

Enrolled Senate Bill 4

Sponsored by Senator COURTNEY

CHAPTER

AN ACT

Relating to general obligation bonds; and appropriating money.

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

SECTION 1. Sections 2 to 8 of this 2005 Act are added to and made a part of ORS chapter 286.

SECTION 2. As used in sections 2 to 8 of this 2005 Act, unless the context requires otherwise:

(1) "Article XI-M bonds" means general obligation bonds or other general obligation indebtedness issued or incurred under the authority of Article XI-M of the Oregon Constitution.

(2) "Bond administration fund" means the Article XI-M Bond Administration Fund established under section 5 of this 2005 Act.

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

(4) "Bond-related costs" means:

(a) The costs of paying the principal of, the interest on and the premium, if any, on Article XI-M bonds;

(b) The costs and expenses of issuing, administering and maintaining Article XI-M bonds including, but not limited to, redeeming Article XI-M bonds and paying amounts due in connection with bond insurance, other credit enhancements or the administrative costs and expenses of the State Treasurer and the Oregon Department of Administrative Services, including costs of consultants or advisers retained by the State Treasurer or the department for the purpose of issuing, administering or maintaining Article XI-M bonds;

(c) Capitalized interest on Article XI-M bonds;

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

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

(f) Other costs or expenses that the Director of the Oregon Department of Administrative Services determines are necessary or desirable in connection with issuing, administering or maintaining Article XI-M bonds.

(5) "Seismic fund" means the Education Seismic Fund established under section 6 of this 2005 Act.

(6) "State share of costs" means the total costs and related expenses of the seismic rehabilitation of public education buildings, minus contributions for seismic rehabilitation from the applicants as required by the Office of Emergency Management.

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

(2) The State Treasurer, with the concurrence of the Director of the Oregon Department of Administrative Services, may issue Article XI-M bonds:

(a) Subject to the limit on bond issuance established for the particular biennium in ORS 286.505 to 286.545 and at the request of the Director of the Office of Emergency Management, for the purpose of financing all or a portion of the state share of costs to plan and implement seismic rehabilitation of public education buildings in the amount of the state share of costs, plus an amount determined by the State Treasurer to pay estimated bond-related costs.

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

(3) The State Treasurer shall transfer the net proceeds of Article XI-M bonds issued for the purpose described in subsection (2)(a) of this section to the Office of Emergency Management for deposit in the Education Seismic Fund established under section 6 of this 2005 Act.

SECTION 4. (1) The Article XI-M Bond Fund is established in the State Treasury, separate and distinct from the General Fund. Amounts in the bond fund may be invested as provided in ORS 293.701 to 293.820, and interest earned on the bond fund must be credited to the bond fund. Amounts credited to the bond fund are continuously appropriated to the Oregon Department of Administrative Services for the purpose of paying, when due, the principal of, the interest on and the premium, if any, on outstanding Article XI-M bonds. The department shall deposit in the bond fund:

(a) Capitalized or accrued interest on Article XI-M bonds;

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

(c) Reserves established for the payment of Article XI-M bonds.

(2) The department may create separate accounts in the bond fund for reserves and debt service for each series of Article XI-M bonds.

SECTION 5. (1) The Article XI-M Bond Administration Fund is established in the State Treasury, separate and distinct from the General Fund. Amounts in the bond administration fund may be invested as provided in ORS 293.701 to 293.820, and interest earned on the bond administration fund must be credited to the bond administration fund. Amounts credited to the bond administration fund are continuously appropriated to the Oregon Department of Administrative Services for payment of bond-related costs. The department shall credit to the bond administration fund:

(a) Proceeds of Article XI-M bonds that were issued to pay bond-related costs;

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

(c) Amounts transferred from the Education Seismic Fund by the Office of Emergency Management as provided in section 6 of this 2005 Act.

(2) The department may create separate accounts in the bond administration fund.

SECTION 6. (1) The Education Seismic Fund is established in the State Treasury, separate and distinct from the General Fund. Amounts in the seismic fund may be invested as

provided in ORS 293.701 to 293.820, and interest earned on the seismic fund must be credited to the seismic fund. Amounts credited to the seismic fund are continuously appropriated to the Office of Emergency Management for the purpose described in section 3 (2)(a) of this 2005 Act and for the purpose of paying bond-related costs. The office shall deposit in the seismic fund:

(a) The net proceeds of Article XI-M bonds transferred pursuant to section 3 (3) of this 2005 Act;

(b) Amounts appropriated or otherwise provided by the Legislative Assembly for deposit in the seismic fund;

(c) Gifts, grants or contributions received by the office for the purpose described in section 3 (2)(a) of this 2005 Act; and

(d) Moneys received as repayment of, as a return on or in exchange for the grant or loan of net proceeds of Article XI-M bonds.

(2) The office may create separate accounts in the seismic fund as appropriate for the management of moneys in the seismic fund.

(3) The office and any other state agency or other entity receiving or holding net proceeds of Article XI-M bonds shall, at the direction of the Oregon Department of Administrative Services, take action necessary to maintain the excludability of interest on Article XI-M bonds from gross income under the Internal Revenue Code.

(4) The office shall transfer to the Article XI-M Bond Administration Fund the unexpended and uncommitted amounts remaining in the seismic fund if:

(a) Unexpended funds that are not contractually committed to a particular purpose remain in the seismic fund on the last day of the biennium; and

(b) Article XI-M bonds will be outstanding in the next biennium.

(5) The office may adopt rules to carry out this section including, but not limited to, establishing:

(a) Required contributions from applicants;

(b) Fees;

(c) Standards, terms and conditions under which moneys in the seismic fund may be granted, loaned or otherwise made available; and

(d) Procedures for distributing and monitoring the use of moneys from the seismic fund.

SECTION 7. (1) In accordance with the applicable provisions of this chapter and ORS chapter 288, Article XI-M bonds may:

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

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

(c) Be sold on terms approved by the State Treasurer, including terms related to the time of sale, the issuance of Article XI-M bonds in series, the maturity of each series and the interest borne by each series of Article XI-M bonds.

(2) Subject to the approval of the State Treasurer, the Director of the Oregon Department of Administrative Services may:

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

(b) Enter into related agreements.

SECTION 8. For each biennium in which Article XI-M bonds will be outstanding, the Oregon Department of Administrative Services shall include in the Governor's budget request to the Legislative Assembly an amount that, when added to the amount on deposit in the Article XI-M Bond Fund and the Article XI-M Bond Administration Fund, is sufficient to pay the bond-related costs that are scheduled to come due in the biennium.

Passed by Senate July 30, 2005

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Secretary of Senate

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President of Senate

Passed by House August 5, 2005

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Speaker of House

Received by Governor:

.....M,....., 2005

Approved:

.....M,....., 2005

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Governor

Filed in Office of Secretary of State:

.....M,....., 2005

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Secretary of State