

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
Seventy-Seventh Oregon Legislative
Assembly
2013 Regular Session
Legislative Revenue Office

Bill Number: HB 2800 - A
Revenue Area: Highway Bonds
Economist: Mazen Malik
Date: 02/20/2013

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Measure Description:

Declares that it is in state's interest to undertake Interstate 5 bridge replacement project. Limits outstanding bonds for project financing to \$450 million at any one time and outlines conditions that must be met before bonds may be issued.

Revenue Impact (in \$Millions):

	2013-15	2015-17	2017-19
Bond Proceeds	\$450.0		
Issuance Cost	\$4.1		
Bond Reserve & Admin	\$11.3		
Total Bond issuance	\$465.3		
Bond Admin	(\$0.1)	(\$0.2)	(\$0.2)
Debt Service	(\$28.6)	(\$57.1)	(\$57.1)
Total Revenue Increase /(Reduction)	\$436.6	(\$57.3)	(\$57.3)

Impact Explanation:

It is assumed, for purposes of this statement, that the conditions for issuance of bonds specified in the amended bill will be met by early 2014 and that \$450 million in debt will be issued in the second quarter of calendar 2014. Debt service would be about \$28.6 million per year (30 year nontaxable bonds at 4.5% rate). The first debt service payment would be made in FY 2014-15 (one payment in the 13-15 biennium, \$57.1 million in the biennia thereafter). Bond administration costs (arbitrage liabilities, rating agency fees, trustee, fiscal agent and Oregon State Treasury debt monitoring fees) estimated to be \$100,000 in the 2013-15 biennium (one year), and \$200,000 in 2015-17 and thereafter.

The above debt service and interest rate estimates are subject to change based on market conditions and the type of bond to be used (General Obligation or Revenue Bonds). Additionally, the department may meet the debt service requirements using federal funds (GARVEE Bonds). These funds are made available annually by formula to Oregon and are available for variety of uses as well as debt service. This may result in a shorter payback period and a higher debt service payment resulting in a lower level of state highway, bike/ped and public transportation program. Federal funds reimburse state expenditures and are budgeted as Other Funds.

Creates, Extends, or Expands Tax Expenditure: Yes No