

# D R A F T

## SUMMARY

Directs Oregon Department of Administrative Services to set schedule for allocation of lottery moneys to pay lottery bond principal, interest and premium due.

Declares emergency, effective on passage.

## A BILL FOR AN ACT

Relating to state financial administration; amending ORS 286A.576; and declaring an emergency.

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

**SECTION 1.** ORS 286A.576 is amended to read:

286A.576. (1) Subject only to the availability of unobligated net lottery proceeds, in each fiscal [year] **period established by the Oregon Department of Administrative Services** in which lottery bonds are outstanding, there shall be allocated, **in accordance with a schedule determined by the department**, from the Administrative Services Economic Development Fund created by ORS 461.540 or, if unobligated net lottery proceeds in that fund are insufficient, from any other fund or account of this state that contains unobligated net lottery proceeds, an amount of unobligated net lottery proceeds that is sufficient:

(a) To pay all lottery bond principal, interest and premium, if any, that is scheduled to be paid in that fiscal [year] **period**;

(b) To restore the balance in any reserve account for lottery bonds to the level the state has covenanted to maintain in the account under ORS 286A.580 (6), including any amounts due under an instrument authorized by ORS 286A.580 (6); and

**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.

(c) To pay bond-related costs that will be due in that fiscal [year] **period.**

(2) The amounts of unobligated net lottery proceeds allocated pursuant to subsection (1) of this section shall be transferred to the following funds and accounts in the following order of priority:

(a) First, there shall be transferred to the Lottery Bond Fund an amount of unobligated net lottery proceeds that, when added to any amounts credited to the Lottery Bond Fund that are available for such purpose, will be sufficient to pay all amounts of lottery bond principal, interest and premium scheduled to be paid in that fiscal [year] **period;**

(b) Second, if the balances in any reserve accounts for lottery bonds are less than the amounts the state has covenanted to maintain in those reserve accounts, there shall be transferred to the Lottery Bond Fund for credit to those reserve accounts amounts of unobligated net lottery proceeds sufficient to restore the balances in those reserve accounts to the levels the state has covenanted to maintain; and

(c) Third, any remaining amount shall be transferred to the Lottery Bond Administrative Fund.

(3) Notwithstanding any other provision of law, in accordance with [section 4 (4),] Article XV, **section 4 (4)**, of the Oregon Constitution, the annual allocations of unobligated net lottery proceeds made by this section and the transfers of unobligated net lottery proceeds required to be made by this section shall be satisfied and credited from the first unobligated net lottery proceeds received by this state before any other allocation, appropriation or disbursement of the earnings of the unobligated net lottery proceeds is made in [such fiscal year] **the fiscal period.**

(4) The percentages of revenues of the Oregon State Lottery that are dedicated for particular purposes under [section 4 (4),] Article XV, **section 4 (4)**, of the Oregon Constitution, shall be calculated without deducting from the total lottery revenues the amount of unobligated net lottery proceeds that are required to pay lottery bonds.

(5) If there are not sufficient revenues of the Oregon State Lottery to pay lottery bonds and to satisfy the percentage dedications set forth in the Oregon Constitution, the State Treasurer shall, before issuing any series of lottery bonds, cause a projection of unobligated net lottery proceeds and lottery bond debt service to be prepared. The State Treasurer shall not issue a series of lottery bonds if the projection indicates that there will not be sufficient proceeds of the Oregon State Lottery to satisfy the percentage dedications of [section 4 (4),] Article XV, **section 4 (4)**, of the Oregon Constitution, and to leave unobligated net lottery proceeds in amounts at least equal to the debt service on all lottery bonds, including the series proposed to be issued. However, if at some time in the future a conflict arises because of a decline in revenues of the Oregon State Lottery, unobligated net lottery proceeds shall be allocated and applied first to pay lottery bonds, and the remaining net revenues of the Oregon State Lottery shall be divided pro rata among the constitutionally dedicated uses.

(6) Notwithstanding any other provision of law, when the Legislative Assembly enacts laws granting pledges, making dedications or making appropriations of net proceeds of the Oregon State Lottery for purposes other than payment of lottery bonds, all such pledges, dedications and appropriations, whenever granted or made, shall be subordinate to the pledges and dedications of unobligated net lottery proceeds for lottery bonds.

**SECTION 2. This 2015 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2015 Act takes effect on its passage.**