

HB 2515 STAFF MEASURE SUMMARY

House Committee On Revenue

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Meeting Dates: 3/25

WHAT THE MEASURE DOES:

Authorizes public bodies to enter into an intergovernmental agreement to pool bond proceeds or other funds into commonly managed investments without the oversight of the State Treasurer and the Oregon Investment Council.

Fiscal impact: (not issued)

Revenue impact: (not issued)

Section 1: allows public bodies the choice to manage thier own funds by removing the conditional allowance by the OST.

Section 3: In lieu of or in addition to the OST investment pool, public bodies may establish by written agreement one or more pools for the investment of thier funds.

Section 4: Gives participating public bodies the same powers conferred on the State Treasurer and the Oregon Investment Council in managing funds.

ISSUES DISCUSSED:

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EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

The Oregon State Treasury is the effective banker and investor for governments across the state including schools, cities and counties. Between the time that revenue is received and when the money is needed to pay expenses, governments can deposit money and earn a rate of return by accessing the Treasury-managed Oregon Short Term Fund (OSTF) through the Local Government Investment Pool (LGIP or pool). Because the OSTF is made up of government operating funds, it is invested in U.S. dollar-denominated, high-quality, short-term fixed income securities. It is not invested in the stock market. The primary objectives of the OSTF investment activities are the preservation of principal, liquidity, and yield. The rate is determined by Treasury staff based on market conditions and yield for fixed income securities such as government and corporate bonds. The OSTF is made up of money from state agencies, public universities, and local governments. Any municipality, political subdivision or public corporation of this state that by law is made the custodian of, or has control of, any public funds, may participate in the pool. Oregon's nine federally recognized Indian Tribes are also eligible to participate. In 2024, Oregon Shor Term Fund (OSFT) managed about \$32 billion, and almost \$34 billion in 2023.

This measure opens up the possibility for local governments to establish and manage their own fund through an intergovernmental agreements among them.