

# D R A F T

## SUMMARY

Provides that certain public bodies and intergovernmental entities may not issue bonds to finance pension liabilities without first obtaining assessment from independent registered municipal advisor of advisability of proposed bond issuance.

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to bonds to finance pension liabilities; creating new provisions;  
3 amending ORS 238.694 and 238.695; and prescribing an effective date.

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

5 **SECTION 1. Section 2 of this 2019 Act is added to and made a part**  
6 **of ORS 238.692 to 238.698.**

7 **SECTION 2. (1) Before a public body, or an intergovernmental en-**  
8 **tity formed pursuant to ORS 238.695, may issue bonds under ORS**  
9 **238.694, the public body or intergovernmental entity must first obtain**  
10 **an assessment from an independent registered municipal advisor of**  
11 **the advisability of the proposed bond issuance.**

12 **(2) As used in this section, “independent registered municipal advi-**  
13 **sor” has the meaning given that term in 17 C.F.R. 240.15Ba1-1, as**  
14 **amended.**

15 **SECTION 3. ORS 238.694 is amended to read:**

16 238.694. (1) The Legislative Assembly finds that authorizing issuance of  
17 revenue bonds to finance pension liabilities may reduce the cost of public  
18 pensions to taxpayers and that the reduction of those costs to taxpayers is  
19 a matter of statewide concern.

1 (2) Notwithstanding the limitation on indebtedness in ORS 287A.105 or  
2 any other limitation on indebtedness or borrowing under state or local law,  
3 for the purpose of obtaining funds to pay the pension liability of a public  
4 body, the governing body of a public body may authorize and cause the is-  
5 suance of revenue bonds under ORS chapter 287A, **subject to section 2 of**  
6 **this 2019 Act.**

7 (3) The governing body of a public body may pledge the full faith and  
8 credit and taxing power of the public body to the payment of the principal  
9 and interest on bonds issued under ORS 238.692 to 238.698, and any premium  
10 on those bonds.

11 (4) Unless the charter of a county provides a lower limit, a county may  
12 issue revenue bonds to finance pension liabilities in an amount that does not  
13 exceed five percent of the real market value of the taxable property within  
14 the boundaries of the county.

15 (5) Revenue bonds authorized under this section need not comply with the  
16 procedure specified in ORS 287A.150.

17 (6) A public body that issues revenue bonds under this section may also  
18 issue revenue bonds for the purpose of refunding the bonds.

19 (7) A public body may enter into indentures or other agreements with  
20 trustees or escrow agents for the issuance, administration or payment of  
21 bonds authorized under this section.

22 **SECTION 4.** ORS 238.695 is amended to read:

23 238.695. (1) Public bodies may enter into intergovernmental agreements  
24 for the collective issuance, administration or payment of bonds authorized  
25 under ORS 238.694. An agreement for collective issuance, administration or  
26 payment of bonds under this subsection may provide for the contribution and  
27 pooling of the assets of the public bodies as security for the bonds, and may  
28 make provisions for such other matters as the public bodies determine con-  
29 venient. Notwithstanding ORS 190.080, any intergovernmental entity created  
30 by public bodies under this section shall have the power to issue bonds as  
31 described in ORS 238.694, **subject to section 2 of this 2019 Act.** The bonds

1 may be issued and sold as parity bonds, issued and sold individually or issued  
2 and sold in such combinations or forms as determined to be appropriate by  
3 the public bodies.

4 (2) Proceeds of bonds sold under an intergovernmental agreement entered  
5 into under this section, and any other funds or assets of a public body, to-  
6 gether with interest or earnings on the proceeds, funds and assets, may be  
7 consolidated into one or more funds or accounts and may be pledged to the  
8 holders of the bonds.

9 (3) Public bodies may enter into indentures or other agreements with  
10 trustees or escrow agents for the issuance, administration or payment of  
11 bonds pursuant to an intergovernmental agreement entered into under this  
12 section.

13 (4) The State Treasurer may cooperate with, assist and provide recom-  
14 mendations to public bodies, and any intergovernmental entity created by  
15 public bodies under this section, relating to all matters involved in the is-  
16 suance, administration and payment of bonds. Any expenses incurred by the  
17 State Treasurer in providing assistance to public bodies under this section  
18 may be paid as an administrative expense of the public body from the pro-  
19 ceeds of the bonds issued with the assistance of the State Treasurer.

20 **SECTION 5. This 2019 Act takes effect on the 91st day after the date**  
21 **on which the 2019 regular session of the Eightieth Legislative Assem-**  
22 **bly adjourns sine die.**

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