

House Bill 5005

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of Oregon Department of Administrative Services)

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**.

Establishes amounts authorized for issuance of general obligation bonds, revenue bonds, certificates of participation and other financing agreements for biennium.

Establishes amounts allocated for private activity bonds.

Increases amount of Article XI-G bonds that may be issued for Oregon Health and Science University Cancer Institute.

Declares emergency, effective July 1, 2015.

A BILL FOR AN ACT

Relating to state financial administration; creating new provisions; amending sections 20, 21 and 22, chapter 121, Oregon Laws 2014; and declaring an emergency.

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

SECTION 1. The amounts authorized, as provided by ORS 286A.035, for issuance of general obligation bonds of the state during the 2015-2017 biennium are as follows:

GENERAL OBLIGATION BONDS

General Fund Obligations

- (1) Higher Education Coordinating Commission (Art. XI-G):**
 - (a) Oregon Health and Science University, Cancer Institute..... \$ 199,770,000**
 - (b) Oregon State University:**
 - (A) Forest Science Complex..... \$ 30,000,000**
 - (B) Marine Studies Campus Phase I..... \$ 25,000,000**
 - (c) Portland State University, Neuberger Hall Renovation and Deferred Maintenance.... \$ 10,000,000**
 - (d) University of Oregon:**
 - (A) Klamath Hall Renovation..... \$ 6,250,000**
 - (B) College and Careers Building \$ 17,000,000**
 - (C) Chapman Hall Renovation..... \$ 2,500,000**
 - (D) Learning and Innovation Hub School of Architecture and Allied Arts \$ 26,625,000**

Note: For budget, see 2015-2017 Biennial Budget

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	(e)	Blue Mountain Community	
2		College, Animal Science	
3		Education Center	\$ 3,331,350
4	(f)	Clackamas Community	
5		College, Clairmont	
6		Career/Tech Center.....	\$ 8,000,000
7	(g)	Clatsop Community College,	
8		Health and Wellness Center .	\$ 7,990,000
9	(h)	Columbia Gorge Community	
10		College, Advanced Technology	
11		Center	\$ 7,320,000
12	(i)	Klamath Community College,	
13		Student Success and	
14		Career/Technical Center	\$ 7,850,000
15	(j)	Linn-Benton Community	
16		College, Nursing and Allied	
17		Health Facilities.....	\$ 8,000,000
18	(k)	Mt. Hood Community	
19		College, Student	
20		Services Enhancement.....	\$ 8,000,000
21	(L)	Rogue Community College,	
22		Health and Science Center....	\$ 8,000,000
23	(m)	Southwestern Oregon	
24		Community College, Health	
25		and Science Building.....	\$ 8,000,000
26	(n)	Tillamook Bay Community	
27		College, Career and Technical	
28		Workforce Facility.....	\$ 2,000,000
29	(o)	Treasure Valley Community	
30		College, Workforce Vocational	
31		Center	\$ 2,830,250
32	(p)	Umpqua Community College,	
33		Industrial Arts Center	\$ 8,000,000
34	(2)	Oregon Business Development	
35		Department (Art. XI-M)	\$ 70,000,000
36	(3)	Oregon Business Development	
37		Department (Art. XI-N).....	\$ 30,000,000
38	(4)	Oregon Department of	
39		Administrative	
40		Services (Art. XI-Q).....	\$ 506,690,000
41		<u>Dedicated Fund Obligations</u>	
42	(5)	Department of Veterans'	
43		Affairs (Art. XI-A).....	\$ 100,000,000
44	(6)	Higher Education Coordinating	
45		Commission (Art. XI-F(1)):	

1	(a) Portland State University:		
2	(A) Land Acquisition for University		
3	Center Building.....	\$	7,900,000
4	(B) Broadway Housing Purchase	\$	53,000,000
5	(b) Oregon State University		
6	Modular Data Center	\$	7,000,000
7	(7) Department of Environmental		
8	Quality (Art. XI-H)	\$	10,000,000
9	(8) Water Resources Department		
10	(Art. XI-I(1))	\$	30,520,000
11	(9) Housing and Community		
12	Services Department		
13	(Art. XI-I(2))	\$	25,000,000
14	(10) State Department of Energy		
15	(Art. XI-J).....	\$	100,000,000
16	<u>Total General Obligation</u>		
17	<u>Bonds</u>	\$	1,336,576,600

