

SB 5701 A BUDGET REPORT and MEASURE SUMMARY

Carrier: Rep. Nosse

Joint Committee On Ways and Means

Action Date: 03/03/26

Action: Do Pass the A-Eng bill.

House Vote

Yeas: 13 - Bowman, Breese-Iverson, Elmer, Evans, Gomberg, Levy E, Nosse, Owens, Reschke, Ruiz, Sanchez, Smith G, Valderrama

Senate Vote

Yeas: 11 - Anderson, Campos, Frederick, Girod, Lieber, Manning Jr, McLane, Neron Misslin, Smith DB, Sollman, Starr

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Reviewed By: Amanda Beitel, Legislative Fiscal Office

Various Agencies

2025-27

Various Agencies

2023-25

Summary of Changes in Bonding Authority

Senate Bill 5701 - 2026 Session

Program Designation	2025-27 Legislatively Adopted Budget	2025-27 Legislatively Approved Budget	2026 Session Legislative Adjustments
GENERAL OBLIGATION BONDS			
General Fund Obligations			
Higher Education Coordinating Comm. - PU (Art. XI-G)	\$ 106,780,000	\$ 103,905,000	\$ (2,875,000)
Higher Education Coordinating Comm. - CC (Art. XI-G)	\$ 36,285,000	\$ 33,270,000	\$ (3,015,000)
Department of Administrative Services (Art. XI-Q) ¹	\$ 1,206,991,215	\$ 1,560,031,215	\$ 353,040,000
		\$ -	
Dedicated Fund Obligations			
Higher Education Coordinating Comm. (Art. XI-F(1))	\$ 138,670,000	\$ 153,825,000	\$ 15,155,000
Total General Obligation Bonds	\$ 1,488,726,215	\$ 1,851,031,215	\$ 362,305,000
REVENUE BONDS			
Direct Revenue Bonds			
Department of Administrative Services			
Lottery Revenue Bonds	\$ 494,515,200	\$ 579,120,200	\$ 84,605,000
Total Direct Revenue Bonds	\$ 494,515,200	\$ 579,120,200	\$ 84,605,000
Total Revenue Bonds	\$ 494,515,200	\$ 579,120,200	\$ 84,605,000
CERTIFICATES OF PARTICIPATION AND OTHER FINANCING AGREEMENTS			
Department of Administrative Services ¹	\$ 13,037,910	\$ 234,437,910	\$ 221,400,000

1. Totals reflect the \$201.4 million of Article XI-Q general obligations bonds or certificates of participation (COPs) authorized to be issued in the 2025-27 biennium for the Moda center. The total amount of bonds and COPs issued during the biennium will not exceed \$201.4 million.

Summary of Capital Construction Subcommittee Action

SB 5701 increases bond authorizations for the 2025-27 biennium and makes changes to previously approved bond authorizations.

General Fund Obligations

1. The subcommittee approved a reduction in General Fund supported Article XI-G general obligation bond authority totaling \$5,890,000 for one community college project scope and budget change, one public university project shift to Article XI-Q bond financing, and one new public university project. The proceeds of the bonds will be used to provide grants through grant agreements administered by the Higher Education Coordinating Commission (HECC). Projects are described later in this report.

2. The subcommittee approved General Fund supported Article XI-Q general obligation bond authority of \$353,040,000 to finance the capital costs of projects for real or personal property owned or operated by the state. The projects and agencies are listed below, with the exception of the Higher Education Coordinating Commission (HECC); projects funded by grants from HECC to public universities and community colleges are described later in this report.
 - Housing and Community Services Department, Local Innovation and Fast Track (LIFT) Affordable Rental Housing Program: approved \$75,600,000 Article XI-Q bonds to finance \$75,000,000 of project costs and \$600,000 for costs of issuing the bonds. The bond proceeds will be used to acquire, construct, remodel, repair, equip or furnish real property in which the department will take an operational or ownership interest to provide affordable rental housing for Oregonians with low income and citizens in historically underserved communities and communities of color.

