

Senate Bill 20

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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**.

Authorizes public bodies that borrow money under provisions of ORS chapter 287A to issue refunding bonds to purchase outstanding bonds of public body. Makes other procedural changes related to issuance of bonds generally.

Authorizes hospital facility authorities to issue refunding bonds to convert, purchase or restructure outstanding bonds.

Restructures authority of sanitary districts to issue bonds.

A BILL FOR AN ACT

1
2 Relating to public borrowing; amending ORS 287A.360, 287A.365, 305.583, 441.555, 450.250, 450.255,
3 450.260, 450.265, 450.270, 450.275, 450.280 and 450.285.

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

5 **SECTION 1.** ORS 287A.360 is amended to read:

6 287A.360. (1) In addition to any other authority to issue refunding bonds, a public body may is-
7 sue current refunding bonds to refund **or to purchase** its outstanding bonds pursuant to this sec-
8 tion.

9 (2) A public body may secure current refunding bonds with any of the revenues and covenants
10 that the public body could have used to secure the refunded **or purchased** bonds and with revenues
11 and covenants authorized by law when the refunding bonds are issued.

12 (3) A public body may issue:

13 (a) General obligation bonds to refund **or to purchase** outstanding general obligation bonds
14 without obtaining approval of the electors of the public body.

15 (b) Revenue bonds to refund **or to purchase** revenue bonds that were issued in accordance with
16 ORS 287A.150 without complying with the procedures prescribed in ORS 287A.150.

17 **SECTION 2.** ORS 287A.365 is amended to read:

18 287A.365. (1) The Legislative Assembly declares that the issuance of advance refunding bonds
19 and the authority to effect a forward current refunding are matters of general statewide concern,
20 and ORS 287A.360 to 287A.380 preempt all local statutory or charter authority to issue advance
21 refunding bonds or to effect a forward current refunding.

22 (2) A public body may issue advance refunding bonds or enter into forward current refundings
23 in compliance with:

24 (a) ORS 287A.360 to 287A.380; and

25 (b) Rules adopted by the State Treasurer.

26 (3) A public body may secure advance refunding bonds with any of the revenues and covenants
27 that the public body could have used to secure the refunded bonds and with revenues and covenants
28 authorized by law when the refunding bonds are issued.

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 **(4) A public body may issue:**

2 **(a) General obligation bonds to advance refund outstanding general obligation bonds**
 3 **without obtaining approval of the electors of the public body.**

4 **(b) Revenue bonds to advance refund revenue bonds that were issued in accordance with**
 5 **ORS 287A.150 without complying with the procedures prescribed in ORS 287A.150.**

6 **SECTION 3.** ORS 305.583 is amended to read:

7 305.583. (1) An interested taxpayer may petition the regular division of the Oregon Tax Court
 8 to determine a question described in ORS 305.580.

9 (2)(a) For purposes of this section and a question described in ORS 305.580 (1)(a), “interested
 10 taxpayer” means a person that is subject to the tax, fee, charge or assessment in question.

11 (b) For purposes of this section and a question described in ORS 305.580 (1)(b), “interested tax-
 12 payer” means a person that is subject to a tax, fee, charge or assessment that is pledged to secure
 13 or available for payment of bonded indebtedness described in section 11 (11)(d), Article XI of the
 14 Oregon Constitution.

15 (3) The petition shall be filed and perfected in the following manner only:

16 (a) The petitioner shall file a petition with the clerk of the tax court at its principal office in
 17 Salem, Oregon. The petition shall name as respondent the government unit that imposes the tax, fee,
 18 charge or assessment, that issues the bonded indebtedness or, in the case of an urban renewal
 19 agency, that receives the taxes. The filing in the tax court shall constitute the perfection of the
 20 petition. The clerk of the tax court shall serve the government unit by mailing a copy of the petition
 21 to the recording officer or chief administrative officer of the local government unit or to the At-
 22 torney General if the tax, fee, charge or assessment in question is imposed by the State of Oregon.
 23 The clerk also shall serve a copy of any petition naming a local government unit as respondent upon
 24 the Oregon Department of Justice.