18 **SECTION 2.** The amounts authorized, as provided by ORS 286A.035, for issuance of re-
 19 venue bonds of the state during the 2015-2017 biennium are as follows:

20			
21	REVENUE BONDS		
22	<u>Direct Revenue Bonds</u>		
23	Housing and Community		
24	Services Department.....	\$	300,000,000
25	Highway User Tax Bonds.....	\$	393,160,000
26	Oregon Business Development		
27	Department	\$	30,000,000
28	Oregon Department of		
29	Administrative Services,		
30	Lottery Revenue Bonds	\$	219,290,000
31	State Department of Energy	\$	20,000,000
32	<u>Total Direct Revenue</u>		
33	<u>Bonds</u>	\$	962,450,000
34	<u>Pass-Through Revenue Bonds</u>		
35	Oregon Business Development		
36	Department, Industrial		
37	Development Bonds.....	\$	200,000,000
38	Oregon Business Development		
39	Department, Beginning and		
40	Expanding Farmer Loan		
41	Program	\$	10,000,000
42	Oregon Facilities Authority..	\$	950,000,000
43	Housing and Community		
44	Services Department.....	\$	250,000,000
45	<u>Total Pass-Through Revenue</u>		

1 **Bonds** \$ 1,410,000,000
 2 **Total Revenue Bonds** \$ 2,372,450,000

3 **SECTION 3.** The amount authorized, as provided by ORS 286A.035, for issuance of cer-
 4 tificates of participation and other financing agreements of the state during the 2015-2017
 5 biennium for the Oregon Department of Administrative Services is \$40,000,000.

6 **SECTION 4.** The amounts allocated for private activity bonds, as provided in ORS
 7 286A.615, are as follows:

8 (1) For calendar year 2016,
 9 the amount of \$393,006,500
 10 is allocated as follows:

11 (a) Oregon Business Development
 12 Department, Industrial
 13 Development Bonds..... \$ 40,000,000

14 (b) Oregon Business Development
 15 Department, Beginning and
 16 Expanding Farmer Loan
 17 Program \$ 5,000,000

18 (c) Housing and Community
 19 Services Department..... \$ 125,000,000

20 (d) State Department of Energy \$ 5,000,000

21 (e) Private Activity Bond
 22 Committee..... \$ 218,006,500

23 (2) For calendar year 2017,
 24 the amount of \$393,006,500
 25 is allocated as follows:

26 (a) Oregon Business Development
 27 Department, Industrial
 28 Development Bonds..... \$ 40,000,000

29 (b) Oregon Business Development
 30 Department, Beginning and
 31 Expanding Farmer Loan
 32 Program \$ 5,000,000

33 (c) Housing and Community
 34 Services Department..... \$ 125,000,000

35 (d) State Department of Energy \$ 5,000,000

36 (e) Private Activity Bond
 37 Committee..... \$ 218,006,500

38 (3) If an increase in this state’s population, a
 39 sufficient increase in the region’s Consumer
 40 Price Index or a change in federal law allows
 41 the private activity bond limit as set by the
 42 Internal Revenue Code of 1986, as amended, to
 43 exceed \$393,006,500 during the 2016 calendar
 44 year or \$393,006,500 during the 2017 calendar
 45 year, the increase is allocated to the Private

1 **Activity Bond Committee.**

2 **SECTION 5.** (1) For purposes of Article XI-F(1), section 1, of the Oregon Constitution,
 3 the Legislative Assembly determines that the projects authorized to be financed pursuant to
 4 section 1 (6) of this 2015 Act with bonds issued under Article XI-F(1) of the Oregon Consti-
 5 tution will benefit higher education institutions or activities.

