

Senate Bill 28

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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**.

Clarifies maximum amount of outstanding indebtedness that applies to limited tax bonds issued to finance pension liabilities.

A BILL FOR AN ACT

1
2 Relating to limit of outstanding indebtedness for limited tax bonds; creating new provisions; and
3 amending ORS 238.694 and 287.053.

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

5 **SECTION 1.** ORS 238.694 is amended to read:

6 238.694. (1) The Legislative Assembly finds that authorizing issuance of limited tax bonds or
7 revenue bonds to finance pension liabilities may reduce the cost of public pensions to taxpayers and
8 that the reduction of those costs to taxpayers is a matter of statewide concern.

9 (2) Notwithstanding **the limitation on indebtedness in ORS 287.053** or any **other** limitation
10 on indebtedness or borrowing under state or local law, for the purpose of obtaining funds to pay the
11 pension liability of a governmental unit, the governing body of a governmental unit may authorize
12 and cause the issuance of limited tax bonds as defined in ORS 288.150, revenue bonds authorized
13 by charter or pursuant to ORS 288.805 to 288.945, or any combination of those bonds.

14 (3) The governing body of a governmental unit may pledge the full faith and credit and taxing
15 power, **as described in ORS 288.162**, of the governmental unit to the payment of the principal and
16 interest on bonds issued under ORS 238.692 to 238.698, and any premium on those bonds.

17 [(3)] (4) **Except as provided otherwise in this section**, limited tax bonds authorized under this
18 section must be issued in the manner prescribed by **the applicable provisions of** ORS chapters 287
19 and 288 for the issuance of limited tax bonds.

20 (5) **Except when a charter provides a lower limit**, a county may not issue limited tax bonds
21 under this section [*for*] **in** an amount that exceeds five percent of the real market value of the tax-
22 able property within the boundaries of the county.

23 [(4)] (6) Revenue bonds authorized under this section need not comply with the procedure spec-
24 ified in ORS 288.815.

25 [(5)] (7) A governmental unit that issues limited tax bonds or revenue bonds under this section
26 may also issue limited tax bonds or revenue bonds for the purpose of refunding the bonds.

27 [(6)] (8) A governmental unit may enter into indentures or other agreements with trustees or
28 escrow agents for the issuance, administration or payment of bonds authorized under this section.

29 **SECTION 2.** ORS 287.053 is amended to read:

30 287.053. (1) [*Except when a charter provides a lower limit upon the issuance of limited tax bonded*

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 *indebtedness,*] A county [*shall*] **may** not have at any one time outstanding limited tax bonded
 2 indebtedness in a principal amount that exceeds one percent of the real market value of all taxable
 3 property within the county, computed in accordance with ORS 308.207, after deducting from the
 4 outstanding principal amount of [*such*] **the** indebtedness the total amount of cash funds and sinking
 5 funds that are available for payment of the principal, **except:**

6 **(a) When the charter of the county provides a lower limit.**

7 **(b) As provided for limited tax bonds issued under ORS 238.692 to 238.698.**

8 (2) As used in this section:

9 (a)(A) “Bonded indebtedness” means any formally executed written agreement representing a
 10 promise by a county to pay to another a specified sum of money at a specified date or dates at least
 11 one year in the future. “Bonded indebtedness” includes any lease, lease purchase agreement, con-
 12 tract or financing agreement authorized by ORS 271.390.

13 (B) “Bonded indebtedness” does not include a general obligation bond, as defined in ORS
 14 288.150, or any obligation for which the holder’s payment recourse in any eventuality is only to a
 15 specified fund from which payment of principal, premium, if any, and interest on the obligation must
 16 be paid.

17 (b) “Limited tax bonded indebtedness” means a bond or other obligation [*that is a*] **for which**
 18 **the issuer pledges its** full faith and credit [*obligation*] **and taxing power, as described in ORS**
 19 **288.162**, and that is payable from any taxes that the issuer may levy within the limitations of section
 20 11b, Article XI of the Oregon Constitution, and either within or outside the limitations of section
 21 11, Article XI of the Oregon Constitution. “Limited tax bonded indebtedness” includes any bonded
 22 indebtedness incurred by a county that, by the express terms of such bonded indebtedness:

23 (A) Requires the county to budget and appropriate in each fiscal year moneys sufficient to pay
 24 the principal, premium, if any, and interest on the bonded indebtedness due during the fiscal year.

25 (B) Allows the holders of the bonded indebtedness, in addition to any other available remedies,
 26 to bring suit to compel the county to appropriate funds to pay the principal, premium, if any, and
 27 interest on the bonded indebtedness due during a fiscal year when the county governing body fails
 28 or refuses to appropriate moneys for such purpose in the fiscal year.

29 **SECTION 3. Limited tax bonds issued prior to August 9, 2001, to finance pension liabil-**
 30 **ities, as described in ORS 238.692 to 238.698, are:**

31 **(1) Subject to the limitation on the amount of bonds issued in ORS 238.694; and**

32 **(2) Not subject to the limitation on the amount of bonds issued in ORS 287.053.**

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