

A-Engrossed Senate Bill 5505

Ordered by the Senate July 4
Including Senate Amendments dated July 4

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with pre-session filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Oregon Department of Administrative Services)

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.

Establishes amounts authorized for issuance of general obligation bonds, revenue bonds, certificates of participation and other financing agreements for biennium.

Establishes amounts allocated for private activity bonds.

Makes legislative findings regarding benefits to higher education institutions and community colleges from issuance of bonds under Article XI-F(1) and Article XI-G of Oregon Constitution.

Changes entity that may request that State Treasurer issue bonds under Article XI-F(1) of Oregon Constitution to Director of Oregon Department of Administrative Services from Higher Education Coordinating Commission.

Provides that certificates of participation may be issued to finance certain expenses related to Elliott State Forest.

Limits number of projects for which community college may request funding with proceeds of bonds issued under Article XI-G of Oregon Constitution.

Requires University of Oregon to require contractors to employ apprentices and to establish and execute plan for outreach, recruitment and retention of women and minority individuals for certain work in connection with Campus for Accelerating Scientific Impact.

Declares emergency, effective July 1, 2017.

A BILL FOR AN ACT

1
2 Relating to state financial administration; creating new provisions; amending ORS 283.085 and
3 286A.833; and declaring an emergency.

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

5 **SECTION 1. The amounts authorized, as provided by ORS 286A.035, for issuance of gen-**
6 **eral obligation bonds of the state during the 2017-2019 biennium, notwithstanding section 10,**
7 **chapter 705, Oregon Laws 2013, are as follows:**

9 **GENERAL OBLIGATION BONDS**

10 **General Fund Obligations**

11 **(1) Higher Education Coordinating**

12 **Commission (Art. XI-G):**

13 **(a) Oregon Institute of**

14 **Technology, Center for**

15 **Excellence in Engineering**

16 **and Technology/Cornett**

17 **Hall Renovation..... \$ 2,050,000**

18 **(b) Oregon State University:**

19 **(A) Quality Foods and Beverage**

Note: For budget, see 2017-2019 Biennial Budget

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	Center	\$ 9,100,000
2	(B) Gilkey Hall Renovation	\$ 2,050,000
3	(c) Portland State University,	
4	Graduate School of	
5	Education Facility.....	\$ 36,485,000
6	(d) University of Oregon,	
7	Campus for Accelerating	
8	Scientific Impact.....	\$ 50,620,000
9	(e) Western Oregon University:	
10	(A) Information Technology	
11	Center Renovation	\$ 540,000
12	(B) Oregon Military Building	
13	Renovation	\$ 540,000
14	(f) Blue Mountain Community	
15	College, Facility for	
16	Agricultural Resource	
17	Management.....	\$ 5,115,000
18	(g) Chemeketa Community	
19	College, Agricultural	
20	Complex.....	\$ 6,125,000
21	(h) Clackamas Community College:	
22	(A) DeJardin Building Addition... 	\$ 8,140,000
23	(B) Student Services and	
24	Community Commons.....	\$ 8,140,000
25	(i) Clatsop Community College,	
26	Marine Science Center	
27	Renovation and Expansion....	\$ 8,135,000
28	(j) Columbia Gorge Community	
29	College, Middle College	
30	Prototype Facility	\$ 7,400,000
31	(k) Lane Community College,	
32	Health Care Village Facility..	\$ 8,140,000
33	(L) Linn-Benton Community	
34	College, Student Advising	
35	and Campus Safety Center ...	\$ 7,635,000
36	(m) Mt. Hood Community College,	
37	Maywood Park Center.....	\$ 8,140,000
38	(n) Oregon Coast Community	
39	College, Workforce Education	
40	and Resiliency Center	\$ 8,140,000
41	(o) Portland Community College,	
42	Health Technology	
43	Building Renovation.....	\$ 8,140,000
44	(p) Rogue Community College,	
45	Elk Building Science Facility	

