

House Bill 3123

Sponsored by Representative NATHANSON, Senator JOHNSON

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**.

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; amending ORS 238.694 and
3 238.695; 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 of ORS 238.692 to**
6 **238.698.**

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

11 **(2) As used in this section, "independent registered municipal advisor" has the meaning**
12 **given that term in 17 C.F.R. 240.15Ba1-1, as amended.**

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

14 238.694. (1) The Legislative Assembly finds that authorizing issuance of revenue bonds to finance
15 pension liabilities may reduce the cost of public pensions to taxpayers and that the reduction of
16 those costs to taxpayers is a matter of statewide concern.

17 (2) Notwithstanding the limitation on indebtedness in ORS 287A.105 or any other limitation on
18 indebtedness or borrowing under state or local law, for the purpose of obtaining funds to pay the
19 pension liability of a public body, the governing body of a public body may authorize and cause the
20 issuance of revenue bonds under ORS chapter 287A, **subject to section 2 of this 2019 Act.**

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

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

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

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

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

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

4 238.695. (1) Public bodies may enter into intergovernmental agreements for the collective issu-
5 ance, administration or payment of bonds authorized under ORS 238.694. An agreement for collective
6 issuance, administration or payment of bonds under this subsection may provide for the contribution
7 and pooling of the assets of the public bodies as security for the bonds, and may make provisions
8 for such other matters as the public bodies determine convenient. Notwithstanding ORS 190.080,
9 any intergovernmental entity created by public bodies under this section shall have the power to
10 issue bonds as described in ORS 238.694, **subject to section 2 of this 2019 Act.** The bonds may be
11 issued and sold as parity bonds, issued and sold individually or issued and sold in such combinations
12 or forms as determined to be appropriate by the public bodies.

13 (2) Proceeds of bonds sold under an intergovernmental agreement entered into under this sec-
14 tion, and any other funds or assets of a public body, together with interest or earnings on the pro-
15 ceeds, funds and assets, may be consolidated into one or more funds or accounts and may be pledged
16 to the holders of the bonds.

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

20 (4) The State Treasurer may cooperate with, assist and provide recommendations to public
21 bodies, and any intergovernmental entity created by public bodies under this section, relating to all
22 matters involved in the issuance, administration and payment of bonds. Any expenses incurred by
23 the State Treasurer in providing assistance to public bodies under this section may be paid as an
24 administrative expense of the public body from the proceeds of the bonds issued with the assistance
25 of the State Treasurer.

26 **SECTION 5. This 2019 Act takes effect on the 91st day after the date on which the 2019**
27 **regular session of the Eightieth Legislative Assembly adjourns sine die.**

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