 - Housing and Community Services Department, Housing Opportunity Longevity and Durability (HOLD) Fund Preservation Program: approved \$25,290,000 Article XI-Q bonds to finance \$25,000,000 of project costs and \$290,000 for costs of issuing the bonds. The bond proceeds will be used to acquire, construct, remodel, repair, equip or furnish real property in which the department will take an operational or ownership interest to preserve affordable rental housing at risk of loss.

 - Parks and Recreation Department, Park Acquisition: approved \$2,135,000 Article XI-Q bonds to finance \$2,100,000 of project costs and \$35,000 for costs of issuing the bonds. The bond proceeds will be used for park acquisition and associated capitalizable closing costs after the agency successfully completes the standard due diligence process in compliance with applicable administrative rules.

 - Department of Administrative Services, Moda Center and surrounding plaza areas capital improvements: approved \$201,400,000 Article XI-Q bonds or certificates of participation to finance \$200,000,000 of project costs and \$1,400,000 for costs

of issuing the bonds or certificates of participation. Financing issuances is contingent on meeting criteria outlined in SB 1501 (2026). The proceeds will be used for capital improvements of the Moda Center and surrounding plaza areas. Additionally, \$165 million of net proceeds of Article XI-Q or certificates of participation are authorized for the 2027-29 biennium with the same contingencies, to support total project costs of \$365 million.

Dedicated Fund Obligations

3. The subcommittee approved Article XI-F(1) general obligation bond authority of \$15,155,000 to fund loans to public universities through HECC to finance one capital project. The project is described later in this report.
4. The subcommittee increased previously approved Other Financing Agreements authority by \$20,000,000 for other financing agreements, including capital leases and real estate lease-purchase or similar agreements for the purchase, construction, or improvement of real property, for the Department of Administrative Services. A total of \$33,037,910 Other Financing Agreements authority is available for the 2025-27 biennium.

Revenue Bonds

5. The subcommittee increased the lottery revenue bond limit for the Department of Administrative Services by \$84,605,000, from \$494,515,200 to \$579,120,200. One formerly authorized project was repealed, and the scope for a previously approved project was changed, which is discussed later in this report. Lottery revenue bond authorizations were increased to finance 24 new projects. New lottery revenue bond project authorizations include:
 - Oregon Business Development Department, Industrial Site Loan Fund: approved \$11,215,000 lottery revenue bonds to finance \$10,000,000 of project costs and \$1,215,000 for costs of issuing the bonds and debt service reserves. Lottery bond proceeds will be deposited in the Industrial Site Loan Fund for industrial land development projects. This brings the total net proceeds authorized for the fund in the 2025-27 biennium to \$20 million.
 - Oregon Business Development Department, Clear Lake Road Economic Development Infrastructure: approved \$5,580,000 lottery revenue bonds to finance \$5,000,000 of project costs and \$580,000 for costs of issuing the bonds and debt service reserves. Lottery bond proceeds will be distributed to the City of Eugene to support design and construct a new wastewater gravity mainline, pump station, force main, and lateral connections in the Clear Lake urban growth boundary expansion area of Eugene. This brings the total net proceeds authorized for the project in the 2025-27 biennium to \$11 million.

