

# House Bill 2605

Sponsored by Representative NATHANSON, Senator PROZANSKI, Representative MEEK; Representatives DRAZAN, HAYDEN, HOLVEY, LIVELY, POWER, PRUSAK, SALINAS, WILDE, WILLIAMS, Senators BEYER, FAGAN, MANNING JR, ROBLAN, THOMSEN, WAGNER (at the request of Lane and Clackamas Counties) (Presession filed.)

## 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**.

Authorizes State Treasurer to issue Article XI-Q general obligation bonds to finance construction and improvement of courthouses. Authorizes county and state to enter into long-term lease agreement or intergovernmental agreement with respect to ownership or operation of courthouse or portions of courthouse that county is required to provide, including law library, in order for county to receive bond proceeds.

## A BILL FOR AN ACT

1  
2 Relating to courthouse capital construction; creating new provisions; and amending section 64,  
3 chapter 723, Oregon Laws 2013.

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

5 **SECTION 1. (1) Notwithstanding ORS 286A.818 (1)(b), in addition to and not in lieu of any**  
6 **authorization to issue general obligation bonds under ORS 286A.035, for the biennium begin-**  
7 **ning July 1, 2019, the State Treasurer may issue Article XI-Q bonds in an amount not to**  
8 **exceed \$\_\_\_\_\_ million of net proceeds for the purposes specified in subsection (3) of this**  
9 **section, plus an amount determined by the State Treasurer to pay estimated bond-related**  
10 **costs.**

11 **(2)(a) Bonds may not be issued pursuant to this section unless:**

12 **(A) The Chief Justice of the Supreme Court has determined that:**

13 **(i) The courthouse with respect to which the bonds will be issued has significant struc-**  
14 **tural defects, including seismic defects, that present actual or potential threats to human**  
15 **health and safety;**

16 **(ii) Replacing the courthouse, whether by acquiring and remodeling or repairing an ex-**  
17 **isting building or by constructing a new building, is more cost-effective than remodeling or**  
18 **repairing the courthouse; and**

19 **(iii) Replacing the courthouse creates an opportunity for colocation of the court with**  
20 **other state offices; and**

21 **(B) The Oregon Department of Administrative Services has approved the project for**  
22 **which the bonds will be issued.**

23 **(b) The Oregon Department of Administrative Services, after consultation with the Ju-**  
24 **dicial Department, shall determine when net proceeds are needed for the purposes described**  
25 **in subsection (3) of this section and shall consult with the Judicial Department regarding the**  
26 **sale of bonds to be issued pursuant to this section.**

27 **(3) The State Treasurer shall deposit the net proceeds of bonds issued pursuant to this**  
28 **section in the Oregon Courthouse Capital Construction and Improvement Fund established**

**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 under section 64, chapter 723, Oregon Laws 2013. The net proceeds and any interest earnings  
 2 may be used solely to finance costs related to acquiring, constructing, remodeling, repairing,  
 3 equipping or furnishing land, improvements, courthouses or portions of courthouses that  
 4 are, or that upon completion of a project funded under this section will be, owned or operated  
 5 by the State of Oregon.

6 (4) As used in ORS 286A.816 to 286A.826 with respect to this section:

7 (a) "Project agency" means the Judicial Department.

8 (b) "Project fund" means the Oregon Courthouse Capital Construction and Improvement  
 9 Fund.

10 **SECTION 2.** (1)(a) Notwithstanding ORS 1.185, a county and the state, acting by and  
 11 through the Oregon Department of Administrative Services on behalf of the Judicial De-  
 12 partment, may enter into interim agreements that provide for the funding, acquisition, de-  
 13 velopment and construction of a courthouse and require the parties to negotiate in good faith  
 14 and execute a long-term lease agreement or a long-term intergovernmental agreement with  
 15 respect to the ownership or operation of a courthouse or portions of a courthouse that the  
 16 county is required to provide under ORS 1.185 (1)(a) and 9.815 (1)(b), pursuant to which the  
 17 state agrees to provide the property and services described in ORS 1.185 (1)(a) and 9.815  
 18 (1)(b).