25 (b) The petition shall state the facts and grounds upon which the petitioner contends that the
 26 tax, fee, charge or assessment is affected by section 11 or 11b, Article XI of the Oregon Constitution,
 27 or that a use of the proceeds of bonded indebtedness is not authorized. The case shall proceed
 28 thereafter in the manner provided for appeals concerning ad valorem property tax assessments. ORS
 29 305.405 to 305.494 shall apply to such actions.

30 (4)(a) Except as provided in subsections (5) to (8) of this section, in the case of a question re-
 31 garding the effect of the limits of section 11b, Article XI of the Oregon Constitution, on any tax, fee,
 32 charge or assessment that is imposed under a resolution or ordinance approved by the governing
 33 body of a local government unit, the petition shall be filed within 60 days after the action of the
 34 governing body approving the ordinance or resolution, adopting a new ordinance or resolution or
 35 changing an existing ordinance or resolution under which the tax, fee, charge or assessment is im-
 36 posed, if the resolution or ordinance includes a classification of the tax, fee, charge or assessment
 37 as subject to or not subject to section 11 or 11b, Article XI of the Oregon Constitution. If the local
 38 government unit has not classified the tax, fee, charge or assessment, the petition shall be filed
 39 within 60 days after the later of:

40 (A) The last date, but no later than November 15, that the tax statements were mailed for the
 41 tax year in which the tax, fee, charge or assessment was imposed; or

42 (B) The date of imposition of the tax, fee, charge or assessment on the petitioner.

43 (b) If the local government unit adopts an ordinance or resolution classifying all or any of the
 44 taxes, fees, charges or assessments it imposes as subject to or not subject to section 11 or 11b, Ar-
 45 ticle XI of the Oregon Constitution, as described in ORS 310.145, the petition shall be filed within

1 60 days after the governing body adopts the ordinance or resolution.

2 (5) In the case of a question concerning any tax, fee, charge or assessment that is characterized
3 by the local government unit as an assessment for local improvements, the petition shall be filed
4 within 60 days after the local government unit gives notice of its intention to characterize the
5 charge as an assessment for local improvements. Notice may be given to affected property owners
6 by the local government unit either when a local improvement district is formed, in a notice of in-
7 tent to assess given by the local government unit or by other individual notice prior to assessment.
8 Notice shall be given no later than the date the assessment is imposed. Notice given as provided
9 under this subsection is in lieu of the notice required under subsection (9) of this section.

10 (6) In the case of a question concerning any taxes levied to pay principal and interest on bonded
11 indebtedness approved by the governing body of a local government unit, the petition shall be filed
12 within 60 days after the date the issuance of the bonded indebtedness was approved by the govern-
13 ing body of the local government unit if the resolution or ordinance of the governing body author-
14 izing issuance of the bonded indebtedness includes a classification of the bonded indebtedness as
15 subject to or not subject to the limits of section 11 or 11b, Article XI of the Oregon Constitution.
16 If the local government unit has not classified the bonded indebtedness, the petition shall be filed
17 within 60 days after the date specified in subsection (4)(a) of this section.

18 (7) In the case of a question concerning any taxes levied to pay principal and interest on bonded
19 indebtedness not subject to the limits of section 11 or 11b, Article XI of the Oregon Constitution,
20 that was approved by the electors of the local government unit at an election held on or after Sep-
21 tember 29, 1991, the petition shall be filed within 60 days after the date of the election at which the
22 question of issuing the bonded indebtedness was approved by the electors of the local government
23 unit.

24 (8) In the case of a question concerning the effect of section 11 or 11b, Article XI of the Oregon
25 Constitution, on any tax, fee, charge or assessment imposed by the state, the petition shall be filed
26 within 60 days after the first imposition of the tax, fee, charge or assessment by a state agency. For
27 purposes of this subsection, a tax, fee, charge or assessment shall be considered imposed when it is
28 due as provided by statute or when the state agency notifies a person that the tax, fee, charge or
29 assessment is due.