1	Renovation and Expansion....	\$ 6,125,000
2	(q) Southwestern Oregon	
3	Community College,	
4	Dellwood Hall Remodel and	
5	Expansion.....	\$ 2,805,000
6	(r) Treasure Valley Community	
7	College, Workforce	
8	Vocational Center	\$ 2,865,000
9	(s) Umpqua Community College,	
10	Industrial Technology	
11	Building.....	\$ 8,140,000
12	(2) Department of Environmental	
13	Quality (Art. XI-H)	\$ 10,300,000
14	(3) Oregon Business Development	
15	Department (Art. XI-M)	\$ 101,180,000
16	(4) Oregon Business Development	
17	Department (Art. XI-N).....	\$ 20,430,000
18	(5) Department of Education	
19	(Art. XI-P)	\$ 100,985,000
20	(6) Oregon Department of	
21	Administrative	
22	Services (Art. XI-Q):	
23	(a) Department of Corrections:	
24	(A) Capital Improvements and	
25	Renewal.....	\$ 26,770,000
26	(B) Technology Infrastructure....	\$ 12,445,000
27	(b) Department of Education,	
28	Oregon School for the Deaf	
29	Facility Improvements.....	\$ 4,365,000
30	(c) Department of Human	
31	Services, ONE Integrated	
32	Eligibility and Medicaid	
33	Eligibility System.....	\$ 34,045,000
34	(d) Department of Justice,	
35	Child Support Enforcement	
36	Automated System.....	\$ 16,585,000
37	(e) Department of Revenue,	
38	Core Tax Revenue Systems	
39	Replacement.....	\$ 4,855,000
40	(f) Department of Veterans'	
41	Affairs:	
42	(A) Lebanon Veteran's Home	
43	Parking Lot.....	\$ 1,345,000
44	(B) The Dalles Veterans' Home	
45	Capital Improvements.....	\$ 1,195,000

1	(C) Roseburg Veterans' Home	\$	10,720,000
2	(g) Housing and Community		
3	Services Department, Local		
4	Innovation and Fast Track		
5	Housing Program	\$	81,090,000
6	(h) Higher Education		
7	Coordinating Commission:		
8	(A) Public Universities Capital		
9	Improvement and Renewal ...	\$	50,620,000
10	(B) Eastern Oregon University,		
11	Loso Hall Renovation	\$	5,575,000
12	(C) Oregon Institute of		
13	Technology:		
14	(i) Center for Excellence in		
15	Engineering and Technology/		
16	Cornett Hall Renovation	\$	38,475,000
17	(ii) Oregon Manufacturing		
18	Innovation Center, Research		
19	and Development Facility	\$	3,940,000
20	(D) Oregon State University:		
21	(i) Cordley Hall Renovation	\$	15,250,000
22	(ii) Fairbanks Hall Renovation ...	\$	11,220,000
23	(iii) Gilkey Hall Renovation	\$	1,045,000
24	(iv) Cascades Expansion Site		
25	Reclamation	\$	9,145,000
26	(E) Portland State University,		
27	Graduate School of		
28	Education Facility.....	\$	9,145,000
29	(F) Southern Oregon		
30	University, Central Hall		
31	Capital Improvements.....	\$	6,125,000
32	(G) Western Oregon University:		
33	(i) Information Technology		
34	Center Renovation	\$	5,070,000
35	(ii) Oregon Military Building		
36	Renovation	\$	7,335,000
37	(i) Legislative Administration		
38	Committee, Capitol		
39	Accessibility, Maintenance,		
40	and Safety	\$	13,960,000
41	(j) Oregon Judicial Department:		
42	(A) Lane County Courthouse	\$	5,115,000
43	(B) Multnomah County		
44	Courthouse.....	\$	102,495,000
45	(C) Oregon Supreme Court		

