharge the duties of the office and that the Chief Executive Officer will support the Con-**
3 **stitution of the United States and the Constitution of the State of Oregon. The Chief Exec-**
4 **utive Officer shall file a copy of the signed oath with the Secretary of State.**

5 **(4) The Chief Executive Officer has the powers necessary to carry out the duties of the**
6 **department, subject to policy direction or approval of the council as provided in sections 2**
7 **to 8 of this 2017 Act, including but not limited to the power to employ, supervise and termi-**
8 **nate the employment of department staff as the Chief Executive Officer considers necessary.**
9 **The Chief Executive Officer, subject to ORS chapter 180, shall prescribe the duties and fix**
10 **the compensation of the department's employees, in accordance with the personnel policies**
11 **adopted by the department.**

12 **(5) The Chief Executive Officer shall establish an Executive Office for the department.**
13 **The Executive Office shall produce an investment plan for the department, facilitate dis-**
14 **ussions with stakeholders and the public on topics relating to the investment of the in-**
15 **vestment funds, communicate with the Legislative Assembly and the public regarding the**
16 **activities of the department and assume such other duties as assigned by the Chief Executive**
17 **Officer.**

18 **(6) The department may adopt rules to carry out its duties, including but not limited to**
19 **rules regarding:**

- 20 **(a) Administration;**
- 21 **(b) Contracting;**
- 22 **(c) Enforcement; and**
- 23 **(d) Fees and charges.**

24 **SECTION 3. Powers and duties of the Oregon Investment Department.** (1) **The Oregon**
25 **Investment Department shall exercise and carry out statewide all the powers, rights and**
26 **privileges that are expressly conferred upon the department, are implied by law or are inci-**
27 **dent to such powers. Except as provided in ORS 293.701 to 293.857, nothing in ORS 293.701**
28 **to 293.857 is intended to affect the powers and duties of the State Treasurer otherwise pro-**
29 **vided by law or under the Oregon Constitution.**

30 **(2) The mission of the department is to invest the investment funds and any other mon-**
31 **eys the department is charged by law with investing.**

32 **(3) In addition to any other powers and duties granted by law, the department may:**

33 **(a) Invest and reinvest moneys in the investment funds or any other moneys the de-**
34 **partment is charged by law with investing, except that the moneys deposited in the Oregon**
35 **Short Term Fund under ORS 293.701 (2)(n) shall be invested by the State Treasurer or, at the**
36 **request of the State Treasurer, by the department. In furtherance of the investing, the de-**
37 **partment may acquire, retain, manage and dispose of as investments every kind of invest-**
38 **ment that persons of prudence, discretion and intelligence acquire, retain, manage and**
39 **dispose of for their own financial interest.**

40 **(b) Enter into contracts and acquire, hold, own, encumber, issue, replace, deal in and**
41 **with and dispose of real and personal property for the department's own proprietary interest.**

42 **(c) Except as provided in ORS chapter 180, employ persons as the department or the**
43 **Oregon Investment Council determines necessary or desirable to carry out the mission and**
44 **powers of the department.**

45 **(d) Subject to ORS chapter 180, enter into contracts with advisors, service providers or**

1 others as the department determines necessary or desirable to carry out its mission and
2 powers, including but not limited to entering into contracts with one or more persons who
3 may, in lieu of or in addition to the department, perform discretionary investment manage-
4 ment or other functions to the extent provided in the contract.

5 (e) Collect the principal and interest or other income of investments when due and pay-
6 able, and shall pay the principal and interest or other income, when so collected, into the
7 appropriate fund. Except as otherwise provided by law, interest or other income of the funds
8 invested for state agencies shall be paid into the General Fund as provided in ORS 293.140
9 to be available for the payment of general governmental expenses.

10 (f) Exercise any shareholder or other voting rights in connection with an investment.

11 (g) For and on behalf of the Public Employees Retirement System and the Public Em-
12 ployees Retirement Board, enter into group annuity contracts with one or more insurance
13 companies authorized to do business in this state. In lieu of any investment of moneys in the
14 Public Employees Retirement Fund, the department may make payments from time to time
15 under such annuity contracts using any moneys in that fund available for investment pur-
16 poses.

17 (4) In the event of a default, breach or impairment of the payment of amounts due or
18 other obligations related to an investment, or if the department determines it is otherwise
19 appropriate in furtherance of its powers and duties, the department may:

20 (a) Accept for exchange purposes refunding bonds or other evidences of indebtedness at
21 interest rates agreed upon by the department and the obligor.

22 (b) Make compromises, adjustments or disposition of the matured or future principal or
23 interest or other income of an investment as the department considers advisable for the
24 purpose of protecting the moneys invested.

25 (c) Take such other actions as the department considers necessary or appropriate.

26 (5) The provisions of ORS 293.235, 293.240 and 293.245 do not apply to collection of the
27 principal or interest or other income of investments. Any class action lawsuit or other legal
28 proceeding filed with, or on behalf of, other corporate shareholders or investors to protect
29 the moneys invested by the department or to otherwise benefit the invested moneys must
30 be brought by the Attorney General in the name of the State Treasurer as custodian of the
31 moneys deposited in the State Treasury.

32 (6) The department shall follow generally accepted accounting practices, record the indi-
33 vidual amounts and the totals of all investments and provide to the officer or body control-
34 ling and administering the invested moneys any information necessary for financial reporting
35 required by law. The department shall separately identify investments held in the Oregon
36 Growth Account created in ORS 348.702 as part of the information provided on the Education
37 Stability Fund.

38 (7) The department shall provide administrative staff for, consult with and appear before
39 the council as necessary or desirable to accomplish the respective duties of the department
40 and council.

41 (8) The department shall adopt personnel policies, subject to ORS 236.605 to 236.640, for
42 employees of the department who are transferred from the office of the State Treasurer or
43 from any other state agency. The department shall fully reimburse the State Treasurer or
44 any other agency for any costs associated with the transfer of personnel to the department.

45 (9)(a) Except as provided in this subsection, the department is subject to the budget laws

1 of this state in the same manner as other executive branch state agencies. Moneys expended
2 by the department out of the Oregon Investment Department Fund are not subject to any
3 expenditure limitation adopted by the Legislative Assembly.

4 (b) The department shall follow generally accepted accounting principles and keep finan-
5 cial and statistical information as necessary to completely and accurately disclose the fi-
6 nancial condition and financial operations of the department.

7 (c) The department shall prepare, or cause to be prepared, an annual financial statement
8 of department revenues and expenses and shall make the statement available for public re-
9 view. The statement must include the annual costs incurred by the department and the
10 council for the management of the investment funds and any other moneys the department
11 is charged by law with investing. The department shall provide a copy of the statement to
12 the council, the Governor and the Legislative Assembly not later than the 180th day after
13 the end of each state fiscal year.

14 (10) In carrying out the duties, functions and powers of the department or council, the
15 department may contract with any state agency the department considers appropriate, in-
16 cluding but not limited to the office of the State Treasurer. A state agency may charge the
17 department reasonable fees and expenses in connection with providing personnel, equipment,
18 facilities, space and other support to the department.

19 (11) In addition to the services provided under ORS 293.857 and 294.805 to 294.895, the
20 department may provide services to other governmental entities, including governmental
21 entities of other states, for a reasonable fee intended to cover the department's expenses in
22 connection with the services.

23 (12) In addition to audits that may be conducted pursuant to the constitutional duties
24 and authority of the Secretary of State to audit public accounts, the department may con-
25 duct independent audits of the department with internal auditors or outside independent
26 auditors, if the audits are considered advisable by the department or are requested by the
27 council. Except for the filing requirement under ORS 297.250, the audits are subject to the
28 exclusive discretion and control of the department. The audits are subject to disclosure
29 pursuant to ORS 192.410 to 192.505.

30 **SECTION 4. State Treasurer investment of moneys in Oregon Short Term Fund; manner**
31 **and powers.** When the State Treasurer, in lieu of the Oregon Investment Department, in-
32 vests moneys in the Oregon Short Term Fund as described in section 3 (3)(a) of this 2017
33 Act, the State Treasurer may invest moneys in the fund in the same manner and with the
34 same powers as provided by law for the department.

35 **SECTION 5. Oregon Investment Council; appointment; term of office.** (1) There is created
36 the Oregon Investment Council, consisting of five voting members and one nonvoting mem-
37 ber.

38 (2) The Governor shall appoint four voting members, subject to Senate confirmation in
39 the manner provided in ORS 171.562 and 171.565, to the council. Before appointing a member
40 under this subsection, the Governor shall consult with the State Treasurer regarding the
41 proposed appointee. The members appointed by the Governor must be qualified by training
42 and experience in the field of investment, finance, accounting or insurance. The term of of-
43 fice of each appointed member is four years, but each appointed member serves at the
44 pleasure of the Governor and may be removed from office with or without cause. A vacancy
45 in the appointed membership occurring other than by expiration of term shall be filled in the

1 same manner as the original appointment, but for the unexpired term only.

2 (3) The State Treasurer shall be the fifth voting member of the council.

3 (4) The Director of the Public Employees Retirement System shall be an ex officio
4 member of the council with no voting power.

5 (5) Each member appointed by the Governor shall hold office until a successor is ap-
6 pointed or until an earlier resignation or removal. Before the expiration of the term of an
7 appointed member, the Governor shall appoint a successor.

8 (6) Any member appointed by the Governor may resign at any time upon written notice
9 to the Governor. A resignation takes effect at the time specified in the notice. If a time is
10 not specified in the notice, the resignation is effective at the time the notice is received by
11 the Governor. Acceptance by the Governor of a resignation is not necessary to make the
12 resignation effective.

13 **SECTION 6. Powers and duties of the Oregon Investment Council.** (1) The Oregon In-
14 vestment Council shall adopt policies for the investment and reinvestment of moneys in-
15 vested by the Oregon Investment Department and for the acquisition, retention,
16 management and disposition of the investments with the objective of making the moneys as
17 productive as possible, subject to applicable fiduciary standards, including but not limited to
18 ORS 238.660, 238A.025, 293.721 and 293.726. The council, from time to time, shall review the
19 policies and make changes as it considers necessary or desirable.

20 (2) Consistent with ORS 293.721 and 293.726 and the duties of the council and the de-
21 partment as fiduciaries for beneficiaries of the investment funds, the council shall adopt a
22 code of ethics applicable to the council, the department and agents of the council and de-
23 partment, that is based on the best practices in the investment industry and reflects the
24 unique position of trust and loyalty in which the council, department and their agents are
25 placed in the investment of public and private moneys. At a minimum, the code shall require
26 individuals acting for the council or department in the conduct of the duties to:

27 (a) Act in a professional and ethical manner;

28 (b) Act for the benefit of the State of Oregon and the public and private beneficiaries of
29 the funds entrusted to the council or department for investment;

30 (c) Act with independence and objectivity;

31 (d) Act with skill, competence and diligence; and

32 (e) Communicate with state agencies, public bodies and others for whom moneys are in-
33 vested in a timely and accurate manner, including any disclosures required by law or best
34 industry practices.

35 (3) After consultation with the State Treasurer and the Chief Executive Officer of the
36 Oregon Investment Department, the council shall:

37 (a) Recommend eligibility criteria or standards and qualifications for appointment to the
38 council;

39 (b) Recommend a clear process for identifying, vetting and nominating candidates for
40 appointment to the council; and

41 (c) Set continuing education requirements for members of the council who are appointed
42 by the Governor.

43 **SECTION 7. Criminal records check; fingerprints required; persons subject to require-**
44 **ment.** For the purpose of requesting a state or nationwide criminal records check under ORS
45 181A.195, the Oregon Investment Department may require the fingerprints of a person who:

1 (1) Is employed by or applying for employment with the department; or

2 (2) Is, or will be, providing services to the department or the Oregon Investment Council
3 in a position:

4 (a) In which the person is providing information technology services and has control
5 over, or access to, information technology systems that would allow the person to harm the
6 information technology systems or the information contained in the systems;

7 (b) In which the person has access to information that is confidential or for which state
8 or federal laws, rules or regulations prohibit disclosure;

9 (c) That has payroll or investment functions or in which the person has responsibility for
10 receiving, receipting or depositing money, negotiable instruments or securities, for other fi-
11 nancial transactions or for purchasing or selling property, or that otherwise has access to
12 invested moneys;

13 (d) That has mailroom duties as a primary duty or job function;

14 (e) In which the person has responsibility for auditing the department or the council;

15 (f) That has personnel or human resources functions as a primary responsibility;

16 (g) In which the person has access to bank routing numbers, Social Security numbers
17 or electronic funds transfer instructions or numbers; or

18 (h) In which the person has access to tax or financial information about individuals or
19 business entities.

20 **SECTION 7a. Oregon Investment Department and Oregon Investment Council exempt**
21 **from certain laws.** (1) Except as otherwise provided by law, the provisions of ORS 184.360 and
22 279.835 to 279.855 and ORS chapters 240, 270, 273, 276, 279B, 282, 283, 291, 292 and 293 do not
23 apply to the Oregon Investment Department or the Oregon Investment Council.

24 (2) Notwithstanding subsection (1) of this section, ORS 240.167, 293.115, 293.117, 293.130,
25 293.169, 293.171, 293.205 to 293.225, 293.250, 293.265 to 293.280, 293.285, 293.295, 293.321, 293.353,
26 293.375, 293.406, 293.465 to 293.485, 293.490, 293.495, 293.525, 293.701 to 293.857, 293.875, 293.880
27 and 293.990 and ORS chapter 180 apply to the department and council.

28 (3) The department and council are integral parts of the State of Oregon, but are not
29 subject to any provision of law enacted after January 1, 2017, with respect to any state
30 agency or other governmental entity, that is unique to state agencies or governmental enti-
31 ties, unless the enacted provision:

32 (a) Specifically provides that it applies to the department or council; or

33 (b) Relates to a provision of law identified in subsection (2) of this section.

34 **SECTION 8. Oregon Investment Department Fund.** The Oregon Investment Department
35 Fund is established in the State Treasury, separate and distinct from the General Fund.
36 Moneys deducted under ORS 293.718 shall be paid to the Oregon Investment Department
37 Fund. Interest earned by the fund shall be credited to the fund. Moneys in the fund are
38 continuously appropriated to the Oregon Investment Department for the payment of ex-
39 penses of the department and the Oregon Investment Council.

40 **SECTION 9.** ORS 293.701 is amended to read:

41 293.701. As used in ORS 293.701 to 293.857, unless the context requires otherwise:

42 (1) "Council" means the Oregon Investment Council.

43 (2) "Investment funds" means:

44 (a) Public Employees Retirement Fund referred to in ORS 238.660;

45 (b) Industrial Accident Fund referred to in ORS 656.632;

- 1 (c) Consumer and Business Services Fund referred to in ORS 705.145;
 2 (d) Employment Department Special Administrative Fund referred to in ORS 657.822;
 3 (e) Insurance Fund referred to in ORS 278.425;
 4 (f) Funds under the control and administration of the Department of State Lands;
 5 (g) Oregon Student Assistance Fund referred to in ORS 348.570;
 6 (h) Moneys made available to the Commission for the Blind under ORS 346.270 and 346.540 or
 7 rules adopted thereunder;
 8 (i) Forest Development Revenue Bond Fund referred to in ORS 530.147 and State Forestry
 9 General Obligation Bond Fund referred to in ORS 530.280;
 10 (j) Oregon War Veterans' Fund referred to in ORS 407.495;
 11 (k) Oregon War Veterans' Bond Sinking Account referred to in ORS 407.515;
 12 (L) World War II Veterans' Compensation Fund;
 13 (m) World War II Veterans' Bond Sinking Fund;
 14 (n) Funds in the hands of the State Treasurer that are not required to meet current demands
 15 and that are invested in the Oregon Short Term Fund established under ORS 293.728 or in another
 16 commingled investment vehicle;
 17 (o) State funds that are not subject to the control and administration of officers or bodies spe-
 18 cifically designated by law;
 19 (p) Funds derived from the sale of state bonds;
 20 (q) Social Security Revolving Account referred to in ORS 237.490;
 21 (r) Public University Fund established by ORS 352.450;
 22 (s) Local Government Employer Benefit Trust Fund referred to in ORS 657.513;
 23 (t) Elderly and Disabled Special Transportation Fund established by ORS 391.800;
 24 (u) Education Stability Fund established by ORS 348.696;
 25 (v) Deferred Compensation Fund established under ORS 243.411;
 26 (w) Trust for Cultural Development Account established under ORS 359.405; and
 27 (x) The State Library Donation Fund and the Talking Book and Braille Library Endowment
 28 Fund subaccount established under ORS 357.195.

29 [(3) "Investment officer" means the State Treasurer in the capacity as investment officer for the
 30 council.]

31 **SECTION 10.** ORS 293.714 is amended to read:

32 293.714. (1) Notwithstanding ORS 192.650 (1) and (2), full sound recordings shall be made of ev-
 33 ery meeting of the Oregon Investment Council. The full sound recordings shall be produced on
 34 equipment selected by the [Oregon Investment Council] **council** for compatibility with equipment for
 35 reproduction by the State Archives.

36 (2) The council shall maintain a written log of each sound recording that gives a true reflection
 37 of the matters discussed at the meeting and where those matters are found on the sound recording.

38 (3) Notwithstanding ORS 192.650 (1), the council shall make the full sound recording and written
 39 log of each sound recording of each meeting available to the public prior to the next regularly
 40 scheduled meeting of the council.

41 **SECTION 11.** ORS 293.718 is amended to read:

42 293.718. (1) As payment for **internal administrative** expenses of the [investment officer] **Oregon**
 43 **Investment Department and the Oregon Investment Council**, the [State Treasurer] **department**
 44 may deduct monthly a maximum of 0.25 basis points of the most recent market value of assets under
 45 management for each of the investment funds. **The department shall deposit amounts deducted**

1 **under this subsection in the Oregon Investment Department Fund established under section**
 2 **8 of this 2017 Act.** *[However,]*

3 (2) For the funds described in ORS 293.701 (2)(n), **the State Treasurer may deduct** a maximum
 4 of 0.435 basis points *[may be deducted monthly]* **each month.** Amounts *[so]* deducted **under this**
 5 **subsection** shall be deposited into the Miscellaneous Receipts Account established in the General
 6 Fund for the State Treasurer, and are continuously appropriated for payment of the expenses of the
 7 State Treasurer *[as investment officer]* **related to the investment of and accounting for the**
 8 **Oregon Short Term Fund and any other commingled investment vehicle that the State**
 9 **Treasurer invests.**

10 (3) **The limitations of subsections (1) and (2) of this section do not apply to the payment**
 11 **of expenses for contracts entered into under ORS 293.741.**

12 **SECTION 12.** ORS 293.726 is amended to read:

13 293.726. (1) *[The investment funds shall be invested and the investments of those funds managed*
 14 *as]* **Consistent with investment policies adopted by the Oregon Investment Council under**
 15 **section 6 of this 2017 Act, the Oregon Investment Department shall invest the investment**
 16 **funds and any other moneys the department is charged by law with investing, except that**
 17 **the moneys deposited in the Oregon Short Term Fund under ORS 293.701 (2)(n) shall be in-**
 18 **vested by the department only at the request of the State Treasurer. The council shall es-**
 19 **tablish and oversee implementation of the council's investment policies. The department and**
 20 **the State Treasurer shall manage the investments under their management as a prudent in-**
 21 **vestor would do, under the circumstances then prevailing and in light of the purposes, terms, dis-**
 22 **tribution requirements and laws governing each investment fund or other moneys.**

23 (2) The standard stated in subsection (1) of this section requires the exercise of reasonable care,
 24 skill and caution, and is to be applied to investments not in isolation but in the context of *[each*
 25 *investment fund's]* **the investment portfolio of each investment fund or other moneys** and as a
 26 part of an overall investment strategy, which should incorporate risk and return objectives reason-
 27 ably suitable to the particular investment fund **or other moneys.**

28 (3) In making and implementing investment decisions, the *[Oregon Investment Council and the*
 29 *investment officer have]* **department, the council and the State Treasurer have** a duty to diversify
 30 the investments of the investment funds **or other moneys** unless, under the circumstances, it is not
 31 prudent to do so.

32 (4) In addition to the duties stated in subsection (3) of this section, the *[council and the invest-*
 33 *ment officer]* **department, the council and the State Treasurer, and the agency of the depart-**
 34 **ment, council or State Treasurer,** must:

35 (a) Conform to the fundamental fiduciary duties of loyalty and impartiality;

36 (b) Act with prudence in deciding whether and how to delegate authority and in the selection
 37 and supervision of agents; and

38 (c) Incur only costs that are reasonable in amount and appropriate to the investment responsi-
 39 bilities imposed by law.

40 (5) The duties *[of the council and the investment officer under]* **described in** this section are
 41 subject to contrary provisions of privately created public trusts the assets of which by law are made
 42 investment funds **or are otherwise invested by the department or the State Treasurer.** Within
 43 the limitations of the standard stated in subsection (1) of this section and subject to subsection (6)
 44 of this section, there may be acquired, retained, managed and disposed of as investments of the in-
 45 vestment funds **or other moneys** every kind of investment *[which]* **that** persons of prudence, dis-

1 cretion and intelligence acquire, retain, manage and dispose of for their own account.

2 (6) Notwithstanding subsection (1) of this section, not more than 50 percent of the moneys con-
3 tributed to the Public Employees Retirement Fund or the Industrial Accident Fund may be invested
4 in common stock, and not more than 65 percent of the moneys contributed to the other trust and
5 endowment funds managed by the Oregon Investment [Council] **Department** or the State Treasurer
6 may be invested in common stock.

7 (7) Subject to the standards set forth in this section, moneys held in the Deferred Compensation
8 Fund may be invested in the stock of any company, association or corporation, including but not
9 limited to shares of a mutual fund. Investment of moneys in the Deferred Compensation Fund is not
10 subject to the limitation imposed by subsection (6) of this section.

11 **SECTION 13.** ORS 293.728 is amended to read:

12 293.728. (1) The Oregon Short Term Fund is established in the State Treasury as a commingled
13 investment vehicle for investment funds and the moneys described in subsection (2) of this section.
14 Interest earned by the Oregon Short Term Fund shall be credited to the participating investor funds
15 or accounts in the fund in proportion to the amount invested.

16 (2) Unless a federal law, court order, settlement or similar agreement or business practice re-
17 quires otherwise, moneys received by the State Treasurer that may not be discretely invested as
18 provided in ORS 293.723 shall be deposited in the fund. Moneys that may be discretely invested as
19 provided in ORS 293.723 may be deposited in the fund.

20 *[(3) Moneys in the fund may be transferred as provided in ORS 293.205 to 293.225. The State*
21 *Treasurer is the officer in charge of the fund for purposes of ORS 293.220 and shall determine the*
22 *interest rate to be charged until the moneys are retransferred to the fund. The interest rate may not*
23 *be less than the rate specified in ORS 293.220.]*

24 **(3) Moneys in the fund may be transferred as provided in ORS 293.205 to 293.225. For any**
25 **transfers to the General Fund, the State Treasurer is the officer in charge of the borrowing**
26 **fund. The interest rate to be charged in any agreements entered into under ORS 293.220 for**
27 **a transfer from the Oregon Short Term Fund shall be based on a rate calculated by the State**
28 **Treasurer, or by the Oregon Investment Department if the department invests moneys in**
29 **the fund, that approximates the return that would have been earned by the Oregon Short**
30 **Term Fund while the moneys are loaned, plus any amounts necessary to recover the costs**
31 **of the loan. The interest rate may not be less than the rate specified in ORS 293.220.**

32 **SECTION 14.** ORS 293.733 is amended to read:

33 293.733. (1) In making and implementing investment decisions related to venture capital, the
34 Oregon Investment Council and the [*investment officer have a duty to*] **Oregon Investment De-**
35 **partment must** look first at Oregon opportunities for diversification unless, under the circum-
36 stances, it is not prudent to do so.

37 (2) At any given time, the [*council*] **department** shall have at least \$100 million in venture
38 capital investments in Oregon unless, under the circumstances, it is not prudent to do so.

39 (3) As used in this section:

40 (a) "Emerging growth business" means an individual or group of individuals or a new or small
41 company, including but not limited to any new or small partnership, limited liability company, cor-
42 poration, firm, association or other business entity, that has the capacity, upon obtaining appropri-
43 ate capital, to generate significant high-skill, high-wage employment.

44 (b) "Venture capital" includes but is not limited to emerging growth businesses.

45 **SECTION 15.** ORS 293.734 is amended to read:

1 293.734. The Oregon Investment [Council] **Department** shall submit an annual report to the
 2 **Oregon Investment Council, the Governor, the Speaker of the House of Representatives and the**
 3 **President of the Senate** detailing the investments and commitments made by the [council] **depart-**
 4 **ment** in accordance with ORS 293.733.

5 **SECTION 15a.** ORS 293.741 is amended to read:

6 293.741. (1) The Oregon Investment [Council] **Department** may enter into contracts with one
 7 or more persons whom the [council] **department** determines to be qualified, whereby the persons
 8 undertake, in lieu of or in addition to the [investment officer] **department**, to perform the functions
 9 specified in [ORS 293.736] **section 3 (3)(a) or 4 of this 2017 Act** to the extent provided in the
 10 contract.

11 (2) Performance of functions under a contract shall be paid for out of the gross interest or other
 12 income of the investments with respect to which the functions are performed, and the net interest
 13 or other income of the investments after that payment shall be considered income of the investment
 14 funds.

15 (3) The [council] **department** may require a person contracted with to give to the state a fi-
 16 delity bond in a penal sum as may be fixed by law or, if not so fixed, as may be fixed by the
 17 [council] **department**, with corporate surety authorized to do business in this state. Contracts en-
 18 tered into under this section and functions performed under the contracts are not subject to ORS
 19 chapter 240 or ORS 279A.140.

20 **SECTION 16.** ORS 293.746 is amended to read:

21 293.746. [(1)] In the acquisition or disposition of bonds with which approving legal opinions or-
 22 dinarily are furnished, the [investment officer] **Oregon Investment Department, or the State**
 23 **Treasurer when investing moneys in the Oregon Short Term Fund**, may require an original or
 24 certified copy of the written opinion of a reputable bond attorney or attorneys, or the written
 25 opinion of the Attorney General, certifying to the legality of the bonds.