- Department of Administrative Services, Cathedral Park Cohousing: approved \$1,575,000 lottery revenue bonds to finance \$1,400,000 of project costs and \$175,000 for costs of issuing the bonds and debt service reserves. Lottery bond proceeds will be distributed to Our Home, Inclusive Community Collaborative to construct affordable housing.
- Department of Administrative Services, Rural Oregon Modular Mass Timber Workforce Housing: approved \$3,345,000 lottery revenue bonds to finance \$3,000,000 of project costs and \$345,000 for costs of issuing the bonds and debt service reserves. Lottery bond proceeds will be distributed to Regional Rural Revitalization (R3) Strategies Consortium to construct modular workforce affordable housing.
- Department of Administrative Services, Whale Watch Housing: approved \$2,790,000 lottery revenue bonds to finance \$2,500,000 of project costs and \$290,000 for costs of issuing the bonds and debt service reserves. Lottery bond proceeds will be distributed to Evergreen Community Partners to construct affordable housing.
- Department of Administrative Services, Campus Roof Replacement and Critical Campus Upgrades: approved \$4,450,000 lottery revenue bonds to finance \$4,000,000 of project costs and \$450,000 for costs of issuing the bonds and debt service reserves. Lottery bond proceeds will be distributed to Native American Youth and Family Center to complete facility capital improvements, including replacing the roof.
- Department of Administrative Services, Fire Hall Acquisition: approved \$1,245,000 lottery revenue bonds to finance \$1,100,000 of project costs and \$145,000 for costs of issuing the bonds and debt service reserves. Lottery bond proceeds will be distributed to Central Oregon Coast Fire and Rescue District to acquire the land and building, with associated capitalizable closing costs, for use as their fire hall and facility capital improvements.
- Department of Administrative Services, Casa Mariposa: approved \$1,960,000 lottery revenue bonds to finance \$1,750,000 of project costs and \$210,000 for costs of issuing the bonds and debt service reserves. Lottery bond proceeds will be distributed to Consejo Hispano for land acquisition, site improvements and construction to create spaces to be used for community resilience during disasters, winter warming, and small business incubation.
- Department of Administrative Services, Business Hub: approved \$12,805,000 lottery revenue bonds to finance \$11,500,000 of project costs and \$1,305,000 for costs of issuing the bonds and debt service reserves. Lottery bond proceeds will be distributed to Williams & Russell CDC to construct the Business Hub to support small businesses with affordable office and retail space.

- Department of Administrative Services, Clackamas County Recovery Campus: approved \$5,580,000 lottery revenue bonds to finance \$5,000,000 of project costs and \$580,000 for costs of issuing the bonds and debt service reserves. Lottery bond proceeds will be distributed to Clackamas County to construct a facility to provide treatment for adults with substance use disorders.
- Department of Administrative Services, NE Gateway Alpine Ave Street Improvement Phase 2A: approved \$1,685,000 lottery revenue bonds to finance \$1,500,000 of project costs and \$185,000 for costs of issuing the bonds and debt service reserves. Lottery bond proceeds will be distributed to the City of McMinnville to support street improvements to Alpine Ave including stormwater drainage, asphalt, and bike and pedestrian amenities.
- Department of Administrative Services, McNary Field Resiliency and Emergency Capability with Terminal Master Plan: approved \$1,520,000 lottery revenue bonds to finance \$1,350,000 of project costs and \$170,000 for costs of issuing the bonds and debt service reserves. Lottery bond proceeds will be distributed to the City of Salem to support design and construction of adding emergency power and terminal expansion at McNary Field in Salem, Oregon.
- Oregon Business Development Department, Water System Improvements: approved \$3,345,000 lottery revenue bonds to finance \$3,000,000 of project costs and \$345,000 for costs of issuing the bonds and debt service reserves. Lottery bond proceeds will be distributed to the City of Vale to support water distribution infrastructure improvements including water line upgrades, electrical upgrades, and a booster pump station.
- Oregon Business Development Department, Gold Hill Water Lines: approved \$1,685,000 lottery revenue bonds to finance \$1,500,000 of project costs and \$185,000 for costs of issuing the bonds and debt service reserves. Lottery bond proceeds will be distributed to the City of Gold Hill to support construction to replace water lines and service connections, including hydrant connections.
- Oregon Business Development Department, New Wastewater Treatment Plant: approved \$4,450,000 lottery revenue bonds to finance \$4,000,000 of project costs and \$450,000 for costs of issuing the bonds and debt service reserves. Lottery bond proceeds will be distributed to the City of Warrenton to construct a new wastewater treatment plant.
- Oregon Business Development Department, N 19th St Sewer Infrastructure for Housing Production: approved \$2,960,000 lottery revenue bonds to finance \$2,650,000 of project costs and \$310,000 for costs of issuing the bonds and debt service reserves.