1	Building Renovation.....	\$ 6,125,000
2	(k) Oregon Military Department:	
3	(A) Grants Pass Armory	
4	Service Life Extension.....	\$ 3,330,000
5	(B) Regional Armory Emergency	
6	Enhancement Project	\$ 8,675,000
7	(C) Regional Training Institute ..	\$ 6,630,000
8	(D) Resiliency Grant Fund.....	\$ 5,070,000
9	(E) Youth Challenge Armory	\$ 5,095,000
10	(L) Oregon Youth Authority:	
11	(A) Capital Improvements.....	\$ 17,450,000
12	(B) MacLaren West Cottages	
13	Renovation	\$ 15,450,000
14	(C) Rogue Valley Facility	
15	Improvements	\$ 7,095,000
16	(m) State Department of Fish	
17	and Wildlife.....	\$ 10,215,000
18	(n) State Forestry Department,	
19	Toledo Facility Replacement.	\$ 774,225
20	<u>Dedicated Fund Obligations</u>	
21	(7) Department of Veterans'	
22	Affairs (Art. XI-A).....	\$ 120,000,000
23	(8) Higher Education Coordinating	
24	Commission (Art. XI-F(1)):	
25	(a) Portland State University:	
26	(A) Land Acquisition for	
27	University Center Building ...	\$ 15,260,000
28	(B) 12th & Market	
29	Residence Hall.....	\$ 54,225,000
30	(C) Graduate School of	
31	Education Facility.....	\$ 6,080,000
32	(D) Corbett Building Purchase....	\$ 5,100,000
33	(b) Oregon Institute of	
34	Technology, Student	
35	Recreation Center	\$ 5,115,000
36	(c) Eastern Oregon University,	
37	Track and Field Facilities	
38	Restoration	\$ 790,000
39	(9) Department of Environmental	
40	Quality (Art. XI-H)	\$ 10,000,000
41	(10) Housing and Community	
42	Services Department	
43	(Art. XI-I(2))	\$ 25,000,000
44	(11) Oregon Department of	
45	Administrative Services	

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(Art. XI-Q):

- (a) **Portland State Office**
- Building Improvements..... \$ 13,360,000**
- (b) **State Forestry Department,**
- Toledo Facility Replacement. \$ 1,075,775**
- Total General Obligation**
- Bonds \$ 1,257,310,000**

SECTION 2. The amounts authorized, as provided by ORS 286A.035, for issuance of revenue bonds of the state during the 2017-2019 biennium are as follows:

REVENUE BONDS

Direct Revenue Bonds

- Housing and Community**
- Services Department..... \$ 300,000,000**
- Oregon Business Development**
- Department \$ 30,000,000**
- Oregon Department of**
- Administrative Services,**
- Lottery Revenue Bonds \$ 199,860,000**

Total Direct Revenue

Bonds \$ 529,860,000

Pass-Through Revenue Bonds

- Oregon Business Development**
- Department, Industrial**
- Development Bonds..... \$ 400,000,000**
- Oregon Business Development**
- Department, Beginning and**
- Expanding Farmer Loan**
- Program \$ 10,000,000**
- Oregon Facilities Authority.. \$ 1,350,000,000**

- Housing and Community**
- Services Department..... \$ 325,000,000**

Total Pass-Through Revenue

Bonds \$ 2,085,000,000

Total Revenue Bonds \$ 2,614,860,000

SECTION 3. The amount authorized, as provided by ORS 286A.035, for issuance of certificates of participation and other financing agreements of the state during the 2017-2019 biennium for the Oregon Department of Administrative Services is \$110,985,000.

SECTION 4. The amounts allocated for private activity bonds, as provided in ORS 286A.615, are as follows:

- (1) **For calendar year 2018,**
- the amount of \$409,346,500**
- is allocated as follows:**
- (a) **Oregon Business Development**
- Department, Industrial**