26 [(2) *The Oregon Investment Council may arrange for the furnishing to the investment officer of*
 27 *investment counseling services. The furnishing and acquisition of those services are not subject to the*
 28 *State Personnel Relations Law or ORS 279A.140.*]

29 [(3) *The investment officer, with the approval of the council, may arrange for services with respect*
 30 *to mortgages in which moneys in the investment funds are invested. Those services shall be paid for*
 31 *out of the gross interest of the mortgages with respect to which the services are furnished, and the net*
 32 *interest of the mortgages after that payment shall be considered income of the investment funds. The*
 33 *furnishing and acquisition of those services are not subject to the State Personnel Relations Law or*
 34 *ORS 279A.140.*]

35 **SECTION 17.** ORS 293.751 is amended to read:

36 293.751. [(1)] Except as **otherwise** provided in ORS 293.741 and this [subsection] **section**, all in-
 37 struments of title of all investments of the investment funds **or any other moneys the Oregon**
 38 **Investment Department is charged by law with investing** shall remain in the custody of the
 39 [investment officer. *The investment officer*] **department. The instruments of title for investments**
 40 **of the Oregon Short Term Fund shall be held by the State Treasurer when the State Treas-**
 41 **urer invests moneys in the fund. The department, or the State Treasurer for the Oregon**
 42 **Short Term Fund**, may deposit **instruments of title** with one or more custodial agents or banks
 43 [*those instruments of title that the State Treasurer considers advisable*], to be held in safekeeping by
 44 the agents or banks for collection of the principal and interest or other income, or of the proceeds
 45 of sale or maturity. For purposes of this section, instruments of title [*of investments of the investment*

1 *funds*] may include such evidence of title as the [*investment officer shall consider*] **department or**
 2 **State Treasurer considers** secure and consistent with modern investment, banking and commercial
 3 practices, and may include book entry and automated recordation of such title.

4 [(2) *Except as provided in ORS 293.741 and 293.746 (3) and subsections (1) and (3) of this section,*
 5 *the investment officer shall collect the principal and interest or other income of investments of the in-*
 6 *vestment funds, title of which is in the investment officer's custody, when due and payable, and shall*
 7 *pay the principal and interest or other income, when so collected, into the appropriate fund. Except as*
 8 *otherwise provided by law, interest or other income of investments of funds in the hands of the State*
 9 *Treasurer that are not required to meet current demands shall be paid into the General Fund to be*
 10 *available for the payment of general governmental expenses.*]

11 [(3) *In the event of default in the payment of principal or interest or other income of any investment*
 12 *of the investment funds, the investment officer, with the approval of the Oregon Investment Council,*
 13 *may:]*

14 [(a) *Institute the proper proceedings to collect the matured principal or interest or other income.*]

15 [(b) *Accept for exchange purposes refunding bonds or other evidences of indebtedness at interest*
 16 *rates to be agreed upon by the investment officer and obligor.*]

17 [(c) *Make compromises, adjustments or disposition of the matured principal or interest or other*
 18 *income as the investment officer considers advisable for the purpose of protecting the moneys*
 19 *invested.*]

20 [(d) *Make compromises or adjustments as to future payments of principal or interest or other in-*
 21 *come as the investment officer considers advisable for the purposes of protecting the moneys invested.*]

22 **SECTION 18.** ORS 293.771 is amended to read:

23 293.771. The Oregon Investment [*Council*] **Department** shall report **annually** to the Governor
 24 and Legislative Assembly [*on the investment funds investment program at each odd-numbered year*
 25 *regular session of the Legislative Assembly and at other times as the council considers in the public*
 26 *interest*]. **The report must describe:**

27 (1) **The investment funds investment program of the department;**

28 (2) **The investment program for any other moneys the department is charged by law with**
 29 **investing; and**

30 (3) **The annual costs incurred by the department and the Oregon Investment Council for**
 31 **the management of the investment funds and any other moneys the department is charged**
 32 **by law with investing.**

33 **SECTION 19.** ORS 293.776 is amended to read:

34 293.776. (1) The Oregon Investment [*Council*] **Department** shall **establish an internal audit**
 35 **function.**

36 (2) **The department shall** provide for an examination and audit of the investment funds in-
 37 vestment program, and for submission to the **Oregon Investment** Council of a report based on the
 38 examination and audit, at least once every four years and at other times as the council may require.
 39 [*The examination and audit, and the report based thereon, shall include an evaluation of current in-*
 40 *vestment funds investment policies and practices and of specific investments of the investment funds in*
 41 *relation to the objective set forth in ORS 293.721, the standard set forth in ORS 293.726 and other*
 42 *criteria as may be appropriate, and recommendations relating to the investment funds investment poli-*
 43 *cies and practices and to specific investments of the investment funds as are considered necessary or*
 44 *desirable.*]

45 (3) **The examination and audit required under subsection (2) of this section shall include:**

1 (a) **The investment funds investment program of the department in relation to the ob-**
 2 **jective set forth in section 6 of this 2017 Act and ORS 293.721, the standard set forth in ORS**
 3 **293.726 and other criteria as may be appropriate given the trust nature of certain investment**
 4 **funds and requirements of federal law;**

5 (b) **The investment program for any other moneys the department is charged by law with**
 6 **investing; and**

7 (c) **The investment policies of the council.**

8 (4) The council shall make copies of the report **submitted to the council under subsection**
 9 **(2) of this section** or a summary thereof available for distribution to interested persons.

10 **SECTION 20.** ORS 293.778 is amended to read:

11 293.778. (1) The *[investment officer singly, or jointly with other public or institutional investors,]*
 12 **Oregon Investment Department** may authorize establishment of investment holding companies,
 13 which may be corporations, partnerships or limited liability companies, and placement of investment
 14 funds or *[investments]* **other moneys the department is charged by law with investing** in such
 15 companies, when it is appropriate to do so under the investment standard prescribed in ORS 293.726.
 16 An investment holding company authorized by this section has the powers and authority granted by
 17 the laws of the jurisdiction in which the company is established.

18 (2) Any person qualified under the laws of the jurisdiction in which an investment holding
 19 company is established may serve as an officer, director, member or manager of the company. Offi-
 20 cers and employees of the office of the State Treasurer **or the department** may serve as directors,
 21 officers and members of investment holding companies authorized by this section. However, if a
 22 conflict arises between the duties of the officer or employee of the office of the State Treasurer **or**
 23 **the department** under state law and the duties of the officer or employee of the office of the State
 24 Treasurer **or the department** as a director, officer or member of the investment holding company,
 25 the officer or employee shall abstain from acting on behalf of the company. If the conflict cannot
 26 be avoided by abstention, the officer or employee shall immediately resign from the company.

27 **SECTION 21.** ORS 293.790 is amended to read:

28 293.790. (1) Under authority of Article XI, section 6, of the Oregon Constitution, the *[state]*
 29 **Oregon Investment Department**, subject to subsection [(2)] **(3)** of this section, may hold and dis-
 30 pose of the stock of any company, association or corporation, including stock already received **by**
 31 **a state agency**, that is donated or bequeathed.*[, and the state,]*

32 (2) Acting on behalf of the governing board of a public university listed in ORS 352.002, subject
 33 to subsection [(2)] **(3)** of this section, **the department** may invest and reinvest in the stock of any
 34 company, association or corporation, any funds or moneys of the public university held in the Public
 35 University Fund established under ORS 352.450 that is permitted to be held, disposed or invested
 36 under Article XI, section 6, of the Oregon Constitution.

37 [(2)] **(3)** *[The state, including any of its agencies having control of, or authority to invest and re-*
 38 *invest in, any stock described in subsection (1) of this section, in holding, disposing of or investing and*
 39 *reinvesting in such stock, shall be]* **The department, on behalf of any state agency in receipt of**
 40 **donated stock or having control of, or authority to invest and reinvest, any stock, is** governed
 41 by ORS 130.750 to 130.775, notwithstanding the date of acquisition of such stock. Moneys received
 42 from the disposition of *[such]* **the** stock, including dividends, shall be maintained separate and dis-
 43 tinct from the General Fund, and those moneys, including interest earned thereon, are appropriated
 44 continuously for the purposes of the donation or bequest and of the investments and reinvestments.
 45 Except as specifically authorized by law, the state or any of its agencies may not purchase stock.

1 [(3)] (4) This section does not apply to investment and reinvestment of moneys in the Public
 2 Employees Retirement Fund, the Industrial Accident Fund, the Deferred Compensation Fund and the
 3 Education Stability Fund or to acquisition, retention, management and disposition of investments of
 4 those funds as provided in ORS 293.701 to 293.857.

5 **SECTION 22.** ORS 293.793 is amended to read:

6 293.793. (1) As used in this section:

7 (a) "Related agency" has the meaning given that term in ORS 286A.001.

8 (b) "State government" has the meaning given that term in ORS 174.111.

9 (2) If the State Treasurer, *[acting as investment officer,]* **the Oregon Investment Department**
 10 or a trustee, investing moneys for a related agency **or the Oregon Short Term Fund**, purchases
 11 or acquires bonds issued by state government, the purchase or acquisition does not cancel or ex-
 12 tinguish the bonds.

13 **SECTION 23.** ORS 293.796 is amended to read:

14 293.796. (1) The Legislative Assembly finds that:

15 (a) The availability of venture capital for the start-up and subsequent expansion of new busi-
 16 nesses is critical to the continued growth and development of the economy of Oregon.

17 (b) There exists an estimated gap of between \$100 million and \$200 million between available
 18 venture capital resources and the need of Oregon businesses for such resources.

19 (c) Investments in start-up and expanding businesses, in minority-owned businesses, woman-
 20 owned businesses and businesses that service-disabled veterans own and in emerging growth busi-
 21 nesses can produce substantial positive returns for long-term investors.

22 (d) Pension funds managed by the Oregon Investment *[Council]* **Department** constitute a major
 23 financial resource of **current and former public employees of** the State of Oregon, and that such
 24 funds may be prudently invested in start-up and emerging growth businesses in this state under
 25 policies established by the Oregon Investment Council.

26 (2) As used in this section:

27 (a) "Emerging growth business" means an individual or group of individuals or a new or small
 28 company, including but not limited to any new or small partnership, limited liability company, cor-
 29 poration, firm, association or other business entity, that has the capacity, upon obtaining appropri-
 30 ate capital, to generate significant high-skill, high-wage employment.

31 (b) "Minority-owned business," "woman-owned business" and "business that a service-disabled
 32 veteran owns" have the meanings given those terms in ORS 200.005.

33 **SECTION 24.** ORS 293.819 is amended to read:

34 293.819. (1) The Oregon Investment **Department** *[Council and the State Treasurer, in the State*
 35 *Treasurer's role as investment officer for the council,]* shall act reasonably and in a manner consistent
 36 with fiduciary standards, including the provisions of ORS 293.721 and 293.726 **and section 6 of this**
 37 **2017 Act**, to try to ensure that managers who are engaged by the **department** *[council or the State*
 38 *Treasurer]* for the active management of investment funds consisting of the Public Employees Re-
 39 tirement Fund referred to in ORS 238.660, through the purchase and sale of publicly traded equities,
 40 are not investing in publicly traded equities of any scrutinized company.

41 (2) Subsection (1) of this section does not apply to investment indirectly made through index
 42 funds, fund of funds or privately placed investments.

43 **SECTION 25.** ORS 293.825 is amended to read:

44 293.825. (1) Consistent with fiduciary standards, including the provisions of ORS 293.721 and
 45 293.726 **and section 6 of this 2017 Act**, the *[State Treasurer]* **Oregon Investment Council** shall

1 adopt a statement of policy that describes a process of engagement with managers who:

2 (a) Are engaged by the Oregon Investment **Department** [*Council or the State Treasurer*] for the
3 active management of investment funds consisting of the Public Employees Retirement Fund referred
4 to in ORS 238.660 through the purchase and sale of publicly traded equities; and

5 (b) Have invested such funds in scrutinized companies.

6 (2) The policy required under subsection (1) of this section must require the [*State Treasurer*]
7 **department**, to the extent practicable, to identify and send a written notice to the managers de-
8 scribed in subsection (1) of this section. The notice shall encourage the managers, consistent with
9 fiduciary standards, including the provisions of ORS 293.721 and 293.726 **and section 6 of this 2017**
10 **Act**, to:

11 (a) Notify scrutinized companies with which the managers have made investments of the [*State*
12 *Treasurer's*] **council's** policy adopted pursuant to subsection (1) of this section; and

13 (b) Not later than 90 days after giving the notice, end investments in the scrutinized companies
14 and avoid future investments in the scrutinized companies, as long as the managers may do so
15 without monetary loss through reasonable, prudent and productive investments in companies gener-
16 ating returns that are comparable to the returns generated by the scrutinized companies.

17 (3) A notice provided by a manager to a scrutinized company under subsection (2) of this section
18 shall advise the scrutinized company that the company may comment in writing to the [*State*
19 *Treasurer*] **department** to dispute the identification of the company as a scrutinized company.

20 (4) If the [*State Treasurer*] **department** determines under subsection (3) of this section that a
21 company is not a scrutinized company, the [*State Treasurer*] **department** shall notify the relevant
22 manager of the [*State Treasurer's*] determination.

23 [(5) *The State Treasurer shall advise the Oregon Investment Council of a notice the State Treasurer*
24 *provides under subsection (2) of this section if the manager to whom the notice was given has not in-*
25 *formed the State Treasurer within 180 days after the date the notice was given that the manager has*
26 *ended the manager's investment in scrutinized companies or plans to divest from its investment in*
27 *scrutinized companies.*]

28 **SECTION 26.** ORS 293.828 is amended to read:

29 293.828. On or before March 15 of each year, the [*State Treasurer*] **Oregon Investment De-**
30 **partment** shall make available on the **department's or the** State Treasurer's website a summary
31 of actions taken during the previous year in accordance with ORS 293.811 to 293.832. The summary
32 shall include a list of identified scrutinized companies.

33 **SECTION 27.** ORS 293.832 is amended to read:

34 293.832. ORS 293.825 (2) to [(5)] (4) and 293.828 apply only if the Legislative Assembly appro-
35 priates sufficient moneys [*to the State Treasurer*] **for the Oregon Investment Department**, other
36 than moneys described by ORS 293.718 or moneys in the Public Employees' Retirement Fund, to
37 administer ORS 293.825 (2) to [(5)] (4) and 293.828.

38 **SECTION 28.** ORS 293.839 is amended to read:

39 293.839. (1) The Oregon Investment **Department** [*Council and the State Treasurer, in the State*
40 *Treasurer's role as investment officer for the council,*] shall act reasonably and in a manner consistent
41 with fiduciary standards, including the provisions of ORS 293.721 and 293.726 **and section 6 of this**
42 **2017 Act**, to try to ensure that managers who are engaged by the **department** [*council or the State*
43 *Treasurer*] for the active management of investment funds consisting of the Public Employees Re-
44 tirement Fund referred to in ORS 238.660, through the purchase and sale of publicly traded equities,
45 are not investing in publicly traded equities of any scrutinized company.

1 (2) Subsection (1) of this section does not apply to investments indirectly made through index
2 funds, fund of funds or privately placed investments.

3 **SECTION 29.** ORS 293.841 is amended to read:

4 293.841. (1) Consistent with fiduciary standards, including the provisions of ORS 293.721 and
5 293.726 **and section 6 of this 2017 Act**, the [*State Treasurer*] **Oregon Investment Council** shall
6 adopt a statement of policy that describes a process of engagement with managers who:

7 (a) Are engaged by the Oregon Investment **Department** [*Council or the State Treasurer*] for the
8 active management of investment funds consisting of the Public Employees Retirement Fund referred
9 to in ORS 238.660 through the purchase and sale of publicly traded equities; and

10 (b) Have invested such funds in scrutinized companies.

11 (2) The policy required under subsection (1) of this section must require the [*State Treasurer*]
12 **department**, to the extent practicable, to identify and send a written notice to the managers de-
13 scribed in subsection (1) of this section. The notice shall encourage the managers, consistent with
14 fiduciary standards, including the provisions of ORS 293.721 and 293.726 **and section 6 of this 2017**
15 **Act**, to:

16 (a) Notify scrutinized companies with which the managers have made investments of the [*State*
17 *Treasurer's*] **council's** policy adopted pursuant to subsection (1) of this section; and

18 (b) Not later than 90 days **after** giving the notice, end investments in the scrutinized companies
19 and avoid future investments in the scrutinized companies, as long as the managers may do so
20 without monetary loss through reasonable, prudent and productive investments in companies gener-
21 ating returns that are comparable to the returns generated by the scrutinized companies.

22 (3) A notice given by a manager to a scrutinized company under subsection (2) of this section
23 shall advise the [*scrutinized*] company that the scrutinized company may comment in writing to the
24 [*State Treasurer*] **department** to dispute the identification of the company as a scrutinized company.

25 (4) If the [*State Treasurer*] **department** determines that a company given notice under sub-
26 section (3) of this section is not a scrutinized company, the [*State Treasurer*] **department** shall no-
27 tify the relevant manager of the determination.

28 [(5) *The State Treasurer shall advise the Oregon Investment Council if a manager to whom the*
29 *notice was given under subsection (2) of this section has not informed the State Treasurer within 180*
30 *days after the date the notice was given that the manager has ended the manager's investment in*
31 *scrutinized companies or plans to divest from the manager's investment in scrutinized companies.*]

32 **SECTION 30.** ORS 293.843 is amended to read:

33 293.843. On or before March 15 of each year, the [*State Treasurer*] **Oregon Investment De-**
34 **partment** shall make available on the **department's or the** State Treasurer's website a summary
35 of actions taken during the previous year in accordance with ORS 293.837 to 293.847. The summary
36 shall include a list of identified scrutinized companies.

37 **SECTION 31.** ORS 293.847 is amended to read:

38 293.847. (1) ORS 293.841 (2) to [(5)] (4) and 293.843 apply only if the Legislative Assembly ap-
39 propriates sufficient moneys [*to the State Treasurer*] **for the Oregon Investment Department**,
40 other than moneys described in ORS 293.718 **or moneys in the Public Employees Retirement**
41 **Fund**, to administer ORS 293.841 (2) to [(5)] (4) and 293.843.

42 (2) Any costs incurred by the **Oregon Investment Department or the** State Treasurer in ad-
43 ministering ORS 293.837 to 293.847 may not be paid from investment funds.

44 **SECTION 32.** ORS 293.857 is amended to read:

45 293.857. (1) When the [*investment officer*] **Oregon Investment Department or the State**

1 **Treasurer** invests the funds of any county, municipality, school district or other political subdivi-
2 sion of this state or of a tribal government, the [*investment officer*] **department or State Treasurer**
3 shall keep a separate account for each such governmental unit the funds of which are being in-
4 vested.

5 (2) The [*investment officer*] **department or State Treasurer** shall report monthly to each such
6 governmental unit the changes made during the preceding month in the investments for the account
7 of that governmental unit. The monthly reports shall be provided to the governmental units within
8 30 days after the end of the month to which they pertain.

9 (3) All funds **in the Oregon Short Term Fund or the investment pool as defined in ORS**
10 **294.805 that are** invested by the [*investment officer*] **department or State Treasurer** shall be in-
11 vested in accordance with rules adopted or readopted at least annually by the Oregon Short Term
12 Fund Board and approved by the Oregon Investment Council. [*Such*] **The** rules shall be published,
13 shall be made available to all interested parties and shall be distributed at least annually to all local
14 governments and tribal governments investing funds pursuant to ORS 294.805 to 294.895.

15 **SECTION 33.** ORS 293.353 is amended to read:

16 293.353. (1) As payment for expenses of processing banking-related transactions, the State
17 Treasurer may charge each state agency having such transactions involving the State Treasury. The
18 amount so charged shall be determined by the number of transactions processed by the State
19 Treasurer and shall be paid in the manner determined by the State Treasurer to be most efficient
20 and cost effective. The proceeds from such charges shall be deposited in the Miscellaneous Receipts
21 Account established in the General Fund for the State Treasurer, and such proceeds are contin-
22 uously appropriated for payment of expenses of the office of the State Treasurer in processing
23 banking-related transactions.

24 (2) When the [*State Treasurer*] **Oregon Investment Department** transfers the assets of the in-
25 vestment pool to the Oregon Short Term Fund established under ORS 293.728 as authorized by ORS
26 294.882, "state agency," as used in this section, includes local government and tribal government
27 participants in the state investment fund.

28 **SECTION 34.** ORS 294.035 is amended to read:

29 294.035. (1) Subject to ORS 294.040 and 294.135 to 294.155, the custodial officer may invest any
30 sinking fund, bond fund or surplus funds in the custody of the custodial officer in the bank accounts,
31 classes of securities at current market prices, insurance contracts and other investments listed in
32 this section, but only after obtaining from the governing body of the county, municipality, political
33 subdivision or school district a written order that has been entered in the minutes or journal of the
34 governing body.

35 (2) This section does not:

36 (a) Limit the authority of the custodial officer to invest surplus funds in other investments when
37 the investment is specifically authorized by another statute.

38 (b) Apply to a sinking fund or a bond fund established in connection with conduit revenue bonds
39 issued by a county, municipality, political subdivision or school district for private business entities
40 or nonprofit corporations.

41 (3) Investments authorized by this section are:

42 (a) Lawfully issued general obligations of the United States, the agencies and instrumentalities
43 of the United States or enterprises sponsored by the United States Government and obligations
44 whose payment is guaranteed by the United States, the agencies and instrumentalities of the United
45 States or enterprises sponsored by the United States Government.

1 (b) Lawfully issued debt obligations of the agencies and instrumentalities of the State of Oregon
2 and its political subdivisions that have a long-term rating of A or an equivalent rating or better or
3 are rated on the settlement date in the highest category for short-term municipal debt by a na-
4 tionally recognized statistical rating organization.

5 (c) Lawfully issued debt obligations of the States of California, Idaho and Washington and poli-
6 tical subdivisions of those states if the obligations have a long-term rating of AA or an equivalent
7 rating or better or are rated on the settlement date in the highest category for short-term municipal
8 debt by a nationally recognized statistical rating organization.

9 (d) Time deposit open accounts, certificates of deposit and savings accounts in insured insti-
10 tutions as defined in ORS 706.008, in credit unions as defined in ORS 723.006 or in federal credit
11 unions, if the institution or credit union maintains a head office or a branch in this state.

12 (e) Share accounts and savings accounts in credit unions in the name of, or for the benefit of,
13 a member of the credit union pursuant to a plan of deferred compensation.

14 (f) Fixed or variable life insurance or annuity contracts as defined by ORS 731.170 and guaran-
15 teed investment contracts issued by life insurance companies authorized to do business in this state.

16 (g) Trusts in which deferred compensation funds from other public employers are pooled, if:

17 (A) The purpose is to establish a deferred compensation plan;

18 (B) The trust is a public instrumentality of such public employers and described in section (2)(b)
19 of the Investment Company Act of 1940, 15 U.S.C. 80a-2(b), as amended, in effect on September 20,
20 1985, or the trust is a common trust fund described in ORS 709.170;

21 (C) Under the terms of the plan the net income from or gain or loss due to fluctuation in value
22 of the underlying assets of the trust, or other change in such assets, is reflected in an equal increase
23 or decrease in the amount distributable to the employee or the beneficiary thereof and, therefore,
24 does not ultimately result in a net increase or decrease in the worth of the public employer or the
25 state; and

26 (D) The fidelity of the trustees and others with access to such assets, other than a trust com-
27 pany, as defined in ORS 706.008, is insured by a surety bond that is satisfactory to the public em-
28 ployer, issued by a company authorized to do a surety business in this state and in an amount that
29 is not less than 10 percent of the value of such assets.

30 (h)(A) Banker's acceptances, if the banker's acceptances are:

31 (i) Guaranteed by, and carried on the books of, a qualified financial institution;

32 (ii) Eligible for discount by the Federal Reserve System; and

33 (iii) Issued by a qualified financial institution whose short-term letter of credit rating is rated
34 in the highest category by one or more nationally recognized statistical rating organizations.

35 (B) For the purposes of this paragraph, "qualified financial institution" means:

36 (i) A financial institution that is located and licensed to do banking business in the State of
37 Oregon; or

38 (ii) A financial institution that is wholly owned by a financial holding company or a bank hold-
39 ing company that owns a financial institution that is located and licensed to do banking business in
40 the State of Oregon.

41 (C) A custodial officer shall not permit more than 25 percent of the moneys of a local govern-
42 ment that are available for investment, as determined on the settlement date, to be invested in
43 banker's acceptances of any qualified financial institution.

44 (i)(A) Corporate indebtedness subject to a valid registration statement on file with the Securities
45 and Exchange Commission or issued under the authority of section 3(a)(2) or 3(a)(3) of the Securities

1 Act of 1933, as amended. Corporate indebtedness described in this paragraph does not include
 2 banker's acceptances. The corporate indebtedness must be issued by a commercial, industrial or
 3 utility business enterprise, or by or on behalf of a financial institution, including a holding company
 4 owning a majority interest in a qualified financial institution.

5 (B) Corporate indebtedness must be rated on the settlement date P-1 or Aa or better by Moody's
 6 Investors Service or A-1 or AA or better by Standard & Poor's Corporation or equivalent rating by
 7 any nationally recognized statistical rating organization.

8 (C) Notwithstanding subparagraph (B) of this paragraph, the corporate indebtedness must be
 9 rated on the settlement date P-2 or A or better by Moody's Investors Service or A-2 or A or better
 10 by Standard & Poor's Corporation or equivalent rating by any nationally recognized statistical rat-
 11 ing organization when the corporate indebtedness is:

12 (i) Issued by a business enterprise that has its headquarters in Oregon, employs more than 50
 13 percent of its permanent workforce in Oregon or has more than 50 percent of its tangible assets in
 14 Oregon; or

15 (ii) Issued by a holding company owning not less than a majority interest in a qualified financial
 16 institution, as defined in paragraph (h) of this subsection, located and licensed to do banking busi-
 17 ness in Oregon or by a holding company owning not less than a majority interest in a business en-
 18 terprise described in sub-subparagraph (i) of this subparagraph.

19 (D) A custodial officer may not permit more than 35 percent of the moneys of a local govern-
 20 ment that are available for investment, as determined on the settlement date, to be invested in
 21 corporate indebtedness, and may not permit more than five percent of the moneys of a local gov-
 22 ernment that are available for investment to be invested in corporate indebtedness of any single
 23 corporate entity and its affiliates or subsidiaries.