Lottery bond proceeds will be distributed to the City of Philomath to support expanding sewer lines that will support additional housing infrastructure.

- Oregon Business Development Department, STEP Wastewater Collection System: approved \$2,680,000 lottery revenue bonds to finance \$2,400,000 of project costs and \$280,000 for costs of issuing the bonds and debt service reserves. Lottery bond proceeds will be distributed to Terrebonne Sanitary District to construct a septic tank effluent pump (STEP) wastewater collection system.
- Oregon Business Development Department, SE Carlton Water Distribution Improvements: approved \$2,020,000 lottery revenue bonds to finance \$1,800,000 of project costs and \$220,000 for costs of issuing the bonds and debt service reserves. Lottery bond proceeds will be distributed to the City of Carlton to support construction to upsize and loop water mains to increase demand flow requirements.
- Oregon Business Development Department, Wastewater Treatment Plant Biosolids Project: approved \$2,235,000 lottery revenue bonds to finance \$2,000,000 of project costs and \$235,000 for costs of issuing the bonds and debt service reserves. Lottery bond proceeds will be distributed to the City of Lebanon to construct a new biosolids dryer system to convert biosolids to Class A material.
- Oregon Business Development Department, Main Water Line Repair/Replacement: approved \$2,915,000 lottery revenue bonds to finance \$2,614,150 of project costs and \$300,850 for costs of issuing the bonds and debt service reserves. Lottery bond proceeds will be distributed to the City of St. Paul to replace and upgrade the water main line and establish a system loop to improve system redundancy.
- Oregon Business Development Department, Canyon View Pump Station Replacement: approved \$1,575,000 lottery revenue bonds to finance \$1,400,000 of project costs and \$175,000 for costs of issuing the bonds and debt service reserves. Lottery bond proceeds will be distributed to the City of Lafayette to replace the Canyon View Pump Station.
- Oregon Business Development Department, New Regulatory Compliant Wastewater Treatment Facility: approved \$4,755,000 lottery revenue bonds to finance \$4,274,549 of project costs and \$480,451 for costs of issuing the bonds and debt service reserves. Lottery bond proceeds will be distributed to the City of Chiloquin to construct a new Treatment Lagoon, Storage and Effluent Reuse Facility for the replacement of the existing treatment plant to eliminate wastewater discharges into the Williamson River.

- Oregon Business Development Department, New Water Treatment Plant: approved \$5,580,000 lottery revenue bonds to finance \$5,000,000 of project costs and \$580,000 for costs of issuing the bonds and debt service reserves. Lottery bond proceeds will be distributed to the City of Silverton to construct a new water treatment plant and capital improvements to the high-level pump station.
- Oregon Business Development Department, Spalding Industrial Part Wastewater Infrastructure Upgrade: approved \$2,235,000 lottery revenue bonds to finance \$2,000,000 of project costs and \$235,000 for costs of issuing the bonds and debt service reserves. Lottery bond proceeds will be distributed to the City of Grants Pass to expand sewer infrastructure to the Spalding Industrial area to support further development.