30 (9) A local government unit:

31 (a) Shall give notice of its adoption of an ordinance or resolution classifying any of its taxes,
32 fees, charges or assessments as not being subject to the limits of section 11 or 11b, Article XI of the
33 Oregon Constitution, by publishing, within 15 days after adoption of the ordinance or resolution, an
34 advertisement in a newspaper of general circulation in the county in which the local government
35 unit is located or, if there is no newspaper of general circulation, in a newspaper of general circu-
36 lation in a contiguous county.

37 (b) May give notice of its adoption of an ordinance or resolution specifying the authorized uses
38 of the proceeds of bonded indebtedness by publishing, within 15 days after adoption of the ordinance
39 or resolution, an advertisement in a newspaper of general circulation in the county in which the
40 local government unit is located or, if there is no newspaper of general circulation, in a newspaper
41 of general circulation in a contiguous county.

42 (10) A notice described in subsection (9) of this section shall:

43 (a) Appear in the general news section of the newspaper, not in the classified advertisements;

44 (b) Measure at least three inches square;

45 (c) Be printed in a type size at least equal to 8-point type; and

1 (d) State that the local government unit has adopted a resolution or ordinance:

2 (A) Classifying one or more of its taxes, fees, charges or assessments as not being subject to the
3 limits of section 11 or 11b, Article XI of the Oregon Constitution, that the reader may contact a
4 designated individual within the local government unit to obtain a copy of the ordinance or resol-
5 ution and that judicial review of the classification of the taxes, fees, charges or assessments may
6 be sought within 60 days of the date of the resolution or ordinance; or

7 (B) Specifying the authorized uses of the proceeds of bonded indebtedness, that the reader may
8 contact a designated individual within the local government unit to obtain a copy of the ordinance
9 or resolution and that judicial review of the specification of authorized uses may be sought within
10 60 days of the date of the resolution or ordinance.

11 (11) An ordinance or resolution that results in a mere change in the amount of a tax, fee, charge
12 or assessment and does not result in a change in the characteristics or attributes of the tax, fee,
13 charge or assessment, or contain a change in purpose to which the revenue is applied, may not be
14 considered a change that may result in a proceeding commenced under subsection (4) of this section.

15 (12) In the case of a question concerning the authorized uses of the proceeds of bonded indebt-
16 edness, the petition must be filed within 60 days after [*publication of the notice described in sub-*
17 *section (9)(b) of this section or, if the governing body has not published the notice described in*
18 *subsection (9)(b) of this section, the petition must be filed within 180 days after the questioned use of*
19 *the proceeds is made]* **the date on which the issuance of the bonded indebtedness was approved**
20 **by the governing body of the local government unit.**

21 **SECTION 4.** ORS 441.555 is amended to read:

22 441.555. (1) To accomplish its purposes, an authority shall have the power to issue revenue ob-
23 ligations payable from the revenues derived by it from repayment of loans or from its ownership or
24 sale of any one or more hospital facilities. The issuance of [*such*] revenue obligations [*shall be*] **is**
25 governed by the provisions of subsections (2) to (8) of this section, and [*shall not be*] **is not** subject
26 to the prior approval of the electors of the municipality.

27 (2) The authority shall issue revenue obligations only by bond resolution duly adopted by its
28 board of directors. The bond resolution shall specify the public purposes for which the proceeds of
29 the revenue obligations shall be expended, declare the estimated cost of carrying out such purposes,
30 contain such covenants, and provide for the issuance and sale of revenue obligations in such form
31 and amount as the directors determine. In declaring such cost, the directors may include the funds
32 necessary for working capital during construction, reserves, interest during construction, the pay-
33 ment of organizational, planning, financing and legal expenses, the repayment of advances and the
34 start-up costs. The bond resolution may provide that hospital facilities subsequently acquired or
35 constructed by the authority shall be deemed betterments or additions to, or extensions of, the
36 specified hospital facility, whether or not physically connected.