24 (j) Repurchase agreements whereby the custodial officer purchases securities from a financial
 25 institution or securities dealer subject to an agreement by the seller to repurchase the securities.
 26 The repurchase agreement must be in writing and executed in advance of the initial purchase of the
 27 securities that are the subject of the repurchase agreement. Only securities described in paragraph
 28 (a) of this subsection may be used in conjunction with a repurchase agreement and such securities
 29 shall have a maturity of not longer than three years. The price paid by the custodial officer for such
 30 securities may not exceed amounts or percentages prescribed by written policy of the Oregon In-
 31 vestment Council or the Oregon Short Term Fund Board created by ORS 294.885.

32 (k) Shares of stock of any company, association or corporation, including but not limited to
 33 shares of a mutual fund, but only if the moneys being invested are funds set aside pursuant to a
 34 local government deferred compensation plan and are held in trust for the exclusive benefit of par-
 35 ticipants and their beneficiaries.

36 (L) The investment pool as defined in ORS 294.805 and, with the approval of the State Treasurer
 37 **or the Oregon Investment Department**, any other commingled investment pool that may be es-
 38 tablished in the discretion of the State Treasurer **or department** for investment of the funds of local
 39 governments. The State Treasurer **or department** may require the governing body of a local gov-
 40 ernment to enter into an investment agreement with the State Treasurer **or department** as a con-
 41 dition of investing funds in a commingled investment pool under this paragraph.

42 **SECTION 35.** ORS 294.805 is amended to read:

43 294.805. As used in ORS 294.805 to 294.895:

44 (1) "Board" means the Oregon Short Term Fund Board.

45 (2) "Council" means the Oregon Investment Council created under [ORS 293.706] **section 5 of**

1 **this 2017 Act.**

2 (3) “Funds” means funds under the control or in the custody of any local government official
3 or tribal government official by virtue of office that are not required to meet current demands.

4 (4) “Investment officer” means the State Treasurer [*in capacity as investment officer for the*
5 *council and the investment pool*], **or the Oregon Investment Department if the State Treasurer**
6 **requests that the department invest moneys in the Oregon Short Term Fund or the invest-**
7 **ment pool.**

8 (5) “Investment pool” means the aggregate of all funds from local government officials and tribal
9 government officials that are [*placed in the custody of the investment officer for investment and rein-*
10 *vestment*] **invested** as provided under ORS 294.805 to 294.895.

11 (6) “Local government official” means each officer or employee of any agency, political subdivi-
12 sion or public corporation of this state, including the Oregon State Bar, who by law is made the
13 custodian of or has control of any funds.

14 (7) “Oregon Indian tribe” means each of the Burns Paiute Tribe, the Confederated Tribes of
15 Coos, Lower Umpqua and Siuslaw Indians, the Confederated Tribes of the Grand Ronde Community
16 of Oregon, the Confederated Tribes of Siletz Indians of Oregon, the Confederated Tribes of the
17 Umatilla Indian Reservation, the Confederated Tribes of the Warm Springs Reservation of Oregon,
18 the Coquille Indian Tribe, the Cow Creek Band of Umpqua Tribe of Indians and the Klamath Tribes,
19 as long as each remains a federally recognized Indian tribe.

20 (8) “Public body” means:

21 (a) A public body as defined in ORS 287A.001; or

22 (b) An Oregon Indian tribe.

23 (9) “Tribal government” means the governing body of an Oregon Indian tribe.

24 (10) “Tribal government official” means each officer or employee of a tribal government who by
25 law is made the custodian of or has control of any funds.

26 **SECTION 36.** ORS 294.810 is amended to read:

27 294.810. (1)(a) Subject to paragraph (b) of this subsection, with the consent of the governing
28 body, a local government official or tribal government official may place in the aggregate up to \$30
29 million of the funds of the local government or tribal government in the investment pool, or, if the
30 assets of the investment pool have been transferred pursuant to ORS 294.882, for investment and
31 reinvestment [*by the investment officer*] as provided under ORS 293.701 to 293.857 or 294.805 to
32 294.895, as the case may be.

33 (b) The [*investment officer*] **State Treasurer or the Oregon Investment Department** may re-
34 quire the governing body of the local government or tribal government to enter into an investment
35 agreement as a condition of placing funds with the [*investment officer*] **State Treasurer or depart-**
36 **ment** pursuant to this subsection.

37 (2) The \$30 million limitation in this section does not apply either to funds of a governing body
38 that are placed in the investment pool on a pass-through basis or to funds invested on behalf of
39 another government unit. Local governments must remove pass-through funds that result in an ac-
40 count balance in the pool in excess of \$30 million within 10 business days. County governments and
41 tribal governments must remove such excess funds within 20 business days.

42 (3) The [*investment officer*] **State Treasurer or department** shall annually adjust the \$30
43 million limitation in this section by multiplying \$30 million by the percentage, if any, by which the
44 monthly averaged U.S. City Average Consumer Price Index for the 12 consecutive months ending
45 August 31 of the current calendar year exceeds the monthly averaged U.S. City Average Consumer

1 Price Index for the 12 consecutive months ending August 31, 1995.

2 **SECTION 37.** ORS 294.820 is amended to read:

3 294.820. (1) If the [*State Treasurer and the Oregon Investment Council terminate*] **Oregon In-**
 4 **vestment Department terminates** the operation of all investment pools [*created under ORS*
 5 *293.863,*] **for** public bodies, **one or more public bodies** may establish by written agreement under
 6 ORS chapter 190 one or more pools for the investment of proceeds for the [*purposes identified in*
 7 *ORS 293.861. In establishing one or more such pools, the participating public bodies may exercise those*
 8 *powers conferred on the State Treasurer and the Oregon Investment Council by ORS 293.863.*] **purpose**
 9 **of reducing the burdens of federal arbitrage rules on public bodies that issue tax-exempt**
 10 **obligations.**

11 (2) **As used in this section:**

12 (a) **“Proceeds” means funds obtained from the sale of tax-exempt obligations, and other**
 13 **funds that secure, or are held to pay debt service on, tax-exempt obligations.**

14 (b) **“Tax-exempt obligations” means bonds, notes, certificates or other obligations, the**
 15 **interest on which is excluded from gross income under the Internal Revenue Code.**

16 **SECTION 38.** ORS 294.825 is amended to read:

17 294.825. [(1) *The State Treasurer is the investment officer for the Oregon Investment Council and*
 18 *the investment pool, and shall perform functions in that capacity as authorized or required by law and,*
 19 *consistent with law, by the council.*]

20 [(2) *The bond of the State Treasurer required from the State Treasurer by law shall be deemed to*
 21 *extend to the faithful performance of all functions of the office of investment officer under ORS 294.805*
 22 *to 294.895.*]

23 [(3) *The investment officer may:*]

24 [(a) *Subject to any applicable provision of the State Personnel Relations Law, employ, prescribe the*
 25 *functions and fix the compensation of personnel necessary to facilitate and assist in carrying out the*
 26 *functions of the council, investment officer and investment pool.*]

27 [(b) *Require a fidelity bond of any person employed by the investment officer who has charge of,*
 28 *handles or has access to any of the moneys in the investment pool. The amounts of the bonds shall be*
 29 *fixed by the investment officer, except as otherwise provided by law, and the sureties shall be approved*
 30 *by the investment officer. The premiums on the bonds shall be an expense of the State Treasurer.*]

31 [(4)] Subject to review by the **Oregon Short Term Fund** Board, the [*investment officer*] **State**
 32 **Treasurer** may, pursuant to ORS chapter 183, [*make*] **adopt** reasonable rules necessary for the ad-
 33 ministration of ORS 294.805 to 294.895.

34 **SECTION 39.** ORS 294.840 is amended to read:

35 294.840. [*Subject to the objective set forth in ORS 294.831 and the standards set forth in ORS*
 36 *294.835,*] The Oregon Investment Council shall formulate policies for the investment and reinvest-
 37 ment of moneys in the investment pool and the acquisition, retention, management and disposition
 38 of investments of the investment pool. The council, from time to time, shall review those policies
 39 and make changes therein as it considers necessary or desirable. The council may formulate sepa-
 40 rate policies for any funds from any single public body included in the investment pool.

41 **SECTION 40.** ORS 294.845 is amended to read:

42 294.845. (1) In amounts available for investment purposes and subject to the policies formulated
 43 by the Oregon Investment Council, the investment officer shall invest and reinvest moneys in the
 44 investment pool and acquire, retain, manage, including exercise of any voting rights, and dispose of
 45 investments of the investment pool.

1 **(2) The investment officer is subject to the standards, and has the powers and duties, set**
 2 **forth in section 3 (3)(a) to (f) and (4) of this 2017 Act when investing moneys in the invest-**
 3 **ment pool.**

4 **SECTION 41.** ORS 294.855 is amended to read:

5 294.855. [(1)] In the acquisition or disposition of bonds with which approving legal opinions or-
 6 dinarily are furnished, the investment officer may require an original or certified copy of the written
 7 opinion of a reputable bond attorney or attorneys, or the written opinion of the Attorney General,
 8 certifying to the legality of the bonds.

9 [(2) *The Oregon Investment Council may arrange for the furnishing to the investment officer of*
 10 *investment counseling services. The furnishing and acquisition of those services are not subject to the*
 11 *State Personnel Relations Law or ORS 279A.140.*]

12 [(3) *The investment officer, with the approval of the council, may arrange for services with respect*
 13 *to mortgages in which moneys in the investment pool are invested. Those services shall be paid for out*
 14 *of the gross interest of the mortgages with respect to which the services are furnished, and the net in-*
 15 *terest of the mortgages after that payment shall be considered income of the investment pool. The fur-*
 16 *nishing and acquisition of those services are not subject to the State Personnel Relations Law or ORS*
 17 *279A.140.*]

18 **SECTION 42.** ORS 294.860 is amended to read:

19 294.860. [(1) *Except as provided in ORS 294.850 and this subsection,*] All instruments of title of
 20 all investments of the investment pool shall remain in the custody of the investment officer **and be**
 21 **held as provided in ORS 293.751.** [*The investment officer may deposit with one or more custodial*
 22 *agents or banks those instruments of title that the State Treasurer considers advisable, to be held in*
 23 *safekeeping by the agents or banks for collection of the principal and interest or other income, or of the*
 24 *proceeds of sale or maturity. For purposes of this section, instruments of title of investments of the in-*
 25 *vestment pool may include such evidence of title as the investment officer shall consider secure and*
 26 *consistent with modern investment, banking and commercial practices, and may include book entry and*
 27 *automated recordation of such title.*]

28 [(2) *Except as provided in ORS 294.850 and 294.855 (3) and subsections (1) and (3) of this section,*
 29 *the investment officer shall collect the principal and interest or other income of investments of the in-*
 30 *vestment pool, title of which is in the investment officer's custody, when due and payable, and shall*
 31 *pay to the appropriate local government official or tribal government official the principal and interest*
 32 *or other income, within 30 days after the last day of the calendar quarter in which the principal and*
 33 *interest or other income accrues. Not less often than quarterly and without regard to whether the*
 34 *short-term investments were made with moneys placed by local government officials, by tribal govern-*
 35 *ment officials or by other sources, the investment officer shall compute the amount by which the current*
 36 *fair market value exceeds or is less than the net purchase price of all short-term investments adminis-*
 37 *tered by the investment officer that mature more than 270 days from the date computation is made. The*
 38 *investment officer shall compute the fair market value of such investments based upon the mean value*
 39 *of the bid and ask price of such investments as of the date of computation, based upon quotations from*
 40 *reputable dealers or financial institutions dealing in such investments. If the amount so computed by*
 41 *the investment officer totals more than one percent of the balance of the pool, either in terms of a gain*
 42 *or loss, the investment officer shall allocate the amount to all pool participants. Any addition to or*
 43 *deduction from amounts to be distributed shall be allocated among the municipalities and tribal gov-*
 44 *ernments participating in the pool at any time during the month in proportion to their average daily*
 45 *balances of funds invested through the pool. Investments maturing 270 days or less from the date of*

1 *computation shall not be subject to the foregoing computation, but for other purposes shall be valued*
 2 *at book value or original purchase price.]*

3 *[(3) In the event of default in the payment of principal or interest or other income of any investment*
 4 *of the investment pool, the investment officer, with the approval of the council, may:]*

5 *[(a) Institute the proper proceedings to collect the matured principal or interest or other income.]*

6 *[(b) Accept for exchange purposes refunding bonds or other evidences of indebtedness at interest*
 7 *rates to be agreed upon by the investment officer and obligor.]*

8 *[(c) Make compromises, adjustments or disposition of the matured principal or interest or other*
 9 *income as the investment officer considers advisable for the purpose of protecting the moneys*
 10 *invested.]*

11 *[(d) Make compromises or adjustments as to future payments of principal or interest or other in-*
 12 *come as the investment officer considers advisable for the purposes of protecting the moneys invested.]*

13 **SECTION 43.** ORS 294.865 is amended to read:

14 294.865. The State Treasurer may deduct monthly a maximum of 0.435 basis points of the most
 15 recent market value of assets under the management of the investment pool. Amounts so deducted
 16 shall pay the State Treasurer, **or the Oregon Investment Department if the department invests**
 17 **moneys in the Oregon Short Term Fund, for accounting and investment** expenses of the [*State*
 18 *Treasurer as investment officer and to the extent the amounts deducted are so used*] **investment pool.**
 19 **The amounts deducted** shall be deposited into the Miscellaneous Receipts Account established in
 20 the General Fund for the State Treasurer, and are continuously appropriated **to the State Treas-**
 21 **urer** for payment of the **accounting and investment** expenses of the [*State Treasurer as investment*
 22 *officer*] **investment pool.**

23 **SECTION 44.** ORS 294.870 is amended to read:

24 294.870. (1) The investment officer shall keep, for each public body with funds in the investment
 25 pool, a separate account, which shall record the individual amounts and the totals of all investments
 26 of its moneys in the investment pool.

27 (2) The investment officer shall report monthly to the local government official or tribal gov-
 28 ernment official of a public body with funds in the investment pool the changes in its account made
 29 during the preceding month for the investment pool. The investment officer shall also furnish a fi-
 30 nancial report monthly to each participating governmental unit investor in the investment pool.
 31 The financial report shall include, but not be limited to, such comparative data for the preceding
 32 six months **of** operation of the investment pool, **with respect to participating governmental unit**
 33 **investors,** as will provide a basis for analyzing trends and comparing operating results and financial
 34 position. A monthly statement shall be distributed within 30 days after the end of that month.

35 **SECTION 45.** ORS 294.875 is amended to read:

36 294.875. (1) Not later than 15 days after the last day of each month, the investment officer shall
 37 submit to the Oregon Investment Council and the Oregon Short Term Fund Board a report of the
 38 investments made **with respect to participating governmental unit investors** during the preced-
 39 ing month.

40 (2) The report shall include:

41 (a) A detailed summary of investment, reinvestment, purchase, sale and exchange transactions,
 42 setting forth, among other matters, the investments bought, sold and exchanged, the dates thereof,
 43 the prices paid and obtained, the names of the dealers involved and a statement of the accounts
 44 referred to in ORS 294.870 (1)[. *The reports shall include*];

45 (b) A description of every investment in the portfolio of assets in the investment pool showing

1 issuer, coupon, purchase date, maturity date, yield to maturity, book value, market value as of the
2 end of the month for which the report is rendered and the method used to value pool investments;

3 (c) A computation of the average life of the portfolio of assets in the investment pool weighted
4 according to the market value of each investment that matures more than 270 days from the report
5 date as of the end of the month for which the report is rendered; and

6 (d) A computation of the annualized rate of return of the investment pool portfolio, net of ex-
7 pense.

8 (3) A copy of the *[reports]* **report** shall be made available to each county, municipality, school
9 district and other political subdivision and tribal government the funds of which are then being in-
10 vested by the investment officer. The investment officer may send copies of the report to investment
11 bankers and brokers *[recommended by the council]*.

12 **SECTION 46.** ORS 294.880 is amended to read:

13 294.880. (1) An examination and audit of the investment pool shall be made separately from the
14 audit of the **State** Treasurer *[for submission]* **and shall be submitted** to the **Oregon Investment**
15 **Department, the** Oregon Investment Council, public bodies that are investors in the pool, the
16 Legislative Assembly and the Oregon Short Term Fund Board at least once a year and at other
17 times as the *[council]* **department** may require.

18 (2) An audit report shall be submitted to the individuals and public bodies specified within 60
19 days after the end of the fiscal year or as soon as practical.

20 (3) The report shall include a statement prepared by the State Treasurer of the investment rules
21 governing investments authorized by the council.

22 **SECTION 47.** ORS 294.882 is amended to read:

23 294.882. (1) It is recognized that a time may come when the interest of local governments and
24 tribal governments diminishes to the extent that participation in the investment pool no longer
25 warrants its operation as a separate fund. If the investment pool decreases to a level below \$125
26 million, the *[State Treasurer]* **Oregon Investment Department** may transfer the assets of the pool
27 to the Oregon Short Term Fund established under ORS 293.728. In that event, the investment pool
28 participant accounts will be treated as are other state funds and accounts in receiving a propor-
29 tionate share of the earnings of the Oregon Short Term Fund. Notwithstanding ORS 294.805 to
30 294.895, but subject to ORS 294.810, when the *[State Treasurer]* **department** transfers the assets of
31 the investment pool to the Oregon Short Term Fund, the distributions of income to local govern-
32 ments and tribal governments, payment of related expenses and the reporting, program examination
33 and audit functions with respect to the investment pool participant accounts shall be administered
34 in accordance with ORS 293.353 and 293.701 to 293.857.

35 (2) The *[State Treasurer]* **department**, at the discretion of the *[treasurer]* **department**, may re-
36 establish the investment pool as a separate fund if the participant accounts increase to over \$125
37 million and, in the *[State Treasurer's]* judgment **of the Oregon Investment Council**, sufficient in-
38 terest by local government and tribal government exists to ensure the investment pool will remain
39 over \$125 million. *[Prior to reestablishing the pool as a separate fund, the State Treasurer shall first*
40 *present a plan for operation, including the reasons for such action, to the Oregon Investment Council*
41 *at a regularly scheduled meeting for its review and comment. The State Treasurer]* **The department**
42 shall publish notice in the Secretary of State's administrative rules bulletin of the *[treasurer's]*
43 **department's** intent to reestablish the pool as a separate fund at least 30 days prior to the meeting
44 at which the Oregon Investment Council *[shall]* **will** review the proposal, and notice of the meeting
45 time and location *[of the Oregon Investment Council]* at which the proposal will be discussed.

1 **SECTION 48.** ORS 294.895 is amended to read:

2 294.895. The Oregon Short Term Fund Board shall:

3 (1) Advise the [*Oregon Investment Council and the*] investment officer in the management of the
4 investment pool and in the investment of moneys deposited in the Oregon Short Term Fund estab-
5 lished under ORS 293.728 and invested pursuant to ORS 293.701 to 293.857.

6 (2) Review the rules promulgated by the [*investment officer*] **State Treasurer** as authorized un-
7 der ORS 294.825 [(4)].

8 (3) Consult with the [*council and the*] investment officer on any matter relating to the investment
9 and reinvestment of funds in the investment pool and on any matter relating to the investment or
10 reinvestment of moneys deposited in the Oregon Short Term Fund [*and invested by the State Treas-*
11 *urer*].

12 **SECTION 49.** ORS 295.101 is amended to read:

13 295.101. (1) The following public funds are not subject to the provisions of ORS 295.001 to
14 295.108:

15 (a) Funds that are deposited for the purpose of paying principal, interest or premium, if any, on
16 bonds, as defined in ORS 286A.001 and 287A.001, and related costs or securing a borrowing related
17 to an agreement for exchange of interest rates entered into under ORS 286A.110 or 287A.335.

18 (b) Funds that are invested in authorized investments under provisions of law other than ORS
19 295.001 to 295.108. Funds invested under ORS 293.701 to 293.857 are invested in authorized invest-
20 ments for purposes of this subsection from the time the funds are transferred by the State Treasurer
21 **or the Oregon Investment Department** to a third party under the terms of a contract for in-
22 vestment or administration of the funds that requires such a transfer until the time the funds are
23 returned to the **State Treasurer or department** or paid to another party under the terms of the
24 contract.

25 (c) Negotiable certificates of deposit purchased by the State Treasurer [*under ORS 293.736*], **the**
26 **department** or [*by*] an investment manager under ORS 293.741 **or other contract with the State**
27 **Treasurer or department pursuant to section 3 of this 2017 Act.**

28 (d) Funds that are held by a public official and are required by federal law or contractual pro-
29 visions to be collateralized at 100 percent, if the funds are deposited in an account that is separate
30 from other accounts of the public official in a depository, and the public official and the depository
31 have entered into a written agreement that provides a perfected security interest to the public of-
32 ficial in collateral valued at an amount at least equal to the amount of funds in the account in a
33 manner substantially similar to a pledge agreement described in ORS 295.001 (15).

34 (2) Notwithstanding subsection (1) of this section, funds deposited by a custodial officer under
35 ORS 294.035 (3)(d) are subject to the provisions of ORS 295.001 to 295.108.

36 **SECTION 50.** ORS 128.316 is amended to read:

37 128.316. As used in ORS 128.305 to 128.336:

38 (1) “Charitable purpose” means the relief of poverty, the advancement of education or religion,
39 the promotion of health, the promotion of a governmental purpose or any other purpose the
40 achievement of which is beneficial to the community.

41 (2) “Endowment fund” means an institutional fund or part of an institutional fund that, under
42 the terms of a gift instrument, is not wholly expendable by the institution on a current basis.
43 “Endowment fund” does not include assets that an institution designates as an endowment fund for
44 the institution’s own use.

45 (3) “Gift instrument” means a record or records, including an institutional solicitation, under

1 which property is granted to, transferred to or held by an institution as an institutional fund.

2 (4) "Institution" means:

3 (a) A person, other than an individual, organized and operated exclusively for charitable pur-
4 poses;

5 (b) A government or governmental subdivision, agency or instrumentality, to the extent that it
6 holds funds exclusively for a charitable purpose; and

7 (c) A trust that had both charitable and noncharitable interests, after all noncharitable interests
8 have terminated.

9 (5) "Institutional fund" means a fund held by an institution exclusively for charitable purposes.
10 "Institutional fund" does not include:

11 (a) Program-related assets;

12 (b) A fund held for an institution by a trustee that is not an institution;

13 (c) A fund in which a beneficiary that is not an institution has an interest, other than an in-
14 terest that could arise upon violation or failure of the purposes of the fund; or

15 (d) A fund managed by the State Treasurer **or the Oregon Investment Department**, moneys
16 held by the State Treasurer **or the department** for investment or moneys managed or held for in-
17 vestment by or on behalf of the State Treasurer **or the department** under ORS chapter 293 or 348.

18 (6) "Person" means an individual, corporation, business trust, estate, trust, partnership, limited
19 liability company, association, joint venture, public corporation, government or governmental sub-
20 division, agency or instrumentality, or any other legal or commercial entity.

21 (7) "Program-related asset" means an asset held by an institution primarily to accomplish a
22 charitable purpose of the institution and not primarily for investment.

23 (8) "Record" means information that is inscribed on a tangible medium or that is stored in an
24 electronic or other medium and is retrievable in perceivable form.

25 **SECTION 51.** ORS 192.502 is amended to read:

26 192.502. The following public records are exempt from disclosure under ORS 192.410 to 192.505:

27 (1) Communications within a public body or between public bodies of an advisory nature to the
28 extent that they cover other than purely factual materials and are preliminary to any final agency
29 determination of policy or action. This exemption shall not apply unless the public body shows that
30 in the particular instance the public interest in encouraging frank communication between officials
31 and employees of public bodies clearly outweighs the public interest in disclosure.

32 (2) Information of a personal nature such as but not limited to that kept in a personal, medical
33 or similar file, if public disclosure would constitute an unreasonable invasion of privacy, unless the
34 public interest by clear and convincing evidence requires disclosure in the particular instance. The
35 party seeking disclosure shall have the burden of showing that public disclosure would not consti-
36 tute an unreasonable invasion of privacy.

37 (3) Upon compliance with ORS 192.437, public body employee or volunteer residential addresses,
38 residential telephone numbers, personal cellular telephone numbers, personal electronic mail ad-
39 dresses, driver license numbers, employer-issued identification card numbers, emergency contact in-
40 formation, Social Security numbers, dates of birth and other telephone numbers contained in
41 personnel records maintained by the public body that is the employer or the recipient of volunteer
42 services. This exemption:

43 (a) Does not apply to the addresses, dates of birth and telephone numbers of employees or vol-
44 unteers who are elected officials, except that a judge or district attorney subject to election may
45 seek to exempt the judge's or district attorney's address or telephone number, or both, under the

1 terms of ORS 192.445;

2 (b) Does not apply to employees or volunteers to the extent that the party seeking disclosure
3 shows by clear and convincing evidence that the public interest requires disclosure in a particular
4 instance pursuant to ORS 192.437;

5 (c) Does not apply to a substitute teacher as defined in ORS 342.815 when requested by a pro-
6 fessional education association of which the substitute teacher may be a member; and

7 (d) Does not relieve a public employer of any duty under ORS 243.650 to 243.782.

8 (4) Information submitted to a public body in confidence and not otherwise required by law to
9 be submitted, where such information should reasonably be considered confidential, the public body
10 has obliged itself in good faith not to disclose the information, and when the public interest would
11 suffer by the disclosure.

12 (5) Information or records of the Department of Corrections, including the State Board of Parole
13 and Post-Prison Supervision, to the extent that disclosure would interfere with the rehabilitation of
14 a person in custody of the department or substantially prejudice or prevent the carrying out of the
15 functions of the department, if the public interest in confidentiality clearly outweighs the public in-
16 terest in disclosure.

17 (6) Records, reports and other information received or compiled by the Director of the Depart-
18 ment of Consumer and Business Services in the administration of ORS chapters 723 and 725 not
19 otherwise required by law to be made public, to the extent that the interests of lending institutions,
20 their officers, employees and customers in preserving the confidentiality of such information out-
21 weighs the public interest in disclosure.

22 (7) Reports made to or filed with the court under ORS 137.077 or 137.530.

23 (8) Any public records or information the disclosure of which is prohibited by federal law or
24 regulations.

25 (9)(a) Public records or information the disclosure of which is prohibited or restricted or other-
26 wise made confidential or privileged under Oregon law.