Other Legislative Changes

The subcommittee approved the following scope or recipient modifications to previously approved authorizations for one community college project, one university project, one state agency project, and four lottery bond projects included in the budgets for the Higher Education Coordinating Commission, the Department of Forestry, the Department of Administrative Services and the Oregon Business Development Department, respectively:

- Portland Community College, Rock Creek Campus Building Complex, Phase I: approved modifying the scope of the Rock Creek Campus Building Complex, Phase I project authorized in the 2023 legislative session to allow renovations to the existing Rock Creek Building 2 in addition to constructing a new facility on the Rock Creek Campus for the Building Construction Technology program. Article XI-G bonds in the amount of \$8,110,000 were originally approved to replace the current Building 2 with a newly constructed building. The renovation of Rock Creek Building 2 will still include flexible classrooms, staff workspace, meeting rooms, CTE teaching areas, and student study and collaboration areas.
- Portland State University, Portland Center for the Performing Arts Parking Structure: approved modifying the scope of the Portland Center for the Performing Arts Parking Structure project authorized in the 2025 legislative session to allow construction, furnishing and equipping of structured parking as well as other auxiliary uses, which may include the construction and furnishing of a commercial kitchen, conference rooms, office space, banquet rooms, studio space and retail spaces. Article XI-F(1) bonds in the amount of \$53,010,000 were originally approved to construct a parking structure for the new Center for Performing Arts facility. The approved amount included \$52,540,000 of project costs and \$470,000 for costs of issuing the bonds.

- Department of Forestry, Aircraft Hangar: approved modifying the scope of the Salem Airport Hangar project authorized in the 2023 legislative session to allow the agency to renovate, replace or construct an airplane hangar at a location within the State of Oregon. Article XI-Q bonds in the amount of \$2,040,000 were originally approved to renovate or replace the agency’s existing aircraft hangar at Salem Municipal Airport (McNary Field). The project scope has been modified to allow the aircraft hangar to be renovated, replaced or constructed at a location within the State of Oregon determined by the Department of Forestry to best support statewide wildfire detection, aviation operations and mission readiness.
- Department of Administrative Services, City of Happy Valley, Happy Valley Community Recreation Center: approved repealing the Happy Valley Community Recreation Center project that was formerly authorized in SB 5531 (2025) funded with \$5 million in net lottery revenue bond proceeds. Recipient did not raise sufficient matching funds to move forward on the project.
- Oregon Business Development Department, International Port of Coos Bay Federal Navigation Channel Modification: approved changing the project authorized in the 2023 legislative session from the International Port of Coos Bay Federal Navigation Channel modification project to the Columbia River Levee System improvements, from Sauvie Island to the Sandy River in Troutdale. Changing the project allows the 2025 lottery revenue bond proceeds to be used on the Columbia River Levee System project and allows the 2026 lottery revenue bonds to be issued for the International Port of Coos Bay Federal Navigation Channel modification project. Both projects are funded with \$20 million in net lottery revenue bond proceeds.
- Oregon Business Development Department, Columbia River Levee System Improvements: approved changing the project authorized in the 2025 legislative session from the Columbia River Levee System improvements project to the International Port of Coos Bay Federal Navigation Channel modification project. Changing the project allows the 2025 lottery revenue bond proceeds to be used on the Columbia River Levee System project and allows the 2026 lottery revenue bonds to be issued for the International Port of Coos Bay Federal Navigation Channel modification project. Both projects are funded with \$20 million in net lottery revenue bond proceeds.
- Oregon Business Development Department, Brownfields Redevelopment Fund: approved modifying the \$10 million in net lottery bond proceeds authorized in SB 5531 (2025) for the Brownfields Redevelopment Fund to \$5 million, with the remaining \$5 million approved for the Brownfield Properties Revitalization Fund. This will allow support for remediation and removal actions to support properties classified as brownfields as well as redevelopment actions.

Higher Education Coordinating Commission - Public Universities

The subcommittee approved two new capital projects and an increase to one previously authorized capital project for public universities to finance total project costs of \$60,100,000. The projects are included in the budget for the Higher Education Coordinating Commission (HECC).

The proceeds of Article XI-G and Article XI-Q general obligation bonds will be used to provide grants from HECC to the applicable public university, and the debt service on these bonds will be paid with General Fund. The proceeds of Article XI-F(1) general obligation bonds will be used to provide loans from HECC to the applicable public university, and the debt service on the Article XI-F(1) general obligation bonds will be paid by HECC with Other Funds using loan repayments received from the applicable university made with university resources. The approved projects are listed below.