37 (3) The bond resolution shall provide for the establishment of one or more special funds, and
38 such funds may be under the control of the board or one or more trustees. The bond resolution shall
39 obligate the authority to deposit and expend the proceeds of the revenue obligations only into and
40 from such fund or funds, and to set aside and pay into such fund or funds any fixed proportion or
41 fixed amount of the revenues derived by it from any or all of its hospital facilities or other corporate
42 activities, as the board finds in the best interest of the authority and the payment of its obligations.
43 The authority may issue and sell revenue obligations payable as to interest and principal only out
44 of such fund or funds.

45 (4) Any revenue obligations issued against any fund or funds provided for in subsection (3) of

1 this section shall be a valid claim of the holder thereof only as against such special fund or funds,
 2 the proportion or amount of the revenues pledged to such fund or funds and such assets as the au-
 3 thority may have pledged. Each such revenue obligation shall state on its face that it is payable
 4 from a special fund or funds, naming the fund or funds and the resolution creating it or them.

5 (5) Any pledge of revenues or other moneys or obligations or assets made by an authority shall
 6 be valid and binding from the time that the pledge is made against any parties having subsequent
 7 claims of any kind in tort, contract, or otherwise against an authority, irrespective of whether such
 8 parties have actual notice thereof. The pledge shall be noted in the authority's minute book which
 9 shall be constructive notice thereof to all parties and neither the resolution nor other instrument
 10 by which a pledge is created need be otherwise recorded, nor shall the filing of any financing
 11 statement under the Uniform Commercial Code be required to perfect such pledge. Revenues or
 12 other moneys or obligations or assets so pledged and later received by an authority shall imme-
 13 diately be subject to the lien of the pledge without any physical delivery or further act.

14 (6) The revenue obligations issued under the provisions of subsections (1) to (5) of this section
 15 shall bear such date or dates, mature at such time or times, be in such denominations, be in such
 16 form, either coupon or registered or both, carry such registration privileges, be made transferable,
 17 exchangeable and interchangeable, be payable in such medium, at such place or places, contain such
 18 covenants, and be subject to such terms of redemption as the board of directors shall declare in the
 19 bond resolution.

20 (7) Notwithstanding any other provision of law, the revenue obligations issued by an authority
 21 may be sold by the board of directors upon such terms and conditions and at such rate or rates of
 22 interest and for such price or prices as it may deem most advantageous to the authority, with or
 23 without public bidding. The authority may make contracts for future sale from time to time of re-
 24 venue obligations by which the contract purchasers shall be committed to the prices, terms and
 25 conditions stated in such contract, and the board of directors may pay such consideration as it
 26 deems proper for such commitments.

27 (8) The board of directors may provide by resolution for the issuance of funding and refunding
 28 revenue obligations in order to *[take up and]* refund, **convert, purchase or restructure** any one
 29 or more series, or portion of a series, of outstanding revenue obligations at such time or times as
 30 it may determine. Such refunding revenue obligations may be sold or exchanged at par or otherwise
 31 as the board of directors determines is in the best interest of the authority.

32 (9) All revenue obligations issued pursuant to this section shall be legal securities *[which]* **that**
 33 may be used by any insured institution or trust company, as those terms are defined in ORS 706.008,
 34 for deposit with the State Treasurer or a county treasurer or city treasurer, as security for deposits
 35 in lieu of a surety bond under any law relating to deposits of public moneys and shall constitute
 36 legal investments for public bodies, trustees and other fiduciaries, banks, savings and loan associ-
 37 ations, and insurance companies. All such revenue obligations and all coupons appertaining thereto
 38 shall be negotiable instruments within the meaning of and for all purposes of the law of this state.