27 (b) Subject to ORS 192.423, paragraph (a) of this subsection does not apply to factual information
28 compiled in a public record when:

29 (A) The basis for the claim of exemption is ORS 40.225;

30 (B) The factual information is not prohibited from disclosure under any applicable state or fed-
31 eral law, regulation or court order and is not otherwise exempt from disclosure under ORS 192.410
32 to 192.505;

33 (C) The factual information was compiled by or at the direction of an attorney as part of an
34 investigation on behalf of the public body in response to information of possible wrongdoing by the
35 public body;

36 (D) The factual information was not compiled in preparation for litigation, arbitration or an
37 administrative proceeding that was reasonably likely to be initiated or that has been initiated by
38 or against the public body; and

39 (E) The holder of the privilege under ORS 40.225 has made or authorized a public statement
40 characterizing or partially disclosing the factual information compiled by or at the attorney's di-
41 rection.

42 (10) Public records or information described in this section, furnished by the public body ori-
43 ginally compiling, preparing or receiving them to any other public officer or public body in con-
44 nection with performance of the duties of the recipient, if the considerations originally giving rise
45 to the confidential or exempt nature of the public records or information remain applicable.

1 (11) Records of the Energy Facility Siting Council concerning the review or approval of security
2 programs pursuant to ORS 469.530.

3 (12) Employee and retiree address, telephone number and other nonfinancial membership records
4 and employee financial records maintained by the Public Employees Retirement System pursuant to
5 ORS chapters 238 and 238A.

6 (13) Records of or submitted to the State Treasurer, **the Oregon Investment Department**, the
7 Oregon Investment Council, **the Oregon Growth Board** or the agents of the **State Treasurer, de-**
8 **partment**, [*or the*] council **or board** relating to active or proposed publicly traded investments un-
9 der ORS chapter 293 **or 348**, including but not limited to records regarding the acquisition, exchange
10 or liquidation of the investments. For the purposes of this subsection:

11 (a) The exemption does not apply to:

12 (A) Information in investment records solely related to the amount paid directly into an invest-
13 ment by, or returned from the investment directly to, the **State Treasurer, department, council**
14 **or board** [*or council*]; or

15 (B) The identity of the entity to which the amount was paid directly or from which the amount
16 was received directly.

17 (b) An investment in a publicly traded investment is no longer active when acquisition, exchange
18 or liquidation of the investment has been **finally** concluded.

19 (14)(a) Records of or submitted to the State Treasurer, **the Oregon Investment Department**,
20 the Oregon Investment Council, the Oregon Growth Board or the agents of the **State Treasurer,**
21 **department**, council or board relating to actual or proposed investments under ORS chapter 293
22 or 348 in a privately placed investment fund or a private asset, including but not limited to records
23 regarding the solicitation, acquisition, deployment, exchange or liquidation of the investments, **and**
24 including but not limited to:

25 (A) Due diligence **information or** materials that are proprietary to, **or treated as confidential**
26 **by a consultant or other agent of**, an investment fund, [*to*] an asset ownership or [*to their re-*
27 *spective*] **related** investment vehicles.

28 (B) Financial statements of an investment fund, an asset ownership or [*their respective*] **related**
29 investment vehicles.

30 (C) Meeting materials of an investment fund, an asset ownership or [*their respective*] **related**
31 investment vehicles.

32 (D) Records [*containing*] **or** information regarding the portfolio positions in which an investment
33 fund, an asset ownership or [*their respective*] **related** investment vehicles invest.

34 (E) Capital call and distribution notices of an investment fund, an asset ownership or [*their re-*
35 *spective*] **related** investment vehicles.

36 (F) Investment agreements and related documents.

37 (b) The exemption under this subsection does not apply to:

38 (A) The name, address and vintage year of each privately placed investment fund.

39 (B) The dollar amount of the commitment made to each privately placed investment fund since
40 inception of the fund.

41 (C) The dollar amount of cash contributions made to each privately placed investment fund since
42 inception of the fund.

43 (D) The dollar amount, on a fiscal year-end basis, of cash distributions received by the State
44 Treasurer, the Oregon Investment [*Council*] **Department**, the Oregon Growth Board or the agents
45 of the **State Treasurer, [council] department** or board from each privately placed investment fund.

1 (E) The dollar amount, on a fiscal year-end basis, of the remaining value of assets in a privately
2 placed investment fund attributable to an investment by the State Treasurer, the Oregon Investment
3 [Council] **Department**, the Oregon Growth Board or the agents of the **State** Treasurer, [council]
4 **department** or board.

5 (F) The net internal rate of return of each privately placed investment fund since inception of
6 the fund.

7 (G) The investment multiple of each privately placed investment fund since inception of the fund.

8 (H) The dollar amount of the total management fees and costs paid on an annual fiscal year-end
9 basis to each privately placed investment fund.

10 (I) The dollar amount of cash profit received from each privately placed investment fund on a
11 fiscal year-end basis.

12 (15) The [monthly reports prepared and submitted under ORS 293.761 and 293.766] **information**
13 **provided by the Oregon Investment Department under section 3 (6) of this 2017 Act** concern-
14 ing the Public Employees Retirement Fund and the Industrial Accident Fund may be uniformly
15 treated as exempt from disclosure for a period of up to 90 days after the end of the calendar quarter.

16 (16) Reports of unclaimed property filed by the holders of such property to the extent permitted
17 by ORS 98.352.

18 (17)(a) The following records, communications and information submitted to the Oregon Business
19 Development Commission, the Oregon Business Development Department, the State Department of
20 Agriculture, the Oregon Growth Board, the Port of Portland or other ports as defined in ORS
21 777.005, or a county or city governing body and any board, department, commission, council or
22 agency thereof, by applicants for investment funds, grants, loans, services or economic development
23 moneys, support or assistance including, but not limited to, those described in ORS 285A.224:

24 (A) Personal financial statements.

25 (B) Financial statements of applicants.

26 (C) Customer lists.

27 (D) Information of an applicant pertaining to litigation to which the applicant is a party if the
28 complaint has been filed, or if the complaint has not been filed, if the applicant shows that such
29 litigation is reasonably likely to occur; this exemption does not apply to litigation which has been
30 concluded, and nothing in this subparagraph shall limit any right or opportunity granted by discov-
31 ery or deposition statutes to a party to litigation or potential litigation.

32 (E) Production, sales and cost data.

33 (F) Marketing strategy information that relates to applicant's plan to address specific markets
34 and applicant's strategy regarding specific competitors.

35 (b) The following records, communications and information submitted to the State Department
36 of Energy by applicants for tax credits or for grants awarded under ORS 469B.256:

37 (A) Personal financial statements.

38 (B) Financial statements of applicants.

39 (C) Customer lists.

40 (D) Information of an applicant pertaining to litigation to which the applicant is a party if the
41 complaint has been filed, or if the complaint has not been filed, if the applicant shows that such
42 litigation is reasonably likely to occur; this exemption does not apply to litigation which has been
43 concluded, and nothing in this subparagraph shall limit any right or opportunity granted by discov-
44 ery or deposition statutes to a party to litigation or potential litigation.

45 (E) Production, sales and cost data.

1 (F) Marketing strategy information that relates to applicant's plan to address specific markets
2 and applicant's strategy regarding specific competitors.

3 (18) Records, reports or returns submitted by private concerns or enterprises required by law
4 to be submitted to or inspected by a governmental body to allow it to determine the amount of any
5 transient lodging tax payable and the amounts of such tax payable or paid, to the extent that such
6 information is in a form which would permit identification of the individual concern or enterprise.
7 Nothing in this subsection shall limit the use which can be made of such information for regulatory
8 purposes or its admissibility in any enforcement proceedings. The public body shall notify the tax-
9 payer of the delinquency immediately by certified mail. However, in the event that the payment or
10 delivery of transient lodging taxes otherwise due to a public body is delinquent by over 60 days, the
11 public body shall disclose, upon the request of any person, the following information:

12 (a) The identity of the individual concern or enterprise that is delinquent over 60 days in the
13 payment or delivery of the taxes.

14 (b) The period for which the taxes are delinquent.

15 (c) The actual, or estimated, amount of the delinquency.

16 (19) All information supplied by a person under ORS 151.485 for the purpose of requesting ap-
17 pointed counsel, and all information supplied to the court from whatever source for the purpose of
18 verifying the financial eligibility of a person pursuant to ORS 151.485.

19 (20) Workers' compensation claim records of the Department of Consumer and Business Services,
20 except in accordance with rules adopted by the Director of the Department of Consumer and Busi-
21 ness Services, in any of the following circumstances:

22 (a) When necessary for insurers, self-insured employers and third party claim administrators to
23 process workers' compensation claims.

24 (b) When necessary for the director, other governmental agencies of this state or the United
25 States to carry out their duties, functions or powers.

26 (c) When the disclosure is made in such a manner that the disclosed information cannot be used
27 to identify any worker who is the subject of a claim.

28 (d) When a worker or the worker's representative requests review of the worker's claim record.

29 (21) Sensitive business records or financial or commercial information of the Oregon Health and
30 Science University that is not customarily provided to business competitors.

31 (22) Records of Oregon Health and Science University regarding candidates for the position of
32 president of the university.

33 (23) The records of a library, including:

34 (a) Circulation records, showing use of specific library material by a named person;

35 (b) The name of a library patron together with the address or telephone number of the patron;
36 and

37 (c) The electronic mail address of a patron.

38 (24) The following records, communications and information obtained by the Housing and Com-
39 munity Services Department in connection with the department's monitoring or administration of
40 financial assistance or of housing or other developments:

41 (a) Personal and corporate financial statements and information, including tax returns.

42 (b) Credit reports.

43 (c) Project appraisals, excluding appraisals obtained in the course of transactions involving an
44 interest in real estate that is acquired, leased, rented, exchanged, transferred or otherwise disposed
45 of as part of the project, but only after the transactions have closed and are concluded.

- 1 (d) Market studies and analyses.
- 2 (e) Articles of incorporation, partnership agreements and operating agreements.
- 3 (f) Commitment letters.
- 4 (g) Project pro forma statements.
- 5 (h) Project cost certifications and cost data.
- 6 (i) Audits.
- 7 (j) Project tenant correspondence.
- 8 (k) Personal information about a tenant.
- 9 (L) Housing assistance payments.
- 10 (25) Raster geographic information system (GIS) digital databases, provided by private forestland
11 owners or their representatives, voluntarily and in confidence to the State Forestry Department,
12 that is not otherwise required by law to be submitted.
- 13 (26) Sensitive business, commercial or financial information furnished to or developed by a
14 public body engaged in the business of providing electricity or electricity services, if the information
15 is directly related to a transaction described in ORS 261.348, or if the information is directly related
16 to a bid, proposal or negotiations for the sale or purchase of electricity or electricity services, and
17 disclosure of the information would cause a competitive disadvantage for the public body or its re-
18 tail electricity customers. This subsection does not apply to cost-of-service studies used in the de-
19 velopment or review of generally applicable rate schedules.
- 20 (27) Sensitive business, commercial or financial information furnished to or developed by the
21 City of Klamath Falls, acting solely in connection with the ownership and operation of the Klamath
22 Cogeneration Project, if the information is directly related to a transaction described in ORS 225.085
23 and disclosure of the information would cause a competitive disadvantage for the Klamath
24 Cogeneration Project. This subsection does not apply to cost-of-service studies used in the develop-
25 ment or review of generally applicable rate schedules.
- 26 (28) Personally identifiable information about customers of a municipal electric utility or a
27 people's utility district or the names, dates of birth, driver license numbers, telephone numbers,
28 electronic mail addresses or Social Security numbers of customers who receive water, sewer or
29 storm drain services from a public body as defined in ORS 174.109. The utility or district may re-
30 lease personally identifiable information about a customer, and a public body providing water, sewer
31 or storm drain services may release the name, date of birth, driver license number, telephone num-
32 ber, electronic mail address or Social Security number of a customer, if the customer consents in
33 writing or electronically, if the disclosure is necessary for the utility, district or other public body
34 to render services to the customer, if the disclosure is required pursuant to a court order or if the
35 disclosure is otherwise required by federal or state law. The utility, district or other public body
36 may charge as appropriate for the costs of providing such information. The utility, district or other
37 public body may make customer records available to third party credit agencies on a regular basis
38 in connection with the establishment and management of customer accounts or in the event such
39 accounts are delinquent.
- 40 (29) A record of the street and number of an employee's address submitted to a special district
41 to obtain assistance in promoting an alternative to single occupant motor vehicle transportation.
- 42 (30) Sensitive business records, capital development plans or financial or commercial information
43 of Oregon Corrections Enterprises that is not customarily provided to business competitors.
- 44 (31) Documents, materials or other information submitted to the Director of the Department of
45 Consumer and Business Services in confidence by a state, federal, foreign or international regulatory

1 or law enforcement agency or by the National Association of Insurance Commissioners, its affiliates
2 or subsidiaries under ORS 86A.095 to 86A.198, 697.005 to 697.095, 697.602 to 697.842, 705.137, 717.200
3 to 717.320, 717.900 or 717.905, ORS chapter 59, 723, 725 or 726, the Bank Act or the Insurance Code
4 when:

5 (a) The document, material or other information is received upon notice or with an under-
6 standing that it is confidential or privileged under the laws of the jurisdiction that is the source of
7 the document, material or other information; and

8 (b) The director has obligated the Department of Consumer and Business Services not to dis-
9 close the document, material or other information.

10 (32) A county elections security plan developed and filed under ORS 254.074.

11 (33) Information about review or approval of programs relating to the security of:

12 (a) Generation, storage or conveyance of:

13 (A) Electricity;

14 (B) Gas in liquefied or gaseous form;

15 (C) Hazardous substances as defined in ORS 453.005 (7)(a), (b) and (d);

16 (D) Petroleum products;

17 (E) Sewage; or

18 (F) Water.

19 (b) Telecommunication systems, including cellular, wireless or radio systems.

20 (c) Data transmissions by whatever means provided.

21 (34) The information specified in ORS 25.020 (8) if the Chief Justice of the Supreme Court des-
22 ignates the information as confidential by rule under ORS 1.002.

23 (35)(a) Employer account records of the State Accident Insurance Fund Corporation.

24 (b) As used in this subsection, "employer account records" means all records maintained in any
25 form that are specifically related to the account of any employer insured, previously insured or un-
26 der consideration to be insured by the State Accident Insurance Fund Corporation and any infor-
27 mation obtained or developed by the corporation in connection with providing, offering to provide
28 or declining to provide insurance to a specific employer. "Employer account records" includes, but
29 is not limited to, an employer's payroll records, premium payment history, payroll classifications,
30 employee names and identification information, experience modification factors, loss experience and
31 dividend payment history.

32 (c) The exemption provided by this subsection may not serve as the basis for opposition to the
33 discovery documents in litigation pursuant to applicable rules of civil procedure.

34 (36)(a) Claimant files of the State Accident Insurance Fund Corporation.

35 (b) As used in this subsection, "claimant files" includes, but is not limited to, all records held
36 by the corporation pertaining to a person who has made a claim, as defined in ORS 656.005, and all
37 records pertaining to such a claim.

38 (c) The exemption provided by this subsection may not serve as the basis for opposition to the
39 discovery documents in litigation pursuant to applicable rules of civil procedure.

40 (37) Except as authorized by ORS 408.425, records that certify or verify an individual's discharge
41 or other separation from military service.

42 (38) Records of or submitted to a domestic violence service or resource center that relate to the
43 name or personal information of an individual who visits a center for service, including the date of
44 service, the type of service received, referrals or contact information or personal information of a
45 family member of the individual. As used in this subsection, "domestic violence service or resource

1 center” means an entity, the primary purpose of which is to assist persons affected by domestic or
 2 sexual violence by providing referrals, resource information or other assistance specifically of ben-
 3 efit to domestic or sexual violence victims.

4 (39) Information reported to the Oregon Health Authority under ORS 431A.860, except as pro-
 5 vided in ORS 431A.860 (2)(b) information disclosed by the authority under ORS 431A.865 and any
 6 information related to disclosures made by the authority under ORS 431A.865, including information
 7 identifying the recipient of the information.

8 (40)(a) Electronic mail addresses in the possession or custody of an agency or subdivision of the
 9 executive department, as defined in ORS 174.112, a local government or local service district, as
 10 defined in ORS 174.116, or a special government body, as defined in ORS 174.117.

11 (b) This subsection does not apply to electronic mail addresses assigned by a public body to
 12 public employees for use by the employees in the ordinary course of their employment.

13 (41) Residential addresses, residential telephone numbers, personal cellular telephone numbers,
 14 personal electronic mail addresses, driver license numbers, emergency contact information, Social
 15 Security numbers, dates of birth and other telephone numbers of individuals currently or previously
 16 certified or licensed by the Department of Public Safety Standards and Training contained in the
 17 records maintained by the department.

18 (42) Personally identifiable information and contact information of veterans as defined in ORS
 19 408.225 and of persons serving on active duty or as reserve members with the Armed Forces of the
 20 United States, National Guard or other reserve component that was obtained by the Department of
 21 Veterans’ Affairs in the course of performing its duties and functions, including but not limited to
 22 names, residential and employment addresses, dates of birth, driver license numbers, telephone
 23 numbers, electronic mail addresses, Social Security numbers, marital status, dependents, the char-
 24 acter of discharge from military service, military rating or rank, that the person is a veteran or has
 25 provided military service, information relating to an application for or receipt of federal or state
 26 benefits, information relating to the basis for receipt or denial of federal or state benefits and in-
 27 formation relating to a home loan or grant application, including but not limited to financial infor-
 28 mation provided in connection with the application.

29 **SECTION 52.** ORS 238A.050 is amended to read:

30 238A.050. (1) The Oregon Public Service Retirement Plan is part of the Public Employees Re-
 31 tirement System and is administered by the Public Employees Retirement Board.

32 (2) ORS 238.008, 238.225, 238.229, 238.231, 238.285, 238.410, 238.445, 238.447, 238.450, 238.455,
 33 238.458, 238.460, 238.465, 238.470, 238.600, 238.601, 238.605, 238.610, 238.615, 238.618, 238.630, 238.635,
 34 238.640, 238.645, 238.655, 238.660, 238.661, 238.665, 238.675, 238.692, 238.694, 238.695, 238.696, 238.698,
 35 238.700, 238.705, 238.710 and 238.715 apply to the Oregon Public Service Retirement Plan.

36 (3) The Oregon Investment [*Council*] **Department** shall invest the assets of the Oregon Public
 37 Service Retirement Plan as a part of the Public Employees Retirement Fund. Except as provided by
 38 subsection (4) of this section, the investment of Oregon Public Service Retirement Plan assets is
 39 subject to the provisions of ORS 293.701 to 293.857. The Oregon Investment [*Council*] **Department**
 40 may invest assets of the individual account program and pension program differently than the other
 41 assets of the Public Employees Retirement System.

42 (4) Investment of the assets of the Oregon Public Service Retirement Plan is not subject to the
 43 limitations imposed by ORS 293.726 (6).

44 (5) The board may contract with a private provider for the administration of the individual ac-
 45 count program. The board is not subject to the provisions of ORS chapter 279A or 279B in awarding

1 a contract under the provisions of this subsection. The board shall establish procedures for inviting
2 proposals and awarding contracts under this subsection.

3 **SECTION 53.** ORS 243.401 is amended to read:

4 243.401. As used in ORS 243.401 to 243.507:

5 (1) "Board" means the Public Employees Retirement Board described in ORS 238.630.

6 (2) "Council" means the Oregon Investment Council created [by ORS 293.706] **under section 5**
7 **of this 2017 Act.**

8 (3) "Deferred compensation contract" means a written agreement entered into by the state and
9 an eligible state employee under the provisions of ORS 243.440.

10 (4) "Deferred compensation investment program" means the program established by the Oregon
11 Investment [Council] **Department** under ORS 243.421, for investment of assets of the Deferred
12 Compensation Fund.

13 (5) "Deferred compensation plan" means a plan established by the state or a local government
14 for the deferral of compensation payable to employees of the state or local government and for the
15 deferral of income taxation on that compensation.

16 (6) "Eligible state employee" means an officer or employee of a state board, commission, de-
17 partment or other instrumentality of state government, including, but not limited to, all officers and
18 employees of the executive, judicial and legislative branches of state government, but excluding:

19 (a) Persons engaged as independent contractors, except as otherwise specifically allowed by
20 statute;

21 (b) Persons who are employed in emergency work and whose periods of employment are on an
22 intermittent or irregular basis; and

23 (c) Persons who are provided sheltered employment or make-work by the state in an employment
24 or industries program maintained for the benefit of such individuals.

25 (7) "Fund" means the Deferred Compensation Fund established under ORS 243.411.

26 (8) "Local government" means a city, county, municipal or public corporation, any political
27 subdivision of the state or any instrumentality thereof, or an agency created by two or more such
28 political subdivisions to provide themselves governmental services.

29 (9) "Local government deferred compensation plan" means a deferred compensation plan that is
30 established and administered by a local government.

31 (10) "Local plan participant" means a person participating in a local government deferred com-
32 pensation plan.

33 (11) "Participating local government" means a local government that invests all or part of the
34 assets of the deferred compensation plan established by the local government through the deferred
35 compensation investment program.

36 (12) "State deferred compensation plan" means the deferred compensation plan described in ORS
37 243.435 for eligible state employees.

38 (13) "State plan participant" means a person participating in the state deferred compensation
39 plan, either through current or past deferrals of compensation.

40 (14) "System" means the Public Employees Retirement System established in ORS 238.600.

41 **SECTION 54.** ORS 243.421 is amended to read:

42 243.421. (1) The Oregon Investment [Council] **Department** shall establish a program for invest-
43 ment of moneys in the Deferred Compensation Fund. The program shall include policies and proce-
44 dures for the investment of moneys in the fund. The program and all investments of moneys under
45 the program are subject to the provisions of ORS 293.701 to 293.857.

1 (2) The [council] **department** shall provide to the Public Employees Retirement Board a de-
 2 scription of the investment options set forth in the [council's] **department's** policies and procedures
 3 for the investment of moneys in the fund, the applicable benchmark for each option and a de-
 4 scription of the characteristics of each benchmark.

5 (3) The provisions of ORS chapter 59 that require registration of securities do not apply to any
 6 share, participation or other interest in the state deferred compensation plan or in the Deferred
 7 Compensation Fund. The provisions of ORS chapter 59 requiring licensing of certain persons as
 8 broker-dealers or as investment advisors do not apply to any of the following persons or entities for
 9 the purposes of implementing and administering the deferred compensation investment program es-
 10 tablished under this section:

11 (a) The **Oregon Investment** Council.

12 (b) **The Oregon Investment Department.**

13 [(b)] (c) The Public Employees Retirement Board.

14 [(c)] (d) The Public Employees Retirement System.

15 [(d)] (e) The State Treasurer.

16 [(e)] (f) Any officer or employee of the persons or entities described in paragraphs (a) to [(d)]
 17 (e) of this subsection.

18 **SECTION 55.** ORS 243.426 is amended to read:

19 243.426. (1) On request from the Public Employees Retirement Board, the State Treasurer shall
 20 establish all accounts in the Deferred Compensation Fund that are necessary to administer the
 21 provisions of ORS 243.401 to 243.507.

22 (2) The accounts shall be established and maintained with the charges assessed under ORS
 23 243.472 against the account balances of the state plan participants and the funds invested by par-
 24 ticipating local governments. The moneys held in the accounts established by the board may be used
 25 only for payment of the administrative expenses incurred by the system, the State Treasurer, **the**
 26 **Oregon Investment Department** and the Oregon Investment Council in administering the pro-
 27 visions of ORS 243.401 to 243.507.

28 **SECTION 56.** ORS 243.472 is amended to read:

29 243.472. (1) ORS 243.401 to 243.507 shall be implemented and administered by the Public Em-
 30 ployees Retirement Board so that no expense is incurred by the State of Oregon or the Public Em-
 31 ployees Retirement Fund and so that the State of Oregon and the Public Employees Retirement
 32 System incur no liabilities other than those liabilities that may be imposed under ORS 243.401 to
 33 243.507 or other law. In addition to the amounts that may be deducted by the **Oregon Investment**
 34 **Department or the** State Treasurer pursuant to ORS 293.718, the Public Employees Retirement
 35 System may assess a charge against the accounts of state plan participants in the Deferred Com-
 36 pensation Fund. The charge may not exceed two percent of the balances of those accounts. Funds
 37 collected pursuant to the charge are continuously appropriated for and shall be used only to cover
 38 the costs incurred by the system to administer the state deferred compensation plan, to issue refunds
 39 and to pay costs incurred in investing the plan assets.

40 (2) For the purpose of implementing and administering the provisions of ORS 243.401 to 243.507,
 41 including implementation and administration of service agreements entered into with local govern-
 42 ments under ORS 243.478, the Public Employees Retirement Board may designate fiscal periods. The
 43 board may apportion extraordinary expenses incurred during any fiscal period, including but not
 44 limited to expenses for equipment and actuarial studies, to subsequent fiscal periods for purposes
 45 of equitably distributing the burden of the expenses. The board may carry forward unexpended fees

1 collected in one fiscal period to a later fiscal period for the payment of future expenses.

2 (3) In the event the assessment provided for in subsection (1) of this section is inadequate to
3 meet the administrative expenses incurred by the system for the state deferred compensation plan,
4 and these expenses are not carried over to another fiscal period, the excess expenses may be paid
5 by an additional one-time assessment against the account balances of state plan participants in the
6 Deferred Compensation Fund. The additional assessment shall be in an amount determined by the
7 Public Employees Retirement Board to be sufficient to pay the excess expenses in the fiscal period
8 in which the assessment is made. The one-time assessment is in addition to the regular assessment
9 provided for in subsection (1) of this section.

10 (4) Deferred compensation benefit payments, and amounts payable as refunds, shall not for any
11 purpose be deemed expenses of the board and shall not be included in its biennial departmental
12 budget.

13 **SECTION 57.** ORS 243.474 is amended to read:

14 243.474. (1) A local government that establishes a deferred compensation plan may invest all or
15 part of the plan's assets through the deferred compensation investment program established by the
16 Oregon Investment [*Council*] **Department** under ORS 243.421. Plan assets of a local government
17 deferred compensation plan invested through the deferred compensation investment program are not
18 subject to the limitations on investment imposed by ORS 294.033 and 294.035. Local governments
19 that invest through the deferred compensation investment program are subject to the policies and
20 procedures established by the [*council*] **department** for the administration of the program.

21 (2) A local government that wishes to become a participating local government pursuant to this
22 section must enter into a written agreement with the Public Employees Retirement System. The
23 agreement must set forth the terms of the investment and the record keeping and related services
24 to be performed by the system for the invested funds. The Public Employees Retirement Board may
25 require that the local government enter into a service agreement under ORS 243.478 as a condition
26 of an agreement under this subsection. If the local government and the system cannot reach an
27 agreement under the provisions of this subsection, the local government may not become a partic-
28 ipating local government.

