

SJR 203 STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

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Meeting Dates: 2/14, 2/21

WHAT THE MEASURE DOES:

Proposes amendment to Oregon Constitution to remove requirement that bonded indebtedness incurred under Article XI-G be matched by amount at least equal to amount of indebtedness. Refers proposed amendment to people for their approval or rejection at next regular general election.

ISSUES DISCUSSED:

- The need for Community Colleges.
- local requirements.
- Voter approval.

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

The constitutional amendment proposed by this resolution shall be submitted to the people for their approval or rejection at the next regular general election held throughout this state.

Higher Education Facilities and Community College Bonds – Article XI-G

In addition to Article XI-F(1) provisions, Article XI-G, adopted in 1964, allows a debt limit of up to three-fourths of one percent TCV (true cash value of all taxable property in the state) to finance public higher education institutions and community college facilities that are not revenue producing. Unlike Article XI-F (1), however, Article XI-G requires that any indebtedness incurred under Article XI-G not exceed the dollar amount appropriated from the State's General Fund for the same or similar purpose as the indebtedness to be incurred. As a result, this type of bond is not issued, unless there is also a legislatively authorized and matching appropriation equal to at least 50% of the overall cost of the project.

Historically, Article XI-G bonds for higher education were used to finance instructional and public service facilities of the OUS and community colleges. General Fund appropriations are made annually to pay debt service on these bonds. Despite the change in university governance structure established by SB 270, the State anticipates it will continue to issue XI-G bonds for legislatively authorized projects at the seven independent universities and at the Oregon Health and Sciences University (OHSU). As of June 30, 2021, the principal amount outstanding for Community College XI-G bonds was \$229.3 million and \$735.2 million for Higher Education Facilities XI-G bonds, putting the total outstanding to slightly less than \$1 billion.

ORS 341.009 directs that the state should maintain a policy of substantial state participation in community college building costs. In the 1960s and 1970s, State GO bonds were issued to help support the costs of the expanding network of Oregon community colleges. The demand for a highly skilled workforce in Oregon has continued to grow, as has the need to support the retraining of existing workers for today's increasingly technical job market. Since 2007, the Legislature has included authorization of XI-G bonding in varying amounts for select community college instructional facilities.

Total Real Market Value in FY 2020-2021 is \$756.7 Billion. With the amount allowed at 3/4 of 1%, the ceiling comes to \$5,675 million. This leaves more than \$4 billion of the allowance to be open.

This summary has not been adopted or officially endorsed by action of the committee.

PRELIMINARY