

A-Engrossed House Bill 4094

Ordered by the House February 16
Including House Amendments dated February 16

Sponsored by Representative STOUT, Senator WEBER, Representative WALLAN; Representatives BOICE, HIEB
(Pre-session filed.)

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. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: The Act lets the State Treasurer issue bonds to pay to renovate or expand courthouses. (Flesch Readability Score: 61.8).

[Digest: The Act lets the State Treasurer issue bonds to pay to expand courthouses. (Flesch Readability Score: 69.9).]

Authorizes the State Treasurer to issue Article XI-Q general obligation bonds to finance **renovation or expansion** of courthouses.

A BILL FOR AN ACT

1
2 Relating to courthouses; amending sections 8 and 9, chapter 705, Oregon Laws 2013, and section 64,
3 chapter 723, Oregon Laws 2013.

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

5 **SECTION 1.** Section 8, chapter 705, Oregon Laws 2013, as amended by section 6, chapter 121,
6 Oregon Laws 2014, and section 2, chapter 118, Oregon Laws 2016, is amended to read:

7 **Sec. 8.** (1) Out of the amount specified in section 1 (6), chapter 705, Oregon Laws 2013, the State
8 Treasurer may issue Article XI-Q bonds in an amount not to exceed \$19 million of net proceeds for
9 the purposes specified in subsection [(3)] **(6)** of this section, plus an amount estimated by the State
10 Treasurer to pay estimated bond-related costs.

11 (2)[(a)] Bonds may not be issued pursuant to this section or section 10, chapter 685, Oregon
12 Laws 2015, unless[:] **a courthouse project meets the requirements of subsection (3) or (4) of**
13 **this section.**

14 **(3) Bonds may be issued pursuant to this section or section 10, chapter 685, Oregon Laws**
15 **2015, if:**

16 [(A)] **(a)** The Chief Justice of the Supreme Court has determined that:

17 [(i)] **(A)** The courthouse with respect to which the bonds will be issued has significant structural
18 defects, including seismic defects, that present actual or potential threats to human health and
19 safety;

20 [(ii)] **(B)** Replacing the courthouse, whether by acquiring and remodeling or repairing an exist-
21 ing building or by constructing a new building, is more cost-effective than remodeling or repairing
22 the courthouse; and

23 [(iii)] **(C)** Replacing the courthouse creates an opportunity for colocation of the court with other
24 state offices; and

25 [(B)] **(b)** The Oregon Department of Administrative Services has approved the project for which

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 the bonds will be issued.

2 (4) **Bonds may be issued pursuant to this section or section 10, chapter 685, Oregon Laws**
3 **2015, if:**

4 (a) **The Chief Justice of the Supreme Court has determined that:**

5 (A) **Renovating or expanding the courthouse, whether by remodeling or repairing space**
6 **or by constructing new space, is a cost-effective alternative to replacing the courthouse and**
7 **would provide a suitable and sufficient court facility; and**

8 (B) **The project includes the remediation of any significant structural defects, including**
9 **seismic defects, that present actual or potential threats to human health and safety in the**
10 **existing courthouse; and**

11 (b) **The Oregon Department of Administrative Services has approved the project for**
12 **which the bonds will be issued.**

13 [(b)] (5) The Oregon Department of Administrative Services, after consultation with the Judicial
14 Department, shall determine when net proceeds are needed for the purposes described in subsection
15 [(3)] (6) of this section and shall consult with the Judicial Department regarding the sale of bonds
16 to be issued pursuant to this section.

17 [(3)] (6) The State Treasurer shall deposit the net proceeds of bonds issued pursuant to this
18 section and section 10, chapter 685, Oregon Laws 2015, in the Oregon Courthouse Capital Con-
19 struction and Improvement Fund. The net proceeds and any interest earnings may be used solely to
20 finance costs related to acquiring, constructing, **expanding, renovating,** remodeling, repairing,
21 equipping or furnishing land, improvements, courthouses or portions of courthouses that are, or that
22 upon completion of a project funded under this section will be, owned or operated by the State of
23 Oregon.

24 [(4)] (7) As used in ORS 286A.816 to 286A.826 with respect to this section:

25 (a) "Project agency" means the Judicial Department.

26 (b) "Project fund" means the Oregon Courthouse Capital Construction and Improvement Fund.