29 (3) All funds invested by the [*council*] **department** for a participating local government must be
30 accounted for separately. Investment of funds under this section must be implemented and admin-
31 istered so that the State of Oregon incurs no expense or liability other than those liabilities that
32 may be imposed under ORS 243.401 to 243.507 or other law.

33 (4) In addition to those amounts that may be deducted by the **department or the** State Treas-
34 urer pursuant to ORS 293.718, the system may assess a charge against the total account balances
35 of all participating local governments that is sufficient to reimburse the system for any additional
36 costs of investing funds for participating local governments. The Public Employees Retirement Board
37 shall not act as a trustee or be considered the trustee of any trust established by a local government
38 deferred compensation plan.

39 (5) The terms of the agreement provided for in subsection (2) of this section shall govern the
40 nature and extent of the information that must be provided to local government officers and em-
41 ployees about the investment of deferred compensation through the deferred compensation invest-
42 ment program.

43 **SECTION 58.** ORS 243.476 is amended to read:

44 243.476. (1) As a condition of allowing a local government to become a participating local gov-
45 ernment, and at any time thereafter, the Oregon Investment [*Council*] **Department**, the Public Em-

1 ployees Retirement Board or the Director of the Public Employees Retirement System may require
 2 that the local government provide proof that the local government deferred compensation plan
 3 complies with the provisions of section 457 of the Internal Revenue Code, as amended, that apply
 4 to governmental plans, including but not limited to any required declaration of trust related to plan
 5 assets and appointment of a trustee. The [council] **department**, board or director may require an
 6 opinion of counsel or other assurance satisfactory to the [council] **department**, board or director
 7 that participation of a local government deferred compensation plan in the deferred compensation
 8 investment program does not cause the State of Oregon, its agencies or employees to violate any
 9 federal or state laws or regulations related to investments and securities.

10 (2) Participating local governments shall take all actions that the Oregon Investment [Council]
 11 **Department**, the Public Employees Retirement Board or the Director of the Public Employees Re-
 12 tirement System, in their discretion, deem necessary for compliance by the deferred compensation
 13 investment program with all applicable federal and state laws or for qualification of the program for
 14 any exemptions from regulation available under those laws, including but not limited to the federal
 15 Securities Act of 1933, as amended, the Investment Company Act of 1940, as amended, and ORS
 16 chapter 59.

17 **SECTION 59.** ORS 243.478 is amended to read:

18 243.478. (1) A participating local government and the Public Employees Retirement System may
 19 enter into a written agreement for the system to provide consolidated billing services, participant
 20 enrollment services, participant accounts, data processing, record keeping and other related services
 21 that are necessary or appropriate to the administration of the local government deferred compen-
 22 sation plan. The agreement may provide that the services be provided directly by the system or
 23 through contracts with other providers.

24 (2) Agreements under this section must require that the participating local government remain
 25 the responsible administrator for the local government deferred compensation plan. The agreement
 26 may provide any additional terms and conditions that the system determines necessary for the pur-
 27 poses of offering the services described in subsection (1) of this section to local government deferred
 28 compensation plans, including proof of compliance under ORS 243.476. The system may require that
 29 participating local governments that enter into agreements with the system under this section have
 30 uniform provisions on plan administration and record keeping.

31 (3) The system may assess a charge, in an amount to be determined by the system, against the
 32 total account balances in the Deferred Compensation Fund of all local governments that have en-
 33 tered into service agreements under this section. The charge imposed under this subsection is in
 34 addition to any charges that may be assessed against local governments by the system under ORS
 35 243.474 or deducted by the **Oregon Investment Department or the** State Treasurer under ORS
 36 293.718.

37 (4) In the event the assessment provided for in subsection (3) of this section is inadequate to
 38 meet the administrative expenses incurred by the system for local government deferred compen-
 39 sation plans during a fiscal period, and the expenses are not carried over to another fiscal period
 40 pursuant to ORS 243.472 (2), the excess expenses may be paid by an additional one-time assessment
 41 against the account balances in the Deferred Compensation Fund of participating local governments
 42 that have entered into service agreements under this section.

43 **SECTION 60.** ORS 243.482 is amended to read:

44 243.482. (1) A civil action for damages may not be brought against the state, the State Treasurer,
 45 **the Oregon Investment Department**, the Oregon Investment Council, the Public Employees Re-

1 tirement Board, or the officers or employees of the **department, council or** board by reason of:

2 (a) A breach of any duty in administering or investing of funds in the Deferred Compensation
3 Fund;

4 (b) A breach of any duty in administering or investing of the funds of participating local gov-
5 ernments; or

6 (c) Any losses suffered by a state plan participant or local plan participant or the beneficiaries
7 of those participants because of the participant's choice of an investment option available through
8 the deferred compensation investment program established under ORS 243.421.

9 (2) Any claim that **the state, the department,** the council, the board, the State Treasurer or
10 the system, or any of their officers or employees, violated federal or state securities laws, including
11 antifraud provisions, in the implementation or administration of ORS 243.401 to 243.507 is subject
12 to the provisions of ORS 30.260 to 30.300. With respect to such claims, the state shall defend, save
13 harmless and indemnify **the state,** the State Treasurer, the system, **the department,** members of
14 the council, the board, and their officers and employees, as provided for other torts under the pro-
15 visions of ORS 30.260 to 30.300.

16 (3) The limitations on liability established by this section do not include an exemption from any
17 liability that may be imposed under the provisions of ORS chapter 59. Except to the extent that the
18 state deferred compensation plan and the deferred compensation investment program are exempted
19 from registration and licensing requirements under ORS 243.421, ORS chapter 59 applies to the ad-
20 ministration and investment of the Deferred Compensation Fund, the state deferred compensation
21 plan, local government deferred compensation plans and the deferred compensation investment pro-
22 gram.

23 **SECTION 61.** ORS 244.020 is amended to read:

24 244.020. As used in this chapter, unless the context requires otherwise:

25 (1) "Actual conflict of interest" means any action or any decision or recommendation by a per-
26 son acting in a capacity as a public official, the effect of which would be to the private pecuniary
27 benefit or detriment of the person or the person's relative or any business with which the person
28 or a relative of the person is associated unless the pecuniary benefit or detriment arises out of cir-
29 cumstances described in subsection (13) of this section.

30 (2) "Business" means any corporation, partnership, proprietorship, firm, enterprise, franchise,
31 association, organization, self-employed individual and any other legal entity operated for economic
32 gain but excluding any income-producing not-for-profit corporation that is tax exempt under section
33 501(c) of the Internal Revenue Code with which a public official or a relative of the public official
34 is associated only as a member or board director or in a nonremunerative capacity.

35 (3) "Business with which the person is associated" means:

36 (a) Any private business or closely held corporation of which the person or the person's relative
37 is a director, officer, owner or employee, or agent or any private business or closely held corpo-
38 ration in which the person or the person's relative owns or has owned stock, another form of equity
39 interest, stock options or debt instruments worth \$1,000 or more at any point in the preceding cal-
40 endar year;

41 (b) Any publicly held corporation in which the person or the person's relative owns or has
42 owned \$100,000 or more in stock or another form of equity interest, stock options or debt instru-
43 ments at any point in the preceding calendar year;

44 (c) Any publicly held corporation of which the person or the person's relative is a director or
45 officer; or

1 (d) For public officials required to file a statement of economic interest under ORS 244.050, any
2 business listed as a source of income as required under ORS 244.060 (3).

3 (4) "Candidate" means an individual for whom a declaration of candidacy, nominating petition
4 or certificate of nomination to public office has been filed or whose name is printed on a ballot or
5 is expected to be or has been presented, with the individual's consent, for nomination or election to
6 public office.

7 (5) "Development commission" means any entity that has the authority to purchase, develop,
8 improve or lease land or the authority to operate or direct the use of land. This authority must be
9 more than ministerial.

10 (6) "First Partner" means the spouse or domestic partner of the Governor, or an individual who
11 primarily has a personal relationship with the Governor as determined by the Oregon Government
12 Ethics Commission by rule. "First Partner" encompasses any alternative title that the Governor may
13 publicly substitute for "First Partner," including, but not limited to, "First Lady," "First Husband"
14 or "First Spouse."

15 (7)(a) "Gift" means something of economic value given to a public official, a candidate or a rel-
16 ative or member of the household of the public official or candidate:

17 (A) Without valuable consideration of equivalent value, including the full or partial forgiveness
18 of indebtedness, which is not extended to others who are not public officials or candidates or the
19 relatives or members of the household of public officials or candidates on the same terms and con-
20 ditions; or

21 (B) For valuable consideration less than that required from others who are not public officials
22 or candidates.

23 (b) "Gift" does not mean:

24 (A) Contributions as defined in ORS 260.005.

25 (B) Gifts from relatives or members of the household of the public official or candidate.

26 (C) An unsolicited token or award of appreciation in the form of a plaque, trophy, desk item,
27 wall memento or similar item, with a resale value reasonably expected to be less than \$25.

28 (D) Informational or program material, publications or subscriptions related to the recipient's
29 performance of official duties.

30 (E) Admission provided to or the cost of food or beverage consumed by a public official, a rel-
31 ative of the public official accompanying the public official, a member of the household of the public
32 official accompanying the public official or a staff member of the public official accompanying the
33 public official, at a reception, meal or meeting held by an organization when the public official re-
34 presents state government as defined in ORS 174.111, a local government as defined in ORS 174.116
35 or a special government body as defined in ORS 174.117.

36 (F) Reasonable expenses paid by any unit of the federal government, a state or local government,
37 a Native American tribe that is recognized by federal law or formally acknowledged by a state, a
38 membership organization to which a public body as defined in ORS 174.109 pays membership dues
39 or a not-for-profit corporation that is tax exempt under section 501(c)(3) of the Internal Revenue
40 Code, for attendance at a convention, fact-finding mission or trip, conference or other meeting if the
41 public official is scheduled to deliver a speech, make a presentation, participate on a panel or rep-
42 resent state government as defined in ORS 174.111, a local government as defined in ORS 174.116
43 or a special government body as defined in ORS 174.117.

44 (G) Contributions made to a legal expense trust fund established under ORS 244.209 for the
45 benefit of the public official.

1 (H) Reasonable food, travel or lodging expenses provided to a public official, a relative of the
2 public official accompanying the public official, a member of the household of the public official ac-
3 companying the public official or a staff member of the public official accompanying the public offi-
4 cial, when the public official is representing state government as defined in ORS 174.111, a local
5 government as defined in ORS 174.116 or a special government body as defined in ORS 174.117:

6 (i) On an officially sanctioned trade-promotion or fact-finding mission; or

7 (ii) In officially designated negotiations, or economic development activities, where receipt of the
8 expenses is approved in advance.

9 (I) Food or beverage consumed by a public official acting in an official capacity:

10 (i) In association with the review, approval, execution of documents or closing of a borrowing,
11 investment or other financial transaction, including any business agreement between state govern-
12 ment as defined in ORS 174.111, a local government as defined in ORS 174.116 or a special govern-
13 ment body as defined in ORS 174.117 and a private entity or public body as defined in ORS 174.109;

14 (ii) While engaged in due diligence research or presentations by the office of the State
15 Treasurer, **the Oregon Investment Department or the Oregon Investment Council** related to
16 an existing or proposed investment or borrowing; or

17 (iii) While engaged in a meeting of an advisory, governance or policy-making body of a corpo-
18 ration, partnership or other entity in which the office of the State Treasurer, **the Oregon Invest-**
19 **ment Department or the Oregon Investment Council** has invested moneys.

20 (J) Waiver or discount of registration expenses or materials provided to a public official or
21 candidate at a continuing education event that the public official or candidate may attend to satisfy
22 a professional licensing requirement.

23 (K) Expenses provided by one public official to another public official for travel inside this state
24 to or from an event that bears a relationship to the receiving public official's office and at which
25 the official participates in an official capacity.

26 (L) Food or beverage consumed by a public official or candidate at a reception where the food
27 or beverage is provided as an incidental part of the reception and no cost is placed on the food or
28 beverage.

29 (M) Entertainment provided to a public official or candidate or a relative or member of the
30 household of the public official or candidate that is incidental to the main purpose of another event.

31 (N) Entertainment provided to a public official or a relative or member of the household of the
32 public official where the public official is acting in an official capacity while representing state
33 government as defined in ORS 174.111, a local government as defined in ORS 174.116 or a special
34 government body as defined in ORS 174.117 for a ceremonial purpose.

35 (O) Anything of economic value offered to or solicited or received by a public official or candi-
36 date, or a relative or member of the household of the public official or candidate:

37 (i) As part of the usual and customary practice of the person's private business, or the person's
38 employment or position as a volunteer with a private business, corporation, partnership,
39 proprietorship, firm, enterprise, franchise, association, organization, not-for-profit corporation or
40 other legal entity operated for economic value; and

41 (ii) That bears no relationship to the public official's or candidate's holding of, or candidacy for,
42 the official position or public office.

43 (P) Reasonable expenses paid to a public school employee for accompanying students on an ed-
44 ucational trip.

45 (8) "Honorarium" means a payment or something of economic value given to a public official in

1 exchange for services upon which custom or propriety prevents the setting of a price. Services in-
2 clude, but are not limited to, speeches or other services rendered in connection with an event.

3 (9) "Income" means income of any nature derived from any source, including, but not limited to,
4 any salary, wage, advance, payment, dividend, interest, rent, honorarium, return of capital,
5 forgiveness of indebtedness, or anything of economic value.

6 (10) "Legislative or administrative interest" means an economic interest, distinct from that of
7 the general public, in:

8 (a) Any matter subject to the decision or vote of the public official acting in the public official's
9 capacity as a public official; or

10 (b) Any matter that would be subject to the decision or vote of the candidate who, if elected,
11 would be acting in the capacity of a public official.

12 (11) "Member of the household" means any person who resides with the public official or can-
13 didate.

14 (12) "Planning commission" means a county planning commission created under ORS chapter 215
15 or a city planning commission created under ORS chapter 227.

16 (13) "Potential conflict of interest" means any action or any decision or recommendation by a
17 person acting in a capacity as a public official, the effect of which could be to the private pecuniary
18 benefit or detriment of the person or the person's relative, or a business with which the person or
19 the person's relative is associated, unless the pecuniary benefit or detriment arises out of the fol-
20 lowing:

21 (a) An interest or membership in a particular business, industry, occupation or other class re-
22 quired by law as a prerequisite to the holding by the person of the office or position.

23 (b) Any action in the person's official capacity which would affect to the same degree a class
24 consisting of all inhabitants of the state, or a smaller class consisting of an industry, occupation or
25 other group including one of which or in which the person, or the person's relative or business with
26 which the person or the person's relative is associated, is a member or is engaged.

27 (c) Membership in or membership on the board of directors of a nonprofit corporation that is
28 tax-exempt under section 501(c) of the Internal Revenue Code.

29 (14) "Public office" has the meaning given that term in ORS 260.005.

30 (15) "Public official" means the First Partner and any person who, when an alleged violation
31 of this chapter occurs, is serving the State of Oregon or any of its political subdivisions or any other
32 public body as defined in ORS 174.109 as an elected official, appointed official, employee or agent,
33 irrespective of whether the person is compensated for the services.

34 (16) "Relative" means:

35 (a) The spouse, parent, stepparent, child, sibling, stepsibling, son-in-law or daughter-in-law of the
36 public official or candidate;

37 (b) The parent, stepparent, child, sibling, stepsibling, son-in-law or daughter-in-law of the spouse
38 of the public official or candidate;

39 (c) Any individual for whom the public official or candidate has a legal support obligation;

40 (d) Any individual for whom the public official provides benefits arising from the public official's
41 public employment or from whom the public official receives benefits arising from that individual's
42 employment; or

43 (e) Any individual from whom the candidate receives benefits arising from that individual's em-
44 ployment.

45 (17) "Statement of economic interest" means a statement as described by ORS 244.060 or 244.070.

1 (18) "Zoning commission" means an entity to which is delegated at least some of the discre-
 2 tionary authority of a planning commission or governing body relating to zoning and land use mat-
 3 ters.

4 **SECTION 62.** ORS 244.045 is amended to read:

5 244.045. (1) A person who has been a Public Utility Commissioner, the Director of the Depart-
 6 ment of Consumer and Business Services, the Administrator of the Division of Finance and Corpo-
 7 rate Securities, the Administrator of the Insurance Division, the Administrator of the Oregon Liquor
 8 Control Commission or the Director of the Oregon State Lottery shall not:

9 (a) Within one year after the public official ceases to hold the position become an employee of
 10 or receive any financial gain, other than reimbursement of expenses, from any private employer
 11 engaged in the activity, occupation or industry over which the former public official had authority;
 12 or

13 (b) Within two years after the public official ceases to hold the position:

14 (A) Be a lobbyist for or appear as a representative before the agency over which the person
 15 exercised authority as a public official;

16 (B) Influence or try to influence the actions of the agency; or

17 (C) Disclose any confidential information gained as a public official.

18 (2) A person who has been a Deputy Attorney General or an assistant attorney general shall
 19 not, within two years after the person ceases to hold the position, lobby or appear before an agency
 20 that the person represented while employed by the Department of Justice.

21 (3) A person who has been the State Treasurer or the Deputy State Treasurer shall not, within
 22 one year after ceasing to hold office:

23 (a) Accept employment from or be retained by any private entity with whom the office of the
 24 State Treasurer or the Oregon Investment [Council] **Department** negotiated or to whom either
 25 awarded a contract providing for payment by the state of at least \$25,000 in any single year during
 26 the term of office of the treasurer;

27 (b) Accept employment from or be retained by any private entity with whom the office of the
 28 State Treasurer or the Oregon Investment [Council] **Department** placed at least \$50,000 of invest-
 29 ment moneys in any single year during the term of office of the treasurer; or

30 (c) Be a lobbyist for an investment institution, manager or consultant, or appear before the of-
 31 fice of the State Treasurer, **the Oregon Investment Department** or **the Oregon Investment**
 32 **Council** as a representative of an investment institution, manager or consultant.

33 (4)(a) A public official who, as part of the official's duties, invested public funds shall not within
 34 two years after the public official ceases to hold the position:

35 [(a)] (A) Be a lobbyist or appear as a representative before the agency, board or commission for
 36 which the former public official invested public funds;

37 [(b)] (B) Influence or try to influence the agency, board or commission; or

38 [(c)] (C) Disclose any confidential information gained as a public official.

39 **(b) Paragraph (a)(A) and (B) of this subsection does not apply to an individual who is**
 40 **employed by the Oregon Investment Department and who, as part of the individual's duties,**
 41 **invested public funds.**

42 (5)(a) A person who has been a member of the Department of State Police, who has held a po-
 43 sition with the department with the responsibility for supervising, directing or administering pro-
 44 grams relating to gaming by a Native American tribe or the Oregon State Lottery and who has been
 45 designated by the Superintendent of State Police by rule shall not, within one year after the member

1 of the Department of State Police ceases to hold the position:

2 (A) Accept employment from or be retained by or receive any financial gain related to gaming
3 from the Oregon State Lottery or any Native American tribe;

4 (B) Accept employment from or be retained by or receive any financial gain from any private
5 employer selling or offering to sell gaming products or services;

6 (C) Influence or try to influence the actions of the Department of State Police; or

7 (D) Disclose any confidential information gained as a member of the Department of State Police.

8 (b) This subsection does not apply to:

9 (A) Appointment or employment of a person as an Oregon State Lottery Commissioner or as a
10 Tribal Gaming Commissioner or regulatory agent thereof;

11 (B) Contracting with the Oregon State Lottery as a lottery game retailer;

12 (C) Financial gain received from personal gaming activities conducted as a private citizen; or

13 (D) Subsequent employment in any capacity by the Department of State Police.

14 (c) As used in this subsection, "Native American tribe" means any recognized Native American
15 tribe or band of tribes authorized by the Indian Gaming Regulatory Act of October 17, 1988 (Public
16 Law 100-497), 25 U.S.C. 2701 et seq., to conduct gambling operations on tribal land.

17 (6) A person who has been a member of the Legislative Assembly may not receive money or any
18 other consideration for lobbying as defined in ORS 171.725 performed during the period beginning
19 on the date the person ceases to be a member of the Legislative Assembly and ending on the date
20 of adjournment sine die of the next regular session of the Legislative Assembly that begins after the
21 date the person ceases to be a member of the Legislative Assembly.

22 **SECTION 63.** ORS 244.047 is amended to read:

23 244.047. (1) As used in this section:

24 (a) "Public body" has the meaning given that term in ORS 174.109.

25 (b) "Public contract" has the meaning given that term in ORS 279A.010.

26 (2) Except as provided in subsection (4) of this section, a person who ceases to hold a position
27 as a public official may not have a direct beneficial financial interest in a public contract described
28 in subsection (3) of this section for two years after the date the contract was authorized.

29 (3) Subsection (2) of this section applies to a public contract that was authorized by:

30 (a) The person acting in the capacity of a public official; or

31 (b) A board, commission, council, bureau, committee or other governing body of a public body
32 of which the person was a member when the contract was authorized.

33 (4) Subsection (2) of this section does not apply to:

34 (a) A person who was a member of a board, commission, council, bureau, committee or other
35 governing body of a public body when the contract was authorized, but who did not participate in
36 the authorization of the contract; **or**

37 **(b) An employee of the office of the State Treasurer who is subsequently employed by the**
38 **Oregon Investment Department.**

39 **SECTION 64.** ORS 244.050 is amended to read:

40 244.050. (1) On or before April 15 of each year the following persons shall file with the Oregon
41 Government Ethics Commission a verified statement of economic interest as required under this
42 chapter:

43 (a) The Governor, Secretary of State, State Treasurer, Attorney General, Commissioner of the
44 Bureau of Labor and Industries, district attorneys and members of the Legislative Assembly.

45 (b) Any judicial officer, including justices of the peace and municipal judges, except any pro tem

- 1 judicial officer who does not otherwise serve as a judicial officer.
- 2 (c) Any candidate for a public office designated in paragraph (a) or (b) of this subsection.
- 3 (d) The Deputy Attorney General.
- 4 (e) The Deputy Secretary of State.
- 5 (f) The Legislative Administrator, the Legislative Counsel, the Legislative Fiscal Officer, the
6 Secretary of the Senate and the Chief Clerk of the House of Representatives.
- 7 (g) The president and vice presidents, or their administrative equivalents, in each public uni-
8 versity listed in ORS 352.002.
- 9 (h) The following state officers:
- 10 (A) Adjutant General.
- 11 (B) Director of Agriculture.
- 12 (C) Manager of State Accident Insurance Fund Corporation.
- 13 (D) Water Resources Director.
- 14 (E) Director of Department of Environmental Quality.
- 15 (F) Director of Oregon Department of Administrative Services.
- 16 (G) State Fish and Wildlife Director.
- 17 (H) State Forester.
- 18 (I) State Geologist.
- 19 (J) Director of Human Services.
- 20 (K) Director of the Department of Consumer and Business Services.
- 21 (L) Director of the Department of State Lands.
- 22 (M) State Librarian.
- 23 (N) Administrator of Oregon Liquor Control Commission.
- 24 (O) Superintendent of State Police.
- 25 (P) Director of the Public Employees Retirement System.
- 26 (Q) Director of Department of Revenue.
- 27 (R) Director of Transportation.
- 28 (S) Public Utility Commissioner.
- 29 (T) Director of Veterans' Affairs.
- 30 (U) Executive director of Oregon Government Ethics Commission.
- 31 (V) Director of the State Department of Energy.
- 32 (W) Director and each assistant director of the Oregon State Lottery.
- 33 (X) Director of the Department of Corrections.
- 34 (Y) Director of the Oregon Department of Aviation.
- 35 (Z) Executive director of the Oregon Criminal Justice Commission.
- 36 (AA) Director of the Oregon Business Development Department.
- 37 (BB) Director of the Office of Emergency Management.
- 38 (CC) Director of the Employment Department.
- 39 (DD) Chief of staff for the Governor.
- 40 (EE) Administrator of the Office for Oregon Health Policy and Research.
- 41 (FF) Director of the Housing and Community Services Department.
- 42 (GG) State Court Administrator.
- 43 (HH) Director of the Department of Land Conservation and Development.
- 44 (II) Board chairperson of the Land Use Board of Appeals.
- 45 (JJ) State Marine Director.

- 1 (KK) Executive director of the Oregon Racing Commission.
- 2 (LL) State Parks and Recreation Director.
- 3 (MM) Public defense services executive director.
- 4 (NN) Chairperson of the Public Employees' Benefit Board.
- 5 (OO) Director of the Department of Public Safety Standards and Training.
- 6 (PP) Executive director of the Higher Education Coordinating Commission.
- 7 (QQ) Executive director of the Oregon Watershed Enhancement Board.
- 8 (RR) Director of the Oregon Youth Authority.
- 9 (SS) Director of the Oregon Health Authority.
- 10 (TT) Deputy Superintendent of Public Instruction.
- 11 (i) The First Partner, the legal counsel, the deputy legal counsel and all policy advisors within
- 12 the Governor's office.
- 13 (j) Every elected city or county official.
- 14 (k) Every member of a city or county planning, zoning or development commission.
- 15 (L) The chief executive officer of a city or county who performs the duties of manager or prin-
- 16 cipal administrator of the city or county.
- 17 (m) Members of local government boundary commissions formed under ORS 199.410 to 199.519.
- 18 (n) Every member of a governing body of a metropolitan service district and the auditor and
- 19 executive officer thereof.
- 20 (o) Each member of the board of directors of the State Accident Insurance Fund Corporation.
- 21 (p) The chief administrative officer and the financial officer of each common and union high
- 22 school district, education service district and community college district.
- 23 (q) Every member of the following state boards and commissions:
- 24 (A) Board of Geologic and Mineral Industries.
- 25 (B) Oregon Business Development Commission.
- 26 (C) State Board of Education.
- 27 (D) Environmental Quality Commission.
- 28 (E) Fish and Wildlife Commission of the State of Oregon.
- 29 (F) State Board of Forestry.
- 30 (G) Oregon Government Ethics Commission.
- 31 (H) Oregon Health Policy Board.
- 32 (I) Oregon Investment Council.
- 33 (J) Land Conservation and Development Commission.
- 34 (K) Oregon Liquor Control Commission.
- 35 (L) Oregon Short Term Fund Board.
- 36 (M) State Marine Board.
- 37 (N) Mass transit district boards.
- 38 (O) Energy Facility Siting Council.
- 39 (P) Board of Commissioners of the Port of Portland.
- 40 (Q) Employment Relations Board.
- 41 (R) Public Employees Retirement Board.
- 42 (S) Oregon Racing Commission.
- 43 (T) Oregon Transportation Commission.
- 44 (U) Water Resources Commission.
- 45 (V) Workers' Compensation Board.

