

Joint Committee on Ways and Means

Carrier – House: Rep. Nathanson
Carrier – Senate: Sen. Whitsett

Revenue: Revenue statement issued

Fiscal: Fiscal statement issued

Action: Do Pass

Vote: 24 – 0 – 2

House

Yeas: Barker, Buckley, Frederick, Freeman, Hanna, Huffman, Jenson, Komp, McLane, Nathanson, Read, Richardson, Smith, Tomei, Williamson

Nays:

Exc:

Senate

Yeas: Devlin, Edwards, Girod, Hansell, Johnson, Steiner Hayward, Thomsen, Whitsett, Winters

Nays:

Exc: Bates, Monroe

Prepared By: John F. Borden, Legislative Fiscal Office

Meeting Date: April 19, 2013

WHAT THE MEASURE DOES: The measure provides express legal authority for local governments (cities, counties, school districts, community colleges, and special districts) to invest in the Oregon Short Term Fund (OSTF) through the Local Government Investment Pool (LGIP). The measure also allows local governments to invest in "...any other commingled investment pool established by the State Treasurer." For example, this would include the Oregon Intermediate Term Pool (OITP), which is a non-statutory account. By allowing local governments to invest in these additional Treasury products, the local governments would be able to invest amounts beyond the statutory limit provided by ORS 294.810.

ISSUES DISCUSSED:

- Current state agency participation in "other commingled investment pool"
- Interest by local governments to participate in "other commingled investment pool"
- Rates of return for OSTF/LGIP vs. "other commingled investment pool"
- Risk related to local government investment in "other commingled investment pool"
- Lack of a statutory account for an intermediate term investment pool
- Need to clarify and simplify statutes related to OSTF, LGIP, and "other commingled investment pool"
- ORS 294.810 statutory limit

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: ORS 293.728 establishes the Oregon Short Term Fund, a pool of state and local government funds, as the investment vehicle for funds not authorized for discrete investment. The State and Local Government Efficiency Task Force, established by House Bill 2855 in 2011, recommends allowing local governments the option to invest in the Intermediate Term Pool, a separate investment pool managed by the State Treasurer's office but currently limited to funds of state agencies and state-sponsored entities.