19 (b)(A) An agreement entered into pursuant to this subsection may include a requirement  
 20 that the county transfer to the Oregon Courthouse Capital Construction and Improvement  
 21 Fund an amount not less than 50 percent of the total estimated costs of a project funded  
 22 with bonds issued under section 1 of this 2019 Act with respect to the courthouse or portions  
 23 of a courthouse that are the subject of the agreement.

24 (B) If required, an amount transferred by the county under this paragraph may not be  
 25 less than 75 percent of the total estimated costs unless the project includes colocation in the  
 26 courthouse of state offices in addition to the state circuit court facilities.

27 (2)(a) An amount transferred by a county pursuant to subsection (1)(b) of this section  
 28 may comprise, singly or in any combination and proportion:

29 (A) Property tax revenues, bond proceeds or any other county moneys; and

30 (B) A credit equal to the higher of the appraised value or the actual purchase price of  
 31 land designated by the county for the courthouse if the state approves of the land as the site  
 32 for the courthouse.

33 (b)(A) The bond proceeds referred to in paragraph (a)(A) of this subsection must be  
 34 documented to be available for transfer into the Oregon Courthouse Capital Construction and  
 35 Improvement Fund no later than April 30, 2021.

36 (B) For purposes of this paragraph, documentation may consist of a letter issued by the  
 37 county clerk certifying that the majority of local voters have approved a bond issuance the  
 38 proceeds of which are dedicated to the county courthouse improvement or replacement  
 39 project.

40 (3) For purposes of section 1 of this 2019 Act, the state shall be considered to operate a  
 41 courthouse or portions of a courthouse that are the subject of an agreement entered into  
 42 pursuant to subsection (1) of this section if, as applicable:

43 (a) The lease agreement conveys to the state a full leasehold interest, including exclusive  
 44 rights to control and use the courthouse or portions of the courthouse that are typical of a  
 45 long-term lease, for a term that is at least equal to the term during which the bonds issued

1 **pursuant to section 1 of this 2019 Act will remain outstanding.**

2 **(b) The intergovernmental agreement grants the state the exclusive right to control and**  
3 **use the courthouse or portions of the courthouse for a term that is at least equal to the**  
4 **term during which the bonds issued pursuant to section 1 of this 2019 Act will remain out-**  
5 **standing.**

6 **SECTION 3.** Section 64, chapter 723, Oregon Laws 2013, as amended by section 4, chapter 118,  
7 Oregon Laws 2016, is amended to read:

8 **Sec. 64.** (1) The Oregon Courthouse Capital Construction and Improvement Fund is established  
9 in the State Treasury, separate and distinct from the General Fund. Interest earned on moneys in  
10 the Oregon Courthouse Capital Construction and Improvement Fund shall be credited to the fund.

11 (2) The fund consists of moneys deposited in the fund pursuant to section 8, chapter 705, Oregon  
12 Laws 2013, [and] section 10, chapter 685, Oregon Laws 2015, **and section 1 of this 2019 Act**, and  
13 moneys transferred to the fund by a county pursuant to section 9 (1)(b), chapter 705, Oregon Laws  
14 2013, **and section 2 (1)(b) of this 2019 Act**, and may include fees, revenues and other moneys ap-  
15 propriated by the Legislative Assembly for deposit in the fund.

16 (3) Moneys in the fund are continuously appropriated to the Judicial Department for:

17 (a) The purposes described in section 8 (3), chapter 705, Oregon Laws 2013, **and section 1 (3)**  
18 **of this 2019 Act;**

19 (b) Payment of the costs incurred by the department to administer the fund; and

20 (c) Payment of bond-related costs, as defined in ORS 286A.816.

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