82nd Oregon Legislative Assembly – 2023 Regular Session
Legislative Fiscal Office
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Measure Description:
Provides that unused portion of amount of pass-through revenue bonds authorized for issuance in preceding biennium carries forward until legislation authorizing amount of pass-through revenue bonds for current biennium is enacted. Provides that amounts allocated to a state agency for private activity bonds may be suballocated through an assignment of the allocation to another issuer, subject to certain conditions.

Government Unit(s) Affected:
Housing and Community Services Department, Oregon State Treasurer, Oregon Business Development Department, Legislative Assembly

Summary of Fiscal Impact:
Costs related to the measure are anticipated to be minimal - See explanatory analysis.

Analysis:
Senate Bill 225, as amended by the -2 amendments, provides that any unused portion of pass-through revenue bonds authorized for issuance in a prior biennium carry forward until new legislation is enacted to authorize a new amount of pass-through revenue bonds in the current biennium. Amounts allocated to a state agency for private activity bonds may be suballocated through an assignment of the allocation to another issuer, subject to certain conditions. The measure renames conduit revenue bonds as pass-through revenue bonds. The measure takes effect on passage.

Pass-through revenue bonds are issued by the state to finance a project for a third party. Although the State of Oregon is considered the issuer of the bonds, the outstanding liability and debt service are not an obligation of the state. The entity on whose behalf the bonds are issued is legally obligated to repay the bonds. The State of Oregon has four authorized pass-through revenue bond programs. The Legislative Assembly authorizes the total bonds that the Oregon State Treasurer (OST) may issue for state agencies each biennium. Each odd-numbered year, there is a period of time between the Legislative Assembly passing a bond authorization measure for the upcoming biennium and adjourning *sine die* and the Governor signing this measure into law. During the time between June 30 in odd-numbered years and the bond authorization measure is enacted, agencies are unable to request issuance of bonds.

<u>Housing and Community Services Department</u>
The gap between biennial funding existing under current law can prevent financing of affordable housing projects that may have started prior to June 30 from closing during the first few weeks of the subsequent biennium. According to the Housing and Community Services Department (HCSD), a delay in closing can lead to cost increases due to tax credit pricing and other costs, including labor, supply, and insurance costs, which can jeopardize available financing. The measure would allow HCSD to carry forward unused pass-through revenue bond authority from the prior biennium into the next biennium until authorizing legislation is enacted. Additionally, allocations of private activity bonding authority to an issuer by the Private Activity Bond Committee are currently non-transferable among issuers. The measure would allow for HCSD to be the authorizing entity for all affordable housing private activity bonds and to suballocate its authority to other jurisdictions. HCSD would be able to track which entities and projects receive private activity bonds and monitor project completion.

The measure is anticipated to have a minimal fiscal impact on HCSD. While the measure would streamline efforts to create affordable housing by eliminating the gap between biennial funding and allowing HCSD to assign its bonding authority to other jurisdictions to issue their own private activity bonds, it would only marginally increase the workload of HCSD staff and would thus be absorbable within HCSD's 2023-25 current service level.

Oregon State Treasurer

The measure is anticipated to have a minimal fiscal impact on OST, as it would require OST staff to perform additional tracking and monitoring of newly allowed suballocations and modify existing processes to accommodate the suballocations. The impact of this increase in workload and any corresponding reprioritization of workload is anticipated to be minimal and absorbable within OST's 2023-25 current service level.

Oregon Business Development Department

The measure is anticipated to have no fiscal impact on the Oregon Business Development Department (OBDD), though it would make it possible for OBDD to better estimate when bonds could close, which might lead to greater workload efficiency and provide access to capital without any timing interruption.

Legislative Assembly

The measure is anticipated to have no fiscal impact on the Legislative Assembly.