To: Members of the House Revenue Committee

From: Gwendolyn Griffith
       Executive Director, Oregon Facilities Authority

RE: HB 2492-A

Date: May 11, 2015

The Oregon Facilities Authority (OFA) is the state agency that facilitates the issuance of tax-exempt bonds for nonprofits with capital projects in Oregon. These bonds lower the cost of financing for nonprofits, freeing up more funds to meet important social needs in our State. Over its 26-year history, OFA has issued more than $3 billion in tax-exempt bonds, and in this biennium expects to issue approximately $300 million in bonds for Oregon nonprofits' projects.

Even though OFA's bonding authority is granted by the legislature, OFA's bonds are fundamentally different from other state bonds. *OFA's bonds do not put the State's credit at risk, because the State does not guarantee or otherwise become responsible for repayment of the bonds.* The nonprofit is responsible for repayment.

Every state has at least one agency like OFA. The trend across the country is to expand the jurisdiction of these agencies to allow them to issue bonds for projects in other states. Currently, Oregon allows OFA to facilitate tax exempt bonds only for in-state projects. HB 2492-A allows a *limited* expansion of OFA's jurisdiction, to allow nonprofits *with a significant Oregon connection* to issue bonds through OFA for projects in other states.

A significant connection would include, for example, being headquartered in Oregon or having a substantial project in Oregon. We expect that major hospital systems, as well as senior housing systems, would take advantage of this opportunity to lower their financing costs. The result would be that more dollars could be spent on essential services. This would also allow OFA (which depends solely on financing fees, not tax dollars, for its operation) to help smaller nonprofits throughout the State.

 HB 2492-A would not create a tax exemption for out-of-State projects, because bonds issued for out-of-State projects would be only federally tax-exempt, *not exempt from Oregon taxes.*

We urge you to support HB 2492-A. Thank you.

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