6 (2) For purposes of Article XI-G, section 1, of the Oregon Constitution, the Legislative
 7 Assembly determines that the projects authorized to be financed pursuant to section 1 (1)
 8 of this 2015 Act with bonds issued under Article XI-G of the Oregon Constitution will benefit
 9 higher education institutions or activities or community colleges authorized by law to receive
 10 state aid.

11 **SECTION 6.** Bonds authorized under section 1 (1) of this 2015 Act may not be issued until
 12 the constructing authority certifies to the State Treasurer that the constructing authority
 13 has matching funds available for the same or similar purposes as the Article XI-G bonds that
 14 will fund the grant or loan to the constructing authority, that the match funds are not pro-
 15 ceeds of indebtedness incurred by the state under any article of the Oregon Constitution, and
 16 that the match funds are available to the constructing authority in an amount at least equal
 17 to the amount of Article XI-G bond proceeds the constructing authority will receive.

18 **SECTION 7.** Section 20, chapter 121, Oregon Laws 2014, is amended to read:

19 **Sec. 20.** As used in sections 19 to 23, **chapter 121, Oregon Laws 2014** [of this 2014 Act]:

20 (1) “Article XI-G bonds” means general obligation bonds issued under the authority of Article
 21 XI-G of the Oregon Constitution.

22 (2) “Bond-related costs” means:

23 (a) The costs of paying the principal of, the interest on and the premium, if any, on the OHSU
 24 Cancer Challenge Article XI-G Bonds.

25 (b) The costs and expenses of issuing, administering and maintaining OHSU Cancer Challenge
 26 Article XI-G Bonds, including the costs and expenses of:

27 (A) Redeeming the OHSU Cancer Challenge Article XI-G Bonds.

28 (B) Paying amounts due in connection with credit enhancement devices or agreements for ex-
 29 change of interest rates.

30 (C) Paying the fees, administrative costs and expenses of the State Treasurer, the Oregon De-
 31 partment of Administrative Services or Oregon Health and Science University, including the costs
 32 of consultants or advisers retained by the State Treasurer, the department or the university.

33 (c) The costs of funding reserves for the OHSU Cancer Challenge Article XI-G Bonds.

34 (d) Capitalized interest for the OHSU Cancer Challenge Article XI-G Bonds.

35 (e) Rebates or penalties due to the United States in connection with the OHSU Cancer Chal-
 36 lenge Article XI-G Bonds.

37 (f) Any other costs or expenses that the State Treasurer, the department or the university de-
 38 termines are necessary or desirable in connection with issuing and maintaining the OHSU Cancer
 39 Challenge Article XI-G Bonds.

40 (3) “Matching funds” means moneys in an aggregate amount totaling at least [*\$161,490,000*]
 41 **\$198,000,000** that are available, as required by Article XI-G, section 1 (3), of the Oregon Constitu-
 42 tion, to the university and that are used by the university to pay costs of the project.

43 (4) “OHSU Cancer Challenge Article XI-G Bonds” means general obligation bonds issued or
 44 other general obligation indebtedness incurred under the authority of Article XI-G of the Oregon
 45 Constitution and sections 19 to 23, **chapter 121, Oregon Laws 2014** [of this 2014 Act].

1 (5) "OHSU Cancer Institute Project" or "project" means the acquisition, construction, improve-
 2 ment, repair, equipping and furnishing of buildings, structures or lands that:

- 3 (a) May be constructed or developed in collaboration with other entities;
- 4 (b) Are owned, leased or occupied, in whole or in part, by the university; and
- 5 (c) Contain facilities used directly for or in furtherance of:

6 (A) The purposes of health care, cancer-related research, cancer-related clinical care or
 7 cancer-related higher education, including clinical laboratory, clinical trial, wet laboratory, research
 8 administration or other research-related purposes; and

9 (B) Any other higher education, administration, research, non-research or ancillary purposes.