27 **SECTION 2.** Section 9, chapter 705, Oregon Laws 2013, as amended by section 7, chapter 121,
28 Oregon Laws 2014, and section 3, chapter 118, Oregon Laws 2016, is amended to read:

29 **Sec. 9.** (1)(a) Notwithstanding ORS 1.185, a county and the state, acting by and through the
30 Oregon Department of Administrative Services on behalf of the Judicial Department, may enter into
31 interim agreements that provide for the funding, acquisition, development and construction of a
32 courthouse and require the parties to negotiate in good faith and execute a long-term lease agree-
33 ment or a long-term intergovernmental agreement with respect to the ownership or operation of a
34 courthouse or portions of a courthouse that the county is required to provide under ORS 1.185,
35 pursuant to which the state agrees to provide the property and services described in ORS 1.185
36 (1)(a).

37 (b)(A) An agreement entered into pursuant to this subsection may include a requirement that
38 the county transfer to the Oregon Courthouse Capital Construction and Improvement Fund an
39 amount not less than 50 percent of the total estimated costs of a project funded with bonds issued
40 pursuant to section 8, chapter 705, Oregon Laws 2013, or section 10, chapter 685, Oregon Laws 2015,
41 with respect to the courthouse or portions of a courthouse that are the subject of the agreement.

42 (B) The amount transferred by a county pursuant to this paragraph may comprise, singly or in
43 any combination and proportion:

44 (i) Property tax revenues, bond proceeds or any other county moneys; [and]

45 (ii) A credit equal to the higher of the appraised value or the actual purchase price of land

1 purchased by the county for the courthouse if the state approves of the land as the site for the
2 courthouse[.];

3 **(iii) A credit equal to the higher of the appraised value or the actual purchase price of**
4 **any space in existing buildings being converted to courthouse and state office use if the state**
5 **approves of the conversion of the space for such purposes; and**

6 **(iv) A credit for the costs to the county of relocating county offices to vacate space being**
7 **converted to courthouse and state office use.**

8 (C) The amount required to be transferred by the county under this subsection may not be less
9 than 75 percent of the total estimated costs unless the project includes colocation in the courthouse
10 of state offices in addition to the state circuit court facilities.

11 (2) For purposes of section 8, chapter 705, Oregon Laws 2013, and section 10, chapter 685,
12 Oregon Laws 2015, the state shall be considered to operate a courthouse or portions of a courthouse
13 that are the subject of an agreement entered into pursuant to subsection (1) of this section if, as
14 applicable:

15 (a) The lease agreement conveys to the state a full leasehold interest, including exclusive rights
16 to control and use the courthouse or portions of the courthouse that are typical of a long-term lease,
17 for a term that is at least equal to the term during which the bonds issued pursuant to section 8,
18 chapter 705, Oregon Laws 2013, and section 10, chapter 685, Oregon Laws 2015, will remain out-
19 standing.

20 (b) The intergovernmental agreement grants the state the exclusive right to control and use the
21 courthouse or portions of the courthouse for a term that is at least equal to the term during which
22 the bonds issued pursuant to section 8, chapter 705, Oregon Laws 2013, and section 10, chapter 685,
23 Oregon Laws 2015, will remain outstanding.

24 **SECTION 3.** Section 64, chapter 723, Oregon Laws 2013, as amended by section 4, chapter 118,
25 Oregon Laws 2016, is amended to read:

26 **Sec. 64.** (1) The Oregon Courthouse Capital Construction and Improvement Fund is established
27 in the State Treasury, separate and distinct from the General Fund. Interest earned on moneys in
28 the Oregon Courthouse Capital Construction and Improvement Fund shall be credited to the fund.

29 (2) The fund consists of moneys deposited in the fund pursuant to section 8, chapter 705, Oregon
30 Laws 2013, and section 10, chapter 685, Oregon Laws 2015, and moneys transferred to the fund by
31 a county pursuant to section 9 (1)(b), chapter 705, Oregon Laws 2013, and may include fees, revenues
32 and other moneys appropriated by the Legislative Assembly for deposit in the fund.

33 (3) Moneys in the fund are continuously appropriated to the Judicial Department for:

34 (a) The purposes described in section 8 [(3)] (6), chapter 705, Oregon Laws 2013;

35 (b) Payment of the costs incurred by the department to administer the fund; and

36 (c) Payment of bond-related costs, as defined in ORS 286A.816.

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