39 **SECTION 5.** ORS 450.250 is amended to read:

40 450.250. (1) **"Bond-related costs" means:**

41 (a) **The costs of paying the principal of, the interest on and the premium, if any, on**
 42 **sewerage system bonds.**

43 (b) **The costs and expenses of issuing, administering and maintaining sewerage system**
 44 **bonds including, but not limited to, the costs of:**

45 (A) **Redeeming sewerage system bonds.**

1 (B) Paying amounts due in connection with credit enhancement devices or agreements
 2 for exchange of interest rates.

3 (C) Paying the fees, administrative costs and expenses of the State Treasurer and the
 4 district, including the costs of consultants or advisors retained by the State Treasurer or the
 5 district, for sewerage system bonds.

6 (c) The costs of funding reserves for sewerage system bonds.

7 (d) Capitalized interest for sewerage system bonds.

8 (e) Rebates or penalties due to the United States Government in connection with
 9 sewerage system bonds.

10 (f) Any other costs or expenses that the State Treasurer or the governing body of the
 11 district determines are necessary or desirable in connection with issuing and maintaining
 12 sewerage system bonds.

13 (2) "District" means a sanitary district duly organized under the provisions of ORS 450.005 to
 14 450.245, having an assessed valuation of not more than \$250,000.

15 [(2)] (3) "Sewerage system" means complete or primary sewage treatment and disposal facilities,
 16 sewer mains, pumping stations[,] and all equipment and appurtenances necessary, useful or conven-
 17 ient for the treatment or disposal of sewage, or any portion of [such] a sewerage system, whether
 18 within or without the boundaries of a district.

19 (4) "Sewerage system bonds" means general obligation bonds of a sanitary district issued
 20 under ORS 450.250 to 450.300.

21 **SECTION 6.** ORS 450.255 is amended to read:

22 450.255. (1) *[Districts that have been certified by the Environmental Quality Commission as being*
 23 *in need of sewerage systems may apply to the State Treasurer for the financing of such costs under*
 24 *authority of ORS 450.250 to 450.300.]* The Environmental Quality Commission shall certify **in writing**
 25 to the State Treasurer, *[in writing]* **on a schedule agreed upon between the commission and the**
 26 **State Treasurer,** a list of the districts that are in dire need of *[sewerage and sanitation facilities.]*
 27 **a sewerage system.**

28 (2) **At the request of the governing body of a district that has been certified by the En-**
 29 **vironmental Quality Commission as being in dire need of a sewerage system, the State**
 30 **Treasurer is authorized to issue sewerage system bonds to finance the costs of the sewerage**
 31 **system needed by the district.**

32 (3) **The State Treasurer, in the sole discretion of the State Treasurer, shall determine**
 33 **the priority in which to finance sewerage systems.**

34 (4) **The State Treasurer may issue refunding bonds of like obligation, but only if the re-**
 35 **funding bonds are to be sold publicly upon competitive bids.**

36 (5) **Sewerage system bonds:**

37 (a) **Are general obligations of the district.**

38 (b) **Are not a debt or a general obligation of the State Treasurer or the State of Oregon**
 39 **and neither the full faith and credit nor the taxing power of the State of Oregon may be**
 40 **pledged to secure or pay the revenue bonds.**

41 (6) **The State Treasurer and the State of Oregon do not have an obligation to pay bond-**
 42 **related costs except as provided in ORS 450.250 to 450.300. A holder of sewerage system bonds**
 43 **does not have the right to compel the exercise of the taxing power of the State of Oregon**
 44 **to pay bond-related costs.**

45 **SECTION 7.** ORS 450.260 is amended to read:

1 450.260. **If** a district [*shall not apply*] **applies** to the State Treasurer for financing under ORS
2 450.250 to 450.300, [*unless*] **the district must submit to the State Treasurer:**

3 (1) [*It submits to the State Treasurer*] Plans and specifications prepared by competent registered
4 engineers setting forth the type or character of [*sewer system or sewerage facilities*] **sewerage sys-**
5 **tem** proposed for the [*particular*] district and the estimated cost of the [*system and of the*
6 *appurtenances thereto*] **particular sewerage and sanitation facilities needed.**

