

House Bill 3581

Sponsored by Representative STOUT, Senator WEBER

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 expansion of courthouses.

A BILL FOR AN ACT

1
2 Relating to courthouses; amending sections 8 and 9, chapter 705, Oregon Laws 2013, and section 64,
3 chapter 723, Oregon Laws 2013.

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

5 **SECTION 1.** Section 8, chapter 705, Oregon Laws 2013, as amended by section 6, chapter 121,
6 Oregon Laws 2014, and section 2, chapter 118, Oregon Laws 2016, is amended to read:

7 **Sec. 8.** (1) Out of the amount specified in section 1 (6), chapter 705, Oregon Laws 2013, the State
8 Treasurer may issue Article XI-Q bonds in an amount not to exceed \$19 million of net proceeds for
9 the purposes specified in subsection [(3)] (6) of this section, plus an amount estimated by the State
10 Treasurer to pay estimated bond-related costs.

11 (2)[(a)] Bonds may not be issued pursuant to this section or section 10, chapter 685, Oregon
12 Laws 2015, unless[:] **a courthouse project meets the requirements of subsection (3) or (4) of**
13 **this section.**

14 **(3) Bonds may be issued pursuant to this section or section 10, chapter 685, Oregon Laws**
15 **2015, if:**

16 [(A)] (a) The Chief Justice of the Supreme Court has determined that:

17 [(i)] (A) The courthouse with respect to which the bonds will be issued has significant structural
18 defects, including seismic defects, that present actual or potential threats to human health and
19 safety;

20 [(ii)] (B) Replacing the courthouse, whether by acquiring and remodeling or repairing an exist-
21 ing building or by constructing a new building, is more cost-effective than remodeling or repairing
22 the courthouse; and

23 [(iii)] (C) Replacing the courthouse creates an opportunity for colocation of the court with other
24 state offices; and

25 [(B)] (b) The Oregon Department of Administrative Services has approved the project for which
26 the bonds will be issued.

27 **(4) Bonds may be issued pursuant to this section or section 10, chapter 685, Oregon Laws**
28 **2015, if:**

29 **(a) The Chief Justice of the Supreme Court has determined that:**

30 **(A) Expanding the courthouse, whether by acquiring and remodeling or repairing space**
31 **in an existing building or by constructing new space, is a cost-effective alternative to re-**

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 **placing the courthouse; and**

2 **(B) The project includes the remediation of any significant structural defects, including**
 3 **seismic defects, that present actual or potential threats to human health and safety in the**
 4 **existing courthouse; and**

5 **(b) The Oregon Department of Administrative Services has approved the project for**
 6 **which the bonds will be issued.**

7 [(b)] (5) The Oregon Department of Administrative Services, after consultation with the Judicial
 8 Department, shall determine when net proceeds are needed for the purposes described in subsection
 9 [(3)] (6) of this section and shall consult with the Judicial Department regarding the sale of bonds
 10 to be issued pursuant to this section.

11 [(3)] (6) The State Treasurer shall deposit the net proceeds of bonds issued pursuant to this
 12 section and section 10, chapter 685, Oregon Laws 2015, in the Oregon Courthouse Capital Con-
 13 struction and Improvement Fund. The net proceeds and any interest earnings may be used solely to
 14 finance costs related to acquiring, constructing, **expanding**, remodeling, repairing, equipping or
 15 furnishing land, improvements, courthouses or portions of courthouses that are, or that upon com-
 16 pletion of a project funded under this section will be, owned or operated by the State of Oregon.

17 [(4)] (7) As used in ORS 286A.816 to 286A.826 with respect to this section:

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

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

20 **SECTION 2.** Section 9, chapter 705, Oregon Laws 2013, as amended by as amended by section
 21 7, chapter 121, Oregon Laws 2014, and section 3, chapter 118, Oregon Laws 2016, is amended to
 22 read:

23 **Sec. 9.** (1)(a) Notwithstanding ORS 1.185, a county and the state, acting by and through the
 24 Oregon Department of Administrative Services on behalf of the Judicial Department, may enter into
 25 interim agreements that provide for the funding, acquisition, development and construction of a
 26 courthouse and require the parties to negotiate in good faith and execute a long-term lease agree-
 27 ment or a long-term intergovernmental agreement with respect to the ownership or operation of a
 28 courthouse or portions of a courthouse that the county is required to provide under ORS 1.185,
 29 pursuant to which the state agrees to provide the property and services described in ORS 1.185
 30 (1)(a).

31 (b)(A) An agreement entered into pursuant to this subsection may include a requirement that
 32 the county transfer to the Oregon Courthouse Capital Construction and Improvement Fund an
 33 amount not less than 50 percent of the total estimated costs of a project funded with bonds issued
 34 pursuant to section 8, chapter 705, Oregon Laws 2013, or section 10, chapter 685, Oregon Laws 2015,
 35 with respect to the courthouse or portions of a courthouse that are the subject of the agreement.

36 (B) The amount transferred by a county pursuant to this paragraph may comprise, singly or in
 37 any combination and proportion:

38 (i) Property tax revenues, bond proceeds or any other county moneys; [and]

39 (ii) A credit equal to the higher of the appraised value or the actual purchase price of land
 40 purchased by the county for the courthouse if the state approves of the land as the site for the
 41 courthouse[.];

42 (iii) **A credit equal to the higher of the appraised value or the actual purchase price of**
 43 **any space in existing buildings being converted to courthouse and state office use if the state**
 44 **approves of the conversion of the space for such purposes; and**

45 (iv) **A credit for the anticipated costs to the county of relocating county offices to vacate**

1 **space being converted to courthouse and state office use.**

2 (C) The amount required to be transferred by the county under this subsection may not be less
3 than 75 percent of the total estimated costs unless the project includes colocation in the courthouse
4 of state offices in addition to the state circuit court facilities.

5 (2) For purposes of section 8, chapter 705, Oregon Laws 2013, and section 10, chapter 685,
6 Oregon Laws 2015, the state shall be considered to operate a courthouse or portions of a courthouse
7 that are the subject of an agreement entered into pursuant to subsection (1) of this section if, as
8 applicable:

9 (a) The lease agreement conveys to the state a full leasehold interest, including exclusive rights
10 to control and use the courthouse or portions of the courthouse that are typical of a long-term lease,
11 for a term that is at least equal to the term during which the bonds issued pursuant to section 8,
12 chapter 705, Oregon Laws 2013, and section 10, chapter 685, Oregon Laws 2015, will remain out-
13 standing.

14 (b) The intergovernmental agreement grants the state the exclusive right to control and use the
15 courthouse or portions of the courthouse for a term that is at least equal to the term during which
16 the bonds issued pursuant to section 8, chapter 705, Oregon Laws 2013, and section 10, chapter 685,
17 Oregon Laws 2015, will remain outstanding.

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

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

23 (2) The fund consists of moneys deposited in the fund pursuant to section 8, chapter 705, Oregon
24 Laws 2013, and section 10, chapter 685, Oregon Laws 2015, and moneys transferred to the fund by
25 a county pursuant to section 9 (1)(b), chapter 705, Oregon Laws 2013, and may include fees, revenues
26 and other moneys appropriated by the Legislative Assembly for deposit in the fund.

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

28 (a) The purposes described in section 8 [(3)] (6), chapter 705, Oregon Laws 2013;

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

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

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