

HB 3123 A STAFF MEASURE SUMMARY

House Committee On Rules

Action Date: 05/13/19

Action: Do pass with amendments and be referred to Ways and Means. (Printed A-Eng.)

Vote: 6-1-0-0

Yeas: 6 - Boles, Holvey, Nosse, Smith Warner, Sprenger, Williamson

Nays: 1 - Wilson

Fiscal: Fiscal impact issued

Revenue: No revenue impact

Prepared By: Josh Nasbe, Counsel

Meeting Dates: 4/3, 5/8, 5/13

WHAT THE MEASURE DOES:

Requires public body that seeks to issue pension obligation bonds to first obtain advisability assessment from independent registered municipal advisor.

ISSUES DISCUSSED:

- Risk vs. Reward

EFFECT OF AMENDMENT:

Requires public bodies to obtain statistically based assessment from independent economic or financial consulting firm that addresses likelihood of investment returns exceeding interest costs. Directs public body to make report of assessment available to public, and provide assessment to State Treasurer for inclusion in report submitted to State Debt Policy Advisory Commission.

BACKGROUND:

ORS 238.694 authorizes public bodies to issue revenue bonds for the purpose of obtaining funds to pay pension liabilities, without regard to state or local limits on indebtedness. Before issuing these bonds, House Bill 3123 A requires public bodies to obtain a statistically based assessment from an independent economic or financial consulting firm addressing the likelihood that investment returns will exceed the interest costs of the bonds. The bill requires public bodies to make a report describing the assessment available to the public, and provide the assessment to the State Treasurer for inclusion in a comprehensive report submitted to the State Debt Policy Advisory Commission.