7 (2) [*It submits to the State Treasurer*] The proposed plan of the district for liquidation of
8 indebtedness to be incurred for financing the cost of [*such system or facilities*] **the sewerage**
9 **system.**

10 **SECTION 8.** ORS 450.265 is amended to read:

11 450.265. (1) [*The*] **Sewerage system** bonds [*issued by districts pursuant to ORS 450.250 to*
12 *450.300 shall bear such dates, be in such form, run for such periods of time, bear such rates of interest,*
13 *and be sold by the districts at such prices as the State Treasurer may determine. Refunding bonds of*
14 *like obligation may be issued to replace outstanding bonds, provided the refunding bonds are sold*
15 *publicly upon competitive bids.*] **must be issued in the manner provided by ORS chapter 286A.**
16 **For the purpose of sewerage system financing under ORS 450.250 to 450.300, a district that**
17 **requests the issuance of bonds is a related agency as defined in ORS 286A.001.**

18 (2) **In addition to the authority granted by ORS 286A.132, the State Treasurer may:**

19 (a) **Enlist the technical services of any state officer or department in a study of the**
20 **feasibility and cost of the sewerage system.**

21 (b) **Employ registered engineers, at the cost of the district, to make the study for the**
22 **district and for the State Treasurer.**

23 **SECTION 9.** ORS 450.270 is amended to read:

24 450.270. [(1) *The State Treasurer shall be the sole judge as to whether state funds shall be invested*
25 *in the bonds of a district and as to which undertakings shall first be financed. The decision of the State*
26 *Treasurer on the subject of investment and priority shall be final.*]

27 [(2) *The State Treasurer may enlist the technical services of any state officer or department in a*
28 *study of the feasibility and cost of the sewerage project. The State Treasurer further may employ reg-*
29 *istered engineers, at the cost of the district, to make such a study for the district and for the State*
30 *Treasurer.*]

31 [(3)] (1) **Subject to the requirements of ORS 450.280,** the State Treasurer, in the **sole** dis-
32 cretion of the State Treasurer, may purchase, with moneys [*from the revolving fund provided by ORS*
33 *450.250 to 450.300*] **appropriated for the purpose and deposited in the State Sanitary District**
34 **Sewer Bond Fund established by ORS 450.285,** general obligation [*sewerage system*] bonds of any
35 district[,] issued under authority of ORS 450.250 to 450.300 **as an investment.**

36 (2) If the State Treasurer deems it expedient in the acquisition and construction of a sewerage
37 system for a district to furnish sewerage service for territory that is contiguous to or outside the
38 boundaries of the district, the State Treasurer may authorize the district to furnish [*such*] **the** ser-
39 vice and to construct part of its system outside its boundaries for [*such*] **the** purpose.

40 [(4)] (3) **In addition to any other terms and conditions the State Treasurer may establish,**
41 **the State Treasurer may:**

42 (a) Authorize districts to issue sewerage system bonds with the right reserved to them to re-
43 deem bonds at par value and accrued interest prior to the final maturity dates of the bonds[.];

44 [(5)] (b) [*The State Treasurer,*] In the **sole** discretion of the State Treasurer, [*may*] authorize
45 deferment of payment of interest upon the sewerage bonds of the district for a period not exceeding

1 three years[, *and may*]; **and**

2 (c) **In the sole discretion of the State Treasurer**, provide for the issuance of [*such*] **sewerage**
3 **system** bonds with graduated rates of interest.

4 (4) **Decisions under ORS 450.250 to 450.300 that are made in the sole discretion of the**
5 **State Treasurer are final and not subject to appeal.**

6 [(6)] (5) The State Treasurer, **by rule**, may specify the procedure to be followed by a district in
7 availing itself of the provisions of ORS 450.250 to 450.300.

8 **SECTION 10.** ORS 450.275 is amended to read:

9 450.275. [*So long as any of the sewerage bonds of the district are*] **If sewerage system bonds**
10 **owned by the state remain outstanding**, the district [*shall*] **may** not issue other bonds of any
11 character without prior written approval of the State Treasurer.