- 1 **Development Bonds..... \$ 40,000,000**
- 2 **(b) Oregon Business Development**
- 3 **Department, Beginning and**
- 4 **Expanding Farmer Loan**
- 5 **Program \$ 5,000,000**
- 6 **(c) Housing and Community**
- 7 **Services Department..... \$125,000,000**
- 8 **(d) Private Activity Bond**
- 9 **Committee..... \$239,346,500**
- 10 **(2) For calendar year 2019,**
- 11 **the amount of \$409,346,500**
- 12 **is allocated as follows:**
- 13 **(a) Oregon Business Development**
- 14 **Department, Industrial**
- 15 **Development Bonds..... \$ 40,000,000**
- 16 **(b) Oregon Business Development**
- 17 **Department, Beginning and**
- 18 **Expanding Farmer Loan**
- 19 **Program \$ 5,000,000**
- 20 **(c) Housing and Community**
- 21 **Services Department..... \$125,000,000**
- 22 **(d) Private Activity Bond**
- 23 **Committee..... \$239,346,500**
- 24 **(3) If an increase in this state’s population, a**
- 25 **sufficient increase in the region’s Consumer**
- 26 **Price Index or a change in federal law allows**
- 27 **the private activity bond limit as set by the**
- 28 **Internal Revenue Code of 1986, as amended, to**
- 29 **exceed \$409,346,500 during the 2018 calendar**
- 30 **year or \$409,346,500 during the 2019 calendar**
- 31 **year, the increase is allocated to the Private**
- 32 **Activity Bond Committee.**

33 **SECTION 5. (1) For purposes of Article XI-F(1), section 1, of the Oregon Constitution,**
 34 **the Legislative Assembly determines that the projects authorized to be financed pursuant to**
 35 **section 1 (8) of this 2017 Act with bonds issued under Article XI-F(1) of the Oregon Consti-**
 36 **tution will benefit higher education institutions or activities.**

37 **(2) For purposes of Article XI-G, section 1, of the Oregon Constitution, the Legislative**
 38 **Assembly determines that the projects authorized to be financed pursuant to section 1 (1)**
 39 **of this 2017 Act with bonds issued under Article XI-G of the Oregon Constitution will benefit**
 40 **higher education institutions or activities or community colleges authorized by law to receive**
 41 **state aid.**

42 **SECTION 6. Bonds authorized under section 1 (1) of this 2017 Act may not be issued until**
 43 **the constructing authority certifies that the constructing authority has matching funds**
 44 **available for the same or similar purposes as the Article XI-G bonds that will fund the grant**
 45 **to the constructing authority, that the match funds are not proceeds of indebtedness in-**

1 curred by the state under any other article of the Oregon Constitution, and that the match
2 funds are available to the constructing authority in an amount at least equal to the amount
3 of indebtedness incurred by the state through the issuance of the Article XI-G bonds.

4 **SECTION 7.** ORS 286A.833 is amended to read:

5 286A.833. (1) In accordance with the applicable provisions of this chapter, the State Treasurer,
6 with the concurrence of the [*Director of the Oregon Department of Administrative Services*] **Higher**
7 **Education Coordinating Commission**, may issue Article XI-F(1) bonds **for the benefit of a public**
8 **university** if:

9 (a) The [*Higher Education Coordinating Commission*] **Director of the Oregon Department of**
10 **Administrative Services** requests that bonds be issued for the purposes specified in Article XI-F(1)
11 of the Oregon Constitution, plus an amount determined by the State Treasurer to pay estimated
12 bond-related costs;

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

15 (c) A loan agreement is executed under ORS 286A.836 prior to sale of the bonds.

16 (2) The State Treasurer may issue Article XI-F(1) bonds for the purpose of refunding Article
17 XI-F(1) bonds, with the concurrence of a public university that received proceeds of Article XI-F(1)
18 bonds to be refunded.

19 (3) The State Treasurer shall deposit the net proceeds of Article XI-F(1) bonds in one or more
20 project funds established in the State Treasury or with a third party under contract with the Oregon
21 Department of Administrative Services and approved by the State Treasurer. Net proceeds of Article
22 XI-F(1) bonds must be expended for the purposes described in the commission's budget authorization.

23 (4) If at any time the department and the commission jointly determine that the net proceeds
24 of Article XI-F(1) bonds deposited in a project fund pursuant to subsection (3) of this section exceed
25 the cost of the project described in the commission's budget authorization, the department may al-
26 locate and transfer the excess amount as determined by the department to other project funds, the
27 Article XI-F(1) Bond Fund established under ORS 286A.839 or the Article XI-F(1) Bond Adminis-
28 tration Fund established under ORS 286A.842. Before transferring an excess amount under this
29 subsection, the department shall consult with the public university for whose benefit the Article
30 XI-F(1) bonds were issued, but the department may transfer an excess amount without the approval
31 of the public university. Excess amounts may not be transferred to a project fund for the project
32 of another public university unless the applicable loan agreements and loan repayment schedules
33 are amended to reflect the transfer.

