

Senate Bill 5

Sponsored by Senator COURTNEY

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**.

Authorizes State Treasurer to issue Article XI-N bonds. Establishes Article XI-N Bond Fund and Article XI-N Bond Administration Fund. Authorizes bond proceeds to be deposited in funds and expended to finance state share of costs to implement seismic rehabilitation of emergency services buildings.

A BILL FOR AN ACT

1
2 Relating to state finance; and appropriating money.

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

4 **SECTION 1. Sections 2 to 6 of this 2005 Act are added to and made a part of ORS chapter**
5 **286.**

6 **SECTION 2. As used in sections 2 to 6 of this 2005 Act, unless the context requires oth-**
7 **erwise:**

8 (1) "Article XI-N bonds" means general obligation bonds or other general obligation
9 indebtedness issued or incurred under the authority of Article XI-N of the Oregon Consti-
10 tution.

11 (2) "Bond administration fund" means the Article XI-N Bond Administration Fund es-
12 tablished under section 5 of this 2005 Act.

13 (3) "Bond fund" means the Article XI-N Bond Fund established under section 4 of this
14 2005 Act.

15 (4) "Bond-related costs" means:

16 (a) The costs of paying the principal of, the interest on and the premium, if any, on Ar-
17 ticle XI-N bonds;

18 (b) The costs and expenses of issuing, administering and maintaining Article XI-N bonds
19 including, but not limited to, redeeming Article XI-N bonds, paying amounts due in con-
20 nection with bond insurance, other credit enhancements or the administrative costs and ex-
21 penses of the State Treasurer and the Oregon Department of Administrative Services,
22 including costs of consultants or advisors retained by the State Treasurer or the Oregon
23 Department of Administrative Services for the purpose of issuing, administering or main-
24 taining Article XI-N bonds;

25 (c) Capitalized interest on Article XI-N bonds;

26 (d) Costs of funding reserves for Article XI-N bonds, including costs of surety bonds and
27 similar instruments;

28 (e) Rebates or penalties due the United States Government in connection with Article
29 XI-N bonds; and

30 (f) Other costs or expenses that the Director of the Office of Emergency Management

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 determines are necessary or desirable in connection with issuing, administering or main-
2 taining Article XI-N bonds.

3 (5) "State share of costs" means the total costs and related expenses of the seismic re-
4 habilitation of emergency services buildings minus any contribution for seismic rehabilitation
5 from the applicants as required by the Office of Emergency Management.

6 **SECTION 3.** (1) Article XI-N bonds are a general obligation of the State of Oregon and
7 must contain a direct promise on behalf of the State of Oregon to pay the principal of, the
8 interest on and the premium, if any, on the Article XI-N bonds. The State of Oregon shall
9 pledge its full faith and credit and taxing power to pay Article XI-N bonds, except that the
10 ad valorem taxing power of the State of Oregon may not be pledged to pay Article XI-N
11 bonds.

12 (2) At the request of the Director of the Office of Emergency Management, the State
13 Treasurer may issue Article XI-N bonds:

14 (a) Subject to the limit on bond issuance established for the particular biennium under
15 ORS 286.505 to 286.545, for the purpose of financing all or a portion of the state share of costs
16 to implement seismic rehabilitation of emergency services buildings, in an amount that
17 produces net proceeds that can be efficiently expended in the biennium, plus an amount de-
18 termined by the State Treasurer to pay estimated bond-related costs.

19 (b) To refund Article XI-N bonds. The amount of Article XI-N bonds issued under this
20 paragraph may not exceed the estimated costs of paying, redeeming or defeasing the re-
21 funded bonds, plus an amount determined by the State Treasurer to pay estimated bond-
22 related costs.

23 (3) The State Treasurer shall transfer the net proceeds of Article XI-N bonds issued to
24 finance all or a portion of the state share of costs to implement seismic rehabilitation of
25 emergency services buildings to the Office of Emergency Management for deposit in the
26 Article XI-N Bond Fund established pursuant to section 4 of this 2005 Act.