12 **SECTION 11.** ORS 450.280 is amended to read:

13 450.280. (1) The State Treasurer may purchase, from a district at private sale, sewerage system
14 bonds bearing interest at a rate agreed upon by the State Treasurer and the district.

15 (2) The **sewerage system** bonds [*shall*] qualify for investment by the State **Treasurer** only if:

16 (a) The sewer connection charges and [*revenues*] **income** of the sewerage system of the issuing
17 district, after the payment of operation and maintenance expenses, are pledged wholly to the pay-
18 ment of the principal of and interest upon the bonds; [, *and*]

19 (b) The issuing district [*shall covenant*] **covenants** to levy ad valorem taxes upon all of the
20 taxable property within its boundaries to meet deficiencies in the charges and [*revenues*] **income**
21 pledged [, *and only if*]; **and**

22 (c) The combined indebtedness for all public purposes, other than state or federal, within the
23 boundaries of the district, including the proposed sewerage system indebtedness, but excluding ob-
24 ligations issued for other utilities that are self-supporting or self-liquidating or are approximately
25 so, does not exceed 25 percent of the total real market value of all taxable property within the
26 district as reflected in the last roll certified under ORS 311.105.

27 (3) The **25 percent** limitation [*shall apply*] **applies** only to districts that finance the costs of
28 their sewerage systems under ORS 450.250 to 450.300. The **25 percent** limitation [*shall include*] **in-**
29 **cludes** the ratios of indebtedness to the total valuation, determined in like manner, of other **political**
30 subdivisions **of the State of Oregon** that overlap the district to an extent of more than 50 percent
31 of the total value of the district.

32 (4) Indebtedness within the 25 percent limitation may be incurred by a district if approved by
33 the electors of the district at an election called and held for that purpose.

34 (5) Notwithstanding that [*revenues*] **charges and income** may have been pledged to the payment
35 of the principal of and the interest upon a particular issue of [*general obligation*] **sewerage system**
36 bonds owned by the state, [*the same revenues,*] with the approval of the State Treasurer, **the same**
37 **charges and income** may be pledged to the payment of the principal of and the interest on addi-
38 tional issues of bonds purchased by the State **Treasurer** from the district. The additional issues
39 shall be on a parity with previous issues as to the pledge of charges and [*revenues*] **income**.

40 (6) In order to complete the financing of a sewerage system, after bonds payable as to principal
41 and interest from [*revenues*] **charges, income** and ad valorem taxation have been issued, the State
42 Treasurer may purchase issues of [*general obligation*] sewerage system bonds [*of districts*], payable
43 only from ad valorem property taxes, [*provided such issues, together with*] **if the bonds and** other
44 obligations of the district[,] do not exceed the debt limits specified in this section.

45 [(2)] (7) All bonds heretofore issued under authority of ORS 450.250 to 450.300 and sold to the

1 state, and the proceedings under which they were issued, are approved, validated, ratified[,] and
2 confirmed. [, and] The bonds are the valid and legally binding general obligations of the issuing
3 district.

4 **SECTION 12.** ORS 450.285 is amended to read:

5 450.285. (1) The State Sanitary District Sewer Bond Fund is established separate and distinct
6 from the General Fund. Moneys in the State Sanitary District Sewer Bond Fund are continuously
7 appropriated to the State Treasurer for investment under authority of ORS 450.250 to 450.300, and
8 for payment of costs of the State Treasurer in connection with the investment.

9 (2) The earnings of the fund established under this section shall accrue to the General Fund,
10 and the amounts received in payment of the principal of investments of the fund established under
11 this section shall be credited to the General Fund, to be available for the payment of general gov-
12 ernmental expenses.

13 (3) The State Treasurer may engage [*such*] **necessary** assistance and incur [*such*] **necessary**
14 expenses to carry out the purposes of ORS 450.250 to 450.300 [*as may be necessary*].
15