- 1 (W) Oregon Facilities Authority.
- 2 (X) Oregon State Lottery Commission.
- 3 (Y) Pacific Northwest Electric Power and Conservation Planning Council.
- 4 (Z) Columbia River Gorge Commission.
- 5 (AA) Oregon Health and Science University Board of Directors.
- 6 (BB) Capitol Planning Commission.
- 7 (CC) Higher Education Coordinating Commission.
- 8 (DD) Oregon Growth Board.
- 9 (EE) Early Learning Council.
- 10 (r) The following officers of the State Treasurer:
- 11 (A) Deputy State Treasurer.
- 12 (B) Chief of staff for the office of the State Treasurer.
- 13 [(C) *Director of the Investment Division.*]
- 14 (s) Every member of the board of commissioners of a port governed by ORS 777.005 to 777.725
- 15 or 777.915 to 777.953.
- 16 (t) Every member of the board of directors of an authority created under ORS 441.525 to 441.595.
- 17 (u) Every member of a governing board of a public university listed in ORS 352.002.
- 18 (v) Every member of the board of directors of an authority created under ORS 465.600 to
- 19 465.621.
- 20 **(w) The Chief Executive Officer of the Oregon Investment Department.**
- 21 (2) By April 15 next after the date an appointment takes effect, every appointed public official
- 22 on a board or commission listed in subsection (1) of this section shall file with the Oregon Govern-
- 23 ment Ethics Commission a statement of economic interest as required under ORS 244.060, 244.070
- 24 and 244.090.
- 25 (3) By April 15 next after the filing deadline for the primary election, each candidate described
- 26 in subsection (1) of this section shall file with the commission a statement of economic interest as
- 27 required under ORS 244.060, 244.070 and 244.090.
- 28 (4) Within 30 days after the filing deadline for the general election, each candidate described in
- 29 subsection (1) of this section who was not a candidate in the preceding primary election, or who
- 30 was nominated for public office described in subsection (1) of this section at the preceding primary
- 31 election by write-in votes, shall file with the commission a statement of economic interest as re-
- 32 quired under ORS 244.060, 244.070 and 244.090.
- 33 (5) Subsections (1) to (4) of this section apply only to persons who are incumbent, elected or
- 34 appointed public officials as of April 15 and to persons who are candidates on April 15. Subsections
- 35 (1) to (4) of this section also apply to persons who do not become candidates until 30 days after the
- 36 filing deadline for the statewide general election.
- 37 (6) If a statement required to be filed under this section has not been received by the commis-
- 38 sion within five days after the date the statement is due, the commission shall notify the public of-
- 39 ficial or candidate and give the public official or candidate not less than 15 days to comply with the
- 40 requirements of this section. If the public official or candidate fails to comply by the date set by the
- 41 commission, the commission may impose a civil penalty as provided in ORS 244.350.

42 **SECTION 65.** ORS 244.050, as amended by section 10, chapter 88, Oregon Laws 2016, is

43 amended to read:

44 244.050. (1) On or before April 15 of each year the following persons shall file with the Oregon

45 Government Ethics Commission a verified statement of economic interest as required under this

1 chapter:

2 (a) The Governor, Secretary of State, State Treasurer, Attorney General, Commissioner of the
3 Bureau of Labor and Industries, district attorneys and members of the Legislative Assembly.

4 (b) Any judicial officer, including justices of the peace and municipal judges, except any pro tem
5 judicial officer who does not otherwise serve as a judicial officer.

6 (c) Any candidate for a public office designated in paragraph (a) or (b) of this subsection.

7 (d) The Deputy Attorney General.

8 (e) The Deputy Secretary of State.

9 (f) The Legislative Administrator, the Legislative Counsel, the Legislative Fiscal Officer, the
10 Legislative Policy and Research Director, the Secretary of the Senate and the Chief Clerk of the
11 House of Representatives.

12 (g) The president and vice presidents, or their administrative equivalents, in each public uni-
13 versity listed in ORS 352.002.

14 (h) The following state officers:

15 (A) Adjutant General.

16 (B) Director of Agriculture.

17 (C) Manager of State Accident Insurance Fund Corporation.

18 (D) Water Resources Director.

19 (E) Director of Department of Environmental Quality.

20 (F) Director of Oregon Department of Administrative Services.

21 (G) State Fish and Wildlife Director.

22 (H) State Forester.

23 (I) State Geologist.

24 (J) Director of Human Services.

25 (K) Director of the Department of Consumer and Business Services.

26 (L) Director of the Department of State Lands.

27 (M) State Librarian.

28 (N) Administrator of Oregon Liquor Control Commission.

29 (O) Superintendent of State Police.

30 (P) Director of the Public Employees Retirement System.

31 (Q) Director of Department of Revenue.

32 (R) Director of Transportation.

33 (S) Public Utility Commissioner.

34 (T) Director of Veterans' Affairs.

35 (U) Executive director of Oregon Government Ethics Commission.

36 (V) Director of the State Department of Energy.

37 (W) Director and each assistant director of the Oregon State Lottery.

38 (X) Director of the Department of Corrections.

39 (Y) Director of the Oregon Department of Aviation.

40 (Z) Executive director of the Oregon Criminal Justice Commission.

41 (AA) Director of the Oregon Business Development Department.

42 (BB) Director of the Office of Emergency Management.

43 (CC) Director of the Employment Department.

44 (DD) Chief of staff for the Governor.

45 (EE) Administrator of the Office for Oregon Health Policy and Research.

- 1 (FF) Director of the Housing and Community Services Department.
- 2 (GG) State Court Administrator.
- 3 (HH) Director of the Department of Land Conservation and Development.
- 4 (II) Board chairperson of the Land Use Board of Appeals.
- 5 (JJ) State Marine Director.
- 6 (KK) Executive director of the Oregon Racing Commission.
- 7 (LL) State Parks and Recreation Director.
- 8 (MM) Public defense services executive director.
- 9 (NN) Chairperson of the Public Employees' Benefit Board.
- 10 (OO) Director of the Department of Public Safety Standards and Training.
- 11 (PP) Executive director of the Higher Education Coordinating Commission.
- 12 (QQ) Executive director of the Oregon Watershed Enhancement Board.
- 13 (RR) Director of the Oregon Youth Authority.
- 14 (SS) Director of the Oregon Health Authority.
- 15 (TT) Deputy Superintendent of Public Instruction.
- 16 (i) The First Partner, the legal counsel, the deputy legal counsel and all policy advisors within
- 17 the Governor's office.
- 18 (j) Every elected city or county official.
- 19 (k) Every member of a city or county planning, zoning or development commission.
- 20 (L) The chief executive officer of a city or county who performs the duties of manager or prin-
- 21 cipal administrator of the city or county.
- 22 (m) Members of local government boundary commissions formed under ORS 199.410 to 199.519.
- 23 (n) Every member of a governing body of a metropolitan service district and the auditor and
- 24 executive officer thereof.
- 25 (o) Each member of the board of directors of the State Accident Insurance Fund Corporation.
- 26 (p) The chief administrative officer and the financial officer of each common and union high
- 27 school district, education service district and community college district.
- 28 (q) Every member of the following state boards and commissions:
- 29 (A) Board of Geologic and Mineral Industries.
- 30 (B) Oregon Business Development Commission.
- 31 (C) State Board of Education.
- 32 (D) Environmental Quality Commission.
- 33 (E) Fish and Wildlife Commission of the State of Oregon.
- 34 (F) State Board of Forestry.
- 35 (G) Oregon Government Ethics Commission.
- 36 (H) Oregon Health Policy Board.
- 37 (I) Oregon Investment Council.
- 38 (J) Land Conservation and Development Commission.
- 39 (K) Oregon Liquor Control Commission.
- 40 (L) Oregon Short Term Fund Board.
- 41 (M) State Marine Board.
- 42 (N) Mass transit district boards.
- 43 (O) Energy Facility Siting Council.
- 44 (P) Board of Commissioners of the Port of Portland.
- 45 (Q) Employment Relations Board.

- 1 (R) Public Employees Retirement Board.
- 2 (S) Oregon Racing Commission.
- 3 (T) Oregon Transportation Commission.
- 4 (U) Water Resources Commission.
- 5 (V) Workers' Compensation Board.
- 6 (W) Oregon Facilities Authority.
- 7 (X) Oregon State Lottery Commission.
- 8 (Y) Pacific Northwest Electric Power and Conservation Planning Council.
- 9 (Z) Columbia River Gorge Commission.
- 10 (AA) Oregon Health and Science University Board of Directors.
- 11 (BB) Capitol Planning Commission.
- 12 (CC) Higher Education Coordinating Commission.
- 13 (DD) Oregon Growth Board.
- 14 (EE) Early Learning Council.
- 15 (r) The following officers of the State Treasurer:
- 16 (A) Deputy State Treasurer.
- 17 (B) Chief of staff for the office of the State Treasurer.
- 18 [(C) *Director of the Investment Division.*]
- 19 (s) Every member of the board of commissioners of a port governed by ORS 777.005 to 777.725
- 20 or 777.915 to 777.953.
- 21 (t) Every member of the board of directors of an authority created under ORS 441.525 to 441.595.
- 22 (u) Every member of a governing board of a public university listed in ORS 352.002.
- 23 (v) Every member of the board of directors of an authority created under ORS 465.600 to
- 24 465.621.
- 25 **(w) The Chief Executive Officer of the Oregon Investment Department.**
- 26 (2) By April 15 next after the date an appointment takes effect, every appointed public official
- 27 on a board or commission listed in subsection (1) of this section shall file with the Oregon Govern-
- 28 ment Ethics Commission a statement of economic interest as required under ORS 244.060, 244.070
- 29 and 244.090.
- 30 (3) By April 15 next after the filing deadline for the primary election, each candidate described
- 31 in subsection (1) of this section shall file with the commission a statement of economic interest as
- 32 required under ORS 244.060, 244.070 and 244.090.
- 33 (4) Within 30 days after the filing deadline for the general election, each candidate described in
- 34 subsection (1) of this section who was not a candidate in the preceding primary election, or who
- 35 was nominated for public office described in subsection (1) of this section at the preceding primary
- 36 election by write-in votes, shall file with the commission a statement of economic interest as re-
- 37 quired under ORS 244.060, 244.070 and 244.090.
- 38 (5) Subsections (1) to (4) of this section apply only to persons who are incumbent, elected or
- 39 appointed public officials as of April 15 and to persons who are candidates on April 15. Subsections
- 40 (1) to (4) of this section also apply to persons who do not become candidates until 30 days after the
- 41 filing deadline for the statewide general election.
- 42 (6) If a statement required to be filed under this section has not been received by the commis-
- 43 sion within five days after the date the statement is due, the commission shall notify the public of-
- 44 ficial or candidate and give the public official or candidate not less than 15 days to comply with the
- 45 requirements of this section. If the public official or candidate fails to comply by the date set by the

1 commission, the commission may impose a civil penalty as provided in ORS 244.350.

2 **SECTION 66.** ORS 244.055 is amended to read:

3 244.055. (1) *[In addition to the statement required by ORS 244.050,]* The State Treasurer, **the**
4 **Deputy State Treasurer, the chief of staff for the office of the State Treasurer and the di-**
5 **rectors of the Finance Division and the Debt Management Division** *[and any person listed under*
6 *ORS 244.050 (1)(r) and this subsection]* shall file quarterly at a time fixed by the State Treasurer a
7 trading statement listing all stocks, bonds and other types of securities purchased or sold during the
8 preceding quarter[:].

9 *[(a) Directors of the Cash Management Division and the Debt Management Division.]*

10 *[(b) Equities, fixed income, short term fund, real estate, equities real estate and commercial and*
11 *mortgage real estate investment officers and assistant investment officers.]*

12 *[(c) Fixed income and short term fund investment analysts.]*

13 [(2)] The statement *[required by subsection (1) of this section]* shall be filed for review with the
14 State Treasurer, the Attorney General and the Division of Audits of the office of the Secretary of
15 State. The content of the statement *[is confidential]* **may not be disclosed as a public record under**
16 **ORS 192.410 to 192.505.**

17 [(3)] (2) If the State Treasurer or the Deputy State Treasurer determines that a conflict of in-
18 terest exists for an officer or employee, the State Treasurer shall subject the person to appropriate
19 discipline, including dismissal or termination of the contract, or both, pursuant to rule. If the State
20 Treasurer has cause to believe that a violation of this chapter has occurred, the State Treasurer
21 shall file a complaint with the Oregon Government Ethics Commission under ORS 244.260.

22 [(4)] (3) If the State Treasurer fails to act on an apparent conflict of interest under subsection
23 [(3)] (2) of this section or if the statement of the State Treasurer or the Deputy State Treasurer
24 appears to contain a conflict of interest, the Director of the Division of Audits shall report the
25 failure or apparent conflict to the Attorney General, who may file a complaint with the commission.

26 (4) **Any employees of the Oregon Investment Department who provide advice or make**
27 **decisions with respect to the acquisition, sale or other disposition of investments of the de-**
28 **partment shall file quarterly, at a time fixed by the Chief Executive Officer of the Oregon**
29 **Investment Department, a trading statement listing all stocks, bonds and other types of se-**
30 **curities purchased or sold during the preceding quarter. The statement shall be filed for re-**
31 **view with the Attorney General and the Division of Audits of the office of the Secretary of**
32 **State. The content of the statement may not be disclosed as a public record under ORS**
33 **192.410 to 192.505.**

34 (5) **If the Chief Executive Officer of the Oregon Investment Department determines that**
35 **a conflict of interest exists for an employee or a violation of the Oregon Investment**
36 **Council's code of ethics has occurred, the Chief Executive Officer shall subject the person**
37 **to appropriate discipline. If the Chief Executive Officer has sufficient cause to reasonably**
38 **believe that a violation of this chapter has occurred, the Chief Executive Officer shall file a**
39 **complaint with the Oregon Government Ethics Commission under ORS 244.260.**

40 **SECTION 67.** ORS 293.708 is amended to read:

41 293.708. (1) As used in this section:

42 (a) "Business" has the meaning given that term in ORS 244.020.

43 (b) "Business with which the person is associated" has the meaning given that term in ORS
44 244.020.

45 (c) "Relative" has the meaning given that term in ORS 244.020.

1 (2) When a person who is a member of the Oregon Investment Council becomes aware that
2 action on a matter pending before the council might lead to private pecuniary benefit or detriment
3 to the person, to a relative of the person or to a business with which the person or a relative of the
4 person is associated, the member shall notify in writing the [*State Treasurer or the Deputy State*
5 *Treasurer*] **Chief Executive Officer of the Oregon Investment Department and the chairperson**
6 **of the council** that any action, decision or recommendation by the member might constitute an ac-
7 tual or potential conflict of interest. The member shall provide the notice not later than three
8 business days after the member becomes aware of the possibility of an actual or potential conflict.

9 (3) Subsection (2) of this section does not apply if the pecuniary benefit or detriment arises out
10 of circumstances described in ORS 244.020 (13).

11 (4) Complaints of violations of this section may be made to the Oregon Government Ethics
12 Commission for review and investigation as provided by ORS 244.260 and for possible imposition of
13 civil penalties as provided by ORS 244.350 or 244.360.

14 (5) Nothing in this section excuses a member of the council from compliance with ORS 244.120.

15 **SECTION 68.** ORS 246.590 is amended to read:

16 246.590. (1) The State Treasurer, [*in the capacity of investment officer for the Oregon Investment*
17 *Council,*] **for the Oregon Short Term Fund, or the Oregon Investment Department** may lend
18 moneys in the investment funds, **or any other moneys the State Treasurer or the department**
19 **is charged by law with investing**, as provided in ORS 293.701 to 293.857 for the acquisition of:

20 (a) The voting machines or vote tally systems that the Secretary of State has contracted to sell
21 to a county.

22 (b) Computers or computer systems for the purpose of maintaining and updating elector regis-
23 tration files or for establishing cross-county elector registration files, including those that the Sec-
24 retary of State has contracted to sell to a county.

25 (2) The Voting Machine Account is established in the General Fund. The account consists of
26 moneys lent to the Secretary of State under this section and payments collected from counties under
27 ORS 246.600. Moneys in the account are continuously appropriated to the secretary for:

28 (a) The purchase of voting machines or vote tally systems or computers or computer systems
29 described in subsection (1) of this section; and

30 (b) Repayment of moneys lent under this section, plus interest.

31 (3) Moneys lent under this section shall be repaid within five years together with interest at a
32 rate agreed upon by the State Treasurer, **or the department**, and the Secretary of State.

33 **SECTION 69.** ORS 273.413 is amended to read:

34 273.413. (1) The Department of State Lands may dispose of isolated sections and fragments of
35 sections of state lands which are not suitable for management according to long-range policies of
36 the State Land Board. The proceeds of such sales shall be applied and are continuously appropriated
37 to the Department of State Lands for the acquisition of lands or other suitable investments as di-
38 rected by the board in consultation with the Oregon Investment [*Council*] **Department**.

39 (2) The proceeds of any sale authorized by subsection (1) of this section shall be deposited in a
40 revolving account in the Common School Fund. The costs of acquisition authorized by subsection (1)
41 of this section shall be charged to the revolving account.

42 (3) When requested in writing by the Department of State Lands, the Oregon Department of
43 Administrative Services shall draw a warrant on the Common School Fund in favor of the Depart-
44 ment of State Lands for use as a revolving account. The State Treasurer shall hold the revolving
45 account in special account against which the Department of State Lands may draw checks.

1 (4) The Department of State Lands may use the revolving account for the purposes specified in
2 subsection (1) of this section.

3 (5) Before disposing of lands described in subsection (1) of this section, the Department of State
4 Lands shall cause owners or lessees of land adjoining the land to be disposed of to be notified of the
5 pending disposition. The notice shall indicate the time and method of sale, the minimum or reserved
6 price, if any, and shall invite the landowners or lessees to participate as a prospective purchaser if
7 the landowner or lessee wishes to do so.

8 (6) Before purchasing or selling land, the Department of State Lands shall obtain approval of the
9 governing body of the county or counties in which such land is located.

10 (7) The Department of State Lands shall prepare sales materials, including catalogs of lands
11 available for sale, and may charge a fee for such materials.

12 (8) This section does not apply to the sale or management of state-owned submerged and
13 submersible lands subject to ORS chapter 274.

14 **SECTION 70.** ORS 276.013 is amended to read:

15 276.013. When the Director of the Oregon Department of Administrative Services determines
16 that an office building as defined in ORS 276.110 would be the best means to further the public
17 policy of this state as declared in ORS 276.426, or otherwise to accomplish the purposes of ORS
18 276.005 (1), the Oregon Department of Administrative Services may request the [*State Treasurer*
19 *and*] **Oregon Investment Department and the** investing agency, as defined in ORS 276.110, to loan
20 funds to acquire the buildings necessary to carry out that policy.

21 **SECTION 71.** ORS 276.015 is amended to read:

22 276.015. For the purposes of ORS 276.002 to 276.007 and 276.010 to 276.137, the [*State*
23 *Treasurer*] **Oregon Investment Department**, with the approval of the investing agency, as defined
24 in ORS 276.110, **and consistent with investment policies of the Oregon Investment Council**,
25 may invest not to exceed seven percent of the moneys in any appropriate fund included in the in-
26 vestment funds, as defined in ORS 293.701, on such terms and conditions as the [*State Treasurer*]
27 **Oregon Investment Department**, the investing agency and the Oregon Department of Adminis-
28 trative Services determine.

29 **SECTION 72.** ORS 276.110 is amended to read:

30 276.110. As used in ORS 276.013, 276.015 and 276.110 to 276.137, unless the context requires
31 otherwise:

32 (1) "Cost of acquisition" includes the costs of sites, plans, specifications, architects' fees, interest
33 on investments of the investing funds and all other costs related to the erection and equipping of
34 office buildings or to the purchase, alteration, repair and equipping of buildings for office purposes.

35 (2) "Investing agency" means the board, commission, department or other agency whose funds
36 are defined as investment funds in ORS 293.701.

37 (3) "Investing funds" means those funds enumerated in ORS 293.701 (2), when invested pursuant
38 to ORS 276.013, 276.015 and 276.110 to 276.137.

39 (4) "Office building" means any building in the State of Oregon acquired under ORS 276.013,
40 276.015 and 276.110 to 276.137, by appropriation therefor, or as otherwise provided by law, to provide
41 centralized office quarters for state agencies and may include parking, storage, motor pool and ser-
42 vice facilities.

43 [(5) "*State Treasurer*" means the *State Treasurer in the capacity of investment officer for the*
44 *Oregon Investment Council.*]

45 **SECTION 73.** ORS 285A.306 is amended to read:

1 285A.306. (1) There is established in the State Treasury, separate and distinct from the General
2 Fund, the Title I Bank Fund. All moneys in the fund are continuously appropriated to the Oregon
3 Business Development Department for the Oregon Infrastructure Finance Authority to provide fi-
4 nancing for community development projects. Interest earned by the Title I Bank Fund shall be
5 credited to the fund.

6 (2) Moneys in the Title I Bank Fund[, *with the approval of the State Treasurer,*] may be invested
7 as provided by ORS 293.701 to 293.857, and the earnings from such investments and other program
8 income shall be credited to the Title I Bank Fund.

9 (3) The Title I Bank Fund shall consist of:

10 (a) Moneys appropriated to the fund by the Legislative Assembly.

11 (b) Repayment of loans made by cities and counties with grants from the Oregon Community
12 Development Block Grant Program, including interest earnings.

13 (4) The Oregon Infrastructure Finance Authority shall administer the fund.

14 (5) The department shall adopt rules and policies for the administration of the fund.

15 (6) The authority may charge program administrative costs to the fund to pay for administrative
16 expenses incurred to the authority for processing applications and investigating community devel-
17 opment projects.

18 **SECTION 74.** ORS 285A.654 is amended to read:

19 285A.654. (1) There is created within the State Treasury, separate and distinct from the General
20 Fund, the Port Planning and Marketing Fund. All moneys in the Port Planning and Marketing Fund
21 are appropriated continuously to the Oregon Business Development Department for the Oregon
22 Infrastructure Finance Authority and shall be used by the authority for:

23 (a) Administrative expenses of the authority in processing grant applications and investigating
24 proposed planning or marketing projects related to ports.

25 (b) Payment of grants under ORS 285A.654 to 285A.660 to ports formed under ORS 777.010 and
26 777.050.

27 (c) Direct purchase by the authority of goods or services to assist ports in implementing plan-
28 ning or marketing projects approved for grant financing under ORS 285A.654 to 285A.660.

29 (2) The Port Planning and Marketing Fund shall consist of:

30 (a) Moneys appropriated to the fund by the Legislative Assembly.

31 (b) Moneys obtained from gifts or grants received under ORS 285A.200.

32 (c) Moneys obtained from interest earned on the investment of such moneys.

33 (3) Moneys in the Port Planning and Marketing Fund[, *with the approval of the State*
34 *Treasurer,*] may be invested as provided by ORS 293.701 to 293.857, and the earnings from such in-
35 vestments shall be credited to the Port Planning and Marketing Fund.

36 **SECTION 75.** ORS 285B.119 is amended to read:

37 285B.119. (1) There is established in the State Treasury, separate and distinct from the General
38 Fund, the Capital Access Fund. All moneys in the fund are continuously appropriated to the Oregon
39 Business Development Department for the purpose of making payments to loss reserve accounts es-
40 tablished under ORS 285B.109 to 285B.119.

41 (2) Moneys in the Capital Access Fund[, *with the approval of the State Treasurer,*] may be in-
42 vested as provided by ORS 293.701 to 293.857, and the earnings from such investment shall be
43 credited to the Capital Access Fund.

44 (3) The Capital Access Fund shall consist of:

45 (a) Moneys appropriated to the fund by the Legislative Assembly.

1 (b) Interest earned on moneys in the fund.

2 (c) Moneys returned to the fund from loss reserve accounts or other sources.

3 (4) If the department deems retrieval of interest earned on loss reserve accounts appropriate,
4 the department may transfer into the fund up to 50 percent of the interest earned on moneys in loss
5 reserve accounts.

6 (5) The department may charge administrative costs to the fund to pay for actual and necessary
7 administrative expenses incurred by the department in administering the fund and establishing and
8 maintaining loss reserve accounts under ORS 285B.109 to 285B.119.

9 **SECTION 76.** ORS 286A.025 is amended to read:

10 286A.025. (1) The State Treasurer may, at the request of a related agency:

11 (a) Issue bonds when a law of the State of Oregon authorizes bonds to be issued; and

12 (b) Issue refunding bonds without additional authorization.

13 (2) In consultation with the related agency, the State Treasurer may:

14 (a) Sell bonds at a competitive sale or a negotiated sale or in any other manner determined by
15 the State Treasurer;

16 (b) Issue bonds the interest of which is exempt from federal income taxation or is not exempt
17 from federal income taxation;

18 (c) Establish the principal amounts, redemption provisions, optional or mandatory tender pro-
19 visions, interest rates or methods for determining variable or adjustable interest rates, denomi-
20 nations and other terms and conditions of the bonds;

21 (d) Establish maturity dates for bonds to provide for short-term, interim or long-term borrowing;

22 (e) Determine the form and content of a bond offering or disclosure document;

23 (f) Structure, market and issue bonds in the manner that the State Treasurer determines is in
24 the best interest of the people of the State of Oregon; and

25 (g) Invest moneys held in connection with or derived from obligations, as defined in ORS
26 286A.100, without regard to the fund or account to which the moneys are credited under other
27 provisions of law, alone or with other invested moneys. In addition, the State Treasurer may:

28 (A) Establish funds and accounts separate and distinct from the General Fund in order [*to*
29 *invest*] **that** the moneys **may be invested** as provided in ORS 293.701 to 293.857 and to arrange for
30 redemption or purchase of bonds; and

31 (B) Segregate or pool moneys in order to promote financial and administrative efficiency and
32 prudence in the management of moneys derived from obligations, as defined in ORS 286A.100, mon-
33 eys available for bond repayment and other moneys, and in the administration of bond programs.

