

House Bill 3530

Sponsored by Representative WHISNANT, Senator WESTLUND

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**.

Allows city incorporated after certain date and not within urban growth boundary to issue short-term obligations before fiscal period in which tax revenues or other moneys are anticipated.

A BILL FOR AN ACT

1
2 Relating to short-term borrowing; amending ORS 288.165.

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

4 **SECTION 1.** ORS 288.165 is amended to read:

5 288.165. (1) Subject to any applicable limitations imposed by the Constitution or laws of the
6 State of Oregon or the charter, ordinance or resolution of a governmental unit, a governmental unit
7 or the State of Oregon, acting through the State Treasurer pursuant to ORS 293.173, may borrow
8 money by entering into a credit agreement, or issuing notes, warrants, short-term promissory notes,
9 commercial paper or other obligations:

10 (a) In anticipation of tax revenues or other income for purposes that include, but are not limited
11 to, the payment of current expenses;

12 (b) To provide interim financing for capital assets to be undertaken by the governmental unit;
13 or

14 (c) To refund outstanding obligations.

15 (2) To secure obligations authorized under this section, a governmental unit or the State
16 Treasurer, acting on behalf of the state, may:

17 (a) Pledge the anticipated tax revenues or other income, the proceeds of any bonds or other
18 permanent financing, or any combination thereof;

19 (b) Segregate any pledged funds in separate accounts that may be held by the governmental unit,
20 the State Treasurer or third parties;

21 (c) Enter into contracts with third parties to obtain standby lines of credit or other financial
22 commitments designated to provide additional security for obligations authorized by this section;

23 (d) Establish any reserves deemed necessary for the payment of the obligations; and

24 (e) Adopt resolutions and enter into agreements containing covenants and provisions for pro-
25 tection and security of the owners of obligations, which shall constitute enforceable contracts with
26 such owners.

27 (3) Obligations authorized by this section that are issued in anticipation of tax revenues or other
28 income, except grant income, and any obligations authorized by this section that are issued to re-
29 fund them may not be issued prior to the beginning of, and shall mature not later than[,] the end
30 of, the fiscal period in which the governmental unit or the State Treasurer expects to receive the
31 tax revenues or other income. Obligations issued by a governmental unit or the State Treasurer in

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 anticipation of tax revenues or other income, except grant income, may not be issued in an amount
 2 greater than 80 percent of the amount budgeted to be received in the fiscal period in which the
 3 obligations are issued.

4 (4) Obligations authorized by this section that are issued in anticipation of grant income or to
 5 provide interim financing for capital assets shall mature not later than five years after the obli-
 6 gations are issued and may be redeemed beginning not later than one year after the governmental
 7 unit or the State Treasurer expects to receive the grant or the capital asset is projected to be
 8 completed.

9 (5) Notwithstanding subsections (3) and (4) of this section:

10 (a) A school district, education service district, community college district or community college
 11 service district may issue obligations that are issued in anticipation of tax revenues or other income
 12 to mature not later than 13 months after the date the obligations were issued.

13 (b) A city that is incorporated on or after January 1, 1990, [*and is within an urban growth*
 14 *boundary*] may issue an obligation in anticipation of tax revenues or other income prior to the be-
 15 ginning of the fiscal period in which the city expects to receive the revenues or other income if the
 16 obligation:

17 (A) Matures not later than 18 months after the obligation is issued; and

18 (B) Is issued in an amount that does not exceed 80 percent of the amount of lawfully available
 19 funds, as defined in ORS 288.162, that the governmental unit reasonably expects to receive.

20 (6) Refunding obligations issued pursuant to subsection (1)(c) of this section shall mature not
 21 later than five years after the refunding obligations are issued.

22 (7) The debt limitations imposed by law or the charter of any governmental unit do not affect
 23 the right of any governmental unit to issue obligations under authority of this section, nor are any
 24 of the obligations to be taken into consideration in determining the percentage or extent to which
 25 the governmental unit is indebted under the debt limitation. Obligations issued to refund outstanding
 26 obligations are not considered to be within any of such debt limitations.

27 (8) Except as provided in this section, obligations authorized by this section may be in any form
 28 and contain any terms, including provisions for redemption at the option of the owner and provisions
 29 for the varying of interest rates in accordance with any index, banker's loan rate or other standard.

30 (9) The governing body of an issuing governmental unit, in the ordinance or resolution author-
 31 izing the issuance of obligations under this section, may delegate to any elected or appointed official
 32 or employee of the governmental unit the authority to determine maturity dates, principal amounts,
 33 redemption provisions, interest rates or the method for determining a variable or adjustable interest
 34 rate, denominations and other terms and conditions of such obligations that are not appropriately
 35 determined at the time of enactment or adoption of the authorizing ordinance or resolution, which
 36 delegated authority shall be exercised subject to applicable requirements of law and such limitations
 37 and criteria as may be set forth in such ordinance or resolution. Except to the extent of any such
 38 delegation, the governmental unit or the State Treasurer shall determine:

39 (a) The maximum effective rate of interest the obligations shall bear;

40 (b) The manner of sale;

41 (c) The discount, if any, the governmental unit may allow;

42 (d) The terms and conditions by which the obligations may be redeemed prior to maturity;

43 (e) The maturities of the obligations;

44 (f) The form and denominations of the notes or other obligations; and

45 (g) All other terms and conditions related to the sale of the obligations.

1 (10) The governmental unit or the State Treasurer may contract with third parties to serve as
2 issuing, paying and authenticating agents for any obligations authorized by this section.

3 (11) Obligations authorized by this section may be sold at public or private sale upon such terms
4 as the governmental unit or the State Treasurer finds advantageous, with such disclosure as the
5 governmental unit or State Treasurer deems appropriate. ORS 287.040 applies to obligations issued
6 by governmental units under this section.

7 (12) As used in this section, "fiscal period" means:

8 (a) In the case of a governmental unit, a fiscal year.

9 (b) In the case of the State of Oregon, a biennium.

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