34 (5) Article XI-F(1) bonds are direct general obligations of the State of Oregon and must contain
35 a direct promise on behalf of the State of Oregon to pay the principal of, the interest on and the
36 premium, if any, on the Article XI-F(1) bonds. The State of Oregon shall pledge its full faith and
37 credit and taxing power to the payment of the principal of, the interest on and the premium, if any,
38 on Article XI-F(1) bonds, and the ad valorem taxing power of the State of Oregon may be pledged
39 to pay Article XI-F(1) bonds.

40 **SECTION 8.** ORS 283.085 is amended to read:

41 283.085. As used in ORS 283.085 to 283.092:

42 (1) "Available funds" means funds appropriated or otherwise made available by the Legislative
43 Assembly to pay amounts due under a financing agreement for the fiscal period in which the pay-
44 ments are due, unexpended proceeds of the financing agreement and reserves or other amounts that
45 have been deposited in trust to pay amounts due under the financing agreement.

1 (2) "Credit enhancement agreement" means any agreement or contractual relationship between
2 the state and any bank, trust company, insurance company, surety bonding company, pension fund
3 or other financial institution providing additional credit on or security for a financing agreement
4 or certificates of participation authorized by ORS 283.085 to 283.092.

5 (3) "Financing agreement" means a lease purchase agreement, an installment sale agreement, a
6 loan agreement or any other agreement:

7 (a) To finance real or personal property that is or will be owned and operated by the state or
8 any of its agencies;

9 (b) To finance infrastructure, including but not limited to telecommunications systems, systems
10 for water, sewage, electricity, steam or natural gas and other equipment or improvements that are
11 necessary or appropriate to support a facility that is, or will be, owned or operated by the state;

12 (c) To finance infrastructure components that are, or will be, owned or operated by a local
13 government agency of this state if the Director of the Oregon Department of Administrative Services
14 determines that financing the infrastructure facilitates the construction or operation of an adult or
15 juvenile corrections facility or a public safety training facility owned or operated by the state or
16 any of its agencies;

17 (d) To finance all or a portion of the state's pension liabilities for retirement, health care or
18 disability benefits, in an amount that produces net proceeds that do not exceed the State Treasurer's
19 estimate of those liabilities based on information provided to the State Treasurer by the Public
20 Employees Retirement System; [or]

21 (e) **To finance:**

22 (A) **The release of all or a portion of the Elliott State Forest from restrictions resulting**
23 **from ownership of that forest by the Common School Fund; or**

24 (B) **Compensation paid to the Common School Fund for the preservation of noneconomic**
25 **benefits of the forest through the imposition, transfer or sale of restrictions such as ease-**
26 **ments, use requirements or other methods that preserve noneconomic benefits of the forest**
27 **for the public, including recreation, aesthetics, wildlife or habitat preservation or other en-**
28 **vironmental and quality of life considerations; or**

29 [(e)] (f) To refinance previously executed financing agreements.

30 (4) "Financing costs" means costs or expenses that the director determines are necessary or
31 desirable in connection with entering into financing agreements and maintaining the certificate of
32 participation program, including but not limited to payment of:

33 (a) Amounts due under financing agreements;

34 (b) Costs and obligations the director or any other agency of the state incurs in connection with
35 the exercise of a power granted by ORS 283.085 to 283.092; and

36 (c) Amounts due in connection with the investment of proceeds of financing agreements.

37 (5) "Personal property" means tangible personal property, software and fixtures.

38 (6) "Property rights" means, with respect to personal property, the rights of a secured party
39 under ORS chapter 79, and, with respect to real property, the rights of a trustee or lender under a
40 lease authorized by ORS 283.089 (1)(e).

41 (7) "Software" means software and training and maintenance contracts related to the operation
42 of computing equipment.