27 **SECTION 4.** (1) The Article XI-N Bond Fund is established in the State Treasury, sepa-
28 rate and distinct from the General Fund. Interest earned on the bond fund must be credited
29 to the bond fund. Amounts credited to the bond fund are continuously appropriated to the
30 Office of Emergency Management for the purpose described in section 3 (2)(a) of this 2005
31 Act and for the purpose of paying, when due, the principal of, the interest on and the pre-
32 mium, if any, on outstanding Article XI-N bonds. The Office of Emergency Management shall
33 deposit in the bond fund:

34 (a) The net proceeds of bonds transferred pursuant to section 3 (3) of this 2005 Act;

35 (b) Capitalized or accrued interest on Article XI-N bonds;

36 (c) Amounts appropriated or otherwise provided by the Legislative Assembly for deposit
37 in the bond fund; and

38 (d) Reserves established for the payment of Article XI-N bonds.

39 (2) The Office of Emergency Management may create separate accounts in the bond fund
40 for reserves and debt service for each series of Article XI-N bonds.

41 **SECTION 5.** (1) The Article XI-N Bond Administration Fund is established in the State
42 Treasury, separate and distinct from the General Fund. Interest earned on the bond admin-
43 istration fund must be credited to the bond administration fund. Amounts credited to the
44 bond administration fund are continuously appropriated to the Office of Emergency Man-
45 agement for payment of bond-related costs. The Office of Emergency Management shall

1 **credit to the bond administration fund:**

2 (a) **Proceeds of Article XI-N bonds that were issued to pay bond-related costs that are**
3 **not credited to the bond fund;**

4 (b) **Amounts appropriated or otherwise provided by the Legislative Assembly for deposit**
5 **in the bond administration fund; and**

6 (c) **Contributions required by the Office of Emergency Management from applicants for**
7 **seismic rehabilitation.**

8 (2) **The Office of Emergency Management may create separate accounts in the bond ad-**
9 **ministration fund.**

10 **SECTION 6. (1) In accordance with the applicable provisions of this chapter and ORS**
11 **chapter 288, the State Treasurer, after consulting with the Director of the Office of Emer-**
12 **gency Management, may issue Article XI-N bonds from time to time for the purposes de-**
13 **scribed in section 3 (2) of this 2005 Act.**

14 (2) **Article XI-N bonds may:**

15 (a) **Be sold at a competitive or negotiated sale;**

16 (b) **Bear interest that is includable in or excludable from gross income under the Internal**
17 **Revenue Code; and**

18 (c) **Be sold on terms approved by the State Treasurer, including terms related to the time**
19 **of sale, the issuance of bonds in series, the maturity of each series and the interest borne**
20 **by each series of bonds.**

21 (3) **Subject to the approval of the State Treasurer, the Director of the Office of Emer-**
22 **gency Management may:**

23 (a) **Acquire municipal bond insurance, a letter of credit, a line of credit, surety bonds or**
24 **another credit enhancement device for Article XI-N bonds; and**

25 (b) **Enter into related agreements.**

26 (4) **Subject to the approval of the State Treasurer, the Director of the Office of Emer-**
27 **gency Management may:**

28 (a) **Enter into agreements with a trustee or escrow agent regarding the use and appli-**
29 **cation of the amounts held in the Article XI-N Bond Fund or the Article XI-N Bond Admin-**
30 **istration Fund; and**

31 (b) **Transfer amounts credited to the bond fund or the bond administration fund to a**
32 **trustee or escrow agent.**

33 **SECTION 7. Notwithstanding the limitation in section 3 (2)(a) of this 2005 Act, the pro-**
34 **visions of ORS 286.505 to 286.545 do not apply to Article XI-N bonds issued for the purposes**
35 **described in section 3 (2) of this 2005 Act during the biennium beginning July 1, 2005.**

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