Portland State University

- Portland Center for the Performing Arts Academic Building: decreased previously approved Article XI-G bonds by \$35,205,000, including \$35,000,000 for project costs and \$205,000 for costs of issuing the bonds. The reduction results in a total 2025-27 Article XI-G bond authority of \$50,455,000, including \$50,000,000 in project costs and \$455,000 for costs of issuing the bonds, to construct a new Center for the Performing Arts Academic Building.
- Portland Center for the Performing Arts Academic Building: approved \$35,350,000 Article XI-Q bonds to finance \$35,000,000 of project costs and \$350,000 for costs of issuing the bonds. The bond will construct a new Center for the Performing Arts Academic Building, which will include a 3,000-seat performing arts facility and a 1,200-seat secondary venue along with supporting academic spaces, a 150-room hotel, restaurants, bars and other supporting spaces.
- Student Housing: approved an additional \$15,155,000 Article XI-F(1) bonds to finance \$15,000,000 of project costs and \$155,000 for costs of issuing the bonds. The authorization results in a total 2025-27 Article XI-F(1) bond authority of \$100,815,000, including \$100,000,000 in project costs and \$815,000 for costs of issuing the bonds, to construct a new residential building on west campus. The residential building will include approximately 576 beds as well as student support spaces. The project will also include the demolition of an existing building to construct the new residential building.

Western Oregon University

- Heritage Hall Roof Replacement: approved \$3,140,000 in Article XI-Q bonds to finance \$3,100,000 of project costs and \$40,000 for costs of issuing the bonds. The project will replace a roof on Heritage Hall, a student housing facility, with bed capacity of 412. The roof of Heritage Hall has failed, resulting in water intrusion, and will require removal and replacement to prevent displacement of students and interior damage.

Oregon State University - Cascades

- Student Health and Recreation Center: approved \$32,330,000 in Article XI-G bonds and \$10,125,000 in Article XI-Q bonds to finance \$42,000,000 of project costs and \$455,000 for costs of issuing the bonds. The project includes land reclamation, site development, and construction of a student health and recreation center on the Cascades campus. Total project costs are anticipated to be \$84 million, and the difference will be covered by student fees and university funds.

Higher Education Coordinating Commission – Community Colleges

The subcommittee modified one capital project for community colleges to finance total project costs of \$5,070,000, which resulted in overall savings of \$3,015,000. The project is included in the budget for the Higher Education Coordinating Commission (HECC). The proceeds of Article XI-G general obligation bonds will be used to provide grants from HECC to the applicable community college, and the debt service on the Article XI-G bonds will be paid with General Fund. The modified project is listed below.

Southwestern Oregon Community College

- Welding and Manufacturing Trades Center Modernization: approved replacing the Student Uplift and Collaboration Create Expanded Support and Success project authorized in the 2025 legislative session with the Welding and Manufacturing Trades Center Modernization project and reducing the amount to be financed to \$5,070,000. The project will remodel Fairview Hall, which houses the college's welding, pre-apprenticeship, machining and millwright trades center. Modernization is required to ensure building systems remain functional, to improve life safety, and to ensure programs meet emerging industry standards. This also allows for the modernization of career and technical education programs offered in welding, machining, millwright and trade pre-apprenticeships aligned with the workforce needs of Oregon. Article XI-G bonds in the amount of \$8,085,000 were originally approved to remodel Tioga, Stensland and Dellwood Hall to combine student support service into one building, to improve collaboration and communication between departments, to relocate the library for equitable access and safety for students and establish a student union for student activities. The modified amount includes \$5,000,000 for project costs and \$70,000 for costs of issuing bonds. The community college will provide the constitutionally required match for the Article XI-G bonds through college capital funds.