43 **SECTION 9. (1) A community college for which one project to be funded with general**
44 **obligation bonds authorized to be issued under Article XI-G of the Oregon Constitution is**
45 **approved in this 2017 Act may not request approval of an additional project to be funded with**

1 general obligation bonds authorized to be issued under Article XI-G of the Oregon Constitu-
2 tion until the beginning of the regular session of the Legislative Assembly held in 2021, un-
3 less the community college withdraws the project approved under this 2017 Act.

4 (2) A community college for which two projects to be funded with general obligation
5 bonds authorized to be issued under Article XI-G of the Oregon Constitution is approved in
6 this 2017 Act may not request approval of an additional project to be funded with general
7 obligation bonds authorized to be issued under Article XI-G of the Oregon Constitution until
8 the beginning of the regular session of the Legislative Assembly held in 2025, unless the
9 community college withdraws a project approved under this 2017 Act.

10 **SECTION 10.** (1) Out of the amount specified in section 1 (6)(j)(A) of this 2017 Act, the
11 State Treasurer may issue Article XI-Q bonds in an amount not to exceed \$5,000,000 of net
12 proceeds for the purposes and in the manner specified in section 8, chapter 705, Oregon Laws
13 2013, plus an amount estimated by the State Treasurer to pay estimated bond-related costs.

14 (2) Out of the amount specified in section 1 (6)(j)(B) of this 2017 Act, the State Treasurer
15 may issue Article XI-Q bonds in an amount not to exceed \$92,600,000 of net proceeds for the
16 purposes and in the manner specified in section 8, chapter 705, Oregon Laws 2013, plus an
17 amount estimated by the State Treasurer to pay estimated bond-related costs.

18 (3) For purposes of sections 8 and 9, chapter 705, Oregon Laws 2013, and section 64,
19 chapter 723, Oregon Laws 2013, bonds issued pursuant to this section are considered to be
20 bonds issued pursuant to section 8, chapter 705, Oregon Laws 2013.

21 (4) Bonds may not be issued out of the amounts specified in section 1 (6)(j)(A) and (B)
22 of this 2017 Act except as provided in this section.

23 **SECTION 11.** (1) As used in this section:

24 (a) "Apprentice" has the meaning given that term in ORS 660.010.

25 (b) "Apprenticeable occupation" has the meaning given that term in ORS 660.010.

26 (c) "Apprenticeship training program" means the total system of apprenticeship that a
27 particular local joint committee, as defined in ORS 660.010, operates, including the local joint
28 committee's registered standards and all other terms and conditions for qualifying, recruit-
29 ing, selecting, employing and training apprentices in an apprenticeable occupation.

30 (d) "Minority individual" has the meaning given that term in ORS 200.005.

31 (e) "Qualified contracts" means contracts that:

32 (A) Are for improvements to real property in connection with the University of Oregon
33 Campus for Accelerating Scientific Impact;

34 (B) Have a cost that, at the time the contract is executed, is estimated to be greater than
35 \$200,000; and

36 (C) Are to be paid from proceeds of bonds issued under Article XI-G of the Oregon Con-
37 stitution.

38 (f) "Woman" has the meaning given that term in ORS 200.005.

39 (2) The University of Oregon, in all qualified contracts, shall require contractors to:

40 (a) Employ apprentices to perform 15 percent of the work hours that workers in
41 apprenticeable occupations perform under the contract, in a manner consistent with the
42 apprentices' respective apprenticeship training programs;

43 (b) Establish and execute a plan for outreach, recruitment and retention of women and
44 minority individuals to perform work under the contract; and

45 (c) Require any subcontractors engaged by the contractors to abide by the requirements

1 set forth in paragraphs (a) and (b) of this subsection.

2 (3) On or before February 1 of each year, the University of Oregon shall report to the
3 Joint Committee on Ways and Means or Joint Interim Committee on Ways and Means on the
4 amount of work performed by apprentices, women and minority individuals under qualified
5 contracts.

6 SECTION 12. This 2017 Act being necessary for the immediate preservation of the public
7 peace, health and safety, an emergency is declared to exist, and this 2017 Act takes effect
8 July 1, 2017.

9