34 (3) Subject to the approval of the State Treasurer, moneys described in subsection (2)(g) of this
35 section may be held by a trustee under a trust agreement, indenture, bond declaration or similar
36 instrument and may be invested by the trustee at the direction of the related agency for which the
37 moneys are held by the trustee. If consistent with the trust agreement, indenture, bond declaration
38 or similar instrument, a related agency may authorize a trustee to invest on behalf of the agency
39 in the investment funds or with other moneys invested [*by the State Treasurer*] under ORS 293.701
40 to 293.857 and may authorize a transfer of the moneys from the State Treasurer to the trustee.

41 (4) In addition to authority conferred by law other than this section, the State Treasurer or,
42 with the approval of the State Treasurer, a related agency may:

43 (a) Execute and deliver indentures, trust agreements, auction agent agreements, broker-dealer
44 agreements, tender agent agreements, bond declarations or similar instruments and other contracts
45 related to the sale, issuance or security of the bonds;

1 (b) Deposit funds with trustees for the benefit of bond owners and the providers of credit en-
2 hancement devices; and

3 (c) Enter into covenants for the benefit of bond owners or the providers of credit enhancement
4 devices.

5 (5) The covenants authorized by subsection (4)(c) of this section:

6 (a) May include, but are not limited to, covenants regarding the issuance of additional bonds,
7 the priority of payment of bonds and, if authorized by law other than this section, the imposition
8 and collection of rates, fees or other charges; and

9 (b) Are intended to:

10 (A) Improve the security of bond owners or providers of credit enhancement devices; or

11 (B) Maintain the tax-exempt status of interest payable on bonds.

12 (6) In addition to authority conferred by law other than this section, in consultation with the
13 related agency, the State Treasurer may establish a debt service reserve for the purpose of paying
14 when due the amounts owing on the bonds for which the debt service reserve is established. The
15 debt service reserve may be funded out of the proceeds derived from the issuance and sale of the
16 bonds for which the debt service reserve is being established or from other lawfully available funds.

17 (7) In consultation with the related agency, the State Treasurer shall select the underwriters for
18 the sale of the bonds requested by the related agency. An agreement with the underwriters may be
19 executed by the State Treasurer alone or with the related agency. An agreement with underwriters
20 is not subject to the Public Contracting Code.

21 **SECTION 77.** ORS 286A.145 is amended to read:

22 286A.145. (1) The State Treasurer or a related agency may enter into covenants for the benefit
23 of owners of bonds that are intended to allow the bonds to bear interest that is excluded from gross
24 income under the federal Internal Revenue Code or that is otherwise exempt from taxation by the
25 United States. The State Treasurer or a related agency may adopt rules or procedures that are in-
26 tended to facilitate compliance with those covenants, and may take any action that is required to
27 comply with those covenants. Covenants authorized by this subsection include, but are not limited
28 to, covenants to:

29 (a) Pay any rebates of earnings or penalties to the United States;

30 (b) Invest proceeds alone or in combination with other moneys in investments that have different
31 maturities, yields or credit qualities than the state would acquire under the investment **objective**
32 **and** standards specified in ORS 293.721 and 293.726 **and section 6 of this 2017 Act** and other sim-
33 ilar laws, but only if those investments facilitate compliance with covenants described in this sub-
34 section; or

35 (c) Restrict the expenditure of bond proceeds or restrict the operation of, or otherwise limit the
36 use of, facilities that are financed with bonds.

37 (2) When the State of Oregon receives interest rate subsidies from the United States in con-
38 nection with bonds, the State Treasurer or the related agency, to the extent permitted by federal
39 law, may:

40 (a) Apply the subsidies to pay bonds of the related agency and credit the subsidies to an account
41 that is used to pay bonds of the related agency;

42 (b) Pledge the subsidies to secure bonds of the related agency; or

43 (c) Use the subsidies to pay costs that would otherwise be paid with proceeds of bonds of the
44 related agency and credit the subsidies to accounts that are used to pay the costs.

45 **SECTION 78.** ORS 311.701 is amended to read:

1 311.701. (1) There is established in the State Treasury the Senior Property Tax Deferral Re-
 2 volving Account to be used by the Department of Revenue for the purpose of making the payments
 3 to:

4 (a) County tax collectors of property taxes deferred for tax years beginning on or after January
 5 1, 1983, as required by ORS 311.676.

6 (b) The appropriate local officer of special assessment improvement amounts deferred on or after
 7 October 15, 1983, as required by ORS 311.730.

8 (c) The department for its expenses in administering the property tax and special assessment
 9 senior deferral programs.

10 (2) The Senior Property Tax Deferral Revolving Account may include a reserve for payment of
 11 department administrative expenses.

12 (3) All sums of money received by the Department of Revenue under ORS 311.666 to 311.701 as
 13 repayments of deferred property taxes or under ORS 311.702 to 311.735 as repayments of deferred
 14 special assessment improvement amounts, including the interest accrued under ORS 311.674 (3) or
 15 311.711 (3) shall, upon receipt, be credited to the revolving account and are continuously appropri-
 16 ated to the department for the purposes of subsection (1) of this section.

17 (4)(a) If there are not sufficient moneys in the revolving account to make the payments required
 18 by subsection (1) of this section, and the amount appropriated from the General Fund is not suffi-
 19 cient when added together with the moneys in the revolving account to provide an amount sufficient
 20 to make the required payments, the [*State Treasurer, in the capacity of investment officer for the*]
 21 Oregon Investment [*Council,*] **Department** may lend to the Department of Revenue such amounts
 22 as may be necessary to make the payments.

23 (b) The [*State Treasurer*] **Oregon Investment Department** may lend moneys that may be in-
 24 vested as provided in ORS 293.701 to 293.857.

25 (c) Any moneys lent under this subsection shall be repaid within five years together with in-
 26 terest at a rate determined by the [*State Treasurer*] **Oregon Investment Department** and consist-
 27 ent with the investment **objective and** standards [*of*] **set forth in** ORS 293.721 and 293.726 **and**
 28 **section 6 of this 2017 Act.**

29 **SECTION 79.** ORS 327.425 is amended to read:

30 327.425. (1) All moneys belonging to the Common School Fund and not required to meet current
 31 expenses shall be loaned by the Department of State Lands at a rate of interest fixed by the de-
 32 partment. The Department **of State Lands** may consult with and obtain the recommendation of the
 33 Oregon Investment [*Council*] **Department** in fixing the interest rate.

34 (2) Common School Fund moneys may be loaned in accordance with the repayment plan con-
 35 tained in ORS 327.440, except that loans on property within the corporate limits of towns or cities
 36 shall be payable in not more than 15 years on the amortization plan.

37 (3) If at any time there is a Common School Fund surplus over and above all loans applied for,
 38 such portion of the surplus as the Department **of State Lands** deems proper may be invested as
 39 provided in ORS 293.701 to 293.857. The department may require the State Treasurer to deposit any
 40 such surplus, until it is able to loan same, in qualified state depositories, upon the same terms and
 41 conditions as other public funds are deposited therein, in which event any interest received from
 42 any such state depository shall be credited to the fund on which such interest was earned.

43 (4) The Department **of State Lands** may reduce the rate of interest to be paid upon outstanding
 44 loans from the Common School Fund and any trust fund placed in its charge, to correspond with the
 45 rate of interest to be paid upon new loans, but no reduction in rate of interest shall be made upon

1 any of the loans until interest at the old rate has been paid in full to date of receipt of remittance
2 at the office of the department.

3 **SECTION 80.** ORS 350.545 is amended to read:

4 350.545. (1) Notwithstanding ORS 350.550 (5), the [*State Treasurer*] **Oregon Investment De-**
5 **partment**, as payment for expenses, may deduct a fee pursuant to ORS 293.718 from a university
6 venture development fund administered by a public university listed in ORS 352.002 or the Oregon
7 Health and Science University.

8 (2) A public university listed in ORS 352.002 or the Oregon Health and Science University may
9 direct that moneys credited to its university venture development fund be held and invested by the
10 university's affiliated foundation. Any moneys held by an affiliated foundation under this section or
11 ORS 350.550 are not subject to the provisions of ORS chapter 293 or 295 and may not be considered
12 public or state funds for any purpose. Moneys transferred to an affiliated foundation under this
13 section or ORS 350.550 may be used only as provided under **this section and** ORS 350.540,
14 [*350.545,*] 350.550 and 353.445.

15 (3) A public university listed in ORS 352.002 or the Oregon Health and Science University may
16 retain or may elect to have its affiliated foundation retain some or all of the principal contributed
17 to a university venture development fund for investment to perpetuate and increase the moneys
18 available for expenditure. The balance of the fund and the earnings on that balance may be used
19 as provided under **this section and** ORS 350.540, [*350.545,*] 350.550 and 353.445.

20 **SECTION 81.** ORS 367.015 is amended to read:

21 367.015. (1) There is established in the State Treasury, separate and distinct from the General
22 Fund, the Oregon Transportation Infrastructure Fund. All moneys in the infrastructure fund are
23 continuously appropriated to the Department of Transportation for the purposes of ORS 367.010 to
24 367.067.

25 (2) The infrastructure fund consists of:

26 (a) Moneys appropriated to the infrastructure fund by the Legislative Assembly.

27 (b) Moneys transferred to the infrastructure fund by the department from the State Highway
28 Fund or from other funds available to the Oregon Transportation Commission.

29 (c) Moneys from any federal grant, state grant or other grant that are deposited in the
30 infrastructure fund.

31 (d) Proceeds of infrastructure bonds.

32 (e) Proceeds of Highway User Tax Bonds issued under ORS 367.615 for the purpose of providing
33 infrastructure assistance or an infrastructure loan.

34 (f) Moneys due to a municipality that are withheld pursuant to ORS 367.035 (3) or (5) and, for
35 a loan made with proceeds of Highway User Tax Bonds, moneys due to a municipality that are
36 withheld pursuant to ORS 367.655 (2)(c).

37 (g) Earnings on the infrastructure fund.

38 (h) Moneys paid to the department in connection with infrastructure loans or infrastructure
39 assistance.

40 (i) Any grants or donations made to the State of Oregon for deposit in the infrastructure fund.

41 (3) A pledge by the department of its revenues or other moneys in the infrastructure fund is
42 valid and binding from the time the pledge is made as provided in ORS 286A.102.

43 (4) The department shall use moneys in the infrastructure fund solely to:

44 (a) Provide infrastructure loans and infrastructure assistance;

45 (b) Pay the bond debt service for infrastructure bonds and pay the costs of issuance and other

1 costs related to infrastructure bonds;

2 (c) Pay the department's costs of administering the infrastructure fund and providing
3 infrastructure loans and infrastructure assistance, including any costs of monitoring transportation
4 projects and obtaining repayment of infrastructure loans and infrastructure assistance;

5 (d) Pay the department's or another public entity's costs for transportation projects including,
6 but not limited to, projects funded with the proceeds of Highway User Tax Bonds; and

7 (e) Ensure repayment of loan guarantees or extensions of credit as provided in ORS 367.816.

8 (5) The department may establish separate accounts in the infrastructure fund for infrastructure
9 loans, infrastructure assistance, the funding of infrastructure bond reserves, bond debt service pay-
10 ments for infrastructure bonds and related costs, administrative and operating expenses or any other
11 purpose necessary or desirable for carrying out the purposes of ORS 367.010 to 367.067. The com-
12 mission may adopt rules that govern how the infrastructure fund and its accounts are used. The
13 infrastructure fund or any of its accounts may be held by an escrow agent or bond trustee.

14 (6) The department shall administer the infrastructure fund. Moneys in the infrastructure
15 fund[, *with the approval of the State Treasurer,*] may be invested as provided by ORS 293.701 to
16 293.857 and the earnings from such investments must be credited to the account in the
17 infrastructure fund designated by the department.

18 **SECTION 82.** ORS 390.135 is amended to read:

19 390.135. (1) Of the moneys deposited into the Parks and Natural Resources Fund created under
20 ORS 541.940 from the Oregon State Lottery, 50 percent shall be deposited into a Parks Subaccount.
21 [*The State Treasurer may invest and reinvest the*] Moneys in the Parks Subaccount **may be invested**
22 as provided in ORS 293.701 to 293.857. Interest from the moneys deposited in the Parks Subaccount
23 and earnings from investment of the moneys in the subaccount shall be credited to the subaccount.

24 (2) Moneys deposited from the Oregon State Lottery to the Parks Subaccount may be used only
25 for:

26 (a) Maintaining, constructing, improving, developing, managing and operating state parks, ocean
27 shores, public beach access areas, historic sites, natural areas and outdoor and recreation areas;

28 (b) Acquiring real property, or interests in real property, that has significant natural, scenic,
29 cultural, historic or recreational value for the creation or operation of state parks, ocean shores,
30 public beach access areas, outdoor recreation areas and historic sites; and

31 (c) Providing grants to regional or local government entities to acquire property for public
32 parks, natural areas or outdoor recreation areas or to develop or improve public parks, natural
33 areas or outdoor recreation areas.

34 (3) All moneys in the Parks Subaccount shall be transferred to the State Parks and Recreation
35 Department Fund and used to carry out the purposes described in subsection (2) of this section by
36 achieving each of the following:

37 (a) Providing additional public parks, natural areas or outdoor recreation areas to meet the
38 needs of current and future residents of this state.

39 (b) Protecting natural, cultural, historic and outdoor recreational resources of statewide or re-
40 gional significance.

41 (c) Managing public parks, natural areas and outdoor recreation areas to ensure the long-term
42 ecological health of those parks and areas and to provide for the enjoyment of those parks and areas
43 by current and future residents of this state.

44 (d) Providing diverse and equitable opportunities for residents of this state to experience nature
45 and to participate in outdoor recreational activities in state, regional, local or neighborhood public

1 parks and recreation areas.

2 **SECTION 83.** ORS 391.520 is amended to read:

3 391.520. The Oregon Mass Transportation Financing Authority is hereby created as a public
4 instrumentality of the State of Oregon and the exercise by the authority of the powers conferred
5 by ORS 267.227 and 391.500 to 391.660 is the performance of an essential public function. The au-
6 thority shall consist of the chairperson of the Oregon Transportation Commission, the State Treas-
7 urer, or designee, the [chairperson] **Chief Executive Officer** of the Oregon Investment [Council]
8 **Department**, or designee, and a representative designated by the board of directors of each district.

9 **SECTION 84.** ORS 391.605 is amended to read:

10 391.605. (1) [No] **A** transfer authorized by ORS 267.020 of a mass transit district system to a
11 metropolitan service district [shall] **may not** take effect while bonds issued by the Oregon Mass
12 Transportation Financing Authority to finance mass transit facilities for the district are outstanding
13 until a plan designed to repay any outstanding bonds when due is prepared by the governing body
14 of the metropolitan service district and approved by:

15 (a) The chairperson of the Oregon Transportation Commission or the chairperson's designee;

16 (b) The State Treasurer or State Treasurer's designee; and

17 (c) The [chairperson] **Chief Executive Officer** of the Oregon Investment [Council] **Department**
18 or the [chairperson's] **Chief Executive Officer's** designee.

19 (2) Persons given authority to approve a transfer under subsection (1) of this section may only
20 refuse to approve a transfer for reasons relating to the financial effect of the transfer.

21 **SECTION 85.** ORS 391.800 is amended to read:

22 391.800. (1) There is established in the State Treasury, separate and distinct from the General
23 Fund, the Elderly and Disabled Special Transportation Fund. All moneys in the Elderly and Disabled
24 Special Transportation Fund are appropriated continuously to the Department of Transportation for
25 payment of the department's administrative costs of the program and payment to mass transit dis-
26 tricts, transportation districts, Indian tribes and counties as provided in ORS 391.810.

27 (2) The Elderly and Disabled Special Transportation Fund shall consist of:

28 (a) Moneys transferred to the fund under ORS 184.642 and 323.455 (3);

29 (b) Other moneys appropriated to the fund by the Legislative Assembly; and

30 (c) Moneys obtained from interest earned on the investment of moneys in the fund.

31 (3) Moneys in the Elderly and Disabled Special Transportation Fund[, *with the approval of the*
32 *State Treasurer,*] may be invested as provided by ORS 293.701 to 293.857, and the earnings from the
33 investments shall be credited to the Elderly and Disabled Special Transportation Fund.

34 **SECTION 86.** ORS 411.128 is amended to read:

35 411.128. (1) In addition to other funds made available for education and training of public as-
36 sistance recipients, the Department of Human Services may accept gifts and grants from private
37 sources for the purpose of providing the scholarships or grants authorized under ORS 411.175.

38 (2) **The Department of Human Services Scholarship Account is established, separate and**
39 **distinct from the General Fund.** The moneys received under subsection (1) of this section shall
40 be deposited in [*a special account, separate and distinct from the General Fund, to be named the De-*
41 *partment of Human Services Scholarship Account, which account is established*] **the account.** All
42 moneys in the account and all earnings thereon are continuously appropriated to the Department
43 of Human Services to be used together with any federal funds that may be available to provide
44 scholarships or grants under ORS 411.175.

45 (3) The amount in the Department of Human Services Scholarship Account that is available af-

1 ter scholarships and grants under ORS 411.175 have been awarded for any period shall be reported
2 to the Oregon Investment [Council] **Department** by the Department of Human Services and shall
3 be considered investment funds within the meaning of ORS 293.701 to 293.857 and shall be invested
4 in accordance with the standards of ORS 293.726. All earnings on such investments shall be credited
5 to the Department of Human Services Scholarship Account.

6 **SECTION 87.** ORS 426.506 is amended to read:

7 426.506. (1) There is created in the State Treasury, separate and distinct from the General Fund,
8 the Community Mental Health Housing Fund. All earnings on investments of moneys in the Com-
9 munity Mental Health Housing Fund shall accrue to the fund. Interest earned on moneys in the
10 fund shall be credited to the fund. All moneys in the fund are continuously appropriated to the
11 Oregon Health Authority to carry out the provisions of ORS 426.504.

12 (2) The Community Mental Health Housing Fund shall be administered by the authority to pro-
13 vide housing for persons with chronic mental illness. As used in this subsection, "housing" may in-
14 clude acquisition, maintenance, repair, furnishings and equipment.

15 (3)(a) There is established within the Community Mental Health Housing Fund a Community
16 Housing Trust Account. [*With approval of the State Treasurer and*] Upon request of the Director of
17 the Oregon Health Authority, moneys in the account may be invested as provided in ORS 293.701
18 to 293.857.

19 (b) Notwithstanding the provisions of ORS 270.150, the authority shall deposit into the Commu-
20 nity Housing Trust Account the proceeds, less costs to the state, received by the authority from the
21 sale of F. H. Dammasch State Hospital property under ORS 426.508. The authority may expend, for
22 the purposes set forth in ORS 426.504, any earnings credited to the account, including any interest
23 earned on moneys deposited in the account, and up to five percent of the sale proceeds initially
24 credited to the account by the Oregon Department of Administrative Services. At least 95 percent
25 of the sale proceeds shall remain in the account in perpetuity. Proceeds deposited in the account
26 may not be commingled with proceeds from the sale of any surplus real property owned, operated
27 or controlled by the authority and used as a state training center.

28 (c) Interest earned on moneys in the Community Housing Trust Account may be expended in the
29 following manner:

30 (A) Seventy percent of interest earned on deposits in the account shall be expended for com-
31 munity housing purposes; and

32 (B) Thirty percent of interest earned on deposits in the account shall be expended for institu-
33 tional housing purposes.

34 (d) Interest earned on deposits in the Community Housing Trust Account shall not be used to
35 support operating expenses of the authority.

36 (4) The Community Mental Health Housing Fund shall consist of:

37 (a) Moneys appropriated to the fund by the Legislative Assembly;

38 (b) Sale proceeds and earnings from the account under subsection (3) of this section;

39 (c) Proceeds from the sale, transfer or lease of any surplus real property owned, operated or
40 controlled by the authority and used as community housing;

41 (d) Moneys reallocated from other areas of the authority's budget;

42 (e) Interest and earnings credited to the fund; and

43 (f) Gifts of money or other property from any source, to be used for the purposes of developing
44 housing for persons with chronic mental illness.

45 (5) The authority shall adopt policies:

1 (a) To establish priorities for the use of moneys in the Community Mental Health Housing Fund
2 for the sole purpose of developing housing for persons with chronic mental illness;

3 (b) To match public and private moneys available from other sources for developing housing for
4 persons with chronic mental illness; and

5 (c) To administer the fund in a manner that will not exceed the State Treasury's maximum cost
6 per transaction.

7 (6) The authority shall collaborate with the Housing and Community Services Department to
8 ensure the highest return and best value for community housing from the Community Mental Health
9 Housing Fund.

10 (7) The authority shall provide a report of revenues to and expenditures from the Community
11 Mental Health Housing Fund as part of its budget submission to the Governor and Legislative As-
12 sembly under ORS chapter 291.

13 **SECTION 88.** ORS 456.530 is amended to read:

14 456.530. Notwithstanding **the investment objective and standards set forth in** ORS 293.721
15 and 293.726 **and section 6 of this 2017 Act**, and subject to the provisions of any agreement with
16 holders of bonds issued pursuant to ORS 456.519 or 456.524 (1979 Replacement Part), the Housing
17 and Community Services Department may consider the willingness or commitment of a lending in-
18 stitution as defined in ORS 456.548 to make loans for residential housing as a factor in selecting
19 depositaries and otherwise investing funds held under ORS 456.515 to 456.725 in or through such
20 lending institutions.

21 **SECTION 89.** ORS 456.535 is amended to read:

22 456.535. The money realized from the sale of each issue of bonds shall be credited to a special
23 fund in the State Treasury, separate and distinct from the General Fund, to be designated the El-
24 derly and Disabled Housing Fund. Moneys in the Elderly and Disabled Housing Fund are contin-
25 uously appropriated to the Housing and Community Services Department for the purpose of carrying
26 out the provisions of ORS 456.515 to 456.725. Moneys in the fund may not be used for any other
27 purpose, except that the moneys[, *with the approval of the State Treasurer,*] may be invested as pro-
28 vided by ORS 293.701 to 293.857 and the earnings from the investments shall be deposited into the
29 Elderly and Disabled Housing Sinking Fund maintained under ORS 456.543.

30 **SECTION 90.** ORS 456.543 is amended to read:

31 456.543. (1) The Housing and Community Services Department shall maintain, with the State
32 Treasurer, an Elderly and Disabled Housing Sinking Fund, separate and distinct from the General
33 Fund. The Elderly and Disabled Housing Sinking Fund shall provide for the payment of the princi-
34 pal and interest upon bonds issued under authority of Article XI-I(2), Oregon Constitution, and ORS
35 456.515 to 456.725. Moneys in the sinking fund are continuously appropriated to the department for
36 such purpose. Moneys in the Elderly and Disabled Housing Sinking Fund may be invested [*by the*
37 *State Treasurer*] as provided by ORS 286A.025 and 293.701 to 293.857 or, with the approval of the
38 State Treasurer, by the Director of the Housing and Community Services Department through a
39 trustee. Investment earnings shall be credited to the Elderly and Disabled Housing Sinking Fund.

40 (2) The Elderly and Disabled Housing Sinking Fund shall consist of:

41 (a) All moneys received from contract or loan proceeds;

42 (b) Bond reserves;

43 (c) Other funds available for these purposes; and

44 (d) If necessary, state ad valorem taxes provided by Article XI-I(2), Oregon Constitution, and by
45 ORS 456.515 to 456.725.

1 (3) The Elderly and Disabled Housing Sinking Fund shall not be used for any purpose other than
 2 that for which the fund was created provided, however, that amounts on deposit in the fund may
 3 be applied to the payment of operating and administrative expenses of the department, including
 4 bond issuance, administration and repayment costs, allocable to its elderly and disabled housing
 5 program under ORS 456.515 to 456.725, and for transfers under subsections (4) and (5) of this section.
 6 Should a balance remain therein after the purposes for which the fund was created have been ful-
 7 filled or after a reserve sufficient to meet all existing obligations and liabilities of the fund has been
 8 set aside, the surplus remaining may be transferred to the Elderly and Disabled Housing Fund at
 9 the direction of the department.

10 (4) The Director of the Housing and Community Services Department may transfer moneys from
 11 the Elderly and Disabled Housing Sinking Fund, with the approval of the State Treasurer, for the
 12 purpose of financing multifamily housing for the elderly and persons with disabilities. The State
 13 Treasurer shall approve such request if:

14 (a) The cash flow projection under ORS 286A.010 associated with the bonds shows that, for the
 15 term of the bonds outstanding at the time the director transfers the moneys, remaining moneys in
 16 the sinking fund, together with expected loan proceeds and fund earnings, will continue to be ade-
 17 quate to pay bond principal, interest and administrative costs; and

18 (b) The transfer will not create the need for issuance of any bonds.

19 (5) The director shall deposit loan prepayments in the Elderly and Disabled Housing Fund, and
 20 lend such prepayments for the purpose of financing multifamily housing for the elderly and persons
 21 with disabilities for a term not exceeding the term of the bonds associated with the loan that was
 22 prepaid, if the director determines that such a deposit and loan will not adversely affect the ability
 23 of the department to pay outstanding bonds.

24 **SECTION 91.** ORS 468.215 is amended to read:

25 468.215. The money realized from the sale of each issue of bonds under ORS 468.195 shall be
 26 credited to a special fund in the State Treasury, separate and distinct from the General Fund, to
 27 be designated the Pollution Control Fund. Moneys in the Pollution Control Fund are continuously
 28 appropriated to the Department of Environmental Quality for the purpose of carrying out the pro-
 29 visions of ORS 468.195 to 468.260. Moneys in the fund may not be used for any other purpose, except
 30 that these moneys[, *with the approval of the State Treasurer,*] may be invested as provided by ORS
 31 293.701 to 293.857, and the earnings from such investments shall be credited to the Pollution Control
 32 Sinking Fund maintained under ORS 468.230.

33 **SECTION 92.** ORS 468A.490 is amended to read:

34 468A.490. (1) There is established within the State Treasury a fund known as the Residential
 35 Solid Fuel Heating Air Quality Improvement Fund, separate and distinct from the General Fund.

36 (2) All moneys appropriated or received as gifts or grants for the purposes of this section shall
 37 be credited to the Residential Solid Fuel Heating Air Quality Improvement Fund.

38 (3) [*The State Treasurer may invest and reinvest the*] Moneys in the fund **may be invested and**
 39 **reinvested** as provided in ORS 293.701 to 293.857. Interest from the moneys deposited in the fund
 40 and earnings from investment of the moneys in the fund shall accrue to the fund.