10 **SECTION 8.** Section 21, chapter 121, Oregon Laws 2014, is amended to read:

11 **Sec. 21.** (1) In *[the biennium beginning July 1, 2013, or in]* the biennium beginning July 1, 2015,
 12 the State Treasurer, at the request of the Oregon Department of Administrative Services, may issue
 13 Article XI-G bonds, as provided in this chapter, in an amount not to exceed *[\$161,490,000]*
 14 **\$198,000,000** in net proceeds for the purpose of financing the project, plus an amount determined by
 15 the State Treasurer to pay estimated bond-related costs.

16 (2) OHSU Cancer Challenge Article XI-G Bonds are a general obligation of the State of Oregon
 17 and must contain a direct promise on behalf of the State of Oregon to pay the principal of, the in-
 18 terest on and the premium, if any, on the OHSU Cancer Challenge Article XI-G Bonds. The State
 19 of Oregon shall pledge its full faith and credit and taxing power, including the ad valorem taxing
 20 power, to pay the principal of, the interest on and the premium, if any, on the bonds.

21 (3) The proceeds of bonds issued under this section are appropriated to the State Treasurer for
 22 the payment of bond-related costs and for transfer to the department.

23 (4) The State Treasurer shall transfer net proceeds and interest earnings in an amount equal to
 24 *[\$161,490,000]* **\$198,000,000** to the department to be granted to Oregon Health and Science University
 25 upon satisfaction of terms and conditions in the grant agreement required by section 22, **chapter**
 26 **121, Oregon Laws 2014** *[of this 2014 Act]*.

27 **SECTION 9.** Section 22, chapter 121, Oregon Laws 2014, is amended to read:

28 **Sec. 22.** (1) Before the State Treasurer may issue the OHSU Cancer Challenge Article XI-G
 29 Bonds:

30 (a) The Oregon Department of Administrative Services and Oregon Health and Science Univer-
 31 sity must enter into a grant agreement in which the parties:

32 (A) Establish terms and conditions related to the grant, disbursement and use of *[\$161,490,000]*
 33 **\$198,000,000** in net proceeds of the OHSU Cancer Challenge Article XI-G Bonds and interest
 34 earnings; and

35 (B) Provide for granting of *[\$161,490,000]* **\$198,000,000** to the university upon satisfaction of the
 36 terms and conditions imposed in the grant agreement.

37 (b) The department must certify to the State Treasurer that the grant agreement has been en-
 38 tered into between the department and the university and that the university has certified to the
 39 department that the university has:

40 (A) Satisfied all material conditions precedent to its receipt of the matching funds; and

41 (B) Satisfied all material conditions precedent to its receipt of at least \$800 million in gifts and
 42 legally irrevocable pledges.

43 (2) The terms and conditions of the grant agreement may:

44 (a) Impose restrictions on the use of the grant.

45 (b) Require that the *[\$161,490,000]* **\$198,000,000** in bond proceeds be granted directly to a trustee

1 or escrow agent.

2 (c) Impose other requirements that the department determines are in the best interest of the
3 State of Oregon as necessary to:

4 (A) Issue, sell or preserve the tax-exempt status, if any, of the OHSU Cancer Challenge Article
5 XI-G Bonds; and

6 (B) Administer the grant.

7 (3) The department shall transfer the grant to the university when the department is satisfied
8 that the university has complied, or will comply, with all of the terms and conditions imposed by
9 Article XI-G of the Oregon Constitution, sections 19 to 23, **chapter 121, Oregon Laws 2014** [*of this*
10 *2014 Act*] and the grant agreement required by this section.

11 (4) Subject to the approval of the State Treasurer, the department may:

12 (a) Enter into agreements with a trustee or escrow agent regarding the disbursement and use
13 of the moneys granted to the university; and

14 (b) Transfer the moneys granted to the university directly to a trustee or escrow agent.

15 (5) ORS 351.450, 351.455 and 351.460 do not apply to OHSU Cancer Challenge Article XI-G Bonds
16 or to Oregon Health and Science University in connection with the bonds.

17 **SECTION 10. This 2015 Act being necessary for the immediate preservation of the public**
18 **peace, health and safety, an emergency is declared to exist, and this 2015 Act takes effect**
19 **July 1, 2015.**

20