

House Bill 2158

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of State Treasurer Tobias Read)

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**.

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.

Requires public body, when issuing pension obligation bonds, to transmit independent assessment of bonds to State Treasurer at least two days before bonds are offered for sale to investors.

Removes requirement for State Treasurer to review and approve revenue bond plans of certain public universities. Requires certain public universities to certify cash flow sufficiency to State Treasurer before issuing revenue bonds.

A BILL FOR AN ACT

1 Relating to bonding; amending ORS 238.697, 286A.035 and 352.402.

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

3 **SECTION 1.** ORS 286A.035 is amended to read:

4 286A.035. (1) Each related agency shall report the plans of the related agency for the issuance
5 of bonds during the next biennium. The related agency shall submit the related agency's report to
6 the Governor by a date determined by the Governor and shall include in the report a description
7 of bonds that the related agency intends to retire or defease during the next biennium.

8 (2) On or before a date determined by the Governor, the State Treasurer shall advise the Gov-
9 ernor on the prudent maximum amount of bonds to be issued for each bond program. The State
10 Treasurer shall consider available economic and financial data in preparing advice to be given to
11 the Governor.

12 (3) As part of the Governor's budget described in ORS 291.216, the Governor shall:

13 (a) Consider the prudent maximum amounts advised by the State Treasurer pursuant to sub-
14 section (2) of this section to determine the Governor's total recommended amount; and

15 (b) Recommend to the Legislative Assembly the total amount of bonds the State Treasurer may
16 issue for each bond program for a biennium.

17 (4) The Legislative Assembly shall determine the amount of bonds the State Treasurer may issue
18 for each state agency for a biennium. **Except as provided in subsection (5) of this section**, if the
19 Legislative Assembly fails to make the determination described in this subsection by the first day
20 of the biennium, the unused portion of the authorization the Legislative Assembly made for the
21 preceding biennium is deemed to carry forward for the current biennium at the amount authorized
22 for the preceding biennium until the earlier of:

23 (a) The date on which legislation authorizing the amount of bonds for the current biennium is
24 enacted; or

25 (b) The date on which the Legislative Assembly adjourns sine die.

26 **(5) The unused portion of the amount of pass-through revenue bonds authorized for is-**
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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 **suance in the preceding biennium is deemed to carry forward for the current biennium until**
 2 **the date on which legislation authorizing the amount of pass-through revenue bonds for the**
 3 **current biennium is enacted.**

4 [(5)] (6) The amount of bonds that may be issued under bond programs may be modified by the
 5 Governor. However, the Governor may not modify the amount of bonds that may be issued under
 6 bond programs in a way that would cause the maximum amount established by the Legislative As-
 7 sembly for a category of bond programs to be exceeded if the Legislative Assembly:

8 (a) Has categorized the bonds that may be issued under bond programs as general obligation,
 9 direct revenue and pass-through revenue bonds; and

10 (b) Assigned a maximum amount to each category.

11 [(6)] (7) This section applies to bonds:

12 (a) Unless the bonds are expressly exempted from the requirements of this section.

13 (b) Except refunding bonds.

14 **SECTION 2.** ORS 238.697 is amended to read:

15 238.697. (1) Before a public body, or an intergovernmental entity formed pursuant to ORS
 16 238.695, may authorize the issuance of bonds under ORS 238.694, the public body or intergovern-
 17 mental entity must first:

18 (a) Obtain a statistically based assessment from an independent economic or financial consulting
 19 firm regarding the likelihood that investment returns on bond proceeds will exceed the interest cost
 20 of the bonds under various market conditions; and

21 (b) Make a report available to the general public that:

22 (A) Describes the results of the assessment; and

23 (B) Discloses whether the public body or intergovernmental entity has retained the services of
 24 an independent SEC-registered advisor.

25 (2) The public body or intergovernmental entity shall transmit the assessment to the State
 26 Treasurer [*at least*] **by the earlier of:**

27 (a) 30 days before issuing the bonds[.]; or

28 (b) **Two days prior to the date the bonds are offered for sale to investors.**

29 (3) The State Treasurer shall provide to the State Debt Policy Advisory Commission an annual
 30 report on bonds issued under ORS 238.694. The report must describe each bond issuance under ORS
 31 238.694 that took place on or after June 11, 2019, and that remains outstanding, including, for each
 32 issuance:

33 (a) The actual interest rate owed over the term of the bonds;

34 (b) The projected rate of return on the bond proceeds, as determined by the assessment required
 35 under subsection (1) of this section; and

36 (c) The actual rate of return on the bond proceeds in the previous fiscal year and the cumulative
 37 rate of return on the bond proceeds.

38 (4) As used in this section, “independent SEC-registered advisor” has the meaning given the
 39 term “independent registered municipal advisor” in 17 C.F.R. 240.15Ba1-1, as amended.

40 **SECTION 3.** ORS 352.402 is amended to read:

41 352.402. (1) A public university [*listed in ORS 352.002*] may elect to remain eligible to receive
 42 proceeds of state bonds. If a public university requests the State Treasurer to issue state bonds for
 43 the benefit of the university that are authorized under Article XI-F(1) or XI-Q of the Oregon Con-
 44 stitution or ORS 283.085 to 283.092, and the state bonds are intended to be repaid in whole or in
 45 part by university revenues or other moneys under the control of the university, the [*State Treasurer*

1 *must review and approve all plans to issue revenue bonds of the university and to execute other obli-*
2 *gations related to the revenue bonds.]*

3 *[(2) The State Treasurer shall limit the scope of review and approval under subsection (1) of this*
4 *section to consideration of periodic cash flow projections and other information necessary to determine*
5 *the sufficiency of the cash flow of the public university listed in ORS 352.002] **university may not***
6 ***issue revenue bonds pursuant to ORS 352.388 to 352.415 unless the university first certifies***
7 ***to the State Treasurer, in a form and manner required by the State Treasurer, the suffi-***
8 ***ciency of the university's cash flow** to pay any loans from state agencies funded with the proceeds*
9 *of state bonds and to pay costs for:*

10 (a) State bonds issued for the benefit of the public university [*listed in ORS 352.002*] pursuant
11 to Article XI-F(1) or XI-Q of the Oregon Constitution or ORS 283.085 to 283.092; and

12 (b) Revenue bonds issued pursuant to ORS 352.388 to 352.415.

13 **(2) A public university must transmit the certification required under subsection (1) of**
14 **this section to the State Treasurer by the earlier of:**

15 **(a) 30 days before issuing the bonds; or**

16 **(b) 10 days prior to the date the bonds are offered for sale to investors.**

17 (3) A public university [*listed in ORS 352.002*] that issues revenue bonds of the university, or
18 executes other obligations related to the revenue bonds, without [*the approval of the State Treasurer*
19 *as provided in subsection (2) of this section*] **making the certification required under this section**
20 **is not eligible to receive proceeds of the state bonds described in subsection (1) of this section** [*and*
21 *that are intended to be repaid in whole or in part by university revenues or other moneys under the*
22 *control of the university on or after August 14, 2013*] **after the effective date of this 2023 Act.**

23 **(4) As used in this section, "public university" means a public university listed in ORS**
24 **352.002.**

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