41 (4) All moneys in the fund are continuously appropriated to the Department of Environmental
 42 Quality to:

43 (a) Pay all costs incurred by the department for evaluating projects and programs, including
 44 projects and programs proposed by local communities or qualifying organizations, for project man-
 45 agement and oversight of funds awarded for projects and programs selected in accordance with this

1 section and for documenting the benefit to air quality from such projects;

2 (b) Fund the program established under subsection (5) of this section;

3 (c) Fund activities to enhance enforcement of ORS 468A.460 to 468A.515;

4 (d) Fund public education programs related to compliance with ORS 468A.460 to 468A.515; and

5 (e) Fund public education programs related to the benefits of the use of solid fuel burning de-
6 vices certified pursuant to ORS 468A.460 to 468A.515.

7 (5) The department shall use moneys available under subsection (4) of this section to establish
8 a program designed to reduce the emission of air contaminants by providing grants, loans or other
9 subsidies for the replacement or removal of solid fuel burning devices that were not certified by the
10 department pursuant to ORS 468A.465. In addition to any other requirements established by rules
11 adopted by the Environmental Quality Commission, the program shall provide that:

12 (a) All forms of new high-efficiency, low air contaminant-emitting heating systems are allowed,
13 except vent-free heating appliances;

14 (b) Any solid fuel burning device removed under the program must be destroyed;

15 (c) Any replacement device selected under the program must be installed in conformance with
16 building code requirements and the manufacturer's specifications including but not limited to vent-
17 ing specifications; and

18 (d) To be eligible, program participants shall participate in any home energy audit program
19 provided at no charge to the homeowner and shall obtain all information available regarding subsi-
20 dies for cost-effective weatherization. The department shall make the information required in this
21 subsection readily available to program participants.

22 (6) The department may enter into an agreement with a local government or a regional author-
23 ity in order to implement the program established under subsection (5) of this section.

24 **SECTION 93.** ORS 496.350 is amended to read:

25 496.350. (1) The Willamette River Basin Bonneville Power Administration Stewardship Fund is
26 established in the State Treasury, separate and distinct from the General Fund. Interest earned by
27 the Willamette River Basin Bonneville Power Administration Stewardship Fund shall be credited to
28 the fund. Moneys in the fund are continuously appropriated to the State Department of Fish and
29 Wildlife for long-term operation, maintenance and protection activities that preserve or advance the
30 conservation values of properties purchased under the Willamette River Basin Memorandum of
31 Agreement Regarding Wildlife Habitat Protection and Enhancement between the State of Oregon
32 and the Bonneville Power Administration, dated October 22, 2010. Moneys in the fund may not be
33 used to purchase property or easements.

34 (2) The Willamette River Basin Bonneville Power Administration Stewardship Fund shall consist
35 of moneys accepted by this state pursuant to the Willamette River Basin Memorandum of Agreement
36 Regarding Wildlife Habitat Protection and Enhancement between the State of Oregon and the
37 Bonneville Power Administration, dated October 22, 2010.

38 (3) Moneys in the Willamette River Basin Bonneville Power Administration Stewardship Fund
39 may[, *with the approval of the State Treasurer,*] be invested as provided by ORS 293.701 to 293.857,
40 and the earnings from such investment shall be credited to the Willamette River Basin Bonneville
41 Power Administration Stewardship Fund.

42 **SECTION 94.** ORS 516.070 is amended to read:

43 516.070. (1) There is established in the General Fund of the State Treasury an account to be
44 known as the Geology and Mineral Industries Account. All moneys received by the State Depart-
45 ment of Geology and Mineral Industries shall be paid over to the State Treasurer and by the State

1 Treasurer deposited in the General Fund to the credit of the account. All moneys within the account
2 are continuously appropriated for the use of the department in carrying out its lawful functions.

3 (2) The Federal Locatable Mineral Royalties Subaccount is established within the Geology and
4 Mineral Industries Account. Notwithstanding subsection (1) of this section, all moneys received
5 from the federal government by the State of Oregon as the state's distributive share of the amounts
6 collected for royalties for locatable minerals shall be credited to the subaccount. All moneys in the
7 Federal Locatable Mineral Royalties Subaccount are continuously appropriated to the State De-
8 partment of Geology and Mineral Industries to conduct investigations of new mineral resources and
9 to carry out the provisions of ORS 517.840 (6).

10 (3) [*The State Treasurer may invest and reinvest*] The moneys in the Federal Locatable Mineral
11 Royalties Subaccount **may be invested and reinvested** as provided in ORS 293.701 to 293.857. In-
12 terest from the moneys deposited in the subaccount and earnings from investment of the moneys in
13 the subaccount shall be credited to the subaccount.

14 (4) The Mined Land Regulation and Reclamation Program Subaccount is established within the
15 Geology and Mineral Industries Account. Notwithstanding subsection (1) of this section, all moneys
16 received by the State Department of Geology and Mineral Industries from fees assessed pursuant to
17 ORS 517.800 shall be credited to the subaccount. All moneys in the subaccount are continuously
18 appropriated to the department for the purpose of administering ORS 517.702 to 517.951.

19 **SECTION 95.** ORS 541.942 is amended to read:

20 541.942. (1) Of the moneys deposited into the Parks and Natural Resources Fund created under
21 ORS 541.940 from the Oregon State Lottery, 50 percent shall be deposited into a Natural Resources
22 Subaccount for the public purpose of financing the restoration and protection of native fish and
23 wildlife, watersheds and water quality in Oregon. [*The State Treasurer may invest and reinvest*] The
24 moneys in the Natural Resources Subaccount **may be invested and reinvested** as provided in ORS
25 293.701 to 293.857.

26 (2) Moneys in the Natural Resources Subaccount shall be used to accomplish each of the fol-
27 lowing:

28 (a) Protecting and improving water quality in the rivers, lakes and streams of this state by re-
29 storing natural watershed functions or stream flows;

30 (b) Securing long-term protection for lands and waters that provide significant habitats for na-
31 tive fish and wildlife;

32 (c) Restoring and maintaining habitat needed to sustain healthy and resilient populations of
33 native fish and wildlife;

34 (d) Maintaining the diversity of plants, animals and ecosystems in this state;

35 (e) Involving people in voluntary actions to protect, restore and maintain the ecological health
36 of lands and waters in this state; and

37 (f) Remedying the conditions that limit the health of fish and wildlife, fish and wildlife habitats
38 and watershed functions that are in the greatest need of conservation.

39 (3) Except as provided in subsections (4) and (5) of this section, of the moneys deposited into the
40 Natural Resources Subaccount from the Oregon State Lottery:

41 (a) Sixty-five percent of the moneys shall be deposited into the Watershed Conservation Grant
42 Fund established under ORS 541.947 to be used by the Oregon Watershed Enhancement Board for
43 the purposes set forth in ORS 541.956; and

44 (b) Thirty-five percent of the moneys shall be deposited into the Watershed Conservation Oper-
45 ating Fund established under ORS 541.945.

1 (4) If the amount transferred from the Oregon State Lottery to the Parks and Natural Resources
 2 Fund during a biennium is more than 150 percent of the amount that was transferred during the
 3 2009-2011 biennium, except as provided in subsection (5) of this section, the State Treasurer shall,
 4 during the next following biennium, deposit from the Natural Resources Subaccount to the
 5 Watershed Conservation Grant Fund the amount described in subsection (3)(a) of this section plus
 6 an amount equal to the difference between the amount deposited from the subaccount to the
 7 Watershed Conservation Grant Fund during the preceding biennium and 70 percent of the moneys
 8 received by the subaccount from the Oregon State Lottery during the preceding biennium.

9 (5) The requirements in subsections (3) and (4) of this section apply only for biennia in which
 10 the Legislative Assembly does not require a greater percentage of the Natural Resources Subac-
 11 count moneys to be deposited into the Watershed Conservation Grant Fund. The Legislative As-
 12 sembly may not authorize the percentage of Natural Resources Subaccount moneys deposited into
 13 the Watershed Conservation Grant Fund in a biennium to be less than the percentage required to
 14 be deposited under subsections (3) and (4) of this section.

15 **SECTION 96.** ORS 561.144 is amended to read:

16 561.144. (1) The State Treasurer shall establish a Department of Agriculture Service Fund, which
 17 shall be a trust fund separate and distinct from the General Fund. The State Department of Agri-
 18 culture shall deposit all license and service fees paid to it under the provisions of the statutes
 19 identified in subsection (3) of this section in the Department of Agriculture Service Fund. The State
 20 Treasurer is the custodian of this trust fund, which shall be deposited by the **State** Treasurer in
 21 such depositories as are authorized to receive deposits of the General Fund, and which may be in-
 22 vested [*by the treasurer*] in the same manner as authorized by ORS 293.701 to 293.857.

23 (2) Interest received on deposits credited to the Department of Agriculture Service Fund shall
 24 accrue to and become a part of the Department of Agriculture Service Fund.

25 (3) The license and service fees subject to this section are those described in ORS 561.400,
 26 561.740, 570.710, 571.057, 571.063, 571.145, 571.305, 586.270, 596.030, 596.100, 596.311, 599.235, 599.269,
 27 599.406, 599.610, 601.040, 602.090, 603.025, 603.075, 616.706, 618.115, 618.136, 619.031, 621.072, 621.166,
 28 621.266, 621.297, 621.335, 621.730, 622.080, 625.180, 628.240, 632.211, 632.600, 632.720, 632.730, 632.741,
 29 632.940, 632.945, 633.015, 633.029, 633.318, 633.362, 633.462, 633.465, 633.680, 633.700, 633.720, 634.016,
 30 634.116, 634.122, 634.126, 634.132, 634.136, 634.212 and 635.030.

31 **SECTION 97.** ORS 696.030 is amended to read:

32 696.030. ORS 696.010 to 696.375, 696.392, 696.395 to 696.430, 696.490, 696.600 to 696.785, 696.990
 33 and 696.995 do not apply to:

34 (1)(a) A nonlicensed individual who is a full-time employee of an owner of real estate and whose
 35 real estate activity:

36 (A) Involves only the real estate of the employer; and

37 (B)(i) Is incidental to the employee's normal, nonreal estate activities; or

38 (ii) Is the employee's principal activity, but the employer's principal activity or business is not
 39 the sale, exchange, lease option or acquisition of real estate.

40 (b) For the purpose of this subsection, "owner of real estate" means:

41 (A) An individual who has a sole ownership interest in the real estate; or

42 (B) More than one individual, each of whom has an ownership interest in the real estate, if the
 43 ownership interest is by survivorship, tenancy in common or tenancy by the entirety.

44 (2) A nonlicensed individual who acts as attorney in fact under a duly executed power of at-
 45 torney from the owner or purchaser authorizing the supervision of the closing of or supervision of

1 the performance of a contract for the sale, leasing or exchanging of real estate if the power of at-
2 torney was executed prior to July 1, 2002, in compliance with the requirements of law at the time
3 of execution or if:

4 (a) The power of attorney is recorded in the office of the recording officer for the county in
5 which the real estate is located;

6 (b) The power of attorney specifically describes the real estate; and

7 (c) The individual does not use the power of attorney as a device to engage in professional real
8 estate activity without obtaining the necessary real estate license.

9 (3) A nonlicensed individual who acts as attorney in fact under a duly executed power of at-
10 torney in which the authorized agent is the spouse of the principal, or the child, grandchild, parent,
11 grandparent, sibling, aunt, uncle, niece or nephew of the principal or of the spouse of the principal,
12 authorizing real estate activity if the power of attorney is recorded in the office of the recording
13 officer for the county in which the real estate to be sold, leased or exchanged is located.

14 (4) A nonlicensed individual who is an attorney at law rendering services in the performance
15 of duties as an attorney at law.

16 (5) A nonlicensed individual who acts in the individual's official capacity as a receiver, a
17 conservator, a trustee in bankruptcy, a personal representative or a trustee, or a regular salaried
18 employee of the trustee, acting under a trust agreement, deed of trust or will.

19 (6) A nonlicensed individual who performs an act of professional real estate activity under order
20 of a court.

21 (7) A nonlicensed individual who is a regular full-time employee of a single corporation, part-
22 nership, association, limited liability company or nonlicensed individual owner of real property act-
23 ing for the corporation, partnership, association, limited liability company or nonlicensed individual
24 owner in the rental or management of the real property, but not in the sale, exchange, lease option
25 or purchase of the real property.

26 (8) An individual who is a registered professional engineer or architect rendering services in
27 performance of duties as a professional engineer or architect.

28 (9) A nonlicensed individual who is employed by a principal real estate broker engaged in the
29 management of rental real estate or by a licensed real estate property manager and who acts on
30 behalf of the principal real estate broker or licensed real estate property manager pursuant to a
31 written delegation of the principal real estate broker's or licensed real estate property manager's
32 authority, as provided by the agency by rule, if the real estate activity of the nonlicensed individual
33 is limited to:

34 (a) Negotiating rental or lease agreements;

35 (b) Checking tenant and credit references;

36 (c) Physically maintaining the real estate;

37 (d) Conducting tenant relations;

38 (e) Collecting the rent;

39 (f) Supervising the premises' managers;

40 (g) Discussing financial matters relating to the management of the real estate with the owner;

41 and

42 (h) Receiving and disbursing trust funds in a clients' trust account under ORS 696.241.

43 (10) An individual who sells or leases cemetery lots, parcels or units while engaged in the dis-
44 position of human bodies under ORS 97.010 to 97.040, 97.110 to 97.450, 97.510 to 97.730, 97.810 to
45 97.920 and 97.990 or an employee of the nonlicensed individual performing similar activities.

1 (11) An individual who is a salaried employee of the State of Oregon, or any of its political
2 subdivisions, engaging in professional real estate activity as a part of such employment.

3 (12) A nonlicensed individual who analyzes or provides advice regarding permissible land use
4 alternatives, environmental impact, building and use permit procedures or demographic market
5 studies, or a regular full-time employee of the nonlicensed individual performing similar activities.
6 This exclusion does not apply to the handling of transactional negotiations for transfer of an interest
7 in real estate.

8 (13) An individual who is a hotelkeeper or innkeeper as defined by ORS 699.005 arranging the
9 rental of transient lodging at a hotel or inn in the course of business as a hotelkeeper or innkeeper.

10 (14) An individual who is a travel agent arranging the rental of transient lodging at a hotel or
11 inn as defined in ORS 699.005 in the course of business as a travel agent for compensation. For the
12 purpose of this subsection, "travel agent" means a person, and employees of the person, regularly
13 representing and selling travel services to the public directly or indirectly through other travel
14 agents.

15 (15) An individual who is a common carrier arranging the rental of transient lodging at a hotel
16 or inn as defined in ORS 699.005 in the course of business as a common carrier. For the purpose
17 of this subsection, "common carrier" means a person that transports or purports to be willing to
18 transport individuals from place to place by rail, motor vehicle, boat or aircraft for hire, compen-
19 sation or consideration.

20 (16) An individual who is a hotel representative arranging the rental of transient lodging at a
21 hotel or inn as defined in ORS 699.005 in the course of business as a hotel representative. For the
22 purpose of this subsection, "hotel representative" means a person that provides reservations or sale
23 services to independent hotels, airlines, steamship companies and government tourist agencies.

24 (17) A nonlicensed individual transferring or acquiring an interest in real estate owned or to
25 be owned by the individual.

26 (18) An individual who is a general partner for a domestic or foreign limited partnership duly
27 registered and operating within this state under ORS chapter 70 engaging in the sale of limited
28 partnership interests and the acquisition, sale, exchange, lease, transfer or management of the real
29 estate of the limited partnership.

30 (19) An individual who is a membership camping contract broker or salesperson registered with
31 the Real Estate Agency selling membership camping contracts.

32 (20) An individual who is a professional forester or farm manager engaging in property man-
33 agement activity on forestland or farmland when the activity is incidental to the nonreal estate
34 duties involving overall management of forest or farm resources.

35 (21) An individual who is a registered investment adviser under the Investment Advisers Act
36 of 1940, 15 U.S.C. §80b-1 et seq., rendering real estate investment services for the office of the State
37 Treasurer, **the Oregon Investment Department** or the Oregon Investment Council.

38 (22) A nonlicensed individual who refers a new tenant for compensation to a real estate licensee
39 acting as the property manager for a residential building or facility while the individual resides in
40 the building or facility or within six months after termination of the individual's tenancy.

41 (23) A nonlicensed individual who gives an opinion in an administrative or judicial proceeding
42 regarding the value of real estate for taxation or representing a taxpayer under ORS 305.230 or
43 309.100.

44 (24) A nonlicensed individual acting as a paid fiduciary whose real estate activity is limited to
45 negotiating a contract to obtain the services of a real estate licensee.

1 (25) A nonlicensed individual who is a fiduciary under a court order, without regard to whether
2 the court order specifically authorizes real estate activity.

3 (26) An individual who is a representative of a financial institution or trust company, as those
4 terms are defined in ORS 706.008, that is attorney in fact under a duly executed power of attorney
5 from the owner or purchaser authorizing real estate activity, if the power of attorney is recorded
6 in the office of the county clerk for the county in which the real estate to be sold, leased or ex-
7 changed is located.

8 (27) An individual who is the sole member or a managing member of a domestic or foreign lim-
9 ited liability company duly registered and operating within this state under ORS chapter 63 and who
10 is engaging in the acquisition, sale, exchange, lease, transfer or management of the real estate of
11 the limited liability company.

12 (28) An individual who is a partner in a partnership as defined in ORS 67.005 and who is en-
13 gaging in the acquisition, sale, exchange, lease, transfer or management of the real estate of the
14 partnership.

15 (29) An individual who is an officer or director of a domestic or foreign corporation duly regis-
16 tered and operating within this state under ORS chapter 60 and who is engaging in the acquisition,
17 sale, exchange, lease, transfer or management of the real estate of the corporation.

18 **SECTION 98.** ORS 757.738 is amended to read:

19 757.738. (1)(a) The Public Utility Commission shall establish a separate trust account for
20 amounts generated by each of the two surcharges imposed under ORS 757.736. The commission shall
21 establish the trust accounts as interest-bearing accounts:

22 (A) With an agency of the United States identified in the final agreement;

23 (B) In a depository that is qualified under ORS 295.001 to 295.108 to receive public funds; or

24 (C) With the [*State Treasurer*] **Oregon Investment Department**, to be invested as provided in
25 ORS 293.701 to 293.857.

26 (b) The commission may establish each of the two trust accounts with a different trustee among
27 those listed in paragraph (a) of this subsection.

28 (c) The commission may authorize transfer of funds from one trust account to another as nec-
29 essary to fund removal of the Klamath River dams.

30 (2) If an agreement is entered into under ORS 757.742 (2), the parties to the agreement may
31 agree that a portion of the amounts collected under one surcharge may be deposited in the trust
32 account established for amounts collected under the other surcharge.

33 (3) Upon request of an agency of the United States, or upon request of the designee of an agency
34 of the United States, the commission shall require the trustee of the appropriate trust account es-
35 tablished under this section to transfer to the agency or designee the amounts that are necessary
36 to pay the costs of removing the Klamath River dams as described in ORS 757.736 (11).

37 (4) If any amounts remain in a trust account established under this section after the trustee
38 makes all payments necessary for the costs of removing the Klamath River dams as described in
39 ORS 757.736 (11), the commission shall direct the trustee of the account to refund those amounts to
40 customers or to otherwise use the excess amounts for the benefit of customers.

41 **SECTION 99.** (1) **The Oregon Investment Department established under section 2 of this**
42 **2017 Act is the successor to the State Treasurer as investment officer for the Oregon In-**
43 **vestment Council and to the council, with respect to the assumed duties, liabilities, functions**
44 **and powers described in section 3 of this 2017 Act.**

45 (2) **The Oregon Investment Department is a continuation of the State Treasurer as in-**

1 vestment officer for the Oregon Investment Council and of the council, for the purpose of
2 succession to the rights and obligations of the State Treasurer and the council to the extent
3 the department assumes the rights and obligations under this 2017 Act.

4 (3) The four voting members of the Oregon Investment Council appointed by the Govern-
5 nor under ORS 293.706 shall continue as voting members of the council until the expiration
6 of their terms. A member originally appointed under ORS 293.706 is eligible for reappoint-
7 ment under the provisions of section 5 of this 2017 Act.

8 (4) The portion of the moneys in the Miscellaneous Receipts Account established under
9 ORS 293.718 that the State Treasurer determines have been deducted as payment for ex-
10 penses related to the investment of the funds that the Oregon Investment Department is
11 charged with investing under this 2017 Act and that the State Treasurer determines are
12 necessary for the department and council to exercise the powers and perform the duties
13 granted the department and council under this 2017 Act or otherwise, shall be transferred
14 to the Oregon Investment Department Fund established under section 8 of this 2017 Act.

15 (5) The transfer of duties, functions and powers by this 2017 Act does not affect any
16 action, proceeding or prosecution involving or with respect to such duties, functions and
17 powers begun before and pending at the time of the transfer, except that the Oregon In-
18 vestment Department is substituted, where applicable, for the Oregon Investment Council,
19 or the State Treasurer as investment officer for the council, in the action, proceeding or
20 prosecution.

21 (6) Nothing in sections 2 to 8 of this 2017 Act, the amendments to statutes by sections 9
22 to 98 of this 2017 Act or the repeal of statutes by section 100 of this 2017 Act relieves a
23 person of a liability, duty or obligation accruing under or with respect to the duties, func-
24 tions and powers transferred to the Oregon Investment Department. The department may
25 undertake the collection or enforcement of any such liability, duty or obligation.

26 (7) Notwithstanding the transfer of duties, functions and powers to the Oregon Invest-
27 ment Department, the rules of the Oregon Investment Council, or the State Treasurer as
28 investment officer for the council, in effect on the operative date specified in section 101 of
29 this 2017 Act continue in effect until superseded or repealed by rules of the department.
30 References, in rules of the council or the State Treasurer, to the Oregon Investment Council,
31 an officer or employee of the council or the State Treasurer as investment officer for the
32 council, where applicable, are considered to be references to the department or an officer
33 or employee of the department.

34 (8) The rights and obligations of the Oregon Investment Council and of the State Treas-
35 urer as investment officer for the council, legally incurred under contracts, leases and
36 business transactions executed, entered into or begun before the operative date specified in
37 section 101 of this 2017 Act, and incurred for the investment funds the Oregon Investment
38 Department is charged with investing under this 2017 Act, are transferred to the depart-
39 ment. For the purpose of succession to these rights and obligations, the department is a
40 continuation of the Oregon Investment Council, and the State Treasurer as investment offi-
41 cer for the council, and not a new authority.

42 SECTION 100. ORS 293.706, 293.716, 293.731, 293.736, 293.756, 293.761, 293.766, 293.780,
43 293.861, 293.863, 294.831, 294.847 and 294.850 are repealed.

44 SECTION 101. (1) Sections 2 to 8 and 99 of this 2017 Act, the amendments to statutes by
45 sections 9 to 98 of this 2017 Act and the repeal of statutes by section 100 of this 2017 Act

1 become operative January 1, 2018.

2 (2)(a) The State Treasurer and the Oregon Investment Council may take any action prior
3 to the operative date specified in subsection (1) of this section that is necessary to allow the
4 State Treasurer and the Oregon Investment Council to carry out sections 2 to 8 and 99 of
5 this 2017 Act, the amendments to statutes by sections 9 to 98 of this 2017 Act and the repeal
6 of statutes by section 100 of this 2017 Act on and after the operative date specified in sub-
7 section (1) of this section.

8 (b) Prior to the operative date specified in subsection (1) of this section, the State
9 Treasurer may transfer or loan assets or moneys held by or deposited for the State Treas-
10 urer to the Oregon Investment Department on such terms as the State Treasurer deter-
11 mines will fully reimburse the State Treasurer for the value of the transferred or loaned
12 assets or moneys.

13 (3)(a) The Oregon Investment Council created under ORS 293.706 may appoint the Chief
14 Executive Officer of the Oregon Investment Department established under section 2 of this
15 2017 Act before the operative date specified in subsection (1) of this section.

16 (b) The Chief Executive Officer of the Oregon Investment Department may take any
17 action before the operative date specified in subsection (1) of this section that is necessary
18 to enable the Chief Executive Officer to exercise, on and after the operative date specified
19 in subsection (1) of this section, the duties, functions and powers of the Chief Executive Of-
20 ficer pursuant to section 2 of this 2017 Act, including entering into an agreement with the
21 State Treasurer for the transfer or loan of assets or moneys as described in subsection (2)
22 of this section.

23 **SECTION 102.** (1) The State Treasurer and the Oregon Investment Council shall:

24 (a) Deliver to the Oregon Investment Department all records and property within the
25 jurisdiction of the State Treasurer or the council that relate to the duties, functions and
26 powers transferred by this 2017 Act; and

27 (b) Transfer to the Oregon Investment Department those employees engaged primarily
28 in the exercise of the duties, functions and powers transferred by this 2017 Act.

29 (2) The Chief Executive Officer of the Oregon Investment Department shall take pos-
30 session of the records and property, and shall take charge of the employees and employ them
31 in the exercise of the duties, functions and powers transferred by this 2017 Act, without re-
32 duction of compensation but subject to change or termination of employment or compen-
33 sation as provided by law.

34 (3) The Governor shall resolve any dispute between the State Treasurer or the Oregon
35 Investment Council and the Oregon Investment Department relating to transfers of records,
36 property and employees under this section, and the Governor's decision is final.

37 **SECTION 103.** (1) The unexpended balances of amounts authorized to be expended by the
38 State Treasurer or the Oregon Investment Council for the biennium beginning July 1, 2017,
39 from revenues dedicated, continuously appropriated, appropriated or otherwise made avail-
40 able for the purpose of administering and enforcing the duties, functions and powers trans-
41 ferred by this 2017 Act are transferred to and are available for expenditure by the Oregon
42 Investment Department for the biennium beginning July 1, 2017, for the purpose of admin-
43 istering and enforcing the duties, functions and powers transferred by this 2017 Act.

44 (2) The expenditure classifications, if any, established by Acts authorizing or limiting
45 expenditures by the State Treasurer or the Oregon Investment Council remain applicable to

1 expenditures by the Oregon Investment Department under this section.

2 **SECTION 104.** The section captions used in this 2017 Act are provided only for the con-
3 venience of the reader and do not become part of the statutory law of this state or express
4 any legislative intent in the enactment of this 2017 Act.

5 **SECTION 105.** This 2017 Act being necessary for the immediate preservation of the public
6 peace, health and safety, an emergency is declared to exist, and this 2017 Act takes effect
7 on its passage.

8
