

SB 225 -2 STAFF MEASURE SUMMARY

Senate Committee On Housing and Development

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Meeting Dates: 2/6, 3/20

WHAT THE MEASURE DOES:

Creates exception that if Legislative Assembly fails to determine bond amount the State Treasurer may issue for each state agency for a biennium, the unused portion of pass-through revenue bonds authorized for issue the preceding biennium carries forward until legislation for the current biennium is enacted. Allows unused allocations to an issuer by the Private Activity Bond Committee to be suballocated by the issuer, provided the allocation falls into the same category of private activity bond and is used during the calendar year in which the allocation was made. Modifies terminology of “conduit” to “pass-through” or “pass-through revenue bond.”

Declares emergency, takes effect upon passage.

FISCAL: Has minimal fiscal impact

REVENUE: Has minimal revenue impact

ISSUES DISCUSSED:

- Upcoming amendment
- Federal role in setting private activity bond cap amount
- Suballocation authority

EFFECT OF AMENDMENT:

-2 Clarifies suballocations may be made by state agency rather than “issuer” more broadly. Specifies allocation must be used during the allocation’s designated year for use rather than during the year it was issued. Adds condition that allocations must also comply with terms and conditions made by the Legislative Assembly, if any.

BACKGROUND:

The Legislative Assembly determines bond amounts that the State Treasurer may issue to state agencies in each biennium. A “blackout period” exists during the time between June 30 in odd-numbered years (the beginning of a new biennium), and the time the Governor signs the bond authorization bill. This creates a gap between biennium funding, which can cause delays and cost increases for projects for which the funding was designated.

Additionally, allocations to an issuer by the Private Activity Bond Committee are currently non-transferable among issuers and can only be reallocated, which can also cause delays in funding allocation. As it relates to housing, OHCS reports the blackout period would prevent closure on financing of affordable housing projects during that time.

Senate Bill 225 allows pass-through revenue bonds to be used during the blackout period by granting issuers to ability to suballocate funding, provided certain conditions are met.